



Post subsidies in provincial Departments of Social Development

Report prepared by Debbie Budlender

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About this study:

The care work project was initiated in 2016 by the Shukumisa Campaign in partnership with non-profit organisations around the country. The project's aims are two-fold: ensuring that quality social welfare services are available to all those who need them; and advocating for the recognition and fair compensation of this important work, which is largely undertaken by women. Achieving these aims requires some understanding of how the Department of Social Development finances services provided by non-profit organisations (NPO). This paper reports on the subsidies contributed by different provincial Departments of Social Development towards the employment of social auxiliary workers, social workers and social work supervisors by NPOs. It was compiled by Debbie Budlender, drawing on data collected for the overall study designed and implemented by Lisa Vetten of the Wits City Institute housed at the University of the Witwatersrand. Margaret Grobbelaar of the National Coalition of Social Services provided further information about these subsidies. We are particularly grateful to all the organisations who generously gave of their time to assist us and hope they find the results useful.

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Post subsidies in provincial Departments of Social Development

Introduction

In South Africa, social welfare (development) services are delivered partly by officials of the nine provincial Departments of Social Development (DSD) and partly by employees and volunteers in non-profit organisations (NPOs). The discrepancy in earnings between DSD social workers and social auxiliary workers, and social workers and social auxiliary workers employed in the non-profit social welfare services sector has been an ongoing source of tension for many years. This paper compares the earnings of these categories of workers, by province, over the five-year period between 2012/13 and 2016/17.

Background

The recent report of the Ministerial Committee on the Review of the Welfare White Paper highlighted that non-profit organisations have remained responsible for much of the delivery of social development services over the period since 1997, when the White Paper was published. The number and range of NPOs receiving subsidies from provincial DSDs have expanded, as has the range of services provided. In 2012, DSD reported that the nine provincial DSDs and national together subsidised a total of 14 357 NPOs. Nevertheless, there is still a massive shortfall in the availability of social development services in most parts of the country.

The Review noted that funding was the most common issue raised by and about NPOs during the Ministerial Committee's provincial and district consultative processes. It was also a key issue in the roundtable event attended by national NPOs. Of the eleven concerns discussed in the report, the first related to the disparity in salaries and benefits between social workers and other workers employed by government and NPOs. The same point noted that participants in all provinces had complained that posts were subsidised at the entry level salary, and that those raising this concern included some government officials. The other concerns most relevant for our purposes were in the inadequacy of funding more generally, the failure of DSD to increase subsidies over time despite inflation, and disparities in subsidies across provinces.

There are several different forms of NPO subsidies. One form consists of subsidies based on services delivered and, in particular, on the number of beneficiaries. This form is used, for example, for early childhood development centres as well as for the different residential services such as homes for the aged, child and youth care centres, and homes for people with disabilities. A second form consists of post subsidies, where the subsidy is for the cost of a particular category of worker. A third form consists of programme funding, where the organisation is funded to deliver a service but the amount is not based directly on either the number of beneficiaries or the number and type of staff. This paper focuses on the post subsidies.

Data and method

There is no single source of information on NPO subsidies paid by provinces for different categories of workers or, indeed, for other types of subsidies to NPOs. National DSD does not

collect this information. Few provinces publish the information. As seen below, in at least some provinces it seems that there is not a standardised rate.

The primary data on subsidy levels were therefore collected through two routes. The first was a series of interviews with NPOs organised by Lisa Vetten for the larger study. The second was a request sent out by Margaret Grobbelaar of the National Coalition for Social Services (NACOSS) to affiliates.

One record was created for each unique combination of year (government fiscal year from April of one year to March of the next), province, organisation, post level and subsidy amount. Multiple records were recorded in cases where a particular organisation recorded different amounts for the same post level within the same province, for example for different cities in the same province.

After cleaning of the data, 610 records were considered useable for information on monthly post subsidies. Table 1 gives the breakdown of these records by post and year. The table reveals that social workers, social auxiliary workers, and social work supervisors are the only posts for which there are more than a few records for each of the years. The Review of the Welfare White Paper also identified these as important posts within DSD. Thus in 2016, there were more than 9 500 social workers employed by DSD, accounting for 29% of the total DSD workforce, and more than 2 500 SAWs – 8% of the total workforce. (The number of each of these categories employed by NPOs and the number subsidised by provincial DSDs is unknown.)

The analysis that follows therefore focuses on these three posts. The records for SAW grades 2 to 5 are not included in the analysis as each of these is recorded in only one case, all in Gauteng. It is assumed that all other posts are funded at the Grade 1 level. As noted above, this is one of the complaints that NPOs have about post subsidies.

Table 1. Useable records by post and year

Posts	2012/13	2013/14	2014/15	2015/16	2016/17	Total
AD (Assistant director)	3	1	1	1	1	7
AM (Assistant manager)	2	1	4	4	3	14
CSW (Chief social worker)	10	1	3	3	4	21
Dir/SW (Director/social worker)	1	2	0	1	1	5
SAW (Social auxiliary worker)	23	28	34	35	37	157
SAW Grade 2	0	1	0	0	0	1
SAW Grade 3	0	0	1	0	0	1
SAW Grade 4	0	0	0	1	0	1
SAW Grade 5	0	0	0	0	1	1
SW (Social worker)	41	42	54	57	58	252
SW Manager	1	3	3	3	3	13
SW Sup (Social worker supervisor)	9	22	29	29	27	116
Sen SAW (Senior SAW)	1	1	2	2	2	8
Sen SW (Senior social worker)	3	3	2	3	2	13
Total	94	105	133	139	140	610

Table 2 gives the breakdown of the useable records by post and province. Northern Cape has the fewest records, followed by Free State. Northern Cape has at least one record for each year for each of the three posts, so has analysable data. Free State has data for all years for SW

supervisors but not for the other two posts. More generally, the data from Free State should be treated with great caution as Free State utilises programme, rather than post, funding. The NPOs' reported post amounts for this province are, as a result, probably derived from a calculation based on their understanding of how the amount was derived, and the calculation might differ across NPOs.

Limpopo also has relatively few records. It has no records for SAWs and does not have data for all years for either of the other two posts. The extent to which this province's data can be analysed is therefore limited.

Table 2. Useable records by post and province

Posts	EC	FS	GT	KZN	LIM	MPU	NC	NW	WC	Total
AD	0	0	2	0	0	5	0	0	0	7
AM	0	3	3	0	3	0	0	0	5	14
CSW	3	0	14	2	1	0	0	1	0	21
Dir/SW	0	0	0	0	0	0	0	5	0	5
SAW	12	3	64	18	0	13	5	22	20	157
SAW Gr 2	0	0	1	0	0	0	0	0	0	1
SAW Gr 3	0	0	1	0	0	0	0	0	0	1
SAW Gr 4	0	0	1	0	0	0	0	0	0	1
SAW Gr 5	0	0	1	0	0	0	0	0	0	1
SW	18	3	67	67	7	23	5	24	38	252
SW Manager	0	0	4	0	1	4	0	4	0	13
SW Sup	16	8	20	30	7	12	5	5	13	116
Sen SAW	0	0	1	0	0	7	0	0	0	8
Sen SW	0	0	0	1	1	6	0	5	0	13
Total	49	17	179	118	20	70	15	66	76	610

Limitations

All the cautions noted above about limitations of the data must be borne in mind when reading the analysis that follows. In addition, analysis of post subsidies is complicated by the fact that many provinces, at least in some cases, provide a subsidy for the main post together with an administrative subsidy that is meant to cover administrative and other support services. Administrative subsidies linked to post subsidies were reported by at least some organisations in seven provinces – all except Free State and Northern Cape. Table 3 shows that admin subsidies were more likely to be reported for SW supervisors, but even for this post such subsidies were reported in less than half of cases.

Table 3. Reported admin subsidy by post

Posts	No	Yes	Total	% Yes
SAW	111	46	157	29%
SW	177	75	252	30%
SW Sup	64	52	116	45%
Total	393	217	610	36%

Table 4 provides a similar breakdown by province, restricting analysis to the three posts that are the focus of the analysis. The percentage of records with an admin subsidy reported alongside the post subsidy ranges from 17% in Gauteng to 79% in Mpumalanga if we exclude the two provinces with no reported admin subsidy. These percentages should not be interpreted to represent the actual frequency of administrative subsidies in each of the provinces given the complications in reporting discussed below. Instead this range again indicates the need for caution in interpreting both cross-province and intra-province patterns.

Table 4. Reported admin subsidy by province for three focus posts

Province	No	Yes	Total	% Yes
EC	34	12	46	26%
FS	14	0	14	0%
GT	125	26	151	17%
KZN	57	58	115	50%
LIM	8	6	14	43%
MPU	10	38	48	79%
NC	15	0	15	0%
NW	39	12	51	24%
WC	50	21	71	30%
Total	352	173	525	33%

While many organisations reported the administrative subsidy alongside the post subsidy, five records reflect an administrative payment that is not linked to a particular post. All five records related to one national organisation, with two for its offices in Eastern Cape, and one each in KwaZulu-Natal, Northern Cape and Western Cape. Two are for 2012/13 and three for 2016/17.

In yet other cases where NPOs specified post subsidies, they received bulk administrative subsidies that they did and/or could not allocate to particular posts. These amounts were thus not included in the database used for analysis. A further set of records were not included in the dataset even in respect of post subsidies as the organisations specified the combined amount for the post and administrative component but did not provide the split that would allow calculation of the post subsidy amount.

As will be seen below, the amount paid as a subsidy for a particular post level varies across provinces and sometimes even within provinces. However, the variations in the reported administrative subsidies – both per post and separate – are even more substantial. It is highly likely that the data on administrative subsidies are unreliable and not really comparable across organisations and provinces. One of the reasons for this is that DSD in some provinces does not explain to NPOs how the administrative subsidy, or even the total subsidy, is calculated. Where an organisation is subsidised for a number of different workers, with different numbers in the various posts, the NPOs will have used different approaches to determine what proportion of the administrative amount was linked to each post.

Given the complications described above, the analysis focuses on the post subsidies.

Social workers

Table 5 presents descriptive statistics on social worker monthly post subsidies by province for each of the years. For each year/province combination it shows the mean (ordinary “average”),

median (middle value when ranked from smallest to largest), mode (most common value), maximum and minimum values, and the number of records for that year-province combination. All the monetary values are rounded to the nearest rand.

Where there is only one record for a particular combination, all the monetary values are identical. Where there are multiple records, identical values for all the monetary values imply that all organisations reported the same subsidy amount. This is the case, for example, for Eastern Cape and Western Cape in 2014/15 where five and eight organisations, respectively, reported the same social worker subsidy. For North West, in contrast, there are substantial differences in the values. Data received after the analysis was completed underscored this even further, with one organisation receiving a subsidy of R14 142/month for its one office - but subsidies of R11 688 for its two other offices in 2012/13. In 2013/14 this higher subsidy was slightly increased by a few hundred rands while the lower subsidies for the other two offices were decreased still further by approximately one thousand rand. But in 2014/15, this subsidy was decreased by approximately R1 500 while the other two offices' subsidies were increased by approximately the same amount such that all three offices now received the same subsidy amount. This was now in line with the same maximum amount reported for the North West in that year. Comparison of the maximum and minimum numbers reveals that Gauteng and KwaZulu-Natal also consistently have a wide range of values for a particular year.

Table 5. Social worker post subsidies by year and province, descriptive statistics

Year	Province	Mean	Median	Mode	Maximum	Minimum	Number
2012/13	EC	6625	6625	6625	6625	6625	2
2012/13	FS	9091	9091	9091	9091	9091	1
2012/13	GT	8564	8524	8524	9541	8004	11
2012/13	KZN	9935	10489	10489	11118	5245	11
2012/13	LIM	36392	39549	.	49833	12255	6
2012/13	MPU	10670	10670	10670	10670	10670	1
2012/13	NC	9091	9091	9091	9091	9091	1
2012/13	NW	6604	5208	.	13500	2500	4
2012/13	WC	10273	8864	8864	14500	8864	4
2013/14	EC	10678	10678	10678	10678	10678	1
2013/14	GT	8473	8524	8524	9541	5327	10
2013/14	KZN	11092	11118	11118	13495	5245	12
2013/14	MPU	11728	11500	.	13525	8592	5
2013/14	NC	8889	8889	8889	8889	8889	1
2013/14	NW	8967	10830	.	12320	2500	6
2013/14	WC	9430	9396	9396	10701	8864	7
2014/15	EC	10678	10678	10678	10678	10678	5
2014/15	FS	8889	8889	8889	8889	8889	1
2014/15	GT	8731	8865	8865	9541	5541	15
2014/15	KZN	11326	11118	11118	13495	5560	14
2014/15	MPU	11360	11500	.	13525	9056	6
2014/15	NC	8889	8889	8889	8889	8889	1
2014/15	NW	8035	8660	12320	12320	2500	4
2014/15	WC	9960	9960	9960	9960	9959	8
2015/16	EC	10678	10678	10678	10678	10678	5

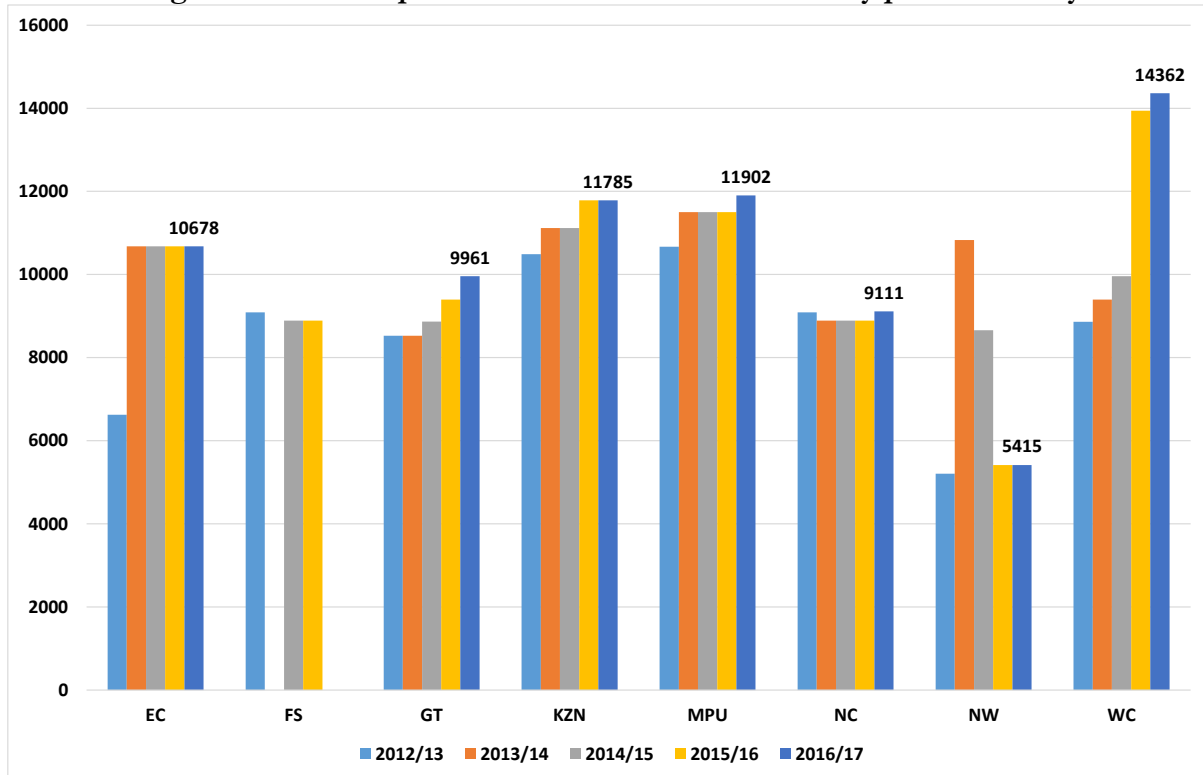
Year	Province	Mean	Median	Mode	Maximum	Minimum	Number
2015/16	FS	8889	8889	8889	8889	8889	1
2015/16	GT	8974	9397	8865	9961	5873	16
2015/16	KZN	11524	11785	11785	13495	5560	14
2015/16	MPU	11442	11500	.	13525	9056	6
2015/16	NC	8889	8889	8889	8889	8889	1
2015/16	NW	7411	5415	12320	12320	2000	5
2015/16	WC	13631	13943	13943	14693	9960	9
2016/17	EC	10678	10678	10678	10678	10678	5
2016/17	GT	9710	9961	9961	9961	6225	15
2016/17	KZN	10965	11785	11785	11785	5892	16
2016/17	LIM	24510	24510	24510	24510	24510	1
2016/17	MPU	12226	11902	.	14135	9056	5
2016/17	NC	9111	9111	9111	9111	9111	1
2016/17	NW	7511	5415	12320	12320	2500	5
2016/17	WC	14284	14362	14362	14362	13945	10

The variation in some cases represents real differences in subsidies for the same post within a particular province. It seems clear that some such variation occurs in Gauteng as differences were reported by the same organisation for different sites. A North West organisation reported different subsidies even without a difference in sites. Similar variation in actual subsidies for a particular post may also occur in other provinces. However, in at least some cases the variation could reflect different ways of reporting the administrative add-on subsidy. Variation could also in some cases reflect errors in reporting – for example reporting the amount for two posts rather than one, or for a part-time post.

The variation raises the question as to which value to use when comparing subsidies across provinces and across years. The mode – the most common value – might seem the preferable value for analysis. However, the mode value is not available for all cases. In particular, it is not available when there are two or more modes – for example, a year-post combination with four cases of which two have one post value and the other two have another post value. We therefore use the median value. The table above confirms that in most cases the median is the same as the mode. The only province for which the median is very different from the mode is North West. The findings in respect of North West should therefore be treated with particular caution.

Figure 1 shows the medians for each province over the period. Ordinarily, one would expect workers' wages to increase each year. However, in Eastern Cape, Free State and Northern Cape there appear to have been few if any increases in the amount over the period. The absence of an increase means that the real value of the subsidy falls after inflation is factored in. Western Cape is the only province that records consistent increases for each year, and Gauteng has an increase for four of the five years.

Figure 1 Median post subsidies for social workers by province and year



Using Statistics South Africa’s consumer price index estimates for April of each year, the average annual inflation rate for the period 2012-2016 is 5,6%. If the period is restricted to 2013-2016, the average annual inflation rate remains 5,6%.

Table 6 shows the average annual increases calculated on the basis of the median post subsidy values. The averages are shown from 2012/13 to 2016/17 and from 2013/14 to 2016/17 on the basis that there were fewer records available for 2012/13 and the data is therefore probably less reliable. Western Cape’s increases appear to be well above the inflation rate. Examination of the annual values reveals that the large average increase is accounted for primarily by a large increase in the subsidy in 2015/16. Other provinces are all below the inflation rate except for the anomalous result for Eastern Cape if one includes the outlier 2012/13 value.

Table 6. Social worker post subsidy increases over the period

	2012/13	2013/14	2014/15	2015/16	2016/17	Average annual increase	
						From 12/13	From 13/14
EC	6625	10678	10678	10678	10678	12.7%	0.0%
FS	9091		8889	8889			
GT	8524	8524	8865	9397	9961	4.0%	5.3%
KZN	10489	11118	11118	11785	11785	3.0%	2.0%
MPU	10670	11500	11500	11500	11902	2.8%	1.2%
NC	9091	8889	8889	8889	9111	0.1%	0.8%
NW	5208	10830	8660	5415	5415	1.0%	-20.6%
WC	8864	9396	9960	13943	14362	12.8%	15.2%

Table 7 shows the minimum and maximum subsidy values for each year, the province recording the minima and maxima, and the minimum expressed as a percentage of the maximum. The

latter percentage ranges from 38% - only a little over a third – in 2016/17, to 75% in 2014/15. Gauteng and North West alternate in recording the lowest values, while Mpumalanga has the highest values for the first three years and Western Cape thereafter.

Table 7. Minimum and maximum social worker subsidies by year

	2012/13	2013/14	2014/15	2015/16	2016/17
Minimum	5208	8524	8660	5415	5415
Province	NW	GT	NW	NW	NW
Maximum	10670	11500	11500	13943	14362
Province	MPU	MPU	MPU	WC	WC
Min % of Max	49%	74%	75%	39%	38%

Social auxiliary workers

Table 8 presents the descriptive statistics for social auxiliary workers similar to what was done for social workers above. There are eleven year-province combinations for which there is only one record. These occur in at least one year for Free State, Mpumalanga, Northern Cape, and Western Cape. Gauteng has a substantial number of records for each of the years. Unlike for social workers, there seem to be no serious differences between the mode and median values.

The North West data received after the analysis was completed once again demonstrated a pattern of subsidies being adjusting downwards, rather than upwards, to achieve parity. In 2012/13 the three offices each received subsidies of approximately R6 700/month for their social auxiliary workers. In 2013/14 these amounts were reduced to R6 114 and R6 144 per month. They have remained at this point since – but for one office whose subsidy was reduced still further to R5 763/month, and then increased again to R6 114/month. Table 8 demonstrates similar downward adjustments, with R6 250 being the maximum subsidy amounts paid in 2012/13 and 2013/14, which then dropped to R6 144/month from 2014/15 onward.

Table 8. Social auxiliary worker post subsidies by year and province, descriptive statistics

Year	Province	Mean	Median	Mode	Maximum	Minimum	Number
2012/13	EC	2981	2981	2981	2981	2981	2
2012/13	FS	2237	2237	2237	2237	2237	1
2012/13	GT	7031	6897	6897	8060	6632	11
2012/13	KZN	7459	7459	.	9722	5195	2
2012/13	MPU	4013	4013	4013	4013	4013	1
2012/13	NC	4474	4474	4474	4474	4474	1
2012/13	NW	4500	4875	6250	6250	2000	4
2012/13	WC	5055	5055	5055	5055	5055	1
2013/14	EC	2981	2981	2981	2981	2981	1
2013/14	GT	7362	7173	.	8524	6897	9
2013/14	KZN	5699	5403	5245	6748	5245	4
2013/14	MPU	5549	6317	6317	6317	4013	3
2013/14	NC	4677	4677	4677	4677	4677	1
2013/14	NW	5235	6250	6250	6250	2000	7
2013/14	WC	4827	5054	.	5358	4068	3

Year	Province	Mean	Median	Mode	Maximum	Minimum	Number
2014/15	EC	2981	2981	2981	2981	2981	3
2014/15	FS	4677	4677	4677	4677	4677	1
2014/15	GT	7398	7173	7173	8865	7173	14
2014/15	KZN	5857	5560	5560	6748	5560	4
2014/15	MPU	5621	6317	6317	6317	4230	3
2014/15	NC	4677	4677	4677	4677	4677	1
2014/15	NW	3881	3500	.	6144	2000	3
2014/15	WC	5748	5680	5680	6020	5679	5
2015/16	EC	2981	2981	2981	2981	2981	3
2015/16	FS	4677	4677	4677	4677	4677	1
2015/16	GT	7620	7603	7173	9397	7173	14
2015/16	KZN	5940	5727	5560	6748	5560	4
2015/16	MPU	5621	6317	6317	6317	4230	3
2015/16	NC	4677	4677	4677	4677	4677	1
2015/16	NW	3724	3375	.	6144	2000	4
2015/16	WC	5952	6020	6020	6020	5680	5
2016/17	EC	2981	2981	2981	2981	2981	3
2016/17	GT	8179	8060	8060	9961	8060	16
2016/17	KZN	5811	5894	5894	5894	5560	4
2016/17	MPU	5958	6822	6822	6822	4230	3
2016/17	NC	4794	4794	4794	4794	4794	1
2016/17	NW	3724	3375	.	6144	2000	4
2016/17	WC	5834	6200	6201	6201	4167	6

Figure 2 shows the trends in the median values for eight provinces. Eastern Cape shows no increases at all, while Northern Cape shows small increases in only two of the years. Gauteng, KwaZulu-Natal and Western Cape have regular increases in most years, although KwaZulu-Natal has an outlier value for the first year. North West again has a very erratic pattern.

Figure 2 Median post subsidies for social auxiliary workers by province and year

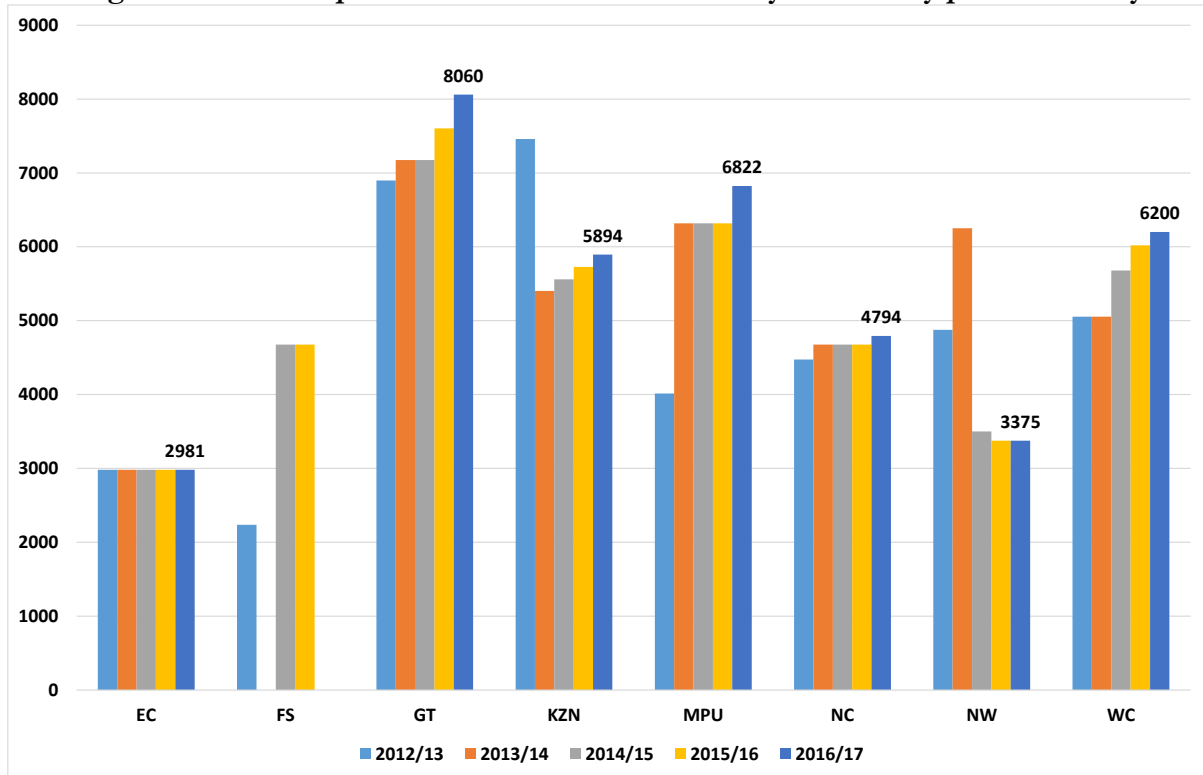


Table 9 again shows that in most cases the average annual increases have been below the average annual inflation rate of 5,6%. Mpumalanga is an exception if the lower value for 2012/13 is included. Western Cape has above-inflation average increases if 2012/13 is excluded, and the lack of an increase between 2012/13 and 2013/14 thus not included in the calculation.

Table 9. Social auxiliary worker post subsidy increases over the period

	2012/13	2013/14	2014/15	2015/16	2016/17	Average annual increase	
						From 12/13	From 13/14
EC	2981	2981	2981	2981	2981	0.0%	0.0%
FS	2237		4677	4677			
GT	6897	7173	7173	7603	8060	4.0%	4.0%
KZN	7459	5403	5560	5727	5894	-5.7%	2.9%
MPU	4013	6317	6317	6317	6822	14.2%	2.6%
NC	4474	4677	4677	4677	4794	1.7%	0.8%
NW	4875	6250	3500	3375	3375	-8.8%	-18.6%
WC	5055	5054	5680	6020	6200	5.2%	7.1%

Table 10 reveals that the minimum monthly subsidy for SAWs is consistently less than half of the maximum subsidy. Eastern Cape has the lowest subsidy in all but the first year, while Gauteng has the highest subsidy. The relative gap increases over the period because Eastern Cape has not increased the amount since 2013/14.

Table 10. Minimum and maximum social auxiliary worker subsidies by year

	2012/13	2013/14	2014/15	2015/16	2016/17
Minimum	2237	2981	2981	2981	2981
	FS	EC	EC	EC	EC
Maximum	7459	7173	7173	7603	8060
	KZN	GT	GT	GT	GT
Min % of Max	30%	42%	42%	39%	37%

Social work supervisors

In Table 11 there are 11 year-province combinations for which there is only one record. These occur at least once for Free State, Limpopo, Northern Cape, North West, and Western Cape. This is the only one of the three posts for which there is sufficient information to include Limpopo in the analysis. Across all provinces, the number of records for each year-province combination is relatively small. This reflects the fact that, by definition, there are fewer supervisor than other posts as each supervisor is responsible for supervising more than one social worker (and perhaps SAWs). Therefore, not all organisations subsidised for social workers would be subsidised for supervisors. Some social workers will be supervised by more senior social workers outside of the organisation or by the provincial or national office where the organisation concerned is part of a larger organisation.

Table 11. Supervisor post subsidies by year and province, descriptive statistics

Year	Province	Mean	Median	Mode	Maximum	Minimum	Number
2012/13	EC	9385	9385	9385	9385	9385	2
2012/13	FS	17722	17722	.	26353	9091	2
2012/13	KZN	13298	13298	13298	13298	13298	3
2012/13	NC	11324	11324	11324	11324	11324	1
2012/13	WC	14073	14073	14073	14073	14073	1
2013/14	EC	16079	16079	16079	16079	16079	2
2013/14	FS	28988	28988	28988	28988	28988	1
2013/14	GT	11727	11880	11880	11880	11423	3
2013/14	KZN	15483	15751	17273	17273	13425	6
2013/14	LIM	9583	9583	9583	9583	9583	1
2013/14	MPU	18672	20056	20056	20056	15903	3
2013/14	NC	11324	11324	11324	11324	11324	1
2013/14	NW	10744	10744	.	15083	6404	2
2013/14	WC	14869	14212	.	16990	13407	3
2014/15	EC	16079	16079	16079	16079	16079	4
2014/15	FS	20156	20156	.	28988	11324	2
2014/15	GT	11880	11880	11880	11880	11880	6
2014/15	KZN	15534	14230	14230	17273	14230	7
2014/15	LIM	10919	10919	.	12255	9583	2
2014/15	MPU	19308	20056	20056	20056	17812	3
2014/15	NC	11324	11324	11324	11324	11324	1
2014/15	NW	15083	15083	15083	15083	15083	1
2014/15	WC	15064	15064	.	15064	15064	3

Year	Province	Mean	Median	Mode	Maximum	Minimum	Number
2015/16	EC	16079	16079	16079	16079	16079	4
2015/16	FS	18842	18842	.	26360	11324	2
2015/16	GT	11999	11880	11880	12593	11880	6
2015/16	KZN	13948	15084	17273	17273	1423	7
2015/16	LIM	10919	10919	.	12255	9583	2
2015/16	MPU	19308	20056	20056	20056	17812	3
2015/16	NC	11324	11324	11324	11324	11324	1
2015/16	NW	15083	15083	15083	15083	15083	1
2015/16	WC	19082	21090	.	21090	15064	3
2016/17	EC	16078	16079	16079	16079	16077	4
2016/17	FS	31061	31061	31061	31061	31061	1
2016/17	GT	13348	13348	13348	13348	13348	5
2016/17	KZN	14962	15084	15084	15085	14230	7
2016/17	LIM	12063	12063	.	14543	9583	2
2016/17	MPU	20378	21661	21661	21661	17812	3
2016/17	NC	11297	11297	11297	11297	11297	1
2016/17	NW	15083	15083	15083	15083	15083	1
2016/17	WC	21723	21723	21723	21723	21722	3

Figure 3 show one or fewer increases in supervisor subsidies for Eastern Cape, Gauteng, Mpumalanga, Northern Cape and North West. Western Cape is the only province showing regular increases. In Western Cape, there is a very sharp increase in 2015/16 similar to that shown for social workers above. Free State's subsidies – especially for 2013/14 and 2016/17 – seem especially large when compared with other provinces. However, as discussed above, the Free State amounts must be treated with caution because funding there is based on the programme approach.

North West data received after the analysis was completed once again demonstrated the same decrease in subsidy amounts previously observed in relation to its one office's social work post. In 2012/13 the subsidy amount was R18 670, decreased to R16 078 in 2013/14. A third consecutive decrease in 2014/15 brought the subsidy down to R15 083, the same amount recorded by other organisations in other provinces.

Figure 3 Median post subsidies for social work supervisors by province and year

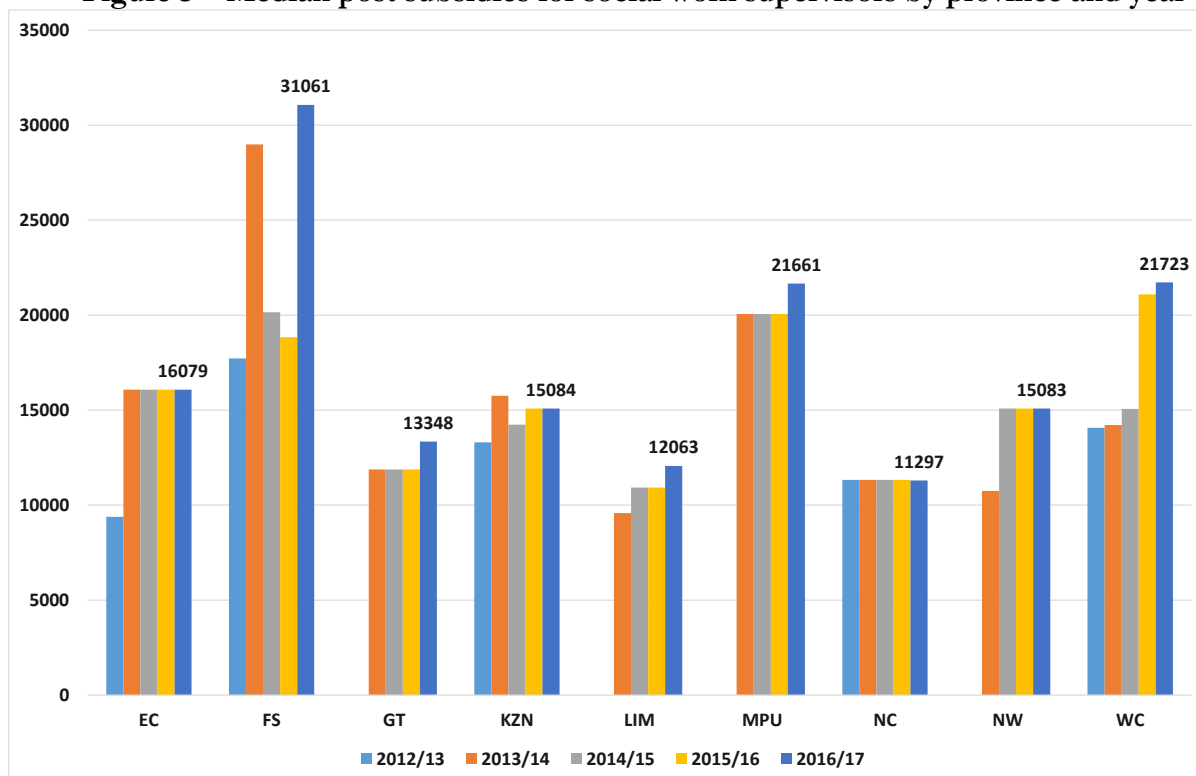


Table 12 shows average annual increases for social work supervisors that are well over the average inflation rate for Western Cape and Limpopo. However, Limpopo has no increase between 2014/15 and 2015/16, and until 2016/17 the absolute size of its subsidy is lower than for all other provinces. Substantial annual average increases are also recorded for Eastern Cape and Free State if 2012/13 is included, but for the period 2013/14-2016/17 the average increase falls dramatically.

Table 12. Supervisor post subsidy increases over the period

	2012/13	2013/14	2014/15	2015/16	2016/17	Average annual increase	
						From 12/13	From 13/14
EC	9385	16079	16079	16079	16079	14.4%	0.0%
FS	17722	28988	20156	18842	31061	15.1%	2.3%
GT		11880	11880	11880	13348		4.0%
KZN	13298	15751	14230	15084	15084	3.2%	-1.4%
LIM		9583	10919	10919	12063		8.0%
MPU		20056	20056	20056	21661		2.6%
NC	11324	11324	11324	11324	11297	-0.1%	-0.1%
NW		10744	15083	15083	15083		12.0%
WC	14073	14212	15064	21090	21723	11.5%	15.2%

Table 13 shows the minimum provincial subsidy varying between 33% and 54% of the maximum, with the percentage showing no clear trend over the period. As with the other posts, Western Cape has the highest subsidy for the most recent two years, before which Free State had the highest. Limpopo has the lowest subsidy for three of the five years.

Table 13. Minimum and maximum supervisor subsidies by year

	2012/13	2013/14	2014/15	2015/16	2016/17
Minimum	9385	9583	10919	10919	11297
	EC	LIM	LIM	LIM	NC
Maximum	17722	28988	20156	21090	31061
	FS	FS	FS	WC	WC
Min % of Max	53%	33%	54%	52%	36%

Comparison with government salary levels

Salary scales for government employees are negotiated within the Public Service Co-ordinating Bargaining Council (PSCBC). Social workers are among the categories of workers who are covered by an occupation-specific dispensation (OSD). The OSD policy was first introduced in 2007 and provides salary rates for the specified occupations that are higher than they would be for other government employees at a similar level. The intention behind the OSD is to attract and retain skilled professional staff.

Government salary scales are specified as total cost of employment (TCE). The amount includes both the basic salary and employee and employer (government) contributions to a range of benefits (medical aid, pension, housing allowance) as well as a thirteenth cheque. These additions can add close on 30% to the basic salary amount.¹

Table 14 shows the trends in TCOE for the three focus occupational groups. The first half of the table shows the annual amounts specified in the official tables. The second half of the table shows monthly equivalents obtained by dividing the annual amounts by 12. As can be seen, the government salary scale provides for a range of grades within each occupation. The table shows the bottom and top grade for each of the three. The salary scale also provides for notches within each grade. The table does not show the notch amounts; it shows only the minimum for each grade. It thus gives a conservative view of the earnings of government employees and will reduce the disparities in any comparison with NPO subsidies as NPO subsidies are generally at a single amount for a particular post, with no allowance for different grades and notches.

Table 14 further reveals that annual salary increases for government employees have been above the average inflation rate of 6,5%. The same increases were provided for all three occupations and all grades.

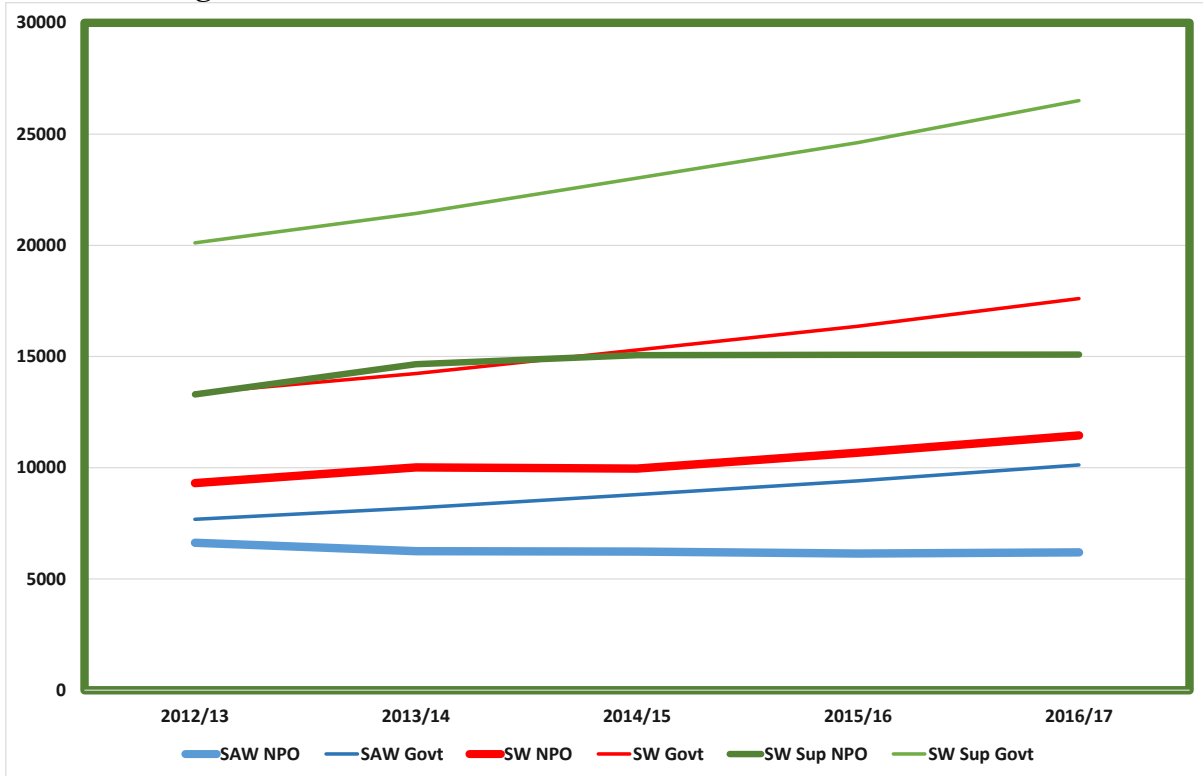
¹ Percentage calculated on the basis of KPMG costing for the NAWONGO case.

Table 14. Total cost of employment for government social service workers, 2012/13-2016/17

	2012/13	2013/14	2014/15	2015/16	2016/17	Average annual increase	
						From 12/13	From 13/14
Annual							
SAW Grade 1	92220	98307	105582	112974	121560	7.1%	7.3%
SAW Grade 3	131487	140166	150537	161076	173319	7.1%	7.3%
SW Grade 1	160275	170853	183495	196341	211263	7.1%	7.3%
SW Grade 4	296802	316392	339804	363591	391224	7.1%	7.3%
SW Sup Grade 1	241329	257256	276294	295365	318102	7.1%	7.3%
SW Sup Grade 2	296802	316392	339804	363591	391224	7.1%	7.3%
Monthly							
SAW Grade 1	7685	8192	8799	9415	10130		
SAW Grade 3	10957	11681	12545	13423	14443		
SW Grade 1	13356	14238	15291	16362	17605		
SW Grade 4	24734	26366	28317	30299	32602		
SW Sup Grade 1	20111	21438	23025	24614	26509		
SW Sup Grade 2	24734	26366	28317	30299	32602		

Figure 4 compares the median NPO subsidy for each of the three posts calculated across all provinces combined, with a monthly government salary amount calculated by dividing the TCE for grade 1 by 12. The green lines are for SW supervisors, the red lines for social workers, and the blue lines for social auxiliary workers. In each case the thinner line is the government salary and the thicker one the NPO subsidy. The figure reveals the substantial disparities between government salaries and NPO subsidies. It also reveals that the relative gap has been increasing over time. For SAWs, the NPO subsidy is 86% in 2012/13 but by 2016/17 has fallen to 61%. For social workers, the percentage decreases from 70% to 65% over the period. For senior social workers, the percentage falls from 66% to 57%.

Figure 4 Government salaries and NPO subsidies, 2012/13-2016/17



Discussion

It is difficult to think of a justification for subsidies for the same post to differ across provinces, even less for it to differ across organisations in a single province. It is especially difficult to justify this when there are standardised salaries for the different posts for workers employed by government.

It is also difficult to think of a justification for not increasing the subsidy on an annual basis at a rate at least equal to inflation, given that government employees receive an increase in salary above the inflation rate.

What is more open to question is whether salaries for NPO workers should be at the same level, and whether these workers should have the same benefits, as those for government employees. Ideally, this would be the case. It would, however, remove one of the “comparative advantages” of NPOs i.e. that they can deliver services more cheaply than government. This is a difficult argument as it implies achievement of cost effectiveness to the detriment of the workers involved. However, in a situation of constrained budgets and huge unmet need, the danger is that the substantial increases needed for equalisation of NPO and government salaries would result in a cutback in the quantity of services. In this case, the disbenefit would be borne by potential vulnerable beneficiaries who would be without services.

If a lower (but standardised) salary for NPO workers is accepted on the basis of cost-effectiveness, the corollary is that the share of service delivery done by NPOs should, at the least, remain constant. There should not, as currently seems to be the case, be any moves towards insourcing of services currently delivered by NPOs so that they are delivered by government.

Further, while a lower NPO salary may be justifiable in the short term, the objective must be to work towards equalisation. To make this possible, budgets will need to increase. While the increases must be large relative to what is currently allocated to provincial DSDs and NPO transfers in particular, in absolute terms – and relative to other government amounts – the increases should be manageable.

This is evident from one of the recommendations emanating from the Review of the Welfare White Paper is particularly relevant in this respect. The recommendation – adopted by Cabinet alongside all the other recommendations of the Review – read as follows:

Proposal 4: Increase DSD welfare budgets incrementally

1. The issue, condition or problem addressed by the proposal

Currently welfare services are seriously underfunded, resulting in far fewer services being delivered than are needed, as well as inadequate payments to NPOs that deliver services on DSD's behalf. There are also stark inequalities in the size of provincial DSD budgets relative to need.

Calculations based on the 2015/16 budget suggest that an annual increase of 1,9% per year in social development spending for five years would more than double welfare service spending (i.e. the total DSD amount less social security and administration) if expenditures on administration and social assistance/security remained constant. This increase would also more than allow for all provinces to achieve the level of DSD spending of Northern Cape per poor person, as it requires an increase, over the five year period of 95% rather than the 100% implied by doubling.