

FUNDING ELDER CARE PROVISION IN SOUTH AFRICA

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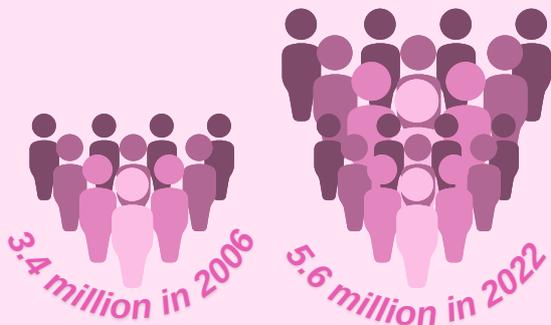
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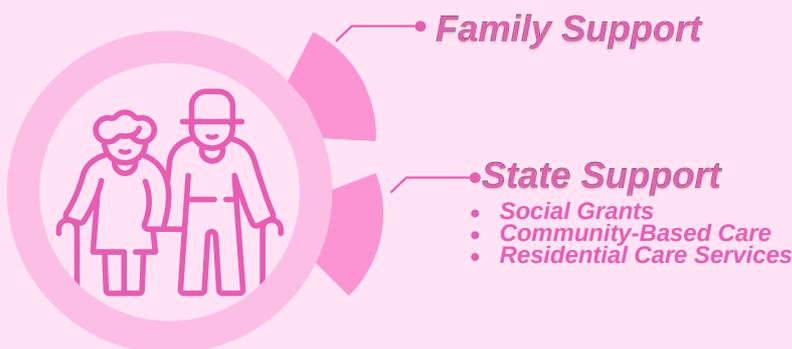


Introduction

The population of older persons in South Africa has increased from approx. 3.4 million people in 2006 to 5.6 million people in 2022.



The vast majority of older persons require financial support and care. About 80% of households headed by older persons in 2021 were multigenerational[1]. Whilst families provide practical and financial support to older persons, the state also provides essential support to older persons through social grants, community-based care and residential care services.



State support to older persons is critical as it affects the health, financial wellbeing and social lives of older persons and their families.

In 2016 the DSD produced a report that stated that “since 1997, there has been a clear shift in prioritisation away from services for older persons and towards children.” [2]

This research examines state spending on older persons in South Africa. The majority of funding to older persons is provided by the Department of Social Development (hereafter referred to as DSD).[3] In 2022/2023, DSD spent over R93.89 billion. This sum includes monies spent at both provincial and national level which is targeted directly at older persons.

In this report we outline how state funding for older persons is structured to include spending on social grants as well as spending on community-based care and residential institutions.

In line with the 2016 DSD report, we outline how funding on older persons continues to be distributed unevenly across provinces and how it has changed over an 18 year period.

In this report we show that over the last two decades, spending on older persons in South Africa has been focussed on social grants, most notably the Older Persons Grant. Whilst this can be applauded, it tends to overshadow the lack of state spending on programme and policy support and transfers paid to NPOs that provide residential care and/or community-based services to older people. The report shows that there is little funding for ‘care provision’ services.

[1] Statistics South Africa (2023) Marginalised groups series Volume VI: The social profile of older persons, 2017–2021 / Statistics South Africa. Pretoria: Statistics South Africa, 2023

[2] Department of Social Development, (2016) Comprehensive Report on the Review of the The White Paper for Social Welfare, 1997, p.98

[3] Whilst we recognise that funding to the older persons sector is also provided by the Department of Health and Department of Human Settlements, the majority of funding to older persons, especially in terms of supporting them ‘age in place’ occurs through the Department of Social Development.

Moreover, it shows that funding at the provincial level has decreased by 13 % since 2007/2008. We also show that spending on service provision and policy development over time has not kept up with the increased need derived from the increase in the number of older persons requiring support. Furthermore, state spending across the country, especially spending on care provision services including residential institutions and community-based care services, is uneven. In The Older Persons and Community Care in South Africa Report, we reveal how this is experienced by care givers, care receivers and care workers in the community.

The report is written in the hope that the information contained will be useful for NPOs, government officials, policy makers and other stakeholders, as we all plan to improve the support required for a growing older population.

This research would not be possible without the support of our NPO partners who provided insight into their subsidies which will enable us to continue providing important new evidence on the cost of care. We are also indebted to our funders, the Wellcome Trust, for supporting the research programme on Family Caregiving of Older Persons in Southern Africa.

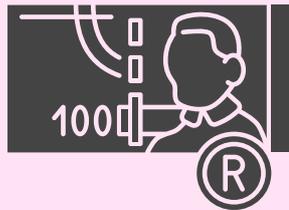
In examining the change in funding over time, we see that the funding at provincial levels has decreased.

DSD are not prioritising community care in terms of the number of people who can access care services and the amount of support they receive



KEY FINDINGS

Whilst the economic value of the support to older persons in South Africa has grown, it has not been increased sufficiently to meet the needs of a growing older population, nor has it been adequately linked to inflation. The spending per person adjusted for inflation is 5% higher in 2022/2023 than 2006/2007 but provincial funding is down 13% since 2006/2007.



Total budget:
R93.89 billion
2022



Combined spending
on programmes:

R1.6 billion



78 477 older persons
accessing community-based
care



394 subsidised residential
care homes



18 011 older persons served by
residential care homes



Older Persons Grant



R92.13 billion



3.8 million recipients



Grant in Aid



R121 million



252 161 recipients

State funding is not
prioritising
community care
despite the policy
focus on ageing in
place.

Ageing in place refers to the policy preference of staying in your own home and community as you grow older

Care services for older persons is chronically underfunded and will become a major challenge for the state.

In the absence of improved state care provision, family caregivers carry the responsibility.

In 2022/2023 the total DSD budget spent on older persons was just over R93.89 billion, 5% more in real terms than in 2006/2007. Whilst national funding is up 5%, provincial funding is down 13%, so combined national and provincial support from DSD in 2022/23 is up 4%. Looking at an 18 year period, we also see that funding hasn't returned to pre-Covid amounts both in terms of total levels and adjusted per person.

Spending on older persons in South Africa is focussed on the Older Persons Grant which reaches 3.8 million older persons. This amount represents approximately 98% of all DSD's spending on older persons. The rise in the number of older persons has led to an increase in the economic cost of the older persons' grant.

The remaining 2% of funding is spent on programme and policy support and development at a cost of 19 million in 2022/2023 as well as subsidies and transfers paid to NPOs that provide residential care or community-based services to older people at a cost of just over R1.5 billion.

Based on annual provincial reports (2021/2022) DSD provides subsidised beds for 18, 011 people across the country, yet 5 000 beds are based in the Western Cape. Community based care services reach approx. 78,477 persons attending community service centres across the provinces.

Change in Spending from 2006/2007 - 2022/2023: **National spending ↑ 5%** **Provincial spending ↓ 13%**

Unfortunately, provincial reporting is not split into spending on community-based services and care homes for all provinces so it is difficult to calculate the total spent on separate items for each province.

As this report will outline, despite state policy on older care prioritising community-based-services and 'ageing in place', there is a big shortfall in funding allocated to NPOs that provide services to older people and their caregivers at the community level. Funding has also decreased over time. Essentially the focus on state support for older persons is on social grants and subsidising the cost of care to the very frail and the very poor. Our estimates show that there are approximately 1.4 million older persons who need care but receive little, if any, community-based care.

In examining the change in funding over time, we see that the funding at both national and provincial levels has not been linked to inflation or changed to meet the increasing numbers of older persons and DSD are not prioritising community care in terms of the number of people who can access care services and the amount of support they receive.

Recommendations

Given the rise in the older person population, we need to review the financing and structure of state funding and state care provision which is supposed to support older persons in place.

Whilst we recognise that spending overall has increased marginally (4%), we are deeply concerned in the decrease in funding by 13% at provincial level. The South African government should address the underfunding of older person care, especially the underfunding of community-based care.

For the most part there is little funding for home-based care from DSD. More investment is needed in community-based care, especially home-based care and respite care, so family caregivers are able to access the breaks they need. The 2016 DSD report already raised concerns about the lack of respite care.

Raising the unit costs and subsidies for NPOs that provide critical community based services is essential

Committing to a review of the structure of support to NPOs who could provide more support at community level. The current structures of community support, which supports approx. 100 000 people nationally, is not recognising and responding to many older persons who require support (approx. 40% of the older person population – over 1.5 million people) but who are not able to attend service centres (because they don't exist in their area, too expensive to get to, or can't get to them due to mobility challenges) and are not 'frail enough' to be eligible for residential care. The number of older persons we are failing by not recognising different forms of vulnerability is a grave concern.

Publishing the allocations made to NPOs offering particular services in provincial reports- the existing data gaps limit detailed budget analysis in terms of the distribution of resources across different forms of elder care in some provinces. In provincial reporting, there should be a requirement to split spending into spending on community spending and care homes. This would allow us to track the changes in spending per item.

Exploration of low uptake of the Grant in Aid social grant. Given the gaps in, high costs of and undesirability of residential care, increasing the value of and access to the Grant in Aid would go a long way in supporting the care needs of older persons and supporting family or other caregivers for care provided.

Commit to develop an expert working group on elderly care to secure the sustainability of supporting an increasing older person population and improving the reach and quality of care provided. An interdisciplinary team is required to plan for the future of older care provision.

FINDINGS & METHODOLOGIES

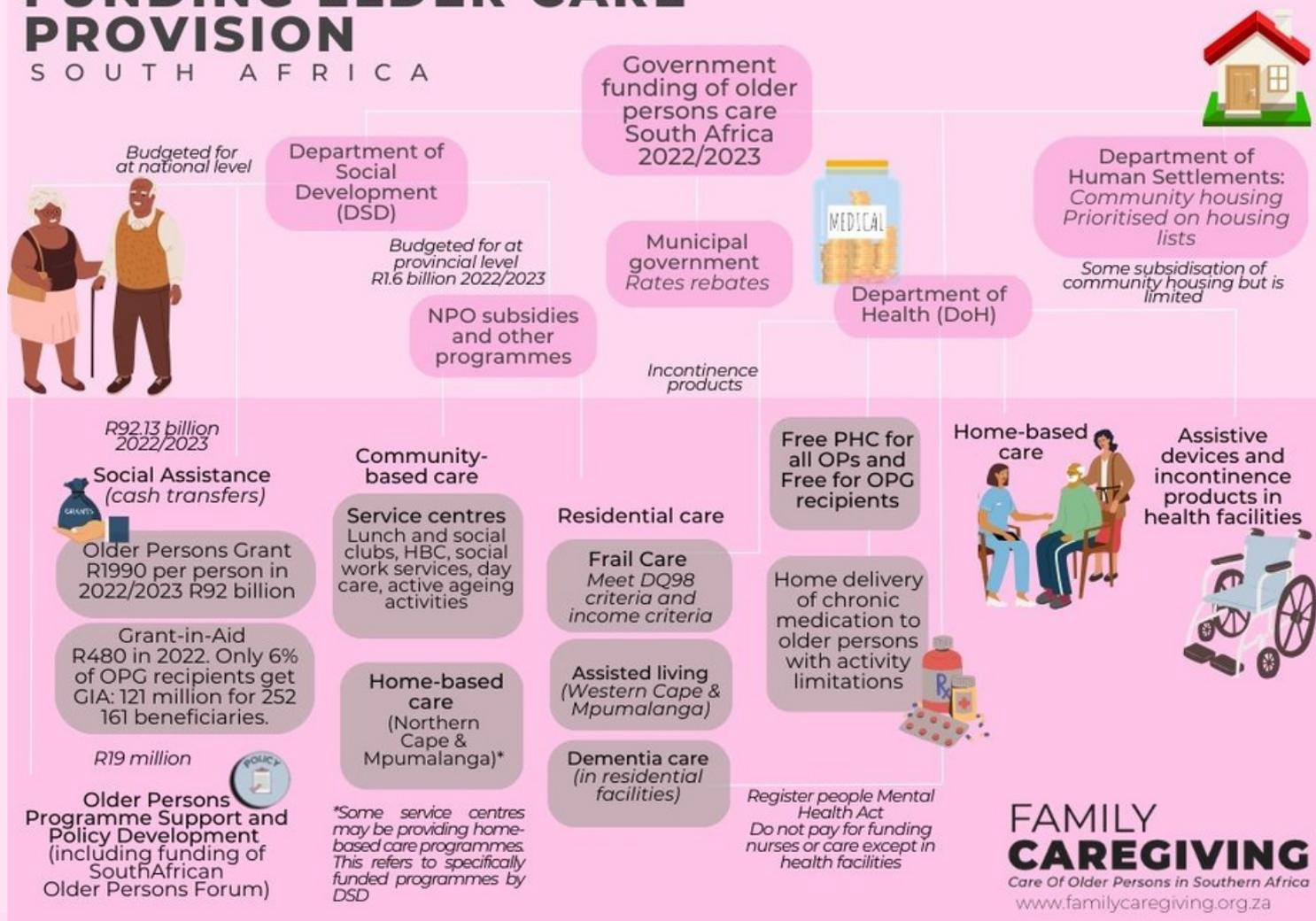
We provide information on state spending on older persons in South Africa by analysing the national older persons programming and budgets in national and provincial Annual reports, Annual performance plans, and Estimates of Provincial Revenue and Expenditure, and Budget Statements for DSD from 2006/2007 – 2023/2024. We also relied on information and engagement with DSD KZN as well as several NPO organisations who receive funding for elder care services.

The financial year 2006/2007 was chosen as a starting point for the analysis as it coincides with the promulgation of the Older Persons Act of 2006. While it is clear from existing data (such as number of beneficiaries for each service type) that some provinces put more emphasis on community services than others, data gaps in terms of allocations made to NPOs offering particular services limit detailed budget analysis in terms of the distribution of resources across different form of elder care in some provinces. It is important to note that the amounts in rands account for inflation which are intended to show the real spend per older person over time especially as the number of older persons has increased.



FUNDING ELDER CARE PROVISION

SOUTH AFRICA



The Older Persons Act of 2006 provides a regulatory framework for the provision of care and support to older persons. The DSD is mandated to implement the Act but, as the diagram above illustrates, several other departments are also responsible for providing services to older persons.

In this report, the breakdown of services is focussed on DSD although we recognise that other departments such as Department of Health (hereafter referred to as DoH), may fund programmes or provide services to older persons, but older persons are not listed as a separate programme or budget programme, making it impossible to calculate spending outside of the DSD. State support to older persons is critical as it affects the health, financial wellbeing and social lives of older persons and their families. The DoH provides free primary health care to all South Africans and also covers the costs of secondary and tertiary care for persons receiving an Older Person's Grant.

As indicated in the diagram, the DoH has some responsibility in terms of providing home-based care services via community health or care workers and provision of incontinence products at primary health care facilities and residential care facilities and makes provision of home delivery of medication by community health workers where necessary, as well as assistive devices where they are prescribed by medical professionals.

“As in other service areas, there are difficulties in respect of older persons around the respective roles of DSD and the Department of Health (DOH). These difficulties originate, in part, from the fact that these two functions were previously combined in a single department of health and welfare at both provincial and national levels. When the departments were split into two, the functions had to be divided. DSD became responsible for older persons and substance abuse. Both of these areas have both health and social development elements, but the budgets largely followed the allocation of responsibilities. (DSD, 2016, p.116)

Our calculations therefore cannot put a precise amount on overall state spending to older persons across state departments, but it does demonstrate the broader patterns and allocations of funding within DSD and builds on the DSD Comprehensive Report. This report focuses on change over time and how funding differs across provinces. Most importantly it demonstrates the balance between spending on social grants and care provision and raises awareness of the lack of state spending on community-based care provision.



We highlight the care gap that exists especially at the community level for older people who may have significant care needs and rely heavily on family care.

 **Read The Family Caregiving Programme's Older Persons and Community Care Report to see how this shapes the experience of care for older persons in community settings**

National Spending Over Time

The mid-year population estimates in 2022 outline the number of older persons living in South Africa is 5.6 million people which accounts for 9.2 percent of the overall South African population. Data from DSD show that the number of persons receiving an Older Persons Grant in the year 2022/2023 is 3.8 million.

The table below shows the number of people who are aged 60 or older and who are in receipt of an Older Persons Grant. The number of recipients over the last (almost) two decades has increased from 2.2 million beneficiaries to 3.8 million beneficiaries. The spending on older persons at the national level, through Older Person's Grant, has increased from 21.8 billion in 2006/2007 to 92.13 billion in 2022/2023. The amount of money spent by the DSD on older persons adjusted for inflation is 5% higher today than 2006/2007.

Whilst recognising the vital importance of the Older Persons Grant, it dominates DSD spending and there is limited budget available for other 'care provision' services.

To support older persons who have high care needs, the state offers a Grant-in-Aid social grant, set at R500 in August 2023. In 2022/2023 the state spent 126 million on older persons who also receive the Grant in Aid social grant, which is a grant received by a social grant beneficiary, such as an Older Person's Grant beneficiary, but is someone who can't look after themselves. The additional grant is designed to subsidise or pay a person who takes full-time care of the social grant beneficiary, in this case, an older person who receives the older person's grant. Approximately 6.5 % of Old Age Grant beneficiaries are also receiving the GIA.

The GIA is received by only 252 161 beneficiaries of the Older Persons Grant.

As argued before, the GIA uptake is very low and a more realistic estimate of 'eligible' beneficiaries would be closer to approx. 40 % of all older person grant beneficiaries.[4] We estimate this to be approximately 1.5 million people.

[4] Moore, E and Kelly, G (2023) Caring for an older person: How can we strengthen support for care? Daily Maverick. <https://www.dailymaverick.co.za/article/2023-03-10-caring-for-an-older-person-how-can-we-strengthen-support-for-care/>

The table below also shows national spending on older persons policy development. This budget allocation has increased from approx. 4.6 million to 19.3 million over the 2006-2023 period which is a 3% increase when adjusted for inflation and growth in older persons. The cost covers financial support to the establishment and running of the South Africa Older Persons Forum, a national forum which promotes the rights and dignity of older persons by engaging with government and other stakeholders. In addition, the budget allocation of policy development covers the cost of the running of the office of Professional Social Services & Older Persons.

Whilst spending on social grants is coordinated nationally, spending on service centres and residential care is coordinated at the provincial level. Table 1 shows us that the amount of spending on community-level care, which includes community-based services and residential care homes whereby spending increased from 460 million in 2006/2007 to 1.6 billion in 2022/2023 represents a 13% decrease in funding when adjusted for inflation and growth in older persons.



National Spending Over Time Adjusted for Inflation and Spending Per Older Persons

Spending type	2006/ 2007	2013/ 2014	2019/ 2020	2020/ 2021	2021/ 2022	2022/2023 adjusted appropriation
OPG spending (A)	21 861 890 000	44 064 239 000	83 488 248 000	81 024 952 000	84 102 284 000	92 125 465 000
OPG numbers	2 200 000	3 000 000	3 700 000	3 700 000	3 800 000	3 800 000
**GIA spending (B)						136 000 000
GIA numbers						252 161
Older Persons Policy Development/ Support (C)	4 654 000	22 371 000	18 000 000	9 400 000	12 000 000	19 300 000
<u>Total national DSD (A+B+C)</u>	21 866 544 000	44 086 610 000	83 506 248 000	81 034 352 000	84 114 284 000	92 280 765 000
Combined spending on Older Persons Programme provincially	460 139 888	917 721 000	1 510 475 000	1 504 810 000	1 573 331 274	1 606 383 000
<u>Total National and Provincial DSD spending combined</u>	<u>22 326 683 888</u>	<u>45 004 331 000</u>	<u>85 016 723 000</u>	<u>82 539 162 000</u>	<u>85 687 615 274</u>	<u>93 887 148 000</u>

*We included 2013/2014 as the halfway mark between 2006/2007 and 2022/2023 and included the years directly before, during and after COVID-19 to avoid any confusion around this period when many community service centres were closed. **The Grant-in-Aid is made available to persons in need of regular care, including Disability Grant and OPG recipients. In 2022/2023 we were able to calculate the number of OPG beneficiaries who were also receiving GIA and therefore the percentage (6%) of beneficiaries who were 60+ and percentage of the GIA spending on this group. Given the amount is a relatively small percentage of national spending, we have not done this for all years.

Provincial Spending

The map of South Africa outlined below highlights the distribution of older persons by province. The highest number of older persons live in Gauteng (approx. 1.4 million persons over 60+), followed by KwaZulu Natal (with 940 000 older persons) and then the Western Cape and Eastern Cape (with approx. 770 000 older persons each).

Provincial departments will allocate funding to NPOs who provide community-based services and/or residential care facilities. Such care homes and service centres are an essential feature of the long-term care policy which prioritises ageing in place, yet their budgets and reach is extremely limited. The DSD 2016 report stated “For older persons, covering NPOs’ core costs in respect of residential and home-based care exceeds the total budget for older persons ... In six provinces the budget is less than half of the costs of service delivery to current beneficiaries”. Other scholars have noted how the state has progressively de-funded such facilities and service centres [5].

The overall concern with the current spending at community level is that it serves very few older persons; it’s reach is uneven across provinces; it tends to support the very frail and active older person whilst providing very little support for older persons who have high care needs and are at home.

The map outlines the allocations and provincial spending at the provincial level, with Gauteng spending approx.

“There are substantial provincial differences in levels of funding relative to need across all service areas” (DSD, 2016, p.98)

377 million on subsidies to NPOs who provide care homes and community-based services for older persons. There are grave differences in the allocation of resources at provincial level. Some provinces, for example, the Western Cape receives significantly more at R259.5 million compared to KwaZulu Natal which receives R181 552 00, despite having a lower older person population. The funding is based on the number and reach of the care homes and service centres who meet the DSD requirements for operation and obtain funding based on their members.

The provincial budgets can be further understood by looking at the number of care homes that are supported in each province together with the number of people accessing residential care. The Western Cape has 125 care homes which gives residential care services to 4, 993 people. Despite having the largest population, Gauteng, has only 73 care homes, which gives residential care services to 2940 older persons. Care homes are least prevalent in former homeland areas and the apartheid legacy of the South African care infrastructure is apparent as we see that there are only 37 care homes in KwaZulu Natal which give residential care services to 2, 538 older persons.

[5] Makiwane, M., Alubafi, M.F. & Gumede, N.A. “Understanding and Evaluating Older Persons Services: the Case of the Gauteng Province, South Africa. Population Ageing 15, 999–1015 (2022). <https://doi.org/10.1007/s12062-020-09288-1>

Provincial Spending on Older Persons across South Africa

North West

 NGO Spending: R50 304 000
 Other Spending: R101 278 274
 Total EPRE: R151 582 274
 Budget on service centres: R16 774 000
 Care Homes: 27

 Population Size: 379 000
 Residential care services: 2 048
 CBC services: 9 074

Gauteng

 NGO Spending: R294 889
 Other Spending: R377 163 111
 Total EPRE: R377 458 000
 Care Homes: 73
 Service centres: 231

 Population Size: 1 391 000
 Residential care services: 72 940
 CBC services: 20 616

Limpopo

 NGO Spending: R27 772 000
 Other Spending: R131 242 000
 Total EPRE: R159 014 000
 Care Homes: 8

 Population Size: 536 000
 Residential care services: 568
 CBC services: 7 399

Mpumalanga

 NGO Spending: R346 497 94
 Other Spending: R29 150 206
 Total EPRE: R63 800 000
 Budget on service centres: R15 030 851
 Care Homes: 20
 Service centres: 94

 Population Size: 389 000
 Residential care services: 1 085
 CBC services: 4 363

Northern Cape

 NGO Spending: R24 367 357
 Other Spending: R17 665 643
 Total EPRE: R42 033 000
 Budget on service centres: R1 864 213
 Care Homes: 24
 Service centres: 53

 Population Size: 132 000
 Residential care services: 792
 CBC services: 754

KwaZulu-Natal

 NGO Spending: R104 631 480
 Other Spending: R76 920 520
 Total EPRE: R181 552 000
 Care Homes: 37
 Service centres: 253

 Population Size: 940 000
 Residential care services: 2 538
 CBC services: 5 786

Western Cape

 NGO Spending: R250 324 111
 Other Spending: R9219
 Total EPRE: R259 544 000
 Budget on service centres: R37 772 884
 Care Homes: 125
 Service centres: 199

 Population Size: 775 000
 Residential care services: 4 993
 CBC services: 17 029

Free State

 NGO Spending: R54 128 000
 Other Spending: R77 636 000
 Total EPRE: R131 764 000
 Care Homes: 38

 Population Size: 287 000
 Residential care services: 1 546
 CBC services: 3 856

Eastern Cape

 NGO Spending: R76 686 000
 Other Spending: R129 898 000
 Total EPRE: R206 584 000
 Budget on service centres: R36 029 522
 Care Homes: 42
 Service centres: 480

 Population Size: 771 000
 Residential care services: 1 501
 CBC services: 9 600

The spatial inequalities in accessing community-based support are also evident by looking at the number of service centres in each province and the number of people getting community-based services at these centres.

Gauteng has 231 service centres which support 20 616 people despite having an older population of approximately 1.4 million. The Western Cape has 199 centres which serves 17 029 and a linked budget of R37.8 million with a population of 770 000 older persons. What is important is the number and reach of the service centre and in provinces with higher rural populations, such as the Eastern Cape, we see that there are far more service centres at 480 but they serve fewer older persons (approximately 9600 people). Similarly, in KwaZulu Natal there are 253 service centres, but it only serves 5, 786 people.

The percentage of provincial budgets that is spent on residential institutions will be large in provinces that have many residential care homes. This means that the provincial budget is being allocated to the very frail and the very poor, rather than older persons who may have high care needs but are not eligible for a bed in assisted living or frail care at a residential care home. Moreover, it also means that the provincial budget is skewed in favour of residential care home costs and there are fewer resources left for community-based services. In provinces that have fewer residential care homes, their budget can be targeted to service centres but given the low funding amounts per person (see next section), it is unlikely that services centres would have the capacity to offer respite care and home-based care services to older persons.

The findings show us that services are unevenly distributed across the country.

There are only two provinces, Northern Cape and North West who allocate spending on home-based care from DSD budget allocations. Although we recognise that home-based care services may be provided by DoH in other provinces. In Northern Cape and North West service centres do offer home based care which costs approx. 6.5 million (reaching approx. 2, 000 older persons) and 56 million respectively.

“ Residential services for older people were repeatedly named as among the most untransformed areas of social welfare service delivery. This is explained, at least in part, by the unaffordability of the services. It also reflects where the services are located... Beyond old age homes, there is very little government support for assisted or independent living. (DSD, 2016, p.102)



CASE STUDIES

These case studies present an overview of how certain provinces and NPOs manage the funding for elder care provision. It is important to note that the provinces and NPOs included in the case studies may not represent the funding challenges in other provinces and in other organisations.

“ In terms of Older Persons, the Western Cape has an estimated 770 847 persons aged 60 years and older (in 2022) of which 58 percent are women. This is projected to grow to 1 084 180 by 2031 and to almost triple, to 2 044 461, by 2050. Access to quality social development services for Older Persons over the past year was facilitated through the provisions of independent and assisted living, frail care and appropriate community-based interventions.

Western Cape Government Department of Social Development
Annual Performance Plan for 2023/2024, p.10

CASE STUDY 1: WESTERN CAPE

According to the 2021/2022 budget and service indicators per province (see Appendix), the Western Province receives a total of R259.5 million from DSD to cover the cost of older persons care in the provinces. Almost 80 percent of that budget is spent on 122 residential care homes located in the province, at a cost of R200 million, with a small amount of 37.8 million spent on 199 service centres.

The table below shows how community-based care services are divided into 3 levels of services (A, B and C or primary, intermediate and tertiary) and the table indicates the funding level for each category in the Western Cape. The table also indicates the funding criteria for a NPO if they chose to offer Level A services, which means they have to offer 2 primary services three days a week. There is a minimum number of older persons for the NPO to be approved and the NPO will receive R1419 per person per annum for each member for a Level A operation.

Community-Based Care & Support Services

The criteria and level of service in accordance with the Regulations of the Older Persons Act 13 of 2006				
PRIMARY SERVICES: (1) Nutritionally balanced meals; (2) Informational awareness campaign; (3) Educational & skills development programmes; (4) Coordinating spiritual, cultural, health, civic & social services; (5) Recreational opportunities; (6.) Accessibility to professional services, counselling services, including care & rehabilitation				
Operational Level	Funding Level	Criteria		Membership
		Services	Duration	
Level: A Basic Services Primary Support	R1,419 per person per annum	2 primary services of which meals are compulsory	3 days a week 18 hours per week	Minimum of 20 older persons
Level: B Intermediate Services	R2,230 per person per annum	3 primary services of which meals are compulsory	5 days a week 30 hours per week	Minimum of 50 older persons
Level: C Tertiary Services	R2,368 per person per annum	Render all 6 primary care services and as many secondary services as possible as may be determined by the level of care required (i.e. Assisted Living, Respite care or Home-based care. Three meals have to be provided per day if respite care services and/or assisted services are provided)	5 to 7 days per week 40 hours or 168 hours per week	Minimum of 50 older persons
Departmental Additional Criteria: Transport Subsidy to Service Centres				R16 763 per annum

The table above is provided by the Western Cape Department of Social Development and is sent to NPOs to outline the allocation of funds. Whilst the table outlines the difference in funding that a NPO will receive if they can offer Level, A, B or C services, the difference in funding is minimal compared to the responsibilities, requirements, and care expectations in terms of what needs to be provided, such as meals, respite care, home based care etc. There is little incentive to move up from level A to B or C, not just in terms of funding but also the commitment to providing services daily on a 40-hour week.

At the intermediate level, an NPO is expected to give meals five times a week and two additional services 5-7 days per week for only an extra R811 per person. Equally the additional funding received for offering level C services, whereby you have to render all six primary care services for only an additional R949 per person is very constraining. NPOs have limited capacity to obtain additional funding which would be required to offer the actual care of any of the services beyond meals. In the Western Cape, where there are many residential care facilities (125), it is possible for large organisations to perhaps offer tertiary services as they will be cross funded and they have existing structures in place, especially those who offer residential care facilities. But in many provinces, including Limpopo (8), Mpumalanga (20), Northern Cape (24) where the number of care homes are limited, how realistic is it to expect service centres to offer anything other than meals, when the capacity is limited? Very few NPOs will have the capacity to offer respite care or home-based care.

Residential Care

From the 394 residential facilities that are subsidised by DSD in South Africa, 125 are located in the Western Province. The Western Cape Provincial DSD spent just over 200 million rand on residential care homes in 2022-2023 which provides care for 4, 993 older persons. Almost 80 percent of the provincial budget is spent on care homes, whilst just over 37 million was spent on community-based care services which supports over 17, 029 older persons.

The table below is provided by the Western Cape Department of Social Development and is sent to NPOs to outline the allocation of funds for independent and assisted living. The subsidy allocation for persons who receive access to independent living facilities is R4677 per person per annum. Many care homes also provide assisted living, whereby older persons need some form of supervision and assistance regarding their activities of daily living. The subsidy allocation for assisted living in the Western Cape is R9 752 per person. Care homes that offer both independent living and assisted living are required to provide programmes, including community care and support services. Meals and recreational opportunities, as well as accessibility to professional services such as counselling and care & rehabilitation services and emergency services are also required.

Independent & Assisted Living Facilities

Level of Care	Funding Criteria	Subsidy allocation
<p>INDEPENDENT LIVING: The provisioning of affordable, safe and accessible accommodation, within the community, to active older persons, who are fully independent, with or without assistive devices and who do not need assistance regarding their activities</p>	<ul style="list-style-type: none"> • Programmes to promote optimal independent living • Affordable accommodation by means of rates' concessions • Housing that is older person and culture-sensitive • Accessibility of community care and support services • Programmes to enable and support • Directory of community care and support service 	R4 677 per person per annum
<p>ASSISTED LIVING: The provisioning of affordable, safe and accessible accommodation, within the community, with access to support services to active older persons that are independent, with or without assistive devices and who need some form of supervision and assistance regarding their activities of daily living</p>	<ul style="list-style-type: none"> • Nutritionally balanced meals • Coordinated spiritual, cultural, health, civic & social services • Recreational opportunities • Accessibility to professional services, counselling services, including care & rehabilitation, including: <ul style="list-style-type: none"> ◦ Day-care services ◦ Home-care services ◦ Short term residential placement and care services • Emergency-Care Services 	R9 752 per person per annum

It is important to note that the subsidies contribute to the accommodation costs but older persons are expected to cover the remaining cost of assisted living. Additional tariffs for assisted living in the Western Cape can start at R9, 235 per month for a medium sized room with a toilet and basin.[6] The services for such includes electricity, water, all meals, laundry, weekly room cleaning, emergency call system and day & night helper.

[6] These rates were taken from the Helderberg Society for the Aged Tariffs for Assisted Living Units for 2023.

NOAH

Neighbourhood Old Age Home (NOAH), is an NPO that offers access to communal housing, health care and service centres. The following information has been written by the NOAH team to provide insight into the cost of running an NPO which serves older persons.

Housing

NOAH is inundated with requests for housing for independent social pensioners. While the NA+OAH housing waiting list is a useful mechanism to manage applicants it does not address the dearth of housing available for those who must live on R 2080 per month. Spaces only come available when current residents relocate or die.

Unit cost subsidy of 94 beds per annum = R439 638

Outputs:

Provision of affordable, safe, and accessible accommodation to active older persons as per NPO Business Plan

R843 499 to run the housing programme

Deficit: R403 861

As can be seen by the above Housing programme deficit, the costs of offering such shared accommodation are high. Houses require ongoing maintenance and infrastructural support including oversight, the provision of psycho-social services to reduce conflict in the home and other resources such as food gardens, water tanks and alternatives for loadshedding to ensure cost mitigation for the residents.

“ Without the State unlocking other properties for use as communal housing, NOAH is entirely reliant on its fundraising efforts and goodwill of the public to donate or bequeath homes for communal living

Fundraising for maintenance and security to protect residents is arduous and NOAH has worked hard to develop funding partners to assist.



Service Centres

Khayelitsha

R 190 703 granted

Outputs: Community based care and support services as per NPO Business Plan: Level B: Primary Services may include any of the following, Nutritionally balanced meals (not optional) Information awareness campaign; Educational & skills development programmes; Co-ordinating spiritual, cultural, health, civic & social services; Recreational opportunities; Accessibility to professional services, counselling services, including care & rehabilitation.

Unit cost subsidy for older 78 persons = R173,940
+ R 16 763 for furtherance of operations
=R190,703

R538 171 to run the Khayelitsha centre (Includes critical salaries but excludes operational expenses)

Deficit: R347 468

Woodstock

Outputs: Community based care and support services as per NPO Business Plan: Level A: Primary Services may include any of the following, Nutritionally balanced meals (not optional) Information awareness campaign; Educational & skills development programmes; Co-ordinating spiritual, cultural, health, civic & social services; Recreational opportunities; Accessibility to professional services, counselling services, including care & rehabilitation.

Unit cost subsidy for older 30 persons = R42 570;
+ R16 763 for furtherance of operations

R610 909 to run the Woodstock centre

R551 576 deficit



The service centres are central hubs of community life in both Woodstock and Khayelitsha. The requirements/outputs for DSD funding are lengthy and do not cover the full costs of services offered. The NOAH Woodstock centre only receives subsidy for 30 individuals who are not resident at NOAH. This means that NOAH cannot receive subsidies for NOAH residents who utilise the services of the centre as this is viewed as ‘double dipping’.

While this has not stopped us from providing the services mandated, it once again highlights another funding deficit that NOAH must fundraise for – via individuals, corporates, trusts and foundations.

NOAH’s relationship with Western Cape DSD has always been one of cooperation and engagement for which we are grateful. We recognise our privilege when seeing provincial allocations. DSD continue to be responsive and engaged with their partners.

The DSD Older Person’s reference group meetings held quarterly bear witness to this. We also recognise the limitations that Western Cape DSD has in unlocking additional funds and resources from National DSD and Treasury.

We remain steadfast in living out our mission and vision to offer quality services to our beneficiaries despite funding challenges.



“ 2024 will see us becoming robust advocates of our model – which we believe to be replicable and low cost in the hope that more independent older persons can be afforded dignity, comfort, purpose, meaningful occupation, and a roof over their heads.

To mitigate these funding challenges NOAH is intent on working closer with other organizations to reduce costs and prevent duplication of services.

“The NOAH CBC programme is a critical service offered to NOAH members and divert them from the need for assisted living and frail care.

Frail care and assisted living beds are in short supply and despite NOAH having established relationships with organisations such as Cape Peninsula Organisation for the Aged (CPOA), beds are simply not available. This becomes problematic when independent NOAH residents become frail and require 24/7 oversight.

The deficit in this programme showcases the relatively low cost of providing CBC services to an individual who requires more oversight versus the cost of a bed in a frail or assisted living facility.

Anecdotally, NOAH has witnessed the dignity afforded to those who have and continue to receive CBC services after futile attempts to get them frail care beds. NOAH has been able to assist some members to have a dignified death in the comfort of their own homes with assistance from organisations such as Hospice.



Health

DSD subsidy for Community Based Care: 15pax@ R761,88 pm
 TOTAL: 146 280

Outputs:

Level - Intermediate: Primary Services may include any of the following:

- Visits to older persons/frail older persons at their places of accommodation
- Meals on wheels/meals on foot delivery
- Meal preparation
- Health care and vital signs monitoring (temperature, blood pressure, pulse)
- Fetch and delivering of medication
- Quarterly health assessment by registered nurse
- Registered nurse to manage and supervise caregivers: ratio 1:15
- Training of caregivers
- Laundry/Washing service
- Light housekeeping service: making of bed, linen change, washing dishes, dusting, cleaning bathrooms, mopping of floor
- Bathing, washing, feeding, dressing, and grooming
- Emotional and moral support
- Facilitate/arranging of transportation
- Facilitate referral and admission to frail care facilities

R287 516 to run the CBC programme (excludes salary of Health manager and only basic costs)

Deficit: R141 236

Essential services not funded by Transfer Payment Agreement: NOAH is grateful for the Western Cape Department of Health for supporting NOAH clinics in both Khayelitsha and Woodstock through a service level agreement allowing NOAH clinics to operate as satellites to day hospitals. However, the full costs of operating such clinics are not covered by this SLA. Fundraising is required to pay doctor's fees, other staff and operational costs in both clinics.

“ NOAH believes that these two clinics ease the burden on the State system by diverting 600 people from having to attend day hospitals and offers full medical oversight of its patients.



In KZN, the population of older persons grew from 852 000 in 2015 to 937 000 in 2020. The GHS (General Household Survey) 2020 reported that 711 000 older were beneficiaries of social grants. The delivery of care and support services to older persons was constrained by Covid-19 restrictions. To this end, the residential care and community-based care and support services will be ongoing, including awareness campaigns to address elderly abuse (Annual Report for 2021/22 Financial Year, p.30)

CASE STUDY 2: KWAZULU-NATAL

According to the 2021/2022 budget and service indicators per province, KwaZulu-Natal (hereafter referred to as KZN) province receives R104. 6 million from DSD national to cover the costs of older person care in the province. They are also allocated R76 million for other spending. In total therefore, their budget is R181.5 million.

In KZN there are 2, 538 people accessing residential services. There are 37 care homes. The homes in the provincial reports are poorly classified but the data from Parliamentary Monitoring Group tell us that they receive over ZR64 million. It is reported in the annual budget that the Department has converted KwaSwayimane Day care Centre for older persons into a residential facility at a cost of R623 537.00. There are 143 subsidised beds in assisted living facilities which is approximately four times under the target of 631 beds. The number of people receiving protection services is 499. The annual reports state the July 2021 riots as impacting the delivery of most services.

There are 5, 786 people accessing community-based care services, which is almost 3 times less than their target of 15, 635. There are 253 service centres, but it is difficult from the reports to estimate the total cost or budget for services centres.

In 2023, the monthly subsidy rates that KZN DSD is currently paying within the Older Persons programme are as follows:

- Residential Facilities: R2 999.00 per approved resident
- CBC (service centres only as we are not subsidising home based care): R17.85 (per member X no. days attended)
- Social Work posts (employed by residential facilities and welfare organisations): Social work post: R12 992.96; Auxiliary Worker: R6 498.13; Administration portion: R5 546.67

As noted in the DSD KZN annual report, the delivery of care and support services to older persons was limited by the outbreak COVID-19 during 2020 and 2021. Whilst the pandemic reduced the percentage of older persons accessing care and support services in state-funded residential facilities and community based centres, it also radically impacted the funding on which many facilities relied on. Subsidies from the state dwindled and obtaining funding from private organisation was a challenge.

“ Home-Based Care Services have still not fully recovered from the Covid 19 experience. The Society lost 63 Home Based Care workers during this period due to a lack of funding among, the biggest Community Based Home Care Services in the eThekweni Municipality. This was and still is a major loss to the poorly looked after African senior Citizens in South Africa. Muthande Society for the Aged



TAFTA



The Association for the Aged (TAFTA), is an NPO serving the needs of older persons in Durban. The following information has been written by the TAFTA team to provide insight into the cost of running an NPO which serves older persons.

The following is relevant to a facility supporting older people only receiving the state old age grant as their sole income. This facility provides frail care, assisted living and has a service centre with outreach into the community

Frail Care

The DSD subsidy and income from the older persons grant covers only 40% of the cost of care, leaving a shortfall of over R6600 per resident per month.

Assisted Living

This service is not subsidised. Older people contribute to the board and lodging from their state old age grant. The shortfall which is absorbed by the organisation is R2500 per month per resident.

Social Services

DSD allocates R18 per person per day for a maximum of 100 people attending the service centre, leaving a shortfall of R35 per person per day. This shortfall is only for the 100 members subsidised. The other 183 members are not subsidised at all, increasing the overall costs substantially.

	2015		2023	
	DSD Subsidy Cover	Shortfall	DSD Subsidy Cover	Shortfall
Frail Care	52%	R3800	40%	R6600
Assisted Living* This service is not subsidised. Older people contribute to the board and lodging from their state old age grant	R1350 (no subsidy only OPG)	R2950	R2080 (no subsidy only OPG)	R2500
Social Services	R16 per person per day for max 100 older persons	R64 per persons per day for max 100 older persons	R18 per persons per day for max 100 older persons	R35 per persons per day for max 100 older persons*

*Costs decreased because many businesses post Covid preferred to assist with products which decrease our operational expenses. We had also only started to open up our services to 100% capacity following the restrictions as per the state of disaster



“ In 2022, The Association for the Aged reported that even with the Government subsidy, family contributions, and contributions by the older person, there was still a significant funding shortfall in care costs of 60% in just one of their frail care homes. This contributed largely to the organisation’s overall operating deficit of R 28,8 million to be met through fundraising efforts.



APPENDIX: PROVINCIAL SPENDING

	Eastern Cape Province	Free State Province	Gauteng Province	KwaZulu-Natal Province	Limpopo Province	Mpumalanga Province	Northern Cape Province	North West Province	Western Cape Province	TOTALS
Size of OP population (2020)	771 000	287 000	1 391 000	940 000	536 000	389 000	132 000	379 000	775 000	5.6 million
NGO Spending (EPRE)	76 686 000	54 128 000	281 850 000	104 631 479,9	27 772 000	34 649 794	24 367 357,42	50 304 000	250 324 111	
Other (EPRE)	129 898 000	77 636 000	95 608 000	76 920 520,1	131 242 000	28 997 206	17 665 642,58	101 278 274	9 219 889	
Total (EPRE)	206 584 000	131 764 000	377 458 000	181 552 000	159 014 000	63 647 000	42 033 000	151 582 274	259 544 000	1 573 178 274
Number of people receiving residential care services	1501	1546	2940	2538	568	1085	792	2048	4993	18 011
Number of people accessing CBC services	9600	3856	20 616	5786	7399	4363	754	9074	17 029	78 477

	Eastern Cape Province	Free State Province	Gauteng Province	KwaZulu-Natal Province	Limpopo Province	Mpumalanga Province	Northern Cape Province	North West Province	Western Cape Province	TOTALS
Number of people accessing HBC services							2057			2057
Number of subsidised beds assisted living facilities				143					755	898
Number of people receiving protection services			2 129 729	499						2 130 228
Total number care homes	42	38	73	37	8	20	24	27	125	394
Budget spent on care homes	38 568 000		Not disagg	64 142 628	Inaccuracies in data	11 408 200	12 621 452,5	39 173 000	200 164 616	366 077 896,5
Total number assisted care homes									28	28

	Eastern Cape Province	Free State Province	Gauteng Province	KwaZulu-Natal Province	Limpopo Province	Mpumalanga Province	Northern Cape Province	North West Province	Western Cape Province	TOTALS
Budget spent on assisted living						4 147 044	NA			41 47044
Total budget on service centres	36 029 522		Not disagg	Unable to est	They do not report	15 030 851	1 864 212,92	16 774 000	37 772 884	107471469,9
Total number service centres	480		231	253		94	53		199	1310
Total amount spent HBC							6 456 884,66	55 947 000		62403884,66
Total spent welfare orgs	2 072 455		Not disagg				3 424 807,34		7 050 298	12 547 560,34
Construction of community home-based care facilities or care homes				623 537*			24 367 357,42			24 990 894,42
Developmental programmes in facilities/service centres		7								7

*Note: The Department has converted KwaSwayimane Day care Centre for older persons into a residential facility with a cost of R623 537.00.

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