



## Unpacking of community services for the Free State province

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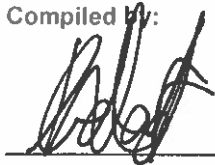
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**i. DISCLAIMER**

This report is compiled using available information from various sources. Focusing on the key factors affecting the provincial economy. This report provides an overview of the Community services sectors contribution on the economy for the Free State province. Any views and opinions expressed in this report are not necessarily represent those of the Department of Economic, Small Business Development, Tourism and Environmental Affairs (DESTEa), nor are they necessarily endorsed by the department.

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## SECTION A: BACKGROUND AND THE RATIONALE

### 1. Introduction

South Africa has one of the most extensive social welfare systems amongst its peers of developing countries, as well as an alarmingly high unemployment rate. Unfortunately, the Free State province carries its fair share of the concerning unemployment statistics that persist.

The Department of Economic, Small Business, Tourism and Environmental Affairs (DESTEA) endeavors to lead economic development in the Free State Province. It is to this end that this report endeavors' to unpack the Community services sectors.

The community services sector in South Africa largely refers to a broad range of services, aimed at supporting and improving the quality of life of individuals and communities throughout the country. This sector includes a diverse range of organizations, both governmental and non-governmental, that provide services such as healthcare, education, social welfare, housing, and community development.<sup>1</sup> Essentially the entire population is dependant on the presence of a coherent state. From the activities, that it develops made manifested in many fields of the economic and social life. Such as policy's interventions as an economic actor, that take the form of services provided to the community, legal regulations, in order to stimulating the economic activity.<sup>2</sup>

Often the term public sector can be used as a synonym for government, but the public sector of this note covers public enterprises in addition to government agencies. Whilst the Public sector has the principal role of macro socio-economic policymaking infrastructure and an architect of an enabling environment for national development.

In figure 1. below, is an illustration of the structure of the public sector in South Africa which gives an idea as well as a wider understanding of the employment areas of the government bodies. The statistics in the community and social services are comprised of a number of different State stakeholders, which include Government departments, departmental agencies, public entities, State owned enterprises, which are community

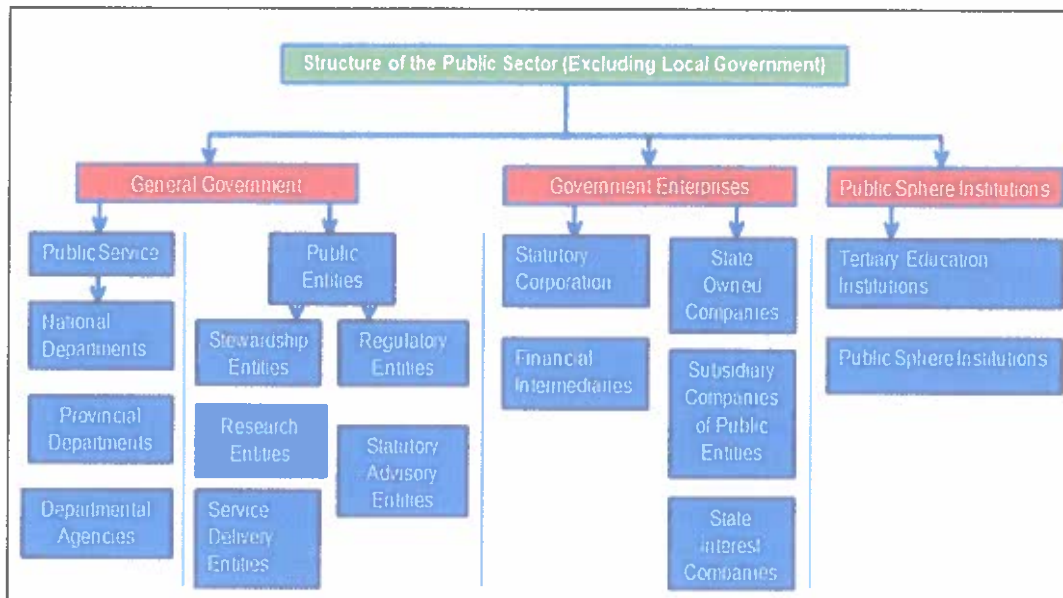
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<sup>1</sup> Bridging the health inequality gap: an examination of South Africa's social innovation in health landscape, De Villers (2021).

<sup>2</sup>Public sector - conceptual elements, implications in economic and social life

services focused, and they may be independent bodies partially or entirely owned by government, public Institution as well as Non-Governmental Organisations/Non-Profit Organisations etc.

**Figure: 1 Structure of the Public Sector**



Source National Treasury

One of the key challenges facing the community services sector in South Africa is the legacy of apartheid, which has resulted in significant disparities in access to services and resources. As a result, many organizations in the community services sector are focused on addressing these disparities and promoting social justice.

## 2. Problem statement

The biggest employer in the Free State province of South Africa is the provincial government. The provincial government employs a large number of people across various departments, including health, education, public works, and social development. Additionally, the private sector is also a significant employer in the province, with industries such as mining, agriculture, and manufacturing providing employment opportunities to thousands of people. Some of the largest companies in the province include Harmony Gold, Sasol, British American Tobacco, and Coca-Cola Beverages South Africa to name a few. On the other hand, government employment

refers to jobs that are created by the government, such as civil service jobs, military service, and public administration. The government employs people to perform various functions, such as enforcing laws, providing public services, regulating industries, and managing public resources. The main goal of government employment is to serve the public and provide governance to the society.

## SECTION B: SECTORAL OVERVIEW

### 3. Employment

Some of the key players in the community services sector in South Africa include government agencies such as the Department of Social Development, the Department of Health, and the Department of Education, as well as non-governmental organizations such as the South African Red Cross Society, the Nelson Mandela Foundation, and the Treatment Action Campaign to mention a few. This sector includes non-governmental organizations (NGOs), charities, social enterprises, and private companies that offer services such as health care, education, social welfare, and housing. The main goal of the community services sector is to improve the well-being of people and communities by providing essential services and support.

The following are some of the key components of the community services sector in the Free State:

1. **Health Services:** The Department of Health in the Free State oversees a network of hospitals, clinics, and community health centers that provide medical services and support to the residents of the province. In addition to the government health services, there are also non-governmental organizations that provide health-related services, such as HIV/AIDS prevention and treatment.
2. **Education Services:** The Department of Education in the Free State is responsible for providing primary, secondary, and tertiary education services to the residents of the province. This includes both government-run schools and private schools, as well as vocational training and adult education programs.

3. **Social Welfare Services:** The Department of Social Development in the Free State provides a range of social welfare services to individuals and families in need, including grants and subsidies for those living in poverty, support for vulnerable children and families, and assistance for people living with disabilities.
4. **Housing Services:** The provincial government of the Free State provides housing services to low-income families through the Department of Human Settlements. These services include the provision of low-cost housing, as well as support for home improvements and upgrades.
5. **Community Development Services:** A variety of non-governmental organizations and community-based organizations in the Free State that work to support community development initiatives. These organizations often work in partnership with the government and other stakeholders to improve community infrastructure, support small businesses, and promote social cohesion.

The community services sector in the Free State province of South Africa includes a diverse range of organizations and services aimed at supporting and improving the quality of life of individuals and communities in the province. This sector includes a mix of governmental and non-governmental organizations that provide services such as healthcare, education, social welfare, housing, and community development.

The Public sector, in the fourth quarter of 2021, employed nearly 3.25 million people in South Africa. The sector had the highest number of employees, followed by the trade industry, which employed 2.9 million people. The community services sector contributed about 32.44% of the total employment statistics across industries nationally, and has an average of about 3.7 million employees per year since 2017.

In 2021 Gauteng was the largest community and social services employer compared to other provinces, Free State had only 175 000 employees in the community and social services sector which is about 19.34% of Gauteng's 905 000 community and social services sector employment statistics. Northern Cape was leading by 32.12% followed by Eastern Cape (28.29%) and North West (25.43%). Free State was the fourth in the country with 24.58% contribution of community and social services to the



total Free State employment. Free State Province in 2021 had 5.39% contribution to the total community and social services employment nationally.

**Table 1: comparison between employment by community and social services and total employment by broad economic sectors by province 2021**

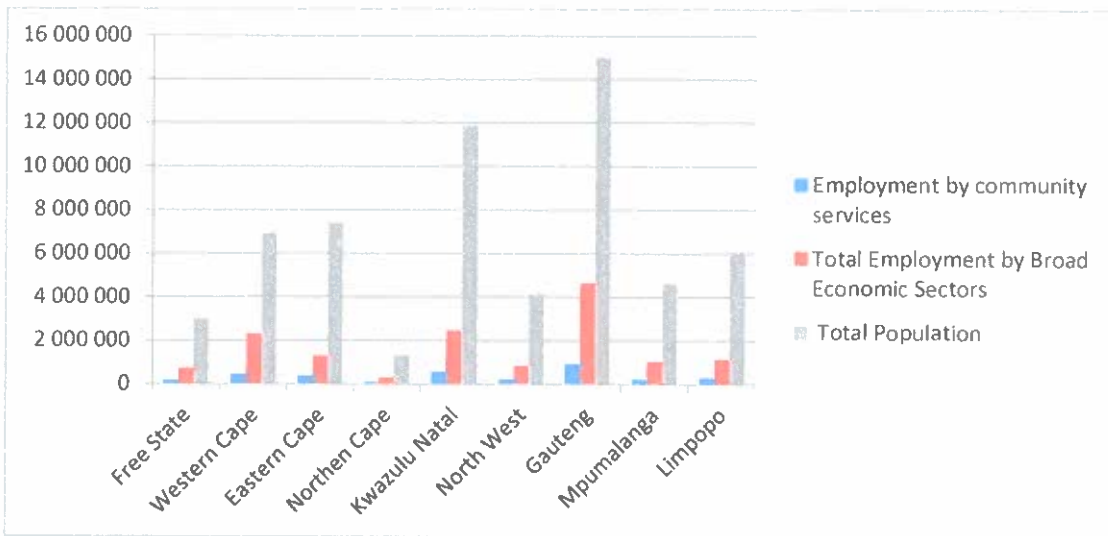
Provinces	Employment by community services	Total Employment by Broad Economic Sectors	Community Services % contribution to the total Employment
Free State	175 000	712 000	24,58%
Western Cape	443 000	2 280 000	19,43%
Eastern Cape	365 000	1 290 000	28,29%
Northern Cape	97 000	302 000	32,12%
KwaZulu-Natal	565 000	2 470 000	22,87%
North West	208 000	818 000	25,43%
Gauteng	905 000	4 650 000	19,46%
Mpumalanga	215 000	1 060 000	20,28%
Limpopo	275 000	1 150 000	23,91%

Source: IHS Markit Regional eXplorer version 2257

In figure 2 below a comparison between Community services employment, Total Employment and Total Population by each Province in 2021. When looking only at community services against provincial population indicates that Northern Cape is leading with a highest percentage of about 7.34%, Meaning 7.4% of that province is employed in the community and social services sector. Free State Province was the forth on the list with 5.89% of the total population employed in the community and social services sector. One of the key challenges facing the community services sector in the Free State is the high level of poverty and inequality in the province. This has led to a range of social and economic challenges, including poor health outcomes, inadequate housing, and limited access to education and training.



**Figure 2: Community services employment, Total Employment and Total Population by Province 2021**



Source: Source: IHS Markit Regional eXplorer version 2257

The biggest employer in the Free State province of South Africa is the provincial government. The provincial government employs a large number of people across various departments, including health, education, public works, and social development. Additionally, the private sector is also a significant employer in the province, with industries such as mining, agriculture, and manufacturing providing employment opportunities to thousands of people. Some of the largest companies in the province include Harmony Gold, Sasol, and Coca-Cola Beverages South Africa.

If governments do not succeed in enhancing the competitiveness of the public employer in the labour market, the possibilities of recruiting highly qualified personnel to public organisations will diminish dramatically. Additionally, the risk of an increasing outflow from the strategic tasks of the public service to more attractive private employment is a threat to the public sector.<sup>3</sup>

There is limited accurate statistics on the NGO labour market in the Free State however, the NGOs employment work force is basically the charities, philanthropies, foundations, trade unions, religious associations, political parties, neighbourhood

<sup>3</sup>

organizations, self-help groups and groups advocating for a wide variety of causes ranging from environmental protection to the preservation of civil rights.

#### **4 Budget**

The community sector is under pressure to improve public sector performance and at the same time contain expenditure growth. While factors such as ageing populations and increasing health care and pension costs add to budgetary pressures, citizens are demanding that governments made more accountable for what they achieve with taxpayers' money.

The social cluster consists of Education, Health, Social development and Sports, Arts, culture and recreation. In that cluster the highest share of about R15, 475 billion goes to Education and it is only because education remains pivotal in the production of key skills needed by our ever changing economic structure. The second highest share is allocated for Health department. The Free State governments consolidated expenditure for the 2021/22 financial year was R38.655 billion which was intended to address issues like growth, job creation, youth, women and people with disabilities among others. The budget is allocated across 3 clusters listed as the social cluster (R29.691billion), economic cluster (R7.265 billion) and governance cluster (R1.670 billion). The highest share of the budget amongst the three clusters went to the social cluster which amounts to 76.74% of the total budget followed by the economic cluster which was allocated 7.265 billion (18.77%) of the total budget.

**Figure 3: Free State budget allocations 2021, 2022 and 2023**

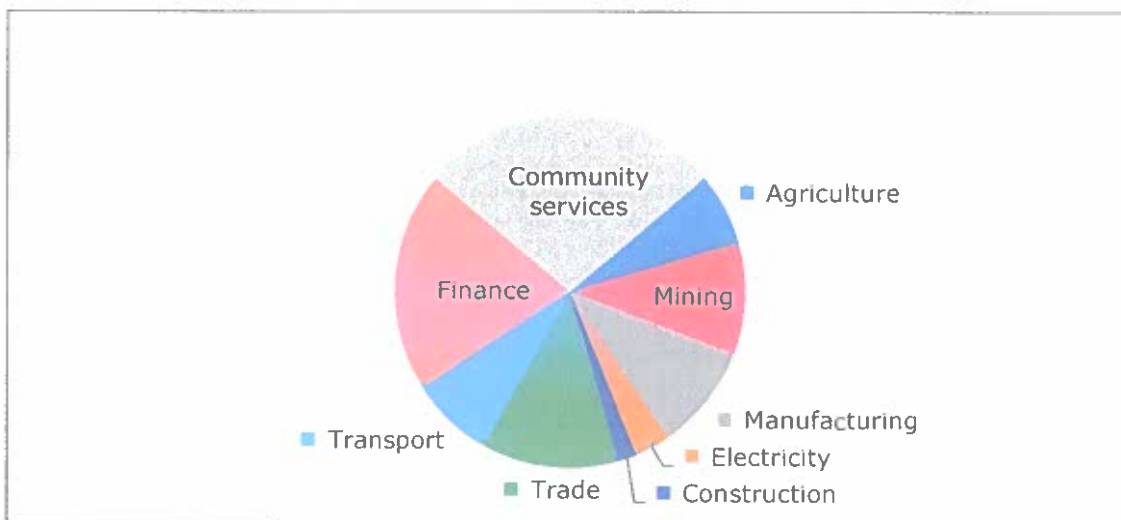
Free State Province Departments	2021/22 budget	2022/23 Budget	2023/24 Budget	Total
Education	R 15,475 billion	R15,555 billion	R15,637 billion	R46 667 billion
Social development	R 1,442 billion	R1 455 billion	R1,454 billion	R4,351 billion
Health	R 12,135 billion	R11,807 billion	R11,810 billion	R35,752 billion
Sports, Arts, culture and recreation	R 638,523 million	R672,845 million	R709,083 million	R2,020 billion
DESTEA	R 604,794 million	R619,138 million	R608,660 million	R1 832 billion
Police, Roads and transport	R 2,882 billion	R2,753 billion	R2,850 billion	R 8,485 billion
Agriculture and rural development	R 783,067 million	R810,873 million	R803,770 million	R 2,397 billion
Public Works and Infrastructure	R 1,739 billion	R1 790 billion	R1,774 billion	R 5,303 billion
Human settlement	R 1,256 billion	R1 305 billion	R1,343 billion	R 3,904 billion
Legislature	R 258,823 million	R262,263million	R255,535 million	R 776,621 million
Office of the Premier	R 662,675 million	R 680,820 million	R683,065 million	R 2,026 billion
Treasury	R 331,491 million	R 363,143 million	R382,974 million	R 1,077 billion
COGTA	R 416,598 million	R421,411 million	R428,035 million	R 1,266 billion

Source: freestateonline.fs.gov.za

### 5. Community services contribution

The tertiary sector in the Free State contributes an average of 69.32% of the total Free State GDP contribution. In 2021, the community services sector was the largest within Free State Province accounting for R 77.1 billion or 27.8% of the total GVA in the province's economy.

**Figure:4 Gross Value Added (GVA) by broad economic sector Free State 2021**



Source: IHS Markit Regional eXplorer version 2257

Free State contributions by sector 2021, Mangaung Metropolitan Municipality made the largest contribution to the provincial community services sector at 52.74% of the total province GVA contribution, making it the largest contributor to the overall GVA of the Free State Province, Followed by the Thabo Mofutsanyane district municipality with 21.2% GVA contribution. Community services was the largest economic contributing industry within three out of five municipalities in the Free State. Lejweleputswa's highest contributor by industry was mining with 56.6% and Fezile Dabi's biggest contributor was manufacturing with 63.7%. Xhariep district municipality was the smallest contributor in terms of community services in the Province even though a community service sector was strongest sector by GVA contribution in that district.

In 2021 Community and social services contributed the highest share of GDP as well as the highest share of employment. This provides further evidence that the economy of the Free State is centered driven around by the community and social services sector; it contributed approximately R 77.1 billion or 27.8% of the total GVA in the province's economy. Employment is very vital to the growth of the provincial economy as it is the first point of income. Job creation is a central priority of the NDP as the amount and degree of poverty can be associated with the level of unemployment in the province.

## SECTION C: CONCLUSION AND RECOMMENDATIONS

### 6. Conclusion

The Community services sector encompass general government services and personal services, these sector includes a diverse range of organizations, both governmental and non-governmental, that provide services such as healthcare, education, social welfare, housing, and community development. The Community Services sector ensures that people in different areas have at least the basic services they need. There are a large number of services, and the provision of these services differs according to the different regions and areas, services needed in rural areas may be different from those of that are in urban communities, as well as the number of employees, the budgets as well as their GDP contribution.

Government operations are those activities that are involved in the running of the State for the purpose of producing value for the citizens. Public administration is a vehicle for expressing the values and preferences of citizens, communities and society as a whole. Some of these values and preferences are constant others change as societies evolve. Periodically, one set of values comes to the fore, and its energy transforms the role of government and the practice of public administration.

The Public sector in South Africa plays a big role to the contribution of employment and the Free State is no exception to this trend. In 2021 Gauteng was the largest community and social services employer compared to other provinces, Free State had only 175 000 employees in the community and social services sector which is about 19.34% of Gauteng's 905 000 community and social services sector employment statistics. Public Sector management covers such aspects of management as productivity management, and management of human, financial and other resources. It involves an array of activities ranging from planning, formulation and implementation of policies, programmes and projects for the delivery of goods and services to the nation through a number of government and quasi-government institutional arrangements.

There is limited accurate statistics on the NGO labour market in the Free State however, the NGOs employment work force is basically the charities, philanthropies, foundations, trade unions, religious associations, political parties, neighbourhood organizations, self-help groups and groups advocating for a wide variety of causes ranging from environmental protection to the preservation of civil rights.

Ultimately, both the community services sector and government employment play important roles in shaping society and improving people's lives. It is up to individuals to decide which path aligns with their values and goals.

## **7. Recommendations**

### **7.1. Governance**

Increasing flexibility in public expenditures and improve allocative efficiency through better policy planning and budget management. Fixed costs, debt payments, and the country's continuing need for fiscal adjustments limit the resources available for

discretionary public policy interventions, including the growing need to promote social development and contribute to poverty reduction.

### **7.2. Professional and skilled Human resource.**

To professionalize human resources across the entire public sector, at all levels, governments could introduce more performance-oriented management practices. There is a wide-range of incentives beyond salary to enhance competitiveness. Since public sector salaries at the managerial and expert level cannot usually compete with those in the private sector, there is a real need to find other kinds of incentives. For example, Germany has developed non-material incentive systems such as flexible working hours, flat hierarchies and a high standard of technical equipment.

### **7.3. Reforms geared at Women and youth**

Some sporting codes are very much seasonal in the province considering the weather extremes and the requirements of infrastructure can be more complex.

### **7.4. Formalize partnerships**

Using partnerships to maximise public service using PPP agreements with stakeholders across the board.



Task Force on Harmonisation of Public Sector Accounting. (2005). Government / public sector / private sector Delineation issues

Volmink, J. (2017). The evolving role of 21 st Century Education NGOs in South Africa: Challenges and Opportunities.