



Funding the Children's Act: Assessing the adequacy of the 2011/12 budget of the Free State department of social development

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Note: Please see the Children's Act page on www.ci.org.za for a comparative analysis of the budgets of all nine provincial departments of social development to see where Free State stands in relation to other provinces



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Introduction

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, social services and protection from abuse and neglect³. To meet its constitutional obligations government must ensure that the required conditions and services to fulfil these rights are available. The new Children's Act (No 38 of 2005) as amended by the Children's Amendment Act (No 41 of 2007) clearly sets out what services government must provide to give effect to the rights listed above. These include:

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

To make these services available for the many vulnerable children that need them, government must allocate adequate budget to each service area. The Act says that the provincial MECs for Social Development are responsible for providing and funding all these services with the budgets allocated to them by the provincial legislatures⁴. The budget vote lists the Children's Act as one of the pieces of legislation that define its mandate although – incorrectly – it also still lists the Child Care Act of 1983, which was repealed by the Children's Act on 1 April 2010.

Given the Act's statement about MECs' responsibilities in respect of "provisioning", monitoring the budget allocations and expenditure for these services is a good way of measuring a province's progress in giving effect to the Children's Act and therefore in giving effect to the rights of children. Monitoring seems especially important in the case of Free State given the ongoing court challenge to the provincial government by Free State-based non-profit organisations (NPOs) that are subsidised to provide services, including Children's Act-related services, in the province.⁵

This document therefore examines what the budget estimates for the Free State Department of Social Development, as recorded under Vote 7, tell us about the provincial government's intentions in respect of implementing the Children's Act in 2011/12 and the following two "outer" years of the medium-term expenditure framework (MTEF).

³ See sections 28(1) (b), (c) and (d) of the Constitution

⁴ See sections 78, 93, 105, 146, 193 and 215 of the Children's Act

⁵ 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.

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, protection services (including child-headed household mentorship schemes, foster care and adoption), and child and youth care centres say that the MEC “must” provide and fund these services.⁶

For partial care, ECD, and drop-in centres, the provisioning clauses say the MEC “may” provide these services.⁷ This means that the MECs can decide not to provide these services at all or to fund them only partially. However, the MECs may be compelled to provide them or prioritise them if the national Minister prescribes such prioritisation. The Act also states that for these service areas priority must be given to funding of services in communities where families lack the means of themselves providing proper shelter, food and other basic necessities of life to their children, and to making services accessible to children with disabilities.⁸

Children’s Act services have a history of particularly serious under-funding. For example, the costing exercise (Barborton, 2006) found that in 2005 government budgets covered only 25% of the services provided in the Child Care Act. In effect, this means that children’s social welfare services (required to provide children with care and protect them from abuse and neglect) have not been prioritised in the past. This gap between what the law requires and the allocated budget was exacerbated when the Children’s Act came into effect as the Children’s Act replaced and substantially expanded several of the already underfunded services provided for in the Child Care Act. The Children’s Act requires government to rectify this historical underfunding.⁹

Section 4(2) of the Act states that all departments and spheres of government “must take reasonable measures to the maximum extent of their available resources to achieve the realisation of the objects of this Act”. Given the historical under-budgeting shown by the costing exercise, section 4(2) requires government to at least increase the budget allocation and expenditure on Children’s Act services. Decreases in budgets for Children’s Act services could amount to retrogressive action unless it can 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).

⁶ See sections 146, 105 and 193 of the Children’s Act

⁷ See sections 78, 93 and 215 of the Children’s Act

⁸ See sections 78(4), 93(4) and 215 (4) of the Children’s Act

⁹ Section 4(2) read with the service “provisioning” clauses (ss 78,93, 105, 146, 193,215) and “strategy” clauses (ss77,92, 104, 145, 192, 214).

Which parts of Vote 7 are relevant for the Children’s Act?

Like most other provinces, Free State’s Social Development vote consists of three programmes, namely administration, social welfare services, and development and research.

Our analysis focuses on the budget for the **social welfare services** programme (programme 2 of the department’s budget), as it is this programme that provides for the majority of the services envisaged in the Children’s Act.

There are three sub-programmes in the social welfare services programme which clearly contain Children’s Act funding, namely:

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

We also discuss the sub-programme for **crime prevention and support**. This sub-programme is important for at least two reasons. Firstly, it includes some services prescribed by the Children’s Act. Secondly, it covers services related to the Child Justice Act, and there is a range of linkages between the Children’s Act and the Child Justice Act. Like the Children’s Act, the Child Justice Act came into full operation on 1 April 2010.

Other sub-programmes such as **victim empowerment** (within the *social welfare services* programme) and **youth development** (within the *research and development* programme) also contain pockets of Children’s Act funding. The relevant amounts are, however, likely to be small in comparison to amounts in the other four sub-programmes. They are therefore not analysed here.

In analysing the budgets of most other provinces, one also needs to include some part of the professional and administrative support sub-programme, as service delivery costs such as the salaries of social workers and social auxiliary workers are covered by this sub-programme. However, in Free State (and Gauteng) these costs are included in the service delivery sub-programme, so it is not necessary to consider the professional and administrative support sub-programme.

The analysis is based primarily on the *2011 Estimates of Provincial Expenditure*, the thick document that is tabled in the provincial legislature on budget day and that includes a separate chapter for each department (or “vote”).

Analysis of the 2011/12 budget

The *2011 Estimates of Provincial Expenditure* 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). Only the first of the three years is voted on by the legislature and becomes the official budget. The numbers for the two outer years show what government plans to spend in those two years, but with the understanding that plans for these two years might change.

The publication of estimates for the outer two years allows us in the following year to compare government's proposed official budget for the "new" first year with the second year estimate of the previous year, and also to compare the "new" second year estimate with the third year estimate of the previous year. This shows us clearly how government's plans for specific years have changed between 2010 and 2011.

Table 1 compares the estimates published in the 2010 budget statement with those published in the 2011 budget statement. It does this for the four sub-programmes. The table shows both the actual amounts recorded for each year in 2010 and 2011, as well as the percentage change between the amounts published in 2010 and 2011 in respect of particular budget years. The estimates shown in the table for 2010/11 in respect of the 2011 budget statement are the adjusted estimates, i.e. the original allocation plus any adjustment decided on in the mid-year supplementary budget.

Table 1. Free State estimates for child-related programmes, 2010/11-2013/14 (R1 000s)

	2010/11	2011/12	2012/13	2013/14
Child care & protection				
2010/11 budget document	294 511	333 961	350 646	
2011/12 budget document	268 754	333 831	350 646	363794
% increase from 2010/11 to 2011/12 books	-9%	0%	0%	
Care & support to families				
2010/11 budget document	4 128	4 557	4 784	
2011/12 budget document	4 478	3 634	3 860	4121
% increase from 2010/11 to 2011/12 books	8%	-20%	-19%	
HIV & AIDS				
2010/11 budget document	22 852	25 026	26 343	
2011/12 budget document	23 476	24 258	25 569	27009
% increase from 2010/11 to 2011/12 books	3%	-3%	-3%	
Crime prevention & support				
2010/11 budget document	24 655	26 422	27 529	
2011/12 budget document	24 409	25 909	27 529	28776
% increase from 2010/11 to 2011/12 books	-1%	-2%	0%	

The most noteworthy aspect of this table relates to the percentages. Of the 8 comparisons for the MTEF years (2011/12 to 2013/14), none shows an increase in the 2011 budget book when compared to the 2010 budget book, and all except three show a decrease of 1% or more.

The **child care & protection** sub-programme is the sub-programme that most directly relates to the Children's Act. It is also the biggest of the four sub-programmes studied in financial terms. It is an area of work that should be receiving increased attention given that the budget vote narrative notes that "[n]eglect and ill treatment of children has increased by approximately fifty percent (50%) since 2001."

Table 1 shows that the adjusted budget for 2010/11, at R268,8m, was substantially (R25,7m, or 9%) less than the original allocation of R294,5m for that year. This mid-year downward

adjustment may reflect under-expenditure on child care and protection services in the first six months of 2010/11. This occurred in a situation where NPOs were challenging the Department in respect of late payments, non-payment and under-payment in respect of subsidies to deliver needed services. For 2011/12 and 2012/13, the allocations in the 2011 budget book are either identical or very similar to those recorded in the 2010 budget book.

In 2011/12, this sub-programme accounts for 61% of the social welfare programme budget – the same percentage as the original 2010/11 allocation constituted of that year’s budget. However, the adjusted budget for 2010/11 was only 58% of the adjusted budget for the social welfare programme as a whole. The adjusted budget for this sub-programme for 2011/12 will need to be monitored to ensure that there is not similar reduction in the amount this year.

The narrative part of the 2011 vote includes a review of 2010/11 as well as plans for 2011/12. The review of 2010/11 notes that the Department subsidised 42 969 children in registered ECD sites at a rate of R14 per child per day for 261 days, for a total amount of R157,0m. This is a slightly larger amount than the R148,2m recorded in the table that details transfers to NPOs for ECD, which is discussed further below. It is not clear whether this is a mistake or whether there is a valid reason for the disparity. The narrative reports further that there were a total of 1 268 registered ECD sites, accommodating 101 435 children in 2010/11. Comparison of the total of 101 435 children in registered sites with the 42 969 subsidised children reveals that fewer than half the children in formal, registered sites were subsidised.

The discussion of plans for 2011/12 contains further detail about ECD. It refers to a transfer subsidy (to NPOs) of R172,3 million (matching exactly what is recorded in the later detailed table), and says that this allows for subsidisation of the same number (42 969) children at the same rate (R14 per child per day) for 261 days. Simple arithmetic, however, yields a total of R157,0m, the amount reported in the narrative (but not in the table) for 2010/11. The narrative in respect of 2011/12 specifies further that 50% of this amount is meant to be allocated to nutrition, 31% to salaries “at a rate of R1.500 per month to [810] matrons ... and R1 200 per month to practitioners”, and 19% to administration. The number of practitioners to be subsidised is estimated at one for every 30 subsidised children. A further amount of R15,3 million is allocated to the Department for provision of mobile ECD services in rural and informal settlements in Xhariep and Thabo Mofutsanyane (R1,1m), training of practitioners and management at 150 ECD sites on pre-grade R curriculum in five districts (R4,8m), provision of learning materials and toys to impoverished sites (R2m), initiation of a nutrition project in Xhariep (R0,8m) and piloting of five ECD centres in rural areas in partnership with the National Development Agency (R6,6m).

While this sub-programme funds most of the services required under the Children’s Act, the narrative does not discuss the activities of this sub-programme beyond ECD.

Table 1 reveals that for the sub-programme **care & support to families**, the allocations for 2010/11 and 2011/12 are only around four-fifths of the amounts recorded in the 2010 budget book. This is especially worrying given that the 2010 allocations were extremely small when compared to other sub-programmes. The 2010/11 adjusted budget was 8% larger than

the original allocation for that year, but the 2011/12 allocation is substantially smaller than the adjusted budget for 2010/12.

For **HIV and AIDS**, too, the estimates for 2012/12 and 2012/13 are lower than those published in 2010, although by a smaller percentage than in the case of the care and support to families sub-programme. Similar to care and support to families, the adjusted allocation for the HIV and AIDS sub-programme was larger than the original allocation, but this time by 3%. The increase for 2010/11 perhaps reflects the once-off conditional grant for community- and home-based care that was allocated in that year.

There is little, if anything, in the narrative on 2010/11 performance and plans for 2011/12 in respect of the care & support to families and HIV and AIDS sub-programmes.

Crime prevention and support shows the smallest differences between the amounts published in the 2010/11 and 2011/12 budget books. However, where differences exist, they reflect lower amounts for the 2011 than for the 2010 budget book. The relative difference is largest for 2011/12, at 2%. These negative differences are especially distressing given that 2010/11 and 2011/12 are the first two years in which the Child Justice Act is meant to be in operation.

The narrative in respect of 2010/11 notes the coming into operation of the Child Justice Act, and the related responsibilities of the Department in respect of provision of probation services to assess all arrested children before their appearance in court as well as development of an accreditation system for diversion. Achievements in respect of training of probation officers and assistant probation officers are recorded. While this information is pleasing, it does not relate directly to the Children’s Act. Plans for 2011/12 include an allocation of R35m for the Thabo Mofutsanyane Security [sic] Care Centre.

Table 2 focuses on the estimates published in the 2011 budget statement. It summarises the information in relation to annual percentage increases for the four sub-programmes. The table shows the “real” increases, i.e. the increases after adjusting for inflation. National Treasury advised departments to assume that inflation would run at 4,8%, 5,1% and 5,2% when drawing up MTEF estimates for 2011/12, 2012/13 and 2013/14 respectively. These inflation rates have therefore been used in adjusting for inflation i.e. in converting “nominal” into “real” amounts that are used for the calculation of increases (and decreases).

Table 2. Real annual increases in budgets

	2011/12	2012/13	2013/14	Average
Child care & protection	19%	0%	-1%	5%
Care & support to families	-23%	1%	1%	-7%
HIV & AIDS	-1%	0%	0%	0%
Crime prevention & support	1%	1%	-1%	1%
Transfers to NPOs	8%	-1%	-1%	2%

Child care & protection shows a very pleasing real increase of 19% in 2011/12 when compared to the adjusted budget for 2010/11. This increase must be balanced against the fact that – as shown above – the 2010/11 adjusted allocations were markedly smaller than

the original allocations for 2010/11. Nevertheless, even if the comparison had been with the original allocations for 2010/11, the 2011/12 amounts would still show a pleasing increase of 13,4%.

There is also a pleasing increase in the amount transferred to NPOs for 2011/12, of 8% in real terms. In this case, there is no caveat about the adjusted allocation for 2010/11 being lower than the original allocation, in that the adjusted allocation – at R287,7m – was 1% larger than the original allocation of R283,5m. These transfers are discussed in more detail below.

In contrast to these two pleasing increases for 2011/12, there is a substantial decrease of 23% for the care & support to families sub-programme. This is very worrying given that even in 2010/11 the amount for this sub-programme was small.

Other than the two big increases and one even larger decrease, all the other percentages vary between -1% and 1% i.e. very little real change overall. This is disappointing given that widespread acknowledgment of the need for an increase in provision of Children's Act-related services.

Transfers to non-profit organisations

A large proportion of social welfare services are provided by non-profit organisations (including both non-governmental organisations and community-based organisations) rather than by the department itself. The budget vote acknowledges this contribution in framing its core functions, which are described as follows:

To provide Developmental Social Welfare and Community Development Services, which provide support to reduce poverty and the impact of socio-economic adversities through sustainable development programmes in partnership with implementing agents (such as Non-Profit Organisations (NGOs), Community-Based Organisations (CBO's), and Faith Based-Organisations (FBO's)).

Further, when describing the “main services” delivered by the Department, the vote notes that this is done “in partnership with 1 725 organizations to which the department awarded financial assistance.” Worth noting at this point is the use of the term “financial assistance” rather than “purchase” of services. The latter would indicate that the government covered the full cost. However, the department “subsidises” some (but not all) of the NPOs that deliver these services, and these subsidies generally do not cover the full cost or scope of the services.

The budget vote includes two paragraphs on the court challenge in respect of NPO payments. These paragraphs acknowledge that the court ruling stated that the Department needed to develop a new funding policy, and also needed “to address the disparity in the subsidisation of services delivered by NGO's compared to the amounts spend [sic] by the department to deliver similar services.” The paragraphs were written before the further (adverse) judgment of the court on the Department's draft policy.

The NPO transfers within the social welfare services programme are summarised in Table 3. The table shows that NPO transfers are set to fall to their lowest point as a percentage of the programme in 2012/13. This at first might seem surprising given the relatively large increase shown for NPOs in Table 2. The apparent anomaly is explained by the fact that the overall size of the programme budget has grown even faster than the NPO allocation, as seen, for example, in the large allocation for the child care & protection sub-programme, which is the largest of the sub-programmes. The decrease in the relative size of the allocation to NPOs is especially disturbing given the ongoing court challenge. In the court case the Department motivated its inability to provide more for NPOs on the basis of a limited overall budget. As noted in the quote above, the Department acknowledges that the court ordered it to address the disparity. However, this year's budget book reveals that the Department has increased non-NPO allocations at a faster rate than NPO allocations. The sharp fall in 2011/12 in the percentage allocated for NPOs could be partly explained by a planned sudden increase in the programme staff, from 864 in 2010/11 to 908 in 2011/12. However, as discussed further below, this increase in staff numbers does not seem to be matched by an increase in the allocation for salaries.

Table 3. Estimates for transfers to NPOs within social welfare services programme, 2008/09-2013/14 (R1 000s)

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total social welfare services	333 468	425 277	463 403	544 376	573 892	592 710
Transfers to NPOs	200 691	256 485	287 682	324 593	337 421	350 907
Transfer as % total	60.2%	60.3%	62.1%	59.6%	58.8%	59.2%

Table 4 is similar to Table 1 above i.e. it shows the difference in estimates for a particular year recorded in the 2010 budget statement and the budget statement of 2011. For both 2011/12 and 2012/13 the 2011 budget book shows only a marginal change in the allocations for NPOs despite the court's having found against the Department.

Table 4. Free State estimates for NPO transfers, 2010/11-2013/14 (R1 000s)

	2010/11	2011/12	2012/13	2013/14
2010/11 budget document	283 535	323 766	336 553	
2011/12 budget document	287 682	324 593	337 421	350 907
% increase from 2010/11 to 2011/12 books	1%	0%	0%	

The 2011 budget document provides a table that gives more detailed breakdowns on transfer payments. The document notes that these transfers are to "other entities (for example NGOs)", which suggests that not all transfers are to NPOs. We can, however, probably safely assume that the majority of transfers are to NPOs.

Table 5 shows the estimates for 2010/11 through 2013/14 for the headings that correspond to the four sub-programmes most relevant for the Children's Act. The table clearly shows the dominance of the core children's sub-programme of child care and protection. In 2011/12 this sub-programme accounts for 68% of all transfers, compared to 0% for the families sub-programme, 6% for HIV and AIDS and 1% for crime prevention.

Table 5. Transfers to other entities within four sub-programmes, 2010/11-2013/14 (R1 000s)

	2010/11	2011/12	2012/13	2013/14
Children [Child care and protection]	199696	231 014	239 304	247 393
Children's homes	19 196	22 216	23 327	24 610
Places of care (ECD)	148 199	172 260	177 920	182 633
Educare regional training	302	332	349	368
Social Services Organisations	19 724	22 838	23 531	24 825
Provincial Management	2 819	3 101	3 256	3 435
Street children and shelters	2 651	3 076	2 449	2 584
Places of safety fees	2 926	2 926	3 994	4 214
Children-EPWP-ECD	3 879	4 265	4 478	4 724
Families, care & support services	1 817	923	1 014	1 119
Girl child programmes	747	923	1 014	1 119
Women development	1 070			
HIV/AIDS	18 372	19 339	20 339	21 493
EPWP-HCBC-HIV	2 616	2 249	2 394	2 561
HIV/AIDS	15 756	17 090	17 945	18 932
Crime prevention & support	3 437	3 952	4 009	4 229
Children in conflict with the law	3 437	3 952	4 009	4 229

The table also shows pleasing increases between 2010/11 and 2012 for transfers in respect of the children and crime prevention sub-programmes. Each of these shows an overall real increase in 10% in NPO transfers in 2011/12. In contrast, the families sub-programme shows a real decrease of 52% in transfers to NPOs in 2011/12. Examination of the detail shows that this is the result of the falling away of the women development allocations. Also worth noting is that neither of the two categories in respect of families – women development and girl child programmes – clearly suggest Children's Act-related activities.

The HIV/AIDS transfers are, overall, static in real terms. This overall lack of change hides a real decrease of 18% in the EPWP (Expanded Public Works Programme) –HCBC (home- and community-based care) estimates. This probably reflects the lack of continuation of the one-year conditional grant of R1,7m for HCBC that was received from national government in 2010/11. This large decrease is balanced by a 3% real increase in the remaining portion of the transfers of HIV/AIDS.

After 2011/12 the picture is less pleasing for three of the four sub-programmes. The children's sub-programmes transfers show small real decreases in 2012/13 and 2013/14; HIV and AIDS shows no change, and crime prevention shows a real decrease of 3% in 2012/13 followed by no change in 2013/14. The exception is the families sub-programme, which shows real increases of 5% in each of the two outer years. These increases do not, however, compensate for the very large real decrease in 2011/12.

Within the children's sub-programme, places of care (ECD) accounts for the overwhelming bulk of the transfers – 75% in 2011/12. If the other two ECD-related sub-categories (educare regional training and children-EPWP-ECD) are added, the percentage increases by one to two percentage points. The next largest categories are children's homes and social services organisations, each of which accounts for 10% of the total.

Table 6 gives the percentage that the recorded transfers constitute of the full sub-programme estimate for the period 2010/11 through 2013/14. For child care & protection and care & support to families, there is a fall in this percentage over the period. The fall is most marked for care & support to families, but also relatively large – at six percentage points – for child care & protection. Again, this is disappointing given that the court challenge argued that NPOs have already, in the past, been disadvantaged relative to the department’s own operations. The large fall for care & support for families is explained by the falling away of the women development category. For HIV and AIDS the percentage increases by two percentage points, while for crime prevention & support it increases by one percentage point.

Table 6. Transfers as a percentage of the relevant sub-programme, 2010/11-2013/14

Sub-programme	2010/11	2011/12	2012/13	2013/14
Child care & protection	74%	69%	68%	68%
Care & support to families	41%	25%	26%	27%
HIV and Aids	78%	80%	80%	80%
Crime prevention & support	14%	15%	15%	15%

What is also noteworthy in the table is the large difference in the extent to which the different areas are dependent on NPO delivery. Dependence is heaviest for HIV and AIDs, followed by child care & protection.

Allocations for government personnel

As noted above, staff numbers recorded in the 2011 budget book show the number of staff employed by the department increasing from 864 in 2010/11 to 908 in 2011/12. The number then remains static at 908 for the following two budget years.

Salaries for government employees are budgeted for under the heading “Compensation of employees”. Table 7 shows the allocations for this item within the **social welfare** programme for the period 2010/11 through 2013/14 in nominal terms and the increases in real terms. What is strange about these allocations is that they do not seem to reflect the planned sudden increase in staffing for 2011/12.

Table 7. Allocations for compensation of employees

	2010/11	2011/12	2012/13	2013/14
Nominal amounts	152 418	161 760	169 964	176 911
Real increases	1%	0%	-1%	

Performance indicators

All programmes are required to produce performance (output) indicators. For 2010 a new, and completely different, national list was drawn up which specified 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. The Free State budget book does not include a table of performance indicators. The narrative also gives no real quantitative measures of performance beyond those for ECD noted above.

Under-spending

Table 8 compares the original appropriation voted by the provincial legislature for 2010/11 with the adjusted amount voted mid-year by the legislature and with the revised amount, which is the department's estimate of what would be spent by end March 2011. The table includes two percentages. The first percentage shows the adjusted budget as a percentage of the original appropriation. The second percentage shows the revised amount as a percentage of the original appropriation.

Table 8. Comparison of appropriation, adjusted and revised budgets for 2010/11 (R1 000s)

	Appropriated	Adjusted	Revised	Adj/Appr	Rev/Appr
Child care & protection	294 511	269 754	276 001	92%	94%
Care & support to families	4 128	4 478	5 148	108%	125%
HIV and AIDS	22 852	23 476	24 798	103%	109%
Crime prevention & support	24 655	24 409	26 384	99%	107%

For care & support to families and HIV and AIDS both the adjusted budgets and revised amounts are more than the original allocations. The over-spending in 2010/11 confirms that the sub-programme is able to spend more than it was allocated, which makes the substantially reduced budget for 2011/12 for care & support to families (shown in Table 2Table 1) even more worrying. For crime prevention & support the adjusted budget is very similar to the original appropriation but the department again expected to spend markedly more than was originally appropriated.

What is most worrying about the table is the under-expenditure shown by both measures in respect of child care & protection. As noted above, this is the core sub-programme for Children's Act services as it contains the majority of Children's Act services. A level of expenditure of 92% of the allocation translates into under-spending of R24,8m.

Comparing what has been allocated to what is actually needed

The costing of the Children's Bill commissioned by government from Cornerstone Economic Research¹⁰ provides the basis for comparison of what is needed with what has been allocated. There are some limitations in this comparison. Firstly, the bill used as the basis for the costing underwent some changes before being passed by Parliament. We have not been able to adjust for these changes, but they should not make a significant difference to the overall costs as Parliament made changes that would both decrease and increase the costing estimates.

¹⁰ 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*. Pretoria: Cornerstone Economic Research.

Secondly, the costing assumed that the 2005/06 budget year would be the first year of implementation. In our analysis we take 2009/10 as the first year of implementation because 44 sections of the Act were put into effect in July 2007 and implementation should therefore have already started in 2009. This year we thus compare allocations for 2010/11 with the costing estimates for the third year of implementation. One challenge with the shift in years is that there was fairly substantial inflation over the three years 2005/06 to 2009/10. To accommodate this, we again – as in previous years – adjusted the Cornerstone estimates using the consumer price indices.

A third caveat is that, as discussed above, it is not possible to determine exactly which allocations relate to services to children covered in the Children’s Act. For the purposes of the comparison, we take the full allocations for child care and protection, HIV and AIDS and care & 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 is counter-balanced by some allocations in other sub-programmes that will help with implementation of the Children’s Act. For example, as noted above, some of the allocation for crime prevention and support should be used for activities related to the Children’s Act.

In respect of most other provinces, a fourth caveat would be that budget allocations for some staff, including social workers, are provided in the professional and administrative sub-programme rather than the four service delivery sub-programmes analysed. In the case of Free State, however, allocations for salaries of service delivery staff are included in the service delivery sub-programme allocations.

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 (very inadequate) service delivery. For the FC scenarios, the costing team used other evidence to estimate how many children actually need services. These scenarios are a more realistic and objective estimate of the levels of need.

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 1-5, which we take as the basis for comparison with 2009/10, 2010/11 and the three MTEF years of the 2011/12 budget.

Table 9 shows the estimated costs for years 1-5 for Free State Social Development, including both the original estimates and the estimates adjusted for inflation. As can be seen, the inflation adjustment makes a fairly substantial difference. For year 1, for example, the IP low original estimate was R2 656 million while the adjusted estimate is R3 198 million.

Table 9. Costing estimates for Free State Social Development (Rm)

	Original estimate				
	Year 1	Year 2	Year 3	Year 4	Year 5
IP low	482.6	555.4	645.6	736.1	836.2
FC high	2 655.6	3 060.3	3 487.8	3918	4 354.2
	Adjusted for inflation				
IP low	581.1	668.8	777.4	886.4	1006.9
FC high	3 197.7	3 685.1	4 199.8	4 717.8	5 243.1

Table 10 shows the sum of the allocations in the 2011/12 budget documents that might facilitate implementation of the Children’s Act. For 2011/12, the sum of the allocations for the three sub-programmes is R361,7 million, rising to R380,1 million in 2012/13 and R394,9 million in 2013/14. The final rows of the table show that this total amount represents only 56,0% of the IP low estimate in 2011/12 and only 10,4% of the FC high. These percentages are, pleasingly, higher than the percentages recorded for 2010/11. However, in subsequent years the percentage is set to fall rapid, to 47,2% in 2013/14 for the IP low and 9,1% in the same year for the FC high. The decrease in the percentage covered in the two outer years will increase the gap between the high levels of need and the low levels of service delivery.

Table 10. Combined Children’s Act-related allocations (R1 000s)

	2010/11	2011/12	2012/13	2013/14
Child care & protection	268 754	333 831	350 646	363 794
Care & support to families	4 478	3 634	3 860	4 121
HIV and Aids	23 476	24 258	25 569	27 009
Total	296 708	361 723	380 075	394 924
As % of IP low	53.4	56.0	51.6	47.2
As % of FC high	9.7	10.4	9.7	9.1

Table 11 summarises the comparison of the rand amounts of the lowest and highest costing estimates for year 3 compared to the rand amount allocated in 2011/12.

Table 11. Summary of costing comparison for 2011/12 (Rm)

	2011/12
Government budget allocations	362
Costing estimate: IP Low	645.6
Costing estimate: FC High	4 199.8

Conclusion

The Free State 2011 budget vote for the Department of Social Development has some good news, but also much disappointing news. On the positive side, there are noticeable increases for the social welfare services programme as a whole, as well as for the child care &

protection sub-programme, which accounts for the largest part of Children's Act services. However, there are not similar increases planned for subsequent years. Further, the adjusted budget for 2010/11 for child care & protection was noticeably less than the original allocation.

The allocations in respect of care and support to families are also worrying. There is a sharp drop in the allocation for 2011/12, which seems to be linked to the falling away of the women development component. However, the fact that this component, which does not seem to relate directly to the Children's Act, can make such a noticeable difference also raises questions as to what is included in the scope of this sub-programme.

The patterns in respect of NPO transfers are disappointing. Despite the acknowledgment of the court challenge in the narrative of the vote, the percentage of the child care & protection sub-programme budget allocated for NPO transfers falls over time, as it does for the families sub-programme. Further, there are some worrying anomalies in the details of the transfers provided in respect of ECD.

Finally, comparison of the allocations with the costing estimates as adjusted for inflation shows a serious shortfall even in respect of the IP low estimate. While the comparison with the costing estimates gives a better picture for 2011/12 than for 2010/11, the picture deteriorates rapidly for the two outer years of the MTEF.