



SUBMISSION FOR THE 2021/22  
DIVISION OF REVENUE

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NORTHERN CAPE LEGISLATURE

18 AUGUST 2020

- Submission made in terms of:
  - Section 214(1) of the Constitution (1996)
  - Section 9 of the Intergovernmental Fiscal Relations Act (1998)
  - Section 4(4c) of the Money Bills Amendment Procedure and Related Matters Act (Act 9 of 2009)
- Theme of 2020/21 Submission: ***Sustainable Financing of Social and Economic Infrastructure and Services***
  - Against the backdrop of the economic and health crises facing South Africa, the submission focuses on the challenges confronting the delivery of social services in South Africa
  - Focus of previous two submissions was: (i) Repositioning Local Government Public Finances (2019) and (ii) Re-engineering the IGFR system in a fiscally constrained environment for National Development (2018)

# OUTLINE OF THE SUBMISSION

Theme: *Sustainable Financing of Social and Economic Infrastructure and Services*

1

- Introduction and Context

2

- South Africa's Intergovernmental Fiscal System in the Context of Social Services

3

- Economic and Social Development in the Context of Covid-19

4

- Sustainable Financing of South Africa's Public Health Care System and the NHI

5

- Vulnerability and Access to Quality and Inclusive Social Services

6

- Conclusion

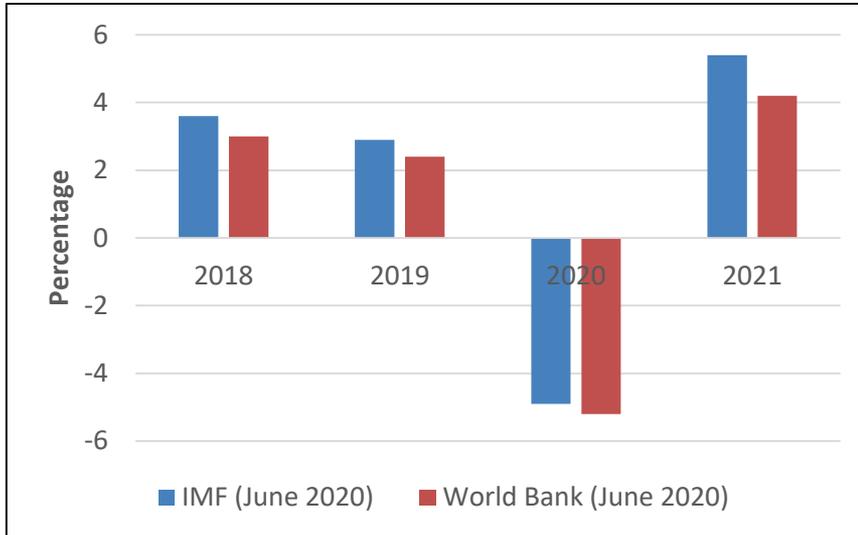


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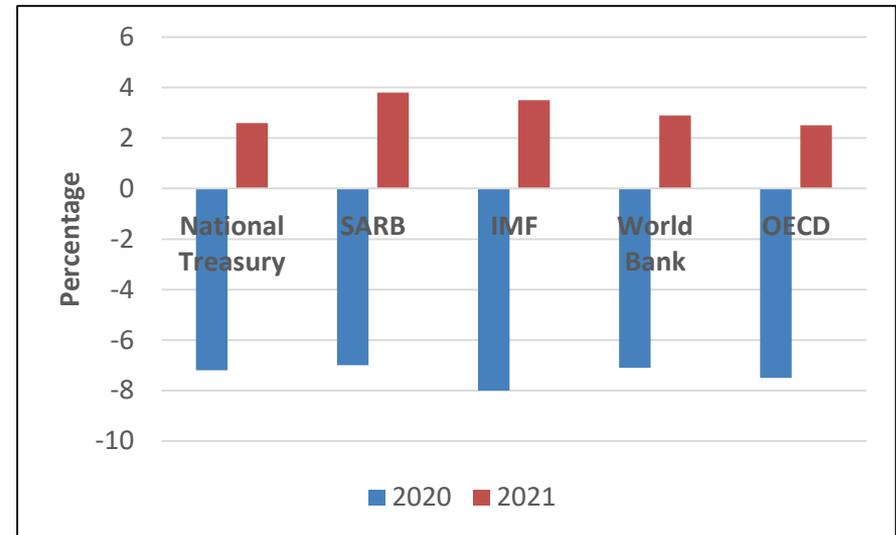
# CONTEXT WITHIN WHICH SUBMISSION IS TABLED

# CONTEXT: DEEP GLOBAL AND LOCAL GROWTH CONTRACTION EXPECTED

Global growth outlook projections, 2018-2021



Projections for GDP growth in South Africa, 2020

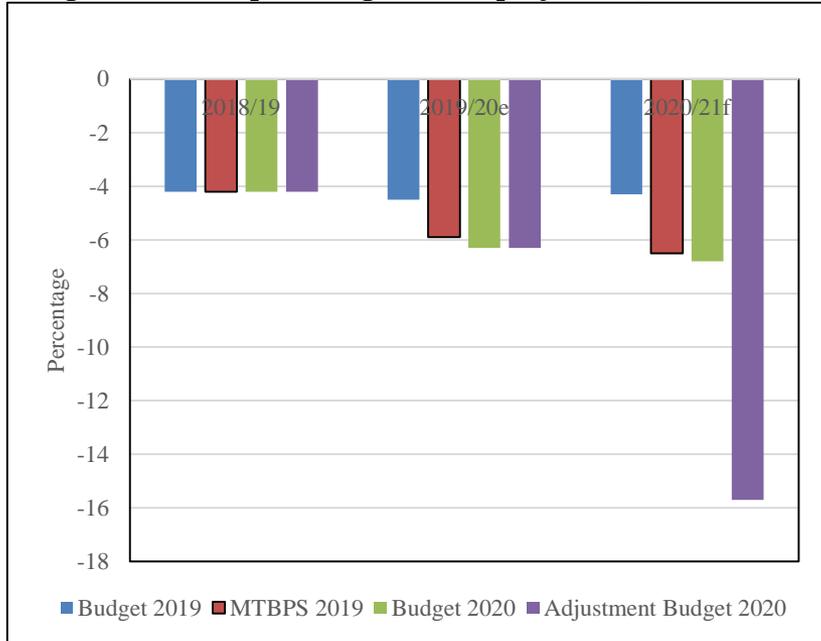


Source: IMF and World Bank, 2020

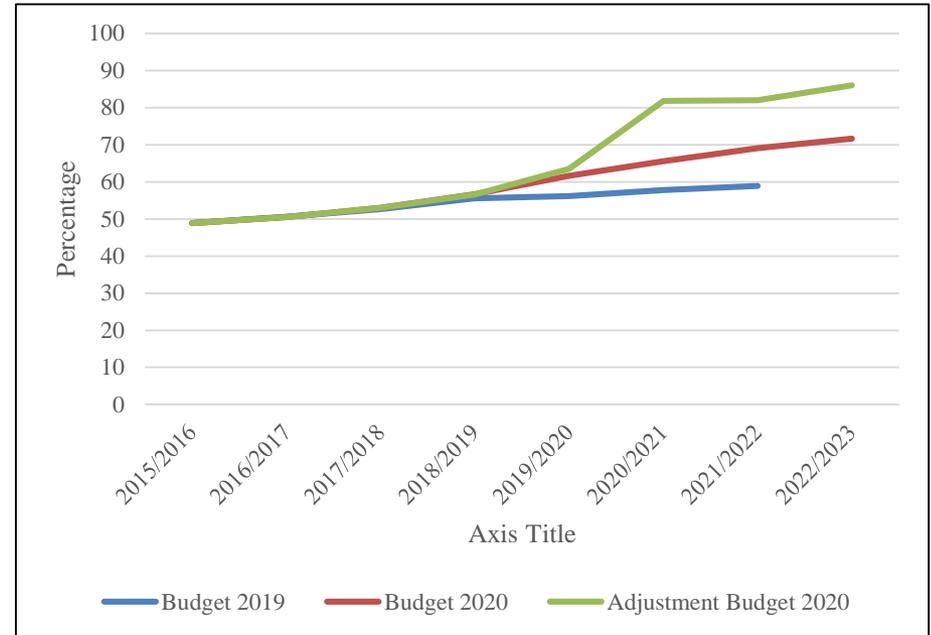
- The global and local economic growth outlook is grim
- Unprecedented fiscal and monetary policy interventions will be required to boost the South African economy to its pre- Covid-19 growth trajectory

# CONTEXT: BUDGET DEFICIT IS BALLOONING

**Budget deficit as a percentage of GDP projections, 2018/19-2020/21**



**Government debt as a percentage of GDP, 2015/16-2022/23**

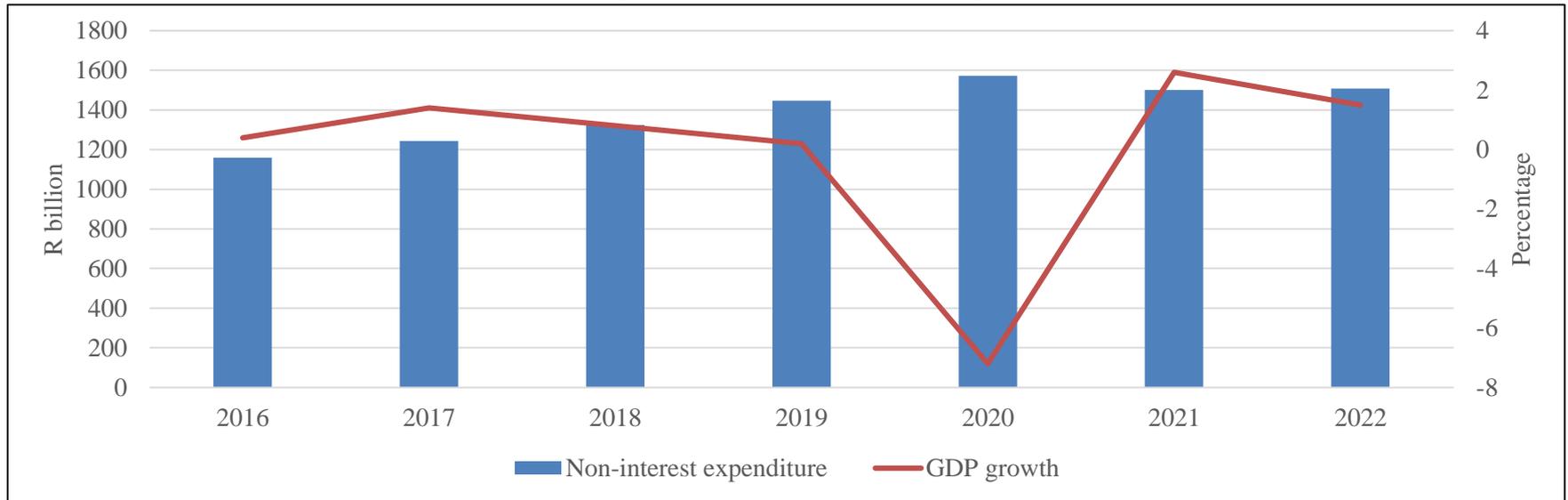


Source: National Treasury, 2019 and 2020

- Deficit reduction and debt stabilization targets are becoming increasingly elusive, leaving SA with limited fiscal space

# CONTEXT: PUBLIC EXPENDITURE AND ECONOMIC GROWTH

**Government expenditure and economic growth, 2016-2022**



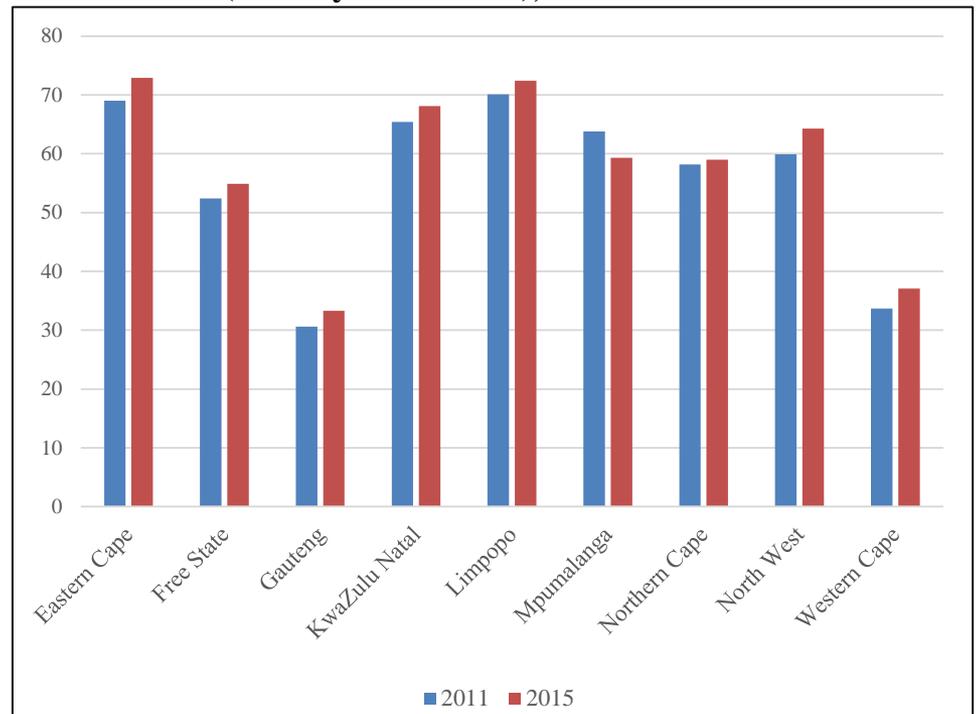
- Public expenditure is a crucial fiscal policy instrument to influence economic growth
- In SA, empirical evidence shows that the causal relationship runs from economic growth to government expenditure, implying that economic growth causes government expenditure and therefore from a policy perspective the focus should be on government creating a conducive environment for growth

# NORTHERN CAPE PROVINCIAL CONTEXT

## Provincial Population, 2014-2019

Province	Population, 2019	Percentage of Total Population 2019	Average Population Growth 2014-2019
Eastern Cape	6 712 276	11.4%	0.31%
Free State	2 887 465	4.9%	0.81%
Gauteng	15 176 115	25.8%	2.98%
KwaZulu Natal	11 289 086	19.2%	1.29%
Limpopo	5 982 584	10.2%	1.36%
Mpumalanga	4 592 187	7.8%	1.79%
Northern Cape	1 263 875	2.2%	1.40%
North West	4 027 160	6.9%	1.90%
Western Cape	6 844 272	11.6%	2.17%

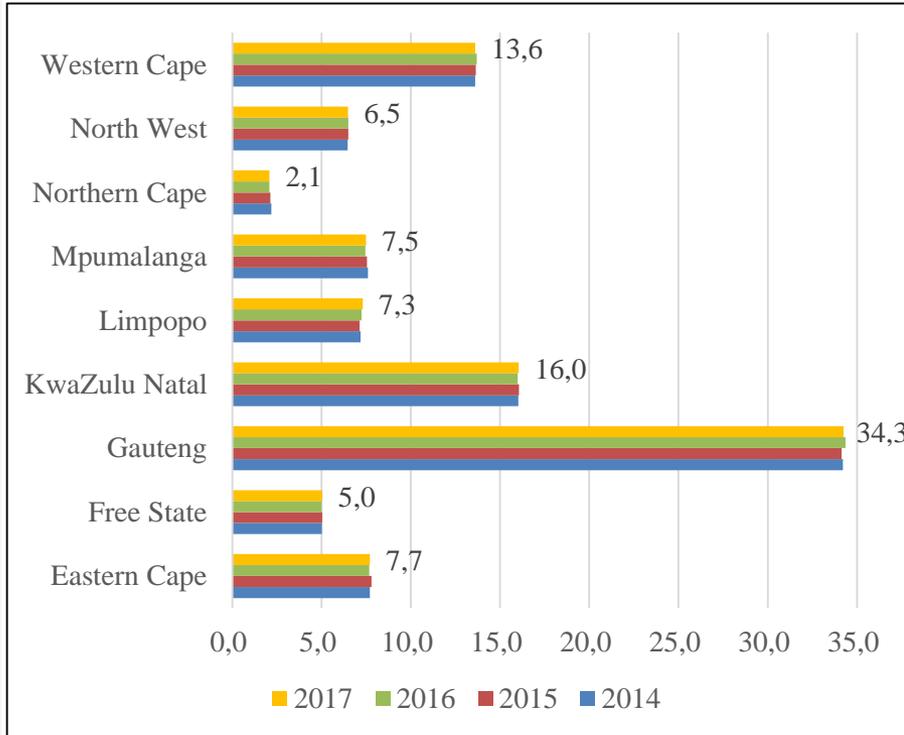
## Percentage of Provincial Population living in Poverty (Poverty Headcount), 2011 and 2015



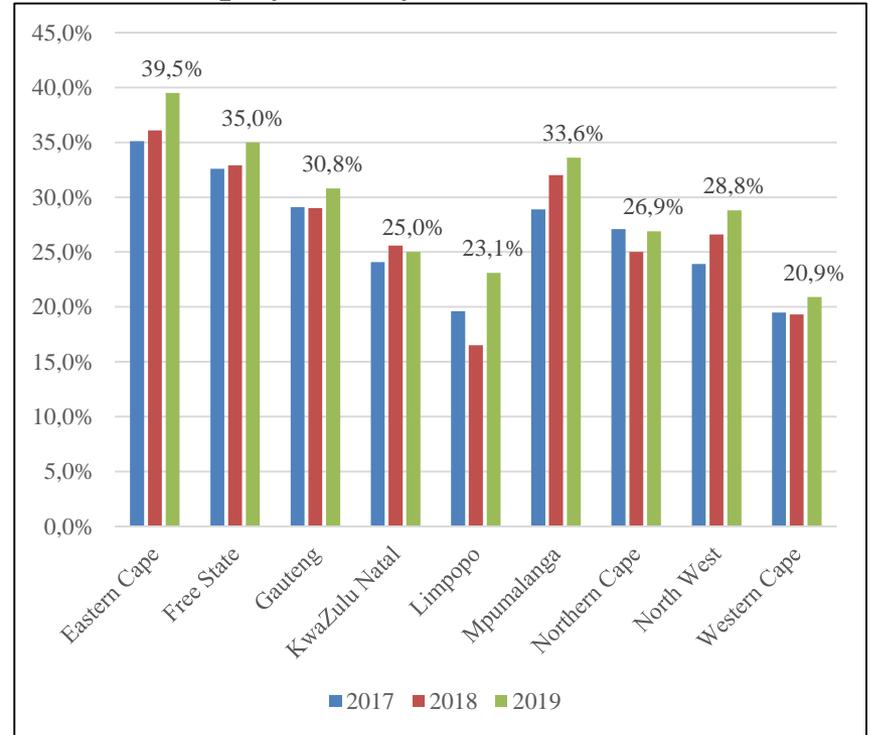
- Northern Cape population grew by average of 1.4% between 2014 and 2019 – nationally Northern Cape is least populous province
- Similar to majority of provinces, Northern Cape saw an increase in poverty headcount from 2011 to 2015

# NORTHERN CAPE PROVINCIAL CONTEXT

**Provincial Contribution to GDP (%), 2014-2017**



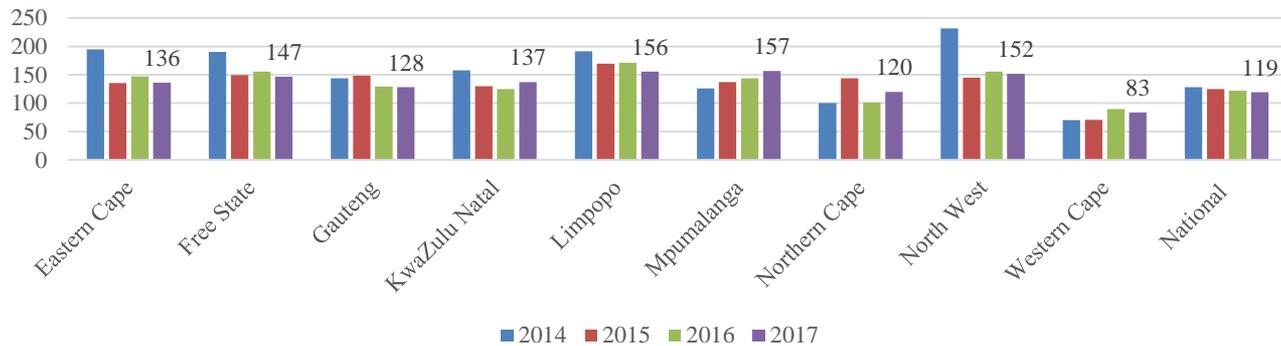
**Unemployment by Province, 2017-2019**



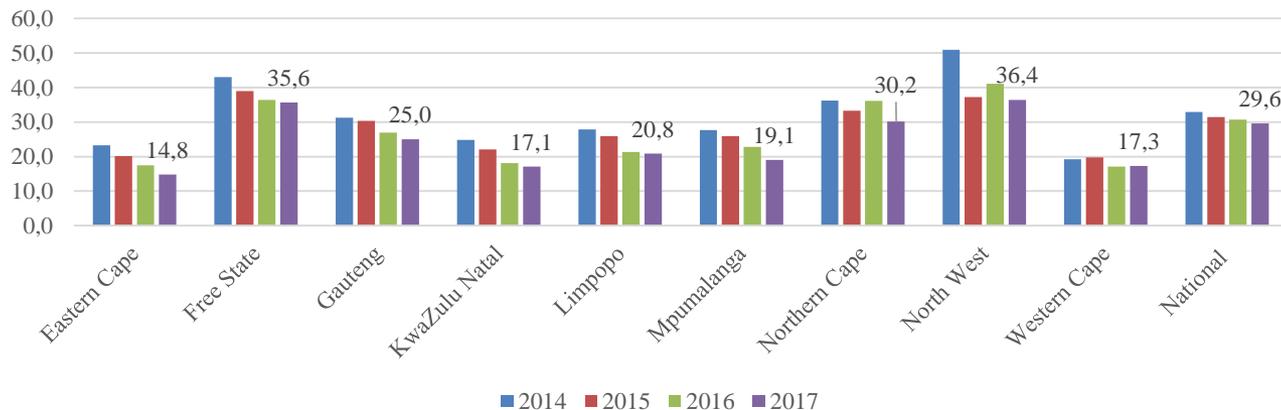
- Size of Northern Cape economy relatively smaller than other provinces - consistently contributing 2% to GDP
- As at 2019, unemployment is at 26.9% reflecting an increase relative to 2018

# NORTHERN CAPE PROVINCIAL CONTEXT [CONT.]

**Maternal mortality ratio (Number of maternal deaths per 100 000 live births)**

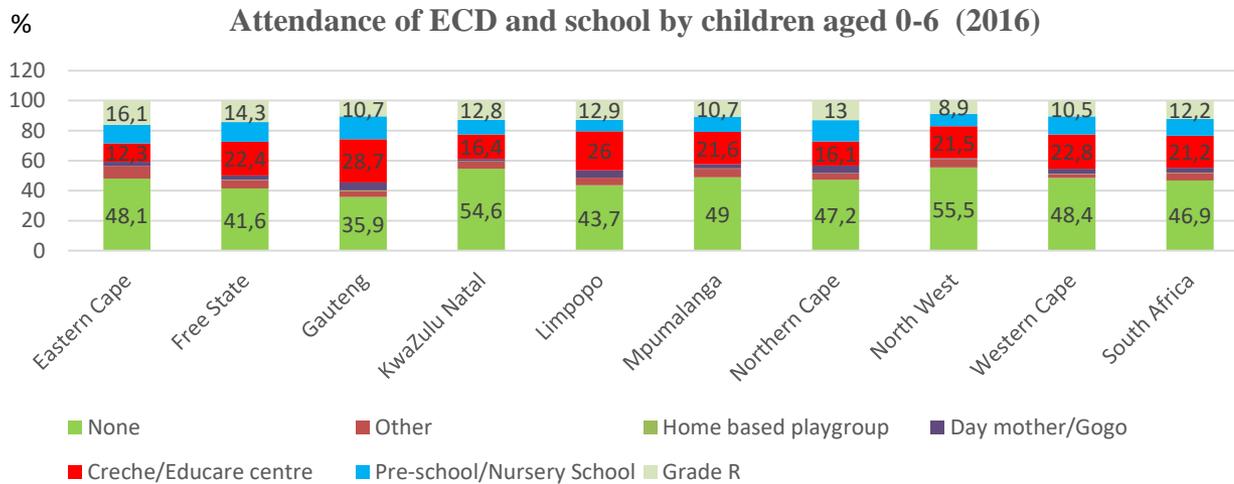


**Infant Mortality Rate (Number of infant deaths for every 1000 live births)**

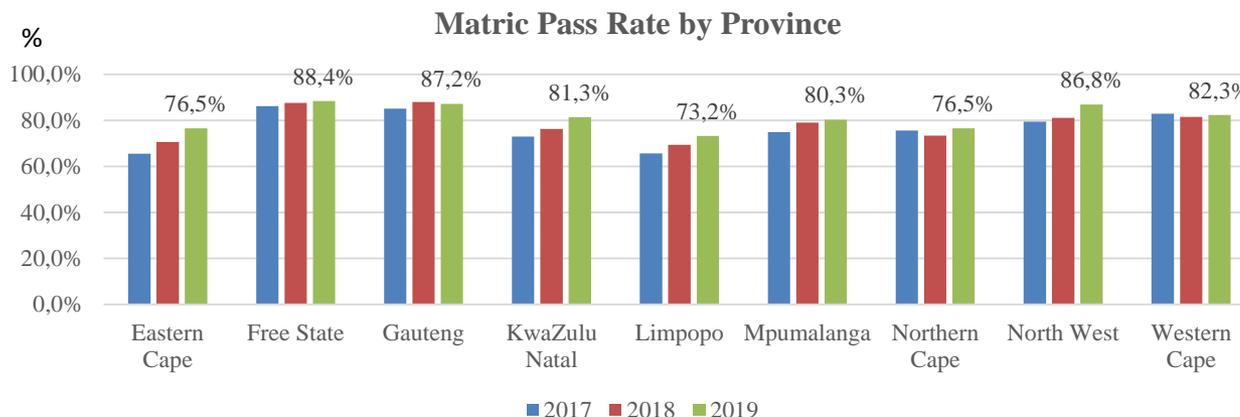


- Access to quality health
  - Relative to other provinces infant mortality rate in NC, third highest (after North West and Free State) whilst maternal mortality is third lowest

# NORTHERN CAPE PROVINCIAL CONTEXT [CONT.]



- Access to quality education
  - 47.2% of children (aged 0-6) do not attend any educational institution, grade R attendance third highest when compared to other provinces
  - Northern Cape has one of the lowest matric pass rates





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## **CHAPTER 2: SOUTH AFRICA'S INTERGOVERNMENTAL FISCAL SYSTEM IN THE CONTEXT OF SOCIAL SERVICES**

# FOCUS OF THE CHAPTER

- This chapter assesses factors that affect effective functioning of intergovernmental fiscal relations (IGFR) for social services with emphasis on governance, delivery and funding challenges
  - Focus on legislative institutional framework underpinning IGFR
  - Reviews the education and health performance data available for measuring outputs and outcome
  - Assess the feasibility of implementing the costed norms to improve the linkage between the allocations and expenditure responsibilities
- IGFR arrangements for social services are fraught with multiple challenges which cause intergovernmental fiscal tensions and sub-optimal delivery and development outcomes

- Research questions guiding analysis:
  - What are the legislative and institutional hindrances to the effective functioning of IGFR system for social services?
  - What remains to be done in the system of education and health performance management system?
  - What is the feasibility of implementing the costed norms approach in the allocation framework for social services?

- Lack of clarity on the division of responsibilities for concurrent functions create tensions in the delivery of social services
- Intergovernmental relations (IGR) structures to foster coordination, good governance and improved delivery are ineffective
- The absence of standard methodology to estimate provincial expenditure needs exacerbate perceptions of fiscal imbalance and budget gaming (between provinces and national government).
- Lack of norms and standards leads to variations in allocations and service quality across provinces, and causes intergovernmental fiscal disputes

# FINDINGS [CONT.]

- Insufficient credible data available to enable systematic and holistic evaluation of social services performance
  - By international standards South Africa has 44% of the capacity required to measure educational performance and 32% of that needed to measure health performance
- The current provincial equitable share (PES) formula is relatively allocative inefficient - it could be improved significantly by incorporating certain aspects of the costed norms model
  - Analysis confirms that data is available to differentiate the population by gender and poverty profile, which are factors that affect service demand and the costs of providing such services

# FINDINGS: HEALTH OUTPUT DATA AVAILABLE FOR PERFORMANCE EVALUATION

Performance indicator	WHO time series	DOH strategic plan & APP time series	DOH reported at provincial level?	DPME reporting time series	DPME reported at provincial level?
<b>Outputs – eligible vs actual recipients – with errors of exclusion and inclusion</b>					
Patient age profile	No	No	No	No	No
Patient gender profile	No	No	No	No	No
Clinical care patients	Yes – eligible 2010, 2013 No – actual	Targets set 2015–2019	Yes –1998, 2003, 2016	No	No
Hospital care patients	Yes – eligible 2010, 2013 No – actual	No	No	No	No
Emergency care patients	No	No	No	No	No
Mental health care patients	Yes – 2000, 2015	Yes – Targets set 2013–2019	No	No	No
Palliative care patients	No	No	No	No	No
Disabled patients	No	Yes – eligible 1998, 2003, 2016 Targets set – actual 2019	Yes – eligible 1998, 2003, 2016 No – actual	No	No
<b>Outputs – Governance</b>					
Health insurance coverage (SDG 3.8)	Yes – incidence of catastrophic out-of-pocket spending 2000, 2005, 2010, 2015	Yes – data 1998, 2003, 2016 Targets set 2014–2019	Yes – data 1998, 2003, 2016	No	No
Health worker qualifications (SDG 3.12)	No	Yes –Targets set 2008–2019	No	No	No
Health emergency preparedness (SDG 3.d)	New target	Yes – Targets set 2014–2019	No	No	No

## CHAPTER 2. RECOMMENDATIONS

1. The national departments responsible for key concurrent social functions, especially education and health, must revise their respective enabling or subordinate legislation, to ensure that the roles and responsibilities for various subfunctions or activities within a function are clearly detailed and linked to the accountability framework, i.e. performance management
2. The national health and education sector departments (including National Treasury and the Department of Cooperative Governance and Traditional Affairs) responsible for operationalising intergovernmental relations (IGR) must invest in financial and human resource capacity to conduct IGR conscientiously and emphasise the values of trust and cooperative governance
3. The national basic education and health sector departments should reintroduce the outcomes-based performance agreements, as a means of clarifying the lines of accountability between national and provincial executive authorities and all parties supporting the achievement of sector priorities, as per the outcomes approach to monitoring and evaluation introduced in 2009 and the Commission's Recommendations made in its Submission for the Division of Revenue 2014/15

4. Provincial education departments should incorporate data collection in respect of both eligible and actual learners in ECD, youth vocational training, adult basic education and special needs education within the existing reporting framework, and be required to measure administrator-to-learner and computer-to-learner efficiency ratios
5. The annual national assessments for Grades 3, 6 and 9, as a means of standardising the assessment of primary and secondary school literacy and numeracy outcomes, should be reviewed and strengthened with new measures of digital literacy, sustainable development knowledge, and existing assessments of life skills in respect of sexual and reproductive health
6. The district health services directorates of provincial health ministries should measure progress and set annual targets on: clinic leadership and management, health information material disseminated, diagnostic tests and medications issued, municipal utility provision at clinics and district hospitals and computer and medical equipment secured. This is especially urgent in light of the Covid-19 pandemic, which should be used as an opportunity to conduct an audit of health information systems across provinces, so that they can be configured to enable the collection of the required data and entrench measurement and targeting systems

7. The DOH and Statistics South Africa (Stats SA) must conduct regular demographic and health surveys on official causes of death. These surveys should aim to measure the causes of mortality and morbidity (including the most prevalent communicable and non-communicable diseases, sources of injury, malnutrition, drug abuse, pollution, homicide and suicide) for each province and ideally municipal area
8. The departments of basic education and health should urgently pursue efforts to cost the current norms developed in education and health care. This should be done by incorporating the reporting of the costs of specific inputs in the delivery of provincial services through current provincial reporting formats. This would constitute the implementation of a “bottom-up” approach to costing. Government should also use the methods outlined in this report to calculate cost estimates of specific norms and standards. These cost estimates should initially be used to determine provincial expenditure or under-expenditure performance and, in the long term, be considered for incorporation into the PES formula

9. Government should consider balancing the current benefit of the simplicity in the PES formula with a move towards improving the distribution of the overall formula by acknowledging the higher costs of providing services to vulnerable groups and the greater demand for services from certain demographic groups. The proportional distribution mechanism should remain in the PES, but higher weights should be considered for funding vulnerable groups in determining education and health components. This would not result in a change of the overall pool available for education and health, but rather acknowledge and explicitly fund provinces that face greater needs for education and health services given their socio-demographic profiles. This can be achieved as follows:
- In the education component, differentiate the school-age population by gender, income and location, and apply a higher weighting for funds for the vulnerable groups. This should be applied also to the data on learner enrolment.
  - The output sub-component of the health component should differentiate between gender and age of the person using the health service. Higher weights for funding should be applied to persons over the age of 65, women aged between 15 and 49 and children below 5, than for males aged between 5 and 65.
  - The respective weightings for specific groups should be determined by government and informed by consultations with the respective provinces.
  - The poverty component in the current PES formula should be updated with the latest income and expenditure data from the 2014/15 Living Conditions Survey undertaken by Stats SA

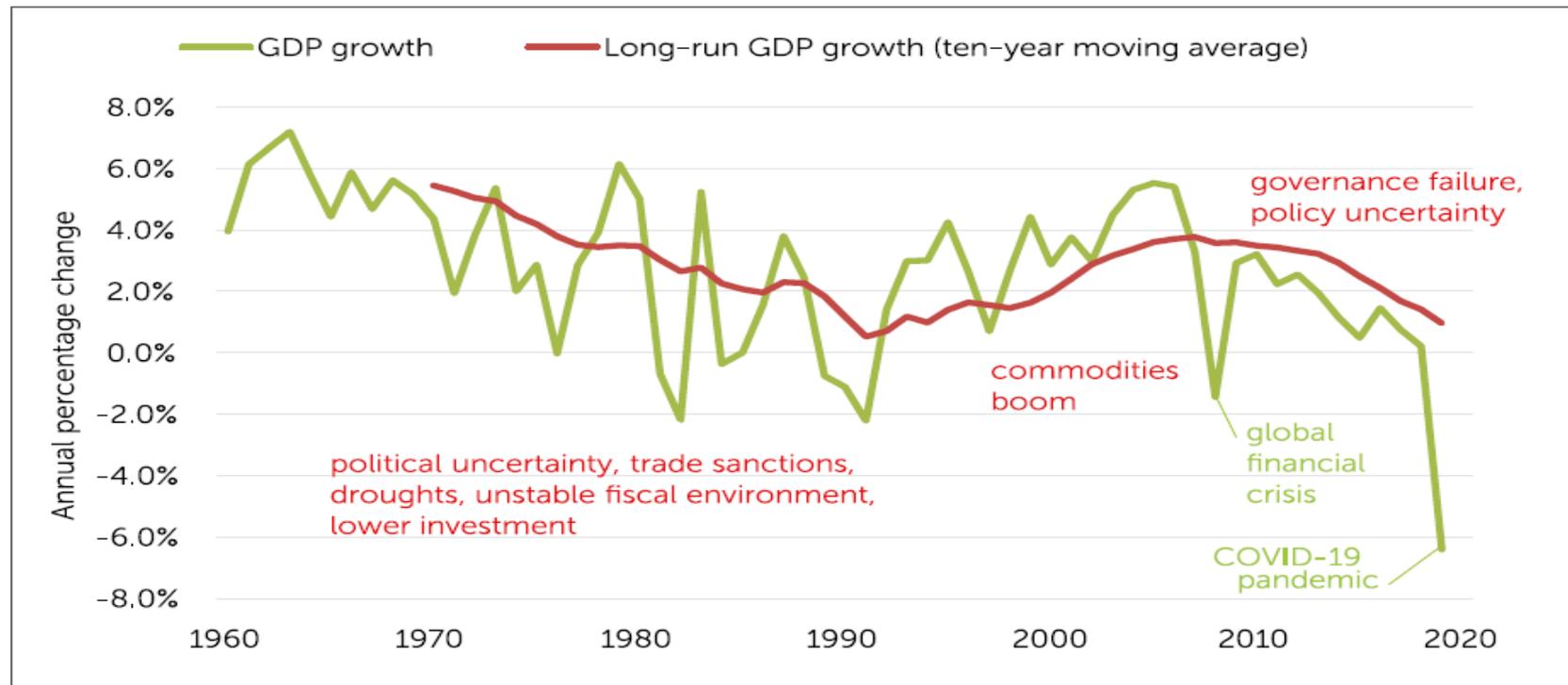


## **CHAPTER 3: ECONOMIC AND SOCIAL DEVELOPMENT IN THE CONTEXT OF COVID-19**

# FOCUS OF THE CHAPTER

- Intent of the chapter is to stimulate a new discourse for a cogent recovery plan to invigorate the development of South Africa
- Chapter focuses on three aspects:
  - 1. Socio-economic context of Covid-19**
    - Examine the market context as a backdrop to understanding the socio-economic impacts of Covid-19 public health crisis on South Africa
  - 2. Financial and fiscal context**
    - Consider the fiscal implications of Covid-19, to inform the reprioritisation of the budget towards future economic and fiscal paths for the country
  - 3. Food security, agricultural economy and local development**
    - Focus on issues of agriculture and food security for local development, and the need for municipal services of water, electricity and sanitation

**Figure 3.7: South Africa's economic performance (1960–2020)**



Source: SARB (2020), Commission's compilation (2020)

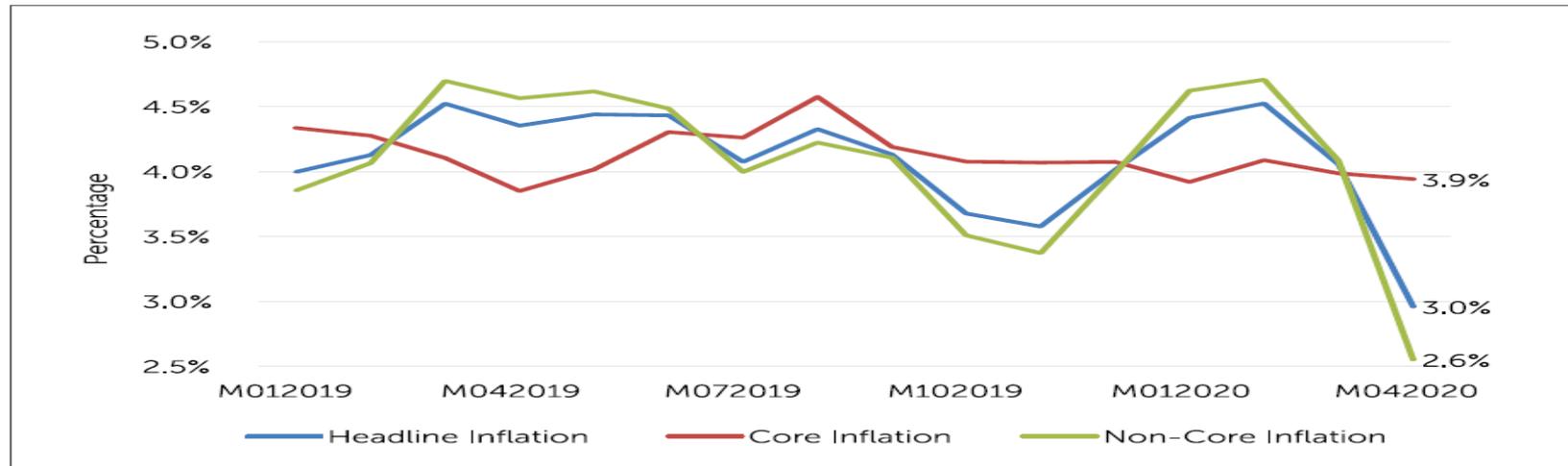
# FINDINGS [CONT.]

- Impact of Covid-19 has had devastating shock on SA's economy and pandemic has highlighted stark inequalities that persist
- Two main roots underlie persistently high levels of joblessness and inequality in South Africa:
  1. Apartheid's economic legacy: Apartheid rule left the country without inclusive, labour-absorbent industries and ease of capital for development
  2. Dependence on commodity-based industries: In the late 2010s, SA's main competitive industries were found in the concentrated markets of mining and refineries
- **South Africa's response to this crisis can be either to try and return to business as usual (which no longer exists) or to grasp the reality and opportunity to leverage the crisis and effect structural change in the economy**

# FINDINGS [CONT.]

- The real impacts of Covid-19 on the economy and food security are still emerging, but preliminary data from Stats SA (2020b) shows that **in the first six weeks of the lockdown, the number of respondents who reported receiving no income tripled, from 5.2% before the lockdown to 15.4% by the sixth week**
- Headline inflation was at 3% due to the sharp decline in economic activities and transactions, whereas core inflation was at 3.9%
  - Core inflation includes essential items of food, non-alcoholic beverages, clothing and footwear, housing and utilities, health, public transport, communication and education, which are necessities for the poor

**Figure 3.5: Financial stability and core inflation**



Source: Stats SA (2020b) and Commission's calculations (2020)

# FINDINGS [CONT.]

- South Africa has 96 841 000 hectares (ha) of agricultural land, which is 79.83% of its total land area. Of this land: 12 500 000ha are arable suitable for growing crops, while permanent cropland makes up 0.34% of the total land mass. Yet only 1.66% (or 1 599 808ha) of land is under irrigation, which suggests that the sector **has not realised its full potential for economic growth and productivity**
- South Africa's high levels of irradiation also offer an enormous opportunity for renewable energy for industrial growth in rural areas. Renewable energy could provide South Africa with a comparative **competitive advantage globally**, as European countries are giving preference to carbon-efficient products, and global renewable energy companies are seeking viable projects in which to invest
- Compared to other economic sectors, agriculture has been relatively insulated from the effects of Covid-19 because its operations **were allowed to continue as essential services**, except by the **closure** of interlinking sectors such as **hospitality, restaurants, and food outlets**

# CHAPTER 3. RECOMMENDATIONS

1. The Minister of Finance should develop (and execute) a clear, coherent and comprehensive macroeconomic framework that is in line with the president's economic and social support response package to Covid-19. The Minister should consider the position taken in the Government document, "Towards an Economic Strategy for South Africa", to strengthen the continuity, consistency and credibility of the economic and fiscal stance. These policy positions should be clearly represented in monetary figures, in the 2021/22 Appropriation Bill and Division of Revenue Bill for implementation in the forthcoming Money Bills as per section 77 of the Constitution
2. After reviewing the economic situation leading up to the Covid-19 crisis, the Commission is convinced that a fundamental structural transformation of the economy is inevitable. Therefore, the ministers of finance, of economic development and trade and industry, and of labour should jointly address the economic barriers, social inequality, and societal polarisation by adopting a localised product value chain approach. The expression of this approach should be found in the incentive grants frameworks of both provincial and local conditional grants, as hard conditions to permit procurement of goods only if they are made or assembled locally within the South African borders, to stimulate the domestic economy and encourage job growth while taking international trade agreements into account.

## CHAPTER 3. RECOMMENDATIONS

3. The Commission argues that, with the right infrastructural and financial support from the state, emerging farmers can be catalysts for local economic development and growth with the added benefits of food security in facing the Covid-19 crisis. Hence, the Minister of Finance and the Minister of Cooperative Governance and Traditional Affairs should use reprioritised, consolidated funds to establish an indirect grant and task team for basic services and local economic development. The reprioritisation should be clearly stated in the money Bills over the 2021 medium term expenditure framework (MTEF)



# **CHAPTER 4: SUSTAINABLE FINANCING OF SOUTH AFRICA'S PUBLIC HEALTH CARE SYSTEM AND NHI**

# FOCUS OF THE CHAPTER

- The highly contagious, Covid-19 pandemic, sweeping across the globe, has stunned the health care systems of many nations, **irrespective of income, wealth, socio-economic status, and financing structure**. South Africa's health system is among the **most vulnerable**, given the country's **extreme socio-economic inequality and two-tiered health care system**
- Faced with this unprecedented challenge, the need has never been greater for **examining the (financial) fiscal, structural and legislative requirements for ensuring sustainable and affordable universal access to quality health care services** through the National Health Insurance Bill of 2019 [B 11-2019] in South Africa
  - Private health care in South Africa is characterised by high costs due to misalignment of pricing and coverage relative to demand, resulting in barriers to access (Competition Commission, 2019)

# FOCUS OF THE CHAPTER [CONT.]

The chapter comprises two parts:

1. Analyse the **pricing of three major health care packages** (the primary health care (PHC) package, Prescribed Minimum Benefits (PMBs) and the proposed demand-based (Pareto) health care package), in order to assess the value of health care services covered
  - Quantitative method
  - The financial datasets and patient output (non-financial) datasets were merged at the sub-departmental level of the hospital's servicing units to derive the health care output-cost mapping
  - The health care output-cost mapping was then used to evaluate the value of three health care packages: The PHC, PMBs and proposed demand-based (Pareto) health care packages
  - The unit cost was derived by dividing the cost of servicing patient health at the sub-department level over the number of patient visits. Therefore, the derived efficiency proxy is *Rand per patient visit per year (inpatient or outpatient)*
2. Examine the NHI reform in the context of the **legislative and intergovernmental fiscal requirements** and discusses four critical success factors that are needed to achieve the unification of health care access through the NHI

# FINDINGS: COSTING AND PRICING OF HEALTH CARE PACKAGES

**Table 4.3: Costing and pricing of health care packages**

	PHC package	PMBs	Pareto health care package
Estimated cost per patient visit per year (2019 prices)	R2,198	R19,764	R12,969
Health care service exposure coverage (%)	27.3%	80.6%	80.0%
Coverage of health care services	<ul style="list-style-type: none"> <li>• Health promotion and disease prevention</li> <li>• Treatment, care and support</li> <li>• Environmental health services</li> </ul>	<ul style="list-style-type: none"> <li>• PMBs</li> <li>• Chronic disease list</li> </ul>	<ul style="list-style-type: none"> <li>• Diagnostic radiology</li> <li>• Obstetrics</li> <li>• Orthopaedics</li> <li>• General medicine</li> <li>• Occupational therapy</li> <li>• Oncology</li> <li>• General surgery</li> <li>• Gynaecology</li> <li>• Ophthalmology</li> <li>• Cardiology</li> <li>• Physiotherapy</li> <li>• Medical emergencies</li> <li>• Clinical mixed</li> <li>• Trauma</li> <li>• Dietetics</li> <li>• Communication pathology</li> <li>• Nephrology</li> <li>• Audiology</li> <li>• Pharmacy</li> </ul>

Source: Commission's calculations (2020)

# FINDINGS: COSTING AND PRICING OF HEALTH CARE PACKAGES [CONT.]

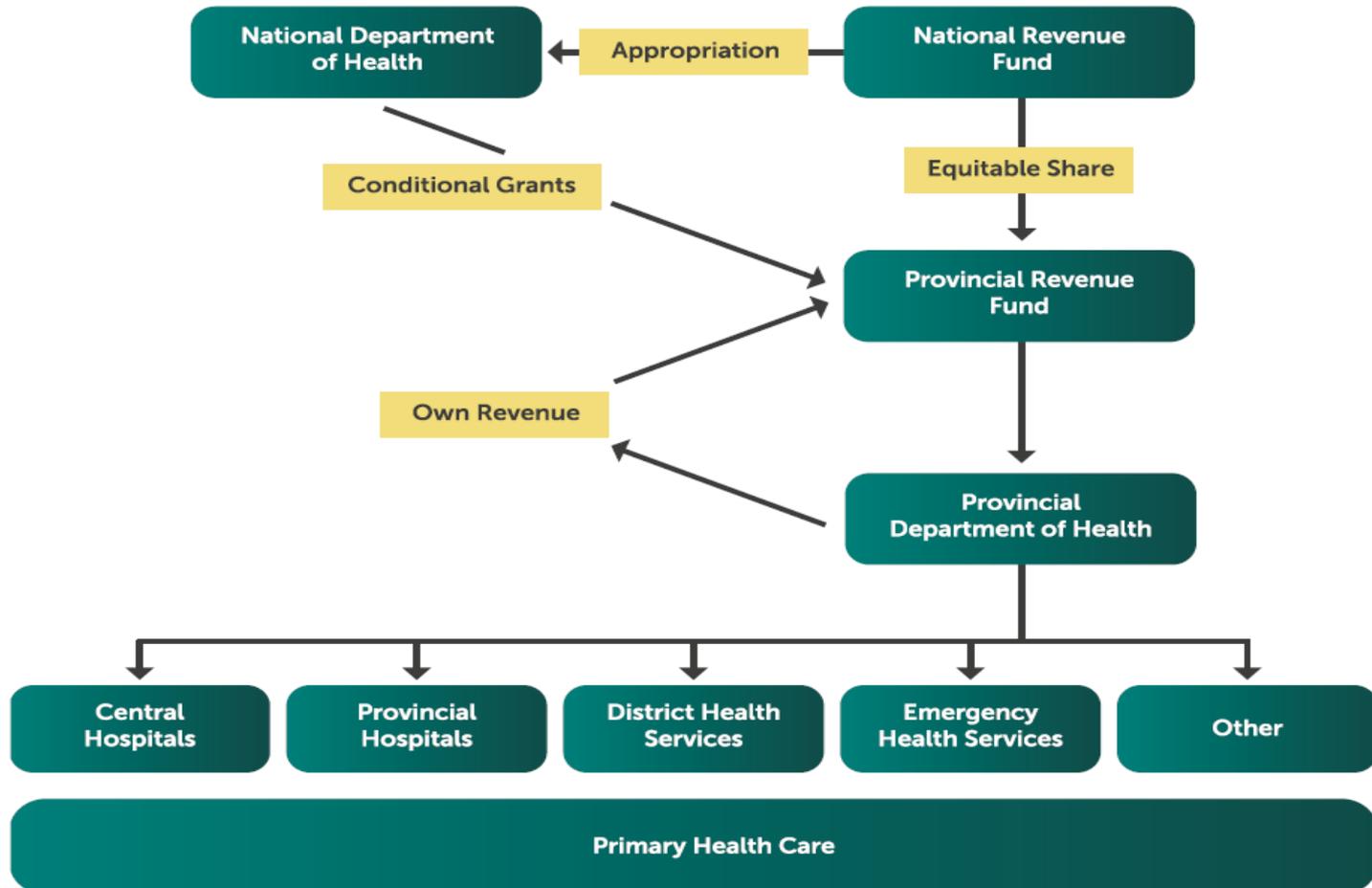
- Three main health care packages were costed using data from the Western Cape: PHC, PMBs and Pareto-based health care package
- The cost analysis found the current PHC package covers less than a third of the health care services for one patient making one visit per year (without knowing the extent of health care required)
  - **It also focuses on information, promotion, screening, facilitation and education purposes, whereas in actual care the package’s aim is to stabilise patients (including emergencies) and manage minor ailments**
  - **Most cases that require more sophisticated laboratory testing and/or medical treatments need to be conducted at hospitals through the referral system**
- This issue is pertinent in the context of the Covid-19 pandemic, as many of these **small-scale PHC clinics are not equipped or capacitated enough to deal with a viral outbreak, thus potentially becoming points of contagion to increase the spread of the disease**
- The research showed that a cost-effective health care package can be derived through a simple demand-based costing approach and, **with better and more reliable costing and output data, more efficient packages will be possible**
  - A Pareto health care package can offer a same level of coverage as PMBs but at 65.6% of the cost (R12 969 vs. R19 764)

Critical Success Factor	Explanation
<b>Aligned Policy and Legislative Framework</b>	<p>Section 3(4) of the NHI Bill states: “The Act does not in any way amend, change or affect the funding and functions of any organs of state in respect of health care services <b>until legislation contemplated in sections 77 and 214, read with section 227, of the Constitution and any other relevant legislations have been enacted or amended</b>”</p>
<b>Determined Funding Requirements and Funding Sources for NHI</b>	<ul style="list-style-type: none"> <li>• The NHI Bill does not provide the information necessary for estimating costs, and leaves key costing considerations to be made through regulations</li> </ul>
<b>Defined Comprehensive Benefits for NHI Beneficiaries</b>	<ul style="list-style-type: none"> <li>• As mentioned earlier, the NHI Bill enables the Minister of Health to publish regulations on the “scope and nature of health service benefits and programmes and the manner in and the extent to which they must be funded”. <b>It also provides for the establishment of a benefits advisory committee to guide decision-making around benefits</b></li> </ul>

## CRITICAL SUCCESS FACTORS FOR NHI REFORM [CONT.]

Critical Success Factor	Explanation
<p><b>Capacitated and Consistent IGR Arrangements</b></p> <p>Management and Control of Hospitals</p>	<ul style="list-style-type: none"> <li>• By amending the National Health Act, removing the function to “control and manage the cost and financing of public health establishments and public health agencies” from provincial health departments.</li> <li>• By providing for direct contracting between the NHI Fund and all hospitals (district, specialised, regional, provincial and central), and direct payment from the NHI Fund to the contracted hospitals, including accredited private health care service providers</li> </ul>
<p>Management and Control of District Health Services</p>	<ul style="list-style-type: none"> <li>• It amends the National Health Act (No. 61 of 2003) to establish DHMOs as the primary management authorities, with extensive responsibilities and “considerable powers to manage, facilitate, support and coordinate the provision of primary health care services for personal health care services and non-personal health services at the district level in compliance with national policy guidelines and relevant law”</li> </ul>

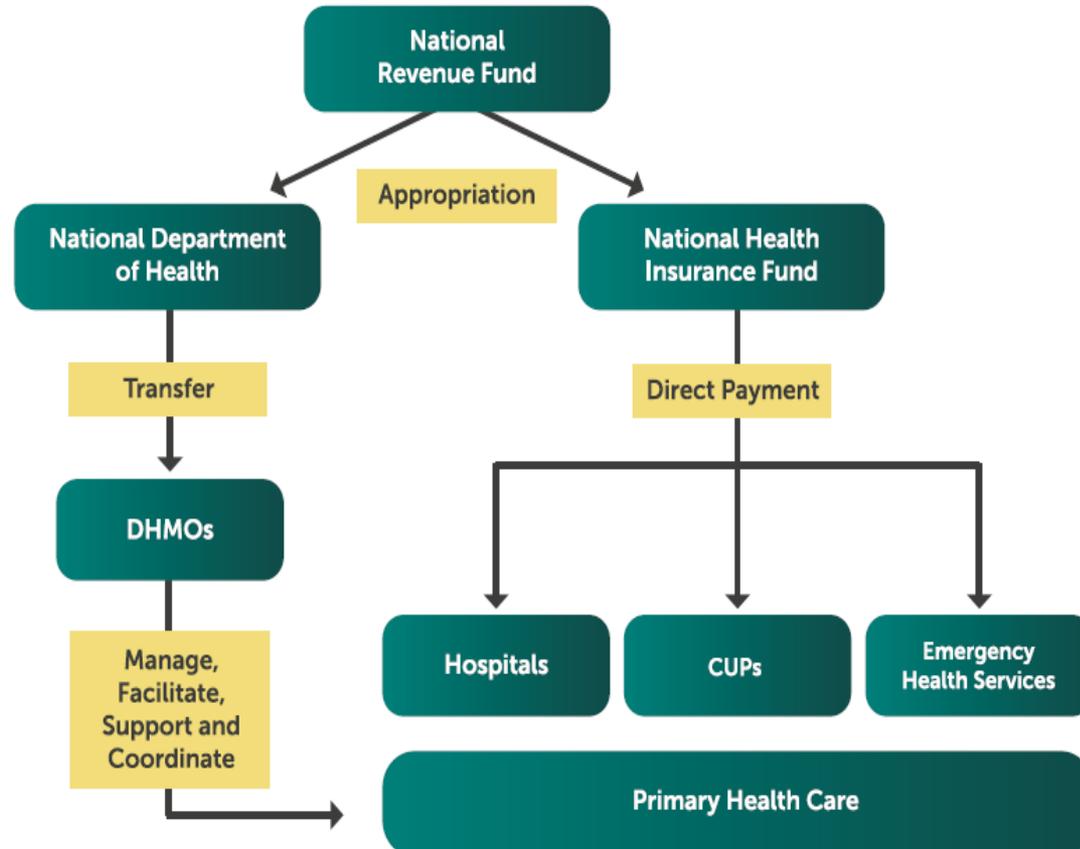
**Figure 4.2: Current funding flows for health services\***



Source: Commission's own compilation (2020)

# FINDINGS: CRITICAL SUCCESS FACTORS FOR NHI REFORM [CONT.]

**Figure 4.3: Proposed revised funding flows for health services**



Source: Commission's own compilation (2020)

# CHAPTER 4. RECOMMENDATIONS

1. The ministers of health and finance should prioritise the development of an integrated national information system of patient and doctor registries with real-time data, to inform health care financing and provisioning decisions using the demand-based costing methodology. The funding of this data system should be pronounced in the 2021/22 Division of Revenue Bill and Appropriation Bill, completed by 2022/23 for roll-out in 2023/24, testing in 2024/25 and stabilising in 2025/26
2. The Minister of Health must re-examine the prescribed PHC package based on the needs of the people, refocusing from informing, promoting, identifying, facilitating and educating activities to providing health care services. This should be supported by reprioritisation from within the current baseline allocation of Programme 4: Primary Health Care to ensure that care is available to those who come into primary health care facilities in need of medical attention and curative treatments

3. The ministers of health and finance must ensure that an enabling policy and legislative framework, aligned among the spheres of government, is put in place with due regard to setting norms and standards, and is enforced with proper oversight by the established technical committees. The Minister of Finance should include these deliberations in Annexure W1 of the Division of Revenue Bill with implications on the Bill, as well as the Budget Review document
4. The Minister of Health should examine and eradicate the inefficiencies of wastages, corruption and leakages that result from the disparity of the two-tiered (private and public) health care system. In particular, procurement decisions of health care goods and services should be made by consulting health professionals and workers with the necessary expertise and professional integrity. A portion of the department's budget should be set aside for establishing a technical committee of health professionals to decide on purchasing and procuring facilities, instruments, and medicines



# **CHAPTER 5: ACCESS TO QUALITY AND INCLUSIVE SOCIAL SERVICES**

# FOCUS OF THE CHAPTER

- Focus of chapter is family and community welfare services
- Stable and supportive families contribute to social cohesion and are associated with high levels of productivity and low levels of crime/violence and substance abuse
  - Literature shows that a proactive approach to strengthening families is more cost effective and provides space for children to develop to their full potential
  - Similarly with early learning programmes – they are more cost effective and have a greater rate of return
- Majority of families in SA, face many pressures (poverty, unemployment, HIV/Aids, substance abuse, crime and gender-based violence, child abuse, neglect)
- After assessing challenges that hamper a more developmental approach to delivering family and community welfare services, the chapter hones in on two examples of family and community welfare services – early childhood development (ECD) and inclusive education

# FINDINGS: FAMILY AND COMMUNITY WELFARE SERVICES

- Government provides a range of services to families and communities – these are delivered by numerous departments across all three spheres of government
- Department of Social Development (DSD) is custodian of government’s policy and programme of action when it comes to families
- Key challenge is the **disconnect between policy and practice**
  - The 1997 White Paper for Social Welfare introduced the concept of *developmental* social welfare, which required a significant change in the focus/approach in the sector
  - White Paper shifted emphasis to non-statutory services, i.e. preventative and early intervention services, that take a more proactive approach of identifying children, families and communities at risk and intervening *before* a need arises, so before abuse, neglect or exploitation happens
  - Systems for preventative and early intervention services are weak to non-existent and the sector remains largely untransformed

# FINDINGS: ECD

- Stronger prioritisation required: the National Integrated ECD Policy approved in 2015 but not yet legislated
- Need for greater and better targeted funding
  - Although funding has improved, it is insufficient and does not reach the poorest/youngest children
  - Greater funds to be targeted at non-centre based ECD programmes
  - To access funding, these centres need to be registered but registration requirements are stringent
- Lack of up-to-date data to inform decision making
  - Much of the early education data is of poor quality or significantly out of date
- Training of ECD teachers: it is estimated that only 39.2% of ECD teachers have an ECD qualification

# FINDINGS: INCLUSIVE EDUCATION

<b>Finding</b>	<b>Description</b>
Lack of accurate assessment of need and data on inclusive education	<ul style="list-style-type: none"> <li>• Accurate information is needed on the number of learners with special needs and the type of special needs intervention required</li> <li>• Availability, accuracy and quality of financial data on inclusive education is a challenge</li> </ul>
Incomplete policy process and emphasis on special needs education	<ul style="list-style-type: none"> <li>• Policy process incomplete, with Education White Paper 6 published in 2001 yet no legislation enacted to give effect to policy aspirations</li> <li>• White Paper 6 tends to conflate inclusive education with special needs education</li> </ul>
Capacitating teachers for inclusive education	<ul style="list-style-type: none"> <li>• Ongoing teacher training is needed to assist in determining the need for special needs education</li> <li>• Learners must be assessed in terms of the 2014 Policy on Screening, Identification, Assessment and Support (SIAS) - policy aims to guide officials/teachers in assessing learners for special needs</li> <li>• SIAS policy is not yet implemented universally - without proper assessment, schools are unable to adapt their post provisioning to reflect the educator needs of their learners</li> </ul>

# CHAPTER 5. RECOMMENDATIONS

1. The Department of Social Development (DSD) should lead the development of a three-year progressive realisation sector plan to ensure the establishment of interventions that proactively strengthen and stabilise at-risk families and communities
2. Based on emerging local evidence, the DSD should consider establishing a holistic package of family interventions that combines income support with targeted family care interventions
3. The DSD should conduct a nation-wide audit and mapping of ECD services being rendered
4. Together with relevant stakeholders, the DSD should lead the finalisation of legislation for ECD together with a fully costed, time-bound implementation plan
5. Government should take urgent steps to strengthen funding for ECD in South Africa. Particular priority should be given to funding all non-profit, non-centre based ECD programmes serving quintiles 1 to 3
  - Related to this, the process and requirements for registration should be simplified, and specific and appropriate registration requirements for non-centre-based ECD programmes should be finalised with haste

6. Government should ensure further targeted support to non-profit ECD programmes in quintiles 1 to 3 focusing on infrastructure upgrades, to enable these centres to register and receive subsidies, and for funding for basic early education equipment, which will enhance the early learning programme and prepare young children for formal schooling from Grade R to Grade 12, and beyond, into tertiary training
7. The departments of basic education, social development and higher education and training should prioritise the upskilling of existing ECD practitioners and develop a plan to professionalise the ECD career path, with a comprehensive and harmonised professional development system

8. Alongside finalising legislation to underpin the roll-out of inclusive education, the DBE should take the lead in developing a public sector detailed, time-bound and costed implementation plan that promotes awareness of what inclusive education entails
9. As a matter of priority, the DBE together with relevant stakeholders, need to determine the extent of learners with special educational needs. This will assist in ensuring more evidence-based policy-making and implementation. The assessment should be aligned to the 10 domains of support identified in the Education White Paper 6 and all three levels of support
10. To support the implementation of inclusive education in South Africa, the DBE must spearhead the development of a holistic funding framework to ensure a uniform approach to funding learners with special educational needs, irrespective of the type of school they attend
11. The DBE must take steps to adjust reporting in order to allow for disaggregation of funding and performance information related to the roll-out of inclusive education
12. With respect to inclusive education, the DBE and the Department of Higher Education and Training must prioritise the development of teacher capacity at higher education level and as part of ongoing professional development initiatives



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# CONCLUSION

- *Submission for the Division of Revenue 2021/22* focuses on the challenges confronting the delivery of social services in South Africa
- The Commission’s interrogation of these issues is not new
  - Social services and indeed some of the very same challenges have been the subject of past annual submissions
- The Commission recognises that the repercussions of the Covid-19 pandemic will reverberate for years to come
- For its next submission for the 2022/23 DoR, the Commission will provide a comprehensive assessment of the socio-economic effects of the coronavirus pandemic, under the theme: ***“The effects of Covid-19 and the changing architecture of subnational government financing in South Africa”***



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