Social policy domains
Social welfare and social security in South Africa

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South Africa is presently undergoing transformation after two democratic elections, one in 1994 and the other in 1999. The government is faced with enormous challenges to improve the existing socio-economic conditions of the electorate. Removal of apartheid has not eliminated the inequalities that exist. Poverty is still rampant. Protracted neglect of basic services to the vast majority of the people, coupled with the previously entrenched apartheid system, has contributed to structural violence: violence against women and children; homelessness; increasing rates of crime; poverty; and increasing unemployment, amongst others. In 1997, unemployment was estimated to be close to 40 percent (Department of Finance, 1999: 16). South Africa is part of the global economy and needs to be competitive in the world market. However, the government is faced with the problem of the rand currency, that has depreciated over the past year, higher interest rates and increasing debt rates. For the financial year 1999/2000 the cost of servicing debt is expected to amount to R48.2 billion, or 6.8 percent of gross domestic product (GDP) (Department of Finance, 1999: 75). Given the competing demands, South Africa’s economic policy seeks to be fiscally prudent and yet address the needs of its people.

This article seeks to discuss the domains of social policy with specific reference to the context of social welfare and social security policy; it also proposes to identify the accomplishments and

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challenges; and suggest future steps which need to be taken on social policy matters.

The context of social welfare policy

After the democratic elections in 1994, the formulation of a new welfare policy was influenced by international and national considerations. These included the curtailment of social expenditure by advanced industrial nations, slower national economic growth rates, reducing dependency on welfare, the Copenhagen Declaration and Programme of Action (United Nations, 1995) and the Beijing Platform of Action (1995).

Social welfare expenditure is considered one of the big three factors that will improve the social conditions of South Africans; it is the third largest programme after health and education. Welfare expenditure is 9.3 percent of total government expenditure and 2.9 percent of GDP (Department of Finance, 1999). The total welfare budget voted for the 1999/2000 financial year was approximately R19 billion (Department of Welfare, 2000: 12–13). The government developed a financial framework to align policy with fiscal resources, that is, the Medium-Term Expenditure Framework (MTEF). In this regard, R58.8 billion was allocated to the welfare function over a three-year period (Department of Finance, 1999: 214).

Social welfare policy is informed by the following:

1. The Constitution of South Africa (Act 108 of 1996);
2. The Reconstruction and Development Programme (RDP) (African National Congress, 1994);
3. The White Paper for Social Welfare (Department of Welfare, 1997);

The Constitution makes provision for welfare as a concurrent function (1996). The policy implications of this mean that welfare (social security and welfare services) is a concurrent responsibility of both the national and provincial spheres of government. The national government develops policies, norms and standards, and the provincial spheres of government have administrative functions, that is, the delivery of services.

The RDP was adopted by the government as a policy framework for socio-economic development to meet the needs of its people. The
objectives, values and principles were incorporated into the national
goals of the Developmental Social Welfare Strategy (Department of
Welfare, 1997: 15). Six basic principles are identified in the RDP
(ANC, 1994: 17). These are summarized as follows:

An integrated programme, based on the people, that provides peace and security
for all and builds on the nation, links reconstruction and development (i.e. meets
the basic needs and builds infrastructure), and deepens democracy.

The White Paper for Social Welfare was drawn up after full participa-
tion with stakeholders in the welfare sector. After an extensive
consultation process with stakeholders, national consensus was
facilitated and contributed to the refining of the welfare policy docu-
ment. This resulted in a policy framework, principles, guidelines and
recommendations for the implementation of a developmental\(^2\) per-
spective in social welfare. The direction of the White Paper is con-
gruent with the approach advocated by the United Nations World
Summit for Social Development. At the World Summit, South
Africa pledged with other nations of the world to eradicate poverty.
The vision for welfare is ‘A welfare system which facilitates the
development of human capacity and self-reliance within a caring
and enabling socio-economic environment’ (Department of Wel-
fare, 1997: 15). An important component of the philosophy is the
recognition that the welfare of the population will not automatically
be enhanced by economic growth. The following philosophy is
articulated:

Economic development has to be accompanied by the equitable allocation and dis-
tribution of resources if it is to support social development. Social development
and economic development are therefore interdependent and mutually reinfor-
cing. (Department of Welfare, 1997: 15)

The Financing Policy for Developmental Social Services was
adopted in March 1999. This policy is a radical shift from the pre-
vious approach. ‘Structures must be streamlined, and overlapping
must be eliminated so that the best possible welfare services with
the available funds, and in accordance with the welfare policy may
be delivered’ (Du Preez, 1999: 16). Some of the principles of the
Financing Policy (Department of Welfare, 1999b: 14–17) may be
identified as follows, and generally represent a move:

1. from a narrow focus on quantitative services to a focus both on
qualitative and quantitative services;
2. from per head financing to programme financing;
3. from financing organizations and services that disregard indigenous rights and cultural practices, to financing organizations that respect diversity and indigenous rights and cultures;
4. from social assistance separated from social services, to financing social services which are linked to social assistance;
5. from top-down delivery to a participatory approach.

In keeping with the developmental approach, communities are being encouraged to participate in the development and assessment of services. The Financing Policy (Department of Welfare, 1999b: 17) document states:

> Services which consciously and appropriately involve communities, families, children, youth, women or older persons in assessing the service need and designing the service programme will be supported through welfare finances.

These shifts of policy reflect congruency with the developmental paradigm which emphasizes: community participation; resources being shifted to the most needy, that is urban to rural; non-discriminatory, inter-provincial disparities; holistic aims with specialized components, and integrated programmes, not per head services.

**The focus of social welfare policy**

South Africa has one of the highest income inequalities in the world (Department of Welfare, 1996/7: 4). The *Annual Statistical Report* estimates that 50 percent of the population lives in the poorest 40 percent of the households, and are classified as poor, while 27 percent of the population live in the poorest 20 percent of the households and are classified as the ultra-poor. Most of the poor are Africans, live in deprived rural areas, and are headed by women with children. These households mainly rely on remittances and state social grants for income due to unemployment (Department of Welfare, 1996/7: 4). Given increasing unemployment among unskilled workers, retrenchment of mine workers and workers in the building industry, and the extent of poverty, welfare policy and programmes must provide social security as a safety net together with developmental services in conjunction with other sectors (government and non-governmental organizations).
Funding of welfare
At present, the welfare vote is split between social security, or rather it should be called social assistance, and welfare services. The social assistance budget comprised 91 percent of the total welfare budget for the 1999/2000 financial year, and 9 percent on welfare services, developmental programmes, administrative services and capital expenditure (Department of Welfare, 2000).

Organization of welfare
Welfare services are currently provided by a range of state-owned institutions, non-governmental organizations (NGOs), community-based organizations (CBOs) and faith-based organizations. The government purchases welfare services from many of these organizations by providing subsidies for programmes. By March 2001, 6857 organizations were registered in terms of the Non-profit Organisation Act (Department of Social Development, 2001: 90). The private sector employs social workers to provide welfare services to their staff through their employee assistance programmes, for example, for the mines. There are social workers who have private practices with a fee attached for services. All social workers must register with the Council for Social Service Professions which is the statutory and regulatory body for professional conduct. In addition to social workers, child and youth care workers, probation officers, auxiliary workers, community development workers and volunteers render developmental welfare services. The objective of social welfare is to promote the well-being of individuals, families and communities (Department of Welfare, 2000: 13). Furthermore, the report states that welfare services are part of a broad menu of social services which aim to enhance the quality of life of all South Africans and which provide an enabling environment for children, youth, women, families and older persons to achieve their aspirations. In the main, welfare services target people who have been disadvantaged in the past, namely, the poor; elderly; disabled; women; youth; children; substance abusers; and HIV/AIDS sufferers.

Welfare organizations
In the previous dispensation, these organizations were to a large extent dependent on state subsidies, donor funding and their respective fund-raising events. Donor funding has decreased over the past few years, and many NGOs have had to close, refocus or adapt their programmes in order to secure funding. A total of 2186 social workers provided welfare services to 5,512,911 people in the
country (Department of Welfare, 1996/7: 121). In the past, welfare programmes were racially biased. Criteria for accessing welfare services were discriminatory, and service provision was organized along racial lines. Uniform eligibility criteria were introduced for access to all residential and non-residential services in 1996 (Patel, 1998: 16). In addition, the subsidy formula for old-age homes was revised to ensure that those in greatest need gained access to the services. The shift in financing policy has had a great impact on the welfare organizations. The three-year MTEF allocation (MTEF, 1998–2001) for transfers to welfare organizations decreased by 9.5 percent compared with the budget allocation for the 1997/8 financial year. The consequences of this mean that less money will be available to meet existing obligations, resulting in a reprioritization of services in alignment with the new developmental services. The new funding approach is to be phased in over a period of five years beginning with pilot programmes in each province effective from April 1999. A monitoring mechanism is being put into place and sanctions will be applied to organizations that are not aligned with transformation principles, or where effective service delivery is not maintained.

Poverty alleviation projects
The Department of Social Development (formerly known as Welfare) managed R363 million for poverty-alleviation projects nationwide for the three-year period from 1998–2001 (Department of Social Development, 2001). The two broad categories which were identified then were as follows:

- Projects which provincial departments identified;
- A national department with the aim of enhancing intersectoral collaboration and the piloting of selected initiatives aimed at transforming social welfare services (Department of Welfare, 1999a: 2).

These programmes are critical to the reorientation of services to a developmental approach (Patel, 1998: 21). The objectives of this allocation of funding were as follows:

- Enabling the Department of Welfare to focus its anti-poverty work on the poorest communities;
- Building models for institutional development at community level;
• Building the capacity of the Department in development facilitation skills and competencies (Department of Welfare, 1999a: 2).

R20 million was allocated to the disability sector. This included funds for the economic empowerment of people with disabilities.

Developmental programmes for unemployed women with children less than six years old were introduced by the department to assist women who found themselves unemployed and in poverty-stricken conditions. The aim of these flagship programmes was to promote self-reliance and social well-being, and to develop human capacity. The approach was in line with the Platform of Action decided at the Beijing Conference on Women (1995).

Flagship programmes which were established were vegetable gardening; an eating establishment; candle-making; sewing groups; and brick making.

One of the most successful flagship programmes is called Bekkersdal. This project is located in the province of Gauteng, one of the nine provinces of South Africa. This project has diversified from an eating establishment to incorporating a child-care facility, car and taxi wash, an overnight sleeping establishment and a sewing group which sells its articles. The success of this project lies in the fact that the women who manage the project feel empowered and have acquired skills in the process (Department of Welfare, 1998; Triegaardt, 1996; Cawker and Whiteford, 1993).

Social security

The major poverty alleviation programme in South Africa is social security, or, as it should be called, social assistance. The Constitution (1996) makes provision for South Africans’ right to social security. Section 27 (1) states that ‘Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance’ (1996: 13). However, it continues: ‘The state must take reasonable legislative and other measures within its available resources, to achieve the progressive realisation of each of these rights’. This clause allows for limitations such as resource and institutional shortcomings. Broadly speaking, public safety nets include health and education programmes, social insurance programmes and transfer programmes directly targeted at the poor.

Nearly 3 million social grants were being paid each month in 1999 (Department of Welfare, 2000). The social assistance budget was a
total of over R16 billion for the 1999/2000 financial year (Department of Welfare, 2000). The major portion of the social assistance budget is paid to old-age pensions (61.9 percent); disability grants receive 24.5 percent; and families and children receive 9.08 percent and social relief receives .30 percent. Given that allocations to the various target groups vary remarkably, there is some concern that children and families are under-funded. However, Patel (1998: 17) argues that ‘this should be balanced against the combined expenditure on children in education and the health budgets’. The latter relates to the anti-poverty programme for free health care for pregnant women and children less than five years old. An investigation was conducted in 1997/8 on disability requirements and included representation from the disability sector (CASE, 1998). Many of the people with disabilities believe that they would rather contribute to the economy than be dependent on a disability grant. However, discrimination in the market economy and other obstacles are still a feature of South African society.

In South Africa, there are two parts to social security, as follows.

Social assistance
Social assistance is funded from the state’s finances. It is non-contributory and means-tested. It includes old-age pensions, disability grants, and social transfers for children and families (state maintenance grants, phased out; child support grants, replacing state maintenance grants; and foster care grants). The former state maintenance grants which supported families and children were phased out over a three-year period, effective from 1 April 1998. This grant was considered to be financially unaffordable if it was made available to all those who qualified, and favoured certain sectors of the population in the past, that is, it was racially biased. Kruger, an economist, notes: ‘With extreme pressures for increases and budget cuts in other areas of social and welfare expenditure, as well as the other categories of government expenditure, such an increase will not be affordable within a fiscally responsible budget’ (1995: 9).

The aim of the child support grant is to reach the poorest children in the most rural areas. The Department of Welfare plans to reach 3 million children over a five-year period. Research indicated that the poorest children are located in the provinces of Northern Province, Eastern Cape and Kwazulu-Natal. This new grant was introduced on 1 April 1998, the first in over 50 years, through legislation (Welfare Laws Amendment Act, 1997).
Equity of pensions was introduced in 1993. Research demonstrated that pensions are effective in alleviating poverty (Ardington and Lund, 1995). The take-up rates were estimated to be very high, and may have even been considered to be universal by the mid-1990s barring those excluded from the means test (Van der Berg, 1998: 35).

The World Bank states: ‘Cross-country experience concludes that, given the fiscal constraints, cash transfer systems will be effective and efficient only if the objective is poverty reduction. Family assistance and targeted social assistance are effective tools for short-term poverty reduction’ (Subbarao et al., 1997: 41). Therefore long-term mechanisms will have to be sought to address poverty reduction, and these mechanisms must be sustainable.

Social insurance
Both employers and employees make contributions to work-based schemes, which refer to the Unemployment Insurance Fund, Compensation for Occupational Injuries (COIDA) (formerly known as Workmen’s Compensation) and the Road Accident Fund. The Department of Labour manages the former two. Coverage of social insurance needs to be adequately addressed in order to reduce the need for social assistance in the future.

Accomplishments and challenges
The major accomplishment for welfare is that the two-year process of debating welfare policy was the most extensive consultation process with all the relevant stakeholders from the welfare sector. It culminated in the White Paper for Social Welfare (Department of Welfare, 1997). Louw (1998: 141) states: ‘The most inclusive process ever has established a holistic social welfare policy framework and formulated an implementation strategy which is unfolding progressively.’ Most of the required levels of policy formulation were achieved: the philosophy, the process, the product (that is, the White Paper for Social Welfare, 1997) and a framework for action (Gil, 1992).

Other accomplishments in the welfare sector include the de-racialization of welfare facilities. The shift in financing policy which supports developmental services will promote community involvement and provide services to those most in need, that is, poor women with children, rural poor and people with special needs. However, the shift to de-institutionalization and community care
will bring enormous challenges, given that impoverished communities are under-resourced and do not have the institutional capacity to support care for older people, children and people with disabilities. Intersectoral agreements and partnerships with other stakeholders (government, non-government and the private sector) will have to be formed to facilitate community care.

Equity in pensions and other social grants is commendable. However, many of these social grants – the child support and the disability grants in particular – require linkage to development programmes. Without this linkage, dependency on social assistance may continue to prevail. Subbarao et al. (1997: 42) note with regard to Eastern Europe and the former Soviet Union: ‘As reliance on social assistance increases, the ability to become self-reliant decreases.’ This comment further illustrates the point that cash transfers are short-term mechanisms for poverty reduction. These are lessons to be learned too with limited resources. Research is required on the impact of social assistance on impoverished households, especially with regard to the new child support grant. Although the state maintenance grant was viewed as discriminatory, research demonstrated that the grant played an important role in keeping households of recipients above minimum subsistence levels (Vorster and Rossouw, 1996: 305). The challenge that remains in social security is to link both social assistance and social insurance in a broad and comprehensive social-security system. These long-term plans are necessary in order to alleviate poverty. With the extensive poverty that exists alongside the high rate of unemployment, many people are not concerned with issues of saving for retirement when they face the daily battle of survival. Thus the issue of saving for retirement has to be encouraged through forums such as the workers’ unions.

Improving both institutional and human resource capacity, juxtaposed to greater intersectoral collaboration, are major challenges for the government. In part, this has been addressed through the poverty alleviation projects. Research on the disability requirement shows that in the short term the Department of Social Development is likely to bear the costs of disability (CASE, 1998: 85). However, the research indicates that intersectoral collaboration could be a source of savings for the Department of Social Development. Without these aspects, welfare will not achieve the goal of empowering people to become self-reliant, with the requisite knowledge and skills.
Conclusion

The key shift in social welfare policy and social security has been to link these policies to economic policy. However, although the government is committed to social re-engineering by endorsing social development in welfare policy, it will view welfare within the context of a prudent fiscal policy. The budget is being managed more efficiently with the emphasis on outcomes and involving the community’s participation. Improving institutional and human resource capacity in the hope of reaching the most impoverished communities still remains as a challenge. Social workers in South Africa need to continue advocating and lobbying for changes which contribute to developmental welfare programmes. Research is an important component of contributing to the debates and shifts in social policy. Jansson (1994: 419) articulates these sentiments as follows:

Policy evaluation need not be reserved to technical experts. All of us can make important contributions and we can use many kinds of arguments to support or oppose policies. Indeed, assessing policies is the starting point for assuming leadership roles in the human services system.

Notes

1 Gross domestic product: a measure of the total national output, income and expenditure in the economy (Department of Finance, 1999: 179).
2 Midgley (1995) indicates that social development provided an opportunity to link social welfare with economic development while addressing the issues of discrimination, poverty, social exclusion and devising strategies to address the needs of people who have been marginalized and disadvantaged.

References