

Department of Social Development

1/5/25 Report: Cost Analysis for the Older Persons Amendment Bill 2017



Version 2

20 February 2019

Costing conducted by The Actuarial & Analytical Solutions Team at Deloitte and Touche South Africa

Deloitte.
Actuarial & Analytical Solutions (A&AS)



Report Distribution & Version Control

Version	Submission Date	Name of file
1	07/11/2018	1/5/25 Report: Cost Analysis for the Older Persons Amendment Bill 2017
2	20/02/2019	1/5/25 Report: Cost Analysis for the Older Persons Amendment Bill 2017 20022019

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Glossary of Abbreviations

CAGR	Compound Annual Growth Rate
CBCSS	Community Based Care and Support Services
CPI	Consumer Price Index
DSD	Department of Social Development
KPMG	Klynveld Peat Marwick Goerdeler
MTEF	Medium Term Expenditure Framework
NDOH	National Department of Health
NT	National Treasury
PDOH	Provincial Department of Health
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act
PT	Provincial Treasury
SOPs	Standard Operating Procedures
YOY	Year-On-Year

1. 1-Page Executive Summary

The Older Persons Act 13 of 2006 and its regulations came into operation on the 1st April 2010. However, soon thereafter, some challenges were experienced in its implementation. As a result of these challenges, the Department of Social Development (“DSD”) embarked on a process to amend the Older Persons Act 13 of 2006 in the form of the Older Person’s Amendment Bill 2017. The DSD appointed Actuarial & Analytical Solutions at Deloitte (“Deloitte”) to cost the Older Persons Amendment Bill 2017. This report outlines the high level results of this costing exercise.

A Literature Review was conducted of legislation, Norms & Standards and policies governing the provision of services to Older Persons, as well as prior costing models and reports, as provided by the DSD. Logic Models were developed for residential care facilities, home based-care services and community based care and support services. Data was collected from the National DSD, Provincial DSDs and short-listed implementing organisations. A Costing Model was built to analyse the baseline historical expenditure and projected cost on services and programmes rendered to Older Persons under the current programme; project the expected cost of fully implementing the Older Persons Act 13 of 2006 in line with the Norms & Standards, allowing for the impact of changes to this Act by the Older Persons Amendment Bill 2017, where these are material and sufficient data was available; and to assess the funding gap between these two projections and the MTEF.

High level Results: Residential Facilities:

- National average expenditure per Older Person in 2016 was estimated to be R76 117, with KwaZulu-Natal having the highest expenditure per Older Person at R 86 890 and the Northern Cape having the lowest expenditure per Older Person at R 65 474.
- The average expenditure per Older Person applying the Status Quo and Applying the Norms & Standards is as follows for the 2018/19 year:

Expenditure per Older Person (2018/19)	Applying the Status Quo	Applying the Norms & Standards
Assisted Living	R 60 980	R 76 903
Frail Care	R 91 854	R 118 011
Independent Living	R 33 242	R 38 769
Average	R 80 924	R 103 275

- The application of the Norms & Standards results in an increase in total projected expenditure on residential care facilities of approximately 20% of total projected expenditure relative to applying the status quo over the period 2018/19 to 2020/21.

High level Results: Community-Based Care and Support Services:

- National average expenditure per Older Person in 2016 was estimated to be R 3 893, with KwaZulu-Natal having the highest estimated expenditure per older person at R 7 084 and the Eastern Cape having the lowest estimated expenditure per Older Person.
- The average expenditure per Older Person applying the Status Quo and Applying the Norms & Standards is as follows for the 2018/19 year:

Expenditure per Older Person (2018/19)	Applying the Status Quo	Applying the Norms & Standards
Basic Formal	R 1 221	R 4 049
Basic Informal	R 858	R 3 496
Intermediate	R 7 110	R 8 417
Tertiary	R 8 259	R 9 472
Total	R 4 632	R 6 573

- The application of the Norms & Standards results in an increase in total projected expenditure on CBCSS facilities of approximately 41% of total projected expenditure relative to applying the status quo over the period 2018/19 to 2020/21.

Implementing organisations' funding of services to Older Persons is projected to comprise 26% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21 on average, with the balance being funded by Older Persons and their families, donations, fundraising and various other sources of funding. This represents a decrease of approximately 10% in the proportion of total expenditure on Older Persons that is funded by the DSD from the proportion funded over the period 2014/15 to 2016/17. The impact thereof is that there will be a reduction in the number of Older Persons accessing services that can be funded.

In order to reduce the gap in funding, three funding scenarios are considered to reduce the gap from an average of 74% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21 to 60%, 40% and 0% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21.

The analysis and results lead to the identification of the following challenges in and recommendations for the sector:

- **Data Collection / Data Quality Challenges:** Basic operational and financial data, key to allocating costs was not received in respect of all facilities. This suggests that, in general, facilities and provinces are not collecting sufficient data in order to adequately monitor the performance of the delivery of services to Older Persons via residential care facilities and CBCSS. *Given the data challenges experienced, Deloitte recommends that a comprehensive survey of all residential care facilities and CBCSS facilities takes place to collect and confirm the basic statistics, following which the expenditure estimates and cost projections emanating from this report should be updated. It is further recommended that the DSD engage in a number of training initiatives with NGOs, to enable service providers to **comply with monitoring and evaluation provisions** and reduce the likelihood of **penalties for non-compliance** and cooperation. The DSD and DoJ IT departments are currently engaged in an assessment of the feasibility of establishing a data warehouse to facilitate integrated reporting. This should be complemented by investments in monitoring and evaluation processes, systems and resources.*
- **Growth in Demand for Residential Care:** The analysis demonstrates that Older Persons are increasingly choosing to access services via residential care facilities rather than at CBCSS facilities or via home-based care, which is contradictory to the objectives of the DSD, to keep Older Persons in the community for as long as possible. *Keeping Older Persons in the community for as long as possible is a key objective of the DSD. It promotes active ageing and allows for communities to benefit from the knowledge and skills of Older Persons. Deloitte recommends that an assessment into the potential underlying causes behind this shift in demand from CBCSS facilities to residential care facilities be conducted. Once the reasons have been identified, a plan can be formulated to address this disparity.*
- **Inequity in the Allocation of Resources for Older Persons across Provinces:** Investment in Older Persons varies per province, with KwaZulu-Natal demonstrating the highest investment per Older Person for both residential care facilities and CBCSS facilities. *In order to ensure that the level of services provided to Older Persons is standardised **in line with the Norms & Standards**, Deloitte recommends that this costing exercise be updated following the survey of all residential care facilities and CBCSS facilities recommended above and the quantification of the number of additional Older Persons in need of services.*
- **Implementation and Funding Challenges:** This costing exercise corroborates the above assertions. A significant gap was identified between the projected cost of delivering services to Older Persons in line with the Norms & Standards, compared to delivering services to Older Persons at the current level (status quo), which is below the requirements of the Norms & Standards, for both Residential Care and CBCSS. If additional funding is not available to residential care facilities and CBCSS facilities to meet the costs required to fully implement the Norms & Standards, this will result in a reduction in the number of Older Persons that will be able to access services at these facilities. A further challenge included institutional and

coordination mechanisms in relation to the implementation of the Act. *Deloitte recommends that existing inter-departmental structures, established to promote **co-ordination and inter-sectoral collaboration** between organs of state and stakeholders involved in the provision of services to Older Persons be strengthened to facilitate the development of a uniformed approach to integrating, co-ordinating and monitoring the delivery of services to Older Persons and the roll-out of integrated provincial plans. Deloitte further recommends that the necessary processes to secure additional funding through the MTEF framework commence to ensure that funding increases at the same rate as implementing organisations expenditure over time and to allow for the increase in implementing organisations expenditure as a result of **compliance with Norms & Standards**. Following the comprehensive survey of all residential care facilities and CBCSS facilities, Deloitte recommends that a separate costing exercise be undertaken to assess the impact of **additional measures for the protection of Older Persons** required by the Amendment Bill, such as the impact of the relocation of Older Persons to a place of temporary safe care without a court order and the additional notifications required in Older Persons abuse cases, which was not possible in the current costing exercise given the quality and quantity of data collected.*

2. 5-Page Executive Summary

The Older Persons Act 13 of 2006 and its regulations came into operation on the 1st April 2010. However, soon thereafter, some challenges were experienced in its implementation. As a result of these challenges, the Department of Social Development (“DSD”) embarked on a process to amend the Older Persons Act 13 of 2006 in the form of the Older Person’s Amendment Bill 2017. Costing of the Older Person’s Amendment Bill 2017 is required prior to a submission to Cabinet for consideration. The DSD appointed Actuarial & Analytical Solutions at Deloitte (“Deloitte”) to cost the Older Persons Amendment Bill 2017. This report outlines the results of this costing in line with the objectives outlined below.

2.1.1. Objectives of the Cost Analysis

The purpose of this project is to comprehensively cost the Older Person’s Amendment Bill 2017. This included the following broad objectives:

- To establish and analyse the current baseline costing and expenditure on services and programmes rendered to Older Persons in South Africa under the Older Persons Act 13 of 2006;
- To develop and report on the appropriate costing model, approach, assumptions and bill of cost for the Older Persons Amendment Bill 2017;
- To estimate the Medium Term Expenditure Framework (“MTEF”) funding gap against the estimated costing results of the Older Persons Amendment Bill 2017 needed for the provision of the comprehensive integrated Older Persons services.

At present, provincial DSDs are largely responsible for ensuring the implementation of the Older Persons Act 13 of 2006, they do so in partnership with other government departments, civil society and the corporate sector. Service delivery to Older Persons is principally provided via implementing organisations. Many of these implementing organisations are in partnership with the DSD to provide a range of services to Older Persons, including social support groups, training and education, income generating projects, frail care services, transport to health facilities, luncheon clubs and home based care. These organisations receive financial awards from the DSD in order to deliver these services.

Implementing organisations can be subdivided into two main categories, namely residential care facilities and CBCSS facilities. Residential care facilities and CBCSS are further categorised depending on the level of service they provide to Older Persons.

2.1.2. Approach to the Cost Analysis

- **A Literature Review** was conducted of legislation, Norms & Standards and policies governing the provision of services to Older Persons, as well as prior costing models and reports, as provided by the DSD.
- **Logic Models** were developed to document the logical relationships between the resources, activities, outputs and outcomes of residential care facilities, home based-care services, community based care and support services and prevention and promotion programs.
- **Data Templates** were compiled and disseminated to collect data from the National DSD, Provincial DSDs and short-listed implementing organisations. The analysis also made use of provincial facility databases, tabled provincial expenditure budget information from National Treasury and a variety of policy documents and reports.
- **A Baseline Expenditure Analysis** was conducted to arrive at uniform, validated financial data in a form that can be used as an input into the costing model.

- **A Costing Model** was built to analyse the baseline historical expenditure and projected cost on services and programmes rendered to Older Persons under the current programme; project the expected cost of fully implementing the Older Persons Act 13 of 2006 in line with the Norms & Standards, allowing for the impact of changes to this Act by the Older Persons Amendment Bill 2017, where these are material and sufficient data was available; and to assess the funding gap between these two projections and the MTEF.
- **Reasonability Checking** was performed with prior costing models to understand consistency of results taking into account factors such as base time period of analysis, objectives and purposes of the costing and data gaps. In addition, issues encountered and recommendations were reconciled to ensure adequate representation of the state of the sector providing services to Older Persons.

2.1.3. High Level Operational, Expenditure and Costing Results

Facility Statistics and Survey Data

The number of Residential Care Facilities and CBCSS Facilities in South Africa by Level, as per the survey data and provincial facility databases, is set out below:

Residential Facilities	Number of Residential Facilities	CBCSS Facilities	Number of CBCSS Facilities
Assisted Living	20	Basic Informal	441
Frail Care	267	Basic Formal	578
Independent Living	11	Intermediate	279
Combined	87	Tertiary	134
Uncategorised**	33	Uncategorised**	281
Total	418	Total	1 713

** *Uncategorised facilities are facilities for which the number of Older Persons was not provided. These facilities were ultimately not costed.*

Residential Care Facilities – Historical and Projected Expenditure

The estimated total expenditure per level of residential care facility for the period 2014/15 to 2016/17 is set out below:

Expenditure (R 000)	2014/15	2015/16	2016/17
Assisted Living	R 109 890	R 123 829	R 135 688
Frail Care	R 1 426 710	R 1 551 536	R 1 804 434
Independent Living	R 96 289	R 103 566	R 114 338
Total	R 1 632 890	R 1 778 931	R 2 054 460

An analysis of the proportionate expenditure of the various expenditure categories reflects that the largest expenditure categories are employee salaries, meals and other service expenditure, which together comprise approximately 74% of total expenditure reflected above.

With respect to expenditure per older person (2016/17), the national average is estimated to be R76 117 per older person. KwaZulu-Natal has the highest expenditure per Older Person of R 86 890 with the Northern Cape having the lowest expenditure per Older Person of R 65 474.

Total projected expenditure for residential care facilities for the period 2017/18 to 2020/21 *applying the status quo* and *applying the Norms & Standards* is tabulated below:

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Projected Expenditure - <i>applying the status quo</i>	R 2 235 411	R 2 481 022	R 2 757 584	R 3 072 518
Total Projected Expenditure - <i>applying the Norms & Standards</i>	R 2 235 411	R 2 987 939	R 3 316 892	R 3 693 607
Gap	-	-R 506 917	-R 559 309	-R 621 089
Gap as a % of Total Projected Expenditure - <i>applying the status quo</i>	0.0%	20.4%	20.3%	20.2%

The average projected expenditure per Older Person applying the Status Quo and Applying the Norms & Standards is as follows for the 2018/19 year:

Expenditure per Older Person (2018/19)	Applying the Status Quo	Applying the Norms & Standards
Assisted Living	R 60 980	R 76 903
Frail Care	R 91 854	R 118 011
Independent Living	R 33 242	R 38 769
Average	R 80 924	R 103 275

The application of the Norms & Standards results in an increase in total projected expenditure on residential care facilities of approximately 20% of total projected expenditure relative to *applying the status quo* over the period 2018/19 to 2020/21. If funding is not available to residential facilities to meet the additional costs arising under the application of the Norms & Standards this will result in a reduction on the number of Older Persons that will be able to access services at these facilities – approximately 19% over the period considered above.

CBCSS Facilities – Historical and Projected Expenditure

The estimated expenditure per level of CBCSS facility for the period 2014/15 to 2016/17 is set out below:

Expenditure (R 000)	2014/15	2015/16	2016/17	2 Year CAGR (%)
Basic Formal	R 26 195	R 27 756	R 28 991	5.2%
Basic Informal	R 15 472	R 16 356	R 15 926	1.5%
Intermediate	R 108 168	R 71 548	R 141 732	14.5%
Tertiary	R 156 493	R 190 205	R 186 118	9.1%
Total	R 306 329	R 305 865	R 372 767	10.3%

An analysis of proportionate expenditure of the various expenditure categories reflects that the largest expenditure categories are employee salaries and meals, which together comprise 73% of total expenditure on CBCSS facilities in 2016/17.

With respect to expenditure per older person, the national average is estimated to be R 3 893 per older person. KwaZulu-Natal has the highest estimated expenditure per older person (R 7 084) with the Eastern Cape having the lowest estimated expenditure per Older Person.

Total projected expenditure for CBCSS facilities for the period 2017/18 to 2020/21 *applying the status quo* and *applying the Norms & Standards* is tabulated below.

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Projected Expenditure - <i>applying the status quo</i>	R 425 495	R 467 759	R 514 966	R 568 589
Total Projected Expenditure - <i>applying the Norms & Standards</i>	R 425 495	R 663 954	R 724 333	R 794 323
Gap	R 0	-R 196 195	-R 209 367	-R 225 734
Gap as a % of Total Projected Expenditure - <i>applying the status quo</i>	0.0%	-41.9%	-40.7%	-39.7%

The average projected expenditure per Older Person applying the Status Quo and Applying the Norms & Standards is as follows for the 2018/19 year:

Expenditure per Older Person (2018/19)	Applying the Status Quo	Applying the Norms & Standards
Basic Formal	R 1 221	R 4 049
Basic Informal	R 858	R 3 496
Intermediate	R 7 110	R 8 417
Tertiary	R 8 259	R 9 472
Total	R 4 632	R 6 573

The application of the Norms & Standards results in an increase in total projected expenditure on CBCSS facilities of approximately 41% of total projected expenditure relative to applying *the status quo* over the period 2018/19 to 2020/21. If additional funding is not available to CBCSS facilities to meet the additional costs arising under the application of the Norms & Standards, this will result in a reduction in the number of Older Persons that will be able to access services at these facilities – approximately 41% over the period considered.

Implementing Organisations' Expenditure and Funding

Total estimated expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) and total implementing organisations' funding of services to Older Persons for the period 2014/15 to 2016/17 is tabulated below:

Expenditure	2014/15	2015/16	2016/17
Total Expenditure (R 000)	R 1 939 219	R 2 084 795	R 2 427 227
Total Funding (R 000)	R 723 138	R 791 247	R 811 780
Gap (R 000)	R 1 216 081	R 1 293 548	R 1 615 447

Implementing organisations' funding of services to Older Persons represented 37% of total estimated expenditure on Older Persons over the period 2014/15 to 2016/17 on average, with the balance being funded by Older Persons and their families, donations, fundraising and various other sources of funding. The proportion of funding to implementing organisations for expenditure incurred in delivering services to Older Persons however decreased over the 2014/15 to 2016/17. The resultant impact of this is to reduce the number of Older Persons who are able to receive the same level of services.

Total projected expenditure on Older Persons by implementing organisations and total projected implementing organisations' funding of services to Older Persons for the period 2017/18 to 2020/21 is tabulated below:

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Expenditure (R 000)	R 2 660 906	R 3 651 893	R 4 041 225	R 4 487 930
Total Funding (R 000)	R 875 829	R 936 679	R 978 064	R 1 039 552
Gap (R 000)	R 1 785 077	R 2 715 214	R 3 063 161	R 3 448 378

Implementing organisations' funding of services to Older Persons is projected to comprise 26% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21 on average, with the balance being funded by Older Persons and their families, donations, fundraising and various other sources of funding. This represents a decrease of approximately 10% in the proportion of total expenditure on Older Persons that is funded by the DSD from the proportion funded over the period 2014/15 to 2016/17. The impact thereof is that there will be a reduction in the number of Older Persons accessing services that can be funded.

In order to reduce the gap in funding, three funding scenarios are considered to reduce the gap from an average of 74% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21 to 60%, 40% and 0% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21.

2.1.4. Findings and Recommendations

The analysis and corresponding results lead to the identification of the following key challenges in the sector. Recommendations are made as to how to address these challenges.

Data Collection / Data Quality Challenges

One of the key challenges experienced in this cost analysis was that basic data, key to allocating costs was not received in respect of all facilities for the requested financial years, e.g. the number of Older Persons accommodated by each residential care facility, split by organisational level i.e. frail care, assisted living, independent living and the number of Older Persons accessing CBCSS via each Community Based Care Centre, split by those accessing the service at the Community Based Care Centre and those receiving home-based care. This made grouping of facilities on the basis of level of service provided challenging. Rural urban nature and gender were not provided for sufficient facilities to enable further disaggregation of the data.

The study was further hampered by inconsistent, incomplete and incorrect recording of expenditure (and the associated operational data) incurred in the delivery of these services by sampled facilities and provinces, at facility level and at provincial level, across time.

The poor response to surveys, in terms of the number of surveys returned nationally, as well as the level of completeness, suggests that, in general, facilities and provinces are not collecting sufficient data in order to adequately monitor the performance of the delivery of services to Older Persons via residential care facilities and CBCSS.

In light of the data challenges experienced, the resultant expenditure estimates and cost projections for affected facilities and provinces must be viewed with caution until such time as the number of Older Persons receiving services, the level of service provided by each facility, as well as the expenditure estimates per Older Person derived from sampled facilities and used to build-up expenditure for facilities not sampled, have been validated.

Given the data challenges experienced, Deloitte recommends that a comprehensive survey of all residential care facilities and CBCSS facilities takes place to collect and confirm the basic statistics, namely, number of Older Persons to whom services are being provided, level of care, male/female representation and rural/urban

location, as well as infrastructure and employment specifics, following which the expenditure estimates and cost projections emanating from this report should be updated. Such a survey should include details of the number, title, qualification and salary of employees, such that compliance with Norms & Standards, as well as the additional requirement of the Amendment Bill with respect to the accreditation of caregivers can be validated.

*It is recommended that the DSD engage in a number of training initiatives with NGOs, key amongst these being financial management, record keeping, reporting using standardised templates and the Older Persons Amendment Bill 2017. The survey should indicate where challenges and skills shortages exist in this regard exist, such that training can be focus on these bottlenecks. This will enable service providers to **comply with monitoring and evaluation provisions** and reduce the likelihood of **penalties for non-compliance** and cooperation.*

An assessment should also be performed of the IT infrastructure required to ensure that key performance indicators, funding and expenditure data can be updated monthly and consolidated at provincial and national level, such that officials responsible for monitoring the implementation of these programmes have access to up-to-date monitoring and evaluation data at all times.

Investments in monitoring and evaluation processes and systems and ensuring the number of employees responsible for monitoring and evaluation are sufficient and employees have adequate training and skills to perform this function effectively is critical. This will ensure necessary statistics and data is readily available for establishing compliance, measuring the level of service delivery and for MTEF forecasting and future costing exercises.

Growth in Demand for Residential Care

The historical growth in the number of Older Persons in receipt of Old Age Grants is 3.3% per annum. The number of Older Persons accessing residential care facilities is growing at a compound annual growth rate (“CAGR”) of 6.7% per annum on average, greater than the growth in the number of Old Age Grant recipients. The number of Older Persons accessing CBCSS facilities is growing at a CAGR of only 1.6% per annum on average, approximately half the rate of growth in the number of Old Age Grant recipients. This suggests that Older Persons are increasingly choosing to access services via residential care facilities rather than at CBCSS facilities or via home-based care, which is contradictory to the objectives of the DSD, to keep Older Persons in the community for as long as possible.

Deloitte recommends that an assessment into the potential underlying causes behind this shift in demand from CBCSS facilities to residential care facilities be conducted. Potential underlying causes could be that the Old Age Grant is not keeping pace with real cost of living increases, or that societal norms are changing, leaving Older Persons increasingly required to fend for themselves rather than being cared for by family and friends. It could also be on account of incomplete data, incorrect application of the eligibility criteria for residential care, namely the means test and dependency questionnaire, or based on community perception of the value of these services. Once the reasons have been identified, a plan can be formulated to address this disparity, whether this be staff training, community education initiatives, the registering of additional CCSS facilities, etc., so as to enable Older Persons to live in the community for as long as possible. Keeping Older Persons in the community for as long as possible is a key objective of the DSD. It promotes active ageing and allows for communities to benefit from the knowledge and skills of Older Persons.

Inequity in the Allocation of Resources for Older Persons across Provinces

Investment in Older Persons varies per province, with KwaZulu-Natal demonstrating the highest investment per Older Person for both residential care facilities and CBCSS facilities. In order to ensure that Older Persons

receive the same level and standard of services, the funding of Older Persons needs to be prioritised and addressed, particularly in the Eastern Cape, Free State, Gauteng, Limpopo Mpumalanga and the Northern Cape.

*In order to equalise investment in Older Persons across all provinces, the funding of Older Persons needs to be prioritised and addressed. Deloitte recommends that following the survey of all residential care facilities and CBCSS facilities recommended above, as well as the quantification of the number of additional Older Persons in need of services, that this costing exercise be updated. Funding can then be equitably allocated across provinces, taking into account that cost of delivery will vary across provinces, such that the level of services provided to Older Persons can be standardised **in line with the Norms & Standards**.*

Funding Shortfall

Subsequent to the implementation of the Older Persons Act 13 of 2006 and its regulations on the 1st April 2010, some challenges were experienced in its implementation. Key amongst these challenges included institutional and coordination mechanisms in relation to the implementation of the Act, implementation gaps and compliance measures. A further challenge was that the subsidy provided to implementing organisations was inadequate to cover the cost of providing services to Older Persons and annual subsidies have not been keeping pace with inflationary increases in the cost of delivery of these services. Consequently, implementing partners have been forced to continually source additional donor funding to meet the ever widening gap. As a result of the challenges outlined above, the DSD embarked on a process to amend the Older Persons Act 13 of 2006, which gave rise to a draft of the Older Person's Amendment Bill 2017. The Bill was formulated largely to facilitate full implementation of the Older Persons Act 13 of 2006 in line with the Norms & Standards.

This costing exercise corroborates the above assertions. A significant gap was identified between the projected cost of delivering services to Older Persons in line with the Norms & Standards, compared to delivering services to Older Persons at the current level (status quo), which is below the requirements of the Norms & Standards, for both Residential Care and CBCSS. If additional funding is not available to residential care facilities and CBCSS facilities to meet the costs required to fully implement the Norms & Standards, this will result in a reduction in the number of Older Persons that will be able to access services at these facilities.

*Deloitte recommends that existing inter-departmental structures, established to promote **co-ordination and inter-sectoral collaboration** between organs of state and stakeholders involved in the provision of services to Older Persons be strengthened to facilitate the development of a uniformed approach to integrating, co-ordinating and monitoring the delivery of services to Older Persons and the roll-out of integrated provincial plans.*

Deloitte recommends that the necessary processes to secure additional funding through the MTEF framework commence. The additional funding should address two aspects, namely:

- *To ensure that the necessary funding increases at the same rate as implementing organisations expenditure over time to ensure that the number of Older Persons accessing these services can be at least be maintained.*
- *To allow for the increase in implementing organisations expenditure as a result of **compliance with Norms & Standards**.*

Given the projected increase in the reliance of NGOs on other sources of funding (other than DSD subsidies) over time, Deloitte recommends that the DSD additionally provide fund-raising training to NGOs, to maximise overall funding available for provision of services to Older Persons.

Deloitte further recommends that a geospatial analysis be performed of the number of Older Persons in need of residential care facilities and CBCSS services relative to the number of Older persons that are actually

accessing these services. In the event that need exceeds the number of Older Persons currently accessing services, the additional funding requirements quantified by this report will need to be scaled up. Provision may then need to be made to build additional CBCSS and residential care facilities, or facilitate access to existing under-resourced facilities.

An investigation is also recommended to establish the proportion of Older Persons currently accessing residential care facilities and CBCSS services that can afford to pay for these services, partially or in full, to the extent that they are not doing so already. On the basis of the value of these services, a decision can then be taken on whether services to Older Persons should be means tested.

*Following the comprehensive survey of all residential care facilities and CBCSS facilities, Deloitte recommends that a separate costing exercise be undertaken to assess the impact of **additional measures for the protection of Older Persons** required by the Amendment Bill, such as the impact of the relocation of Older Persons to a place of temporary safe care without a court order and the additional notifications required in Older Persons abuse cases, which was not possible in the current costing exercise given the quality and quantity of data collected.*

3. 25-Page Executive Summary

3.1. An Introduction to the Cost Analysis for the Older Persons Amendment Bill 2017

3.1.1. Background and Introduction

Older Persons are amongst the most vulnerable members of society. The Department of Social Development (“DSD”) is mandated to ensure the protection, care, support and development of Older Persons.

South Africa, in its efforts to create opportunities for and address the challenges facing its Older Persons, developed policy and legislation which was enacted through the adoption of the Older Persons Act 13 of 2006.

The objective of this Act was to deal effectively with the plight of Older Persons by establishing a framework aimed at the empowerment and protection of Older Persons and at the promotion and maintenance of their status, rights, well-being, safety and security, and to provide for matters connected therewith. The Older Persons Act 13 of 2006 mandates that services to Older Persons should be rendered in a comprehensive, coordinated, integrated and standardised manner by all organs of states and other service providers.

The Older Persons Act 13 of 2006 and its regulations came into operation on the 1st April 2010. However, soon thereafter, some challenges were experienced in its implementation. Key amongst these challenges include institutional and coordination mechanisms in relation to the implementation of the Act, implementation gaps and compliance measures. A further challenge is that the subsidy provided to implementing organisations is inadequate to cover the cost of providing services to Older Persons and annual subsidies are not keeping pace with inflationary increases in the cost of delivery of these services. Consequently, these implementing partners need to continually source additional donor funding to meet the ever widening gap. To effectively implement the Older Persons Act 13 of 2006, a substantial increase in the budget for the Directorate for Care and Services to Older Persons is required.

3.1.2. Overview of Amendment Bill

As a result of the challenges outlined above, the DSD embarked on a process to amend the Older Persons Act 13 of 2006. All provinces, as well as other key stakeholders were consulted as part of the amendment process, and their input was consolidated into the Draft Bill. This Draft Bill was presented to the Technical Working Group, Social Cluster and Cabinet. Following approval from Cabinet the Draft Bill was gazetted for public comment in June 2017. The Draft Bill was presented to Cabinet again following incorporation of public comments. Costing of the Draft Bill is required prior to a further submission to Cabinet for consideration.

The Older Person’s Amendment Bill 2017 includes new and revised definitions and compliance measures, monitoring and evaluation requirements and provisions relating to the removal of Older Persons to a place of temporary safety. These amendments are intended to facilitate clarity of understanding and address implementation challenges experienced with the Older Persons Act 13 of 2006. The amendments themselves have marginal or no impact on the cost of delivery of services, as they do not amount to an expansion of services. Rather, the cost impact will arise from full implementation of the Older Persons Act 13 of 2006, as amended by the Older Person’s Amendment Bill 2017, given that the Older Persons Act 13 of 2006 has been underfunded to-

date and the institutional and coordination mechanisms required for full implementation have not been operating optimally.

3.1.3. Purpose of the project

The purpose of this project is to comprehensively cost the Older Person's Amendment Bill 2017. Given that legislation is developed by government and passed by parliament, the costing should in the first instance reflect the monies that government should provide through the annual budget.

3.1.4. Approach to the Cost Analysis

- **A Literature Review** was conducted of legislation, Norms & Standards and policies governing the provision of services to Older Persons, as well as prior costing models and reports, as provided by the DSD.
- **Logic Models** were developed to document the logical relationships between the resources, activities, outputs and outcomes of residential care facilities, home based-care services, community based care and support services and prevention and promotion programs.
- **Data Templates** were compiled and disseminated to collect data from the National DSD, Provincial DSDs and short-listed implementing organisations. The analysis also made use of provincial facility databases, tabled provincial expenditure budget information from National Treasury and a variety of policy documents and reports.
- **A Baseline Expenditure Analysis** was conducted to arrive at uniform, validated financial data in a form that can be used as an input into the costing model.
- **A Costing Model** was built to analyse the baseline historical expenditure and projected cost on services and programmes rendered to Older Persons under the current programme; project the expected cost of fully implementing the Older Persons Act 13 of 2006 in line with the Norms & Standards, allowing for the impact of changes to this Act by the Older Persons Amendment Bill 2017, where these are material and sufficient data was available; and to assess the funding gap between these two projections and the MTEF.
- **Reasonability Checking** was performed with prior costing models to understand consistency of results taking into account factors such as base time period of analysis, objectives and purposes of the costing and data gaps. In addition, issues encountered and recommendations were reconciled to ensure adequate representation of the state of the sector providing services to Older Persons.

3.1.5. Source Data & Information

The project made use of survey data collected from shortlisted facilities, a database of facilities per province which included number of Older Persons sampled and tabled provincial expenditure budget information from National Treasury. Aside from the above mentioned data sources, a variety of policy documents and reports were utilised in the qualitative analysis.

Table 1: Data Sources and Uses

Data/Information	Source	Use
Database of Residential Care Facilities, CBCSS Facilities, Luncheon Clubs per province	National DSD	Expenditure Analysis & Costing Models
Survey Data	Provincial DSDs, Sampled Residential Care Facilities, CBCSS Facilities, Luncheon Clubs	Expenditure Analysis & Costing Models
Tabled Provincial Expenditure Budgets 2017-18 – Expenditure dataset including MTEF forecasts	National Treasury	Expenditure Analysis & Costing Models
Prior Costing Models and Reports	National DSD	Assumptions for Expenditure Analysis & Costing Models Expenditure Analysis & Costing Models
Socpan Report	SASSA	Assumptions for Expenditure Analysis & Costing Models

3.1.6. Limitations of the Study

In general, facilities in this analysis were grouped by organisational level, on the basis of frail care, assisted living and independent living for residential care facilities and basic informal, basic formal, intermediate and tertiary for CBCSS. One of the key challenges experienced in this cost analysis was that basic data, key to allocating costs was not received in respect of all facilities for each of the financial years, 2014/15, 2015/6, 2016/17 and 2017/18. Data essential for costing included:

- **Residential care facilities:** The number of Older Persons accommodated by each residential care facility, split by organisational level i.e. frail care, assisted living, independent living;
- **CBCSS:** The number of Older Persons accessing CBCSS via each Community Based Care Centre, split by those accessing the service at the Community Based Care Centre and those receiving home-based care.

This made full costing and grouping of facilities to facilitate costing on the basis of the level of service provided challenging. Facilities for which number of Older Persons receiving services was not provided for even one financial year were not costed. For most facilities, the number of Older Persons receiving services was only provided for one financial year and hind casted using the year-on-year (“YOY”) growth in number of Older Persons in receipt of social grants and forecasted using the Compound Annual Growth Rate (“CAGR”) of Older Persons in receipt of social grants. Where the number of Older Persons accessing services was provided but the level of service was unknown, the level of service was decided as follows:

- **Residential care facilities:** It was assumed that all Older Persons were accommodated in frail care;
- **CBCSS:** Level of service was decided based on the number of Older Persons accessing services at a facility and based on whether the facility provides home-based care.

The resultant expenditure estimates and cost projections for affected facilities and provinces must thus be viewed with caution until such time as the number of Older Persons receiving services and the level of service provided by each facility has been validated.

The poor response to surveys, in terms of the number of surveys returned nationally, as well as the level of completeness, suggests that, in general, facilities and provinces are not collecting sufficient data in order to adequately monitor the performance of the delivery of services to Older Persons via residential care facilities and CBCSS. An overview of the survey data received is provided in Section 3.2.

The study was further hampered by inconsistent, incomplete and incorrect recording of expenditure (and the associated operational data) incurred in the delivery of these services by sampled facilities and provinces, across time, at facility level and across provinces. Adjustments were made dependent on expenditure category or sub-expenditure category. Full details regarding these adjustments are provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Expenditure across all categories and sub-categories was built-up for facilities that were not sampled based on sampled facility expenditure per older person. Given the data inconsistencies and gaps outlined above, the resultant expenditure estimates and cost projections must thus be viewed with caution until such time as these build-up proportions have been validated. The build-up assumptions are more clearly outlined in the residential care facility and CBCSS expenditure sections of this report.

3.2. Facility Statistics and Survey Data

3.2.1. Organisation Statistics

This section provides high level statistics on the key operational variables relevant to the expenditure analysis, and costing model for comparative and unitisation purposes. The detailed facility level data on which these statistics are based can be accessed in the appendices of this report. These statistics, together with the expenditure analyses, projections and costings that follow should take into account the data limitations encountered.

Survey templates were sent to all nine provincial DSDs, requesting high level residential care and CBCSS facility data for financial years 2014/15, 2015/16, 2016/17 and 2017/18. Eight provinces responded. The responses were however incomplete, with many provinces only providing number of Older Persons for one financial year. In this case, the number of Older Persons for missing years was calculated using the historical growth in Socpan numbers. Given these data limitations and the fact that in 2016/17 the number of Older Persons in receipt of an Old Age Grant was 3.3 million, the number of Older Persons accessing services at residential care facilities may be greater than the collected data and the estimates derived from it suggest.

Given that the number of Older Persons in receipt of an Old Age Grant is currently 3.3 million, this indicates a sub-grouping of Older Persons that are in need of residential care facilities that provide Independent Living, Assisted Living and Frail Care services and CBCSS Facilities offering basic, intermediate and tertiary services that far exceeds the current number of Older Persons accessing these services. At present there is no analysis that estimates the number of Older Persons that are in need of these services.

Further issues noted with respect to the responses are set out in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017. Given the data challenges experienced, it is recommended that a comprehensive survey of all residential care facilities and CBCSS facilities takes place to collect and confirm these basic statistics. Investments in monitoring and evaluation processes and systems and ensuring the number of employees responsible for monitoring and evaluation are sufficient and employees have adequate training and skills to perform this function effectively is critical. This will ensure necessary statistics and data is readily available for establishing compliance, measuring the level of service delivery and for MTEF forecasting and future costing exercises.

Further, in order to determine the gap between the availability of services to Older Persons and the corresponding number of Older Persons currently accessing services and the potential number of Older Persons that are in need of these services, it is recommended that an analysis be done to determine the sub-group of Older Persons that are in need of these services. Assuming that the number of Older Persons in receipt of an Old Age Grant, currently 3.3 million, has the right to access services to Older Persons, the analysis should focus on the proportion of these recipients that will need to access the various services over their remaining lifetime. Given the anticipated demographic trends in South Africa, this analysis should also focus over the medium to long term to take into account the expected ageing of the South African population and therefore quantify how demand for these services is expected to increase over time as a result of this ageing.

High Level National Statistics

Services rendered to Older Persons in South Africa can be broken down into two main categories, namely residential care facilities and CBCSS facilities. Residential care facilities and CBCSS are further categorised depending on the level of service they provide to Older Persons.

Table 2: *Number of Residential Care Facilities and CBCSS Facilities in South Africa by Level

Residential Facilities	Number of Residential Facilities	CBCSS Facilities	Number of CBCSS Facilities
Assisted Living	20	Basic Informal	441
Frail Care	267	Basic Formal	578
Independent Living	11	Intermediate	279
Combined	87	Tertiary	134
Uncategorised**	33	Uncategorised**	281
Total	418	Total	1 713

* Based on the data received from the Provincial DSDs and/or the National DSD in respect of all provinces. Note that rural/urban status, registration status and subsidy could not be taken into account because these data fields were not comprehensively completed by all provinces.

** Uncategorised facilities are facilities for which the number of Older Persons was not provided. These facilities were ultimately not costed.

Residential Care Facilities

Residential care facilities provide Independent Living, Assisted Living and Frail Care services. The estimated number of Older Persons accessing services per level of residential care facility is set out below.

Table 3: *Number of Older Persons per Level of Residential Care Facility in South Africa (2014/15 to 2016/17)

Number of Older Persons accessing Services per Level of Residential Care Facility	2014/15	2015/16	2016/17	2 Year CAGR (%)
Assisted Living	2 191	2 251	2 380	8.6%
Frail Care	20 225	19 786	20 974	3.7%
Independent Living	2 853	3 089	3 616	26.7%
Total	25 269	25 125	26 970	6.7%

* Based on the data received from the Provincial DSDs and/or the National DSD in respect of all provinces. Where number of Older Persons was not provided for all years, this was estimated based on the year for which the data was provided using the growth in the number of recipients of Old Age Grants as per Socpan data. Given these data limitations and the fact that in 2016/17 the number of Older Persons in receipt of an Old Age Grant was 3.3 million, the number of Older Persons accessing services at residential care facilities may be greater than the collected data and the estimates derived from it suggests.

The historical growth in the number of Older Persons in receipt of Old Age Grants is 3.3% per annum. The number of Older Persons accessing residential care facilities is growing at a compound annual growth rate (“CAGR”) of 6.7% per annum on average, greater than the growth in the number of Old Age Grant recipients. The greatest CAGR is in the number of Older Persons accessing independent living facilities, which may suggest that the Old Age Grant is not keeping pace with real cost of living increases, or societal norms are changing, leaving Older Persons increasingly required to fend for themselves rather than being cared for by family and friends.

CBCSS

CBCSS can be categorised as Basic Informal, Basic Formal, Intermediate and Tertiary facilities. These categories are based on the number of Older Persons to whom services are provided, days operated per week and the number of primary and secondary services offered ranging from prevention and promotion programmes to day care services and home based care services offered to Older Persons either at a Community Based Care Centre / community hall or in the comfort of their own homes. The estimated number of Older Persons accessing services per level of CBCSS facility is set out below.

Table 4: *Number of Older Persons per Level of CBCSS Facility in South Africa (2014/15 to 2016/17)

Number of Older Persons accessing Services per Level of CBCSS Facility	2014/15	2015/16	2016/17	2 Year CAGR (%)
Basic Informal	20 788	20 526	20 982	0.5%
Basic Formal	25 909	25 064	26 644	1.4%
Intermediate	21 944	21 256	22 588	1.5%
Tertiary	24 064	25 381	25 535	3.0%
Total	92 705	92 227	95 750	1.6%

* Based on the data received from the Provincial DSDs and/or the National DSD in respect of all provinces. Where number of Older Persons was not provided for all years, this was estimated based on the year for which the data was provided using the growth in the number of recipients of Old Age Grants as per Socpan data. Given these data limitations and the fact that in 2016/17 the number of Older Persons in receipt of an Old Age Grant was 3.3 million, the number of Older Persons accessing services at CBCSS facilities may be greater than the collected data and the estimates derived from it suggests.

The historical growth in the number of Older Persons in receipt of Old Age Grants is 3.3% per annum. The number of Older Persons accessing CBCSS facilities is growing at a CAGR of only 1.6% per annum on average, approximately half the rate of growth in the number of Old Age Grant recipients. When compared to the CAGR for residential care facilities, this suggests that Older Persons are increasingly choosing to access services via residential care facilities rather than at CBCSS facilities. This is in contrast to the objectives of the DSD, which aims to keep Older Persons in the community for as long as possible.

High Level Provincial Statistics

The table below lists the number of residential care facilities and CBCSS facilities per province and the total number of Older Persons who access these services.

Table 5: Number of Facilities and Number of Older Persons accessing Services by Province (2017/18)

Province	Number of Residential Care Facilities	Number of Older Persons accessing Services at Residential Care Facilities	Number of CBCSS	Number of Older Persons Served accessing Services at CBCSS Facilities
Eastern Cape	30	1 581	425	20 578
Free State	40	1 831	152	6 461
Gauteng	80	6 954	188	6 151
KwaZulu-Natal	43	2 998	193	21 817
Limpopo Province	8	658	258	17 614
Mpumalanga	24	1 335	95	5 811
North West	31	904	121	1 654
Northern Cape	24	842	60	2 435
Western Cape	138	10 530	221	15 381
National	418	27 623	1 713	97 902

* Based on the data received from the Provincial DSDs and/or the National DSD in respect of all provinces. Note that rural/urban status, registration status and subsidy could not be taken into account because these data fields were not comprehensively completed by all provinces. Where number of Older Persons was not provided for all years, this was estimated based on the year for which the data was provided using the growth in the number of recipients of Old Age Grants as per Socpan data. Given these data limitations and the fact that in 2016/17 the number of Older Persons in receipt of an Old Age Grant was 3.3 million, the number of Older Persons accessing services at residential care and CBCSS facilities may be greater than the collected data and the estimates derived from it suggest.

3.2.2. Survey Data Statistics

To conduct the expenditure analysis and build the costing model, financial and operational data with respect to the provision of the services above by residential care facilities and CBCSS facilities was required. Detailed financial and operational data was requested in respect of all provincial DSDs and sampled (short-listed) non-governmental organizations (“NGOs”), community-based organizations (“CBOs”) and faith-based organizations (“FBOs”) in partnership with the DSD (collectively referred to as the “implementing organisations”), assisting the DSD in the delivery of residential care and community based care and support services. Financial and operational data was requested for financial years 2014/15, 2015/16, 2016/17 and 2017/18. High level statistics on the survey data requested and ultimately collected from provinces and implementing organisations with respect to each service are provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

3.3. Residential Care Facilities

3.3.1. Estimated Historical Expenditure for Residential Care Facilities

An outline of the methodology and assumptions used to arrive at the expenditure estimates for Residential Care Facilities below is provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Estimated Expenditure per Level of Residential Care Facility

The table below reflects the estimated expenditure per level of residential care facility for the period 2014/15 to 2016/17.

Table 6: Estimated Expenditure per Level of Residential Care Facility (2014/15 to 2016/17)

Expenditure (R 000)	2014/15	2015/16	2016/17	2 Year CAGR (%)
Assisted Living	R 109 890	R 123 829	R 135 688	11.1%
Frail Care	R 1 426 710	R 1 551 536	R 1 804 434	12.5%
Independent Living	R 96 289	R 103 566	R 114 338	12.4%
Total	R 1 632 890	R 1 778 931	R 2 054 460	12.2%

Total estimated expenditure for residential care facilities averaged approximately R1.822 billion over the period 2014/15 to 2016/17. Expenditure for 2016/17 is estimated at R2.054 billion, with a CAGR for total expenditure of 12.2%.

Based on the estimated number of Older Persons accessing services for each level of residential care facility (set out in Table 3: *Number of Older Persons per Level of Residential Care Facility in South Africa (2014/15 to 2016/17)), the total estimated expenditure per Older Person per residential care facility level is set out below:

Table 7: Estimated Expenditure per Older Person per Level of Residential Care Facility (2014/15 to 2016/17)

Expenditure per Older Person	2014/15	2015/16	2016/17	2 Year CAGR (%)
Assisted Living	R 50 165	R 55 015	R 57 012	6.6%
Frail Care	R 70 542	R 78 417	R 86 034	10.4%
Independent Living	R 33 746	R 33 533	R 31 621	-3.2%
Average	R 64 621	R 70 803	R 76 177	8.6%

Estimated expenditure per Older Person in frail care facilities has increased the quickest over the period considered, averaging 10.4% per annum. Estimated expenditure per older person in independent living facilities decreases over the period considered. This a result of the number of Older Persons in this category increasing faster than the total expenditure for this level of residential care facility, thereby decreasing the average expenditure per Older Person per annum over the period considered.

Provincial Expenditure on Residential Care Facilities

The table below reflects estimated expenditure on residential care facilities per province over the period 2014/15 to 2016/17.

Table 8: Total Estimated Expenditure on Residential Care Facilities per Province (2014/15 – 2016/17)

Expenditure (R 000)	2014/15	2015/16	2016/17	2 Year CAGR (%)	Average '16/'17 Exp per Older Person (R)
Eastern Cape	R 92 452	R 100 749	R 111 270	9.7%	R 71 758
Free State	R 75 631	R 82 737	R 130 180	31.2%	R 75 090
Gauteng	R 352 290	R 397 717	R 450 399	13.1%	R 68 358
KwaZulu-Natal	R 196 026	R 229 833	R 252 846	13.6%	R 86 890
Limpopo	R 38 532	R 41 297	R 45 567	8.7%	R 72 582
Mpumalanga	R 74 593	R 83 895	R 92 593	11.4%	R 70 277
North West	R 56 791	R 64 624	R 72 501	13.0%	R 81 638
Northern Cape	R 42 978	R 47 932	R 53 623	11.7%	R 65 474
Western Cape	R 703 599	R 730 147	R 845 480	9.6%	R 80 262
National Average	R 1 632 890	R 1 778 931	R 2 054 460	12.2%	R 76 177

With respect to expenditure per older person, the national average is estimated to be R76 117 per older person. KwaZulu-Natal has the highest expenditure per older Person. The Free State experienced the highest growth over the three year period, with a CAGR of 31.2%, considerably higher than the national average of 12.2%.

As per table above, it is apparent that investment in Older Persons varies per province with KwaZulu-Natal demonstrating the highest investment per Older Person and the Northern Cape the lowest investment per Older Person. In order to equalise investment in Older Persons across all provinces thereby ensuring that Older Persons receive the same level and standard of services, the funding of Older Persons needs to be prioritised and addressed, particularly in the Eastern Cape, Free State, Gauteng, Limpopo Mpumalanga and the Northern Cape.

The Western Cape, Gauteng and KwaZulu-Natal together accounted for 75% of estimated national expenditure on residential care facilities in 2016/17.

3.3.2. Residential Care Facilities Costing Model

Costing Methodology

The projected cost of delivering services to Older Persons in line with the Norms & Standards, is compared to delivering services to Older Persons at the current level (status quo), which is below the requirements of the Norms & Standards, for both Residential Care and CBCSS. The Norms & Standards prescribe a minimum number of administration and general staff per residential care facility, as well as a minimum number of nurses and other care and support staff for assisted living and frail care facilities is imposed. The Norms & Standards also impose a minimum average size to the various rooms making up a facility. This has a significant impact on expenditure.

It is noted that *applying the Norms & Standards* has only been incorporated into our calculations with effect from 2018/19. The 2017/18 projected expenditure under *applying the status quo* and *applying the Norms & Standards* is therefore the same.

A detailed outline of the costing methodology used to arrive at the projected cost of providing services through Residential Care Facilities below for four years is provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Projected Expenditure per Level of Residential Care Facility

The table below reflects the projected expenditure per level of residential care facility for the period 2017/18 to 2020/21, *applying the status quo*.

Table 9: Projected Expenditure per Level of Residential Care Facility Applying the Status Quo (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Assisted Living	R 143 740	R 159 655	R 177 664	R 198 280	11.3%
Frail Care	R 1 961 716	R 2 176 492	R 2 417 989	R 2 692 578	11.1%
Independent Living	R 129 954	R 144 875	R 161 930	R 181 659	11.8%
Total	R 2 235 411	R 2 481 022	R 2 757 584	R 3 072 518	11.2%

The table below reflects the projected number of Older Persons per level of residential care facility for the period 2017/18 to 2020/21.

Table 10: Projected Number of Older Persons per Level of Residential Care Facility (2017/18 to 2020/21)

Number of Older Persons	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Assisted Living	2 357	2 468	2 585	2 709	4.7%
Frail Care	21 357	22 364	23 424	24 540	4.7%
Independent Living	3 909	4 100	4 301	4 514	4.9%
Total	27 623	28 932	30 310	31 763	4.8%

Based on the estimated number of Older Persons accessing services for each level of residential care facility, the total projected expenditure per Older Person per residential care facility level, *applying the status quo* is set out below:

Table 11: Projected Expenditure per Older Person per Level of Residential Care Facility Applying the Status Quo (2017/18 to 2020/21)

Expenditure per Older Person	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Assisted Living	R 60 980	R 64 683	R 68 716	R 73 188	6.3%
Frail Care	R 91 854	R 97 322	R 103 228	R 109 723	6.1%
Independent Living	R 33 242	R 35 337	R 37 649	R 40 244	6.6%
Average	R 80 924	R 85 754	R 90 978	R 96 733	6.1%

The table below reflects the projected expenditure per level of residential care facility for the period 2017/18 to 2020/21, *applying the Norms & Standards*.

Table 12: Projected Expenditure per Level of Residential Care Facility Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Assisted Living	R 143 740	R 189 817	R 210 838	R 234 947	17.9%
Frail Care	R 1 961 716	R 2 639 178	R 2 928 679	R 3 260 051	18.4%
Independent Living	R 129 954	R 158 944	R 177 375	R 198 609	15.3%
Total	R 2 235 411	R 2 987 939	R 3 316 892	R 3 693 607	18.2%

Based on the estimated number of Older Persons accessing services for each level of residential care facility, the total projected expenditure per older person per residential care facility level, *applying the Norms & Standards* is set out below:

Table 13: Projected Expenditure per Older Person per Level of Residential Care Facility Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure per Older Person	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Assisted Living	R 60 980	R 76 903	R 81 547	R 86 723	12.5%
Frail Care	R 91 854	R 118 011	R 125 030	R 132 848	13.1%
Independent Living	R 33 242	R 38 769	R 41 240	R 43 999	9.9%
Average	R 80 924	R 103 275	R 109 431	R 116 287	12.8%

Projected Provincial Expenditure on Residential Care Facilities

The table below reflects expenditure on residential care facilities per province over the period 2017/18 to 2020/21, *applying the status quo*.

Table 14: Total Expenditure on Residential Care Facilities per Province Applying the Status Quo (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Eastern Cape	R 120 780	R 130 375	R 140 914	R 152 658	6.0%
Free State	R 144 283	R 157 154	R 171 386	R 187 335	6.7%
Gauteng	R 505 442	R 572 070	R 648 362	R 736 581	9.9%
KwaZulu-Natal	R 276 591	R 300 963	R 327 784	R 357 686	6.6%
Limpopo	R 50 041	R 53 965	R 58 273	R 63 074	6.0%
Mpumalanga	R 100 183	R 110 181	R 121 352	R 133 989	7.5%
North West	R 78 765	R 85 073	R 91 976	R 99 636	6.1%
Northern Cape	R 58 790	R 64 098	R 69 987	R 76 606	6.8%
Western Cape	R 900 535	R 1 007 143	R 1 127 550	R 1 264 953	8.9%
Total	R 2 235 411	R 2 481 022	R 2 757 584	R 3 072 518	8.3%

The table below reflects expenditure on residential care facilities per province over the period 2017/18 to 2020/21, *applying the Norms & Standards*.

Table 15: Total Expenditure on Residential Care Facilities per Province Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Eastern Cape	R 120 780	R 151 718	R 163 645	R 177 111	10.0%
Free State	R 144 283	R 181 521	R 197 845	R 215 826	10.6%
Gauteng	R 505 442	R 678 725	R 767 923	R 871 058	14.6%
KwaZulu-Natal	R 276 591	R 349 967	R 381 042	R 415 960	10.7%
Limpopo	R 50 041	R 62 115	R 67 322	R 72 699	9.8%
Mpumalanga	R 100 183	R 135 872	R 149 264	R 164 471	13.2%
North West	R 78 765	R 106 095	R 114 597	R 124 200	12.1%
Northern Cape	R 58 790	R 79 275	R 86 400	R 93 886	12.4%
Western Cape	R 900 535	R 1 242 651	R 1 388 854	R 1 558 397	14.7%
Total	R 2 235 411	R 2 987 939	R 3 316 892	R 3 693 607	13.4%

3.3.3. Projected Expenditure Comparison for Residential Care Facilities

Total Projected Expenditure Gap

Total projected expenditure for residential care facilities increases from approximately R 2.235 billion in 2017/18 to R 3.073 billion in 2020/21 *applying the status quo* and to R 3.693 billion *applying the Norms & Standards*.

Table 16: Gap between Total Projected Expenditure Applying the Status Quo and Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Projected Expenditure - <i>applying the status quo</i>	R 2 235 411	R 2 481 022	R 2 757 584	R 3 072 518
Total Projected Expenditure - <i>applying the Norms & Standards</i>	R 2 235 411	R 2 987 939	R 3 316 892	R 3 693 607
Gap	-	-R 506 917	-R 559 309	-R 621 089
Gap as a % of Total Projected Expenditure - <i>applying the status quo</i>	0.0%	20.4%	20.3%	20.2%
Total Estimated Number of Older Persons accessing services - <i>applying the status quo</i>	27 623	28 932	30 310	31 763
Total Estimated Number of Older Persons accessing services - <i>applying the Norms & Standards</i>	27 623	23 313	24 470	25 669
Gap	-	-5 619	-5 840	-6 094
Gap as a % of Total Estimated Number of Older Persons accessing services - <i>applying the status quo</i>	0.0%	19.4%	19.3%	19.2%

As can be seen in the table above, the application of the Norms & Standards as per the Older Persons Amendment Bill 2017 results in an increase in total projected expenditure on residential care facilities of approximately 20% of total projected expenditure - *applying the status quo* over the period 2018/19 to 2020/21. Further, if funding is not available to residential facilities to meet the additional costs arising under the application of the Norms &

Standards this will result in a reduction on the number of Older Persons that will be able to access services at these facilities – approximately 19% over the period considered.

Projected Expenditure Gap per Level of Residential Care Facility

The table below sets out the gap between total projected expenditure *applying the status quo* and total projected expenditure *applying the Norms & Standards* over the period 2017/18 to 2020/21:

Table 17: Gap between Total Projected Expenditure Applying the Status Quo and Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure Gap (R 000)	2017/18	2018/19	2019/20	2020/21	Average % Expenditure Gap
Assisted Living	-	-R 30 162	-R 33 174	-R 36 667	18.7%
Frail Care	-	-R 462 686	-R 510 689	-R 567 473	21.1%
Independent Living	-	-R 14 069	-R 15 445	-R 16 950	9.5%

As can be seen in the table above, the application of the Norms & Standards as per the Older Persons Amendment Bill 2017 results in an increase in total projected expenditure of between 19% and 21% of projected expenditure for assisted living and fail care facilities. Independent living facilities’ projected expenditure applying the Norms & Standards increases by approximately 10%. The gap in projected expenditure across the types of residential care facilities is largely as a result of the minimum number of staff imposed as per the Norms & Standards. This has a more significant impact on assisted living and frail care facilities given these facilities require nurses and other care and support staff.

Projected Provincial Expenditure on Residential Care Facilities

The table below reflects the expenditure gap on residential care facilities per province *applying the status quo* and *applying the Norms & Standards* over the period 2017/18 to 2020/21.

Table 18: Gap between Total Projected Provincial Expenditure Applying the Status Quo and Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	Average % Expenditure Gap
Eastern Cape	-	-R 21 344	-R 22 731	-R 24 453	16.2%
Free State	-	-R 24 367	-R 26 459	-R 28 491	15.4%
Gauteng	-	-R 106 655	-R 119 561	-R 134 477	18.4%
KwaZulu-Natal	-	-R 49 004	-R 53 258	-R 58 274	16.3%
Limpopo	-	-R 8 150	-R 9 049	-R 9 625	15.3%
Mpumalanga	-	-R 25 691	-R 27 912	-R 30 482	23.0%
North West	-	-R 21 022	-R 22 621	-R 24 563	24.7%
Northern Cape	-	-R 15 177	-R 16 413	-R 17 280	23.2%
Western Cape	-	-R 235 509	-R 261 304	-R 293 444	23.2%
Total	-	-R 506 917	-R 559 309	-R 621 089	20.3%

As per the table set out above, the average expenditure gap across provinces averages 20.3%. Mpumalanga, North West, the Northern and Western Cape all have expenditure gaps of above 23%. With respect to Mpumalanga,

North West and the Western Cape, this is largely attributable to the high proportions of Older Persons in these provinces accessing assisted living and frail care facilities (between 90% and 100% of Older Persons per province) and the resultant greater impact on the number of employees and therefore salaries as per the Norms & Standards relative to independent facilities.

The Northern Cape's higher than average expenditure gap is attributable to low baseline expenditure per Older Person. Based on 2016/17 estimated expenditure, the Northern Cape's expenditure per older person is R 65 474 against average estimated expenditure of R 76 177 across all provinces, indicating a larger than average gap from baseline expenditure to required expenditure as per the Norms & Standards.

The average expenditure gap for the Eastern Cape, Free State, Gauteng, KwaZulu-Natal and Limpopo is lower than the average expenditure gap of 20.3%. This is as a result of lower proportions of Older Persons in these provinces accessing assisted living and frail care facilities than Mpumalanga, North West and the Western Cape.

KwaZulu-Natal's lower than average expenditure gap is attributable to high baseline expenditure per Older Person. Based on 2016/17 estimated expenditure, KwaZulu-Natal's expenditure per Older Person is R 86 890 against average estimated expenditure of R 76 177 across all provinces, indicating a smaller than average gap from baseline expenditure to required expenditure as per the Norms & Standards.

3.4. Community Based Care and Support Services

3.4.1. Estimated Historical Expenditure for CBCSS

An outline of the methodology and assumptions used to arrive at the expenditure estimates for CBCSS below is provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Estimated Expenditure per Level of CBCSS Facility

Total estimated expenditure for CBCSS facilities averaged approximately R 328 million over the period 2014/15 to 2016/17. The expenditure for 2016/17 is estimated at R 373 million, with a CAGR for total expenditure of 10.3%.

The table below reflects the estimated expenditure per level of CBCSS facility for the period 2014/15 to 2016/17.

Table 19: Estimated Expenditure per Level of CBCSS Facility (2014/15 to 2016/17)

Expenditure (R 000)	2014/15	2015/16	2016/17	2 Year CAGR (%)
Basic Formal	R 26 195	R 27 756	R 28 991	5.2%
Basic Informal	R 15 472	R 16 356	R 15 926	1.5%
Intermediate	R 108 168	R 71 548	R 141 732	14.5%
Tertiary	R 156 493	R 190 205	R 186 118	9.1%
Total	R 306 329	R 305 865	R 372 767	10.3%

Based on the estimated number of Older Persons accessing services for each level of CBCSS facility (set out in Table 4: *Number of Older Persons per Level of CBCSS Facility in South Africa (2014/15 to 2016/17)), the total estimated expenditure per Older Person per level of CBCSS facility is set out below:

Table 20: Estimated Expenditure per Older Person per Level of CBCSS Facility (2014/15 to 2016/17)

Expenditure per Older Person	2014/15	2015/16	2016/17	2 Year CAGR (%)
Basic Formal	R 1 011	R 1 107	R 1 088	3.7%
Basic Informal	R 744	R 797	R 759	1.0%
Intermediate	R 4 929	R 3 366	R 6 275	12.8%
Tertiary	R 6 503	R 7 494	R 7 289	5.9%
Total	R 3 304	R 3 316	R 3 893	8.5%

Expenditure per Older Person in intermediate facilities has increased the quickest over the period considered, averaging 12.8% per annum. Expenditure per Older Person in basic formal, basic informal and tertiary facilities decreases from 2015/16 to 2016/17 and expenditure per older person for intermediate facilities decreases from 2014/15 to 2015/16. This is likely a result of the number of Older Persons increasing faster than the total expenditure for each type of facility and as a result of poor quality expenditure data from sampled facilities.

Provincial Expenditure on CBCSS Facilities

The table below reflects estimated expenditure on CBCSS facilities per province over the period 2014/15 to 2016/17.

Table 21: Total Estimated Expenditure on CBCSS Facilities per Province (2014/15 – 2016/17)

Expenditure (R 000)	2014/15	2015/16	2016/17	3 Year CAGR (%)	Average '16/'17 Exp per Older Person (R)
Eastern Cape	R 31 344	R 30 817	R 36 974	8.6%	R 1 832
Free State	R 10 783	R 9 800	R 13 606	12.3%	R 2 809
Gauteng	R 33 635	R 33 102	R 40 257	9.4%	R 6 375
KwaZulu-Natal	R 126 978	R 146 270	R 150 508	8.9%	R 7 084
Limpopo	R 22 165	R 24 469	R 25 543	7.4%	R 1 474
Mpumalanga	R 15 929	R 14 305	R 20 116	12.4%	R 3 598
North West	R 4 673	R 3 939	R 6 018	13.5%	R 3 698
Northern Cape	R 6 999	R 5 289	R 9 249	15.0%	R 3 905
Western Cape	R 53 824	R 37 873	R 70 495	14.4%	R 4 338
Total	R 306 329	R 305 865	R 372 767	10.3%	R 3 893

With respect to expenditure per older person, the national average is estimated to be R3 893 per older person. KwaZulu-Natal has the highest expected expenditure per older person. The Northern Cape experienced the highest growth over the three year period, with a CAGR of 15.0%, compared to the national average of 10.3%.

From the table above, it is apparent that investment in Older Persons varies per province with KwaZulu-Natal demonstrating the highest investment per Older Person and Limpopo the lowest investment per Older Person. In order to equalise investment in Older Persons across all provinces thereby ensuring that Older Persons receive the same level and standard of services, the funding of Older Persons needs to be prioritised and addressed, particularly in the Eastern Cape, Free State and Limpopo.

The Western Cape, Gauteng, Eastern Cape and KwaZulu-Natal together accounted for 80% of estimated national expenditure on CBCSS in 2016/17.

3.4.2. Community Based Care and Support Services Costing Model

The projected cost of delivering services to Older Persons in line with the Norms & Standards, is compared to delivering services to Older Persons at the current level (status quo), which is below the requirements of the Norms & Standards for CBCSS. The Norms & Standards prescribe a minimum number of administration and general staff per residential care facility, as well as a minimum number of nurses and other care and support staff depending on type of facility. The Norms & Standards also impose a minimum average size to the various rooms making up a facility. This has a significant impact on expenditure.

It is noted that *applying the Norms & Standards* has only been incorporated into our calculations with effect from 2018/19. The 2017/18 projected expenditure under *applying the status quo* and *applying the Norms & Standards* is therefore the same.

An outline of the costing methodology used to arrive at the projected cost of providing services through Residential Care Facilities below for four years is provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Projected Expenditure per Level of CBCSS Facility

The table below reflects the projected expenditure per level of CBCSS facility for the period 2017/18 to 2020/21, *applying the status quo*.

Table 22: Projected Expenditure per Level of CBCSS Facility Applying the Status Quo (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Basic Formal	R 17 108	R 18 501	R 20 046	R 21 783	8.4%
Basic Informal	R 28 085	R 30 426	R 33 332	R 36 971	9.6%
Intermediate	R 174 536	R 193 296	R 214 358	R 238 275	10.9%
Tertiary	R 205 766	R 225 536	R 247 230	R 271 560	9.7%
Total	R 425 495	R 467 759	R 514 966	R 568 589	10.1%

The table below reflects the projected number of Older Persons per level of CBCSS facility for the period 2017/18 to 2020/21, *applying the status quo*.

Table 23: Projected Number of Older Persons per Level of CBCSS Facility (2017/18 to 2020/21)

Number of Older Persons	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Basic Formal	24 246	24 940	25 658	26 402	2.2%
Basic Informal	21 143	21 561	21 988	22 423	1.5%
Intermediate	26 065	27 190	28 370	29 606	3.2%
Tertiary	26 448	27 313	28 184	29 087	2.4%
Total	97 902	101 005	104 200	107 519	2.4%

Based on the estimated number of Older Persons accessing services for each level of CBCSS facility, the total projected expenditure per Older Person per CBCSS facility level, *applying the status quo* is set out below:

Table 24: Projected Expenditure per Older Person per Level of CBCSS Facility Applying the Status Quo (2017/18 to 2020/21)

Expenditure per Older Person	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Basic Formal	R 1 160	R 1 221	R 1 300	R 1 401	6.3%
Basic Informal	R 809	R 858	R 912	R 972	6.5%
Intermediate	R 6 697	R 7 110	R 7 557	R 8 049	6.3%
Tertiary	R 7 781	R 8 259	R 8 773	R 9 337	6.3%
Total	R 4 347	R 4 632	R 4 943	R 5 289	6.8%

The table below reflects the projected expenditure per level of CBCSS facility for the period 2017/18 to 2020/21, *applying the Norms & Standards*.

Table 25: Projected Expenditure per Level of CBCSS Facility Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Basic Formal	R 28 085	R 100 991	R 109 277	R 119 295	61.9%
Basic Informal	R 17 108	R 75 387	R 81 180	R 87 971	72.6%
Intermediate	R 174 536	R 228 855	R 251 742	R 278 184	16.8%
Tertiary	R 205 766	R 258 722	R 282 133	R 308 874	14.5%
Total	R 425 495	R 663 954	R 724 333	R 794 323	23.1%

Based on the estimated number of Older Persons accessing services for each level of CBCSS facility, the total projected expenditure per older person per CBCSS facility level, *applying the Norms & Standards* is set out below:

Table 26: Projected Expenditure per Older Person per Level of CBCSS Facility Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure per Older Person	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Basic Formal	R 1 160	R 4 049	R 4 259	R 4 518	69.3%
Basic Informal	R 809	R 3 496	R 3 692	R 3 923	57.4%
Intermediate	R 6 697	R 8 417	R 8 874	R 9 396	12.0%
Tertiary	R 7 781	R 9 472	R 10 010	R 10 619	10.9%
Total	R 4 347	R 6 573	R 6 951	R 7 388	19.3%

Projected Provincial Expenditure on CBCSS Facilities

The table below reflects expenditure on CBCSS Facilities per province over the period 2017/18 to 2020/21, *applying the status quo*.

Table 27: Total Expenditure on CBCSS Facilities per Province Applying the Status Quo (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Eastern Cape	R 40 277	R 43 572	R 47 252	R 51 423	8.5%
Free State	R 25 025	R 27 333	R 29 927	R 32 881	9.5%
Gauteng	R 42 395	R 48 136	R 54 462	R 61 739	13.3%
KwaZulu-Natal	R 164 959	R 179 941	R 196 462	R 214 913	9.2%
Limpopo	R 27 268	R 29 407	R 31 865	R 34 730	8.4%
Mpumalanga	R 22 214	R 24 300	R 26 657	R 29 361	9.7%
North West	R 6 522	R 7 026	R 7 588	R 8 224	8.0%
Northern Cape	R 10 144	R 11 069	R 12 106	R 13 285	9.4%
Western Cape	R 86 690	R 96 976	R 108 647	R 122 034	12.1%
Total	R 425 495	R 467 759	R 514 966	R 568 589	10.1%

The table below reflects expenditure on CBCSS per province over the period 2017/18 to 2020/21, *applying the Norms & Standards*.

Table 28: Total Expenditure on CBCSS per Province Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Eastern Cape	R 40 277	R 97 103	R 104 678	R 113 501	41.2%
Free State	R 25 025	R 45 971	R 49 848	R 54 328	29.5%
Gauteng	R 42 395	R 56 161	R 62 684	R 70 290	18.4%
KwaZulu-Natal	R 164 959	R 202 866	R 220 290	R 240 154	13.3%
Limpopo	R 27 268	R 65 130	R 70 298	R 76 482	41.0%
Mpumalanga	R 22 214	R 45 638	R 49 955	R 54 949	35.2%
North West	R 6 522	R 11 899	R 12 801	R 13 840	28.5%
Northern Cape	R 10 144	R 17 726	R 19 221	R 20 946	27.3%
Western Cape	R 86 690	R 121 460	R 134 558	R 149 834	20.0%
Total	R 425 495	R 663 954	R 724 333	R 794 323	23.1%

3.4.3. Projected Expenditure Comparison for CBCSS

Total Projected Expenditure Gap

Total projected expenditure for CBCSS facilities increases from approximately R 425 million in 2017/18 to R 569 million in 2020/21 *applying the status quo* and to R 794 million *applying the Norms & Standards*.

The table below sets out the gap between total projected expenditure *applying the status quo* and total projected expenditure *applying the Norms & Standards* over the period 2017/18 to 2020/21:

Table 29: Gap between Total Projected Expenditure Applying the Status Quo and Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Projected Expenditure - <i>applying the status quo</i>	R 425 495	R 467 759	R 514 966	R 568 589
Total Projected Expenditure - <i>applying the Norms & Standards</i>	R 425 495	R 663 954	R 724 333	R 794 323
Gap	R 0	-R 196 195	-R 209 367	-R 225 734
Gap as a % of Total Projected Expenditure - <i>applying the status quo</i>	0.0%	-41.9%	-40.7%	-39.7%
Total Estimated Number of Older Persons accessing services - <i>applying the status quo</i>	97 902	101 005	104 200	107 519
Total Estimated Number of Older Persons accessing services - <i>applying the Norms & Standards</i>	97 902	59 575	62 104	64 661
Gap	-	- 41 430	- 42 096	- 42 857
Gap as a % of Total Estimated Number of Older Persons accessing services – <i>applying the status quo</i>	0.0%	-41.0%	-40.4%	-39.9%

As can be seen in the table above, the application of the Norms & Standards as per the Older Persons Amendment Bill 2017 results in an increase in total projected expenditure on CBCSS facilities of approximately 41% of total projected expenditure - *applying the status quo* over the period 2018/19 to 2020/21. Further, if additional funding is not available to CBCSS facilities to meet the additional costs arising under the application of the Norms & Standards, this will result in a reduction in the number of Older Persons that will be able to access services at these facilities – approximately 41% over the period considered.

Projected Expenditure Gap per Level of CBCSS Facility

The table below sets out the gap between total projected expenditure *applying the status quo* and total projected expenditure *applying the Norms & Standards* over the period 2017/18 to 2020/21:

Table 30: Gap between Total Projected Expenditure Applying the Status Quo and Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure Gap (R 000)	2017/18	2018/19	2019/20	2020/21	Average % Expenditure Gap
Basic Formal	-	-R 70 564	-R 75 945	-R 82 323	609.6%
Basic Informal	-	-R 56 886	-R 61 134	-R 66 188	661.5%
Intermediate	-	-R 35 559	-R 37 384	-R 39 909	29.2%
Tertiary	-	-R 33 186	-R 34 904	-R 37 314	23.0%

As can be seen in the table above, the application of the Norms & Standards as per the Older Persons Amendment Bill 2017 results in an average expenditure gap 609.6% and 661.5% for basic formal and basic informal facilities respectively. The projected expenditure gap for intermediate and tertiary CBCSS facilities applying the Norms & Standards is 29.2% and 23.0% respectively. The gap in projected expenditure across the types of CBCSS facilities is largely as a result of the minimum number of staff imposed as per the Norms & Standards. This has the most significant impact on basic informal and basic formal CBCSS facilities, likely as a result of poor quality data from sampled facilities and insufficient volunteers that require the payment of a stipend.

Projected Provincial Expenditure on CBCSS Facilities

The table below reflects the expenditure gap on CBCSS facilities per province *applying the Status Quo* and *applying the Norms & Standards* over the period 2017/18 to 2020/21.

Table 31: Gap between Total Projected Provincial Expenditure Applying the Status Quo and Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	Average % Expenditure Gap
Eastern Cape	-	-R 53 531	-R 57 426	-R 62 078	-94.8%
Free State	-	-R 18 637	-R 19 921	-R 21 447	-52.1%
Gauteng	-	-R 8 026	-R 8 222	-R 8 551	-12.0%
KwaZulu-Natal	-	-R 22 925	-R 23 828	-R 25 241	-9.5%
Limpopo	-	-R 35 722	-R 38 433	-R 41 752	-94.0%
Mpumalanga	-	-R 21 338	-R 23 298	-R 25 588	-68.5%
North West	-	-R 4 873	-R 5 214	-R 5 615	-53.5%
Northern Cape	-	-R 6 657	-R 7 115	-R 7 661	-46.0%
Western Cape	-	-R 24 484	-R 25 911	-R 27 800	-18.9%
Total	-	-R 196 195	-R 209 367	-R 225 734	-31.9%

As per the table set out above, the average expenditure gap across provinces averages 31.9%. The Eastern Cape and Limpopo Province all have expenditure gaps in excess of 90%. This higher expenditure gap relative to the other provinces is largely attributable to the high proportions of Older Persons in these provinces accessing basic

informal and basic formal CBCSS facilities (between 82% and 90% of Older Persons per province) and the resultant impact on the number of employees and therefore salaries and infrastructure requirements as per the Norms & Standards compared to other facilities. These provinces both have low baseline expenditure per older person. Based on 2016/17 estimated expenditure, the Eastern Cape's expenditure per older person is R 1 832 and Limpopo Province's expenditure per older person is R 1 474 against average estimated expenditure of R 3 893 across all provinces, indicating a larger than average gap from baseline expenditure to required expenditure as per the Norms & Standards. The Free State, Mpumalanga and North West all have expenditure gaps in excess of 50%.

The average expenditure gap for the Gauteng, KwaZulu-Natal and the Western Cape is lower than the average expenditure gap of 31.9%. This is as a result of lower proportions of Older Persons in these provinces accessing basic informal and basic formal CBCSS facilities.

KwaZulu-Natal's lower than average expenditure gap is attributable to high baseline expenditure per older person. Based on 2016/17 estimated expenditure, KwaZulu-Natal's expenditure per older person is R 7 084 against average estimated expenditure of R 3 893 across all provinces, indicating a smaller than average gap from baseline expenditure to required expenditure as per the Norms & Standards.

3.5. Provincial Departments of Social Development

3.5.1. Estimated Expenditure for Provincial DSDs

Expenditure Analysis Methodology and Assumptions

An outline of the methodology and assumptions used to arrive at the expenditure estimates for provincial DSDs below is provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Provincial DSD Expenditure

Total estimated expenditure for provincial DSDs averaged approximately R1.104 billion over the period 2014/15 to 2016/17. The expenditure for 2016/17 is estimated at R1.233 billion, with a CAGR for total expenditure of 13.8%.

The table below reflects estimated expenditure per province over the period 2014/15 to 2016/17.

Table 32: Total Estimated Expenditure by Province (2014/15 – 2016/17)

Expenditure (R 000)	2014/15	2015/16	2016/17	3 Year CAGR (%)	Average '16/'17 Exp per Older Person (R)
Eastern Cape	R 100 387	R 135 548	R 155 448	24.4%	R 7 153
Free State	R 96 747	R 99 965	R 107 052	5.2%	R 16 277
Gauteng	R 245 232	R 298 216	R 286 138	8.0%	R 22 174
KwaZulu-Natal	R 116 732	R 151 055	R 169 500	20.5%	R 7 017
Limpopo	R 39 115	R 49 118	R 86 881	49.0%	R 4 839
Mpumalanga	R 40 400	R 45 159	R 59 728	21.6%	R 8 645
North West	R 122 531	R 126 164	R 129 040	2.6%	R 51 300
Northern Cape	R 16 154	R 27 953	R 33 751	44.5%	R 10 588
Western Cape	R 174 720	R 195 523	R 205 783	8.5%	R 7 683
Total	R 952 018	R 1 128 701	R 1 233 321	13.8%	R 10 050

With respect to expenditure per older person serviced, the national average is estimated to be R10 050 per older person. North West has the highest expected expenditure per older person serviced. Limpopo experienced the highest growth over the three year period, with a CAGR of 49.0%, compared to the national average of 13.8%.

The Eastern Cape, Gauteng, KwaZulu-Natal and the Western Cape together accounted for 66% of estimated provincial DSD expenditure in 2016/17.

3.5.2. Provincial Costing Model

An outline of the costing methodology used to arrive at projected expenditure for provincial DSDs for four years is provided in the full report on the Cost Analysis for the Older Persons Amendment Bill 2017.

Projected Provincial Expenditure

The table below reflects expenditure per province over the period 2017/18 to 2020/21, *applying the status quo*.

Table 33: Total Expenditure for Provincial DSDs Applying the Status Quo (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Eastern Cape	R 180 787	R 188 820	R 205 667	R 219 368	6.7%
Free State	R 109 580	R 115 457	R 122 671	R 130 160	5.9%
Gauteng	R 275 702	R 292 248	R 308 376	R 326 139	5.8%
KwaZulu-Natal	R 172 933	R 174 210	R 194 254	R 211 685	7.0%
Limpopo	R 71 318	R 75 628	R 79 863	R 84 512	5.8%
Mpumalanga	R 61 016	R 62 022	R 62 798	R 63 784	1.5%
North West	R 167 635	R 187 943	R 188 060	R 209 163	7.7%
Northern Cape	R 34 382	R 36 070	R 38 792	R 41 209	6.2%
Western Cape	R 237 371	R 248 244	R 255 907	R 265 749	3.8%
Total	R 1 310 724	R 1 380 643	R 1 456 388	R 1 551 770	5.8%

The table below reflects expenditure on CBCSS per province over the period 2017/18 to 2020/21, *applying the Norms & Standards*.

Table 34: Total Expenditure on CBCSS per Province Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21	3 Year CAGR (%)
Eastern Cape	R 180 787	R 270 097	R 293 280	R 312 381	20.0%
Free State	R 109 580	R 142 370	R 150 933	R 159 676	13.4%
Gauteng	R 275 702	R 346 287	R 364 443	R 384 570	11.7%
KwaZulu-Natal	R 172 933	R 200 267	R 222 817	R 242 560	11.9%
Limpopo	R 71 318	R 115 426	R 121 932	R 128 908	21.8%
Mpumalanga	R 61 016	R 83 712	R 84 525	R 85 678	12.0%
North West	R 167 635	R 240 786	R 240 636	R 267 686	16.9%
Northern Cape	R 34 382	R 46 547	R 49 910	R 52 643	15.3%
Western Cape	R 237 371	R 306 699	R 315 364	R 327 300	11.3%
Total	R 1 310 724	R 1 752 192	R 1 843 841	R 1 961 402	14.4%

3.6. GAP Analysis: Implementing Organisations' Expenditure and Funding

Total Historical Expenditure Gap - National

Total estimated expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) increased from approximately R 1.939 billion in 2014/15 to R 2.427 billion in 2016/17. Total implementing organisations' funding of services to Older Persons increased from approximately R 723 million in 2014/15 to R 812 million in 2016/17.

Table 35: Gap between Estimated Implementing Organisations' Expenditure and Funding (2014/15 to 2016/17)

Expenditure	2014/15	2015/16	2016/17
Total Expenditure (R 000)	R 1 939 219	R 2 084 795	R 2 427 227
Total Funding (R 000)	R 723 138	R 791 247	R 811 780
Gap (R 000)	R 1 216 081	R 1 293 548	R 1 615 447
Number of Older Persons Accessing Services	117 974	117 352	122 719
Average Funding per Older Person (R)	R 6 130	R 6 743	R 6 615
Average Gap per Older Person (R)	R 10 308	R 11 023	R 13 164
Rate at which Funding Increased per Older Person		10.0%	-1.9%
Rate at which Gap Increased per Older Person		6.9%	19.4%

As can be seen from the table above, the gap between total estimated expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) and total implementing organisations' funding of services to Older Persons increased from approximately R 1.216 billion in 2014/15 to R 1.615 billion in 2016/17. Implementing organisations' funding of services to Older Persons represented 36% of total estimated expenditure on Older Persons over the period 2014/15 to 2016/17 on average, with the balance being funded by Older Persons and their families, donations, fundraising and various other sources of funding.

Implementing organisations' funding per older person in 2016/17 was R 6 615, compared to a total cost per older person of R 19 779 in the same year, resulting in a funding gap of R 13 164 per Older Person. On average, the gap in funding increased at a higher rate than the rate at which funding increased over the period 2014/15 to 2016/17.

Total Projected Expenditure Gap Status Quo

Total expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) is projected to increase from approximately R 2.661 billion in 2017/18 to R 3.641 billion in 2020/21 *applying the status quo*. Total implementing organisations' funding of services to Older Persons increased from approximately R 876 million in 2017/18 to R 1.040 billion in 2020/21 *applying the status quo*.

Table 36: Gap between Total Projected Implementing Organisations' Expenditure and MTEF Funding – Applying the Status Quo (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Expenditure (R 000)	R 2 660 906	R 2 948 781	R 3 272 550	R 3 641 107
Total Funding (R 000)	R 875 829	R 936 679	R 978 064	R 1 039 552
Gap (R 000)	R 1 785 077	R 2 012 102	R 2 294 486	R 2 601 555
Projected Number of Older Persons Accessing Services	125 526	129,937	134,511	139,282
Average Funding per Older Person (R)	R 6 977	R 7 209	R 7 271	R 7 464
Average Gap per Older Person (R)	R 14 221	R 15 485	R 17 058	R 18 678
Rate at which Funding Increases per Older Person	5.5%	3.3%	0.9%	2.6%
Rate at which Gap Increases per Older Person	8.0%	8.9%	10.2%	9.5%
Projected Number of Older Persons Receiving Funding if 2017/18 Funding is Maintained in Real Terms	125 526	127 007	128 483	135 385
Reduction in Number of Older Persons who are Funded Accessing Services	-	-2 929	-6 028	-3 896

As can be seen from the table above, *applying the status quo*, the gap between total expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) and total MTEF implementing organisations' funding of services to Older Persons is projected to increase from approximately R1.785 billion in 2017/18 to R 3.448 billion in 2020/21. Implementing organisations' funding of services to Older Persons is projected to comprise 26% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21 on average, with the balance being funded by Older Persons and their families, donations, fundraising and various other sources of funding. This represents a decrease of approximately 10% in the proportion of total expenditure on Older Persons that is funded by the DSD over the period 2014/15 to 2016/17.

MTEF implementing organisations' funding per older person in 2018/19 is projected to be R 7 209, compared to a total projected cost per older person of R 28 105 in the same year, resulting in a funding gap of R 20 896 per older person. On average, the gap in funding is projected to increase at a higher rate than the rate at which funding is projected to increase over the period 2017/18 to 2020/21. The impact thereof is that there will be a reduction in the number of Older Persons accessing services that can be funded.

In order to reduce the gap in funding and counter the impact of the lower rate of increase on funding relative to the higher rate of increase on implementing organisations expenditure, the following funding scenarios have been considered:

- Additional funding provided equal to 20% of the gap;
- Additional funding provided equal to 41% of the gap;
- Additional funding provided equal to 100% of the gap.

The impact of the funding scenarios in relation to additional funding required and resulting gap between total expenditure on Older Persons by implementing organisations (residential care and total funding of services to Older Persons is set out below:

Table 37: Funding Scenarios: Additional Required Funding and Impact on Gap between Total Projected Implementing Organisations' Expenditure and Funding – Applying the Status Quo (2017/18 to 2020/21)

	2018/19	2019/20	2020/21
Gap (R 000)	R 2 012 102	R 2 294 486	R 2 601 555
Funding Option 1 - 20% of Funding Gap			
Additional Funding (R 000)	R402 420	R458 897	R520 311
Revised Gap	R1 609 682	R1 835 589	R2 081 244
Funding Option 2 - 41% of Funding Gap			
Additional Funding (R 000)	R824 962	R940 739	R1 066 638
Revised Gap	R1 187 140	R1 353 747	R1 534 918
Funding Option 3 - 100% of Funding Gap			
Additional Funding (R 000)	R2 012 102	R2 294 486	R2 601 555
Revised Gap	R0	R0	R0

Total Projected Expenditure Gap Norms & Standards

Total expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) is projected to increase from approximately R2.661 billion in 2017/18 to R 4.487 billion in 2020/21 *applying the Norms & Standards*. Total implementing organisations' funding of services to Older Persons increased from approximately R 876 million in 2017/18 to R 1.040 billion in 2020/21 *applying the Norms & Standards*.

Table 38: Gap between Total Projected implementing Organisations' Expenditure and MTEF Funding – Applying the Norms & Standards (2017/18 to 2020/21)

Expenditure (R 000)	2017/18	2018/19	2019/20	2020/21
Total Expenditure (R 000)	R 2 660 906	R 3 651 893	R 4 041 225	R 4 487 930
Total Funding (R 000)	R 875 829	R 936 679	R 978 064	R 1 039 552
Gap (R 000)	R 1 785 077	R 2 715 214	R 3 063 161	R 3 448 378
Projected Number of Older Persons Accessing Services	125 526	129 937	134 511	139 282
Average Funding per Older Person (R)	R 6 977	R 7 209	R 7 271	R 7 464
Average Gap per Older Person (R)	R 14 221	R 20 896	R 22 773	R 24 758
Rate at which Funding Increases per Older Person	5.5%	3.3%	0.9%	2.6%
Rate at which Gap Increases per Older Person	8.0%	46.9%	9.0%	8.7%
Projected Number of Older Persons Receiving Funding if 2017/18 Funding is Maintained in Real Terms	125 526	127 007	128 483	135 385
Reduction in Number of Older Persons who are Funded Accessing Services	-	-2 929	-6 028	-3 896

As can be seen from the table above, *applying the Norms & Standards* the gap between total expenditure on Older Persons by implementing organisations (residential care and CBCSS facilities) and total MTEF implementing

organisations' funding of services to Older Persons is projected to increase from approximately R1.785 billion in 2017/18 to R 3.448 billion in 2020/21. Implementing organisations' funding of services to Older Persons is projected to comprise 26% of total projected expenditure on Older Persons over the period 2017/18 to 2020/21 on average, with the balance being funded by Older Persons and their families, donations, fundraising and various other sources of funding. This represents a decrease of approximately 10% in the proportion of total expenditure on Older Persons that is funded by the DSD over the period 2014/15 to 2016/17.

MTEF implementing organisations' funding per older person in 2018/19 is projected to be R 7 209, compared to a total projected cost per older person of R 28 105 in the same year, resulting in a funding gap of R 20 896 per older person. On average, the gap in funding is projected to increase at a higher rate than the rate at which funding is projected to increase over the period 2017/18 to 2020/21. The impact thereof is that there will be a reduction in the number of Older Persons accessing services that can be funded.

In order to reduce the gap in funding and counter the impact of the lower rate of increase on funding relative to the higher rate of increase on implementing organisations expenditure, the following funding scenarios have been considered:

- Additional funding provided equal to 20% of the gap;
- Additional funding provided equal to 41% of the gap;
- Additional funding provided equal to 100% of the gap.

The impact of the funding scenarios in relation to additional funding required and resulting gap between total expenditure on Older Persons by implementing organisations (residential care and total funding of services to Older Persons is set out below:

Table 39: Funding Scenarios: Additional Required Funding and Impact on Gap between Total Projected Implementing Organisations' Expenditure and Funding – Applying the Status Quo (2018/19 to 2020/21)

	2018/19	2019/20	2020/21
Gap (R 000)	R 2 715 214	R 3 063 161	R 3 448 378
Funding Option 1 - 20% of Funding Gap			
Additional Funding (R 000)	R 551 188	R 621 822	R 700 021
Revised Gap	R 2 164 026	R 2 441 340	R 2 748 357
Funding Option 2 - 41% of Funding Gap			
Additional Funding (R 000)	R 1 110 523	R 1 252 833	R 1 410 387
Revised Gap	R 1 604 692	R 1 810 328	R 2 037 992
Funding Option 3 - 100% of Funding Gap			
Additional Funding (R 000)	R 2 715 214	R 3 063 161	R 3 448 378
Revised Gap	-	-	-

As can be seen from the analysis of the gap between total projected implementing organisations' expenditure and MTEF funding – *Applying the Status Quo* and the gap between total projected implementing organisations' expenditure and MTEF funding - *Applying the Norms & Standards*, the application of the Norms & Standards exacerbates the funding gap relative to maintaining the status quo. This will decrease the number of Older Persons further that can be funded. It is therefore recommended that the necessary processes to secure additional funding through the MTEF framework commence. The additional funding should address two aspects, namely:

- To ensure that the necessary funding increases at the same rate as implementing organisations expenditure over time to ensure that the number of Older Persons accessing these services can be at least be maintained.
- To allow for the increase in implementing organisations expenditure as a result of the application of the Norms & Standards.

3.7. Findings and Recommendations

Data Collection / Data Quality Challenges

One of the key challenges experienced in this cost analysis was that basic data, key to allocating costs was not received in respect of all facilities for the requested financial years, e.g. the number of Older Persons accommodated by each residential care facility, split by organisational level i.e. frail care, assisted living, independent living and the number of Older Persons accessing CBCSS via each Community Based Care Centre, split by those accessing the service at the Community Based Care Centre and those receiving home-based care. This made grouping of facilities on the basis of level of service provided challenging. Rural urban nature and gender were not provided for sufficient facilities to enable further disaggregation of the data.

The study was further hampered by inconsistent, incomplete and incorrect recording of expenditure (and the associated operational data) incurred in the delivery of these services by sampled facilities and provinces, at facility level and at provincial level, across time.

The poor response to surveys, in terms of the number of surveys returned nationally, as well as the level of completeness, suggests that, in general, facilities and provinces are not collecting sufficient data in order to adequately monitor the performance of the delivery of services to Older Persons via residential care facilities and CBCSS.

In light of the data challenges experienced, the resultant expenditure estimates and cost projections for affected facilities and provinces must be viewed with caution until such time as the number of Older Persons receiving services, the level of service provided by each facility, as well as the expenditure estimates per Older Person derived from sampled facilities and used to build-up expenditure for facilities not sampled, have been validated.

Given the data challenges experienced, Deloitte recommends that a comprehensive survey of all residential care facilities and CBCSS facilities takes place to collect and confirm the basic statistics, namely, number of Older Persons to whom services are being provided, level of care, male/female representation and rural/urban location, as well as infrastructure and employment specifics, following which the expenditure estimates and cost projections emanating from this report should be updated. Such a survey should include details of the number, title, qualification and salary of employees, such that compliance with Norms & Standards, as well as the additional requirement of the Amendment Bill with respect to the accreditation of caregivers can be validated.

It is recommended that the DSD engage in a number of training initiatives with NGOs, key amongst these being financial management, record keeping, reporting using standardised templates and the Older Persons Amendment

*Bill 2017. The survey should indicate where challenges and skills shortages exist in this regard exist, such that training can be focus on these bottlenecks. This will enable service providers to **comply with monitoring and evaluation provisions** and reduce the likelihood of **penalties for non-compliance** and cooperation.*

An assessment should also be performed of the IT infrastructure required to ensure that key performance indicators, funding and expenditure data can be updated monthly and consolidated at provincial and national level, such that officials responsible for monitoring the implementation of these programmes have access to up-to-date monitoring and evaluation data at all times.

Investments in monitoring and evaluation processes and systems and ensuring the number of employees responsible for monitoring and evaluation are sufficient and employees have adequate training and skills to perform this function effectively is critical. This will ensure necessary statistics and data is readily available for establishing compliance, measuring the level of service delivery and for MTEF forecasting and future costing exercises.

Growth in Demand for Residential Care

The historical growth in the number of Older Persons in receipt of Old Age Grants is 3.3% per annum. The number of Older Persons accessing residential care facilities is growing at a compound annual growth rate (“CAGR”) of 6.7% per annum on average, greater than the growth in the number of Old Age Grant recipients. The number of Older Persons accessing CBCSS facilities is growing at a CAGR of only 1.6% per annum on average, approximately half the rate of growth in the number of Old Age Grant recipients. This suggests that Older Persons are increasingly choosing to access services via residential care facilities rather than at CBCSS facilities or via home-based care, which is contradictory to the objectives of the DSD, to keep Older Persons in the community for as long as possible.

Deloitte recommends that an assessment into the potential underlying causes behind this shift in demand from CBCSS facilities to residential care facilities be conducted. Potential underlying causes could be that the Old Age Grant is not keeping pace with real cost of living increases, or that societal norms are changing, leaving Older Persons increasingly required to fend for themselves rather than being cared for by family and friends. It could also be on account of incomplete data, incorrect application of the eligibility criteria for residential care, namely the means test and dependency questionnaire, or based on community perception of the value of these services. Once the reasons have been identified, a plan can be formulated to address this disparity, whether this be staff training, community education initiatives, the registering of additional CCSS facilities, etc., so as to enable Older Persons to live in the community for as long as possible. Keeping Older Persons in the community for as long as possible is a key objective of the DSD. It promotes active ageing and allows for communities to benefit from the knowledge and skills of Older Persons.

Inequity in the Allocation of Resources for Older Persons across Provinces

Investment in Older Persons varies per province, with KwaZulu-Natal demonstrating the highest investment per Older Person for both residential care facilities and CBCSS facilities. In order to ensure that Older Persons receive the same level and standard of services, the funding of Older Persons needs to be prioritised and addressed, particularly in the Eastern Cape, Free State, Gauteng, Limpopo Mpumalanga and the Northern Cape.

In order to equalise investment in Older Persons across all provinces, the funding of Older Persons needs to be prioritised and addressed. Deloitte recommends that following the survey of all residential care facilities and CBCSS facilities recommended above, as well as the quantification of the number of additional Older Persons in need of services, that this costing exercise be updated. Funding can then be equitably allocated across provinces, taking

into account that cost of delivery will vary across provinces, such that the level of services provided to Older Persons can be standardised in line with the Norms & Standards.

Funding Shortfall

Subsequent to the implementation of the Older Persons Act 13 of 2006 and its regulations on the 1st April 2010, some challenges were experienced in its implementation. Key amongst these challenges included institutional and coordination mechanisms in relation to the implementation of the Act, implementation gaps and compliance measures. A further challenge was that the subsidy provided to implementing organisations was inadequate to cover the cost of providing services to Older Persons and annual subsidies have not been keeping pace with inflationary increases in the cost of delivery of these services. Consequently, implementing partners have been forced to continually source additional donor funding to meet the ever widening gap. As a result of the challenges outlined above, the DSD embarked on a process to amend the Older Persons Act 13 of 2006, which gave rise to a draft of the Older Person's Amendment Bill 2017. The Bill was formulated largely to facilitate full implementation of the Older Persons Act 13 of 2006 in line with the Norms & Standards.

This costing exercise corroborates the above assertions. A significant gap was identified between the projected cost of delivering services to Older Persons in line with the Norms & Standards, compared to delivering services to Older Persons at the current level (status quo), which is below the requirements of the Norms & Standards, for both Residential Care and CBCSS. If additional funding is not available to residential care facilities and CBCSS facilities to meet the costs required to fully implement the Norms & Standards, this will result in a reduction in the number of Older Persons that will be able to access services at these facilities.

*Deloitte recommends that existing inter-departmental structures, established to promote **co-ordination and inter-sectoral collaboration** between organs of state and stakeholders involved in the provision of services to Older Persons be strengthened to facilitate the development of a uniformed approach to integrating, co-ordinating and monitoring the delivery of services to Older Persons and the roll-out of integrated provincial plans.*

Deloitte recommends that the necessary processes to secure additional funding through the MTEF framework commence. The additional funding should address two aspects, namely:

- To ensure that the necessary funding increases at the same rate as implementing organisations expenditure over time to ensure that the number of Older Persons accessing these services can be at least be maintained.*
- To allow for the increase in implementing organisations expenditure as a result of **compliance with Norms & Standards**.*

Given the projected increase in the reliance of NGOs on other sources of funding (other than DSD subsidies) over time, Deloitte recommends that the DSD additionally provide fund-raising training to NGOs, to maximise overall funding available for provision of services to Older Persons.

Deloitte further recommends that a geospatial analysis be performed of the number of Older Persons in need of residential care facilities and CBCSS services relative to the number of Older persons that are actually accessing these services. In the event that need exceeds the number of Older Persons currently accessing services, the additional funding requirements quantified by this report will need to be scaled up. Provision may then need to be made to build additional CBCSS and residential care facilities, or facilitate access to existing under-resourced facilities.

An investigation is also recommended to establish the proportion of Older Persons currently accessing residential care facilities and CBCSS services that can afford to pay for these services, partially or in full, to the extent that they

are not doing so already. On the basis of the value of these services, a decision can then be taken on whether services to Older Persons should be means tested.

*Following the comprehensive survey of all residential care facilities and CBCSS facilities, Deloitte recommends that a separate costing exercise be undertaken to assess the impact of **additional measures for the protection of Older Persons** required by the Amendment Bill, such as the impact of the relocation of Older Persons to a place of temporary safe care without a court order and the additional notifications required in Older Persons abuse cases, which was not possible in the current costing exercise given the quality and quantity of data collected.*