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

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Acronyms

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

Introduction

This is our fifth annual assessment of the budgets of the nine provincial Departments of Social Development.[3] 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 first part of the Children's Act (No 38 of 2005) was passed by parliament in 2005. This part of the Act deals 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, and the full Act as amended has been in operation since 1 April 2010, as have the new regulations and norms and standards.

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 clearly sets out what services government must provide to give effect to the rights listed above. These include:

- partial care facilities (crèches)
- 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 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, much less costly than actual delivery of the services, and the national department's budget for child welfare services is therefore much smaller than the combined budgets of provincial departments.

[3] For previous year's papers see http://www.ci.org.za/index.php?option=com_content&view=article&id=493&Itemid=185
[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.

Estimates for the national Department are provided in many of the tables presented below but are not discussed in any detail.[8]

This paper focuses on the social development budgets. Other government departments, 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. The different approaches are explained in the later section of this paper. The costing assumed that the 2005/06 budget year would be the first year of implementation. In our analysis of 2009 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. We continue to take 2009 as year 1 for this year's assessment. Under the minimalist approach, which takes actual delivery in 2005 as base, 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, which is based on more objective measures of need, 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 2007, 2008, 2009 and 2010 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 background alongside others that analyse the 2011 budget numbers and text. We have repeated the background to avoid readers having to refer back to other documents.

[8] For more detail on the 2010/11 budget of the national department of social development see Budlender D and Proudlock P (2010) Child Centred Analysis of Government Budgets 2010 to 2012. Community Agency for Social Enquiry, Children's Institute and UNICEF available on: www.ci.org.za

[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.

For this year's paper we have made two key changes in the methodology for analysis. The first change relates to presenting percentage changes in real terms rather than nominal terms. The second relates to the inclusion of a percentage of the sub-programme on professional support and administration budget when comparing allocations with the costing exercise so as to ensure that the budget for government personnel is fully taken into account. We explain the rationale for the first change in the paragraph below, and for the second under the analysis of the sub-programmes.

Throughout the paper budget figures are for the most part provided in nominal terms, i.e. as they appear in the budget books of a particular year and unadjusted for the effect of inflation on what money can buy in subsequent years. 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. In compiling budgets government knows that inflation will occur and makes allowance for expected inflation over the coming years. We thus expect each year's allocation to be more than the previous year's allocation for a given budget programme or sub-programme.

In previous years we calculated percentage changes in nominal terms, without taking inflation into account. However, in this year's paper we show the percentage changes over the three-years of the medium-term expenditure framework (MTEF) in real terms, i.e. adjusted for inflation. Using real values avoids readers having to compare the nominal percentage increase and inflation, with the real percentage change immediately showing whether there has been an increase or decrease in purchasing power of the budget.

For the budget preparations for the budget year 2011/12, the National Treasury advised that in compiling the MTEF estimates they used 4,8% as the expected inflation rate between 2010/11 and 2011/12, 5,1% between 2011/12 and 2012/13, and 5,2% between 2012/13 and 2013/14. The real percentage changes reported below use these inflation rates to adjust from the nominal to real amounts. (Expected inflation rates for staff salaries are somewhat higher, at 5.5%, 5.0% and 5.0% respectively.)

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

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

[10] s146
[11] s105
[12] s193
[13] s78

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].

The provisioning clauses in the Children's Act are similar to the provisioning clauses in the South African Schools Act (No 84 of 1996), National Health Act (No 61 of 2003) and the Social Assistance Act (No 13 of 2004). For example, the South African Schools Act says that the provincial MECs for Education "must ensure that there are enough school places so that every child …can attend school"[17] while the Social Assistance Act says that the National Minister for Social Development "must, with the concurrence of the Minister of Finance, out of money's appropriated by Parliament for that purpose, make available - (a) a child support grant…"[18].

We give these examples to illustrate that the Children's Act and the services for which it provides (namely social welfare services) are not different to the South African Schools Act that provides for schools, or the National Health Act that provides for clinics and hospitals, or the Social Assistance Act that provides for social grants. What all these Acts have in common is that they place a statutory obligation on government to provide the necessary services required to give effect to the respective rights to education, health, social security and social welfare services. The Children's Act has a history of particularly serious under-funding. For example, the costing exercise (Barberton, 2006) found that in 2005 government budgets covered only 25% of the services provided in the Child Care Act, which the Children's Act replaced and expanded on substantially in terms of specified services. In effect, this means that children's social welfare services (required to provide children with care and protect them from abuse and neglect) are not being prioritised.

The Children's Act requires government to change this situation and ensure that the services required by the Children's Act are prioritised. Section 4(2) 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" mirror article 4 of the United Nations Convention on the Rights of the Child. 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). Decreases in budgets for Children's Act services would amount to retrogressive action unless it could be shown that the need for services had decreased proportionately, which is unlikely in a situation of continuing poverty and inequality. Retrogressive action is the most severe form of not meeting the requirements of section 4(2). Lack of significant budget growth could indicate that the state is not making progress in realising the objects of the Act which would also amount to not meeting the requirements of section 4(2).

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 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.

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14 s93
15 s215
16 See sections 78(4), 93(4) and 215 (4)
17 Section 3
18 Section 4(a)

Partial care and ECD - Chapters 5 and 6

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

Note that grade R (ECD provided to children in the 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.

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
- Removals of children at risk of harm and placement in temporary safe care
- Placement of children in alternative care following finding that the child is in need of care and protection
- 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 and Constitutional Development while police officials are funded by the South African Police Service. Note also that there appears to be lack of clarity as to whether DSD or the Department of Justice and Constitutional Development is responsible for payments to safe house parents in which children can be placed for relatively long "temporary" periods.

Foster care and cluster foster care – Chapter 12

- Recruiting, assessment, selection and training of foster parents
- Processing foster care applications through the children's court
- Extending foster care court orders
- 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. SASSA is, in turn, funded by the budget of the national Department of Social Development. Court personnel and courts involved in the decision to place the child in foster care are funded by the national Department of Justice and Constitutional Development.

Adoption and inter-country adoption – Chapters 15 and 16

- Recruiting, assessing and selecting 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 and Constitutional Development.

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:

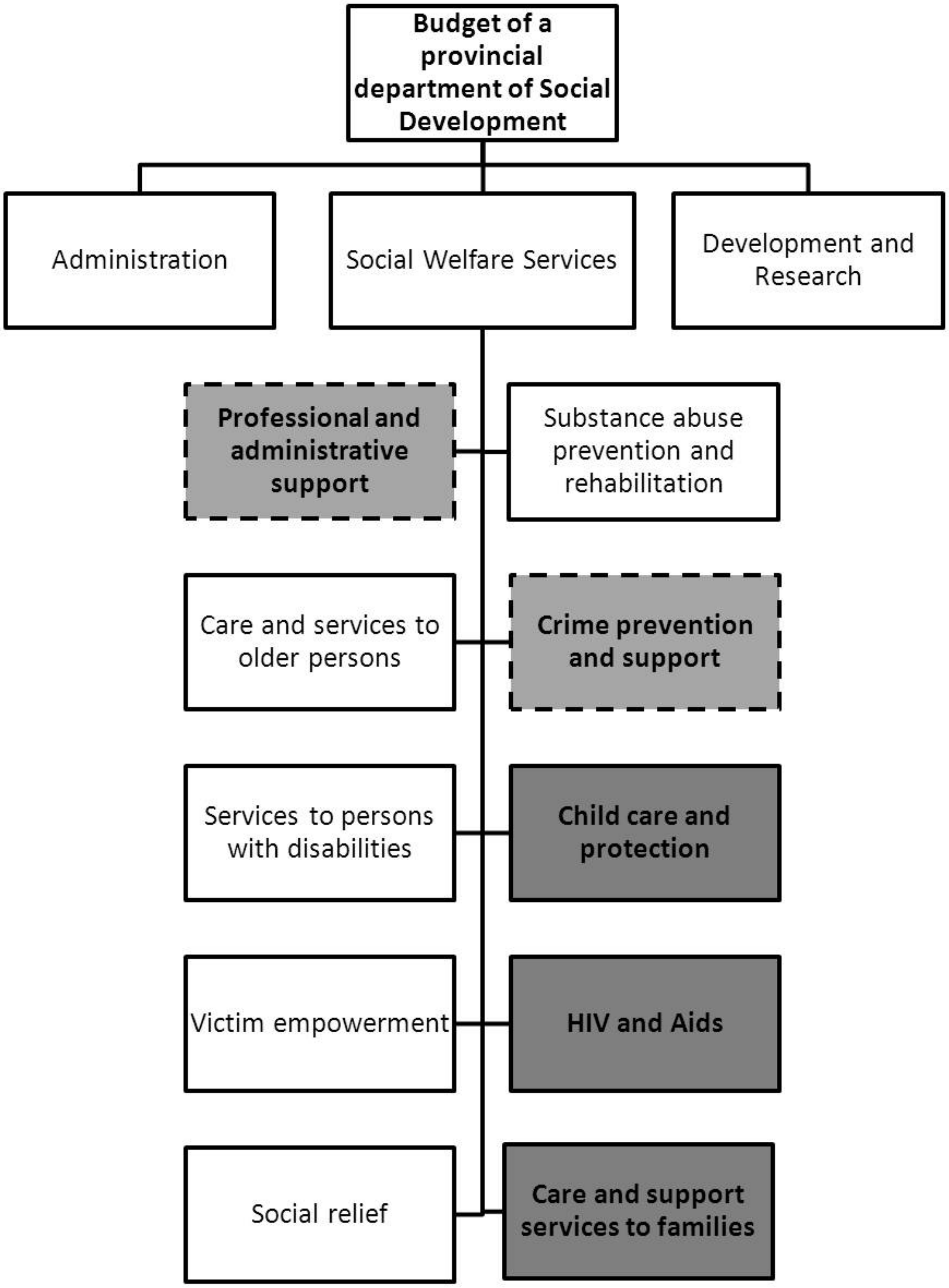
- needing temporary safe care to protect them from abuse or neglect or pending an assessment or final court order
- needing longer term care because they cannot live with their family
- awaiting trial
- awaiting sentence
- with behavioural, psychological and emotional difficulties
- living, working or begging 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 general departmental administration costs, including the costs of the MEC and functions such as finance and human resource management, in respect of health functions. (National Treasury has information that allows it to distinguish between the administration costs associated with each of the two functions. Further, after the 2011/12 budget documents had been prepared, Gauteng decided in future to place social development under a separate head of department with a separate budget.) Diagram 1 illustrates the structure of a provincial social development department budget.

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



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. The first of these sub-programmes, usually called professional and administrative support, in some cases includes the salaries of social workers and other service delivery personnel who help deliver the services covered by the other sub-programmes. This is likely to occur, in particular, where social workers do not specialise in providing particular services or services to particular target groups. Unfortunately, the provincial budget documents for the most part do not specify sufficient detail to determine where the staff salaries for personnel delivering children's services are located. National Treasury does not currently have this information. Because of the lack of information, in previous years we have not included this sub-programme in our analysis. This year we have included information on the allocations to this sub-programme and discuss how including these costs might affect an assessment of the adequacy of provincial budgets in respect of the Children's Act.

A further challenge for analysis is that the budget documents do not clearly show which of the other 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. This problem is exacerbated when, as is the case and is discussed below, performance indicators are not available or unreliable. However, by analysing the narratives in the budget documents and the performance indicators for the different sub-programmes, and comparing them to the services listed in 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 budget sub-programmes.

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

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

In diagram 1, these three sub-programmes are differentiated by darker shading and a solid boundary line.

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 administration 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 (in particular for probation officer assessments and diversion) and it is not possible to disaggregate 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.

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, and other OVC support projects	Child-headed household 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 R3 015m (R3.0 billion) across the nine provinces in 2011/12, while HIV and AIDS accounts for R701m and family care and support for R181m. The sub-programmes account for 37%, 9% and 2% respectively of the allocations for social welfare programmes across the nine provinces. These percentage shares are the same as in 2010/11.

Crime prevention and support is allocated R661m across the nine provinces in 2011/12, equal to 8% of social welfare programme allocations. 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.

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 2011/12 budgets

Child care and protection sub-programme

The services that fall under this sub-programme include partial care, ECD, prevention and early intervention, protection, foster care, adoption, drop-in centres and child and youth care centres. Increases or decreases in allocations to this budget sub-programme will therefore result in increases or decreases in delivery of these services for children.

The national and provincial budget documents that are tabled each year include the estimates for the coming budget year (in this case, 2011/12), as well as MTEF estimates for the following two "outer" years (2012/13 and 2013/14 in this case). Table 3 shows the adjusted appropriation for 2010/11 (i.e. the original allocation as voted in early 2010, adjusted for any decrease or increase voted by the provincial legislature later in the year due to reprioritisation or the realisation that a given level of expenditure will not be achievable) for child care and protection. (A later table compares the original and adjusted allocations.) Table 3 also shows the allocations for the three years of the MTEF tabled in early 2011, namely the budget year of 2011/12 and the two outer years of 2012/13 and 2013/14.

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. As noted above, unlike in previous years, our analysis this year reflects the percentage changes in real terms, i.e. after adjusting for inflation.

Table 3. Allocations for child care and protection sub-programme, 2010/11-2013/14 (R1000s)

	Allocations				Real annual percentage change			
Province	**2010/11 (adjusted)**	**2011/12**	**2012/13**	**2013/14**	**2011/12**	**2012/13**	**2013/14**	**3-yr average**
Eastern Cape	215 556	234 196	253 522	269 223	4%	3%	1%	3%
Free State	268 754	333 831	350 646	363 794	19%	0%	-1%	5%
Gauteng	772 339	911 394	988 444	1 037 191	13%	3%	0%	5%
KwaZulu-Natal	465 159	546 473	573 406	604 943	12%	0%	0%	4%
Limpopo	307 417	248 418	256 885	263 992	-23%	-2%	-2%	-10%
Mpumalanga	165 153	192 746	200 354	209 417	11%	-1%	-1%	3%
Northern Cape	70 077	83 575	87 874	92 393	14%	0%	0%	4%
North West	95 944	109 964	108 595	117 894	9%	-6%	3%	2%
Western Cape	355 331	354 637	374 944	386 012	-5%	1%	-2%	-2%
All provinces	**2 715 730**	**3 015 234**	**3 194 670**	**3 344 859**	**6%**	**1%**	**0%**	**2%**
National dept	32 600	34 300	36 100	38 000	0%	0%	0%	0%

For the 2011/12 financial year, the picture looks fairly promising given the recessionary environment in which both this and the previous year's budgets were drawn up. Thus, when all provinces are combined, there is a real increase of 6% for the 2011/12 budget. This seemingly good increase must, however, be judged against the substantial shortfall of existing budgets when measured against even the lowest scenario of the government-commissioned costing of the Bill (see further discussion below). Further, two provinces show a decrease. In the case of Limpopo it is a massive 23%. We attempted to follow up with Limpopo on this and other instances of very large changes in allocations. However, we were told that the provincial department's former chief financial officer no longer works for the province and the post is currently vacant. For

Western Cape the decrease is a smaller, but still substantial, 5%. In contrast, Free State, Northern Cape, Gauteng, KwaZulu-Natal and Mpumalanga all have real increases in 2011/12 of more than 10%.

The picture in respect of increases in the outer two years of the MTEF is concerning. Overall, the increase is only 1% in real terms in 2012/13, with no real increase at all in 2013/14. In 2012/13 three provinces – Limpopo, Mpumalanga and North West – all show real decreases in allocations, while in 2013/14 this is the case for Free State, Limpopo, Mpumalanga and Western Cape. Across the provinces, the 3-year average real budget growth is only 2%, with Limpopo showing a 10% real decrease and Western Cape a real decrease of 2%. The sharp decrease for Limpopo is somewhat misleading as it is caused by a very large supplementary allocation in the middle of the 2010/11 budget year that increased the original allocation of R148.4 million to an adjusted appropriation of R307.4 million (and an even higher revised estimate). This large adjustment is not explained in the narrative, and is not carried through to subsequent years. If our percentage change calculations were done against the original rather than the adjusted allocation, Limpopo would have shown an increase.

The lack of significant budget growth in this sub-programme 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 31 March 2012.[19] One would therefore have expected provinces such as Western Cape, Mpumalanga, and KwaZulu-Natal (all of which have three or more of these centres) to show significant increases in their allocations for 2012/13 onwards.

For each of the three MTEF years, the child care and protection sub-programme accounts for 37% of the total social welfare programme allocation, which is the same as its share in the 2010/11 financial year. This contrasts with the pattern over previous years where this sub-programme's share of the social welfare programme budget has progressively increased.

In absolute terms, Gauteng has the largest amount allocated for 2011/12 (R911,4m), while Northern Cape has the lowest (R83,6m). This ranking of biggest and smallest is partly expected given the population distribution. Nevertheless, as in the previous two years, 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, ongoing improvement in this respect as for 2011/12 KwaZulu-Natal's allocation is 77% of Gauteng's, where in 2010/11 it was 64% and in 2009/10 56%. While the comparison between Gauteng and KwaZulu-Natal is revealing, KwaZulu-Natal is probably not the worst off province in terms of under-provision. Eastern Cape, in particular, ranks lowest on a very crude estimate of the per capita allocation per child from the child care and support sub-programme.

As noted above, each year government publishes estimates for the coming three budget years. This allows us to compare the estimates published in 2010 for 2011/12 and 2012/13 (at which stage these represented the "outer" years of the MTEF) with what was tabled for these two years in 2011 (when the 2010/11 figure represents the proposed budget, and the 2012/13 remains an "outer" MTEF year). We can also compare the adjusted estimates for 2010/11 with the original budget allocations for that year.

[19] Section 196(3) of the Children's Act states these centres must be transferred to the provincial departments of social development within two years of the commencement of the Act. The Act commenced on 1 April 2010 therefore, the centres must be transferred by 31 March 2012.

Below we therefore compare:

a) the estimate for 2010/11 that appeared in the budget book of 2010 as the original allocation with the adjusted estimate for 2010/11 in the 2011 budget book;
b) the estimate for 2011/12 that was published in 2010 as the first outer year estimate with the allocation for 2011/12 in the 2011 budget book; and
c) the estimate for 2012/13 published in 2010 as the second outer year estimate with the allocation for 2012/13 in the 2011 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 reveals that for all provinces combined, the adjusted estimates were 4% more than the original allocations. However, in four provinces the 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 case suggests that many NGOs had not been paid the agreed amounts. In contrast, in Limpopo – as discussed above – 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.

Overall, for all provinces combined the 2011/12 allocations are 2% down on the 2011/12 estimates in the 2010 budget books. Limpopo again records an allocation that is substantially higher than that predicted in the 2010 budget book. This pattern was also found last year, and suggests that Limpopo is making real efforts to prioritise this sub-programme. In contrast, KwaZulu-Natal and Mpumalanga has allocations that are 10% or more less than predicted previously.

Overall, over the three-year period, six of the nine provinces have lower estimates than predicted in last year's budget books. It is only because of Limpopo's very large increase that the overall average shows no (0%) change.

Table 4. Change in estimates for child care & protection between 2010 & 2011 budget

	% change in estimate for specified financial year			
Province	2010/11	2011/12	2012/13	2010-2013
Eastern Cape	0%	3%	6%	3%
Free State	-9%	0%	0%	-3%
Gauteng	1%	-4%	-1%	-2%
KwaZulu-Natal	-5%	-12%	-13%	-10%
Limpopo	108%	44%	45%	63%
Mpumalanga	-1%	-10%	-11%	-8%
Northern Cape	0%	-4%	-3%	-3%
North West	-18%	-6%	-9%	-11%
Western Cape	3%	0%	0%	1%
All provinces	4%	-2%	-1%	0%
National dept	23%	21%	20%	21%

Table 5 suggests that, when averaged across provinces, the child care and protection sub-programme's share of the social welfare services programme remains constant at 37% in the

2011 budget book, whereas in the 2010 books it showed a steady increase from 36% to 39%. The lack of planned increase in the 2011 books is disappointing.

The national pattern hides substantial variation in patterns across provinces. Firstly, there is substantial variation in the size of the share of the provinces. The percentage share is highest in Free State throughout the period, at a constant 61% in the 2011 budget books. Free State is one of the two provinces – alongside Gauteng – for whom we know that salaries of social workers and related staff are included in the sub-programme allocations, and this helps explain the relatively large percentages for both Free State and Gauteng. In North West the percentage share is lowest, at a constant 18% in the 2011 budget books. In terms of trends over the three years, the 2011 budget books generally show minimal changes. This is different from the 2010 books, which showed some change – and sometimes quite marked change – for all provinces. In the 2011 budget books, the change is most marked in Gauteng, where the share increases from 49% to 51%. No province shows a noticeable decrease in the share over the period.

Table 5. Child care & protection as percentage of social welfare services, 2010 & 2011 documents

		2010/11	2011/12	2012/13
2010	**Eastern Cape**	23%	23%	22%
2011		21%	22%	22%
2010	**Free State**	59%	61%	62%
2011		61%	61%	61%
2010	**Gauteng**	47%	46%	51%
2011		49%	51%	51%
2010	**KwaZulu-Natal**	37%	41%	46%
2011		38%	38%	39%
2010	**Limpopo**	32%	34%	34%
2011		37%	36%	36%
2010	**Mpumalanga**	29%	32%	36%
2011		35%	35%	36%
2010	**Northern Cape**	22%	24%	27%
2011		25%	25%	25%
2010	**North West**	23%	21%	19%
2011		18%	18%	18%
2010	**Western Cape**	36%	35%	33%
2011		33%	32%	32%
2010	**Total**	36%	37%	39%
2011		37%	37%	37%

Care and support for families sub-programme

This sub-programme includes allocations for some of the programmes listed as prevention and early intervention services in the Children's Act. Both budget analysis and information from service providers suggests that there can be considerable overlap between what is included in the child care and protection sub-programme and the care and support for families sub-programme. From the budget narrative and the lists of performance indicator, the latter sub-programme is likely to be funding at least the following services:

- counselling for children and families who have suffered abuse, neglect, trauma, grief, or loss or who have behaviour or substance abuse problems
- parenting skills programmes/family counselling
- family preservation services

In our analysis of 2008, 2009 and 2010 we noted that the patterns in respect of the sub-programme care and support for families were less favourable than those for child care and protection. The problems in respect of this sub-programme continue in 2011. Table 6 shows the allocations as well as the annual percentage change, in real terms (adjusted for inflation), in each province. Overall, the average annual increase is 1% in real terms over the MTEF period. Limpopo and North West record high average annual increases over the MTEF period. However, as with the child care and protection sub-programme, the pattern for Limpopo is misleading in that it is caused by a large difference (this time negative) between the adjusted and original budgets. Mpumalanga, Eastern Cape and Free State show substantial decreases over the MTEF period.

For 2011/12, in particular, there are large changes, with smaller changes in subsequent years except for in Mpumalanga and North West. For 2011/12, the positive changes are especially large for Limpopo (a more than three-fold increase) and North West (increasing by nearly half). The negative changes are especially worrying for Mpumalanga, Eastern Cape and Free State.

Table 6. Allocations for care & support to families, 2010/11-2013/14 (R1000s)

	Allocation				Annual percentage change			
Province	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2011/12**	**2012/13**	**2013/14**	**3-yr average**
Eastern Cape	9 460	8 044	8 454	8 894	-19%	0%	0%	-7%
Free State	4 478	3 634	3 860	4 121	-23%	1%	1%	-7%
Gauteng	93 000	103 000	112 370	113 000	6%	4%	-4%	2%
KwaZulu-Natal	3 419	3 919	4 116	4 342	9%	0%	0%	3%
Limpopo	1 460	7 305	7 520	7 769	377%	-2%	-2%	66%
Mpumalanga	6 104	3 934	4 731	5 092	-39%	14%	2%	-10%
Northern Cape	5 790	5 310	5 572	5 876	-12%	0%	0%	-4%
North West	6 543	10 201	11 798	12 386	49%	10%	0%	18%
Western Cape	33 795	35 730	36 117	37 201	1%	-4%	-2%	-2%
All provinces	**164 049**	**181 077**	**194 538**	**198 681**	**5%**	**2%**	**-3%**	**1%**
National dept	6 600	7 800	8 400	8 900	13%	2%	1%	5%

Table 7 reveals that, as noted above, the change in Limpopo's adjusted budget for 2010/11 was extremely large, at 65% less than the original allocation. North West's adjusted budget was 24% less than the original allocation. These two large negative changes, in the absence of substantial positive changes, result in a cross-province decrease of 3% when comparing the original and adjusted allocations. In the subsequent two years Limpopo's budget is set to have large changes in the other direction, giving an overall positive change of 26% over the three years. While a positive change is pleasing, the drastic fluctuations in Limpopo's allocations for the various sub-programmes are cause for concern especially given the lack of explanation in the budget narrative. Further, the large expansion is off a historically low base. North West also has substantial increases in respect of 2011/12 and 2012/13, suggesting that for this sub-programme North West also has erratic allocation patterns. Mpumalanga shows only a small decrease compared to the 2010 budget books for 2010/11, but very large decreases for the following two years. This results in Mpumalanga having a decrease of a massive 32% over the three-year period when comparing the budget books of the three years. Eastern Cape and Free State also have decreases of more than 10% over the three years. These erratic patterns with substantial decrease suggest that the care and support to families sub-programme has not yet received serious attention from most provinces despite some advance on the policy front with the release of a Green Paper on a National Family Policy.

The sub-programme accounts for 2,2% of the social welfare programme budget in 2011/12, 2,3% in 2012/13 and again 2,2% in 2013/14. The table above reveals that Gauteng is an outlier in terms of the absolute amount of money allocated to this sub-programme. It is also an outlier in terms of the percentage of social welfare allocated to the sub-programme, which stands at 5,5% in 2011/12, with the next highest percentage being 3,3% for Western Cape. It seems that these two wealthier provinces, with longer established services, are doing substantially more in this area of work than others.

Table 7. Change in estimates for care & support to families between 2010 & 2011 budget books

	% change in estimate for specified financial year			
Province	**2010/11**	**2011/12**	**2012/13**	**2010-2013**
Eastern Cape	0%	-19%	-19%	-13%
Free State	8%	-20%	-19%	-11%
Gauteng	0%	8%	13%	7%
KwaZulu-Natal	0%	8%	8%	6%
Limpopo	-65%	70%	66%	26%
Mpumalanga	-1%	-46%	-42%	-32%
Northern Cape	0%	-12%	-11%	-8%
North West	-24%	12%	23%	5%
Western Cape	0%	0%	0%	0%
All provinces	**-3%**	**3%**	**6%**	**2%**
National dept	2%	13%	15%	10%

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 because this sub-programme should contain some of the family support programmes that are listed in the Prevention Chapter of the Children's Act. Besides the ones already mentioned as clearly falling under this sub-programme, the following prevention and early intervention services should also be covered: These include the following programmes:

- 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
- 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, 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. 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 and that are not getting sufficient explicit recognition.

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 national Department notes that it has developed an "integrated plan" for services to families through a consultative process. It plans to redraft the White Paper for Services to Families by March 2012, again through a consultative process. By March 2013 it hopes to develop programmes and services. This area of work is thus perhaps moving forward, but very slowly. Western Cape notes the national process and reports that in October 2010 the province embarked on a review of the provincial policy, which they hope to complete by June 2011. Given the potential overlap between services provided under this sub-programme and those provided under the child care and protection services sub-programme, any new plans need to consider "integration" beyond this sub-programme. Indeed, this could perhaps best be achieved by merging this sub-programme with the child care and protection services sub-programme.

HIV and Aids sub-programme

The third sub-programme that is relevant for implementation of the Children's Act is HIV and Aids. Services that fall under this sub-programme are likely to include some prevention and early intervention services particularly home- and community-based care and other support programmes for orphans and vulnerable children. The programme also includes home- and community-based care programmes for adults.

At provincial level, for 2011/12 the allocation for HIV and Aids amounts to 8,6% of the total allocation for the social welfare programme, falling slightly to 8,5% in the following two years.

The allocations for this sub-programme must be assessed against the HIV prevalence levels in the different provinces. The figure below shows that in 2009 the HIV prevalence among antenatal clinic attendees ranged from 16,9% in Western Cape to 39,5% in KwaZulu-Natal (Department of Health, 2010: 31).

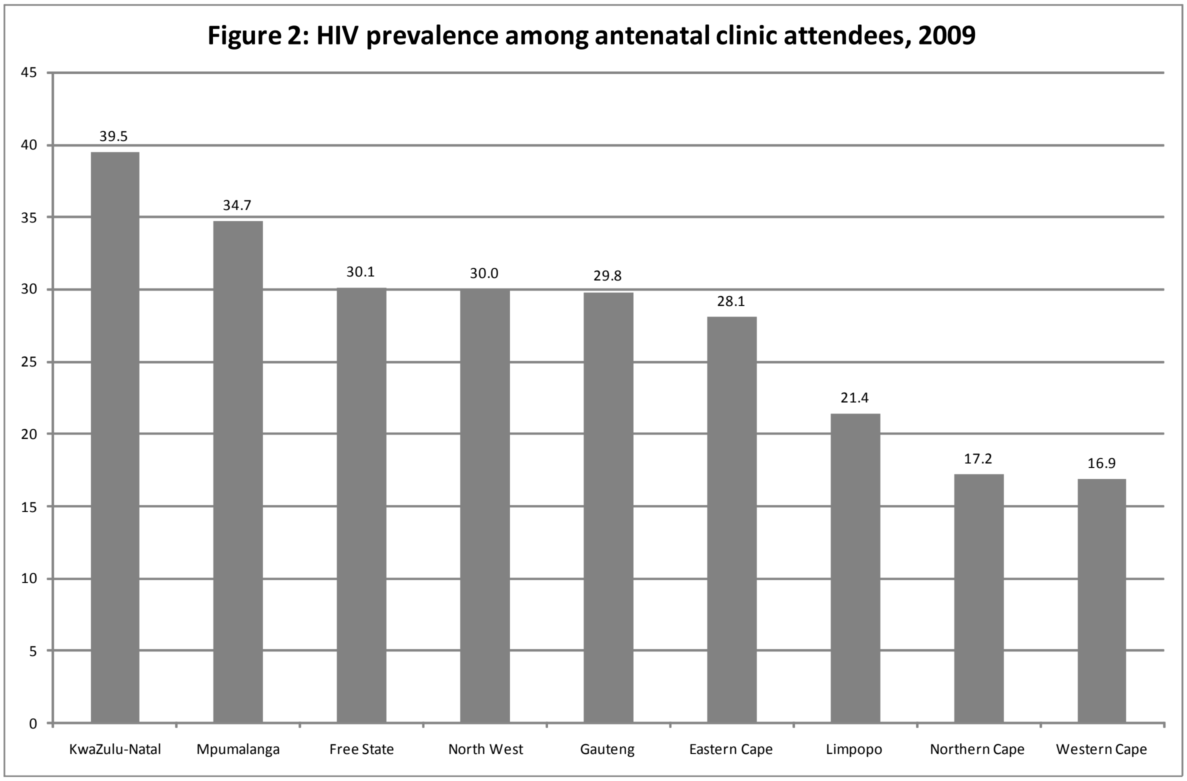


Table 8 shows that overall, the provinces' HIV and AIDS sub-programmes have an average annual increase in real terms of 2% over the MTEF period. Looking at the provinces in more detail, both Limpopo and North West have substantial increases – of 22% in real terms – in 2011/12 when compared with the adjusted budget for 2010/12, while Northern Cape has a real increase of 14%. In contrast, Western Cape has a real decrease of 14%, which follows on an even more substantial decrease in the allocation for this sub-programme in the previous year. However, as seen below, the 2010/11 adjusted allocation was substantially higher than the original allocation. Thus if the comparison below were with the original allocation, the picture would not be so disappointing. For all provinces except Free State, there is more than a five percent real change in the estimate, whether up or down, when compared to the adjusted allocation of the previous year. The changes in subsequent years are far less dramatic, with the average real annual change ranging from a 5% decrease in Western Cape to a 9% increase in North West.

Table 8. Allocations for HIV and Aids, 2010/11-2013/14 (R1000s)

	Allocations				Annual percentage change			
Provinces	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	3-yr average
Eastern Cape	77 165	73 526	78 796	85 336	-9%	2%	3%	-2%
Free State	23 476	24 258	25 569	27 009	-1%	0%	0%	0%
Gauteng	204 542	232 253	235 386	242 201	8%	-4%	-2%	1%
KwaZulu-Natal	92 516	100 999	106 153	112 004	4%	0%	0%	1%
Limpopo	75 552	96 921	101 148	106 106	22%	-1%	0%	7%
Mpumalanga	69 728	68 337	74 219	75 694	-6%	3%	-3%	-2%
Northern Cape	30 467	36 320	37 444	41 044	14%	-2%	4%	5%
North West	45 971	58 691	60 984	68 259	22%	-1%	6%	9%
Western Cape	10 676	9 647	10 199	10 636	-14%	1%	-1%	-5%
All provinces	**630 093**	**700 952**	**729 898**	**768 289**	**6%**	**-1%**	**0%**	**2%**
National dept	62 400	67 800	70 100	74 000	4%	-2%	0%	1%

Table 9 reveals that Western Cape's adjusted budget for HIV and Aids for 2010/11 was 17% higher than the original allocation. For other provinces there were much smaller changes, if any, in 2010/11. However, Northern Cape shows substantial positive changes for the following two years, as do Limpopo and Gauteng. Over the three years both Limpopo and Northern Cape show positive 10% changes in the estimates. Three provinces – Eastern Cape, Mpumalanga and Free State – have negative changes over the three years, but the changes are relative small.

Table 9. Change in estimates for HIV and Aids between 2010 & 2011 budget books

	% change in estimate for specified financial year			
	2010/11	2011/12	2012/13	2010-2013
Eastern Cape	0%	-3%	-1%	-2%
Free State	3%	-3%	-3%	-1%
Gauteng	0%	10%	6%	6%
KwaZulu-Natal	0%	5%	5%	3%
Limpopo	3%	13%	12%	10%
Mpumalanga	0%	-4%	-3%	-2%
Northern Cape	-1%	16%	14%	10%
North West	-2%	7%	5%	4%
Western Cape	17%	0%	0%	5%
All provinces	**1%**	**6%**	**5%**	**4%**
National dept	-4%	-1%	-1%	-2%

Crime prevention and support sub-programme

This sub-programme is likely to cover the costs of diversion of children in trouble with the law (a prevention and early intervention service), secure care centres and assessments by probation officers as required under the Child Justice Act, although the narratives do not always clearly specify the services covered. The sub-programme also covers similar services for adult offenders.

Table 10 shows that over the three-year period, the provincial allocations for crime prevention and support decrease by 2%. This average hides a massive increase of 51% for Limpopo over the three-year period, and a substantial increase of 17% for Mpumalanga. In 2011/12 this sub-programme accounts for between 8,1% of the social welfare programme budget, much lower than the 9,5% recorded last year for 2010/11. The share is set to drop even lower, to 7,9% in the two outer years of the MTEF.

Focusing on the budget year of 2011/12, Limpopo shows its usual volatility, with a massive increase of 270%. Mpumalanga also has a very high increase, of 50%. In contrast, substantial decreases of 15% to 6% are recorded for KwaZulu-Natal, North West and Gauteng. Limpopo's massive increase comes after disappointing performance in the previous two years. While the increase is pleasing, the extreme volatility raises questions about the capacity of the sub-programme to spend the large new amount.

Table 10. Allocations for crime prevention and support, 2010/11-2013/14 (R1000s)

	Allocations				Annual percentage change			
Provinces	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	3-yr average
Eastern Cape	93 827	86 673	91 350	96 807	-12%	0%	1%	-4%
Free State	24 409	25 909	27 529	28 776	1%	1%	-1%	1%
Gauteng	169 995	150 946	144 415	148 997	-15%	-9%	-2%	-9%
KwaZulu-Natal	87 586	77 132	80 835	85 281	-16%	0%	0%	-6%
Limpopo	9 030	35 000	35 586	36 263	270%	-3%	-3%	51%
Mpumalanga	11 016	17 346	19 315	20 498	50%	6%	1%	17%
Northern Cape	74 155	81 769	86 108	90 662	5%	0%	0%	2%
North West	67 793	60 020	60 669	64 883	-16%	-4%	2%	-6%
Western Cape	119 333	126 610	132 907	139 176	1%	0%	0%	0%
All provinces	**657 144**	**661 405**	**678 714**	**711 343**	**-4%**	**-2%**	**0%**	**-2%**
National dept	17 000	27 400	29 600	33 600	54%	3%	8%	19%

Table 11 compares the allocations recorded in the 2010 budget books for each of the financial year 2010/11 through 2012/13 with those recorded in this year's books. The national department is omitted from the table given the amalgamation of two sub-programmes in 2011/12, which complicates sensible comparison.

For six of the provinces the adjusted allocations for 2010/11 are lower than the original allocations, and in two of these provinces – Mpumalanga and KwaZulu-Natal – the difference is substantial. None of the provinces have an adjusted allocation that is substantially higher than the original allocation. Overall, the provincial adjusted allocations are 2% less than the original allocations. In subsequent years Limpopo again shows extreme volatility with massive increases in the allocations shown in the previous year's budget books. In contrast, KwaZulu-Natal, North West, Eastern Cape and Gauteng show marked decreases. Even with Limpopo's massive increase, the average change over the three years is a 6% decrease. This occurs because there are so many decreases in other provinces that outweigh Limpopo's unusual pattern. The deteriorating pattern in respect of this sub-programme is especially worrying given that the Child Justice Act came into full effect on 1 April 2010, on the same day as the Children's Act.

Table 11. Change in estimates for crime prevention and support between 2010 & 2011 budget books

	% change in estimate for specified financial year			
	2010/11	2011/12	2012/13	2010-2013
Eastern Cape	3%	-10%	-9%	-5%
Free State	-1%	-2%	0%	-1%
Gauteng	1%	-7%	-15%	-7%
KwaZulu-Natal	-11%	-29%	-29%	-23%
Limpopo	-1%	199%	189%	140%
Mpumalanga	-28%	3%	-3%	-9%
Northern Cape	-4%	-3%	-3%	-3%
North West	-8%	-29%	-21%	-20%
Western Cape	3%	4%	3%	3%
All provinces	**-2%**	**-7%**	**-8%**	**-6%**

Professional and administrative support sub-programme

As noted above, some provinces include the salary costs of service delivery professionals in the professional and administrative sub-programme rather than in the delivery sub-programme itself. In some cases this is done because service delivery personnel perform tasks related to more than one sub-programme. In other cases doing the budgeting this way is a historical legacy.

Table 12 shows the allocations for professional and administrative support sub-programme for the period 2010/11 to 2013/14, as well as the annual percentage changes in real terms, in similar format to that shown for the other sub-programmes. For all provinces combined, it shows a 6% real increase in budget over the MTEF period. Western Cape shows the largest real increase in budget, at 16%, followed by KwaZulu-Natal at 11%. 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.

Table 12. Allocations for professional and administrative support sub-programme, 2010/11-2013/14 (R1000s)

	Allocations				Annual percentage change			
Provinces	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14	3-yr average
Eastern Cape	420669	540059	568263	598635	23%	0%	0%	7%
Free State	8920	11524	11746	11995	23%	-3%	-3%	5%
Gauteng	5743	6008	6288	6634	0%	0%	0%	0%
KwaZulu-Natal	326889	488152	508350	518277	42%	-1%	-3%	11%
Limpopo	193145	194195	197006	208959	-4%	-3%	1%	-2%
Mpumalanga	166550	169857	167962	172614	-3%	-6%	-2%	-4%
Northern Cape	69010	86056	90480	95381	19%	0%	0%	6%
North West	195352	224839	227798	222322	10%	-4%	-7%	-1%
Western Cape	205312	295505	328918	368685	37%	6%	7%	16%
All provinces	**1591590**	**2016195**	**2106811**	**2203502**	**21%**	**-1%**	**-1%**	**6%**

The three-year annual average of 6% reflects very different patterns for the three years. For 2011/12, the increase is 21% in real terms, whereas for the outer two years of the MTEF there is a real decrease of 1%. The decrease in the outer two years seems unrealistic given that Table 15 below, which shows staff numbers for the social welfare programme, indicates that staff numbers are set to increase over this period. One possible explanation for a decrease is that staff will be transferred to the other sub-programmes. However, in that case we would have expected a corresponding noticeable increase in the budgets of the other sub-programmes in 2012/13 and 2013/14.

Unfortunately, the budget books for the most part do not state where service delivery staff salaries are included i.e. whether they are in the professional and administrative sub-programme or the delivery sub-programmes. There are only four provinces where we can clearly assume that the salaries are, or are not, included in the relevant service delivery sub-programmes.

- In the case of the Western Cape, the salaries are not included in the service delivery sub-programmes. Instead, often the full budget of the service delivery sub-programme is recorded as transfers to NPOs. Similarly, for KwaZulu-Natal, the budget book explicitly states that social workers and other service delivery staff are provided for in the professional and administrative support sub-programme.
- In contrast, for Free State and Gauteng the amount allocated for compensation of employees within the social welfare programme is so much greater than the total allocation for the professional and administrative support sub-programme that we can assume that substantial staff costs are included in the service delivery sub-programme budgets. In these two provinces, the professional and administrative support programme accounts for only 2% and less than 1% respectively of the total social welfare programme, compared to 20% or more in other provinces.

For the other five provinces, the situation is not as clear.

- In Limpopo the sub-programme is called "administration" rather than "professional and administrative support", and the amount allocated for compensation for employees is more than administration. However, we err on the optimistic side in terms of allocations for Limpopo and assume that some of the administration budget is for service delivery staff.
- For North West and Northern Cape the allocations for compensation of employees are also substantially more than the total professional and administrative sub-programme. Again, we err on the optimistic side and assume that some of the professional and administrative budget is for service delivery staff.
- In Eastern Cape and Mpumalanga, compensation is slightly more than professional and administrative support. However, the fact that the professional and administrative support programme accounts for close on half (49%) of the programme budget in Eastern Cape probably means that most service delivery staff are in this sub-programme in this province.

The comparisons with the costing exercise described later in the paper therefore include a proportion of the professional and administrative (or equivalent) sub-programme for all provinces except Free State and Gauteng.

Table 13 summarises the various items of information that assist in arriving at an estimate of the staffing costs associated with Children's Act services for 2011/12. The first column of numbers gives the amounts allocated in 2011/12 for compensation of employees within the social welfare programme. The second column shows the 2011/12 allocations for the professional and administrative support sub-programme. The third column gives professional and administrative support as a percentage of the total social welfare programme. The final column shows whether a percentage of the professional and administrative support allocation is included in the calculation of total budget allocated to Children's Act services and in the comparison with the costing exercise presented later in this paper.

Table 13. 2011/12 amounts relevant for estimating staff costs

	Compensation of employees in social welfare programme	Prof & Admin Support	Prof & Admin % of total social welfare programme	Included in analysis
Eastern Cape	491554	540059	49%	Yes
Free State	152418	11524	2%	No
Gauteng	420389	6008	0%	No
KwaZulu-Natal	451477	488152	34%	Yes
Limpopo	233872	194195	29%	Yes
Mpumalanga	173636	169857	31%	Yes
Northern Cape	121254	86056	26%	Yes
North West	252870	224839	38%	Yes
Western Cape	332217	295505	27%	Yes
Total	**2629687**	**2016195**	**25%**	**-**

The next question that arises is what proportion of the professional and administrative sub-programme allocation to include in our calculation of the total budget allocation for Children's Act services. The child care and protection sub-programme is the biggest of the sub-programmes in monetary terms across all provinces, but is by no means the only sub-programme that requires service delivery staff. Further, the professional and administrative sub-programme will also include allocations for non-service delivery management, administrative and support staff. The costing, which is what will be used as a comparison, provided only for those directly involved in service delivery, such as various levels of social workers and social work managers. It did not cover staff involved in exercises such as developing policies and plans. For all these reasons, our estimate would thus not include the full staff costs in the professional and administrative sub-programme even if this were available to us, which it is not. In addition, the sub-programme allocation includes non-staff costs. Given all these unknowns, for all provinces except Free State and Gauteng, we include 25% of the professional and administrative sub-programme allocation in our calculation of the total budget allocation for Children's Act services.

Table 14 shows the actual amounts per province that we include in the calculation.

Table 14. Amount from professional and administrative sub-programme included in costing comparison

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Eastern Cape	46706	68531	86825	105167	135015	142066	149659
Free State	0	0	0	0	0	0	0
Gauteng	0	0	0	0	0	0	0
KwaZulu-Natal	48468	82253	101123	81722	122038	127088	129569
Limpopo	20722	28279	32836	48286	48549	49252	52240
Mpumalanga	19458	33121	38602	41638	42464	41991	43154
Northern Cape	11779	11900	16714	17253	21514	22620	23845
North West	24893	32357	43265	48838	56210	56950	55581
Western Cape	26943	30915	41897	51328	73876	82230	92171
Total	**198969**	**287355**	**361262**	**394232**	**499666**	**522194**	**546218**

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. At the provincial level, an expenditure committee led by the provincial treasury recommends how the lump sum allocated to the province will be divided between the respective provincial government departments. This recommendation is then tabled in the provincial legislature.[20]

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.[21] On this factor, the Children's Act would qualify as national legislation that imposes obligations on the provinces. Further, while at present the social development department 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 2011/12, 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 horizontal equitable share formula that determines the distribution between provinces, 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 strategic objectives.

In 2007, the Financial and Fiscal Commission recommended that the formula include an explicit component for social welfare services, and that the component should be based on population, population in poverty and institutional capacity. National Treasury agreed with the recommendation that the formula should include a component that captured the demand for social welfare services and undertook to consider this issue in a planned review of the formula (National Treasury, 2007: 234).

The Commission conducted the first phase of the review in 2009. This first phase identified the policy imperatives that should inform the review and proposed options in respect of reform of provincial fiscal powers and the fiscal framework. National Treasury then took over responsibility for the second phase of the review, working in consultation with the Financial and Fiscal Commission and provincial treasuries. The parties agreed that the review would be

[20] While the provincial legislatures vote and pass the provincial budgets, they do not have the same powers as the national parliament to amend the budget that is tabled. Section 120(2) of the Constitution provides that each province needs to pass a law setting out the procedure for amending the budget before it can amend the budget that is tabled by the provincial Minister of Finance. None of the provinces have such legislation yet.

[21] See section 214(2) (h) and also 214(2) (d) of the Constitution

conducted in terms of six categories of provincial expenditure, and social development was named as one of the six categories.

The explanatory memorandum to the division of revenue bill of 2011, notes that the review was presented to the Budget Council in October 2010. The revised formula still has the same six components as in the previous formula (namely 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 if poverty is seen as reflecting the relative burdens for different provinces for welfare services. Such an increase in the poverty share is not evident in the revised formula. It can also be argued that services for vulnerable groups such as children are required across the socio-economic spectrum and not only by children living in poverty given that child abuse occurs across all socio-economic groups

The alternative to revising the equitable share would be to use conditional grants, such as have been allocated in the past to other sectors in respect of policy changes that bring with them substantial increases in the type or extent of services to be offered, such as the rollout of anti-retrovirals. However, a revision of the formula is preferable as basic services required by national laws should be built into the structure of the equitable share formulae and not treated as "ad hoc" top ups via conditional grants.

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. Last year some of the provincial departments received part of a one-year conditional grant from the Department of Public Works for payment of stipends to "volunteers" providing home- and community-based care (HCBC) services.

In earlier years, in the absence of conditional grants, additional money was sometimes added to the equitable shares of provinces with the intention that the additional money should be allocated to specified national priorities. These allocations did not have the same compulsion as conditional grants, where the provincial department is required to spend the allocated money for the specified purpose. Instead, these additions to the equitable share reflected 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 would then recommend that particular priorities be funded at specified levels. If the Budget Council and extended Cabinet (which includes the provincial Premiers) agreed to this, the funds would get added to the provincial equitable share pool and then divided between the provinces. It was hoped that each province would then 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 reflected allocations to these prioritised services as "earmarked" funds, and the funds could only be used for the specified activities. However, since the funds flow through the equitable share, provinces had discretion as to how they allocated the additional funds and, in particular, whether the extra funds were allocated to the prioritised areas and whether they were "earmarked" for this purpose.

There are no such additional allocations for social development in 2011/12. However, the KwaZulu-Natal budget reflects amounts carried through into all three of the MTEF years from the additional allocation of 2009/10. For 2011/12, the amount is R107,56m. These amounts probably reflect money that was set aside in the earlier years but that the department was unable to utilise at that point for ECD. Eastern Cape does not provide any numbers, but noted that the Children's Act and Child Justice Bill (sic) were among national priorities for which funding was received and utilised during 2010/11.

In 2010/11, some "new" (or additional) money was made available for social sector Expanded Public Works Programme (EPWP) in the form of a one-year conditional grant. For 2011/12, there is a new social sector EPWP incentive grant.

The recording of these grants in the budget votes is erratic. Eastern Cape (R0,536m) records the incentive grant for 2011/12. Free State, Gauteng and Mpumalanga record amounts for 2010/11, but nothing for 2011/12. KwaZulu-Natal records an "EPWP grant for the social sector" for the full period 2010/11 to 2011/12. The narrative refers to a "new conditional grant" for EPWP being introduced in 2010/11 that continues over the MTEF period and amount to R5,1m. However, the table shows that for 2011/12, the amount is R4,49m. Limpopo records amounts for 2010/11 and 2011/12. For 2010/11 the amount only reflects with the adjusted budget. The amount for 2011/12, as R3,38m, is slightly less than the amount for 2010/11. North West also records amounts for all for years, with the amount increasing from R2,24m in 2010/11 to R10,96m in 2011/12, and R17,10m in 2013/14. Northern Cape records an amount for 2010/11 only under the revised estimate, with much larger amounts – R5,66m in 2011/12 – for the three years of the MTEF.

One reason for the erratic pattern is that in some provinces all or most of the money might be allocated to health rather than social development. Another reason might be poor communication, in that the provincial personnel drawing up the budgets might be unaware of these national allocations.

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's vote notes that Qumbu and Enkuselweni secure care centres, with budgets of R42 million and 21 million respectively, should be completed in the 2011/12 financial year. It notes that further increases in the infrastructure budget will provide for Aliwal North secure care centres alongside spending on service offices.

KwaZulu-Natal notes that while a public-private partnership was previously registered for the construction of seven secure care centres, the province now plans to do this with its own funds and has not allocated further funding over the 2011/12 MTEF as the money already exists in the baseline budget. The province also notes allocations in respect of maintenance of government assets, including children's homes, reform schools, secure care centres, and places of safety. It also refers specifically to renovation of two secure care centres. The fact that reform schools are mentioned is encouraging, as it suggests that this province has recognised that responsibility for these institutions will be transferred from the Department of Education.

Other examples include Free State, which notes spending of R35m on the Thabo Mofutsanyane "security care" centre. Limpopo states that the province has planned a secure care, reform school and school of industry complex in Waterberg but does not specify what the budget implications of this are. Again, the mentions of the reform school and school of industry are encouraging in acknowledging the soon-to-be transferred responsibilities.

North West explains a decrease in the budget for crime prevention and support by reprioritisation of planned construction in favour of other welfare facilities such as old age homes and in-patient treatment centres.

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, probation officers, community development workers and home-based carers. These practitioners are employed by both government and NPOs. The majority (although not the probation officers) are employed by NPOs and their salaries and conditions of service are therefore not affected by initiatives such as the occupation-specific dispensation (OSD) for government employees in specified occupations.

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. This section therefore refers to all government staffing in the social welfare programme.

Table 15 shows the provincial trends in government staff numbers within the social welfare programmes between March 2007 and March 2014. (The numbers for 2011 onwards are estimates, and reflect what has been allocated budget-wise.) The final column shows the average annual increased planned over the MTEF period. For the country as a whole, the 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%.

Table 15. Staffing of social welfare programme as at 31 March, 2007-2014

	2007	2008	2009	2010	2011	2012	2013	2014	3-year average
Eastern Cape	562	1413	1713	1730	2185	1997	1999	2004	-3%
Free State		898	988	856	864	908	908	908	2%
Gauteng	1016	1175	1227	2295	2271	2508	2541	2571	4%
KwaZulu-Natal		1652	1663	1504	1675	1845	1875	1915	5%
Limpopo	517	543	631	981	1071	1249	1561	1753	18%
Mpumalanga	363	549	753	1010	1150	1273	1417	1565	11%
Northern Cape	305	450	500	519	677	697	697	697	1%
North West	599	750	761	1199	1405	1485	1535	1548	3%
Western Cape	558	1196	1098	1220	1367	1784	1904	2017	14%
Total	3920	8626	9334	11314	12665	13746	14437	14978	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.

Unfortunately, the tables published in the budget documents do not distinguish between different categories of staff such as social workers, probation officers, administrators, managers, child and youth care workers and others.

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.

Eastern Cape notes that it has placed 235 of the graduates in seven districts so as to improve services for children in need of care. This has increased the number of social workers to 1 409, giving a ratio of 1: 4618, which it notes is higher than the national norm of 1: 3 000. It is not clear if social workers employed by NPOs are included in the calculation.

Limpopo states that, as a provincial department, it awarded 300 bursaries to "social development professionals" and brought 250 social auxiliary workers into the learnership programme. It is not clear whether this refers to the national bursaries for whom the province recruited students, or whether this is additional provincial money.

Mpumalanga refers to absorption of social work graduates. It notes further that there has been "tremendous growth" in personnel numbers, the majority of whom are professional, namely social workers, social auxiliary workers, and community development practitioners. This province from its own budget provides bursaries for community development students, a category that is not covered by the national bursary scheme.

North West refers to ongoing recruitment of social workers through the national bursary scheme but gives no further details. In discussing the budget, it notes that the increase includes provision for additional social auxiliary workers alongside the new social workers. Elsewhere it refers to learnerships for social auxiliary workers suggesting that it might be subsiding their training in some way.

In all the above provinces the employment of social work graduates will increase staff costs. Western Cape is the most explicit about this as a strategy whereby the government's own service provision will increase while that of NPOs will not.

National Treasury's proposed inflation rates for estimating increases to staff budgets over the MTEF are 5,5% for 2011/12, followed by 5,0% for the outer two years. Some provinces – Eastern Cape, KwaZulu-Natal, Limpopo and North West – report having planned for a slightly larger increase in the later years. Several provinces note that these increases are supplemented for increases related to pay progression for staff who remain in service and performance bonuses. Salaries of provincial employees are decided in a centralised bargaining forum. Higher predicted increases in some provinces could perhaps be explained by the additional elements such as pay progression and performance bonuses.

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.

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"). 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 meanwhile 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 – as seen below – the overall real increase in funds allocated for NPOs is only 1%.

Trends in NPO transfers

All provinces are required to record payments to these NPOs under transfers, and all 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 (47,5% on average) 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 16 shows that in 2007/08 the national average was 59% of the total social welfare programme budget, declining to 51% over the MTEF period. Closer examination reveals that the share of the budget going to NPOs is lower in 2011/12 than in 2010/11 for five of the provinces, namely Eastern Cape, Free State, Limpopo, North West and Western Cape. These are the same provinces for which last year's analysis found a decreasing percentage. As last year, the decrease is most marked for Western Cape, at close to six percentage points.

In 2011/12 the percentage of the social welfare budget allocated to NPOs varies between 27,1% in the North West and 62,0% in Gauteng. Western Cape has thus lost its long-held position of having the highest share, in that Gauteng, Free State and Mpumalanga all now allocate higher percentages to NPOs. North West's decrease is especially worrying given that it already had the lowest percentage in 2010/11.

Table 16. **Transfers to NPOs as percentage of social welfare programme budget, 2005/06-2011/12**

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Eastern Cape	58.7%	54.5%	48.0%	44.3%	41.5%	41.1%	40.9%
Free State	59.9%	60.2%	60.3%	62.1%	59.6%	58.8%	59.2%
Gauteng	72.2%	62.6%	57.2%	57.9%	62.0%	61.6%	61.6%
KwaZulu-Natal	54.1%	46.1%	42.9%	45.6%	47.4%	47.6%	48.3%
Limpopo	45.8%	48.7%	45.1%	54.0%	50.0%	50.8%	49.3%
Mpumalanga	53.9%	51.6%	54.9%	58.3%	58.6%	59.2%	59.2%
Northern Cape	38.0%	36.5%	32.2%	34.5%	37.7%	37.6%	37.8%
North West	35.4%	32.4%	30.1%	29.9%	27.1%	27.2%	26.9%
Western Cape	67.9%	68.8%	66.1%	63.8%	58.1%	57.0%	55.4%
Total	**59.0%**	**54.6%**	**51.1%**	**51.8%**	**51.3%**	**51.1%**	**50.8%**

Table 17 records the actual estimates for NPO transfers for the past budget year and the MTEF period as well as the real annual increases. Gauteng retains its place throughout the period as the province with the largest overall transfer. Western Cape's allocation is second largest in 2010/11, but falls to third place – behind KwaZulu-Natal – by 2013/14. The fact that these three provinces lead is to some extent expected as they are provinces which historically have had more NPOs and thus more service delivery by NPOs. North West's transfer is only slightly larger than that of Northern Cape by 2013/14 although its child population is about three times the size of that of Northern Cape.

In terms of changes in allocation, as noted above overall the transfers increase by an annual average of only 1% in real terms across the three years of the MTEF. Northern Cape and KwaZulu-Natal have real increases of more than 5%. Limpopo, Western Cape and North West record real decreases.

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. KwaZulu-Natal's narrative notes that the previous year's original estimate for transfers and subsidies erroneously included some funding for ECD and home- and community-based care that should have been allocated under compensation of employees and "goods and services".

Table 17. **Transfers to NPOs, 2010/11-2013/14 (R1000s)**

	Allocations				Annual percentage change			
Provinces	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2011/12**	**2012/13**	**2013/14**	**3-yr average**
Eastern Cape	429 523	454 407	477 582	502 416	1%	0%	0%	0%
Free State	287 682	324 593	337 421	350 907	8%	-1%	-1%	2%
Gauteng	983 123	1 160 555	1 197 664	1 263 307	13%	-2%	0%	4%
KwaZulu-Natal	543 951	682 180	717 745	758 774	20%	0%	0%	6%
Limpopo	345 694	340 032	357 734	361 464	-6%	0%	-4%	-3%
Mpumalanga	296 901	320 742	335 224	347 771	3%	-1%	-1%	0%
Northern Cape	99 732	127 061	132 879	141 412	22%	0%	1%	7%
North West	160 445	161 289	168 364	173 724	-4%	-1%	-2%	-2%
Western Cape	630 949	630 541	658 666	676 946	-5%	-1%	-2%	-3%
All provinces	**3 778 000**	**4 201400**	**4 383 279**	**4 576 721**	**6%**	**-1%**	**-1%**	**1%**

Several provinces comment in the narrative on the increase in the allocations for transfers to NPOs. Eastern Cape and KwaZulu-Natal attribute the increases in the amount of transfers (11%

and 17% respectively) to funding of new NPOs. KwaZulu-Natal notes that the tariffs for NPOs will increase by 6% while stipends for home- and community-based caregivers will increase from R1 000 to R1 500 per month. The narrative notes that the increase in the total amount is larger than this because of an anticipated increase in the number of entities to be funded. Mpumalanga notes that their allocation provides for the 10% increase in NPO tariffs introduced in October 2010 as well as new organisations which the province started funding in the same month. North West reports an increase of 7% in transfers to NPOs which it attributes to strengthening of services to various groups, including "vulnerable women and children". It notes further that the subsidy funding for children's homes has been increased so as to "come close to" national norms and standards and what is paid elsewhere in the country. Northern Cape's narrative reports on an 11,5% increase in transfers, but this is for the change between 2009/10 and 2010/11 rather than between 2010/11 and 2011/12.

Western Cape notes that there are no "significant" changes in transfer funding and that it is instead maintaining current levels of funded service delivery while expanding its own delivery.

Discussion of transfers in provincial budget books

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.

Eastern Cape disaggregates NPO transfers into 39 categories. The ones that clearly relate to children are children's homes (nothing in 2010/11 and 2011/12, but an amount of R39,77m in 2012/13), ECD (R134,88m in 2011/12), and shelters for children (R4,73m). Ones that clearly relate to the family sub-programme are family resource centres (R0,59m) and family preservation (R0,36m). For HIV and Aids there is home community based care centre (R62,70m) and for crime prevention and support there are one stop justice centres (R12,40m), secure care centres (R3,91m), and ex-offenders programmes (R2,71m). These estimates must be treated with caution. Firstly, for more than half the categories estimates are missing for 2010/11. Further, there are some "catch-all" categories, such as "NPO subsidies" that could include allocations for our chosen sub-programmes.

Free State disaggregates the transfers for all the sub-programmes. For child care and protection services the sub-categories are children's homes, "places of care (ECD)", educare regional training, social services organisations, provincial management, street children and shelters, place of safety fees, and "children-EPWP-ECD". "Places of care (ECD)" accounts for R172,26m of the total of R231,01m allocated for 2011/12.

Gauteng gives a single amount for the NPO transfers in each sub-programme – R467,41m in 2011/12 for child care and protection, R223,00m for social development NGOs working on HIV and Aids, R103,00m for NPOs in care and support services to families, and R66,84m for NPOs in crime prevention and support.

KwaZulu-Natal also provides some disaggregation of the transfers within some of the sub-programmes. For child care & protection services, there are five sub-categories, namely children's homes, ECD, private places of safety, shelters for children, and "welfare organisations. Of the 2011/12 total for this sub-programme of R413,17m, R274,30m is for ECD. The ECD amount shows a substantial increase from R201,26m in the original allocation for 2010/11 to the new R274,30m in 2011/12. Of concern, however, is that the adjusted appropriation for 2010/11 was only R168,00m, suggesting quite serious underspending. For HIV and Aids there is a single line, home community based care, that is allocated R80,38m in 2011/12. For care and support services to families, there is again a single line, for "welfare organisations", in the amount of R3,62m. For crime prevention and support the single line, again for "welfare organisations", amounts to R8,69m. Overall, KwaZulu-Natal claims to fund almost 2 000 "entities" and notes that the department is compiling a "complete" database of these entities that will be made available "to any interested parties on request".

As in 2010, Mpumalanga has a long table, spanning many pages of small print, that lists each recipient of a transfer and the amounts from 2007/08 through to 2013/14. There are no sub-headings, but the recipients seem to be grouped into categories. The list includes approximately 100 ECD centres. There is also a four-page list in very small print of home- and community-based care organisations under the HIV and AIDS sub-programme. For care and support services to families, six NPOs are listed, and for crime prevention seven (four of which are "Khulisa Child Nurturing Organisation").

Northern Cape, like Eastern Cape, has a disparate list, with 38 categories. In Northern Cape more of the categories seem relevant to children than in Eastern Cape. The ones that seem to relate to child care and protection are "welfare organisations – child" (R7,38m), expansion of children's homes (R12,51m), shelters (R0,50m), group foster homes (no allocation for 2011/12), "places of care (safety grants)" (R1,03m), expansion of ECDs (R36,05m), projects – child care (no allocation in 2011/12), "projects expansion of ECD's" (R17,43m), and another "project expansion of ECD" (no allocation in 2011/12). The naming is somewhat confusing. For example, the "expansion of children's homes" has a very similar number for 2011/12 as in 2010/122, calling into question the term "expansion". In contrast, the "projects expansion of ECD's" increases from R2,55m in 2010/11 to the R17,43m of 2011/12. The difference between ordinary "expansion of ECD's" and "projects expansion of ECD's" is also not clear.

The obvious categories for HIV and Aids are expansion of HCBC (R22,62m in 2011/12) and EPWP incentive grant HCBC (R5,66m). For the family sub-programme, the relevant categories are welfare organisations – families (R2,06m), and projects – families (no allocation for 2011/12). For crime prevention, allocations are welfare organisations – crime prevent (R1,11m) and projects – crime prevention (R0,50m).

Western Cape, as in previous years, gives the same amount for NPO transfers for each sub-programme as for the sub-programme as a whole in respect of three of the four sub-programmes on which this paper focuses. The exception is crime prevention and support, where a small amount (R5,81m) is allocated for NPOs, with much larger amounts for "Institutions" and "Professional support services".

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 in addition to the focus on 2011/12 in the summary and description above.

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. Further, as indicated at several points in the above description, some of the information presented seems questionable. In some cases it is the categories that seem questionable. In other cases it is the trend in allocations.

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, of which 50% is meant to be used for nutrition, 31% for subsidisation of salaries of practitioners, and 19% for administration, including learning materials. The vote specifies further that matrons should receive R1 500 per month and practitioners R1 200 per month. 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. Provinces other than Free State do not specify how many days they cover with the subsidy.

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. Free State has allocated R1,1m for provision of mobile ECD services to rural and informal settlements in Xhariep and Thabo Mofutsanyane, R2m for provision of learning materials and toys to poverty-stricken ECD sites, and R0,8m for a project in Xhariep to address the nutritional needs of children. Western Cape reports on the Family in Focus programme, which in 2010/11 reached 3 900 families with children under seven years who were not attending formal ECD centres. The province also reports development of the Mtandeni Enrichment Centre in Vredenburg in partnership with the Principality of Monaco.

KwaZulu-Natal notes that provision of ECD programmes is a "new mandate" imposed by the Children's Act and will be covered, among other things, by the national priority allocation i.e. the "additional" money added to the equitable share in previous years.

EPWP stipends

The EPWP is also a potential source of funding for NPOs. As noted above, in 2010/11 and 2011/12 there have been conditional grants for EPWP 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".

The special projects and innovation sub-programme of the national Department reports that the social sector EPWP is expected to provide 750 000 work opportunities by 2014, but does not indicate how this will be divided between different types of work.

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. Several provinces record the levels of stipends paid to caregivers. Although this is not usually specified, the stipends probably relate to EPWP workers. The levels are of special interest given that a ministerial determination issued by the Minister of Labour in November 2010 for the first time sets a minimum stipend level for EPWP workers. The minimum was set at R60 per day or task, or R1 200 per month for standard working hours. KwaZulu-Natal reports an increase in caregiver stipends from R500 to R1 000 per month in 2010/11, with a further increase to R1 500 per month planned for 2011/12. Mpumalanga states that the caregiver stipend will be set at R50, presumably per day. It observes, incorrectly, that this is the level specified by the ministerial determination. The introduction of a minimum when many projects were previously paying below this amount is again a reason why transfers to NPOs should have increased by more than inflation.

NPO financing policies

A few provinces refer to development of new financing policies, although the new national policy states that there will be a single policy nationally. Free State faced a challenge from a group of NPOs in mid-2010. The court found in favour of the NPOs and ordered the province to prepare a revised policy and submit it to the NPOs for comment.[22] The budget book notes that the ruling stated that the department needed both to develop a new policy and to address the disparity in the amount of the subsidies provided to NPOs providing services and the amounts the department itself spends in providing similar services. The province duly submitted a report prepared by KPMG and draft revised Financial Policy to the Court in December 2010. The NPO applicants were to file their responding papers by 25 February 2011 and final judgment was expected during March. The budget book states, hopefully, that "[c]onsensus will thus be reached on the acceptability of the Draft Policy and revised formulas by the applicants."

The national Department of Social Development also refers to the Free State case in its vote. It notes that funding of NPOs "remains a challenge" and that it "reach[ed] a critical point during the year, with a group of non-governmental organisations litigating the Free State provincial department." The department states that improving the relationship with NPOs and development of a new funding policy is a key short-term objective.

However, the second judgment in the Free State case, which was issued in June 2011, found that the approach proposed by the provincial Department was both "illogical and irrational". As with the previous version, the revised version expected NPOs to bear the burden when the Department's budget is insufficient. The judge therefore found that the revised policy did not comply with the first judgment. The judge gave the Department a further three months to come up with a new revised policy and ordered that the process should include consultation with the NPO applicants. At the time of writing, the Department had lodged an appeal against the judgement.

The Western Cape vote records that a provincial funding policy on transfer funding to NPOs has been drafted and that Cabinet will be asked to endorse it. The province has plans to develop "procedure guidelines" to support implementation of the new policy. It is also determining norms and standards that will be used as the basis for determining the actual cost of services. This will then be used for planning of the department's own services as well as its funding of NPOs.

Eastern Cape does not refer to policy development but notes that it is finalising standardised funding norms and standards as well as criteria for funding.

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[22] National Association of Welfare Organisations and Non-Governmental Organisations and Others vs the Member of the Executive Council for Social Development, Free State and Others. Case no: 1719/2010. Free State High Court.

The above findings in respect of NPO transfers are especially worrying given that government is, on average, the main source of funding for NPOs that deliver Children's Act services (Budlender et al, 2011).

Comparing the 2011 budget to the costing report: Comparing what has been allocated to what is actually needed

The nature of the costing exercise

The costing of the Children's Bill commissioned by government from Cornerstone Economic Research[23] 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, for the reasons explained above, we take 2009 rather than 2005 as Year 1. 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 analysis with that of the past two years, 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 changes to the Children's Bill after seeing the costing in order to reduce the costs. However this is not accurate. Cabinet and the Department made major cuts to the Bill in 2003. The costing was embarked on in 2005 and was based on the Bill after it had been cut down by Cabinet and the Department, and hence the costing report reflects the reduced Cabinet-approved Bill.

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 being done, the Children's Act 38 of 2005 was finalised and 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 foster care applications and on reviewing stable and family 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 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

[23] 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.

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.

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.

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 illustrate the stark inequalities between provinces in current provision and highlight 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. These numbers clearly do not reflect the relative extent of need.

For the FC scenarios, the costing team used other evidence to estimate how many children actually need services. For example, it used the model of the Actuarial Society of South Africa (ASSA) to find the likely number of orphans. The ASSA model is used widely by government, donors and others and its estimates for 2005 match very closely the results of the Human Science's Research Council large-scale household survey of 2005.

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 18 shows the estimated costs for years 1-5 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. The cells shaded in grey show how many millions of rand government should be allocating in each year to reach the IP (first shaded row) and FC (second shaded row) costing estimates as adjusted for inflation and taking 2009/10 as Year 1.

Table 18. Costing estimates for Social Development (Rm)

		Original					Adjusted for inflation				
		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
EC	*IP low*	734	1 009	1 246	1 516	1 822	884	1 215	1 500	1 825	2194
	FC high	6 504	7 460	8 484	9 549	10 675	7 832	8 983	10 216	11 498	12 854
FS	*IP low*	483	555	646	736	836	581	669	777	886	1 007
	FC high	2 656	3 060	3 488	3 918	4 354	3 198	3 685	4 200	4 748	5 243
GT	*IP low*	1 207	1 498	1 884	2 280	2 726	1 454	1 804	2 269	2 746	3 283
	FC high	7 211	8 423	9 778	11 033	12 431	8 683	10 142	11 774	13 285	14 968
KZN	*IP low*	850	995	1 240	1 400	1 621	1 024	1 198	1 493	1 686	1 952
	FC high	11 811	13 584	15 583	17 401	19 296	14 222	16 358	18 764	20 953	23 236
LM	*IP low*	481	648	836	1 023	1 236	579	780	1 007	1 231	1 488
	FC high	4 598	5 243	5 943	6 622	7 369	5 537	6 313	7 156	7 974	8 874
MP	*IP low*	252	323	417	519	645	304	389	502	625	776
	FC high	3 644	4 195	4 788	5 354	5 942	4 388	5 051	5 766	6 447	7 155
NC	*IP low*	184	227	249	277	304	222	274	300	334	366
	FC high	577	677	760	841	948	695	815	915	1 012	1 141
NW	*IP low*	170	235	314	384	470	205	282	378	462	566
	FC high	3 200	3 718	4 276	4 805	5 384	3 853	4 476	5 149	5 786	6 483
WC	*IP low*	692	774	863	965	1 081	833	932	1 039	1 162	1 302
	FC high	2 496	2 827	3 212	3 603	4 039	3 005	3 404	3 868	4 339	4 864
RSA	***IP low***	**5 053**	**6 263**	**7 694**	**9 099**	**10 742**	**6 085**	**7 542**	**9 265**	**10 957**	**12 935**
	FC high	**42 697**	**49 186**	**56 312**	**63 125**	**70 438**	**51 414**	**59 227**	**67 807**	**76 012**	**84 818**

The simple three sub-programme comparison

Table 19 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 R3 510m in 2010/11, R3 897m in 2011/12 and R4 119m and R4 312m respectively in the outer years of the MTEF.

Table 19. Combined Children's Act-related allocations (Rm)

Province	2010/11 (adjusted)	2011/12	2012/13	2013/14
Eastern Cape	302	316	341	363
Free State	297	362	380	395
Gauteng	1 070	1 247	1 336	1 392
KwaZulu-Natal	561	651	684	721
Limpopo	384	353	366	378
Mpumalanga	241	265	279	290
Northern Cape	106	125	131	139
North West	148	179	181	199
Western Cape	400	400	421	434
Total	**3 510**	**3 897**	**4 119**	**4 312**

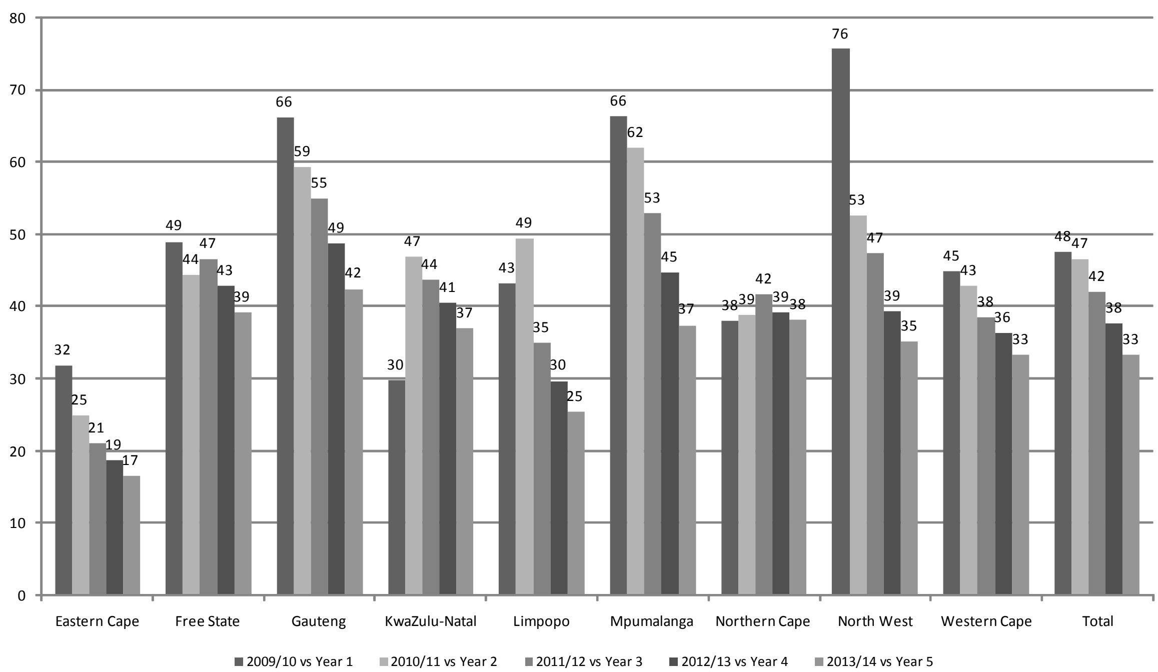
Table 20 summarises the comparison of the costing estimates for 2011/12 with the total budget allocations across all nine provinces. The comparison illustrates that the provincial departments of social development are far from meeting even the IP low estimate.

Table 20. Summary of costing comparison for 2011/12 (Rm)

	2011/12
Government budget allocations	3 897
Costing estimate: IP Low	9 265
Costing estimate: FC High	67 807

The figure that follows compares the combined allocations for the three sub-programmes per province with the IP low cost estimates for Years 1-5 as adjusted for inflation.

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

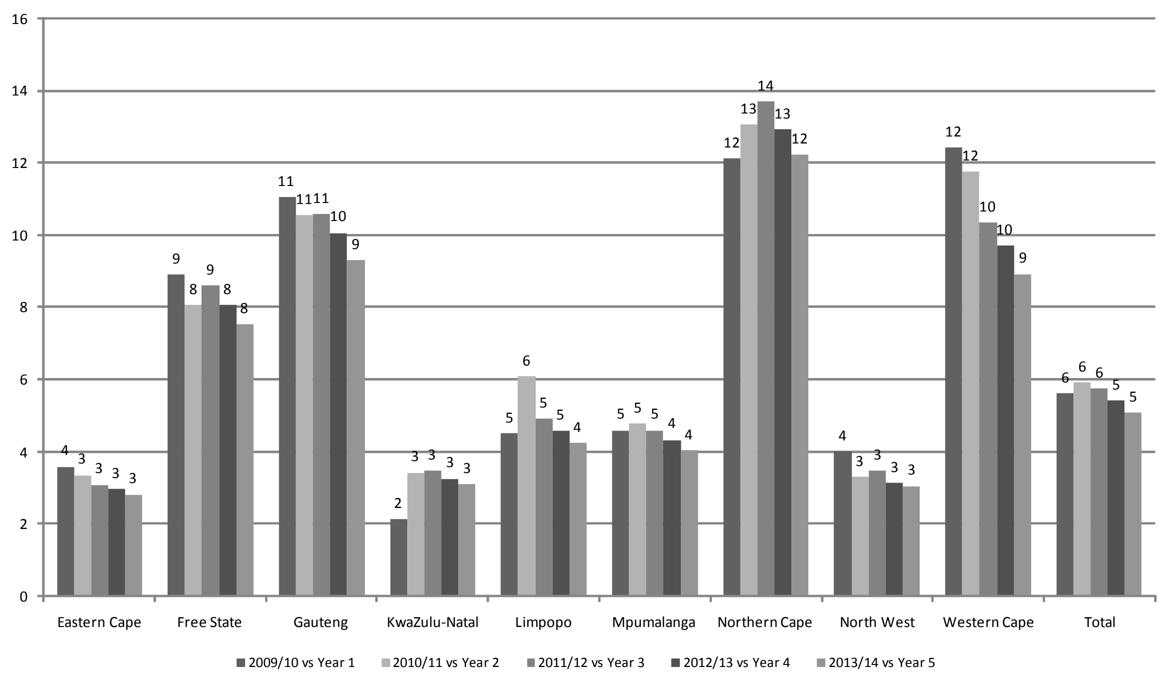


Overall, the nine provinces' allocations cover only 48% of the IP low cost estimates for Year 1 and only 33% for Year 5. For year 3, which is the current budget year (2011/12), the combined allocations over the nine provinces amount to only 42% of the IP low cost estimate.

Eastern Cape performs worst, with only 32% of the Year 1 estimate covered in 2009/10, dropping to 17% of the Year 5 estimate in 2013/14. North West performs best at the start of the period, covering 76% of the IP low cost estimate for Year 1 but decreasing sharply to 53% for Year 2, and 35% by Year 5. By Year 5 Gauteng is the best performer, but at only 42% of the IP low estimate. None of the provinces increases the percentage of the IP low costs covered between Year 1 and Year 5.

As expected, the picture (see figure 5) 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 1, 2 and 3 (2011/12) and 5% in Year 5. The differences in the relative patterns for this and the previous figure are explained by the fact that the IP has actual delivery in 2005 as its base, whereas the FC has more objective measures of need as base. The FC thus shows bigger relative shortfalls when compared to the IP for those provinces where under-delivery was more serious.

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



Eastern Cape, KwaZulu-Natal and North West plan to cover only 3-4% of the estimated costs of implementation throughout the period. Limpopo was also in this category for the analysis in 2010, but has improved somewhat as a result of its volatile changes in budget this year. Northern Cape performs best, but still only reaches between 11% and 14% of the estimated costs of implementation. Western Cape drops from 12% coverage for Year 1 to 9% coverage for Year 5. Only KwaZulu-Natal shows an improvement in the percentage of the cost covered over the four years, but the percentages for Years 4 and 5 are lower than for Year 3. 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.

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.

Comparison adjusted to include allocations for service delivery staff

An earlier section of the paper presents and discusses the allocations for the professional and administrative support sub-programme, and argues for inclusion of 25% of the allocation for this sub-programme for all provinces except Free State and Gauteng so as to arrive at a more optimistic comparison with the costing exercise estimates.

Table 21 shows the total government budget allocation if we include a proportion of the professional and administrative support sub-programme for all provinces except Free State and Gauteng.

Table 21. Combined adjusted Children's Act-related allocations (Rm)

Province	2010/11 (adjusted)	2011/12	2012/13	2013/14
Eastern Cape	407	451	483	513
Free State	297	362	380	395
Gauteng	1 070	1 247	1 336	1 392
KwaZulu-Natal	643	773	811	851
Limpopo	433	401	415	430
Mpumalanga	283	307	321	333
Northern Cape	124	147	154	163
North West	197	235	238	254
Western Cape	451	474	503	526
Total	**3 904**	**4 397**	**4 641**	**4 858**

Table 22 compares the IP low and FC high estimates for the 2011/12 year with the combined government allocations including the percentage from professional and administrative support sub-programme.

Table 22. Summary of adjusted costing comparison for 2011/12 (Rm)

	2011/12
Government budget allocations	4 397
Costing estimate: IP Low	9 265
Costing estimate: FC High	67 807

Figure 6 shows the comparison with the optimistic estimates and the IP low in terms of percentages. Overall, for all provinces combined the allocations amount to only just over half (54%) of the IP low target in Year 1, and fall to 38% in Year 5. North West is close to the "target" costs in Year 1, but drops to 70% in Year 2. As noted above, comparison of compensation of employees and professional and administrative allocations for North West suggest that in that province salaries might well be included in the relevant sub-programmes. If this is the case, the North West picture is misleading.

For the current year (2011/12), provinces meet 47% of the target. Three provinces – Gauteng, Mpumalanga and North West – achieve around 60%, but all other provinces perform worse than this.

Figure 6: Provincial allocations compared to inflation-adjusted IP low cost estimates

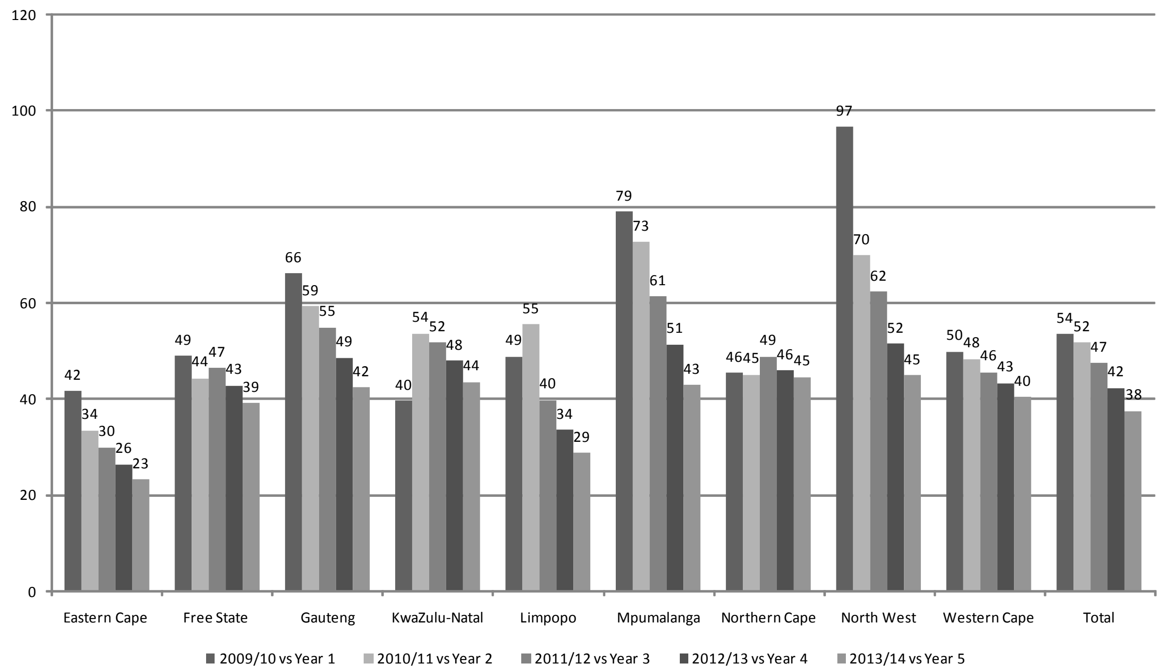
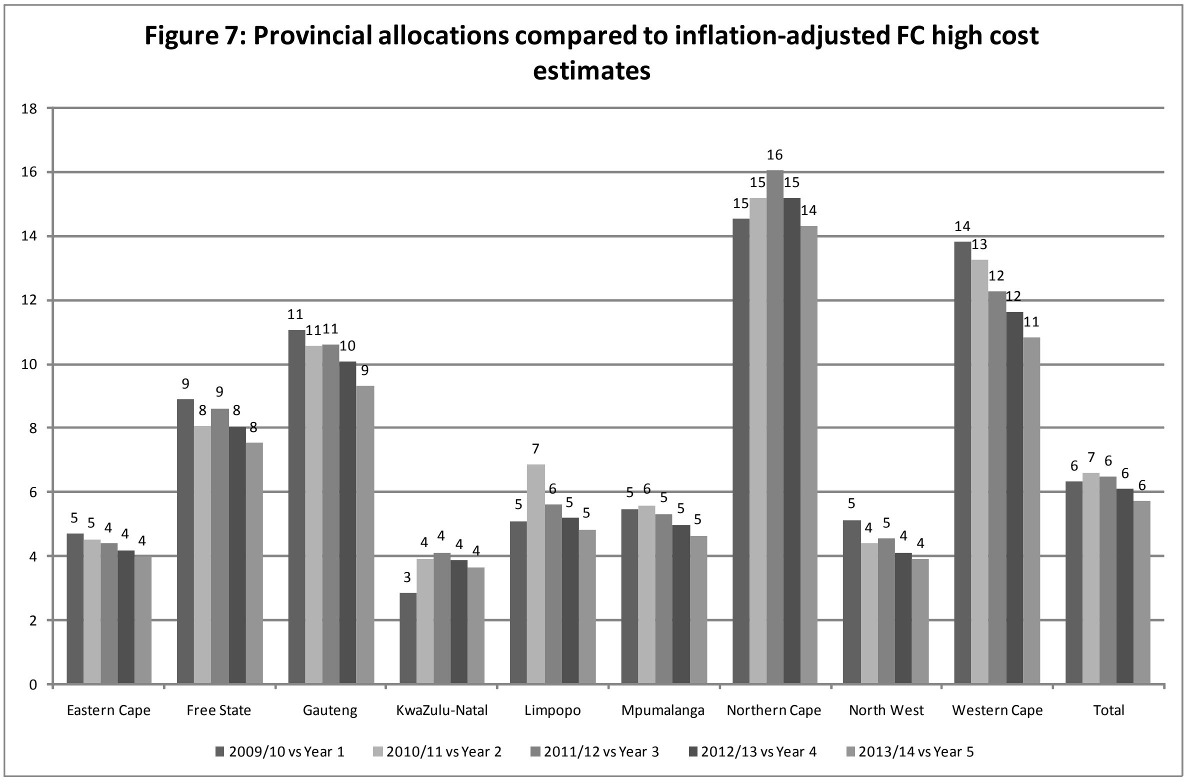


Figure 7 gives the "optimistic" comparison with FC high cost estimates. Overall, for all provinces combined, the combined allocations are only 6-7% of the FC high target. Northern Cape is the best performer. But even this province achieves only 16% or less. Western Cape, the next best performer, achieves 14% of less than the FC high target. The worst performer, KwaZulu-Natal reaches only 3-4% of the target for each of the five years.



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 2010/11 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 23 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 Free State, KwaZulu-Natal and North West were likely to spend 99% or more of the original appropriation. North West's expected expenditure, at only 82% of the appropriated amount, is worrying. However, across all provinces combined, spending was likely to be somewhat 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 North West. Levels of spending could also be improved in Free State and KwaZulu-Natal.

Table 23. Comparison of appropriated, adjusted and revised estimates for child care and protection, 2010/11

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	215 078	215 556	215 602	100%	100%
Free State	294 511	269 754	276 001	92%	94%
Gauteng	765 749	772 339	764 438	101%	100%
KwaZulu-Natal	487 159	465 159	456 623	95%	94%
Limpopo	147 635	307 417	332 943	208%	226%
Mpumalanga	166 213	165 153	166 064	99%	100%
Northern Cape	70 077	70 077	70 077	100%	100%
North West	117 478	95 944	95 944	82%	82%
Western Cape	345 931	355 331	355 331	103%	103%
Total	**2 609 831**	**2 716 730**	**2 733 023**	**104%**	**105%**

Table 24 reveals a more worrying picture for the care and support to families sub-programme in which likely expenditure deviates widely from the original allocation in five provinces. In one of these – Free State – actual expenditure is expected to be 25% more than the original allocation. 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%). Overall, revised estimates are only 72% of original allocations. 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 underspending on this sub-programme. Channelling the budget to NPOs would enable improvements in expenditure and expanded service delivery.

Table 24. Comparison of appropriated, adjusted and revised estimates for care and support to families, 2010/11

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	9 460	9 460	7 500	100%	79%
Free State	4 128	4 478	5 148	108%	125%
Gauteng	93 000	93 000	93 000	100%	100%
KwaZulu-Natal	3 419	3 419	3 515	100%	103%
Limpopo	4 100	1 400	1 400	34%	34%
Mpumalanga	6 144	6 104	4 176	99%	68%
Northern Cape	5 790	5 790	5 790	100%	100%
North West	8 563	6 543	6 543	76%	76%
Western Cape	33 795	34 834	34 834	103%	103%
Total	223 699	165 028	161 906	74%	72%

Table 25 exposes Eastern Cape as the worst performer in respect of the HIV and AIDS sub-programme, with expected expenditure at 85% of the original allocation. Mpumalanga and North West also do not perform optimally when one compares the revised estimate with the appropriated amount. KwaZulu-Natal, after several years of poor performance, expects to over-spend its budget, as do Limpopo and Western Cape. For all provinces combined, the revised estimate is larger than the original allocation.

Table 25. Comparison of appropriated, adjusted and revised estimates for HIV and AIDS, 2009/10

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	77 165	77 165	65 549	100%	85%
Free State	22 852	23 476	24 798	103%	109%
Gauteng	204 164	201 348	232 253	99%	114%
KwaZulu-Natal	92 504	92 516	92 516	100%	100%
Limpopo	73 638	75 552	87 552	103%	119%
Mpumalanga	69 726	69 726	64 934	100%	93%
Northern Cape	30 791	30 467	30 467	99%	99%
North West	48 661	45 971	45 971	94%	94%
Western Cape	9 116	10 676	10 676	117%	117%
Total	**628 617**	**626 897**	**654 716**	**100%**	**104%**

Finally, Table 26 reveals two provinces – KwaZulu-Natal and Mpumalanga – as poor performers for the sub-programme on crime prevention and support. Both these provinces were in the same situation when we did the analysis last year. Mpumalanga is especially worrying, with expected expenditure of only 58% of the original allocation. North West also needs to improve its expenditure rate.

Thanks in part to two provinces that expect slight over-expenditure, overall provinces expect to spend 94% of combined original allocations for 2010/11.

Table 26. Comparison of appropriated, adjusted and revised estimates for crime prevention and support, 2010/11

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Eastern Cape	90 792	93 827	86 102	103%	95%
Free State	24 655	24 409	26 384	99%	107%
Gauteng	167 495	169 995	160 742	101%	96%
KwaZulu-Natal	98 586	87 596	77 697	89%	79%
Limpopo	9 162	9 030	9 000	99%	98%
Mpumalanga	15 370	11 016	8 887	72%	58%
Northern Cape	77 315	74 155	73 889	96%	96%
North West	73 619	67 793	67 793	92%	92%
Western Cape	116 259	119 333	119 333	103%	103%
Total	**673 253**	**657 154**	**629 827**	**98%**	**94%**

The overall picture presented by this sub-section reveals that spending performance could be improved, especially for the crime prevention and support sub-programme, although the under spending is less serious than sometimes implied. Unfortunately, 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. If this unspent money had instead been transferred to NPOs, it could have been used for service delivery.

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 researchers, 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. 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. One possible reason for this might be the realisation of the poor quality and lack of reliability of many of the performance indicators. In terms of accountability, it seems desirable that they should include at least some indicators for each sub-programme. If the reason that many provinces do not report is poor quality, then there are concerns about both accountability and the departments' own self-monitoring capacity.

In 2010 a new list[24] of indicators 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 and support. Only 2 of the new indicators exactly matched the indicators in the 2009 list, with a further 4 being similar to, but not the same as, the previously 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) did not include any performance indicators in the 2010/11 published budgets. This year, again, they do not publish performance indicators.

Eastern Cape has a substantial table of indicators that gives an estimate for 2010/11 for each indicator alongside estimates for each of the three MTEF years. Unfortunately, there are many puzzling aspects about these listings. For example, the second on child care and protection services is combined with victim empowerment, perhaps in error, and all the indicators listed are for the latter. For care and support to families there are 10 rather than only the three prescribed indicators. Some of the trends seem unrealistic, such as the increase in the number of couples participating in family therapy services increasing from 80 in 2010/11 to 600 in the following year. In contrast, the number of parenting programmes implemented decreases from 26 to 10. The family indicators also have no indicators for 2013/14, again suggesting an error.

For HIV and Aids, Eastern Cape has 10 indicators rather than the prescribed 7. Again, there are some heroic targets, such as an increase in the number of home- and community-based care

[24] See appendix A to this paper

organisations delivery support group services from 11 to 27 in the course of a single year, and an increase in the number of educational programmes increasing from 520 to 1 492 in a single year.

For crime prevention and support Eastern Cape has 12 indicators, but it seems that some indicators from other sub-programmes might have slipped in here, as there are indicators for foster care, ECD, family preservation and single parents programme among the listed indicators.

Gauteng has indicators for the three years of the MTEF. It has 14 indicators for child care and protection services, but still does not cover all of the prescribed indicators. For example, the indicator on national adoptions is missing. It has three indicators for HIV and Aids, five for care and support services to families, and five for crime prevention and support. Overall, then, except for HIV and Aids, it has more than the prescribed number of indicators, even if the prescribed indicators are not always included. The expected trends in the indicators also seem more reasonable than in some of the other provinces.

KwaZulu-Natal also has a full table with four years of information. There are eight indicators for child care and protection, four for care and support services to families, four for HIV and Aids, and four for crime prevention and support. Some of the indicators match those in the prescribed list and some do not. Overall, the trends seem more realistic than for Eastern Cape. However, there is a large jump in the number of orphans and other vulnerable children receiving services from 31 363 in 2010/11 to 40 381 in 2011/12, and a similar large jump in the number of families participating in family preservation services from 1 895 in 2010/11 to 4 703 in 2011/12. Even after this increase, the number of families participating in these services is small given the large population of the province.

Limpopo gives four years of information for indicators. For child care and protection services there are four indicators, and three each for each of the other three sub-programmes that are the focus of this paper. One worrying aspect is that the 2011/12 estimate is sometimes substantially lower than the 2010/11 estimate. This is the case, for example, for children newly placed in foster care, children in conflict with the law assessed, children awaiting trial in secure care centres, and orphans and other vulnerable children receiving services. Perhaps the hope here is that fewer children will need these services, but one wonders whether the size of the expected decrease is realistic. Indeed, Gauteng's budget book notes that there has been a marked decline in admissions to the two secure centres it manages and the NPO-run centres it funds as a result of few children being arrested. The danger here is that non-delivery gets reflected as achievement of the target as provinces that do not deliver do not need "count" those who need services but do not receive them. There are reports that this has happened both in Gauteng and in KwaZulu-Natal, where there has, contrary to expectations, been a drop in diversions since the Child Justice Act came into force. For care and support to families, as in some other provinces, in Limpopo there is a massive expected increase in the number of families participating in family preservation services, from 2 970 in 2010/11 to 15 732 in 2011/12. This does not seem likely.

Northern Cape has five indicators for child care and protection services, two for HIV and Aids, two for care and support services to families, and three for crime prevention and support. One of the care and support services to families indicators does not have numbers listed. This province thus has fewer indicators than the other provinces that report on indicators. There do not, however, seem to be questionable trends in the indicators over time in Northern Cape.

Provinces that do not have indicator tables include some numbers (but not in tables) relating to delivery in the section that reviews performance during 2010/11 and in their discussion of the outlook for 2011/12. 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.

Among provinces with and without indicator tables, the indicators most commonly reported on in the narratives related to ECD, foster care and EPWP. In respect of foster care, it is only Mpumalanga that refers – and only indirectly – to the large number of foster child grants that lapsed. Mpumalanga notes that "special attention" has been given to foster care orders that have lapsed.

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.

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. As in previous years, there are oddities in these lists. Eastern Cape, Free State, KwaZulu-Natal, Limpopo, Mpumalanga, North West, and Northern Cape all still list the 1983 Child Care Act, despite the fact that it has been replaced by the 2005 Children's Act. Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, North West and Western Cape name the Children's Act. Northern Cape lists the Children's Amendment Bill. The anomalies suggest, at the least, the departments are adopting a 'cut-and-paste' approach to development of parts of the vote. If this is the case, it suggests that provinces are not following properly the logic of development of the budget that is meant to underlie the MTEF.

Several provinces note the additional burden placed on the budget by the "new" Act. North West states that the Children's Act is among national priorities that cannot be fully funded in 2011/12 due to a shortage of financial resources.

Summary and conclusion

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.

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 27 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 27. 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 (3 service delivery sub-programmes only)	R3 897m	42% of IP low 6% of FC high
Government budget allocations (3 service delivery sub-programmes plus a portion of the professional and administrative support sub-programme)	R4 397m	47% of IP low 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.

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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