Gauteng workshops on legislative drafting

Seidman, Robert

http://hdl.handle.net/2144/19013

Boston University
PREVENTATIVE WELFARE AS AN ECONOMIC INSTRUMENT
THE SOCIAL FABRIC: PREVENTATIVE WELFARE 
AS AN ECONOMIC INSTRUMENT
Gauteng Provincial Ministry of Welfare 
and Population Development

Quotations

1 "Adjustment programmes which rend the fabric of society cannot be sustained."
    EVK Jaycox, Vice-President of Africa, World Bank

2 "The present emergency in Africa [is] not...a short term crisis brought on by any one exceptional circumstance but...a surfacing of a long term crisis of poverty and underdevelopment...nearly four million African children [die] each-and-every year - even when there is no drought, no famine, no camps, no epidemics and no media coverage."
    James Grant, Executive Director, UNICEF

3 "The small boy who breaks a pot goes to tell his mother, 'It got broken'; not 'I broke the pot'; but 'It got broken...'. And who did this? We did. We broke the pot."
    Jerry John Rawlings, President, Ghana

4 "What do you want to be when you grow up? Alive."
    African child's answer, UNICEF poster
The extent of human deprivation is a fact - deliberate mass poverty, and dislocation is a fact of the legacy of Apartheid. The radical worsening of the lives of the majority of South Africans under Apartheid is a fact. The old paradigm of Welfare failed to achieve a halt to the erosion of the standards of life of the poor and the vulnerable in most cases, and to be accompanied by a clawback in the favour of more than a few is a fact. Beyond that, there is controversy in varying levels in degree of contradiction. At the one extreme, market forces are presented as the Secular Trinity, converting poor people from their sinful ways, and showing the route to salvation to salvation to an ignorant and ungrateful multitude. At the other end, Welfare is portrayed as helping the poor only slightly survive, or to ease the pain.

Neither of these two approaches is particularly accurate, or even vaguely satisfactory as a basis for analysis, dialogue and action. One cannot argue with saviours; and reason with devils.

Poverty, vulnerability, inadequacy and threats to the Social Fabric of the majority are not products of the 1990's.

There are three basic ways to face poverty and vulnerability.

The first is to dump the poor and the unlucky vulnerable on the rubbish heaps of society - preferably out of sight - to be thrown out as economic and social garbage to eke out a survival or perish.

The second approach is to try and glue together some shards or remnants of a life, to ensure survival and ease the pain. Doubtless, this is preferable to the first approach, but its adequacy, practicability and sustainability are all open to serious criticism.

The last alternative is "back to basics" - genuine, strategic rethinking of goals and priorities (but even more, of means, targets and sequences) is needed. To the extent that the poor and vulnerable human beings (the majority of whom are women and children) are the subject for the justification for strategic reformulation, it will, of necessity, have to be redistributive.
Redistribution needs to be central if the new strategies are to be either economically, socially or politically sustainable (a case in argument is the famous "hulpstoof" years of the redistribution of English wealth to Afrikaner wealth).

In our current approach, we would, therefore, argue for a more developmental and sustainable Welfare System.

C Crisis Of The Poor And Vulnerable People In The Welfare Context

As the African proverb goes: "Give a rich man less food, and he becomes thin; give a poor man less food, and he dies."

The hardest hit fall into several groups, as defined by the White Paper on Welfare Policy:

- Usually poor, often female-headed households, and children
- Households in informal settlements (at the end of the line for all goods and services)
- Persons with disabilities and the elderly citizens
- Many members of the urban "informal sector" (where numbers have increased)
- Urban wage earners who have to fend for extended families both in urban and rural areas

D Towards Redefining The Welfare Model And Bringing About Sustainable Financing And Development Welfare

The narrowness of definition - a tunnel vision to use a physical analogy - does not always have characteristic approaches to Welfare as an economic instrument (the rise of Afrikaner wealth is a case in point). Poverty prevention, reduction and eradication is, perhaps, a clearer articulation of Welfare as an economic instrument to produce wealth and the sharing thereof.

The main objectives of Welfare are to promote social security and functioning capacity in the general population, and to improve the situation of disadvantaged groups and individuals. Both services and financial benefits are used to this end. Another goal is to find to influence social policy so as to improve living conditions and the reduce the need for Welfare.
The principle behind the operation of Social Welfare is to promote an independent lifestyle, the prevention of social problems, service-mindedness and an emphasis on normality, freedom of choice and confidentiality. Attention is also given to ensuring equal access to services, to quality, and to the economic soundness of the operation.

However, the gap generated by Apartheid between Black and white is very huge, and our Budget cannot meet the vast amounts of need out there. Therefore, creative and innovative strategies are required to make the Budget work for us.

Below are some ideas:

1 The Department provides a number of subsidies / schemes to support the poor and vulnerable groups. The current way of thinking in the way we structure and administer these subsidies must, in our opinion, be radically changed.

Subsidies to old age homes, children's homes and other institutions must be transformed. Instead of monthly subsidies, we need to consider a once-per-annum subsidy payment in order to release bulk capital for further generation of capital. Clear plans must be developed in creating a move towards self-sufficiency.

2 Community Empowerment Schemes

2.1 Setting up of community development funds. Instead of the Department giving a subsidy / grant to a community for a particular project, we suggest the following as a point of departure - that these funds be used as a base fund to establish community development funds. Communities can then use this base fund to raise additional capital.

2.2 Creating community-owned business ventures. Business investments in poor, disadvantaged communities can be the biggest income-generating projects. Various strategies may be employed.

Communities can enter into partnerships with big companies to co-own factories, petrol stations, shopping malls, etc. in their vicinity. This can lead to job creation and income generation for these communities to fund community projects.

The Social Fabric: Preventative Welfare As An Economic Instrument
Gauteng Provincial Ministry of Welfare and Population Development
September 1997
Communities, through a subsidy / grant from the Department, can buy franchising rights into different food outlets and other business ventures; these will also generate sustainable income, create jobs, and fund community projects / programmes.

How do we lock into other developmental parastatals, that is the Small Business Development Corporation (SBDC) and the Development Bank of South Africa (DBSA), as well as larger banks to help in establishing / financing community development (growth) funds, income-generating projects, and so forth?

We should bring-on-board a number of development trusts, for example Kagiso Trust.

3 Developmental lottery schemes using our own Budget.

The largest portion of the Welfare Budget is spent on Social Security - we must make this work for our communities.

The idea is to establish a lottery scheme with the beneficiaries of Social Security. It is estimated that, for the financial year '97/'98, we will have four hundred thousand such beneficiaries. If we deduct R1 from each beneficiary, this will put a monthly sum of R400 000 into the lottery. Two beneficiaries would win an amount of R100 000 each; and a project / community (in Gauteng) nominated by each winner will receive an additional R200 000 each (refer Edgars' Club). Alternatively, four beneficiaries and four nominated communities / projects could receive R50 000 each.

In this way, we are not only ensuring that, per annum, twenty four beneficiaries (scenario one) win R100 000 each, or that forty eight (scenario two) beneficiaries will win R50 000 each; but we are further ensuring that either twenty four or forty eighty communities / projects will receive equally large sums of money to be used for development.

Welfare Service (decentralised) Offices can also creatively work on their yearly budgets that they receive from Head Office to generate additional income.
Creating Alternative Programmes Delivery and Sustainable Financing

By now, it is a familiar situation that the whole of Government is under great pressure to restructure programmes and financing models in order to deliver a quality service to all people, irrespective of race, class or gender. These pressures derive from a combination of demands, including the need to

- remove discrimination and create equity;
- reduce deficits and accumulated debt;
- provide services that citizens want in the manner they seek;
- provide a range of services consistent with the willingness of citizens and corporations to bear certain levels of taxation; and
- provide service models that are affordable viz, Institutions versus Institutionalisation and Community based services.

It is this context that National, Provincial and Local Government have been actively reviewing their programmes.

They are considering whether to continue delivering those programmes at all and, if so, whether they can be delivered in more effective, less costly and more responsive ways. The banners under which we undertake these reviews and restructure our service delivery are numerous and varied.

Welfare is no exception, and is implementing various options, that is outsourcing or contracting out, partnerships, tenders, commercialisation, re-engineering, empowerment, devolution, black empowerment and decentralisation.

It is useful to view these initiatives largely as a part of a generic and non-ideological attempt to explore alternatives to the status quo on delivering programmes.

We would like to argue that the concept should be expanded to include the “alternative people's economy", the “alternative delivery programme" and the “alternative financing Model".

Welfare has already embarked on strategic rethinking on how to deliver and finance programmes, often in a very innovative manner. Each programme needs to be judged on its own terms and merits, and what will be best for the programme and citizens.
In concluding this section, we agree that considerable more work needs to be done in this area, and that a much more systematic approach is needed to keep track of these developments.

Moreover, we need a low-cost and low-effort means for assembling and updating such information.

**F Alternative Program Delivery and Financing**

The concepts of "Alternative Economy", "alternative programmes" and "alternative financing" embrace a wide range of activities and possibilities, some of which have been long familiar to citizens and public servants; others of which constitute more recent innovations.

To focus on any particular approach for restructuring would be to ignore many other possibilities and, perhaps, lead to less than optimal (and even counterproductive) results.

**Some options for Delivery and Financing Programmes**

<table>
<thead>
<tr>
<th>Partnerships</th>
<th>Commercialization</th>
<th>Decentralization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax incentives</td>
<td>Tenders</td>
<td>Devolution</td>
</tr>
<tr>
<td>Self regulation</td>
<td>Special operating agencies</td>
<td>Co-operatives</td>
</tr>
<tr>
<td>Grants/subsidies</td>
<td>Single window services</td>
<td>User fees</td>
</tr>
<tr>
<td>Loans/guarantees</td>
<td>Government owned</td>
<td>Philanthropy</td>
</tr>
<tr>
<td>Common services</td>
<td>Contract operated</td>
<td>Crown corporations</td>
</tr>
<tr>
<td>Merging systems</td>
<td>Outsourcing venture capital</td>
<td>Stockvels Saving schemes</td>
</tr>
</tbody>
</table>

Whether or not such initiatives are selective or proceed under more expensive banners - such as programme review, getting Government right, partnerships, service quality, re-inventing Government - it involves taking a hard look at current practices and programmes, and implies a willingness to contemplate radical change.
In addition, there exists in Political Science and Public Administration literature several models of instruments of governance and public policy that draw attention to the tradeoffs between using different tax, regulatory, expenditure and public investment instruments for achieving policy objectives.

However, what is new is the fact that, unlike earlier comprehensive review processes, Government now has the political will and public support for significant policy and programme changes.

Taken together, all of these developments now provide unprecedented opportunities for debate and reform of Government programmes. Many political officials and the public has come to realise that to contemplate alternative does not mean relinquishing political values and principals; and that diminishing the value of public goods are no longer working in the public’s interest.

The critical task, therefore, that awaits us is to engage affected communities to determine what needs should be met; who and what can best serve those needs; and to be creative in searching for solutions.

Our menu of alternatives as presented is somewhat misleading in that the options are presented as equals. However, some options are qualitatively different with respect to where their responsibilities for effecting change lies; and how the impact of reform is felt by officials and, in particular, citizens.

We will now attempt to group these options into three broad categories:

**Growing Programme Delivery And Financing Alternatives**

a  Finding new Management
-  Devolution to Local Government
-  Decentralisation of service offices
-  Elimination of programmes
-  Mergers
-  Participatory management (teams instead of individuals)
-  Re-inventing management / government

b  Internal Changes
-  New leadership culture and expectations
-  New organisational structures and processes
Increased productivity with new information technologies
- Shared systems on contracting out the systems
- Improved financial management new leadership culture and expectations
- Internal audit, control mechanism

c  External Changes

- Commercialization and cost recovery
- Shifting administrative instruments
- Non-governmental and public partnerships to improve delivery
- Outsourcing service delivery / tenders
- Establishment of co-operatives
- Franchising

Some alternative delivery initiatives shift the ultimate responsibility for restructuring to the private sector on other levels of Governments, that is, Local Government, to new management within the Public Service as they eliminate a function without working to find any substitute capacity.

Another category of initiatives is the attempt to improve the internal organisational frameworks within the Government in which programmes are delivered. This may involve appointing new leaders, adopting new organisational structures, and taking advantage of new information technology shared systems on approaches to financial management.

A final set of alternatives provides visible changes to citizens in the form of user fees, different instruments for delivery programmes (that is, shifting from subsidies to tax credits), or relying on different providers to deliver services.

G  Towards A Social Welfare Development Strategy in Gauteng, and its Implementation

It will be a useful exercise to re-examine statements of the Reconstruction and Development Programme of Government - statements such as “People-centred”, “People first”, and “People driven”, with the ultimate goal of empowering communities in their own development to take charge.

What is critical is the assessment of whether or not various strategies to make people driven development work is being implemented in the Welfare terrain, and whether or not those that have been implemented are successful.
The scale of a "bottom up approach" less "top down", and that a learning approach to programme design is to be preferred to the imposition of blueprints needs to be introduced on an incremental basis.

In assessing most of these RDP statements, we will also have to examine the impact in relation to different communities, taking into account class, race and gender disparities.

Various community forums have been established to give effect to ensuring that the RDP succeeds and that people-driven development is being implemented, that is, "Community Development Forums" (CDF's) and "Land Development Objectives" (LDO's).

Whilst preferring the introduction of (CDF's) and (LDO's), we must agree that people-driven development must be introduced incrementally because of the nature of the South African Society.

The following approach will have to be introduced to ensure people-centred development works in Welfare, and to give effect to the various alternative programmes and financing (as explained in previous subtitles).

1 Creating new Regional Social Welfare Institutes (RSWI's). Various innovations need to be introduced in this area. Let us explore some possibilities

- Setting up these RSWI's to replace the Interim Welfare Governance Councils. These RSWI's will comprise all welfare organisations in the respective regions (including Local Government representation at Metro level) and Unions.
- Utilise existing Interim Welfare Governance Councils in the respective regions and transform them into RSWI's, with additional representation, that is, Local Government and trade union representatives.
- Setting up these RSWI's, comprising of CDF's and LDO's, together with Interim Welfare Governance Councils, and Local Government and trade union representatives.
- Under this new arrangement, RSWI's will negotiate performance contracts with Provincial Government to address the transformation of welfare organisations and services to give effect and real meaning to Developmental Welfare and the RDP.
- They will also need to be accountable for the spending of public funds allocated to the regions, viz-a-viz Social Welfare delivery
programmes and services.
* The Welfare decentralised services offices shall be involved in a coherent and systematic way to monitor service quality programmes and the transformation agenda.
* Head Office through creating a priorities and planning secretariat responsible for co-ordinating alternative delivery and to give effect to sustainable financing and developmental welfare to these RSWI's. This secretariat will also monitor existing partnerships and implement new public/private partnerships.
* A key critical leverage for Welfare in the Province is also to implement a new grant formula, together with a concept of sustainable financing, that is, subsidies, called an Access Fund that will provide a competitive basis to increase funding to disadvantaged communities on a performance basis. It will also encourage the involvement of all care providers involved in the long term changes to the Welfare delivery system.
* These initiatives must be seen in the context of been developed to lead the transformation of Welfare services delivery in a more coherent and efficient manner. We, however, also want to encourage the amalgamation of different welfare NGO's.
* To give effect to all the fore-going, we suggest in exploring new ways of service delivery, through negotiating with service providers and the setting up of RSWI's, that we tender out to a company or a consortium to deliver these objectives.

The tender will have to specify the following:

- Transformation of services.
- Re-organisation of Welfare organisations, that is, representatives and non-racial interviews in terms of body corporate.
- Setting up of RSWI's (terms of reference).
- Departmental goals must also be identified.
- Provide a framework for social contract with RSWI's.

The second Tender to consider the following:

- Re-engineering of the Welfare Sector.
- New or alternative ways of service delivery.
New and sustainable financing model (including the new grant formula).
- Phasing out of certain Welfare services' subsidy schemes and creating "sunset" clauses.

2 Creating viable alternative for both State Institutions and Institutions own by NGO's on consortiums

- To establish a co-operative solution that is required to run catering, gardening, laundry services, general provisioning and general maintenance as worker co-operatives;
- The initiative to also promote the involvement of the private sector to offer and explore suggestions on how to improve the delivery of these services, with Government deciding which proposals to accept;
- Bulk buying of supplies, etc.;
- Ongoing training and empowerment of these worker co-operatives are crucial, as is the setting up of Welfare Institutions, and co-operatives structures;

This initiative could be run by a special operating agency, or the Department; or we can contract out this function to a Development Agency, such as the Independent Development Trust: Kagiso Trust, or the Development Bank.

3 Devolution of Certain Functions and Power's to Local Authorities

This must be seen as part of the effort to explore new ways of service delivery. Whilst this arena is still a grey area, we must take into account some of the research already undertaken by this Department (that is, by Janet du Preez and Frans Rammutla).

We suggest the following:

- That all creches and the organisations that run them must be devolved to Local Government, at Metro level.
- That all homeless children (street children) and homeless adults (living in the streets) projects and programmes and the organisations that run them should be devolved to Local Government, at Metro level.
- That all community based programmes for elderly citizens to be devolved to Local Government, at Metro level.
- That preparations for legislation be made to give effect to the
above.

These powers and functions must be devolved to Local Government as a package, and must include Budgetary allocations as transfer grants.

We should also explore the possibility of creating a Franchise Package for creches (apparently there are two operating in Gauteng).

We should also explore the possibility of creating a new Institute for Homeless children and adults that could be funded by Provincial Government and Local Government, through making transfer payments to Local Government, at Metro level.

4 Transformation of Protective Workshops into Protective Businesses

- Tender document to outsource or even create a private company to transform Protective Workshops into protective Business Units (includes skills building).
- Create Special Employment Bureau for the disabled to find jobs and monitor both the State and private sector in achieving progress with regard to employment for disabled persons. Also consider legislation in this regard.
- Study the possibility of re-imbursing, through certain tax concessions or other instruments, employers that hire Welfare beneficiaries, that is, disabled persons and women on State grants.
- Look at possibility of Welfare beneficiaries doing voluntary Welfare work at welfare services in their community, to give effect to a developmental approach.
- Network both with Justice, Safety and Security, and Correctional Services Departments to put in place a data base or joint centre to give effect to alternate correctional services at protective business units for minor criminal offences.
- The establishment of all the above could be done together with the Small Business Developmental Agency or the Development Bank.

Transport services for the disabled and the elderly, including accessibility to all buildings and institutions.

* Realising that Vernon Van Wyk is already working on draft
legislation, this process should be speeded up and should, immediately, include the Department of Public Transport, Roads and Public Works.

* Special legislation for rebates for the unemployed, pensioners and the disabled, and other grant recipients on Local Government level, that is, services and rates. The Department of Development Planning and Local Government to be brought on board.

5 Creating A Sewing Club Consortium

- Finding creative ways of establishing a sewing club consortium to transform them into community-owned mini clothing manufacturing companies that make a profit.
- Explore possibilities of creating a new franchise in this arena.
- Networking with different sports outfits franchises to access how to set up this franchise.
- Concentration should largely focus on school uniforms, sporting outfits for schools and other community based teams, local basketball, soccer, cricket, rugby and even chess clubs etc.
- Possibility of contracting out this work to a consulting agency should be explored.

6 Establishment of a Tender to a Company to Implement Different Franchise Options for the Welfare Community

- Department to set priority areas and criteria.
- Successful tender bid to set up these franchises in different areas together with welfare organisations.
- Assist in setting up contract agreements between respective franchise holding companies, welfare community and the Ministry.
- Possibility of networking with development agencies, that is, Kagiso Trust, Independent Development Trust or Development Bank.
- Possibility of the team been led by Eskom’s special franchises unit that deals with various franchise opportunities and empowerment for potential entrepreneurs.

7 Finding new management ways and increased productivity with new information technologies
Explore the possibility of better methods to be used in a more cost effective and efficient way to process applications for grants and pensioners.
- Tender to produce a new system for the management of intake to be reduced to one month maximum.
- Tender to produce a new system to eradicate backlogs, without overspending on pensions and grants budget allocation for particular year.
- Tender to have ability to train departmental staff and put in place a monitoring and tracking system to have quality results.

b Explore possibility of dealing with case loads for social workers in the public service and private sector, viz-a-viz the counts, that is, juvenile offenders, adoption, foster care and other placements.
- Tender to provide clear arguments for new management system dealing with case loads in creating a more efficient, coherent and effective manner.
- Tender must also be able to train staff (in particular social workers), as well as considerably reduce time spent on case work, and put in place tracking and monitoring systems.

c Better finance system and establishment of Internal Audit.
- The monitoring and auditing of our financial control systems are very key in establishing efficient financial management and control measures to reduce fraud.
- Tender to produce such a system, including to aid in establishing internal audit unit and put in place effective monitoring and tracking systems.
- Audit staff establishment.
- Create better system for procurement and auxiliary services
- Do audit of Head Office, Decentralised Service Offices and institutions on current procurement systems and make relevant recommendations.
- Audit should include percentage of procurement at Head Office, Decentralised Service Offices and institutions to the following small and medium enterprise, big business, white companies and black empowerment companies.
- Establishment of internal policy framework for procurement.
In short, through re-engineering these management systems, our goal is to do things simpler, faster and more productively. As such, better methods are designed to achieve substantial improvement in terms of efficiency, flexibility and responsiveness. It focuses on changing processes and systems to provide improved services to the people of Gauteng.

8 Establishment of an Advisory Body (Think Tank)

- Create a monthly Welfare Forum to keep track with ongoing debates in the Welfare fraternity worldwide.
- Set up a clear database and circulation of relevant documentation.
- Do regular reviews of current Welfare Policy and advise Ministry accordingly.
- Look at strategic intervention to achieve the objectives of Developmental Social Welfare and the creation of sustainable financing.
- The Think Tank will be a voluntary structure and will not receive any remuneration.
- The structure will comprise academics, business persons, trade unions, Welfare practitioners and Departmental officials.
- The structure will be chaired by the MEC.

9 the Possibility of Creation an Institute of Social Work

- Set up task team to explore these possibilities.
- Do ongoing curriculum reform to keep track with Welfare changes, and to produce Developmental Social Work students.
- Create new courses for existing Social Work students already in practice.
- Ongoing training of Social Workers in the Public Sector, producing different post graduate courses.
- Do relevant ongoing research to strategically impact on Social Welfare.
- Task team to comprise universities, vistas and professional Social Work bodies in Gauteng.
- Also look into funding for the Institute.
- Task team to be chaired by Vernon van Wyk.
H Conclusion

Lastly it is our duty to find creative, responsible and considered means to give recognition to the fact that people matter and are the subjects and ends, but also the main means to stabilisation and renewed development. It is also our understanding that marginal rates of Welfare as an economic instrument, as well as social return from assisting the poor and vulnerable to produce more, are often higher. The real problem is in making small, contextual, poor people-centred projects visible to central decision-takers, and credible to analysts and civil servants. The focus must be on employment and production; not subsidies and relief.
This document is a strategic discussion document that guides the Department in ongoing programme delivery and the achievement of quality results.

Various resource materials were utilised in drafting this Document; which has also been informed by various debates within the Welfare fraternity.

We express our sincere gratitude to the following persons, for their inputs (verbally and through different developmental papers), and other support.

1. Government by the People - Institute for African Alternatives (IFAA)
2. Adjustment or Transformation - Bade Onimode
3. Perspectives on Development - Ben Turok, Ernest Maganga, Stef Coëtze, Elwill Beukes
8. Thanks to all Directors and HOD, Vernon Van Wyk, as well the Ministerial Staff:
   Janet Du Preez
   Louis Du Toit
   Margot Davids
   Gerry Rees
   Frans Rammuthla
   Pravienna Naidoo
   Anastasia Alberts
   Lebelo Maloka
   Bennet Sediane
   Mbali Seheri

The Social Fabric: Preventative Welfare As An Economic Instrument
Gauteng Provincial Ministry of Welfare and Population Development
September 1997
Geraldine Phaleng

Sylvester Ledwaba

Victor Jayane

22