The Children's Act has commenced: Are the 2010/11 budgets of the provincial departments of social development adequate to implement it?

Debbie Budlender[1] and Paula Proudlock[2]*

5 July 2010

[1] Debbie Budlender is a senior researcher at the Centre for Actuarial Research at the University of Cape Town and a specialist researcher with the Community Agency for Social Enquiry, a non-governmental organisation specializing in social policy research. Since the 1990s, her work has included a focus on government budgets. debbieb@mail.ngo.za

[2] Paula Proudlock is a senior legal researcher and the manager of the Child Rights Programme at the Children's Institute, University of Cape Town. She facilitated the civil society network on the Children's Bill (Children's Bill Working Group) from 2003 to 2008. paula.proudlock@uct.ac.za

* Thank-you to all the commentators who freely gave their time to comment on the first draft of this paper.

Contents

Acronyms

NPO	Non-profit organisation
ECD	Early childhood development
MEC	Member of the Executive Council (Provincial Ministers)
SASSA	South African Social Security Agency
MTEF	Medium-term expenditure framework
EPWP	Expanded public works programme
OSD	Occupation-specific dispensation
IP	Implementation Plan
FC	Full Cost
M	Million
OVC	Orphans and vulnerable children

Introduction

This is the fourth year in which we are asessing the extent to which the annual budgets of the provincial Departments of Social Development allocate money to implement the Children's Act.[3] The first part of the Children's Act (No 38 of 2005) was passed by parliament in 2005. This part of the Act dealt primarily with national government functions. The Children's Amendment Act (No 41 of 2007), passed in 2007, provides a wide range of further provisions, most of which relate to provincial government functions. Forty four of the founding clauses of the Children's Act came into operation on 1 July 2007. As of 1 April 2010 the full Act and the Amendment Act are in operation, and this year's budget analysis is thus needed even more than in previous years.

Section 7(2) of the Bill of Rights in the South African Constitution places an obligation on the State to give effect to all the rights in the Bill of Rights. This includes children's constitutional rights to family care or alternative care[4], social services[5], and protection from abuse and neglect[6]. To meet its constitutional obligations government must ensure that the required conditions and services to fulfil these rights are available. The Children's Act, as amended by the Children's Amendment Act, now clearly sets out what services government must provide to give effect to the rights listed above. These include:

- partial care facilities (creches)
- early childhood development programmes
- prevention and early intervention services
- drop-in centres
- protection services (including a support scheme for child-headed households)
- foster care and cluster foster care
- adoption
- child and youth care centres (children's homes, places of safety, schools of industry, reform schools, secure care facilities, and shelters for street children).

The Act says that the provincial Members of the Executive Council (MECs) with responsibility for social development are responsible for providing and funding all these services with the budgets allocated to them by the provincial legislatures.[7] For this reason, this paper focuses on the provincial sphere of government. The national Department of Social Development's primary responsibility in respect of the Act is for policy-making and coordination. This responsibility encompasses drafting regulations, norms and standards, and national strategies per service area aimed at ensuring an appropriate spread of each service throughout the country, as well as ensuring that the Act is implemented in an integrated, co-ordinated and uniform manner. These functions are, however,

[3] For the 2007/08 budget analysis, see Budlender D, Proudlock P and Monson J (2008) *Budget allocations for implementing the Children's Act* in Proudlock P et al (eds) South African Child Gauge 2007/2008. Cape Town: Children's Institute, University of Cape Town. For the 2008/09 budget analysis, see Budlender D and Proudlock P (2008) *Analysis of the 2008/09 Budgets of the 9 provincial departments of Social Development: Are the budgets adequate to implement the Children's Act?*. Children's Institute. For the 2009/10 analysis, see Budlender D and Proudlock P (2009) *Analysis of the 2009/10 Budgets of the nine provincial departments of Social Development: Are the budgets adequate to implement the Children's Act?* Children's Institute. All papers are available on www.ci.org.za

[4] Section 28(1)(b)

[5] Section 28(1)(c)

[6] Section 28(1)(d)

[7] See sections 78, 93, 105, 146, 193 and 215.

much less costly than actual delivery of the services, and the national department's budget for child welfare services is therefore comparatively small compared to the combined budgets of provincial departments. Estimates for the national Department are provided in many of the tables presented below but are not discussed in any detail. A separate paper that examines child-related budgets beyond the Children's Act will cover the national Department of Social Development in more detail[8].

This paper focuses on the social development budgets. Other government agencies, such as the Department of Justice and Constitutional Development and the provincial Departments of Education also bear responsibilities in respect of the Children's Act. However, a costing exercise (Barberton, 2006) commissioned by government revealed that Social Development would be responsible for the overwhelmingly greater part of the expenditure.

Table 1 below illustrates the distribution of costs as estimated in the costing report (Barberton, 2006: 1) using both minimalist and maximalist approaches for each of the first six years of implementation. For reasons explained in a later section of this paper, we take 2009 as year 1 when assessing actual budgets against costing estimates, whereas the original costing exercise had 2005 as year 1. (The different approaches are also explained in the later section of this paper.). Under the minimalist approach, the provincial departments of social development are responsible for 83-84% of the total cost, with the national department responsible for about another 1%. Under the maximalist approach, provincial social development's contribution increases to 91%, while that of the national department is less than 1%.

Table 1. Distribution of costs of Children's Act implementation across agencies

Minimalist approach	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
National DSD	1%	1%	1%	1%	0.5%	0.5%
Department of Justice	6%	7%	8%	9%	10%	10%
Provincial DSD	84%	84%	83%	83%	83%	83%
Provincial Education[9]	9%	8%	8%	7%	7%	7%
Total	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Maximalist approach	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
National DSD	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Department of Justice	5%	5%	5%	5%	5%	5%
Provincial DSD	91%	91%	91%	91%	91%	91%
Provincial Education	4%	4%	4%	4%	4%	4%
Total	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

The paper for the most part follows the same structure and order of our analysis of the 2008 and 2009 budgets. We do this so as to assist readers who would like to compare this year's findings with those of last year. We have also retained from previous years' papers sections that explain the

[8] See Budlender D and Proudlock P (2010 forthcoming) *Child Centred Analysis of Government Budgets 2010 to 2012*. Community Agency for Social Enquiry, Children's Institute and UNICEF

[9] The Children's Amendment Act provides that all reform schools and schools of industry must be transferred from the provincial departments of education to the provincial departments of social development within two years of the commencement of the Act. The Costing Report analysis represented in table 1 above did not take account of this shift in its calculations. If this shift is taken into account we should see a decline in the costs to be carried by provincial departments of education and an increase for the provincial departments of social development in year 3 of implementation.

background alongside others that analyse the 2010 budget numbers and text. We have repeated the background to avoid readers having to refer back to other documents.

Throughout the paper budget figures are for the most part provided in nominal terms, i.e. unadjusted for inflation. This means that if R1m is allocated for a particular sub-programme for both the 2009/10 and 2010/11 budget years, there is effectively a decrease in the value of the allocated budget over time as the R1m in the second year will buy less than the R1m in the first year. The National Treasury advised that they use 6,4% as the inflation rate between 2009/10 and 2010/11 when analysing allocations for real, as opposed to nominal, increases. This means that any 2010/11 allocation that increases by less than 6,4% when compared to the same item in 2009/10 represents an effective real decrease. For 2011/12 and 2012/13, the National Treasury uses slightly lower, but still substantial, inflation rates of 5,9% and 5,6% respectively.

What does the Children's Act say about budgets and the services that must be budgeted for?

Section 4(2) of the Children's Act states that **all departments and spheres of government** "must take reasonable measures **to the maximum extent** of their available resources to achieve the realisation of the objects of this Act". The words "maximum extent" come from the United Nations Convention on the Rights of the Child (article 4). They have been interpreted by the UN Committee on the Rights of the Child as placing an obligation on government to prioritise expenditure on programmes aimed at giving effect to children's rights (Hodgkin and Newell, 1998: 55).

Each area of service in the Children's Act has its own chapter. Each chapter includes a "provisioning clause" which provides more detail on the nature of the MEC's obligation to provide the service and what type of programmes fall into that particular service area.

The provisioning clauses for prevention and early intervention services[10], protection services[11] (including child-headed household mentorship schemes, foster care and adoption), and child and youth care centres[12] say that the MEC "must" provide and fund these services.

For partial care[13], ECD[14], and drop-in centres[15], the provisioning clauses say the MEC "may" provide these services. This means that the MECs can decide not to provide these services at all or to fund them only partially. However, the MECs may be compelled to provide them or prioritise them if the national Minister prescribes such prioritisation. The Act also states that for these service areas priority must be given to funding of services in communities where families lack the means of themselves providing proper shelter, food and other basic necessities of life to their children, and to making services accessible to children with disabilities[16].

Below we list each service area and provide detail on the related programmes or interventions that are explicitly included in the Act and therefore need to be budgeted for. This detail informs our

[10] s146
[11] s105
[12] s193
[13] s78
[14] s93
[15] s215
[16] See sections 78(4), 93(4) and 215 (4)

analysis of the budget where allocations for implementation of the Act are scattered across a number of sub-programmes within the provincial department budget votes.

Partial care and ECD - Chapters 5 and 6

- Crèches
- Early childhood development (ECD) centres
- ECD programmes provided in a centre
- ECD outreach programmes not provided in a centre
- After-school supervision and partial care for children of all ages.

Note that grade R (ECD provided to children in reception year in primary school) is funded by the provincial departments of education and is not regulated under the Children's Act.

Drop-in centres – Chapter 14

- Centres where vulnerable children can "drop in" during the day or night for, among others, basic services including food, school attendance support, personal hygiene such as baths and showers, and laundry services.

Prevention and Early Intervention services – Chapter 8

- Family preservation services
- Parenting skills programmes/counselling
- Parenting skills programmes/counselling and support groups for parents of children with disabilities and chronic illnesses
- Parenting skills programmes and counselling to teach parents positive, non-violent forms of discipline
- Psychological, rehabilitation and therapeutic programmes/counseling for children who have suffered abuse, neglect, trauma, grief, loss or who have behaviour or substance abuse problems
- Diverting children in trouble with the law away from the criminal justice system and into diversion programmes
- Programmes aimed at strengthening/supporting families to prevent children from having to be removed into child and youth care centres
- Programmes that support and assist families who have a member (child or adult) who is chronically or terminally ill (home- and community-based care)
- Programmes that provide families with information on how to access government services (water, electricity, housing, grants, education, police, courts, private maintenance, food parcels, protection services, health services)
- Programmes that assist and empower families to obtain the basic necessities of life for themselves (e.g. skills development projects, sustainable livelihoods programmes, sewing projects, expanded public works projects and stipends, food garden and farming projects).

Note that the provincial departments of health also provide and fund home-based care programmes. These programmes tend to be focussed on the health needs of households and not their social needs. They for example assist families with adhering to HIV or TB treatment regimes and accessing child health services including immunisation and growth monitoring. These HCBC programmes run by the Department of Health are not legislated for under the Children's Act but there is potential for synergy between the departments of social development and health to ensure that all home-

and community-based care programmes and workers can assist vulnerable families with both their health and social needs. The draft policy on community care workers developed by the two departments recognises the need for this synergy.

Protection services – Chapter 7

- Identification and voluntary reporting of children in need of care and protection, follow-up investigations by social workers and possible children's court inquiry
- Mandatory reporting and investigations of cases of physical and sexual abuse and deliberate neglect and follow up court report or court inquiry
- Emergency removals of children at risk of harm
- Child protection register (records and tracks all mandatory reports), and lists persons who are unfit to work with children so as to exclude them from positions in which they would have access to children
- Mentorship schemes for child-headed households.

Note that the court personnel (magistrates, clerks, interpreters and legal aid attorneys) and courts are funded by the Department of Justice while police officials are funded by the South African Police Service.

Foster care and cluster foster care – Chapter 12

- Recruiting and training of foster parents
- Processing foster care applications through the children's court
- Monitoring foster care placements and supporting foster parents
- Managing cluster foster care schemes.

Note that the foster child grants are not paid from the provincial social development budgets but are instead funded from the national budget of the South African Social Security Agency (SASSA) in terms of the Social Assistance Act of 2004. Court personnel and courts involved in the decision to place the child in foster care are funded by the national Department of Justice.

Adoption and inter-country adoption – Chapters 15 and 16

- Recruiting and assessing adoptive parents
- Processing adoption applications through the children's court
- Monitoring new adoptions.
- Counselling adoptees and their biological parents, adoptive parents or previous adoptive parents seeking access to the adoption record
- Facilitating the implementation of post-adoption agreements.

Note that the court personnel and courts are funded by the Department of Justice.

Child and Youth Care Centres – Chapter 13

"Child and youth care centre" is the umbrella term for the various forms of residential care including places of safety, children's homes, shelters for children on the street, schools of industry, reform schools, and secure care centres. Child and youth care centres that qualify for funding include centres that run programmes for children:

- needing temporary safe care to protect them from abuse or neglect or pending an assessment or final court order
- needing more long term care because they cannot live with their family

- awaiting trial or sentence
- with behavioural, psychological and emotional difficulties
- living on the streets
- with disabilities
- with chronic illnesses
- with alcohol or drug addictions
- with psychiatric conditions
- who need assistance with the transition when leaving the centre at the age of 18.

Note that the provincial departments of education currently provide and fund reform schools and schools of industry. According to the Children's Act these centres must be transferred to the provincial departments of social development within two years of the commencement of the Act i.e. by 31 March 2012. After the transfer is effected, the total costs for the provincial departments of education should be lower than they would have been without the transfer, while those of the provincial departments of social development should increase. The departments of education remain responsible for providing and funding education for children in all the child and youth care centres.

Which parts of the provincial social development votes are relevant for the Children's Act?

Eight of the nine provincial social development budgets are divided into three programmes, namely administration, social welfare services, and research and development. The exception is Gauteng, where social development and health functions are combined in one department. However, in this province too the relevant budget includes administration, social welfare services, and research and development programmes. The differences are, firstly, that these are not the only programmes and, secondly, that the administration programme includes administration costs in respect of health functions. Information is, however, available to distinguish between the administration costs associated with each of the two functions.

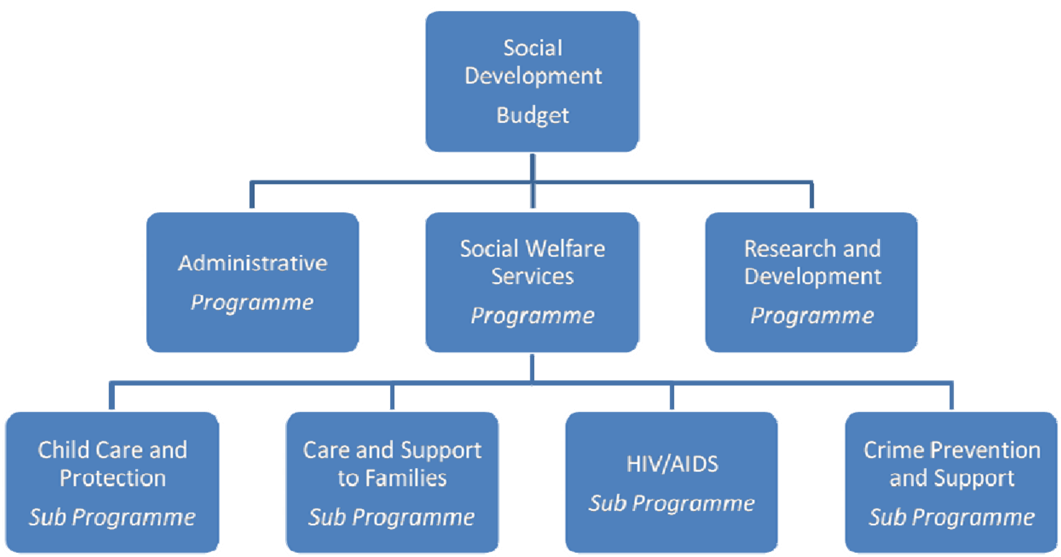
This paper focuses on the social welfare services programme, which provides for the majority of services envisaged in the Act. The social welfare programme, like other programmes, is divided into sub-programmes. Unfortunately, the budget documents do not clearly show which sub-programmes are responsible for each of the service areas of the Children's Act. This presents a serious obstacle to government's ability to manage and monitor its progress in giving effect to the objects of the Act, as well as the ability of the legislatures and civil society to monitor implementation of the Act. However, by analysing the narratives in the budget documents and the performance indicators for each sub-programme (see appendix A) and comparing them to the provisioning clauses in the Act (see the list above), we are able to achieve an approximate match of Children's Act services with the relevant sub-programmes.

For three sub-programmes in the social welfare services programme it seems that most of the funds are related to the Children's Act. The three sub-programmes are:

- child care and protection
- HIV and Aids
- care and support to families.

Further costs associated with implementation of the Act would be found withing the cross-cutting professional and administrative support sub-programme, but it is difficult, if not impossible, to extract these. In addition, other sub-programmes such as victim empowerment (within the social welfare services programme) and youth development (within the research and development programme rather than within social welfare services) also contain some Children's Act funding but on a much more limited scale than the three sub-programmes named above. The crime prevention and support sub-programme also contains Children's Act funding, notably funding for diversion programmes and running of secure care facilities for children in trouble with the law. (The capital costs of building and maintenance are usually, but not always, provided for in the administraiton programme.) Crime prevention and support is therefore included in the analysis. However we note that the sub-programme also includes funding for adults in trouble with the law and it is not possible to dissagregate what proportion of the budget relates to child offenders. Further, some of the child-related money is for assessment of child offenders by probation officers as required by the Child Justice Act rather than a requirement of the Children's Act. Because of the difficulty in determining how much of the crime prevention money relates to the Children's Act, we analyse it separately from the other three-sub-programmes and do not include it in our overall totals. Discussion of this sub-programme assumes extra importance this year as, like the Children's Act, the Child Justice Act commenced on 1 April 2010.

The diagram below shows the social development budget structure with the four sub-programmes containing Children's Act related services in the bottom row. The detailed list of performance indicators used for the 2009/10 budget year was used to identify which sub-programmes are relevant.



The shading in Table 2 below matches sub-programmes which contain Children's Act budget allocations to the relevant Children's Act service areas.

Table 2. Social Development sub-programmes that include budget for Children's Act service areas

	Partial care and ECD	Drop-in centres	Prevention and early intervention services	Protection services	Foster care and cluster foster care	Adoption and inter-country adoption	Child and youth care centres
Sub-programmes							
Child care and protection							Previously called places of safety, shelters, and children's homes
HIV and AIDS			Home based care	CHH mentorship scheme			
Family care and support			Parenting skills and child and family counselling				
Crime Prevention and support			Diversion programmes				Secure care centres

Of the three sub-programmes which are the focus of this paper, child care and protection accounts for a total of R2 610m (R2.6billion) across the nine provinces in 2010/11, while HIV and AIDS accounts for R628m and family care and support for R168m. The sub-programmes account for 37%, 9% and 2% respectively of the allocations for social welfare programmes across the nine provinces. Crime prevention and support is allocated R673m across the nine provinces in 2010/11, equal to 10% of social welfare programme allocations. An analysis of each sub-programme's share of the social welfare services programme budget, and changes in this share over the years, indicates the priority that is being given to the services that are provided as part of that sub-programme as well as the relative cost of the services provided under that sub-programme. We provide commentary on the share and the changes below under each respective programme.

Analysis of the 2010/11 budgets

Child care and protection sub-programme

The national and provincial budget documents that are tabled each year include the estimates for the coming budget year (in this case, 2010/11), as well as medium-term expenditure framework (MTEF) estimates for the following two "outer" years (2011/12 and 2012/13 in this case). Table 3 includes the adjusted appropriation for 2009/10 (i.e. the original allocation as voted in early 2009, adjusted for any decrease or increase voted by the provincial legislature later in the year) for child care and protection, plus the allocations for the three years of the MTEF tabled in early 2010, namely the budget year of 2010/11 and the two outer years of 2011/12 and 2012/13.

The table shows the percentage increase for each of the MTEF years, and the average annual increase over the three-year MTEF period. The left-hand columns of the table give the actual allocations. The percentages in the right-hand columns of the table show the percentage change between the financial year reflected in the column and the previous financial year.

Overall, the picture looks fairly promising given the recessionary environment in which the budgets were drawn up, in that the average annual increase across the nine provinces stands at 13%. This is well above the rates of inflation used by the National Treasury in assessing nominal and real increases in budgets over these three years, namely 6,4%, 5,9% and 5,6%. However, the average annual increase is lower than the 20% recorded as a three-year average in our analysis of the 2009/10 MTEF, and the 28% three-year annual average recorded in our analysis of the 2008/09 MTEF. The province-specific annual averages range from -1% (i.e. a decrease even in nominal terms) in North West to 24% in KwaZulu-Natal. To some extent these extreme values balance large swings in the other direction in previous years for these two provinces.

Table 3. Allocations for child care and protection sub-programme, 2009/10-2012/13 (R1000s)

	Allocations				Annual percentage change			
Province	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2010/11**	**2011/12**	**2012/13**	**3-yr average**
Eastern Cape	197 013	215 078	226 903	238 248	9%	5%	5%	7%
Free State	252 734	294 511	333 961	350 646	17%	13%	5%	12%
Gauteng	682 379	765 749	949 704	1 002 066	12%	24%	6%	14%
KwaZulu-Natal	341 143	487 159	624 332	655 547	43%	28%	5%	24%
Limpopo	133 532	147 635	172 898	177 704	11%	17%	3%	10%
Mpumalanga	132 243	166 213	213 437	225 460	26%	28%	6%	19%
Northern Cape	57 459	70 077	87 236	90 818	22%	24%	4%	16%
North West	121 381	117 478	116 508	119 239	-3%	-1%	2%	-1%
Western Cape	334 075	345 931	354 637	374 944	4%	3%	6%	4%
All provinces	**2 251 959**	**2 609 831**	**3 079 616**	**3 234 672**	**16%**	**18%**	**5%**	**13%**
National dept	**24 700**	**26 400**	**28 400**	**30 000**	**7%**	**8%**	**6%**	**7%**

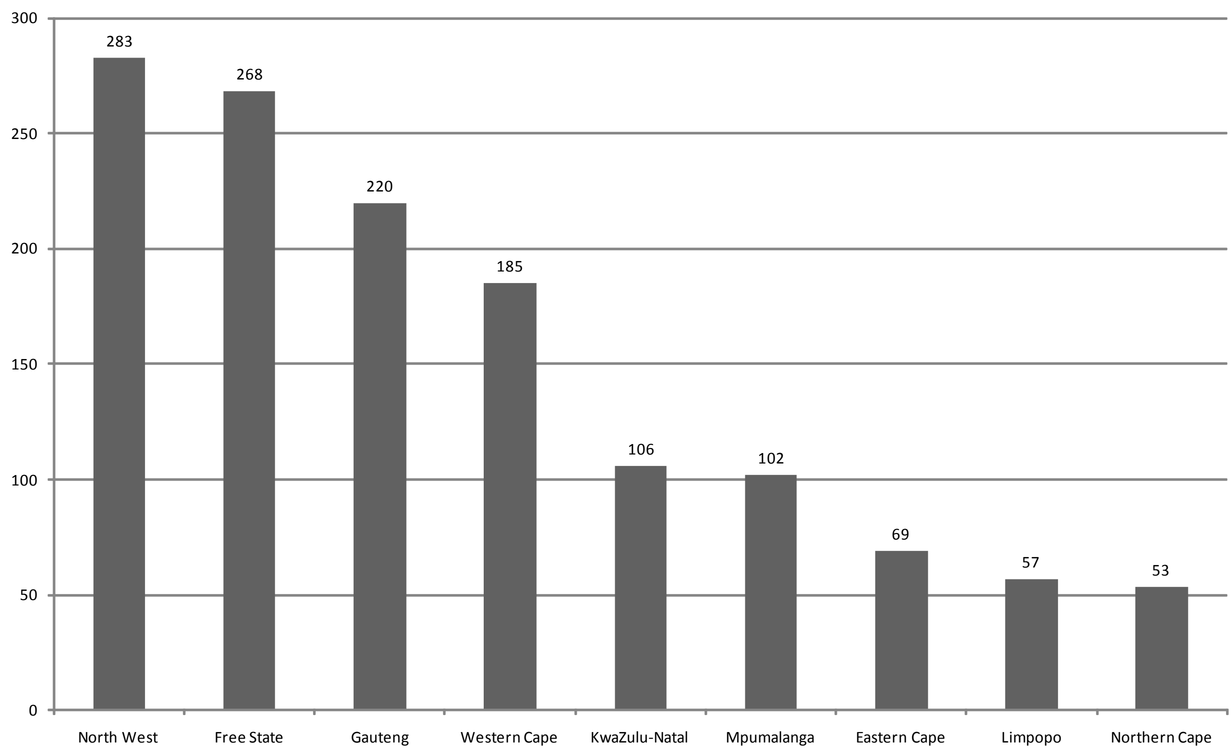
Over the three MTEF years, the child care and support sub-programme accounts for 36,7%, 38,9% and 38,7% respectively of the total social welfare programme allocation. This suggests that within this programme, the sub-programme on child care and protection will receive relatively greater attention over the years. However, in 2009 the percentage was set to increase to 40% by 2011/12.

In absolute terms, Gauteng has the largest amount allocated for 2010/11 (R765,7m), while Northern Cape has the lowest (R70,1m). This ranking of biggest and smallest is partly expected given the population distribution. Nevertheless, as in 2009, the large gap between Gauteng and KwaZulu-Natal – which has more children than Gauteng and is likely to have a higher proportion of vulnerable children – suggests severe under-provision in KwaZulu-Natal compared to Gauteng. There is, however, some improvement here as for 2010/11 KwaZulu-Natal's allocation is 64% that of Gauteng, whereas in 2009/10 it was 56%.

The figure below provides a crude illustration of the provincial disparities by dividing each province's allocation by the population aged 0-19 years as recorded in the Community Survey of 2007 (Statistics South Africa: 62-66). The illustration is crude because the proportion of children that need Children's Act services will vary across provinces. However, finding a proxy for this variation is not simple as a factor such as poverty, for example, is not an accurate determinant of need for these services. The fact that the population figures relate to 2007 rather than 2010 is not a problem in that at this point in South Africa's demographic development, there is minimal change from year to year in the child population.

The figure suggests that the per capita allocation ranges from a low of R53 per child in Northern Cape to R283 per child in North West. North West, which in 2009/10 was in second place, has regained the first place position that it held in 2008/09. KwaZulu-Natal has progressed from third lowest per capita allocation in 2009 to fifth lowest, while Eastern Cape, another extremely poverty-stricken province, has slipped to third lowest. The average across the nine provinces is R130, which is a healthy increase over the R92 per capita average of 2009/10.

Figure 1: Per capita allocations for child care and protection services, 2010/11



As noted above, each year government publishes estimates for the coming three budget years. This allows us to compare the estimates published in 2009 for 2010/11 and 2011/12 (at which stage these represented the "outer" years of the MTEF) with what was tabled for these two years in 2010 (when the 2010/11 figure represents the proposed budget, and the 2011/12 remains an "outer" MTEF year).

We can also compare the adjusted estimates for 2009/10 with the original budget allocations for that year. Thus we compare (a) the estimate for 2009/10 that appeared in the budget book of 2009 as the original allocation with the revised estimate for 2009 in the 2010 budget book; (b) the estimate for 2010/11 that was published in 2009 as the first outer year estimate with the allocation for 2010/11 in the 2010 budget book; and (b) the estimate for 2011/12 published in 2009 as the second outer yet estimate with the allocation for 2011/12 in the 2010 budget book, when it is the first outer year of the new MTEF. These comparisons are simpler to understand than the percentage increases discussed above to the extent that this comparison is with allocations for the same year and one therefore does not need to take inflation into account.

Table 4 confirms that in three provinces the adjusted estimates for 2009/10 were lower than the original estimates. In Free State, the adjusted estimate was as much as 10% less than the original estimate. In contrast, in Eastern Cape (which performed worst in 2008/09) the adjusted estimate was 15% higher than the original allocation for 2009/10. In respect of 2010/11 Limpopo records an allocation that is 14% higher than that predicted in the 2009 budget book. In contrast, Western Cape's allocation is 10% less than predicted previously, while Northern Cape and North West have decreases of 9% and 8% respectively. Eastern Cape is more or less in line with last year's prediction. However, last year's analysis revealed that allocations in this province were much lower than previously planned. In essence, then, Eastern Cape is sticking to its conservative estimates of last year.

Table 4. Change in estimates for child care & protection between 2009 & 2010 budget books

	% change in estimate for specified financial year			
Province	**2009/10**	**2010/11**	**2011/12**	**2009/10-2011/12**
Eastern Cape	15%	-1%	-25%	-8%
Free State	-10%	-3%	0%	-4%
Gauteng	14%	7%	14%	12%
KwaZulu-Natal	0%	0%	0%	0%
Limpopo	8%	14%	-17%	-2%
Mpumalanga	-2%	1%	7%	2%
Northern Cape	0%	-9%	-8%	-6%
North West	5%	-8%	-24%	-10%
Western Cape	-1%	-10%	-20%	-11%
All provinces	4%	0%	-3%	0%
National dept	2%	0%	3%	2%

Table 5 suggests that the relative importance attached to child care and protection within the social welfare services programme is more or less the same in the 2009 and 2010 budget books if we average across the nine provinces. Further, in both years' books the percentage allocated to child care and protection increases over the period. However, the national pattern hides substantial variation in patterns across provinces. Gauteng has, as in 2009, substantially increased the relative importance attached to this sub-programme. In contrast, Free State, Northern Cape and Western Cape show lower shares going to this sub-programme than predicted in the 2009 budget books.

Table 5. Child care & protection as percentage of social welfare services, 2009 & 2010 documents

		2009/10	2010/11	2011/12
2009	**Eastern Cape**	20%	23%	28%
2010		23%	23%	22%
2009	**Free State**	63%	63%	63%
2010		59%	61%	62%
2009	**Gauteng**	41%	43%	46%
2010		47%	46%	51%
2009	**KwaZulu-Natal**	36%	41%	45%
2010		37%	41%	46%
2009	**Limpopo**	33%	31%	41%
2010		32%	34%	34%
2009	**Mpumalanga**	30%	31%	34%
2010		29%	32%	36%
2009	**Northern Cape**	23%	27%	30%
2010		22%	24%	27%
2009	**North West**	24%	22%	24%
2010		23%	21%	19%
2009	**Western Cape**	38%	39%	40%
2010		36%	35%	33%
2009	**Total**	35%	37%	40%
2010		36%	37%	39%

Care and support for families sub-programme

In our analysis of both 2008 and 2009 we noted that the patterns in respect of the sub-programme care and support to families were less favourable than those for child care and protection. The problems in respect of this sub-programme continue in 2010. Table 6 shows the allocations as well as the annual percentage change in each province. Eastern Cape, Mpumalanga and North West record high average annual increases over the MTEF period. Free State shows a small decrease – of 2% - even in nominal terms. The decrease would be even bigger if the estimates were corrected for inflation. Overall, the average annual increase is 5% in nominal terms over the MTEF period, which is lower than expected inflation. In addition to Free State, the estimates for Western Cape and Gauteng are particularly worrying with average increases of 3% or less. Further, the national average for 2010/11, which reflects the estimates that will be voted into law, is only 5%. This is below the National Treasury's 6,4% estimate of inflation for this year.

Table 6. Allocations for care & support to families, 2009/10-2012/13 (R1000s)

	Allocation				Annual percentage change			
Province	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2010/11**	**2011/12**	**2012/13**	**3-year average**
Eastern Cape	4 869	9 460	9 990	10 489	94%	6%	5%	29%
Free State	5 152	4 128	4 557	4 784	-20%	10%	5%	-2%
Gauteng	90 697	93 000	95 000	99 370	3%	2%	5%	3%
KwaZulu-Natal	3 225	3 419	3 624	3 805	6%	6%	5%	6%
Limpopo	4 016	4 120	4 305	4 520	3%	4%	5%	4%
Mpumalanga	4 620	6 144	7 314	8 187	33%	19%	12%	21%
Northern Cape	5 244	5 790	6 001	6 276	10%	4%	5%	6%
North West	6 520	8 563	9 101	9 626	31%	6%	6%	14%
Western Cape	36 037	33 795	35 730	36 117	-6%	6%	1%	0%
All provinces	160 380	168 419	175 622	183 174	5%	4%	4%	5%
National dept	6 100	6 500	6 900	7 300	7%	6%	6%	6%

Table 7 reveals that two provinces – Mpumalanga and Western Cape – had adjusted budgets that were 18-19% smaller than the original allocations. For the current budget year of 2010/11, four provinces – Free State, Gauteng, Mpumalanga and Western Cape – have allocated less than was shown in the 2009 budget documents for this year. For Western Cape the 2010/11 allocation is 23% less than predicted last year. In contrast, Eastern Cape has a 2010/11 budget that is more than double what was predicted last year. For the three-year period as a whole, and across the provinces, the annual increase in budgets is 2% less than shown in last year's budget books. Western Cape shows consistently high decreases across the period, while Eastern Cape and Limpopo have substantial increases.

The sub-programme accounts for 2,4% of the social welfare programme budget in 2010/11, and this percentage decreases to 2,2% in the following two years.

Table 7. Change in estimates for care & support to families between 2009 & 2010 budget books

	% change in estimate for specified financial year			
Province	**2009/10**	**2010/11**	**2011/12**	**2009-2012**
Eastern Cape	0%	112%	115%	74%
Free State	25%	-7%	-5%	3%
Gauteng	0%	-2%	-5%	-2%
KwaZulu-Natal	0%	0%	0%	0%
Limpopo	34%	18%	17%	22%
Mpumalanga	-18%	-12%	-3%	-10%
North West	0%	5%	4%	3%
Western Cape	-19%	-23%	-21%	-21%
All provinces	0%	-13%	-13%	-9%
National dept	0%	-3%	-4%	-2%

The decreases in the estimates published in 2010 when compared to 2009 are worrying because this sub-programme should contain some of the family support programmes that are listed in the Prevention Chapter of the Children's Act. These include the following programmes:

- Family preservation services
- Parenting skills programmes/counselling

- Parenting skills programmes/counselling and support groups for parents of children with disabilities and chronic illnesses
- Parenting skills programmes and counselling to teach parents positive, non-violent forms of discipline
- Psychological, rehabilitation and therapeutic programmes for children who have suffered abuse, neglect, trauma, grief, loss or who have behaviour or substance abuse problems
- Programmes aimed at strengthening/supporting families to prevent children from having to be removed into child and youth care centres
- Programmes that provide families with information on how to access government services such as water, electricity, housing, grants, education, police, courts, private maintenance, food parcels, protection services, and health services
- Programmes that assist and empower families to obtain the basic necessities of life for themselves (e.g. skills development projects, sustainable livelihoods programmes, sewing projects, expanded public works projects and stipends, food garden and farming projects).

Some of these programmes might be funded under another sub-programme, programme or even another departmental vote. For example, psychological programmes for children who have suffered abuse, neglect, trauma, grief or loss could fall under child care and protection, programmes for children who have substance abuse problems could fall under the substance abuse, prevention and rehabilitation sub-programme, while programmes to assist with basic necessities of life could fall under the sustainable livelihoods sub-programme of the development and research programme. Information provision could fall under the Government Communication and Information Systems vote. Nevertheless, this still leaves a range of programmes that seem to fall squarely within the responsibility of the care and support to families sub-programme.

These programmes could contribute, over time, to a reduction in the large numbers of children in need of more expensive tertiary services such as children's court inquiries and state alternative care. Spending more now on prevention programmes could thus prove more cost-effective in the medium- to long-term as well as avoiding many children suffering unnecessarily. The prevention programmes listed above are required by the Children's Act and the budget figures, narratives and indicators therefore need to indicate to what extent the programmes are being provided. The way the budgets are currently structured and recorded does not enable an analysis of whether these programmes are being provided and to what extent.

The Western Cape budget document notes that a national family policy has been finalised and was presented to Cabinet on 25 February 2009, and that the national department was expected to compile a green paper. It could be that delays in finalising national policy in this area are contributing to unenthusiastic implementation by provinces and non-prioritisation of the sub-programme. Further, some of the narrative discussion on the sub-programme suggests that the activities being undertaken are very varied. In the past this sub-programme was often conceived of as providing for "marriage enrichment programmes" and "family counselling", whereas the Children's Act provides for a much broader interpretation of this service area that focuses, in particularly, on prevention and early intervention. It is disappointing that such broader prevention and early intervention activities are generally not reflected in the budget narratives.

HIV and Aids sub-programme

The third sub-programme that is relevant for implementation of the Children's Act is HIV and Aids. At national level this sub-programme has been shifted to the community development programme. Within the provinces it remains within the social welfare programme.

The allocations for this sub-programme must be assessed against the HIV prevalence levels in the different provinces. The figure below shows that in 2008 the prevalence among antenatal clinic attendees ranged from 16.1% in Western Cape to 38.7% in KwaZulu-Natal (Department of Health, 2009: 10).

Figure 2: HIV prevalence among antenatal clinic attendees, 2008

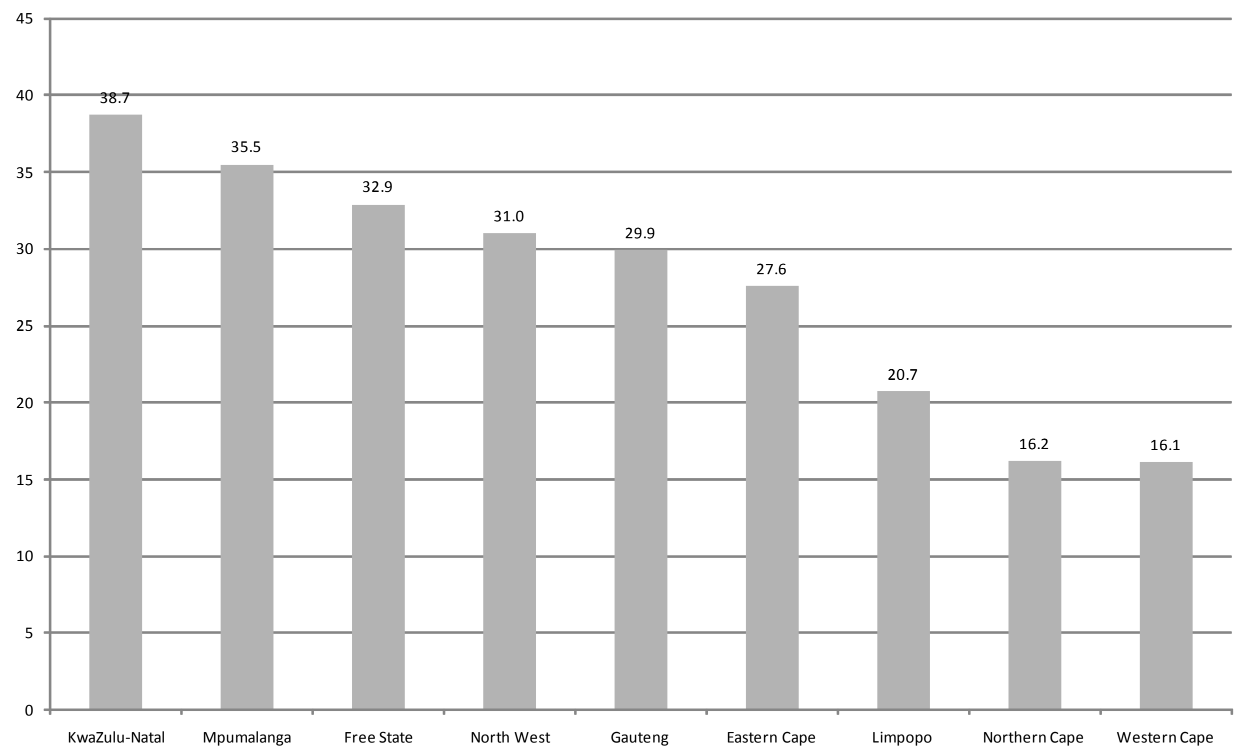


Table 8 shows that overall, the provinces' HIV and AIDS sub-programmes have an average annual increase in nominal terms of 7%, which should translate into a small increase in real terms. For 2010/11 the allocation for HIV and Aids amounts to 8,8% of the total allocation for the social welfare programme, but this slips to 8,3% in each of the following two years. The relatively larger allocation in 2010/11 is probably explained by the conditional grant which has been introduced for 2010/11 to allow provision of subsidies to non-profit organisations (NPOs) with home-based care programmes so that they can provide a minimum stipend to volunteers who do not currently receive this. This grant, which the Gauteng budget document refers to as the "new incentive grant", has been provided only for 2010/11, and is provided from within the vote of the National Department of Public Works. The term "incentive" used by Gauteng seems to reflect confusion between schedule 5 and schedule 8 grants in the Division of Revenue Act. Schedule 5 grants provides for allocations to provinces for specific purposes, while schedule 8 grants are meant to serve as incentives to encourage provinces and municipalities to meet targets on national priority programmes. This particular grant is provided by the Department of Public Works as a schedule 5 grant. The national departments of health and social development are required to come up with a longer-term plan in respect of incentives before this grant is extended. The grant is discussed in more detail below.

Looking at the provinces in more detail we see that Western Cape has allocated 62% less in 2010/11 that it allocated for 2009/10. Limpopo has a smaller, but still substantial, decrease of 9%. Western Cape records a negative average annual decrease of 25% in nominal terms for the MTEF period as a whole. KwaZulu-Natal, as in 2009/10, is the best performer on this measure, with an average annual increase of 24% and an increase for 2010/11 of 73%. There are two caveats in this respect, however. Firstly, the comparison is slightly exaggerated by the fact that the comparison is with the adjusted budget for 2009/10, and that is 2% less than the budget originally allocated for 2009/10. Secondly, and more seriously, KwaZulu-Natal has seriously underspent on this sub-programme for two consecutive years. Allocations are not effective if they are not spent.

Table 8. Allocations for HIV and Aids, 2009/10-2012/13 (R1000s)

	Allocations				Annual percentage change			
Provinces	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2010/11**	**2011/12**	**2012/13**	**3-yr average**
Eastern Cape	66 988	77 165	76 064	79 888	15%	-1%	5%	6%
Free State	22 753	22 852	25 026	26 343	0%	10%	5%	5%
Gauteng	185 457	204 164	210 610	222 187	10%	3%	5%	6%
KwaZulu-Natal	53 407	92 504	96 505	101 330	73%	4%	5%	24%
Limpopo	80 625	73 638	85 921	90 148	-9%	17%	5%	4%
Mpumalanga	63 022	69 728	71 117	76 647	11%	2%	8%	7%
Northern Cape	24 756	30 791	31 210	32 771	24%	1%	5%	10%
North West	43 919	46 861	54 836	57 943	7%	17%	6%	10%
Western Cape	23 903	9 116	9 647	10 199	-62%	6%	6%	-25%
All provinces	564 830	626 819	660 936	697 456	11%	5%	6%	7%
National dept	60 900	64 800	68 200	70 500	6%	5%	3%	5%

Table 9 reveals that Limpopo's adjusted budget for HIV and Aids for 2009/10 was 21% lower than the original allocation. The Limpopo allocations are also lower than previously published estimates for 2010/11 and 2011/12. This more or less reverses the exceptionally high increase recorded by Limpopo in the 2009 budget book. In addition to Limpopo, adjusted estimates for 2009/10 are lower than original allocations in all provinces except Free State, Northern Cape and Western Cape. When all provinces are combined, the estimates published in the 2010 budget documents are substantially lower for all years than they were in the 2009 budget documents. The only province that performs well in this analysis is Free State, which records estimates that are, on average, 11% higher than those recorded in the 2009 budget books.

Table 9. Change in estimates for HIV and Aids between 2009 & 2010 budget books

	% change in estimate for specified financial year			
	2009/10	2010/11	2011/12	2009-2012
Eastern Cape	-2%	3%	-3%	0%
Free State	18%	8%	7%	11%
Gauteng	-3%	-3%	-4%	-4%
KwaZulu-Natal	-2%	3%	0%	1%
Limpopo	-21%	-40%	-34%	-32%
Mpumalanga	-9%	-3%	-21%	-12%
Northern Cape	0%	3%	-2%	0%
North West	-5%	-19%	-14%	-13%
Western Cape	0%	-66%	-69%	-48%
All provinces	-6%	-11%	-14%	-11%
National dept	-1%	-2%	-2%	-2%

Crime prevention and support sub-programme

Table 10 shows that over the three-year period, the average annual provincial increase in allocations for crime prevention and support is 9%. The 2010/11 estimates are, however, the ones that are most important, as these are the numbers that will be voted on this year, while those for the outer years – which at present all have increases at least in nominal terms – could be changed when future budgets are tabled. In 2010/11 this sub-programme accounts for between 9,5% of the social welfare programme budget, but the share drops to 9,0% and 8.8% respectively in the outer years of the MTEF.

Limpopo continues the disappointing pattern revealed in last year's analysis. It has allocated less in 2010/11 than for 2009/10 for this sub-programme, and Western Cape has allocated almost exactly the same nominal amount as in 2009/10 despite inflation. In contrast, some provinces show substantial increases. KwaZulu-Natal stands out in this respect, and North West, Gauteng, Mpumalanga and Free State also have increases that are more than double inflation. Overall the provinces have an average annual increase of 9% over the MTEF period, with KwaZulu-Natal's average of 26% again standing out, and Mpumalanga and North West both recording average increases of over 10%. Western Cape's increase of 4%, while positive in nominal terms, will be negative when adjusted for inflation. The national department records a marked decrease for 2010/11, and increases more or less equal to expected inflation for the following two years.

Table 10. Allocations for crime prevention and support, 2009/10-2012/13 (R1000s)

	Allocations				Annual percentage change			
Provinces	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2010/11**	**2011/12**	**2012/13**	**3-yr average**
Eastern Cape	82 363	90 792	96 498	100 273	10%	6%	4%	7%
Free State	21 177	24 655	26 422	27 529	16%	7%	4%	9%
Gauteng	132 312	167 495	161 788	169 443	27%	-3%	5%	9%
KwaZulu-Natal	56 715	98 586	107 937	113 134	74%	9%	5%	26%
Limpopo	9 432	9 162	11 720	12 306	-3%	28%	5%	9%
Mpumalanga	12 895	15 370	16 824	19 959	19%	9%	19%	16%
Northern Cape	74 177	77 315	84 095	88 685	4%	9%	5%	6%
North West	56 754	73 619	84 031	77 100	30%	14%	-8%	11%
Western Cape	116 354	116 259	122 260	129 338	0%	5%	6%	4%
All provinces	562 179	673 253	711 575	737 767	20%	6%	4%	9%
National dept	9 200	7 600	8 000	8 500	-17%	5%	6%	-3%

Table 11 compares the allocations recorded in the 2009 budget books for each of the financial year 2009/10 through 2011/12 with those recorded in this year's books. For four of the provinces the adjusted allocations for 2009/10 are lower than the original allocations, and in three of these provinces – all except North West – the difference is substantial. Northern Cape is the only province with a substantially higher adjusted estimate than original allocation. For the provinces combined, the adjusted allocations are 1% lower than the original allocations. For subsequent years there is a small positive difference between the estimates recorded in the 2009 budget books and those recorded this year. Both Eastern Cape and Mpumalanga have large negative differences between what was published last year and what appears in this year's budget books for 2010/11 and 2011/12.

Table 11. Change in estimates for crime prevention and support between 2009 & 2010 budget books

	% change in estimate for specified financial year			
	2009/10	**2010/11**	**2011/12**	**2009-2012**
Eastern Cape	1%	-10%	-8%	-6%
Free State	5%	13%	14%	11%
Gauteng	-12%	4%	-4%	-4%
KwaZulu-Natal	0%	0%	0%	0%
Limpopo	-10%	-18%	0%	-9%
Mpumalanga	-15%	-12%	-13%	-13%
Northern Cape	14%	11%	14%	13%
North West	-3%	16%	19%	11%
Western Cape	5%	0%	-3%	0%
All provinces	-1%	2%	1%	1%
National dept	21%	-5%	-5%	3%

The equitable share and prioritised allocations

Provinces get 95% of their money from national government and most of this is from the equitable share. The equitable share is given as a lump sum by National Treasury to each of the provinces to enable them to provide a range of services including education, health, housing and social services. The provincial treasuries then decide how the lump sum allocated to the provinces will be divided between their government departments.

Treasury uses a formula to calculate the equitable share. The Constitution has a list of factors in section 214 which Treasury must consider when devising the formula. One of these factors is the obligations imposed on provinces by national legislation in that the equitable share is intended to ensure that provinces receive enough money to fulfil their obligations. On this factor, the Children's Act would qualify as national legislation that imposes obligations on the provinces. Further, while at present social development accounts for only about 3% of total provincial spending, the Children's Act and other new social welfare legislation envisages substantial expansion in services and this should be taken into account in the equitable share formula.

In 2010/11, as in previous years, Treasury used a formula with six components to determine how much to allocate to the provincial sphere in total. The six components of the formula relate to education, health, population size, poverty, economic performance, and institutional set-up.

Provinces do not have to allocate their lump sum according to the equitable share formula, but the equitable share allocations do send a message to provinces that certain service areas are important and that money is available for these services. Hence, if a service area is not expressly included in the equitable share formula, the service area stands a greater risk of being de-prioritised in the budget decisions at provincial level. The message that a service area is not important is further reinforced if the services are not prioritised in national and provincial government strategic plans and speeches, for example in the State of the Nation address, the Minister of Finance's Budget Speech and provincial and national key objectives.

In 2006, the Financial and Fiscal Commission recommended that the formula include an explicit component for social welfare services. National Treasury agreed with this recommendation and undertook to consider it in a planned review of the formula. Four years later there is no mention of such a review in the budget documents, including in the appendix relating to the submissions of the Financial and Fiscal Commission and the National Treasury's responses to these submissions.

The explanatory memorandum to the division of revenue (Annexure W1 to the Budget Review) notes that the National Treasury has taken over responsibility for the second phase of the review, working in consultation with the Financial and Fiscal Commission and provincial treasuries. In November 2009 the parties reached agreement that the review would be conducted in terms of six categories of provincial expenditure, and social development is named as one of the six categories. The review is meant to be finished in time for the 2011 division of revenue.

In addition to the equitable share, provinces receive money from national (mainly sectoral) departments in the form of conditional grants. In previous years the provincial Departments of Social Development received no conditional grants. This year the provincial departments receive part of the one-year conditional grant from the Department of Public Works and referred to above for payment of stipends to "volunteers" providing home- and community-based care (HCBC) services.

Eastern Cape, Limpopo, North West and Western Cape make no mention of the new conditional grant in their budget books. For these provinces, the grant is also not shown in the standard table showing sources of revenue for the department.

Among the other provinces, the following information is provided:

- Free State shows a conditional grant of R1.7 million; Gauteng shows a conditional grant, which is explicitly named as the "EPWP Incentive Grant for the Social Sector", for a total of R5.1m. Because health and social development fall under a single department in this province, only part of the grant – R3,6m – is for social development;
- KwaZulu-Natal records a conditional grant of R2 688 thousand, but notes that it has already raised with National Treasury the fact that this amount will not cover the "funding gap" i.e. it will not allow the province to ensure that all volunteers receive a stipend. KwaZulu-Natal also highlights that the grant is for only one year. The narrative notes that the grant is recorded against the HIV and AIDS sub-programme, and under transfers and subsidies to public corporations and private enterprises in terms of the economic classification. This latter classification seems strange given that the funding is intended for NPOs.
- Mpumalanga records a conditional grant of R2 856 thousand. In this province the allocation is recorded under transfers to NPOs in terms of the economic classification.
- Northern Cape records a conditional grant of R1 308 thousand.

Confusion and lack of reporting on this grant by some provinces can be attributed to delays on the part of the Department of Public Works in announcing how much each province would receive. The errors in how the money has been recorded will apparently be corrected in the adjusted estimates that will be produced by each of the provinces after the middle of the financial year. Transfers are reportedly only due to be made after end June 2010 at the earliest. For the purposes of this paper the budgets are reported and analysed as tabled in early 2010.

In the absence of conditional grants, in previous years the National Treasury attempted to influence provincial spending allocations through what were sometimes at provincial level termed "earmarked" allocations. These allocations do not have the same compulsion as conditional grants, where the provincial department is required to spend the allocated money for the specified purpose. Instead, earmarking reflects the outcome of an earlier phase of the budget process where sectors, led by the respective national departments, put forward funding requests to National Treasury for the delivery of programmes by provincial departments. In the course of the prioritisation process, National Treasury will then recommend that particular priorities be funded at specified levels. If the Budget Council and Cabinet agree to this, the funds get added to the provincial equitable share pool and then divided between the provinces. Each province is expected to give effect to the priorities that guided the allocation of funds and allocate the funds to the relevant provincial departments and, within these departments, to the relevant programmes. The appropriation bills (and acts) of some provinces then reflect allocations to these prioritised services as "earmarked" funds, and the funds may only be used for the specified activities. However, since the funds flow through the equitable share, provinces have discretion as to how they allocate these funds and, in particular, whether the extra funds are allocated to the prioritised areas.

The term "earmarked" is sometimes also carried through into the budget votes. Our examination of the 2008 and 2009 budget books suggested that earmarking resulted in increased funds being allocated to the prioritised departments and functions such as ECD, HCBC and facilities for children in conflict with the law. In 2010, only two provinces refer to earmarked funds in their budget books and both refer to ECD. KwaZulu-Natal includes a full table summarising "additional provincial allocations" over the period 2008/09 to 2012/13. This includes national priority allocations for ECD of R107,6m for 2011/12 and R112,9m for 2012/13 that were made in the 2009/10 financial year.

Under the child care and protection sub-programme Western Cape records earmarked allocations of R179,8m for 2010/11, R189,9m for 2011/12, and R197,5m for 2012/13 in respect of ECD.

Infrastructure

In 2009 virtually all provinces reported on construction or expansion of secure care centres. This, at least in part, reflects the impact of the earmarking of funds for such facilities. In 2010, this issue is also frequently highlighted, and shows uneven progress.

- Free State's review of the past year notes that the Thabo Mofutsanyana Secure Care Centre and One Stop Child Justice Centre should be completed during 2011.
- KwaZulu-Natal – as in 2009 – discusses the public-private partnership established for this purpose. The 2010 budget book notes that seven possible sites have been identified and are being evaluated. This suggests very limited progress during 2009/10. The budget book notes that funds for procurement will only be required in 2012/13. A further sentence states that the "baseline funding for 2010/11 and 2011/12 will be used for the development of the secure care centres." It is not clear how funding for these two years can be used for centres that will only be procured the following year.
- Limpopo states that the province has planned secure care centres for two areas which "will be implemented" in 2009/10 and 2011/12. The "will be" seems questionable in respect of 2009/10 when this is the budget book for 2010/11.
- Mpumalanga states that the capacity of the existing secure care centre will need to increase from 30 to 60 beds, and an additional 60-bed centre will need to be established. It does not state if budget has been allocated for this.
- Northern Cape reports completion of a secure care centre in Springbok.
- North West notes that three new secure care centres, with capacity for 60 residents (assumed each), are now fully operational, and that these serve as "one-stop service stations" for the departments of social development, health, justice as well as the South African Police Service and other partners. The narrative notes that completion of these centres contributed to the increase in the allocation for goods and services so as to be able to appoint service providers to manage the centres. The fact that the allocation is under goods and services suggests that these centres will be run by for-profit rather than NPO providers. This means that they are likely to cost the government more than if run by NPOs as government usually pays for-profit providers for the full cost of service provision with profit added on top of that, while for NPOs it only pays for part of the costs. The North West budget book also records an increased allocation under crime prevention and support for the Dr Ruth Segomotsi Mompati secure care centre. It is not clear whether this is a fourth centre, in addition to the three already completed.

Gauteng continues in 2010/11 to make provision for construction of ECD centres. This is not mentioned by other provinces. Six such centres were completed in 2009/10. Each provides for 120 children.

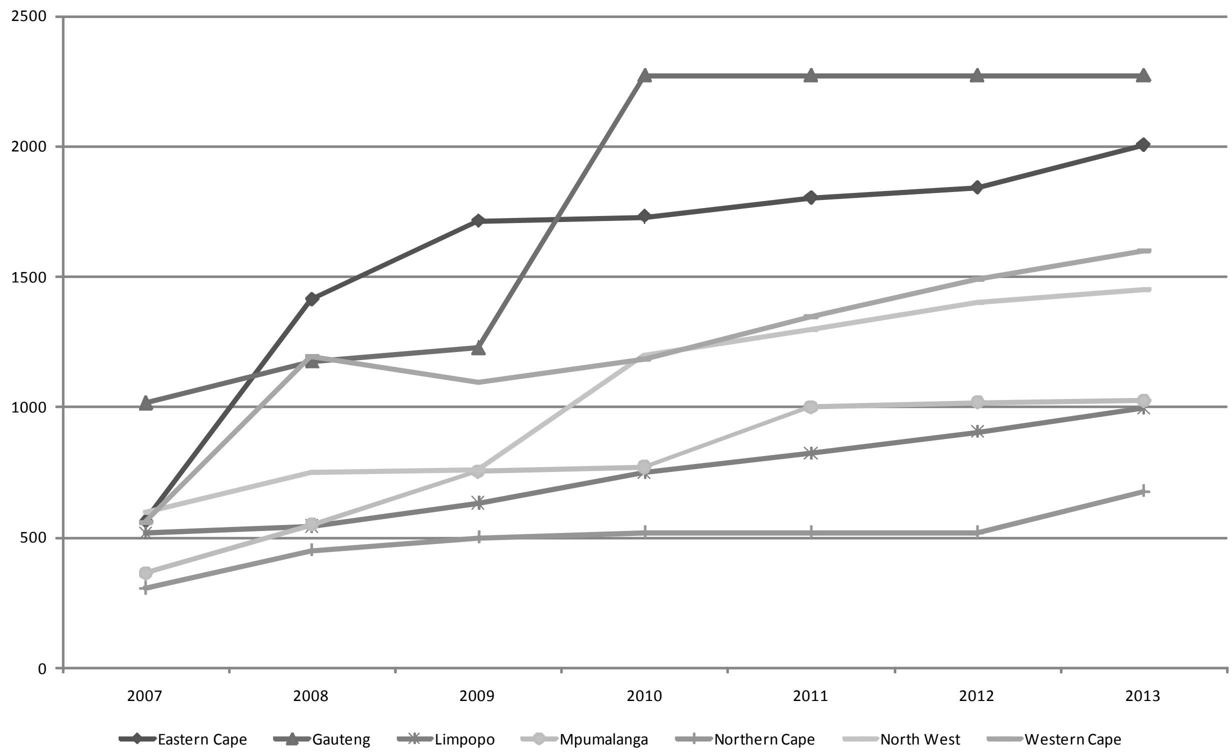
Government personnel

One of the major challenges preventing rapid budget growth and service delivery expansion in Children's Act service areas is the lack of sufficient numbers of social service practitioners. These practitioners include social workers and auxiliaries, child and youth care workers, early childhood development practitioners, community development workers and home-based carers. These practitioners are employed by both government and NPOs. The majority are employed by NPOs and their salaries and conditions of service are therefore not affected by the improvements reported below in relation to government employees. While improvements to government personnel numbers and conditions of service are to be welcomed, without a concurrent improvement to NPO funding, the main outome is movement of practitioners within the existing pool rather than an increase in practitioners available to provide services to children.

Unfortunately, the budget documents do not provide government staff breakdowns by sub-programme. This section therefore refers to all government staffing in the social welfare programme. Further, two provinces – Free State and KwaZulu-Natal – do not this year give staffing figures even per programme.

The figure below shows the trend in government staff numbers within the social welfare programmes between March 2007 and March 2013 for those provinces that include this information. (The numbers for 2010 onwards are estimates, and reflect what has been allocated budget-wise.) Mpumalanga, Gauteng and Eastern Cape show more or less constant staff numbers over the MTEF period. Indeed, Gauteng shows static numbers from 2010 onwards. Northern Cape and Eastern Cape have sharp increases planned for the year ending March 2013. Where numbers are static, there would need to be increased allocations to NPOs so that they can provide additional services to meet the requirements of the Children's Act and other recent legislation. But, as noted elsewhere in this paper, this is often not the case.

Figure 3: Staffing of social welfare programme as at 31 March of each year



Unfortunately, the tables published in the budget documents do not distinguish between different categories of staff such as social workers and others.

Limpopo notes that it has allowed for salary increases of 6% for 2010/11 while several other provinces have allowed for 5%. Salaries of provincial employees are, in fact, decided in a centralised bargaining forum. It is therefore surprising that there is not a standard increase that is used across provinces in compiling their estimates.

Several provinces refer to human resource achievements, constraints and plans. Some include references to bursaries, in particular to social work students. This was meant to be a national rather than provincial responsibility, but some provinces initially insisted on funding this from their own budget. At this point it seems that it might only be Limpopo that is insisting on this approach. This province records increases of 52,5% in 2010/11 and 21,7% over the MTEF period to cater for bursaries for social workers.

The following references illustrate how in other provinces, the national scheme is providing a means of recruiting social workers, and also freeing up money for other purposes:

- Eastern Cape notes that it has chosen to appoint social service professionals through the national bursary scheme and absorbed 150 social workers through this route during 2009/10. The section on outlook for 2010/11 notes that the province will continue to appoint professionals in this way during 2010/11 so as to fill all posts.
- KwaZulu-Natal notes a decrease in transfers and subsidies to households in 2009/10 reflecting agreement with the national department that they would take over bursary funding for social work students. This freed up provincial money for recruitment of social auxiliary workers.
- Mpumalanga notes that introduction of the national scholarships for social work students means that the province's bursary money now focuses on community development students.
- North West notes that it will continue with recruitment of social workers through the national bursary scheme.

One confusing feature is that elsewhere in the Eastern Cape document, under the administration programme, the province refers to 50 student social workers from rural areas being awarded scholarships. It is not clear if this is from the provincial or national budget.

Several of the provinces refer to the need to increase the number of probation officers. The references are, however, somewhat vague:

- Free States notes simply that they expect the number of probation officers, assistant probation officers, care workers and others to increase "significantly";
- KwaZulu-Natal notes plans to appoint probation and assistant probation officers;
- Limpopo notes that legislation requires the provinces to make provision for employment of probation officers and assistant probation officers to implement diversion programmes;
- North West attributes the increase in the allocation for compensation for employees from R202m in 2009/10 to R285m in 2010/11 to appointment of assistant probation officers alongside a range of other positions;

Gauteng, KwaZulu-Natal, Limpopo and North West refer to recruitment of social auxiliary workers as well as, in some cases, to training of this cadre, for example through learnerships.

As in 2009, the silence across the provinces in respect of child and youth care workers is cause for concern. A focus on the growth and development of child and youth care workers would have many benefits. It is "cost-effective" for government to the extent that the salaries of child and youth care workers are lower than those of social workers. It is effective in other ways because these workers tend to come from the communities in which they work, so have better knowledge of the community and are also less likely to move on. Finally, use of these other cadres is vital for the purposes of expansion of services especially prevention and early intervention services, because there simply are not enough available social workers in the country at present, and there will not be sufficient for the foreseeable future.

Many of the provinces refer to the occupation-specific dispensation (OSD) which provided for substantially increased salaries for social workers, social auxiliary workers and community development workers when explaining past or even present increases in compensation for employees.

KwaZulu-Natal reports that the effective date of implementation was 1 April 2008. This suggests that the OSD would not cause unusual increases in compensation for employees in 2010/11 compared to 2009/10. In fact, one could even expect reduced expenditure in 2010/11 compared to 2009/10 in that backpay should have been paid out of the 2009/10 allocation. The KwaZulu-Natal narrative notes that this item shows a sharp increase from 2009/10 onwards. Similarly, Eastern Cape reports that the major increase after 2008/09 reflects the OSD alongside other factors. More recent increases reflect new posts, or filling of existing posts.

In contrast, Limpopo reports that the compensation of employees item grows by 25,2% between 2009/10 and 2010/11 and 13,3% over the MTEF to cater for the OSD for social workers. This reasoning does not make sense given that 2009/10 expenditure should have included backpay. Similarly, Mpumalanga reports that the increase in this item is attributable to the revision in salary notches arising from implementation of the OSD, which it states commenced in November 2009. Northern Cape and North West states simply that they have implemented the OSD without discussing its impact on the budgets of different years. North West specifies that the OSD was implemented for social workers, community development workers and related health practitioners.

Western Cape notes that it has "upgraded" salaries of social workers who are employed by NPOs as well as those employed by government. None of the other provinces discusses the fact that the increases introduced by the OSD will exacerbate the gap between salaries of those employed by government and those employed by NPOs.

Non-profit organisations

All provinces rely heavily on the services of non-profit organisations (NPOs) to deliver services. The average percentage of the total social welfare programme budget that is transferred to NPOs for 2010/11 is 51%. This is an indicator, in monetary terms, of the heavy reliance on NPOs. If NPOs were fully funded for their work, the percentage would need to be even higher.

In some cases, the provincial department subsidises the NPOs concerned, although these subsidies do not cover the full cost or scope of the services. In this respect, we note that the Children's Bill Costing Report recommended a shift to a child-centred services model of funding rather than the existing model of partial subsidisation, especially for NPOs such as child and youth care centres that are providing services to children placed in their care by a court order (i.e. "wards of the state"). There is, however, no evidence of this shift occurring. Indeed, the reverse is occurring with funding to NPOs decreasing in real and relative terms at the same time as there are substantial increases in funding for government personnel.

All provinces are required to record payments to these NPOs under transfers. The particular term used for NPOs differs across provinces and includes "transfers to other institutions" as well as "transfers to NPOs". However, all provinces publish an estimate of transfers to NPOs in respect of the social welfare programme. Because our three focus sub-programmes account for a substantial proportion[17] of the total budget for the social welfare services programme, and because all include some NPO transfers, trends in these estimates should be a good proxy for allocations to NPOs in respect of the Children's Act.

Table 12 shows that in 2006/07 the national average was 60% of the total social welfare programme budget, declining to 51% in 2009/10 and 2010/11 with a planned increase after this. This is different from what was in the 2009 budget documents when the increase started in 2010/11. Closer examination reveals that the share of the budget going to NPOs is lower in 2010/11 than in 2009/10 for five of the provinces, namely Eastern Cape, Free State, Limpopo, North West and Western Cape. The decrease is most marked for Western Cape, at close to six percentage points.

In 2010/11 the percentage of the social welfare budget allocated to NPOs varies between 34,3% in the Northern Cape and 61,7% in the Western Cape. Thus while Western Cape shows the biggest decrease in comparison to previous years, it still allocates the highest share to NPOs of all provinces. However, its lead in this respect is diminished, with Free State, Gauteng and Mpumalanga having a very similar share allocated. By 2012/13, Gauteng, Free State and Mpumalanga are set to overtake Western Cape in the share of the budget allocated to NPOs. However, North West's allocation to NPOs will remain at a low 35,7%, while Limpopo hovers around 39-40% and Eastern Cape is not much better at around 45%.

Table 12. Transfers to NPO as percentage of social welfare programme budget, 2005/06-2011/12

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Eastern Cape	59.6%	58.7%	54.5%	46.1%	45.5%	44.8%	44.7%
Free State	58.0%	59.9%	60.2%	61.2%	58.3%	59.8%	59.2%
Gauteng	74.4%	72.2%	62.6%	56.7%	58.4%	61.1%	61.2%
KwaZulu-Natal	53.2%	52.2%	43.2%	39.4%	43.0%	46.7%	46.6%
Limpopo	38.7%	45.7%	48.7%	44.5%	40.0%	40.1%	39.1%
Mpumalanga	52.4%	53.9%	50.3%	54.1%	57.6%	59.0%	58.9%
Northern Cape	36.0%	38.0%	36.5%	31.9%	34.3%	36.5%	36.3%
North West	39.1%	47.8%	38.1%	36.9%	35.7%	35.7%	35.7%
Western Cape	76.6%	67.9%	68.8%	67.6%	61.7%	58.1%	57.9%
Total	60.0%	59.6%	54.5%	50.9%	50.6%	51.5%	51.3%

Eastern Cape explains that the "negative growth of 10 per cent" in transfers in 2009/10 resulted from the province shifting funds from NPO transfers to compensation of employees. The province

[17] The national average is 49% but there are great variations in this percentage across the provinces.

claims that the allocation "starts to pick up again in 2010/11", but the table above shows that the share of the total programme allocation going to NPOs continues to fall.

KwaZulu-Natal's budget document at several points refers to non-compliance of NPO's with financial requirements, such as those of the Public Finance Management Act, and resultant suspension of subsidies and initiation of a forensic audit. The document also reports shifting of funds from the social welfare and development and research programmes to the administration programme to fund the shortfall on compensation of employees resulting from upgrading of salaries for managers. In addition, the document refers to "misclassifications" in the 2009/10 budget process "due to business plans which were not finalised at that stage". It is not clear which of these multiple factors were the main reasons for shifting funds away from NPO transfers.

Western Cape refers to a process of developing a national policy on social services, which it reports as being underway. The issues covered by this policy reportedly include the creation of a funding model for delivery of services by NPOs. This issue has now been "underway" for more than a decade. For example, the Financing Policy for Developmental Social Welfare Services was published in 1999. The policy was to some extent implemented, but with mixed messages given to NPOs at different points and by different provinces. In the absence of a workable policy, NPOs continue to battle to provide services in a situation of chronic under-funding.

Some provinces provide further details of transfers to NPOs beyond the overall estimates. Unfortunately, each one does this in a different way, which disallows easy comparison.

Easern Cape has a list of 40 items, with estimated allocations for 2009/10 through 2012/13. Several of these items seem of interest for our purposes. These include the allocations for secure care centres, developmental foster care programmes, children's homes, ECD, shelters for children, "community based centres (foster home)", home [and] community based care centres, partial care, familiy resource centres, and "family preservations". There are further items that might be of interest but are not sufficiently explained, such as "special day care centres" and "community based care model".. What is puzzling about the list is that alongside these specific items, there are general umbrella terms such as "NPO subsidies", "welfare organisations" and "priority projects", as well as an item for "leave gratuities".

Free State gives estimates for the full period 2006/07 to 2012/13. The budget document states that the province works in partnership with 1 490 organisations to which it provides financial assistance. Estimates are provided per sub-programme, as well as for sub-elements of each sub-programme. There is only one sub-element under crime prevention and support, but child care and protection has eight, HIV and Aids has two, and family care and support has two. The sub-elements are sometimes surprising. For example, under children, although the list relates to transfers, there is an element for provincial management. Under the family sub-programme the two elements are girl child programmes and women development. The latter confirms suspicions that this sub-programme is differently interpreted across the provinces. In terms of actual numbers, the allocations for EPWP for ECD seem strange, in that the main appropriation for 2009/10 is R3,53m, the adjusted appropriation is R11,56m, and the revised estimate is R8,73m. For 2010/11 the amount drops back to R3,88m. For children's homes, the allocation for 2009/10, at R18,36m, was less than the allocation for 2008/09 of R18,99m.

Gauteng gives the amount per sub-programme for each of the years 2006/07 to 2012/13. Western Cape's budget document suggests that the full allocation for each of the sub-programmes of the social welfare programme apart from the administration sub-programme is allocated to NPOs. However, this is contradicted by the fact that the amount given in the economic classification for the social welfare programme has an amount of R622,35m recorded in the revised estimate for 2009/10 in respect of transfers to NPOs, yet the total of the allocations for the non-administration sub-programmes amounts to R762,24m. This suggests that the Western Cape document does not provide a reliable breakdown of the NPO transfers by sub-programme.

KwaZulu-Natal claims to provide funds to close on 2 000 NPOs, with a planned increase in the number over the MTEF period. This claim was also found in last year's budget books. This province, like Gauteng, gives budget estimates for the full period 2006/07 to 2012/13. This province also has sub-divisions for some of the sub-programmes, including child care and protection services. The table of transfers shows no item for the HIV and Aids sub-programme, which seems strange given the existence of EPWP in this area. The sub-divisions for child care and protection are children's homes, shelters for children, private places of safety, ECD, and welfare organisations. The budget document states that the province has allowed for a 5% increase in tariffs for NPOs i.e. an increase that is below inflation. Last year's budget similarly reported a 5% increase. For two years running NPOs will therefore be receiving below-inflation increases.

Mpumalanga has a long table, spanning 13 pages of small print, that lists each recipient of a transfer and the amounts from 2009/10 through to 2012/13. There are no sub-headings, but the recipients seem to be grouped into categories. The list includes approximately 500 ECD centres.

Northern Cape's approach is similar to that of Eastern Cape, although the estimates span the full period 2006/07 through 2012/13. Relevant categories for our purposes include welfare organisations – crime, projects – crime prevention, welfare organisations – child, expansion of children's homes, shelters, group foster homes, places of care, expansion of ECDs, projects – child care, projects expansion of ECDs, expansion of HCBC, EPWP stipend, welfare organisations – families, and projects – families. The stipend amount is reflected only under 2010/11 and thus must refer to the conditional grant discussed above. The list of transfers includes allocations for training of social auxiliary workres and other staff training. It is not clear if this is training of government employees or employees of NPOs.

Over recent years there has been an attempt to standardise subsidies in respect of ECD centres. Several provinces report on past and planned increases. The points which follow suggest that there is still not parity across provinces:

- In Eastern Cape one section of the document reports that the subsidy was increased from R9 to R11 per child per day during 2009/10. A later section states that there will be a further increase from R12 to R15 per child per day. It is not clear when and where the increase from R11 to R12 occurs.
- Free State increased the subsidy to R12 in 2009/10, and plans a further increase to R14 in 2010/11.
- Gauteng increased the subsidy from R11 to R12 in 2009/10, but makes no mention of a further increase.
- Mpumalanga reports a subsidy of R11 per child per day for 2009/10.

What is especially worrying is that Northern Cape and Western Cape, which reported in 2009 that they planned to increase only to R9 i.e. lower than other provinces, do not report anything on this topic in 2010. Further, the continued emphasis on per capita subsidy funding ignores the need for greater recognition and support of non-centre-based ECD programmes that have the potential to reach many more vulnerable children.

Only two provinces seem to provide the amount of the stipend to be paid to workers on the EPWP-related ECD and home- and community-based care programmes. KwaZulu-Natal reports increasing the stipend from R500 to R1 000 per month for the care programme during 2009/10 through the use of "national priority funding". This province also refers to the Thogomelo care of the caregiver project, which provides support for caregivers. This project is funded by the US Agency for International Development and the relevant allocation is thus almost certainly not included in the budget document. Free State reports that ECD practitioners will be paid a stipend of R1 200 per month out of the per-child-per-day subsidy given to ECD centres.

Comparing the 2010 budget to the costing report: Comparing what has been allocated to what is actually needed

The costing of the Children's Bill commissioned by government from Cornerstone Economic Research[18] allows us to compare what is needed to implement the Children's Act with what has been allocated. There are some limitations in this comparison. Firstly, the costing assumed that the 2005/06 budget year would be the first year of implementation. In last year's analysis we took 2009/10 as the first year of implementation on the basis that part of the Children's Act came into effect on 1 July 2007 and the full Act (as amended) was expected to come into effect during 2009/10, and one would thus expect allocations to be made accordingly. To accommodate inflation that occurred between 2005 and 2009 we adjusted the Cornerstone estimates using the consumer price index of 151,0 (for January 2008) and the index of 125,4 of three years earlier (January 2005). To facilitate comparison of this year's and last year's analysis, we use the same inflation adjustments as used in 2009.

A second matter to consider is the version of the Bill that was costed by the Costing team. A commonly held perception was that Cabinet and the Department made substantial cuts after seeing the costing. However this is not accurate. The major cuts that were made by Cabinet and the Department were made to the bill prior to draft of the Bill that the costing was based on and hence these cuts have been taken into account in the costing. Parliament did however make changes after the costing was finished and we have not been able to adjust for these changes, but they should not make a significant difference to the overall costs for the following reasons: When the costing was done, the Children's Act 38 of 2005 had already been passed by Parliament and therefore all the changes made to those sections of the Act were taken into account by the costing team. The Children's Amendment Bill, the Bill that contained the main service responsibilities of the provincial departments of social development, had not yet been passed by Parliament when the costing was done. Parliament did subsequently make some amendments intended to result in cost-saving. These include changes to the foster care system to reduce the social worker and court time spent on reviewing foster care placements, and allowing for task shifting from social workers to other social service professionals. However, Parliament also made a number of changes that could increase the

[18] Barberton C (2006) *The cost of the Children's Bill: Estimate of the cost to government of the services envisaged by the comprehensive Children's Bill for the period 2005 to 2010.* Cape Town: Cornerstone Economic Research.

costs of the bill. These changes included making it compulsory for provinces to fund prevention and early intervention services (as opposed to the tabled bill making it discretionary) and requiring street child shelters to transform into child and youth care centres with higher quality (and thus cost) of services for children on the street. For the purposes of this paper we assume that the cost-increasing and cost-decreasing amendments would cancel each other out.

Thirdly, as discussed above, it is not possible to determine exactly which allocations in the budgets relate to services to children covered in the Children's Act. For the purposes of the comparison, we take the full allocations for the sub-programmes on child care and protection, HIV and Aids and care and support services to families. This over-estimates the amount allocated for implementation of the Children's Act as some of the expenditure for HIV and Aids and care & support to families are not related to the Act. This over-estimate will be off-set by some allocations in other sub-programmes that will help with implementation of the Children's Act, especially the crime prevention and support sub-programme, and the sustainable livelihoods sub-programme of the development and research programme, and the professional and support services sub-programme.

The costing team considered four different scenarios, namely:

- Implementation Plan (IP) low scenario
- Implementation Plan(IP) high scenario
- Full Cost (FC) low scenario
- Full Cost (FC) high scenario.

The IP and FC scenarios use different estimates of demand. For the IP scenarios, the costing team asked each department to describe current levels of delivery for each service and how they planned to increase delivery in line with the Bill. Thus these levels do not measure total demand or actual need. Instead, they mainly measure current service delivery. Further, examination of the detailed data on which the IP scenarios were based reveals serious discrepancies which, among others, means that comparisons across provinces should be treated with great caution. For example, In KwaZulu-Natal the number of children referred to intervention services for Year 1 is only 15 793, as compared to 50 164 for Gauteng – a much wealthier province with a similarly sized population and with lower levels of HIV infection. Similarly, the number of children at risk referred to social services is only 14 000 for KwaZulu-Natal, as compared to 51 765 for Gauteng.

For the FC scenarios, the costing team used other evidence to estimate how many children actually need services.

The high and low scenarios reflect different levels of quality of service delivery. The high scenario costs "good practice" standards for all services, while the low scenario uses "good practice" standards for services classified by the costing team as important, but lower standards for services classified by the costing team as non-priority.

To simplify matters, for the purpose of this comparison we consider only the highest and lowest estimates, namely the IP low and FC high. We look only at the estimates for Years 1-4, which we take as the basis for comparison with 2009/10 and the three MTEF years of the 2010/11 budget documents. Our motivation for using 2009/10 as Year 1 is explained above. This is, however, a conservative approach as the costing report shows that many of the services provided for in the Child Care Act of 1983 and repeated in the Children's Act (as amended) were not adequately funded at the time the costing was done although the Child Care Act was already in effect. Additional funding should thus have been allocated prior to 2009/10.

Table 13 shows the estimated costs for years 1-4 for Social Development in each of the nine provinces, including both the original estimates and the estimates adjusted for inflation. As can be seen, the inflation adjustment makes a fairly substantial difference. In year 1, for example, the total provincial IP low original estimate was R5 053,0m while the adjusted IP low estimate is R6084.6

Table 13. Costing estimates for Social Development (Rm)

		Original				Adjusted for inflation			
		Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 1**	**Year 2**	**Year 3**	**Year 4**
Eastern Cape	IP low	734	1 009	1 246	1 516	884	1 215	1 500	1 825
	FC high	6 504	7 460	8 484	9 549	7 832	8 983	10 216	11 498
Free State	IP low	483	555	646	736	581	669	777	886
	FC high	2 656	3 060	3 488	3 918	3 198	3 685	4 200	4 748
Gauteng	IP low	1 207	1 498	1 884	2 280	1 454	1 804	2 269	2 746
	FC high	7 211	8 423	9 778	11 033	8 683	10 142	11 774	13 285
KwaZulu-Natal	IP low	850	995	1 240	1 400	1 024	1 198	1 493	1 686
	FC high	11 811	13 584	15 583	17 401	14 222	16 358	18 764	20 953
Limpopo	IP low	481	648	836	1 023	579	780	1 007	1 231
	FC high	4 598	5 243	5 943	6 622	5 537	6 313	7 156	7 974
Mpumalanga	IP low	252	323	417	519	304	389	502	625
	FC high	3 644	4 195	4 788	5 354	4 388	5 051	5 766	6 447
Northern Cape	IP low	184	227	249	277	222	274	300	334
	FC high	577	677	760	841	695	815	915	1 012
North West	IP low	170	235	314	384	205	282	378	462
	FC high	3 200	3 718	4 276	4 805	3 853	4 476	5 149	5 786
Western Cape	IP low	692	774	863	965	833	932	1 039	1 162
	FC high	2 496	2 827	3 212	3 603	3 005	3 404	3 868	4 339
Total	**IP low**	**5 053**	**6 263**	**7 694**	**9 099**	**6 085**	**7 542**	**9 265**	**10 957**
	FC high	**42 697**	**49 186**	**56 312**	**63 125**	**51 414**	**59 227**	**67 807**	**76 012**

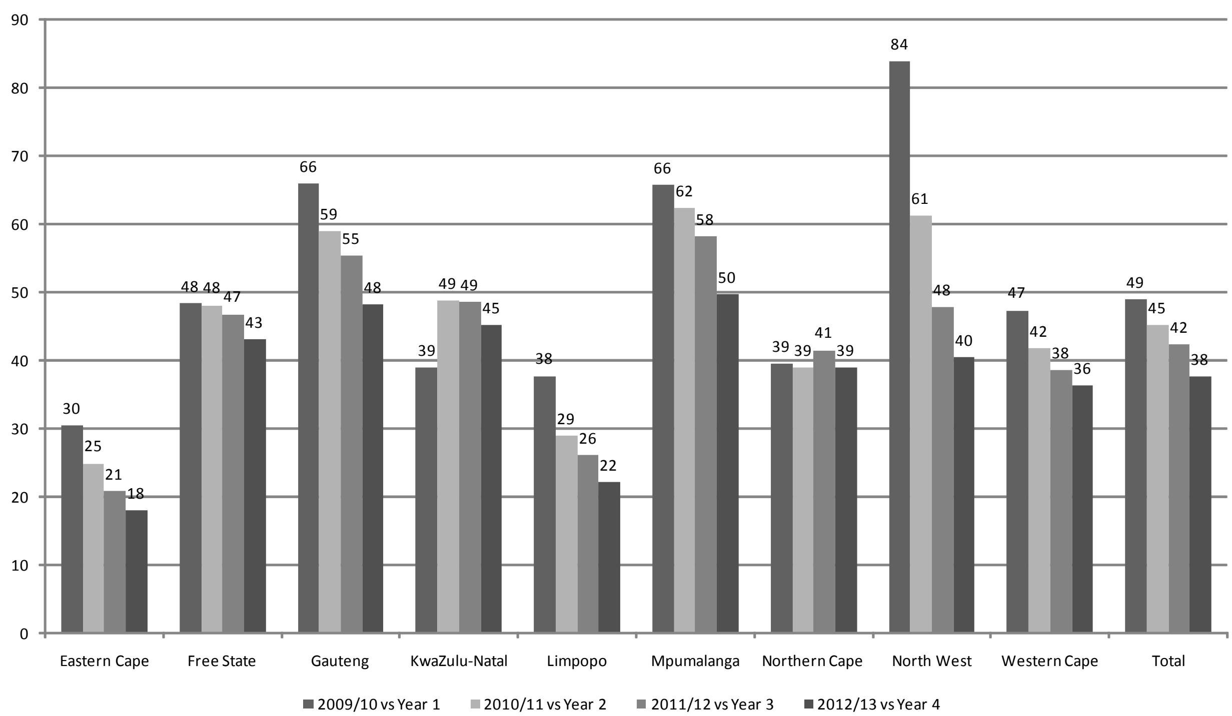
Table 14 shows the sum of the allocations over the MTEF period for the three sub-programmes most relevant for implementation of the Children's Act. Across the provinces, these amount to R2 977m in 2009/10, R3 405m in 2010/11 and R3 916m and R4 115 respectively in the outer years of the MTEF.

Table 14. Combined Children's Act-related allocations (Rm)

Province	2009/10	2010/11	2010/11	2011/12
Eastern Cape	269	302	313	329
Free State	281	321	364	382
Gauteng	959	10 63	1 255	1 324
KwaZulu-Natal	398	583	724	761
Limpopo	218	225	263	272
Mpumalanga	200	242	292	310
Northern Cape	87	107	124	130
North West	172	173	180	187
Western Cape	394	389	400	421
Total	**2 977**	**3 405**	**3 916**	**4 115**

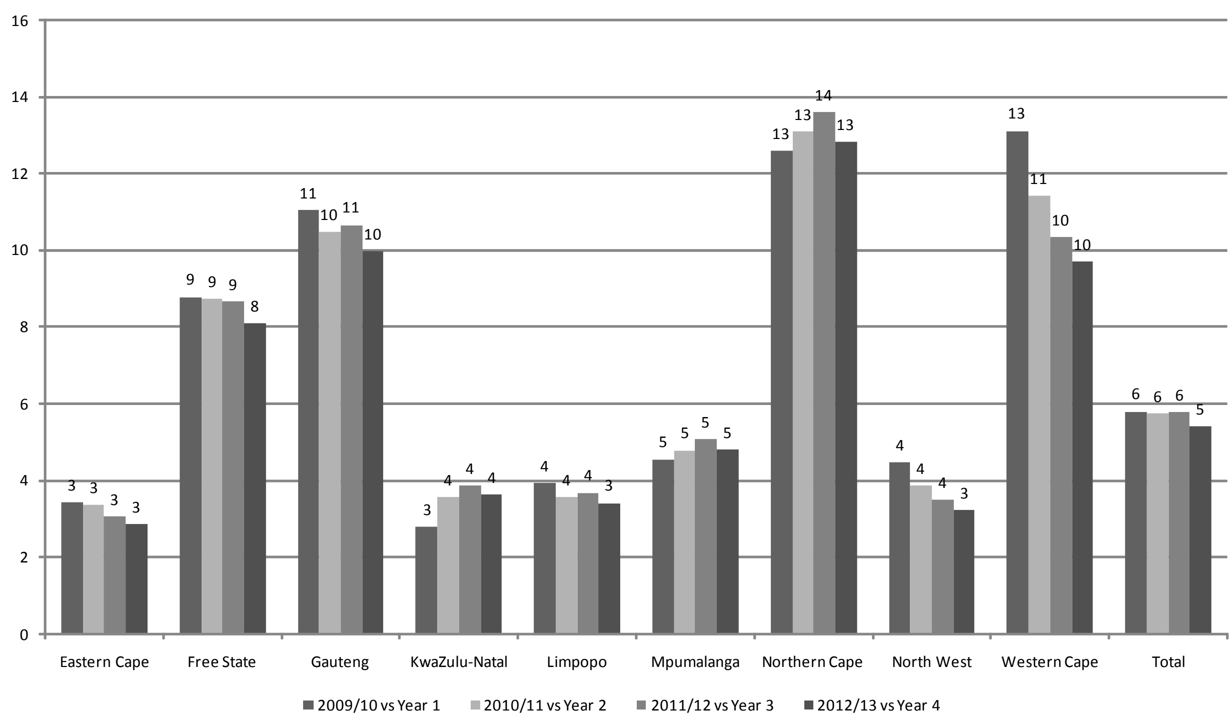
The figure that follows compares the combined allocations for the three sub-programmes with the IP low cost estimates for Years 1-4 as adjusted for inflation. Eastern Cape performs worst, with only 30% of the Year 1 estimate covered in 2009/10 and an even lower percentage in the next two years. North West performs best at the start of the period, covering 84% of the IP low cost estimate for Year 1 but decreasing sharply to 40% by Year 4. By Year 4 Mpumalanga is the best performer, allocating 50% of the IP low estimate, and closely followed by Gauteng at 48%. None of the provinces increase the percentage of the IP low costs covered between Year 1 and Year 4. Overall, the nine provinces' allocations cover only 49% of the IP low cost estimates for Year 1 and only 38% for Year 4.

Figure 4: Provincial allocations compared to inflation-adjusted IP low cost estimates



As expected, the picture is even more dismal when the comparison is done with FC high estimates rather than IP low. Eastern Cape, KwaZulu-Natal, Limpopo and North West plan to cover only 3-4% of the estimated costs of implementation throughout the period. Northern Cape performs best, but still only reaches between 13% and 14% of the estimated costs of implementation. Western Cape drops from 13% coverage for Year 1 to 10% coverage for Year 4. Only KwaZulu-Natal and Mpumalanga show an improvement in the percentage of the cost covered over the four years, but even for these provinces the percentages for Year 4 are lower than for Year 3. Overall the nine provinces combined cover only 5% of the FC high costs in Year 4. These patterns are especially worrying given that government has stated that the implementation of the Children's Act will be phased in, which implies that the percentage should increase rather than decrease over time.

Figure 5: Provincial allocations compared to inflation-adjustedFC high cost estimates



The costing report assumed that provinces would scale up service provision each year, and that the rate of scale-up would take into account the enormous gap between current levels of service provision and need. The fact that the percentage of costs being covered has fallen over time reveals that provinces have not lived up to this expectation. Instead, we are falling further behind each year.

Under-spending

This paper focuses primarily on government's allocations, i.e. government plans at the beginning of the year rather than what government actually spends. In the past less than adequate allocations for implementation of the Children's Act have sometimes been justified on the grounds that the provincial governments are not able to spend the money that they currently receive.

In this section we examine the validity of this argument by comparing the appropriations (budgeted amounts), mid-year adjusted estimates, and revised estimates for 2009/10 for each of the four sub-programmes examined in this paper. The mid-year adjusted estimates reflect changes made to the budget numbers around October of each year, and these estimates must be voted on in the legislature. The revised estimates reflect government's forecast as to what will actually be spent at the time the budget is finalised around two months before financial year-end.

Table 15 provides the comparison for the child care and protection sub-programme. The penultimate column shows the adjusted budget as a percentage of the original appropriation, while the final column shows the revised budget as a percentage of the original appropriation. The table shows that all provinces except KwaZulu-Natal and Free State were likely to spend 98% or more of the original appropriation. KwaZulu-Natal is, however, of particular concern as its revised estimate was only 80% of the original appropriation. Gauteng, Eastern Cape and Limpopo were all likely to spend 8-14% more than the original appropriation. Across all provinces combined, spending was likely to be slightly more than the original allocation. For this, the most important sub-programme for the Children's Act, there is thus not serious under-spending except in KwaZulu-Natal.

Table 15. Comparison of appropriated, adjusted and revised estimates for child care and protection, 2009/10

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	171 748	197 013	197 013	115%	115%
Free State	279 412	252 734	255 892	90%	92%
Gauteng	600 438	682 379	682 379	114%	114%
KwaZulu-Natal	340 064	341 143	273 503	100%	80%
Limpopo	124 081	133 532	133 532	108%	108%
Mpumalanga	135 193	132 243	132 243	98%	98%
Northern Cape	57 459	57 459	56 190	100%	98%
North West	102 697	121 381	102 697	118%	100%
Western Cape	339 075	334 075	334 076	99%	99%
Total	2 150 167	2 251 959	2 167 525	105%	101%

Table 16 reveals that for the small care and support to families sub-programme only two provinces – Mpumalanga and Northern Cape – were likely to under-spend their budgets. This is the second year in a row that Mpumalanga has serious under-expenditure on this budget item. Overall, revised estimates are once again – as for child care and support – slightly higher than original allocations.

Table 16. Comparison of appropriated, adjusted and revised estimates for care and support to families, 2009/10

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	4 869	3 869	4 869	79%	100%
Free State	4 116	5 152	6 322	125%	154%
Gauteng	90 697	90 697	90 697	100%	100%
KwaZulu-Natal	3 225	3 225	3 407	100%	106%
Limpopo	3 000	4 016	4 016	134%	134%
Mpumalanga	5 651	4 620	4 620	82%	82%
Northern Cape	5 244	5 244	5 141	100%	98%
North West	8 037	6 520	8 037	81%	100%
Western Cape	36 037	36 037	36 038	100%	100%
Total	160 876	159 380	163 147	99%	101%

Table 17 exposes KwaZulu-Natal as a serious under-performer in respect of the HIV and AIDS sub-programme. This is the second year running that KwaZulu-Natal has under-performed in this respect, despite the fact that it is the province with the highest HIV prevalence rate. This ongoing under-performance makes us cautious about getting too excited about the high increases in allocation noted earlier in the paper. Limpopo also performs poorly, and was likely to spend only 79% of the original allocation. For all provinces combined, the revised estimate is 91% of the original allocation. This means that nearly one-tenth of the original allocations will not be spent. This sub-programme is, then, of concern in terms of under-expenditure.

Table 17. Comparison of appropriated, adjusted and revised estimates for HIV and AIDS, 2009/10

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	68 188	66 988	66 988	98%	98%
Free State	19 212	22 753	20 548	118%	107%
Gauteng	190 931	185 457	185 457	97%	97%
KwaZulu-Natal	54 486	53 407	35 432	98%	65%
Limpopo	102 377	80 625	80 625	79%	79%
Mpumalanga	68 905	63 022	62 756	91%	91%
Northern Cape	24 756	24 756	22 241	100%	90%
North West	46 473	43 919	46 473	95%	100%
Western Cape	23 903	23 903	23 903	100%	100%
Total	599 231	564 830	544 423	94%	91%

Finally, Table 18 shows that three provinces – KwaZulu-Natal, Mpumalanga and Gauteng – were likely to spend less than 90% of the original allocation for crime prevention and support. KwaZulu-Natal is again the worst performer, with expected expenditure of 70% of the original budget. As in 2008/09, Northern Cape's expected expenditure on this sub-programme substantially exceeds the original allocation. Overall, provinces expect to spend 97% of combined original allocations for 2009/10.

Table 18. Comparison of appropriated, adjusted and revised estimates for crime prevention and support, 2009/10

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	81 163	82 363	82 363	101%	101%
Free State	20 084	21 177	21 592	105%	108%
Gauteng	150 868	132 312	132 312	88%	88%
KwaZulu-Natal	56 715	56 715	39 709	100%	70%
Limpopo	10 432	9 432	9 432	90%	90%
Mpumalanga	15 097	12 895	12 895	85%	85%
Northern Cape	65 319	74 177	77 539	114%	119%
North West	53 796	56 754	53 796	105%	100%
Western Cape	110 685	116 354	116 825	105%	106%
Total	564 159	562 179	546 463	100%	97%

Aside from the HIV and Aids sub-programme, the overall picture presented by this sub-section calls into question the argument that low allocations can be justified by an inability to spend. Spending performance could be improved but the underspending is less serious than often implied. Further, comparison of this year's analysis with that of last year suggests that the situation has been improving over time.

Performance indicators

The South African government uses a system of programme budgeting which aims, over time, to develop into fully-fledged performance budgeting. A key element of performance budgeting is that, alongside the financial amounts, the departments that are allocated budgets should provide indicators of physical service delivery. These indicators provide key accountability information in terms of what is done with the money. They also allow parliamentarians and members of civil society to compare numbers reached with estimates of need.

South Africa does not mandate departments to include performance indicators in their budget votes. Instead, performance indicators are mandatory for the annual performance plans which are developed alongside the budget documents. Many departments do, however, include performance indicators in their budget documents. In terms of accountability, it seems desirable that they should include at least some indicators for each sub-programme.

For the 2008/09 budget the national and provincial departments of social development together developed a list of indicators and each province was expected to submit the full list as an annex in their budget submissions. They could, however, choose which indicators they would include in the published budget documents. Only Western Cape included the full list of indicators, as well as additional provincial indicators, in the published document. In 2009/10 some of the other provinces also included the full list in their published budget documents.

The list used in 2008/09 and 2009/10 specified 49 indicators for child care and protection, eight for care and support to families, 18 for HIV and Aids, and 19 for crime prevention and support. For 2010 a new, and completely different, list[19] was developed which specifies 9 indicators for child care and protection, 3 for care and support to families, 7 for HIV and Aids, and 3 for crime prevention

[19] See appendix A to this paper

and support. Only 2 of the new indicators exactly match indicators in the 2009 list, with a further 4 being similar to, but not the same as, nationally agreed indicators. An additional weakness is that several of the new indicators relate to "rand value of funds transferred" to NPOs delivering particular services. Such money amounts are not in strict terms indicators of service delivery. The previous list, although ambitious, could have provided a useful tool to analyse delivery of key service areas. In comparison, the new list appears to be missing key indicators. For example the child care and protection list does not include registered and or funded child and youth care centres as an indicator despite these centres being the main cost driver in this sub-programme.

Four of the provinces (Free State, Limpopo, Mpumalanga and Western Cape) have not included any performance indicators in the 2010/11 published budgets. Western Cape is especially interesting in this respect in that in 2009/10 it published more indicators than any other provinces. KwaZulu-Natal includes the full set over four years – 2009/10 plus the three years of the MTEF. Understandably, given that this is a new set of indicators, most of the 2009/10 indicators are marked as "n/a" i.e. not available. Gauteng includes the full new set, while Northern Cape gives indicators that have two or three small deviations from the standard set. Both these provinces give indicators only for the three years of the MTEF. Eastern Cape has a non-standard list of indicators, very few of which match the national list. However, the number of indicators for Eastern Cape exceeds that in the national list, with 16 for child care and protection, 6 for care and support to families, 12 for HIV and Aids, and 14 for crime prevention and support.

Moving beyond the number of indicators to examine the content, there are several worrying aspects.

In Eastern Cape there are unexplained fluctuations over the MTEF period in the crime prevention and support sub-programme. For example, the number of children in conflict with the law assessed stands at 8 000 in 2009/10, increases to 8 160 in 2010/11, decreases to 8 076 in 2011/12, and then incresaes sharply to 8 481 in 2012/13. Similarly, the number of cases of children in conflict with the law who participate in diversion programmes drops from 4 550 in 2009/10 to 4 080 in 2010/11 and even further to 4 039 in 2011/12, and then increases to 4 239 in the following year. Under child care and protection services, the number of children in registered children's homes managed by NPOs increases from 29 to 39 over the MTEF period. Here there is perhaps confusion between number of children and number of homes as there are many more than 39 children in children's homes in the Eastern Cape. On reported cases of child abuse, the number is set to drop from 500 in 2009/10 to 450 in the following two years, and then to increase to 472 in 2012/13. Comparing this indicator across provinces it seems that there are differing opinions as to whether one should be aiming at an increase or decrease in this indicator.

In Gauteng, most of the non-financial indicators do not change over the three years of the MTEF, implying no increase in delivery. Yet the narrative suggests that some of these same elements will be increasing. There are thus some glaring contradictions between the narrative and the list of indicators.

In KwaZulu-Natal there are ambitious assumptions about the extent to which delivery will increase between 2009/10 and 2011/12. For example, the number of children in registered and funded shelters managed by NPOs is set to increase from 495 to 1 025, the number of children abused (presumably reported as abused) is set to increase from 2 428 to 5 307, and the number of OVC receiving services will increase from 39 456 to 95 140. The first and third of these "great leaps" are mirrored in large increases in the rand value of funds transferred to registered shelters and ran value of funds transferred to NPOs delivering HIV and Aids prevention programmes, which shows ambition being matched by funding that might make these leaps possible.

In Northern Cape the indicators seem well-considered. One point worth noting for this province is that the number of children abused (or reported as abused) is set to fall from 621 in 2010/11 to 375 in 2012/13. Here and for other provinces the definition of abuse is not provided.

All provinces that do not have indicator tables include some numbers relating to delivery in their review of performance during 2009/10 and their discussion of the outlook for 2010/11. However, these discussions do not include all the specified indicators. Further, the fact that items are separated into two sections – one for past performance and the other for future – makes comparisons more difficult. Further, the discussions on past and future performance do not necessarily cover the same indicators even within a single province. Western Cape's delivery estimates are especially worrying as they often refer in vague terms to the number of people in a particular group accessing "services", without distinguishing the types of services.

Overall, reporting on indicators seems to have deteriorated between 2009 and 2010. A meaningful list of key indicators and consistent data collection across the provinces could greatly assist is assessing whether service delivery is improving or not. The current indicators and the way they are collated, presented and discussed does not achieve this.

What do the budget narratives tell us?

In addition to the budget numbers, the budget documents contain a narrative in respect of each vote. Some of the discussion above has already drawn on these narratives in relation to particular aspects of the allocations. More generally, the narrative sections also give some indication of the importance attached to the Children's Act.

All provinces include a list of the legislation which is most relevant for the Department. This year virtually all provinces identify the Child Care Act, Children's Act and Child Justice Act. There are, however, some oddities. Eastern Cape refers to the Child Justice "Bill". Gauteng gives the date of the Children's Act as 2006. Mpumalanga includes the Child Justice Act twice in the same list and later in the narrative refers to the Child Justice "Bill". Northern Cape refers to the Child Justice "Bill" as well as the Children's Amendment "Bill". Free State refers to the Protection of Women from Domestic Violence Act of 2005, which is a piece of Indian legislation.

North West is upfront in listing the Children's Act and Child Justice "Bill" among several "National Priorities" that will not be fully funded for 2010/11 due to limited availability of financial resources.

In their general discussion of the priorities of the department several provinces do not specifically highlight the Children's Act. Several refer to the need to focus on child poverty, but do not mention more general care and protection of children. This is perhaps a hangover from the War on Poverty idea introduced during the Mbeki era.

Several of the provinces do not include a separate narrative on each programme apart from a general introduction listing the sub-programmes and their purpose. Provinces with very limited narrative are Free State, Limpopo and Northern Cape.

Summary and conclusion

The Children's Act came into full operation on 1 April 2010 and obliges the provincial MECs for social development to provide and fund a range of social services for children. These services include early childhood development centres and programmes, drop-in centres, prevention and early intervention and protection services for vulnerable children, foster care, adoption, and child and youth care centres.

Section 4(2) of the Children's Act obliges government to prioritise budgetary allocations and expenditure on these services. Monitoring the changes in budget allocations and expenditure for the delivery of these services tells us whether government is giving effect to its obligations under the new Act as well as to its obligations in the Bill of Rights to provide care and protection for vulnerable children. The provincial departments of social development are responsible for funding and delivering more than 83% of these services. Analysing their budget allocations and expenditure therefore provides a good indication of government's progress and plans.

This paper analyses the sub-programmes within the social development budgets that cover the majority of Children's Act related services. We look at the three sub-programmes that most closely match the services listed in the Children's Act, namely *child care and protection*, *HIV/AIDS*, and *family care and support*. Child and youth care centres, adoption and foster care services, protection services, some prevention services, partial care and early childhood development programmes all fall into the *child care and protection sub-programme*. Home- and community-based care and other orphans and vulnerable children (OVC) support projects fall under the *HIV/AIDS sub-programme,* while the *family care and support sub-programme* appears to include family counselling services but should be including the full range of prevention programmes listed in the Children's Act. We also look at *crime prevention and support* separately as this sub-programme contains some funding for the Children's Act but also includes funding for adult services. The Children's Act services that fall under this sub-programme are diversion, probation officer assessments and secure care centres.

An analysis of each **sub-programme's share of** the social welfare services programme budget, and changes in this share over the years, indicates the priority that is being given to the services that fall within that sub-programme, as well as the relative cost of the services provided under that sub-programme. *Child care and protection's* share of the budget has grown from 35% in 2009/10 to 37% in 2010/11 while the share for *crime prevention and support* has grown from 9% to 10%. On the other hand, *HIV/AIDS* share has dropped from 10% to 9%; and *family care and support* has dropped from 3% to 2%. *Child care and protection* accounts for a total of R2 610m (R2,6billion) across the nine provinces in 2010/11, while *HIV and AIDS* accounts for R628m, *family care and support* for R168m, and *crime prevention and support* for R673m.

An analysis of **trends in budget allocations to each sub-programme in the MTEF** (2010/11-2012/13) gives us an indication as to whether the services funded under these programmes will be able to grow and expand to reach more children, maintained at current levels of delivery, cut-back or closed down. All reported increases below are not corrected for inflation, which National Treasury assumed would be at 6,4% for 2010/11, 5,9% for 2011/12 and 5,7% for 2012/13. Over three years, this gives an annual average of exactly 6,0%. This means that where increases are below about 6% for any year, or the average across the three years is below 6%, the estimates reflect a decrease in real terms i.e. in what the money will be able to "buy". Decreases or small increases above inflation indicate that the services in the relevant sub-programme will almost certainly not be able to be expanded to reach more children.

For the *child care and protection sub-programme* the picture looks fairly promising given the recessionary environment in which the budgets were drawn up, in that the average annual increase across the nine provinces for the three MTEF years is 13%. However, the average annual increase is lower than the 20% recorded as a three-year average in our analysis of the 2009/10 MTEF, and the 28% three-year annual average recorded in our analysis of the 2008/09 MTEF. Further, the province-specific annual averages range from -1% (a decrease even in nominal terms) in North West to 24% in KwaZulu-Natal. To some extent these extreme values balance large swings in the other direction in previous years for these two provinces. ***Three provinces – North West, Western Cape and Eastern Cape – have 3-year average annual increases below or only slightly above inflation and need to be watched carefully in respect of this sub-programme.***

Over the three MTEF years, the child care and protection sub-programme's share of the total social welfare programme allocation increases from 36,7% to 38,7%. While this shows improvement, the improvement is less than the 2009 budget books suggested would happen.

Comparison of the total amounts allocated suggests severe under-provision in KwaZulu-Natal compared to Gauteng in that the former allocates less than the latter despite having more children in the province – and a greater proportion who are poor. However, the gap between KwaZulu-Natal and Gauteng is less than it was in 2009/10.

In three provinces – Free State, Mpumalanga and Western Cape – the adjusted estimate for 2009/10 was less than the original allocation voted for that year i.e. the amounts for these sub-programmes were decreased mid-year. In Free State, the adjusted estimate was as much as 10% less than the original estimate. In contrast, in Eastern Cape the adjusted estimate was 15% higher than the original allocation for 2009/10.

For the *care and support for families sub-programme* Eastern Cape, Mpumalanga and North West record high average annual increases over the MTEF period, while Free State shows a small decrease – of 2% - even in nominal terms. Overall, the average annual increase is 5% in nominal terms over the MTEF period, which is lower than expected inflation. In addition to Free State, Western Cape and Gauteng also have average increases of 3% or less. Further, the national average for 2010/11, which reflects the estimates that will be voted into law, is only 5%, below the National Treasury's 6,4% estimate of inflation for this year.

Two provinces – Mpumalanga and Western Cape – had adjusted budgets for 2009/10 that are 18-19% smaller than the original allocations. In the case of Mpumalanga, this reduces the significance of the high average annual incrase of the MTEF period.

The care and support for families sub-programme accounts for 2,4% of the social welfare programme budget in 2010/11, and this percentage decreases to 2,2% in the following two years. Overall, then, this sub-programme fares very badly. Yet the sub-programme could provide for a range of cost-effective early intervention and prevention services that could contribute, over time, to a reduction in the large numbers of children in need of more expensive tertiary services such as children's court inquiries and state alternative care.

With this sub-programme, the provinces that are of most concern are Free State, Western Cape and Gauteng. However, the allocations for this sub-programme are also worrying at the national level, with a below-inflation average increase for all provinces combined.

For the *HIV and Aids sub-programme,* the average annual increase over the MTEF period is 7% in nominal terms, which should translate into a small increase in real terms. For 2010/11 the allocation for HIV and Aids amounts to 8,8% of the total allocation for the social welfare programme, but this slips to 8,3% in each of the following two years. The relatively larger allocation in 2010/11 reflects a one-year conditional grant which has been introduced for 2010/11 to allow provision of subsidies to NPOs with home-based care programmes for volunteer stipends.

Western Cape has allocated 62% less in 2010/11 that it allocated for 2009/10 while Limpopo has a smaller, but still substantial, decrease of 9%. Western Cape records a negative average annual decrease of 25% in nominal terms for the MTEF period as a whole. KwaZulu-Natal, as in 2009/10, is the best performer on this measure, with an average annual increase of 24% and an increase for 2010/11 of 73%. However, KwaZulu-Natal has seriously underspent on this sub-programme for two consecutive years. Allocations are not effective if they are not spent.

Limpopo's adjusted budget for HIV and Aids for 2009/10 was 21% lower than the original allocation, more or less reversing the exceptionally high increase recorded by Limpopo for this sub-programme in the 2009 budget book. In addition to Limpopo, adjusted estimates for 2009/10 are lower than original allocations in all provinces except Free State, Northern Cape and Western Cape.

In summary, Western Cape is the most worrying province for this sub-programme, but five other provinces – Limpopo, Free State, Eastern Cape and Mpumalanga – have three-year average annual increases that are below or only slightly above predicted inflation.

For *crime prevention and support* the average annual increase over the MTEF period is 9%. In 2010/11 this sub-programme accounts for between 9,5% of the social welfare programme budget, but the share drops to 9,0% and 8.8% respectively in the outer years of the MTEF.

Limpopo continues the disappointing pattern revealed in last year's analysis and has allocated less in 2010/11 than for 2009/10 for this sub-programme, while Western Cape has allocated almost exactly the same nominal amount as in 2009/10 despite inflation. In contrast, KwaZulu-Natal, North West, Gauteng, Mpumalanga and Free State have increases that are more than double inflation.

For four of the provinces – Gauteng, Limpopo, Mpumalanga and North West – the adjusted allocations for 2009/10 are lower than the original allocations, and in three of these provinces – all except North West – the difference is substantial. Northern Cape is the only province with a substantially higher adjusted estimate than original allocation. For the provinces combined, the adjusted allocations are 1% lower than the original allocations.

In summary, Western Cape is again the most worrying province for this sub-programme. Gauteng and Limpopo also need careful watching given the substantial reductions that occurred mid-year in 2009/10 in the allocated budgets and their relatively small real average annual increase over the three years of the MTEF.

Provinces get 95% of their money from national government and most of this is from the **equitable share**. The Constitution has a list of factors which Treasury must consider when devising the formula. One of these factors is the obligations imposed on provinces by national legislation in that the equitable share is intended to ensure that provinces receive enough money to fulfil their obligations. On this factor, the Children's Act would qualify as national legislation that imposes obligations on the provinces. Nevertheless, the equitable share formula continues to be without a factor in respect of social development. Government and the Financial and Fiscal Commission have promised for some years to review the formula. The review is meant to be finished in time for the 2011 division of revenue. Strong advocacy is urgently needed to ensure that the new formula includes a factor relating to social development services especially in light of a number of new laws on social development services that have come into effect in 2010.

In 2010, as in previous years, in their discussion of **infrastructure** many provinces refer to construction or expansion of secure care centres. In KwaZulu-Natal, in particular, there seems to have been very little progress from last year. Limpopo's report is confusing as it reports on plans for 2009/10, the financial year which has already come to an end. Gauteng continues in 2010/11 to make provision for construction of ECD centres. This area of service delivery is not mentioned by other provinces when discussing infrastructure.

One of the major challenges preventing rapid budget growth and service delivery expansion in Children's Act service areas is the lack of sufficient numbers of social service practitioners. These practitioners include social workers and auxiliaries, child and youth care workers, early childhood development practitioners, community development workers and home-based carers. The majority of these workers are employed by NPOs and their salaries and conditions of service are therefore not affected by the improvements reported below in relation to government employees. Thus while improvements to **government personnel** numbers and conditions of service are to be welcomed, without a concurrent improvement to NPO funding, the main outome is movement of practitioners within the existing pool rather than an increase in practitioners available to provide services to children.

Seven provinces report on the number of staff employed or planned for the social welfare programme over the period March 2007 to March 2013. Mpumalanga, Gauteng and Eastern Cape show more or less constant staff numbers over the MTEF period. Northern Cape and Eastern Cape have sharp increases planned for the year ending March 2013. Where numbers are static, there should be increased allocations to NPOs so that they can provide additional services to meet the requirements of the Children's Act and other recent legislation. But this is often not the case.

Many of the provinces refer to the occupation-specific dispensation (OSD) which provided for substantially increased salaries for social workers, social auxiliary workers and community development workers when explaining past or even present increases in compensation for employees. Limpopo reports that the compensation of employees item grows by 25,2% between 2009/10 and 2010/11 and 13,3% over the MTEF to cater for the OSD for social workers. This reasoning does not make sense given that 2009/10 expenditure should have included backpay.

Western Cape notes that it has "upgraded" salaries of social workers who are employed by NPOs as well as those employed by government. This statement is puzzling as NPOs report that they have not seen this reflected in the transfers they receive. None of the other provinces discusses the fact that the increases introduced by the OSD will exacerbate the gap between salaries of those employed by government and those employed by NPOs.

All provinces rely heavily on the services of **non-profit organisations** (NPOs) to deliver services. The average percentage of the total social welfare programme budget that is transferred to NPOs for 2010/11 is 51%. If NPOs were fully funded for their work, the percentage would be even higher.

In 2006/07 transfers to NPOs accounted for an average of 60% of the total social welfare programme budget across provinces. The percentage declines to 51% in 2009/10 and 2010/11 with a planned increase after this. This is different from what was in the 2009 budget documents when the increase started in 2010/11. The share of the budget going to NPOs is lower in 2010/11 than in 2009/10 for five of the provinces, namely Eastern Cape, Free State, Limpopo, North West and Western Cape. The decrease is most marked for Western Cape, at close to six percentage points.

In 2010/11 the percentage of the social welfare budget allocated to NPOs varies between 34,3% in the Northern Cape and 61,7% in the Western Cape. Thus while Western Cape shows the biggest decrease in comparison to previous years, it still allocates the highest share to NPOs of all provinces. However, its lead in this respect is diminished. By 2012/13, Gauteng, Free State and Mpumalanga are set to overtake Western Cape in the share of the budget allocated to NPOs.

Eastern Cape explains that the "negative growth of 10 per cent" in transfers in 2009/10 resulted from the province shifting funds from NPO transfers to compensation of employees. The province claims that the allocation "starts to pick up again in 2010/11", but our analysis shows that the share of the total programme allocation going to NPOs continues to fall.

Over recent years there has been an attempt to standardise subsidies in respect of ECD centres. Several provinces report on past and planned increases. However, it seems that there is still not parity across provinces. What is especially worrying is that Northern Cape and Western Cape, which reported in 2009 that they planned to increase only to R9 i.e. lower than other provinces, do not report anything on this topic in 2010. Further, the continued emphasis on per capita subsidy funding ignores the need for greater recognition and support of non-centre-based ECD programmes that have the potential to reach many more vulnerable children.

We can compare allocations with the estimates of the **costing of the Children's Bill,** which provides estimates of what is needed to implement the Children's Act. The costing provides estimates over a six-year period. For this comparison, like last year, we take 2009/10 as the first year of implementation. For the purposes of the comparison, we take the full allocations for the sub-programmes on child care and protection, HIV and Aids and care and support services to families. To simplify matters, we consider only the highest and lowest estimates, namely the IP low and FC high.

Eastern Cape performs worst in this comparison, with only 30% of the Year 1 estimate covered in 2009/10 and an even lower percentage in the next two years. North West performs best at the start of the period, covering 84% of the IP low cost estimate for Year 1 but decreasing sharply to 40% by Year 4. By Year 4 Mpumalanga is the best performer, allocating 50% of the IP low estimate, and closely followed by Gauteng at 48%. None of the provinces increase the percentage of the IP low costs covered between Year 1 and Year 4. Overall, the allocations over the nine provinces cover only 49% of the IP low cost estimates for Year 1 and only 38% for Year 4.

As expected, the picture is even more dismal when the comparison is done with FC high estimates rather than IP low. Eastern Cape, KwaZulu-Natal, Limpopo and North West plan to cover only 3-4% of the estimated costs of implementation throughout the period. Northern Cape performs best, but still only reaches between 13% and 14% of the estimated costs of implementation. Overall the nine provinces combined cover only 5% of the FC high costs in Year 4.

These figures indicate that the gap between services provided and services needed is likely to increase over time. This contradicts the principle of progressive realisation.

In the past less than adequate allocations for implementation of the Children's Act have sometimes been justified on the basis of **under-spending** i.e. the claim that the provincial governments are not able to spend the money that they currently receive. However, comparison of the revised estimates for 2009/10 with the original allocations show that all provinces except KwaZulu-Natal and Free State were likely to spend 98% or more of the original appropriation for child care and protection. Overall, across all provinces combined, spending was likely to be slightly more than the original allocation. For this, the most important sub-programme for the Children's Act, there is thus not serious under-spending except in KwaZulu-Natal. For the small care and support to families sub-programme only two provinces – Mpumalanga and Northern Cape – were likely to under-spend their budgets. Overall, revised estimates are once again – as for child care and protection – slightly higher than original allocations. For HIV and AIDS, KwaZulu-Natal is a serious under-performer in terms of spending for the second year running, while Limpopo also shows serious under-spending. For this sub-programme, across all provinces combined, it seemed that nearly one-tenth of the original allocations would not be spent. ***The HIV and AIDS sub-programme is thus of concern in terms of under-expenditure.*** For crime prevention and support, three provinces – KwaZulu-Natal, Mpumalanga and Gauteng – were likely to spend less than 90% of the original allocation, with KwaZulu-Natal again the worst performer. Overall, provinces expected to spend 97% of combined original allocations for 2009/10.

South Africa does not mandate departments to include **performance indicators** in their budget votes. Instead, performance indicators are mandatory for the annual performance plans which are developed alongside the budget documents. In terms of accountability, it seems desirable that they should include at least some indicators for each sub-programme.

For 2010 government developed a new list of standard indicators. The new list has fewer indicators than the old standard list, and appears to be missing key indicators. For example the child care and protection list does not include registered and or funded child and youth care centres as an indicator despite these centres being the main cost driver in this sub-programme. Further, comparison of the numbers reported for abused children across the provinces suggests that there are differing opinions as to whether one should be aiming at an increase or decrease in this indicator.

Four of the provinces (Free State, Limpopo, Mpumalanga and Western Cape) have not included any performance indicators in the 2010/11 published budgets. At the other end of the scale, KwaZulu-Natal includes the full set over four years – 2009/10 plus the three years of the MTEF. Gauteng and Northern Cape present a more or less full set, but only for the three years of the MTEF. Eastern Cape has a non-standard list of indicators, very few of which match the national list.

There are several worrying aspects in respect of indicators where they are included. For example, in Eastern Cape there are unexplained fluctuations over the MTEF period in the crime prevention and support sub-programme. In Gauteng, most of the non-financial indicators do not change over the three years of the MTEF, implying no increase in delivery. Yet the narrative suggests that some of these same elements will be increasing. There are thus some glaring contradictions between the narrative and the list of indicators. In KwaZulu-Natal there are ambitious assumptions about the extent to which delivery will increase between 2009/10 and 2011/12. Some of these are mirrored in large increases in the rand value of funds transferred to NPOs.

Overall, this year's provincial DSD budgets are disappointing. In last years analysis we expressed cautious optimism that most provinces seemed to be moving forward – even if slowly – in expanding funding for Children's Act services. The first day of the current financial year saw the Children's Act come into operation. One would have hoped that the knowledge that this would happen would encourage provincial departments to plan a substantial step forward in implementation during the year and the outer two years of the MTEF period. This does not seem to have happened.

References

Barberton C (2006) *The cost of the Children's Bill: Estimate of the cost to government of the services envisaged by the comprehensive Children's Bill for the period 2005 to 2010*. Cape Town: Cornerstone Economic Research.

Budlender D and Proudlock P (2010 forthcoming) *Child Centred Analysis of Government Budgets 2010 to 2012*. Community Agency for Social Enquiry, Children's Institute and UNICEF

Budlender D and Proudlock P (2009) *Analysis of the 2009/10 Budgets of the 9 provincial departments of Social Development: Are the budgets adequate to implement the Children's Act?*. Children's Institute.

Budlender D and Proudlock P (2008) *Analysis of the 2008/09 Budgets of the 9 provincial departments of Social Development: Are the budgets adequate to implement the Children's Act?*. Children's Institute.

Budlender D, Proudlock P and Monson J (2008) *Budget allocations for implementing the Children's Act* in Proudlock P, Dutschke M, Jamieson L, Monson J and Smith C (eds) South African Child Gauge 2007/2008. Cape Town: Children's Institute, University of Cape Town

Proudlock P and Jamieson L (2008) *The Children's Act: Providing a strong legislative foundation for a developmental approach to child care and protection* in Proudlock P, Dutschke M, Jamieson L, Monson J and Smith C (eds) South African Child Gauge 2007/2008. Cape Town: Children's Institute, University of Cape Town

Hodgkin R and Newell P (1998) *Implementation Handbook for the Convention on the Rights of the Child*, New York: UNICEF.

Child Care Act No 74 of 1983

Children's Act No 38 of 2005

Children's Amendment Act No 41 of 2007

Constitution of the Republic of South Africa Act No 108 of 1996

Department of Health. 2009. 2008 National Antenatal Sentinel HIV and Syphilis Prevalence Survey, South Africa.

Financial and Fiscal Commission (2006) *For an equitable sharing of national revenue: Recommendations from the FFC review of the transfers in the Intergovernmental Fiscal Relations System in South Africa*. Johannesburg: FFC.

National Department of Health. 2007. The National HIV and Syphilis Prevalence Survey South Africa. Pretoria

National Treasury. 2010. Budget Review 2010. Pretoria.

National Treasury. 2010. Estimates of National Expenditure 2010. Pretoria.

Statistics South Africa. 2007. Community Survey 2007. Statistical Release P0301. Pretoria.

Statistics South Africa. 2009. Consumer Price Index February 2009. Statistical Release P0141. Pretoria.

Western Cape Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Western Cape Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Eastern Cape Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Eastern Cape Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Limpopo Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Limpopo Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Mpumalanga Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Mpumalanga Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

North West Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

North West Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Northern Cape Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Northern Cape Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Gauteng Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Gauteng Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Free State Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

Free State Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

KwaZulu-Natal Provincial Treasury (2009) *Budget 2009 Estimates of Provincial Expenditure.*

KwaZulu-Natal Provincial Treasury (2010) *Budget 2010 Estimates of Provincial Expenditure.*

Appendix A

Standard sub-programme indicators (set by national)

Crime prevention and support
Rand value of funds transferred to NPOs delivering diversion programmes
No of children benefiting from crime prevention programmes
No of accredited NPOs implementing diversion programmes

Child care and protection services
No of children abused
No of children in registered and funded partial care sites
No of registered partial care sites operational
No of children participating in ECD programmes
No of children in registered and funded shelters managed by NPOs
Rand value of funds transferred to registered shelters managed by NPOs
No of registered and funded drop in centres managed by NPOs
No of children newly placed in foster care
No of national adoptions

HIV and Aids
No of funded NPOs delivering HIV and Aids prevention programmes on social behaviour change
Rand value of funds transferred to NPOs delivering HIV and Aids prevention programmes
No of funded NPOs trained on social behaviour change programmes
No of OVCs receiving services
No of districts implementing the HCBC M&E system
No of HCBC organisations trained on management training for HCBC
No of community care givers trained on skills development programmes

Care and support services to families
No of government funded NPOs providing services on care and support to families
No of families participating in family preservation services
No of families at risk receiving crisis intervention services