SUMMARY[1]

# Funding the Children's Act: Assessing the adequacy of the 2011/12 budgets of the provincial departments of social development

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[1] This document is a summary of a more detailed longer paper with the same title. For the full paper please see www.ci.org.za or e-mail one of the authors.

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## Introduction

This is our fifth annual assessment of the budgets of the nine provincial Departments of Social Development. Our aim in undertaking these assessments is to find out to what extent these departments are allocating the funds necessary to implement the Children's Act (No 38 of 2005).

The Children's Act came into full operation on 1 April 2010. The Act obliges the provincial MECs for social development to provide and fund a range of social services for children. These services include crèches, 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 Act obliges government to prioritise budgetary allocations and expenditure on these services in order to realise the objectives of the Act. 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 Act. As the Act is government's primary law for giving effect to children's constitutional and international rights to care and protection, analysis of the budget available for implementing the Act also tells us about government's progress in giving effect to these constitutional rights. Decreases in budgets for Children's Act services could amount to retrogressive action which would be a clear violation of s4(2). If budgets do not show significant growth each year it could indicate that the state is not making progress in realising the objectives of the Act, and children's constitutional and international rights to care and protection.

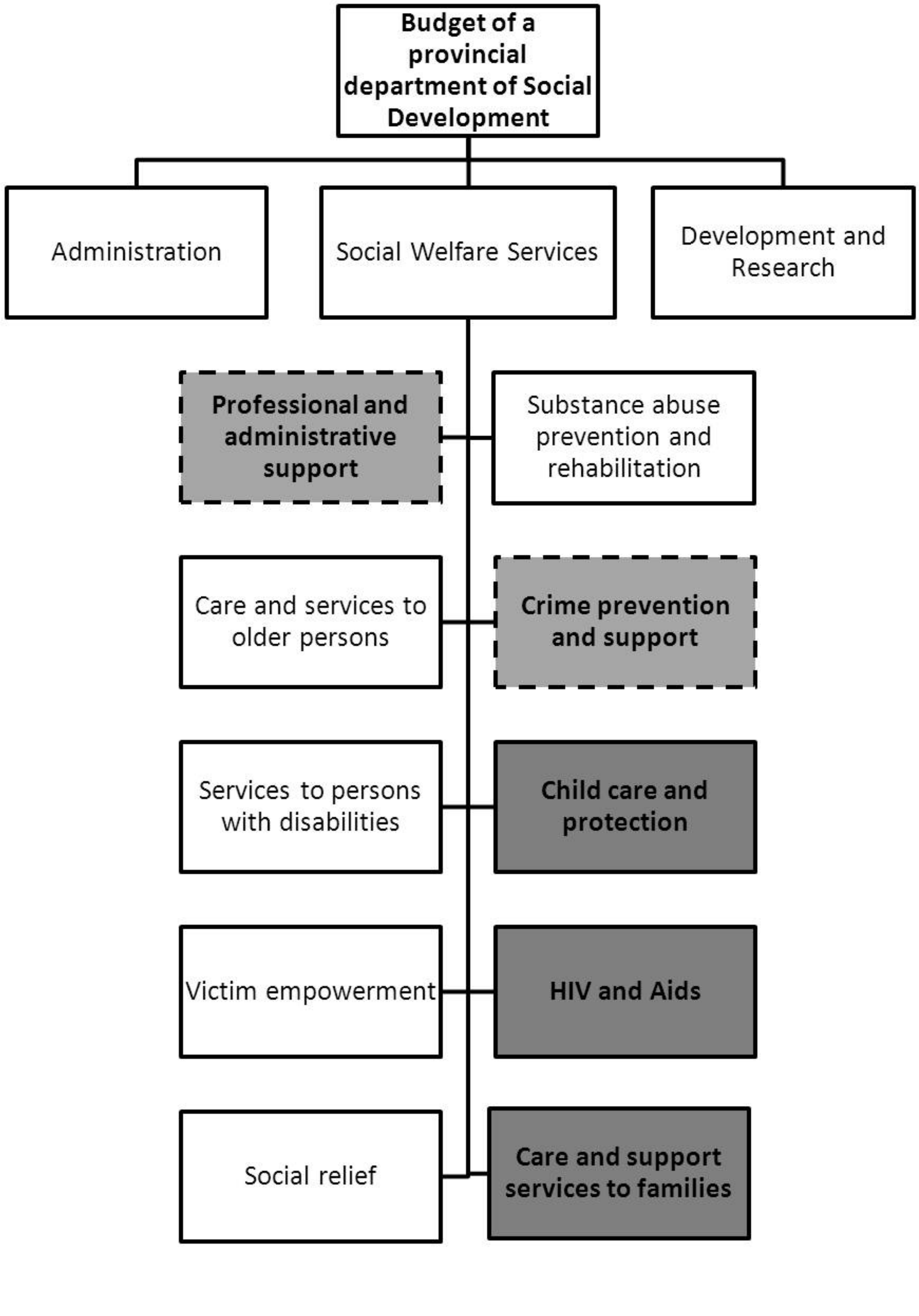
## Methodology

The provincial departments of social development are responsible for funding and delivering between 83% and 91% of child care and protection 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 provincial social development budgets that cover the majority of Children's Act-related services. The sub-programmes are all located in the welfare services programme. 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.

Diagram 1 illustrates the structure of a provincial social development department budget with the programmes that we analyse shaded darker. The three sub-programmes with a solid border line are included fully in our analysis. The two with dotted border lines are partially included in our analysis.

**Diagram 1: Structure of the budget of a provincial department of social development**




Child and youth care centres, adoption and foster care services, protection services, some prevention services, partial care and early childhood development programmes, and drop in centres all fall under the child care and protection sub-programme. Home- and community-based care and other support programmes for orphans and vulnerable children (OVC) fall under the HIV/AIDS sub-programme, while the family care and support sub-programme appears to include child and family counselling services, parenting skills programmes, and family preservation but should be including more of the comprehensive range of prevention programmes listed in the Children's Act. The crime prevention and support 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. Because this sub-programme has a mixture of adult and children's services, as well as Child Justice Act services, we do not include it in our overall calculations of total Children's Act budget allocations.

For this year's analysis we have also looked at the sub-programme professional and administrative support. Two of the provinces (Western Cape and KwaZulu-Natal) clearly locate the majority of their social welfare services staff salaries in this sub-programme, while another two (Free State and Gauteng) clearly locate most of their staff salaries within the service delivery sub-programmes discussed above. We include 25% of the professional and administrative support sub-programme in our overall calculations on total Children's Act budget for all provinces except Free State and Gauteng to arrive at an optimistic estimate of provincial allocations for Children's Act-related services.

## Analysis of the 2011/12 budgets

### Sub-programmes' percentage shares of the social welfare programme

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 has a 37% share in 2011/12 which is the same as in 2010/11. In previous years, this sub-programme's share has grown from 34% in 2008/09 to 37% in 2010/11. This year however we see its share staying the same.
- The HIV and AIDS and family care and support sub-programmes account for 9% and 2% respectively, which is also the same percentage share that they had in 2010/11.
- The crime prevention and support sub-programme accounts for 8% and a total of R661 m. This is a two percentage point decrease in the share, which was 10% in 2010/11. This is particularly concerning as this sub-programme is required to support implementation of both the Children's Act and the Child Justice Act.
- The professional and administrative support sub-programme accounts for a 25% share of the total social welfare budget in 2011/12, but the percentage varies markedly across the provinces.

### Amounts allocated per sub-programme

Total budget amounts allocated per sub-programme for 2011/12:

- Child care and protection accounts for a total of R3 015m (R3,0 billion) across the nine provinces,
- HIV and AIDS account for R701m,
- family care and support accounts for R181m,
- crime prevention and support accounts for R661m, and
- professional and administrative support accounts for R2 016m (R2,01 billion)

## The total budget allocated for Children's Act services in 2011/12

We calculate the total budget allocated to implementing the Children's Act by:

- including the full allocations from the first three sub-programmes that contain mainly Children's Act services,
- excluding the crime prevention and support sub-programme because it contains many adult services, and
- including 25% of the budget in professional and administrative support for the seven provinces that do not clearly include the majority of their service delivery staff salaries within the service delivery sub-programmes.

As illustrated in Table 1 below, the total budget allocated for Children's Act services in 2011/12 across the 9 provinces is R3.9 billion if we add up the three sub-programmes that include mainly all Children's Act services, and R4.4 billion if we include a proportion of the professional and administrative support sub-programme in the calculation.

**Table 1. Summary of 2011/12 allocations for Children's Act services**

| Sub-programme | Total budget | Percentage included | Amount included in Children's Act budget calculation |
|---|---|---|---|
| Child care and protection | 3 015m | 100% | 3 015m |
| HIV and AIDS | 701m | 100% | 701m |
| Family care and support | 181m | 100% | 181m |
| **Sub-totals** | **3 897m (3.9 billion)** | | **3 897m (3.9 billion)** |
| Crime prevention and support | 661m | 0% | 0 |
| Professional and administrative support | 2 016m | 25% (for 7 provinces) | 500m |
| **Totals** | 5 913m (5.9 billion) | | **4 397m (4.4 billion)** |

## Analysis of trends in budget allocations per sub-programme

Analysis of trends in budget allocations to each sub-programme in the MTEF (2011/12-2013/14) gives us an indication as to whether the services funded under these programmes will be able to expand to reach more children, will be maintained at current levels of delivery, or will be cut-back or closed down. All reported increases below are corrected for inflation and reported as real increases. Decreases indicate that the services in the relevant sub-programme will certainly not be able to be expanded to reach more children and some will have to be stopped. Small real increases indicate that the services are likely to continue at current levels of service delivery with some scope for expansion. Large real increases could indicate plans for expansion of services or adoption of more costly models of delivering services.

For the *child care and protection sub-programme* the picture looks fairly promising for 2011/12 given the recessionary environment in which the budgets were drawn up, in that the average increase across the nine provinces is 6%. However, the budget changes for the individual provinces range from positive growth of 19% to negative growth of 23%. Two provinces – Limpopo (-23%) and Western Cape (-5%) – have significant decreases and need to be watched carefully for service delivery challenges that may result.

The average annual increase over the 3-year MTEF is a disappointing 2%. The lack of significant budget growth for the 2012/13 and 2013/14 budget years is particularly concerning given that reform schools and schools of industry are required to be transferred from the provincial departments of education to the provincial departments of social development by March 2012. One would therefore have expected provinces such as Western Cape, Mpumalanga and KwaZulu-Natal, which have several such institutions, to show budget increases in 2012/13 and 2013/14 to cover the costs of taking over the running of these child and youth care centres. As the staff costs of running these institutions is likely to be a key cost driver, for these 3 provinces, the budget increases should also be reflected in the professional and administrative support sub-programmes.

For all provinces combined, the mid-year adjusted estimate for 2010/11 was 4% more than the original allocations. This average is biased upwards by the 108% difference for Limpopo. In four provinces the mid-year adjusted estimates for 2010/11 were lower than the original allocations. In North West, the adjusted estimate was a substantial 18% (R25,8m) less than the original allocation. In Free State, the adjusted estimate was 9% less than the original allocation, despite the fact that the NAWONGO court case suggests that many NGOs had not been paid the agreed amounts for services rendered on behalf of the department. This trend of mid-year under-spending occurred in the Free State in 2009/10 as well when the mid-year adjustment was 10% less than the original allocation. In contrast, in Limpopo the adjusted estimate was more than double the original allocation. No explanation was given for this increase. For other provinces, the relative increases are small.

For the *care and support for families sub-programme*, the provincial average annual increase for 2011/12 is 5%. However, due to erratic and unexplained budgeting in Limpopo resulting in a 377% increase for the 2011/12 year, this positive national average needs to be treated with caution. The provincial changes range from high increases of 377% (Limpopo) and 49% (KwaZulu-Natal) to decreases of 39% (Mpumalanga) and 23% (Free State).

The average annual budget growth over the MTEF is 1%. Limpopo again shows a substantial average 3-year growth of 66%, alongside real decreases in Eastern Cape (-7%), Free State (-7), Mpumalanga (-10%), Northern Cape (-4%) and Western Cape (-2%).

For all provinces combined, the 2010/11 mid-year adjusted estimates were 3% less than the original allocations. Limpopo decreased its original allocation for 2010/11 by 65%. This suggests chronic underspending at mid-year, highly inaccurate budgeting for the 2010/11 year, or the movement of money between sub-programmes. The decrease is not explained in the budget books. North West also showed a less serious, but still concerning, negative adjustment of minus 24%. This again could indicate under-spending at midyear. At the other end of the spectrum, Free State increased their original allocation by 8%.

The very small increase in the estimates published in 2011 when compared to 2010, coming after an overall decrease when comparing 2010 with 2009, is worrying as the sub-programme should be providing 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. One would have expected the allocations for this sub-programme to expand over time given the new services that require funding.

For the *HIV and Aids sub-programme*, the average annual increase for 2011/12 is 6%. KwaZulu-Natal, which has the highest HIV prevalence (39,5%) has planned for a 4% increase in its budget for HIV and AIDS programmes in the 2011/12 budget year. Mpumalanga, with the second highest HIV prevalence (34,7%) plans a 3% budget growth. Free State is the province with the third highest HIV prevalence rate (30,0%) yet has a 1% decrease in its budget for HIV and AIDS support programmes in 2011/12. Eastern Cape, with HIV prevalence of 28% has a 9% decrease in the budget. The provinces in need of careful attention with regards to support programmes for children orphaned and other wise vulnerable due to HIV and AIDS are therefore the Free State and Eastern Cape.

The average annual increase over the MTEF period is a low 2%. The Western Cape records a worrying average annual decrease of 5%, while North West shows positive average annual growth of 9% over the MTEF.

Western Cape's adjusted budget for 2010/11 was 17% higher than the original allocation. However, this increase needs to be juxtaposed with a substantially lower original allocation for this sub-programme in 2010 (-66%) as opposed to 2009. For the other provinces the differences between the 2010/11 original and adjusted budgets are minimal with the exception of Northern Cape and Limpopo whose adjusted 2010/11 budgets are 10% higher than the original allocations.

For *crime prevention and support* the average change for 2011/12 is minus 2%. Provinces range from increases of 270% in Limpopo and 50% in Mpumalanga to decreases of 16% in North West and KwaZulu-Natal, and 15% in Gauteng. Limpopo's massive increase comes after disappointing performance in the previous two years. However, the extreme volatility in allocations for all sub-programmes raises questions as to the reliability of the estimates.

The average annual change over the MTEF period is minus 2%. Provinces range from highs of 51% (Limpopo) and 17% (Mpumalanga) to lows of minus 9% (Gauteng) and minus 6% (North West).

For six of the provinces – Free State, KwaZulu-Natal, Limpopo, Mpumalanga, Northern Cape and North West – the adjusted allocations for 2010/11 are lower than the original allocations. In two of these provinces – Mpumalanga (-28%) and KwaZulu-Natal (-11%) – the difference is substantial. For the provinces combined, the adjusted allocations are 2% lower than the original allocations.

This sub-programme should be showing positive budget growth year on year in all provinces as the services that fall under this sub-programme are needed to support not only the implementation of the Children's Act but also the new Child Justice Act. Provinces with negative growth are therefore clearly not prioritising the services required by both Acts for children in conflict with the law (a particularly vulnerable group of children). The poor performing provinces include Eastern Cape, Gauteng, KwaZulu-Natal, Mpumalanga and North West.

This is the first year that we include the *sub-programme for professional and administrative support* in our analysis. Two provinces locate the relevant staff salaries in the service delivery sub-programmes discussed above. The other seven may locate most of their staff salaries in the professional and administrative support sub- programme. For 2011/12, the average budget growth across all provinces is a high 21%. This could indicate that most provinces are planning major staff recruitment drives for 2011/12. KwaZulu-Natal (42%), Western Cape (37%), Free State (23%) and Eastern Cape (23%) all exceed the provincial average. In contrast, Limpopo (-4%) and Mpumalanga (-3%) show decreases.

The average annual growth over the MTEF is 6%. Western Cape has above average growth plans of 16%. Western Cape is one of the provinces which include all staff costs in this sub-programme. Western Cape's large planned increase for the sub-programme therefore matches that province's plans – discussed below – to keep funding of NPOs constant while increasing the province's own service delivery.

## 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 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 welfare services for vulnerable groups.

The explanatory memorandum to the division of revenue of 2011 notes that National Treasury led a review of the equitable share formulae, which was presented to the Budget Council in October 2010. The revised formula still has the same six components (education, health, population size, poverty, economic performance, and institutional set-up), although the way the health component is calculated and the weights of the education, health and basic components are revised. The addition of a new social development component was rejected on the basis that it would be based primarily on poverty, and is thus already catered for in the formula. While the reasoning in respect of poverty being the main determinant might be appropriate in some respects, the fact that new obligations – including the Children's Act – are now placed on provinces would mean that the weight of the poverty component should then be increased. Such an increase is not evident in the revised formula. The result is that provinces will not receive adequate budget to meet their obligations as set out in a range of new social development legislation including the Children's Act, Older Person's Act, and the Child Justice Act.

In 2011/12 a conditional "incentive" grant for social sector Expanded Public Works Programme has been introduced which provinces can use to cover stipends for workers on this Programme. Provinces may decide to use some of this grant for child-related services such as ECD and home- and community-based services for children affected by HIV and AIDS.

## Infrastructure

There is less mention of children-related infrastructure in this year's budget votes than in some previous years. In particular, a few years ago most provinces referred to construction of secure care centres. Fewer do so in the 2011 budget books, but there are some mentions. Eastern Cape refers to the building of three secure care centres, KwaZulu-Natal intends to spend budget on maintenance of existing infrastructure, Free State notes spending of R35m on a secure care centre, and Limpopo is planning a secure care, reform school and school of industry complex in Waterberg.

## 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. The majority of these workers are employed by NPOs and their salaries and conditions of service are therefore not affected by the improvements such as the occupation-specific dispensation. Thus while improvements to government personnel numbers and conditions of service are to be welcomed, without a concurrent improvement to NPO funding, the main outcome is movement of practitioners within the existing pool rather than an increase in practitioners available to provide services to children.

Overall, there is less discussion of staff in the 2011 budget books than in previous years. Further, the budget documents do not provide government staff breakdowns by sub-programme. The tables published in the budget documents also do not distinguish between different categories of staff such as social workers, probation officers, administrators, managers, child and youth care workers and others. This section therefore refers to all government staffing in the social welfare programme.

For the country as a whole, government staff numbers increased from 3 920 in 2007 to 12 665 in March 2011. The numbers are set to increase further, to 13746, 14 437 and 14 987 respectively over the MTEF period.

The three-year average annual increase in staff numbers over the 2011/12 MTEF period is 6%. Limpopo plans a particularly large increase, of 18%, over the three years of the MTEF, while Western Cape's increase stands at 14% and Mpumalanga's at 11%. Most other provinces have small increases, while Eastern Cape's staff is shown to fall between 2011 and 2012. Where increases are small, 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. Where provinces, such as Western Cape, seem to be shifting responsibility for services from NPOs to government employees, they are in effect choosing a substantially more expensive way of delivering services.

There is reference in both the national vote and some provincial votes to bursaries for social workers and other social service practitioners, and employment of such trainees on graduation. The national vote provides for an allocation of R244m to support the existing 4 400 social work students being supported with full bursaries at various universities, as well as 1 000 new scholarships. It notes that to date the bursary programme has seen 2 086 students graduating and being employed by the provinces. The employment of social work graduates will increase staff costs. Further, unless proper supervision and mentoring is provided, the influx of new inexperienced graduates could result in lower quality of service delivery. In some cases the bursary programme is also benefitting NPOs as graduates supported by bursaries are allowed to be employed in a NPO when there is no DSD position vacant. However, they tend to work at the NPO only for a short period of time until a new post is created in DSD at a much higher pay.

### Non-profit organisations

All provinces rely heavily on the services of NPOs to deliver services. The average percentage of the total social welfare programme budget that is transferred to NPOs for 2011/12 is 51,3%, slightly down from the 51,8% for 2010/11 using the adjusted estimates. By 2013/14, the percentage is set to fall a bit further, to 50,8%. Despite the slight decrease, this percentage remains 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.

The subsidies provided by the provincial departments to NPOs 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 (full) 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"). The national Department of Social Development has completed a revision of the NPO financing policy (officially called the Policy on Financial Awards for Service Providers). Western Cape has developed its own revised policy, while Free State is engaged in a court battle with a group of NPOs over the funding policy in that province. Neither the national policy nor these two provincial policies commits to full funding even of services mandated by legislation.

Meanwhile, alongside the substantial increases in funding for government personnel in many provinces shown above, the overall percentage allocated to NPOs has fallen and the overall real increase across the three years of the MTEF in funds allocated for NPOs is only 1%. Northern Cape and KwaZulu-Natal have real increases of more than 5%. Limpopo, Western Cape and North West record real decreases. This small increase must be read against the above-inflation costs that NPOs should be incurring as they try to compete with the OSD salary increases in government, and against the overall decline in funds available from other sources as a result of the global financial and economic crisis.

For the immediate budget year of 2011/12, Northern Cape and KwaZulu-Natal have substantial increases of 22% and 20% respectively, while Gauteng also has a pleasing 13%. In contrast, Limpopo and Western Cape have real decreases of 6% and 5% respectively. Western Cape notes that there are no "significant" changes in (NPO) transfer funding and that it is instead maintaining current levels of funded service delivery while expanding its own delivery.

Overall there is an improvement in the amount of information provided on NPO transfers in comparison to previous years. Further, all the provinces that provide these breakdowns provide estimates over the full seven years shown in other budget tables. This allows for more detailed analysis of trends. The drawback remains that the way in which the NPO transfers are disaggregated differs so much across provinces. This precludes sensible analysis of cross-province patterns.

*ECD subsidies*

Over recent years there has been an attempt to standardise subsidies in respect of ECD centres. However, to the extent that the votes note the amounts, they show ongoing disparities. Thus Free State reports a rate of R14 per child per day for 261 days (rather than the national norm of 264 days) for 2011/12. Mpumalanga reports that their rate increased from R11 to R12 from October 2010. Eastern Cape reports an increase from R12 to R15 per child per day, but notes further that this increase has meant that they reached fewer than the targeted number of children in 2010/11.

Most provinces give some numbers on ECD showing growth in number of centres registered and subsidised children over the years. All show a steady, if sometimes slow, increase. Several provinces give indications that the support goes beyond centre-based ECD provision.

*EPWP stipends*

The EPWP is also a potential source of funding for NPOs. As noted above, in 2011/12 there is a conditional incentive grant for EPWP social sector funding. For NPOs, this funding may be indirect in that the stipends may be paid directly to the workers rather than channelled through the NPO. Further, in some cases the EPWP does not bring new money. Instead, it is existing funding that is "counted" by the province as creating job opportunities. So, for example, with ECD some provinces now count part of the per-child-per-day subsidy for centres as EPWP money. KwaZulu-Natal, while noting the introduction of the conditional grant, observes that it has pointed out to National Treasury that the amount provided to the province does not cover the "funding gap".

Many provinces report on the number of jobs created through EPWP. For the most part, these are described as "caregiver" jobs and seem to relate to home- and community-based care.

## Comparing the 2011 budget to the costing report estimates

To assess government's progress in implementing the Children's Act we can compare the budget 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, we take 2009/10 as the first year of implementation.

To calculate how much budget government has allocated to the Children's Act we add 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.

In addition, this year we expand on this simple comparison with the three sub-programmes by doing an alternative comparison that includes a portion of the professional and administrative sub-programme allocation for those provinces where we do not know that the service delivery staff are included in the "delivery" sub-programme amounts. While the simple comparison could under-estimate actual allocations, the alternative comparison probably over-estimates allocations and gives too optimistic a picture as it is possible that some other provinces also include service delivery staff within the delivery sub-programmes.

For the 2011/12 year the comparison is presented below:

| | **2011/12** | **Percentage of costing estimate met** |
|---|---|---|
| Government budget allocations<br>(3 service delivery sub-programmes only) | R3 897m | 42% of IP low<br>6% of FC high |
| Government budget allocations<br>(3 service delivery sub-programmes plus a portion of the professional and administrative support sub-programme) | R4 397m | 47% of IP low<br>6% of FC high |
| Costing estimate: IP Low | R9 265m | |
| Costing estimate: FC High | R 67 807m | |

The comparison illustrates that the provincial departments of social development are far from meeting even the IP low estimate, even with the addition of a portion of the professional and administrative support sub-programme.

Comparing the three content sub-programmes total budget of R3897m with the costing estimates for year 3 of implementation; the combined allocations over the nine provinces amount to only 42% of the IP low cost estimate. The picture is even more dismal when the comparison is done with FC high estimates rather than IP low. Overall the combined allocations over the nine provinces amount to only 6% of the FC high costs in Year 3.

Comparing the three content sub-programmes plus a portion of the professional and administrative support sub-programme (R4 397m) with the costing estimates for year 3 of implementation; the combined allocations over the nine provinces increases slightly to 47% of the year 3 IP low cost estimate while the percentage of the FC high estimate remains at 6%.

## Under-spending

For the child care and protection sub-programme, all provinces except Free State, KwaZulu-Natal and North West were likely to spend 99% or more of the original 2010/11 appropriation. North West's expected expenditure, at only 82% of the appropriated amount, is worrying. Levels of spending could also be improved in Free State and KwaZulu-Natal.

A more worrying picture of under-spending emerges for the care and support to families sub-programme. Overall, revised estimates are only 72% of the original 2010/11 allocations. In Limpopo, expenditure is expected to be only about a third (34%) of the original allocation. In Mpumalanga it is expected to be about two-thirds (68%) and in Eastern Cape about four-fifths (79%). This suggests that this sub-programme is in an even worse state than it was in previous years when we expressed concern. It is worrying that NPOs delivering prevention and early intervention services are struggling to survive while the provincial departments are showing under-spending on this sub-programme. Channelling the budget to NPOs would enable improvements in expenditure and expanded service delivery.

The HIV and AIDS sub-programme shows an opposite trend of good spending in that for all provinces combined, the revised estimate is larger than the original allocation. KwaZulu-Natal, after several years of poor performance, expects to over-spend its budget, as do Limpopo and Western Cape. However, Eastern Cape emerges as a poor performer with expected expenditure at only 85% of the original allocation. Mpumalanga and North West also do not perform optimally when one compares the revised estimate with the appropriated amount.

For the crime prevention and support sub-programme overall provinces expect to spend 94% of combined original allocations for 2010/11. Two provinces emerge as poor performers – KwaZulu-Natal (79%) and Mpumalanga (58%). Both these provinces were in the same situation last year.

The overall picture presented by this sub-section reveals that spending performance could be improved, especially for the crime prevention and support sub-programme. Comparison of this year's analysis with that of last year does not suggest an improvement over time in respect of under-spending. Instead, the situation has deteriorated. With complaints about constrained budgets this year on account of the economic recession and deficit, it is especially important that provinces spend all the money that is made available to them. It is concerning that under-spending is occurring at the same time as many NPOs are struggling to raise funds to deliver child care and protection services due to the donor funding pool decreasing.

## 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.

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. While the latter should be public documents, they are not readily available for many provinces and departments. Some departments do include performance indicators in their budget documents. However, fewer seem to have done so this year than previously.

Last year we noted that overall, reporting on indicators had deteriorated between 2009 and 2010. This year we unfortunately cannot report an improvement in this respect. The same provinces as in 2010 have not included indicator tables. Among those that have reported, there is still limited standardisation of indicators chosen.

## Conclusion

Last year we expressed disappointment in the overall picture revealed by our analysis of provincial departments' allocations in respect of sub-programmes related to the Children's Act. Unfortunately, this year we must again express disappointment. We acknowledge that South Africa, like other countries, was affected by the global financial and economic crisis. This resulted in tightening of budgets all around. Nevertheless, the South African government did find additional money for some priorities, including some social sector priorities. However, the concentration has continued – as in past years – to be on education and health. Social welfare services – and services to children within that category – continues to be a poor third cousin despite the constitutional and legislative obligations. This is reflected in, at best, small increases in allocations, limited narrative relating to Children's Act services in the budget books, and very little progress in production of reliable performance indicators. It is also reflected in the ongoing funding challenges facing NPOs delivering Children's Act-related services.