Budgeting for social welfare in South Africa's nine provinces, 2010/11-2016/17

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Acronyms and abbreviations

CYCC	Child and youth care centre
CYCW	Child and youth care worker
EC	Eastern Cape
ECD	Early childhood development
EPWP	Expanded public works programme
FC	Full cost
FS	Free State
GHS	General household survey
GT	Gauteng
IP	Implementation plan
KZ	KwaZulu-Natal
LM	Limpopo
MOD	Mass Participation, Opportunity and Access, Development and Growth
MP	Mpumalanga
MTEF	Medium-term expenditure framework
NC	Northern Cape
NPO	Non-profit organisation
NW	North West
WC	Western Cape

Introduction

This paper builds on two previous initiatives. The first is the annual analysis of the budgets of the nine provincial departments of social development (DSD) to assess the extent to which they are allocating and spending funds in line with the requirements of the Children's Act of 2005 as amended. These annual analyses[2] (Budlender & Proudlock, 2007; 2008; 2009; 2010; 2011; 2012; 2013) have been prepared each year since 2007 and illustrate, among others, the extent to which funding has reached the levels estimated as required in a costing exercise commissioned by national DSD while the Act was being developed (Barberton et al, 2006). This year's analysis provides a comparison with the last year covered by the costing estimates.

The second directly relevant previous initiative is the expanded analysis of 2013 that covered all the social welfare sub-programmes within provincial DSD budgets, as well as other sub-programmes of provincial DSD which fund non-profit organisations (NPOs) to provide services on behalf of government (Budlender, 2013). This analysis was done as part of a National Treasury project to investigate the need for funding and related reforms in respect of welfare services more generally and, in particularly, funding of NPOs that provide services.

Finally, this report complements the chapter on social welfare that will appear in the National Treasury's Provincial Budget and Expenditure Review of 2014. While the focus of this paper and that chapter are similar, this paper aims to add value through special attention to children's rights (and within that, Isibindi and early childhood development (ECD)), social workers, and NPO funding, as well as exploring areas, such as indicators and costing, that the Review chapter does not discuss in detail or at all. Conversely, the paper avoids lengthy discussion of issues – such as the share of the budgets allocated for management and administration, and the impact of the new budget structure introduced for the 2014/15 MTEF – which the National Treasury chapter covers in detail. Readers are strongly advised to read the chapter of the Provincial Budget and Expenditure Review alongside this paper.

The analysis in this paper uses the 2014 provincial budget books as the basis for the analysis, and focuses on the years covered by those books, namely 2010/11 to 2016/17. The paper starts by discussing the size and shape of the social development votes and the new programmes that make it up. This section of the report also discusses some cross-cutting issues that affect all the programmes, namely compensation of employees, transfers to NPOs, additions to the equitable share, and social work graduates. The sections of the paper that follow deal, in turn, with the service delivery programmes and sub-programmes that they encompass. All sub-programmes of the children and families and restorative services programmes are discussed, but only key sub-programmes in the social welfare and development and research programmes. The paper concludes with some reflections on findings as well as discussion of the challenges encountered in conducting the analysis.

[2] Available for download at: www.ci.org.za

The social development provincial budgets

The provincial budgets

Each province has the power to determine how its available revenue will be allocated, including how much is allocated for each department. This includes discretion over the relatively small amount of money raised by the province ("own revenue") is allocated as well as how to allocate the much larger amount of money allocated to provinces as their "equitable share" of nationally-raised revenue. The total provincial budget thus provides a very crude measure of the fiscal space available for increasing allocations to social development. Two measures are especially relevant, namely the total amount available and the amount per capita.

Table 1 gives the total provincial budget estimates for the full period 2010/11-2016/17. In our base year of 2014/15, the amount ranges from R13 123 million in Northern Cape to R96 864 million in KwaZulu-Natal. Northern Cape's estimate is thus only 14% of that for KwaZulu-Natal. These two provinces have the smallest and largest amounts respectively throughout the period, and the ratio between them remains more or less constant.

Table 1. Total provincial budget estimates 2010/10-2016/17 (Rm)

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Prov		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	48 334	53 739	56 156	59 258	61 376	60 940	62 141	64 504	65 998
FS	20 974	23 761	25 646	26 872	27 649	28 076	27 925	30 096	30 217
GT	61 453	67 752	73 745	75 965	79 515	81 083	86 969	94 743	98 963
KZ	72 027	79 734	86 092	90 595	91 016	91 167	96 864	103 666	106 475
LM	41 323	43 224	45 730	48 435	49 697	49 522	51 460	53 443	55 621
MP	26 215	29 439	31 340	33 637	34 168	34 638	36 470	39 229	40 810
NC	9 298	10 849	11 236	12 248	12 897	12 975	13 123	13 897	13 868
NW	21 873	24 405	25 502	28 566	30 267	30 425	31 770	34 316	35 271
WC	34 060	36 949	39 980	43 704	44 081	44 017	47 935	51 707	53 314
SA	335 556	369 852	395 426	419 280	430 666	432 842	454 655	485 602	500 537

Northern Cape has had the smallest population throughout the period. At the other end of the scale, several years ago Gauteng overtook KwaZulu-Natal as the province with the largest total population. The equitable share formula for dividing the provincial sphere's share of nationally-raised revenue between the nine provinces took the results of Census 2011 in respect of provincial population into account for the first time in 2013/14. It also used the results of the 2010 Income and Expenditure Survey to calculate the poverty component. In terms of population shares, KwaZulu-Natal, Eastern Cape, Limpopo and Free State recorded decreases when compared to the previous basis for calculating the equitable share formula, while Gauteng recorded an increase of nearly one million people. National Treasury allowed for phasing in of the "new" cross-province distribution over three years to avoid too great a shock to the system.

We therefore do the per capita calculation on the basis of the 2011 census results which is the distribution that National Treasury is phasing in[3], as well as on the basis of Statistics South Africa's mid-year estimates for 2013, which is the most recent year for which estimates are

[3] These are sourced from Table 1.7 of Annexure W1 of the Division of Revenue Bill of 2013.

currently available.[4] Table 2 shows the per capita amounts that result when we apply these population estimates to the 2014/15 allocations. For both population estimates Northern Cape has the largest per capita allocation while Gauteng has the smallest. Gauteng's per capita allocation is only 61% or 62% of that of Northern Cape depending on which estimates are used.

Table 2. Total provincial budget per capita, 2013/14

	Population		2014/15 per capita		As % of NC	
Province	Mid-year 2013	Census 2011	Mid-year 2013	Census 2011	Mid-year 2013	Census 2011
EC	6 620 137	6 562 053	9 386.7	9 469.8	83.2%	82.7%
FS	2 753 142	2 745 590	10 143.0	10 170.9	89.9%	88.8%
GT	12 728 438	12 272 263	6 832.6	7 086.6	60.5%	61.9%
KZ	10 456 907	10 267 300	9 263.1	9 434.2	82.1%	82.4%
LM	5 517 968	5 404 868	9 325.8	9 521.0	82.6%	83.1%
MP	4 127 970	4 039 939	8 834.8	9 027.3	78.3%	78.8%
NC	1 162 914	1 145 861	11 284.3	11 452.3	100.0%	100.0%
NW	3 597 589	3 509 953	8 830.9	9 051.3	78.3%	79.0%
WC	6 016 926	5 822 734	7 966.7	8 232.4	70.6%	71.9%
SA	52 981 991	51 770 561	8 581.3	8 782.1	76.0%	76.7%

Differences in per capita amounts are expected, although they are perhaps larger than generally realised. If government policy was to have a standard per capita allocation, then the equitable share would be based only on population figures. The smaller amounts for Gauteng and Western Cape reflect the influence of the poverty component (relatively small for these two provinces) as well as the education component (as Gauteng, in particular, has a smaller relative share of children) and health component (because a larger proportion of the population in the wealthier provinces has access to medical aid). The relatively high amount in the Northern Cape shows the impact of the institutional component of the equitable share, which is a standard amount across all provinces irrespective of population size and, on average, equivalent to 5% of the total equitable share. Further, one can argue that Northern Cape, with a small population spread over a vast geographical area will incur higher costs in delivering services to each individual than Gauteng, which has the largest population and the smallest geographical area. However, it is not clear that any of the components of the equitable share directly capture this aspect.

We are interested in this paper in trends in budgets over time. Table 3 shows the annual change for each year of the 2013/14-2015/16 medium-term expenditure framework (MTEF), as well as the average annual change over the full period 2009/10-2015/16 and over the three years of the MTEF. The changes in this and other "change" tables reflect real, rather than nominal change i.e. the estimates have been adjusted for inflation before calculating the change.[5] For this and later tables, we use the adjusted budget for 2013/14 as this represents the original amount voted by the legislature adjusted for any changes voted mid-year.

[4] The mid-year estimates are available in five-year age groups. The fourth group – 15-19 years – includes both children and non-children. The estimate used in this paper assumes that 60% of the children in this age group are aged 15-17 years, and thus children, rather than 18-19 years.

[5] Inflation rates used for the three MTEF years are 5,5, 5,4 and 4,4 respectively. These are the rates provided to National Treasury for use in respect of goods and services. The rates provided for personnel were higher, at 6,5, 6,4 and 6,4 respectively. The goods and services rate is used as better reflecting the overall rate of expected inflation at the time the budgets were drawn up.

Overall, the table suggests no real change in the real value of the combined provincial budgets over the three years of the MTEF. In 2014/15 – the year that was voted on rather than the unvoted (and thus changeable) predictions in respect of the outer two years – there is similarly no real change overall, an increase planned for 2015/16 but then a 2% real decrease in 2016/17. This decrease will be even bigger if the inflation rates continue, as at present, exceeding those expected at the time the budgets were formulated. Further, a 0% overall real change for 2014/15 masks substantial decreases in Eastern Cape, Free State, and Northern Cape in particular, while the real value for Western Cape increases by 3% and that for Gauteng by 4%. These shifts probably largely reflect the phasing in of the equitable share based on Census 2011.

Table 3. Real annual percentage change in total provincial budget

Province	2014/15	2015/16	2016/17	2013/14 2016/17
EC	-4%	-2%	-3%	-3%
FS	-4%	2%	-5%	-3%
GT	4%	3%	-1%	1%
KZ	1%	2%	-3%	0%
LM	-2%	-1%	-1%	-1%
MP	1%	2%	-1%	0%
NC	-4%	0%	-5%	-3%
NW	-1%	2%	-2%	0%
WC	3%	2%	-2%	1%
SA	0%	1%	-2%	0%

The social development budgets

Table 4 gives the total (nominal) budget estimates for the provincial departments of social development over the full period.[6] As with the total provincial budget, there are substantial differences between provinces. Northern Cape has the smallest budget across the period while Gauteng has the largest. The gap between the two provinces increases over time. In 2009/10, Gauteng's budget is 4,5 times as large as that of Northern Cape, while in 2015/16 it is 5,9 times. This large relative increase cannot be explained only by relative population changes.

[6] Two provinces incorporate additional elements in the department of social development. Eastern Cape adds "special programmes" and North West adds "women, children and people with disabilities". These elements should not be large enough to affect cross-province comparisons as presented in this paper.

Table 4. Social development budget estimates 2009/10-2015/16 (Rm)

Province	2010/11	2011/12 Audited	2012/13	2013/14 Main	Adjusted	Revised	2014/15	2015/16 Medium-term estimates	2016/17
EC	1 564	1 692	1 751	2 015	2 044	2 034	2 159	2 263	2 375
FS	713	804	867	951	965	965	973	1 019	1 087
GT	1 933	2 351	2 525	2 896	2 917	2 917	3 525	3 957	4 170
KZ	1 416	1 934	1 985	2 325	2 316	2 263	2 498	2 627	2 768
LM	1 004	1 162	1 192	1 378	1 381	1 381	1 469	1 525	1 604
MP	819	926	916	1 153	1 178	1 178	1 230	1 331	1 404
NC	478	523	532	604	608	608	651	706	739
NW	740	877	915	1 073	1 057	1 058	1 242	1 343	1 431
WC	1 222	1 317	1 402	1 578	1 587	1 587	1 756	1 861	1 964
SA	9 889	11 586	12 085	13 973	14 053	13 991	15 503	16 633	17 542

Table 5 presents the same information in percentage terms. The table shows a real annual average increase of 2% over the MTEF period for all provinces combined despite the static total provincial budgets seen above. The increase is particularly marked for 2014/15, at 5% averaged across provinces. All provinces except Free State (with a 4% decrease), Mpumalanga (with a 1% decrease) and Eastern Cape (with no change) show a real increase for 2014/15. All except Free State and Limpopo show a real increase over the MTEF period. Gauteng and North West stand out with increases far larger than those of all other provinces in both 2014/15 and for the MTEF period as a whole. The increases for 2014/15 in part reflect special additional allocations discussed below in respect of Isibindi and victim empowerment, as well as a conditional grant for substance abuse.

Table 5. Real annual percentage change in social development budgets

Province	2014/15	2015/16	2016/17	2013/14 2016/17
EC	0%	-1%	0%	0%
FS	-4%	-1%	1%	-1%
GT	15%	7%	0%	7%
KZ	2%	0%	0%	1%
LM	1%	-2%	0%	0%
MP	-1%	3%	0%	1%
NC	2%	3%	-1%	1%
NW	11%	3%	1%	5%
WC	5%	1%	0%	2%
SA	5%	2%	0%	2%

Table 6 shows the social development estimates as a percentage of the total provincial budgets.[7] As expected given the patterns shown above, there has been an increase in the percentage over the period. However, because social development is a small proportion of the total budget, the percentage change is only one percentage point overall (and less – 2,9% to 3,5% – if one calculates to the first decimal place). The only provinces that do not show a clear increase are Northern Cape and Western Cape, both of which already allocate an above-average percentage at the start of the period. Even at the end of the period Northern Cape

[7] Here and elsewhere, the percentages are shown without decimal places so as to make the patterns easier to discern visually.

allocates a higher proportion of its total provincial budget to social development than any other provinces. KwaZulu-Natal and Limpopo, despite being among the poorer provinces and thus presumably having more people in need of assistance, allocate the lowest proportions.

Table 6. Social development as percentage of total provincial budget, 2010/10-2016/17

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Province		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	3%	3%	3%	3%	3%	3%	4%	4%	4%
FS	3%	3%	3%	3%	3%	3%	3%	4%	4%
GT	3%	3%	3%	4%	4%	4%	4%	4%	4%
KZ	2%	2%	2%	3%	2%	3%	3%	3%	3%
LM	2%	3%	3%	3%	3%	3%	3%	3%	3%
MP	3%	3%	3%	3%	3%	3%	3%	3%	4%
NC	5%	5%	5%	5%	5%	5%	5%	5%	5%
NW	3%	4%	4%	3%	3%	4%	4%	4%	4%
WC	4%	4%	4%	4%	4%	4%	4%	4%	4%
SA	3%	3%	3%	3%	3%	3%	3%	4%	4%

One reason why provinces may not be able to allocate as much as they would like or as may be necessary for social development is that allocations for other sectors may "squeeze out" social development. Table 7 shows the three social sectors – health, education and social development combined – as a percentage of the total provincial budget. Overall, the share going to these sectors increases from 73% to 78% of the provincial budgets. All provinces show an increase in the share for the social sectors over the period. Northern Cape and North West have the lowest shares. By the end of the period Gauteng has the largest share and also shows the largest relative increase in the share, from 73% to 82%.

The table does not suggest any clear pattern between the share of the budget going to the social sectors and the relative wealth of the province. There is, perhaps, a relationship with population size in that the smaller provinces of Northern Cape, North West and Free State all have a relatively small share going to the social sectors. However, as seen above, Northern Cape nevertheless has a higher share going to social development than any other province. In 2014/15 Northern Cape allocates 7% of the total for social sector departments to social development, as against 6% in North West, 4% in Limpopo, 3% in KwaZulu-Natal, and 5% in all other provinces as well as the country overall. Northern Cape thus again stands out as having prioritised social development, while KwaZulu-Natal stands out as neglecting it.

Table 7. Social sectors as percentage of total provincial budget, 2010/11-2016/17

Province	2010/11	2011/12	2012/13	2013/14			2014/15	2015/16	2016/17
		Audited		Main	Adjusted	Revised	Medium-term estimates		
EC	77%	78%	78%	76%	77%	77%	78%	77%	80%
FS	72%	73%	74%	71%	73%	73%	73%	72%	74%
GT	73%	77%	78%	78%	79%	78%	78%	78%	82%
KZ	71%	76%	75%	76%	76%	75%	75%	75%	77%
LM	77%	78%	79%	78%	79%	79%	78%	78%	81%
MP	72%	71%	73%	71%	72%	72%	72%	72%	83%
NC	69%	70%	71%	67%	67%	69%	70%	68%	70%
NW	71%	71%	73%	69%	69%	69%	69%	68%	71%
WC	75%	76%	76%	76%	76%	74%	74%	73%	76%
SA	73%	76%	76%	75%	76%	75%	75%	75%	78%

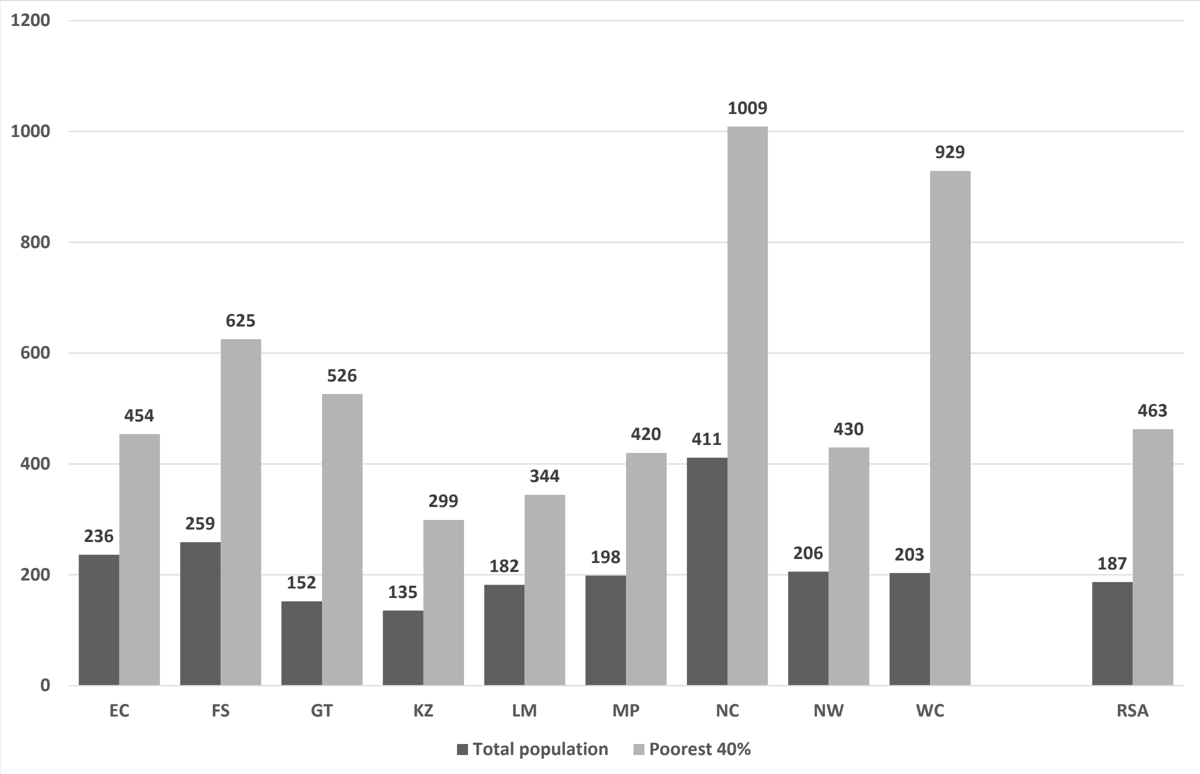
Analysis by shares of the total provincial budget ignores the fact – noted earlier – that the per capita provincial budget amounts vary substantially across provinces. If, as seen above, Northern Cape has the largest per capita allocation and also allocates a larger share of its budget to social development than other provinces, then its uniqueness increases.

We therefore calculate the per capita allocations for social development as an alternative measure of disparities between provinces in treatment of social development. We do this using two population measures, namely the 2013 mid-year estimates used above and the new estimates used in 2014 for the poverty component of the equitable share as shown in table 1.16 of Annexure W1 to the Division of Revenue Bill (National Treasury, 2014b). The latter gives a total of 21,4 million poor people, with poverty rates ranging from 21,9% in Western Cape to 52,9% in Limpopo. The estimates for the poor population are used because both National Treasury and the Financial and Fiscal Commission have argued that the equitable share does not require a separate component for social development as such a component would be based on poverty, and a poverty component already exists. (Their argument ignores the fact that the weight for the poverty share has not increased over the years despite a range of new legislative requirements in terms of provision of social development services.)

Figure 1 shows that if we use the crude measure of the full population, Northern Cape has the highest per capita allocation and KwaZulu-Natal the lowest. The range is large, with Northern Cape's allocation more than three times as large as that of KwaZulu-Natal. Gauteng, despite emerging as a very good performer on some previous measures, is now the second worst performer. Western Cape has a per capita allocation that is only slightly above the overall mean.

If we use the more appropriate measure of the poor population rather than the full population, the best and worst performers remain the same – Northern Cape and KwaZulu-Natal respectively. Both Northern Cape and Western Cape are now outliers on the positive side, with allocations of R1 009 and R929 per poor person respectively. KwaZulu-Natal and Limpopo have the lowest per capita allocations. Gauteng improves to fourth best position.

Figure 1. Per capita allocation for social development for total and poor population, 2014/15



The programmes

Until 2014, departments of social development typically had three budget programmes – administration, social welfare, and development and research. Social welfare was the largest programme by far. Development and research also had some sub-programmes that might include welfare-like services and NPO transfers – namely poverty alleviation and sustainable livelihoods and youth development. Administration, while necessary, did not directly benefit those in need of services.

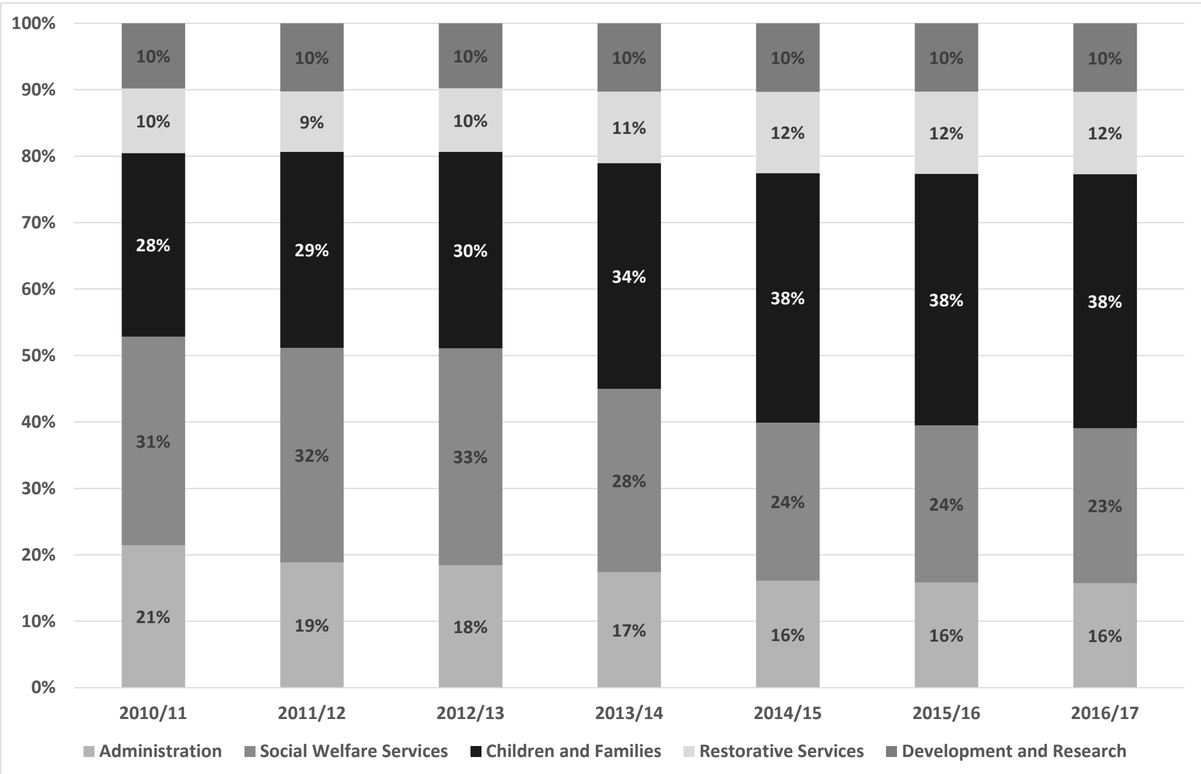
The 2014/15 provincial budgets have five budget programmes, due to a restructuring led by the National Treasury in collaboration with national DSD. The rationale for the new structure was to organise the services into clear and rational groups of services with a unified purpose and objective. The new structure also promotes greater transparency in terms of budget and expenditure data and service delivery information. The new structure essentially splits the social welfare sub-programme into three – children and families, restorative services, and social welfare services.

- Children and families consists of sub-programmes more or less directly related to the Children's Act, namely care and services to families (previously already a separate sub-programme); child care and protection, ECD and partial care, and child and youth care centres (previously combined in child care and protection); and community-based care services for children (encompassing what was often previously provided for by the HIV and AIDS sub-programme). Alongside these delivery sub-programmes, there is a management and support sub-programme, as in all other service delivery programmes.

- Restorative services consists of crime prevention and support; victim empowerment; and substance abuse, prevention and rehabilitation – all of which are pre-existing sub-programmes.
- Social welfare services consists of services to older persons, services to persons with disabilities, HIV and AIDS, and social relief, which are again pre-existing sub-programmes.

Figure 2 shows the distribution of allocations across these programmes over the period 2010/11- 2016/17 for all provinces combined. The allocation to children and families grows over the period, accounting for nearly two-fifths of the combined sectoral budgets by the end of the period. While it is likely that there has been some growth in this programme's share of the total given various additions to the equitable share in line with meeting the requirements of the Children's Act as well as emphasis on particular areas such as early childhood development (ECD) and Isibindi, the extent of the growth is almost certainly overstated in this graph as a result of failure to reallocate appropriately for the earlier years to the "new" programmes introduced in 2014/15. The way in which the social welfare programme shrinks over the same period provides support for this interpretation as the children and families sub-programmes were formerly sub-programmes within social welfare services. Nevertheless, while one would expect a similar pattern in respect of restorative services, the increase there is much less. This could reflect particular difficulty in reallocation of social worker salaries, as substantial numbers of social workers have been required within the children and families area over recent years to deal with foster care processes. Administration also shows a steady decrease over the period. These patterns are explored in greater detail, and with provincial disaggregation, below.

Figure 2. Distribution of social development budget across programmes, 2010/11-2016/17



There will be further shifts in future budgets between programmes that relate to the new budget structure rather than real changes. For example, Mpumalanga notes that the province is still finalising the split of social service professionals across the new programmes and sub-programmes. Northern Cape reports that it has already implemented a change in approach whereby administration is allocated a standard 10% across all programmes whereas previously the percentage was 10% in social welfare and 40% in development and research. These ongoing changes complicated analysis of the patterns across most, if not all, sub-programmes reported on below. This is discussed in more detail in the chapter of the Provincial Budget and Expenditure Review.

Figure 3 presents the picture by province for 2014/15. It shows wide variation across provinces. In all provinces except Mpumalanga, North West and Western Cape the children and families programme is the largest. In Gauteng, this programme accounts for half of the total social development budget. In the three exceptional provinces, the social welfare programme is the largest. In most provinces the restorative and the development and research programmes are of similar size. However, in Western Cape development and research is much smaller in relative terms than in other provinces and restorative is larger in relative terms than in all provinces except Northern Cape. This could to some extent reflect higher levels of crime and substance abuse in Western Cape. For example, the official crime statistics for 2012/13 suggest that if one considers the 20 most serious crimes, Western Cape has a crime rate of 7 854 per 100 000 of the population, with Free State, the next most crime-ridden province, having a rate of “only” 4 769. For drug-related crime, the rate in Western Cape is 1 390 per 100 000 of the population, with the next highest rate being 408 in KwaZulu-Natal.[8] The high Western Cape rates could, however, represent difference in policing levels and thus greater recognition of the problem rather than actual incidence as a 2011 survey of youth found lower levels of reported substance abuse in Western Cape than in many other provinces (Reddy et al, 2013).

In Northern Cape the development and research and restorative programmes together account for 36% of all social development spending, while the share of these two programmes combined is ten percentage points or more lower in all other provinces. Below we use some of the few available indicators of need to assess whether these help to explain these differences across provinces.

[8] Available at http://www.saps.gov.za/resource_centre/publications/statistics/crimestats/2013/crime_stats.php.

Figure 3. Distribution of social development budget across programmes by province, 2014/15

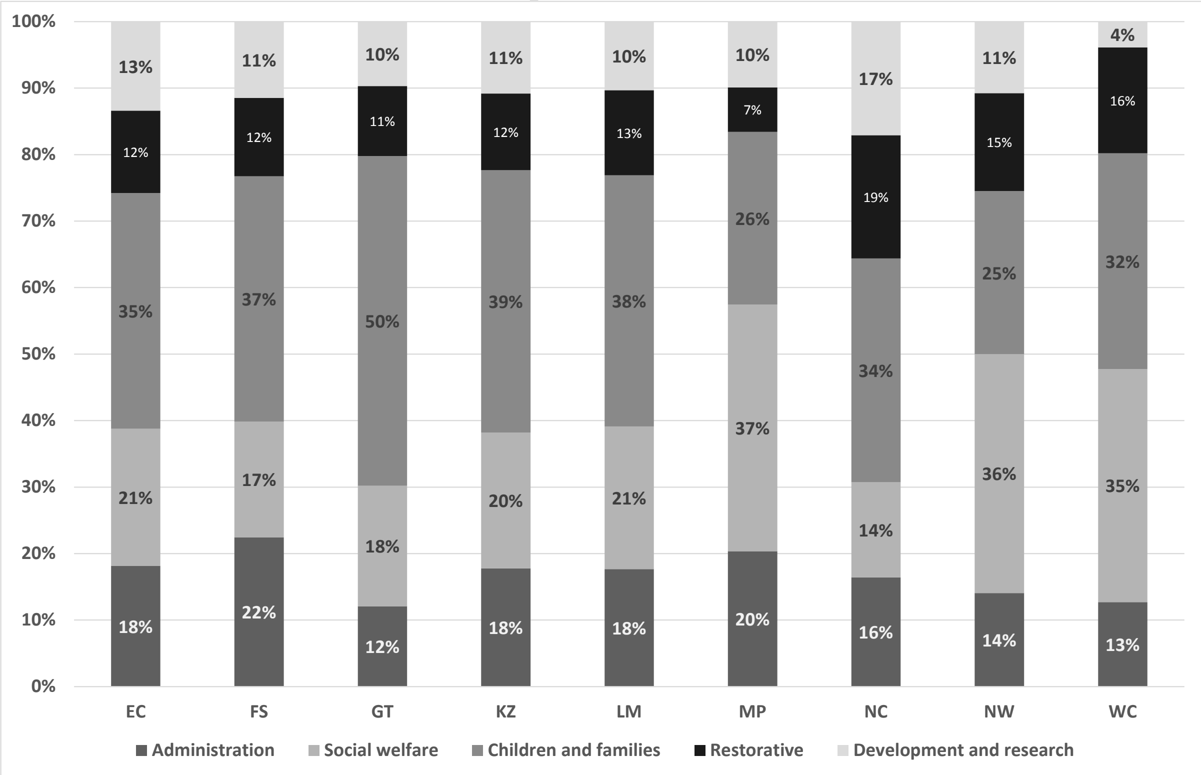


Table 8 shows the proportion of the social development budget allocated to the administration programme over the 2010/11-2016/17 period. For most provinces, the percentage decreases over the period, and for all provinces combined the decrease is five percentage points. For Eastern Cape, Northern Cape and KwaZulu-Natal the decrease is particularly marked. Free State and North West have a more or less constant percentage allocated to this programme over the period, but for Free State the percentage is 24% as against North West's 14%. This difference is hard to explain, as the provinces are similar in size of population and both are neither among the poorest nor among the wealthiest provinces. In 2014/15, the percentage ranges from 13% in Western Cape to 22% in Free State.

Table 8. Administration programme as a percentage of social development

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Province		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	27%	20%	21%	19%	19%	20%	18%	19%	19%
FS	24%	24%	23%	22%	22%	22%	22%	24%	24%
GT	14%	13%	14%	13%	14%	13%	12%	11%	11%
KZ	23%	19%	20%	18%	19%	20%	18%	18%	18%
LM	31%	24%	23%	22%	23%	23%	18%	19%	19%
MP	24%	28%	23%	21%	21%	21%	20%	20%	20%
NC	26%	21%	21%	16%	16%	16%	16%	16%	16%
NW	14%	16%	15%	14%	15%	15%	14%	14%	14%
WC	15%	14%	13%	11%	12%	12%	13%	11%	11%
SA	21%	19%	18%	17%	17%	18%	16%	16%	16%

Table 9 shows the percentage allocated to this programme decreasing by 3% in real terms in 2014/15, followed by two years in which there is no real change. Several provinces show puzzling patterns. Western Cape has a large real increase in 2014/15 followed by substantial decreases in the two outer years of the MTEF. Limpopo has the opposite pattern – a very large decrease in 2014/15, followed by smaller increases in the next two years.

Table 9. Real annual percentage change in administration programme budget

Province	2014/15	2015/16	2016/17	2013/14-2016/17
EC	-6%	2%	1%	-1%
FS	-3%	7%	1%	1%
GT	2%	-5%	0%	-1%
KZ	-3%	1%	-2%	-2%
LM	-22%	5%	1%	-6%
MP	-4%	1%	-2%	-2%
NC	5%	1%	0%	2%
NW	3%	2%	3%	3%
WC	14%	-9%	-5%	0%
SA	-3%	0%	0%	-1%

Table 10 shows the proportion of the social development budget allocated to the social welfare programme in each province over the period. For all provinces combined, the proportion decreases, with the sharpest decrease in 2013/14. The variation in patterns across the provinces suggests likely misallocation of budgets in some provinces when reallocating for past years in line with the new budget structure introduced in 2014/15. In particular, it is difficult to believe that the proportion of the Eastern Cape social development budget allocated to this programme more than halved between 2012/13 and 2013/14. If we focus on the latest years, as those more likely to have amounts accurately assigned to programmes, Mpumalanga, North West and Western Cape have much higher allocations for this programme than other provinces. North West's proportion falls over time, but the other two provinces remain at a higher level.

Table 10. Social welfare programme budget estimates 2009/10-2015/16 (R000s)

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Province		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	40%	45%	47%	22%	27%	27%	21%	20%	20%
FS	19%	18%	18%	17%	17%	18%	17%	18%	17%
GT	23%	25%	22%	19%	19%	19%	18%	17%	17%
KZ	25%	22%	27%	21%	21%	23%	20%	21%	20%
LM	35%	40%	42%	40%	42%	42%	21%	22%	21%
MP	37%	35%	40%	36%	38%	38%	37%	40%	40%
NC	26%	28%	31%	24%	23%	23%	14%	14%	14%
NW	48%	44%	38%	32%	36%	36%	36%	34%	31%
WC	33%	38%	36%	36%	36%	36%	35%	35%	36%
SA	31%	32%	33%	26%	28%	28%	24%	24%	23%

Table 11 shows the annual real percentage change for each of the MTEF years as well as the annual average over the period. For the country as a whole, the allocation decreases by 3%, with a substantial 10% decrease in 2014/15. This decrease is largely explained by even larger decreases in Limpopo, Northern Cape and Eastern Cape. These patterns probably again reflect incorrect and insufficient reallocation for earlier years from the social welfare programme to the other programmes in the more disaggregated new structure as the calculation of the 2014/15 increase is partly based on the 2013/14 estimate. For the two outer years, Mpumalanga stands out for its large increase in 2015/16, while North West has relatively large decreases in both outer years.

Table 11. Real annual percentage change in social welfare budgets

Province	2014/15	2015/16	2016/17	2013/14-2016/17
EC	-23%	-1%	-2%	-9%
FS	-5%	1%	-2%	-2%
GT	7%	1%	0%	3%
KZ	0%	1%	-2%	-1%
LM	-48%	1%	-3%	-20%
MP	-3%	10%	1%	3%
NC	-38%	0%	0%	-15%
NW	11%	-4%	-6%	0%
WC	2%	1%	1%	1%
SA	-10%	1%	-1%	-3%

Table 12 shows the proportion of the social development budget allocated to the children and families programme over the period. For all provinces combined, the proportion increases by 10 percentage points over the period. The patterns again suggest likely misallocation of budgets in some provinces when reallocating for past years in line with the new budget structure. For the hopefully more reliable MTEF period, the percentage allocated remains more or less constant in most provinces. North West shows the biggest shift, from 25% to 31% of the total social development budget. Limpopo has the largest decrease, from 38% to 34%. Gauteng stands out with an allocation of over half the social development budget for this programme, while Mpumalanga allocated only about a quarter of its social development budget. It is difficult to think of an objective reason for such a large difference.

Table 12. Children and families programme budget estimates 2010/11-2016/17 (R000s)

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Province		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	14%	15%	14%	35%	30%	30%	35%	35%	36%
FS	40%	40%	39%	40%	39%	39%	37%	37%	35%
GT	43%	43%	44%	47%	46%	46%	50%	52%	52%
KZ	35%	42%	36%	40%	40%	38%	39%	38%	40%
LM	17%	18%	21%	23%	20%	20%	38%	34%	34%
MP	21%	21%	19%	25%	25%	25%	26%	24%	24%
NC	15%	17%	18%	25%	25%	25%	34%	33%	33%
NW	13%	16%	21%	26%	25%	25%	25%	28%	31%
WC	32%	30%	32%	34%	33%	33%	32%	33%	33%
SA	28%	29%	30%	36%	34%	34%	38%	38%	38%

Table 13 shows the annual real percentage change. For all provinces combined, the allocation increases by an annual average of 6%, with an even larger 16% increase in 2014/15. Limpopo records a 90% increase for 2014/15. This is clearly not credible and provides further evidence that the large decrease in the same year for social welfare is incorrect. Northern Cape and Eastern Cape similarly have suspiciously high increases which have their mirror images in large decreases in social welfare. However Gauteng's increase, which is not mirrored by a decrease in the social welfare proportion, is even bigger than that of Eastern Cape, and North West also shows a relatively large increase for both this and the social welfare programme in 2014/15. For this programme there are further large shifts in the outer two years, when one would have expected the structure-related errors to have been corrected. The shifts include a further large increase in Gauteng, two years of large increases in North West, and a large decrease in Limpopo. These changes require further investigation, as is done below through examining the sub-programmes within this programme.

Table 13. Real annual percentage change in children and families budgets

Province	2014/15	2015/16	2016/17	2013/14-2016/17
EC	18%	-3%	2%	6%
FS	-10%	-2%	-3%	-5%
GT	22%	12%	-1%	11%
KZ	1%	-3%	4%	1%
LM	90%	-10%	-3%	19%
MP	4%	-6%	0%	-1%
NC	37%	0%	0%	11%
NW	11%	17%	12%	14%
WC	2%	3%	0%	2%
SA	16%	3%	1%	6%

Table 14 shows the proportion of the social development budget allocated to the restorative programme. For all provinces combined, the proportion increases by 2 percentage points over the period. This is small in absolute terms, but not negligible given that the original share was only 10%. The proportion of the provincial budget allocated to the restorative programme ranges from only 7% in Mpumalanga to 19% in Northern Cape. Mpumalanga is a clear outlier as all other provinces allocate at least 11% of their budgets to this programme, yet the percentage for Mpumalanga does not increase over the period. Meanwhile the share allocated for the programme by Northern Cape increases slightly, increasing the inter-provincial gap.

Table 14. Restorative programme budget estimates 2010/11-2016/17 (R000s)

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Province		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	7%	5%	5%	11%	11%	12%	12%	12%	12%
FS	8%	8%	9%	10%	10%	10%	12%	11%	13%
GT	12%	10%	11%	10%	11%	11%	11%	11%	11%
KZ	9%	9%	9%	10%	10%	10%	12%	12%	11%
LM	1%	3%	3%	4%	4%	4%	13%	14%	15%
MP	5%	5%	5%	6%	6%	6%	7%	7%	7%
NC	19%	19%	15%	17%	17%	17%	19%	21%	20%
NW	11%	12%	14%	15%	15%	15%	15%	14%	13%
WC	16%	16%	16%	16%	16%	16%	16%	16%	16%
SA	10%	9%	10%	11%	11%	11%	12%	12%	12%

Table 15 shows the annual real percentage change. The relatively large overall increase for the period as a whole, and the even larger increase for 2014/15, confirm the statement above that what might seem a small increase in the percentage share for this programme constitutes a relatively large relative increase. The enormously high 217% increase for Limpopo in 2014/15 is explained, at least in part, by the province constructing a substance abuse treatment centre, although it is not one of the four provinces (Eastern Cape, Free State, Northern Cape and North West) that share the additional R50 million provided in each of the MTEF years for construction of substance abuse treatment centres. Limpopo has a further increase in 2015/16, while the four provinces benefiting from the conditional grant do not have a similarly huge increase for 2014/15. The explanation for the large increase in Limpopo also lies partly in the very small allocation of 2013/14, with the province jumping from having the lowest absolute allocation for this programme to having the fifth lowest. The programme's share of the social development programme in the province jumps from 7% to 13% in the space of the single year.

Table 15. Real annual percentage change in restorative programme budgets

Province	2014/15	2015/16	2016/17	2013/14-2016/17
EC	9%	-2%	-4%	1%
FS	14%	-11%	22%	7%
GT	14%	8%	2%	8%
KZ	17%	2%	-7%	4%
LM	217%	11%	5%	54%
MP	12%	2%	2%	5%
NC	12%	16%	-3%	8%
NW	10%	-1%	-6%	1%
WC	4%	1%	1%	2%
SA	19%	3%	0%	7%

Table 16 shows a more or less constant share of the social development programme going to development and research for the country as a whole. However, this masks some changes within provinces, with the share showing a steady increase for Eastern Cape, and a steady decrease for Limpopo, Mpumalanga and North West. Some other provinces have fluctuating patterns. In 2014/15, the share varies from a low of 4% in Western Cape to a high of 17% in Northern Cape. Both these provinces are clear outliers as the share in all of the other seven provinces lies between 10% and 13%.

Table 16. Development and research programme budget estimates 2010/11-2016/17 (R000s)

Province	2010/11	2011/12 Audited	2012/13	2013/14 Main	Adjusted	Revised	2014/15	2015/16 Medium-term estimates	2016/17
EC	11%	15%	13%	13%	13%	12%	13%	14%	14%
FS	10%	11%	11%	11%	11%	11%	11%	11%	11%
GT	7%	8%	9%	9%	10%	10%	10%	9%	9%
KZ	8%	8%	8%	10%	10%	10%	11%	11%	11%
LM	15%	15%	11%	11%	11%	11%	10%	10%	11%
MP	13%	11%	12%	11%	11%	11%	10%	10%	10%
NC	14%	15%	15%	19%	19%	19%	17%	16%	16%
NW	14%	12%	12%	12%	9%	9%	11%	10%	10%
WC	5%	3%	3%	3%	3%	3%	4%	4%	4%
SA	10%	10%	10%	10%	10%	10%	10%	10%	10%

Table 17 shows an average annual real increase of 2% over the MTEF, with the increase again concentrated in 2014/15. North West and Western Cape have very large increases in 2014/15 although, as seen above, Western Cape still ends the period with a relatively small programme. Gauteng also has a relatively large increase for 2014/15, while Limpopo, Mpumalanga, Northern Cape and KwaZulu-Natal all have relatively large decreases. As discussed further below, this programme includes both youth development and food and nutrition initiatives, both of which tend to fluctuate more rapidly than social welfare services.

Table 17. Real annual percentage change in development and research programme budgets

Province	2014/15	2015/16	2016/17	2013/14-2016/17
EC	6%	3%	-2%	2%
FS	-4%	-4%	1%	-3%
GT	11%	3%	0%	5%
KZ	7%	5%	1%	4%
LM	-9%	0%	5%	-1%
MP	-9%	3%	-1%	-2%
NC	-8%	-3%	0%	-4%
NW	30%	-3%	-1%	8%
WC	31%	1%	6%	12%
SA	5%	2%	0%	2%

Compensation of employees

Social welfare services are, by their nature, labour-intensive. We therefore expect a substantial share of the social welfare budget to be allocated for personnel expenses as well as for transfers to NPOs, as NPOs deliver many of the social welfare services available in the country. Unfortunately, the provincial budgets do not distinguish clearly, or in the same way, between personnel expenditure related to staff involved in service delivery and those involved in administration. National Treasury favours budgeting that allocates personnel amounts related to service delivery in the relevant sub-programmes. However, only four of the provinces report that they do this currently (Free State, Gauteng, Eastern Cape and North West), and in the case of North West it is not clear that this is done consistently. (Some provinces do not appear to allocate staff even to the correct programme.) Conversely, there are some indications that provinces that do centralise staffing allocations in the professional and administrative sub-programme include some amounts in the delivery sub-programmes. Western Cape is unusual in, for the most part, using the delivery sub-programme budgets only for NPO transfers and outsourced services. Further complicating the matter is that some provinces have changed their approach over the period.

Table 18 largely avoids this particular problem by expressing the total compensation of employees amount for social development as a whole as a percentage of the departmental budget. The table shows a clear increasing trend over the period for all provinces except Mpumalanga. The increase is more than ten percentage points for Eastern Cape, KwaZulu-Natal, Limpopo and North West. In 2013/14, the percentage allocated to personnel ranges from 32% in Gauteng and 33% in Western Cape to 50% in North West.

Table 18. Compensation of employees as a percentage of social development

	2009/10	2010/11	2011/12		2012/13		2013/14	2014/15	2015/16
Province		Audited		Main	Adjusted	Revised	Medium-term estimates		
EC	41%	44%	50%	54%	54%	53%	53%	55%	57%
FS	41%	44%	45%	45%	47%	47%	47%	48%	48%
GT	31%	33%	32%	31%	31%	31%	32%	32%	33%
KZ	38%	40%	38%	40%	42%	42%	43%	44%	45%
LM	37%	40%	44%	46%	49%	49%	48%	49%	49%
MP	38%	39%	39%	43%	43%	43%	40%	39%	38%
NC	42%	42%	43%	45%	45%	45%	43%	44%	44%
NW	35%	47%	48%	47%	50%	50%	50%	50%	50%
WC	29%	30%	30%	34%	32%	32%	33%	33%	32%
SA	36%	39%	40%	41%	42%	42%	42%	42%	43%

The increasing share going to compensation of employees can be partly explained by the fact that salaries have increased faster than inflation, but it is also explained by increasing staff numbers. This, in turn, is partly explained by employment of newly qualified social workers who have received bursaries while studying.

Transfers to non-profit organisations

Table 19 shows NPO transfers as a percentage of the total social development budget. The percentages are highest in Western Cape and Gauteng. This is in broad terms a mirror image of the pattern for government personnel, suggesting that NPO staff are performing roles that would otherwise be performed by (more expensive) government personnel. NPO transfers account for the lowest percentages in Eastern Cape, Limpopo, Northern Cape and North West. There is no obvious other characteristic shared across these provinces and not shared by others such as Mpumalanga that can explain this pattern and it thus seemingly reflects some choice on the part of the provinces concerned. For the country as a whole the percentage is more or less constant over the full period. This pattern is found despite a number of additions to the equitable share (see below) over the period, most of which relate to services likely to be delivered by NPOs. These additions would, however, to some extent be offset by the addition to the equitable share for employment of newly graduated social workers, which most provinces have used for government employment.

Table 19. NPO transfers as a percentage of social development

Province	2010/11	2011/12 Audited	2012/13	2013/14 Main	Adjusted	Revised	2014/15 Medium-term estimates	2015/16	2016/17
EC	26%	24%	23%	25%	24%	24%	23%	22%	23%
FS	42%	40%	38%	40%	39%	39%	38%	36%	33%
GT	51%	50%	51%	54%	54%	54%	52%	53%	53%
KZ	33%	36%	30%	29%	29%	30%	32%	30%	30%
LM	27%	33%	31%	30%	29%	29%	30%	27%	26%
MP	39%	37%	32%	36%	35%	35%	37%	34%	34%
NC	24%	28%	29%	30%	30%	30%	29%	28%	28%
NW	27%	22%	22%	27%	22%	22%	23%	23%	23%
WC	54%	55%	55%	56%	55%	55%	55%	56%	56%
SA	38%	38%	36%	38%	37%	37%	38%	37%	37%

The stability in the percentage for the country as a whole masks differences in provincial patterns. Free State, in particular, shows a very sharp decrease in the percentage share going to NPOs. This decrease seems to have happened in the wake of the NAWONGO court challenge (see below), and becomes even more accentuated over the MTEF period. KwaZulu-Natal, Mpumalanga and North West also show decreases, while Northern Cape's percentage fluctuates but ends up four percentage points higher than at the start of the period.

Figure 4 explores the interplay between compensation of employees and NPO transfers in the first and last years of the period. For each province the first column represents the situation in 2010/11 and the second column the situation in 2016/17. For all of the provinces except Free State the combined share of these two items has increased over the period. The combined share is highest in Western Cape, Free State and Gauteng for both the start and end year, with Western Cape increasing more over the period. For both years the share is lowest in Northern Cape, perhaps partly reflecting the need to spend more on overheads to cover the vast areas. The provinces that make more use of NPOs are also the ones where these two items combined tend to account for a larger proportion of the total social welfare budget. This could partly reflect other provinces having to budget non-salary items under goods and services to support the work done by government employees. All provinces except Gauteng and Northern Cape show a decrease in the share going to NPOs. This is the case even in Eastern Cape and Limpopo, which have the largest increases in the share of the two items combined. The increases in the compensation of employee share thus more than compensates for the decrease in the NPO share.

Figure 4. Compensation of employees and NPO transfers as percentages of social development budget, 2010/11 and 2016/17

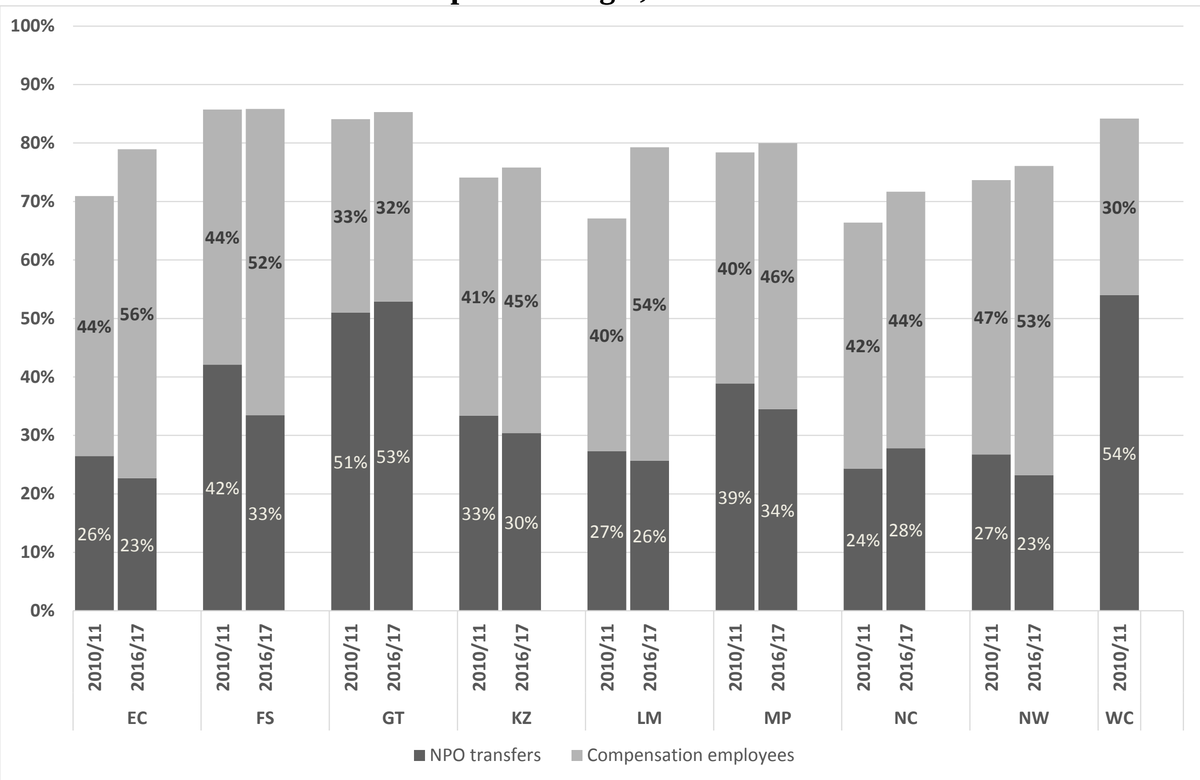


Figure 5 shows the share that NPO transfers of the total allocation for each programme when all provinces are combined. The patterns are similar to the extent that the NPO share is largest for children and families for all years, followed by social welfare, then restorative, and finally development and research. (The administration programme has virtually no such transfers.) Despite this broadly similar pattern, the extent of the difference changes over the period. The share of children and families going to NPOs shows a steady decrease, despite the increasing emphasis on ECD, which should mostly consist of transfers. The share of NPOs within the restorative programme also falls, although less dramatically. The patterns for the other two programmes fluctuate over the period, but with an increase overall for development and research. The more detailed discussion below examines the programme patterns in more detail.

Figure 5. NPO transfers as a share of total allocation by programme, 2010/11-2016/17

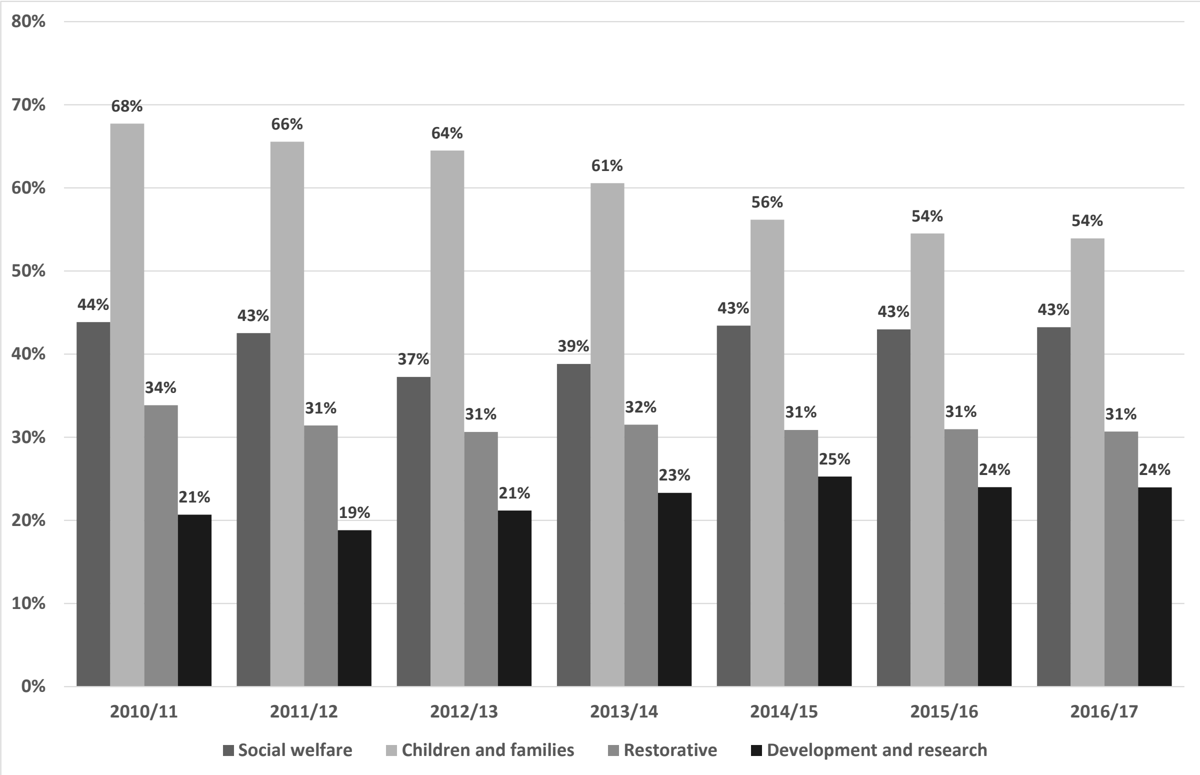


Figure 6 explores the provincial pattern for each social welfare sub-programme for 2014/15. In this and the following figures we present patterns only for the sub-programmes discussed in more detail in the sections below on each programme. In Western Cape, the full sub-programme budget reflects NPO transfers for the two sub-programmes provided for in the province. Across the other provinces, the NPO share of the older person's sub-programme varies between about 90% in Eastern Cape, KwaZulu-Natal, Mpumalanga and Northern Cape to less than half this percentage in Free State and North West. For the disabilities sub-programme, Eastern Cape and Northern Cape again have percentages close to 90%, while North West and Limpopo have less than half this. For HIV and AIDS, Gauteng allocates 98% of the budget to NPO transfers, and Mpumalanga and Northern Cape about 90%, while Eastern Cape and KwaZulu-Natal allocate just over a third of the sub-programme budget. Across the provinces there is no sub-programme that consistently receives the highest or lowest share. The relatively higher shares allocated in Gauteng are achieved despite the fact that this province (and Free State) include staff salaries in their sub-programme budgets.

Figure 6. Share of social welfare sub-programme budgets allocated to NPO transfers, 2014/15

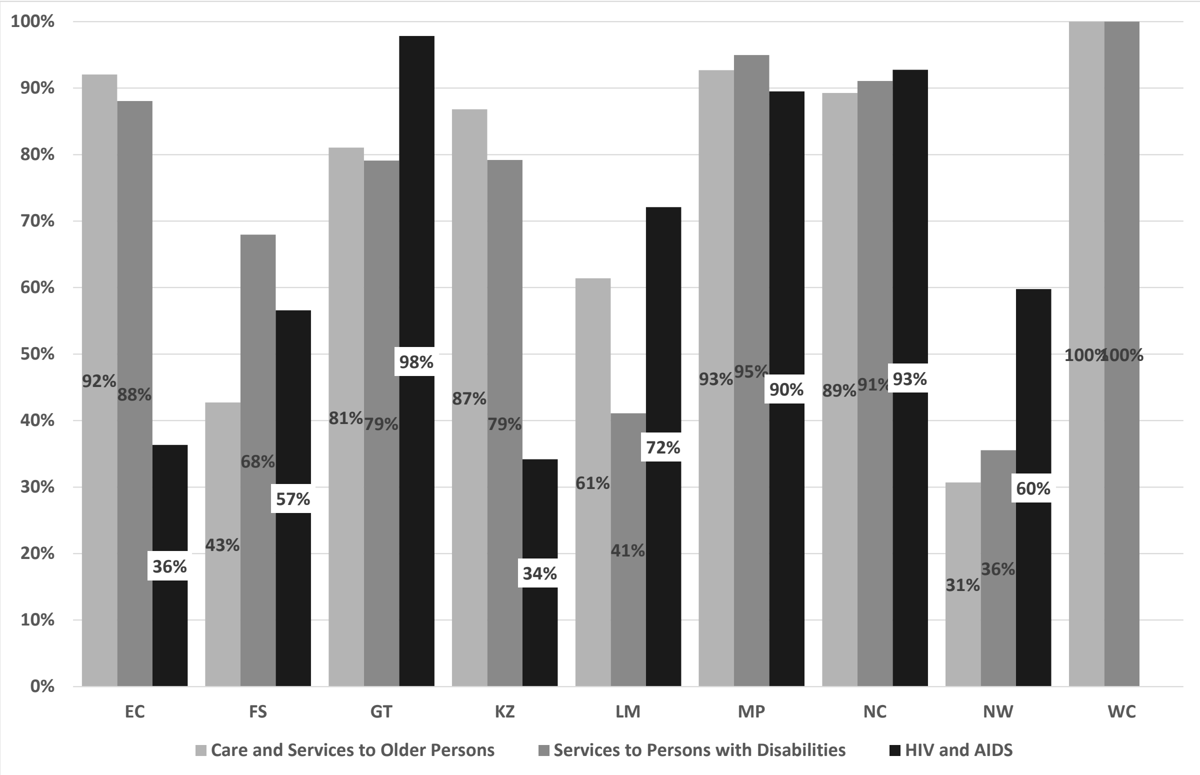


Figure 7 shows the NPO transfer shares for the sub-programmes within the children and families sub-programme. For ECD and partial care, six of the provinces allocate the full sub-programme budget to NPOs. Gauteng shows the largest deviation from this pattern, with more than a fifth of the sub-programme budget allocated for other items. For community-based services for children, four of the eight provinces that have this sub-programme allocate virtually the full sub-programme budget to NPOs. North West constitutes the biggest exception with no NPO transfers in this sub-programme. This implies that the province is not providing for Isibindi within this sub-programme, as intended with the new budget structure. For child care and protection, which we see below accounts for the largest share of this programme, the percentage allocated to NPO transfers ranges from less than 10% in Eastern Cape and Gauteng to close on 100% in Western Cape. However, the very high share in Western Cape may reflect this province's specific approach to budgeting, where sub-programmes seem, for the most part, to cover only NPO transfers. The next highest share after Western Cape is found in Northern Cape, where close on 90% of the sub-programme budget goes to NPOs. Finally, for child and youth care centres Gauteng and Northern Cape have shares below 50%, while Mpumalanga allocates nothing to NPO transfers. This finding in respect of Mpumalanga suggests that there may be misallocation in the budget as the province has some registered centres which should be receiving monthly subsidies.

Figure 7. Share of children and families sub-programme budgets allocated to NPO transfers, 2014/15

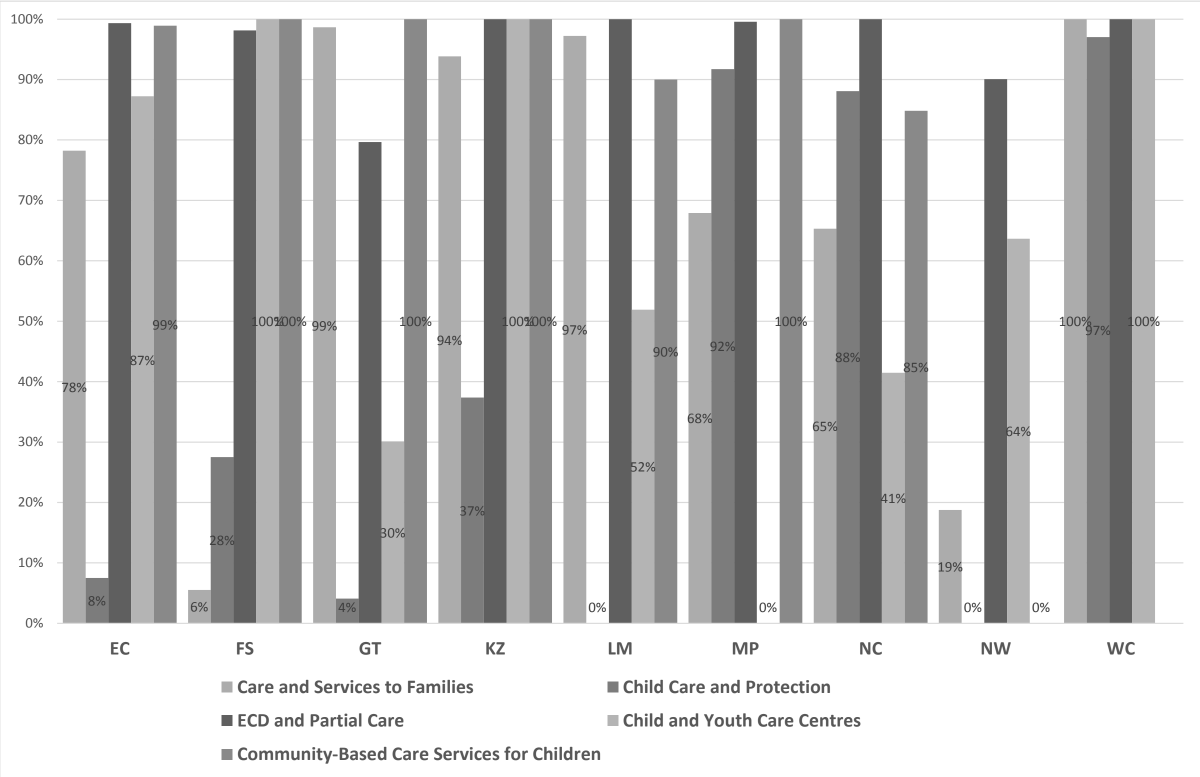
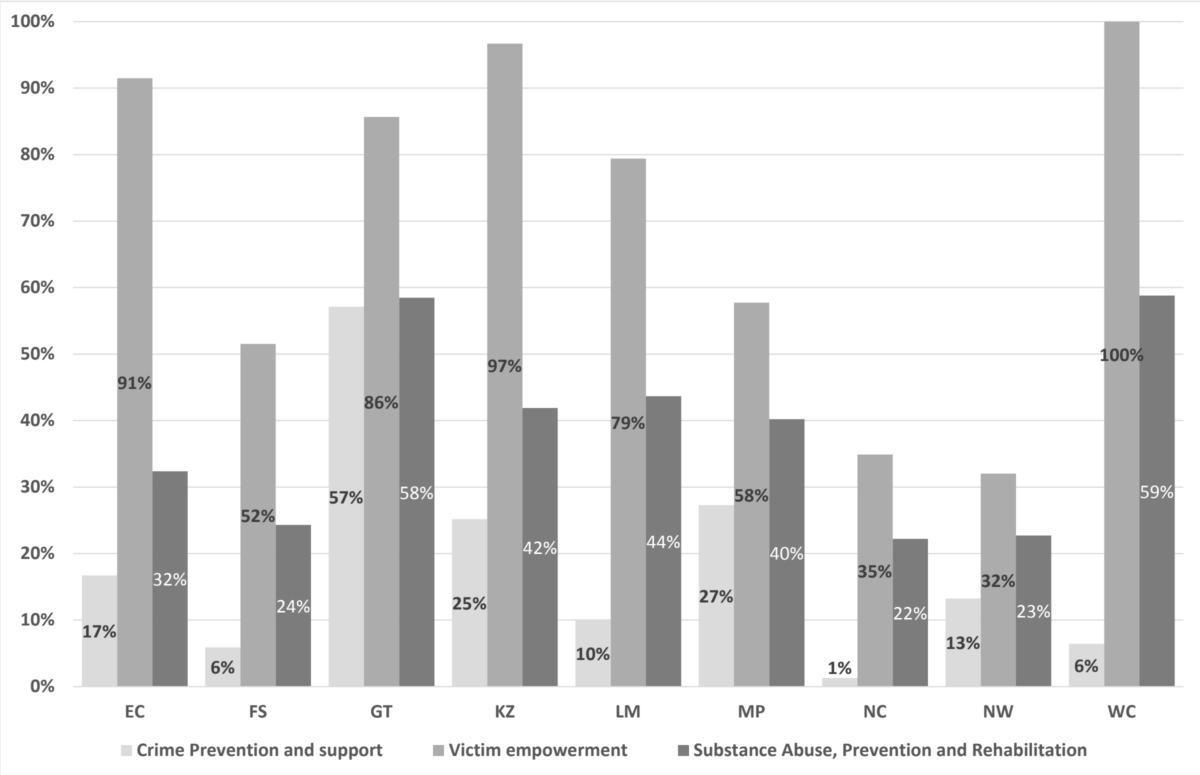


Figure 8 gives the picture for restorative services sub-programmes. Unusually, Western Cape allocates 100% of the sub-programme budget to NPO transfers for only one of the three sub-programmes in restorative services, namely victim empowerment. For crime prevention and support it allocates one of the lowest percentages across all provinces. This probably reflects Western Cape's practice of outsourcing services such as secure care to private for-profit providers. Across all provinces victim empowerment has NPOs getting the highest share of the sub-programme budget and crime prevention and support has the lowest shares for NPOs. Gauteng's shares for NPOs tend to be on the high side, while those for North West and Northern Cape are on the low side.

Figure 8. Share of restorative services sub-programme budgets allocated to NPO transfers, 2014/15



The fact that patterns of NPO transfers vary so much across sub-programmes and across provinces, without clear consistent patterns for provinces other than Western Cape, disallows easy reasons for the variation. Some of the variation can almost certainly be explained by differences in availability of NPOs in particular provinces. Nevertheless, this is by no means the only – or perhaps even main – reason for the variations.

While government budgets increase each year in line with expected inflation, the provinces do not necessarily increase the standard subsidy amounts for particular types of services from year to year. KwaZulu-Natal generally reports each year that it has instituted a 6% increase in tariffs for private welfare organisations, but it is not clear if this is also done for other NPOs. Western Cape reports giving inflation-based increases for NPOs in 2014/15, but also notes at other points that the subsidies provided are not adequate to allow NPOs to meet the legislated norms and standards for the various services. Mpumalanga reports revising (presumably upwards!) for 2014/15 the unit costs per day per beneficiary for residential facilities for older persons and persons with disabilities. The silence in respect of other services suggests that it is only the amounts for older persons and persons with disabilities that have increased.

The amounts allocated for NPOs are also sometimes higher than the amounts allocated to and/or spent by NPOs. Gauteng reports collecting “significant revenue” in 2013/14 from NPOs in respect of funds transferred but not spent by the organisations. It does not provide the reason for under-spending by NPOs and the budget book does not show the exact amount of the funds recovered. KwaZulu-Natal reports downward revisions in the revised estimates for 2013/14 due to NPOs failing to meet the requirements of the Public Financial Management Act.

The NAWONGO court challenge

In mid-2010 the National Association of Welfare Organisations and Non-Governmental Organisations (NAWONGO), NG Social Services Free State and Free State Care in Action instituted a court case against the MEC for Social Development in Free State, the Head of the Free State Department of Social Development, and the National Minister of Social Development.[9] The three NPOs brought this court application after several years of serious frustration about the way in which the Department dealt with transfers (or subsidies) to NPOs for delivering welfare services on behalf of the Department.

The first judgment, delivered in August 2010, found in favour of NAWONGO and ordered the Free State Department of Social Development to revise its policy on financial awards to NPOs. The judgment said that the policy must (a) recognise that the NPOs are providing services that the Department itself is obliged to provide in terms of the Constitution and various laws; and (b) have a fair, equitable and transparent method of determining how much the department should pay and how much the NPOs should contribute from other sources of income such as donations from funders.

Free State DSD commissioned KPMG to develop a model for costing of welfare services and distribution of available funds. The province's response to the first judgement was based on incomplete work by KPMG in this respect. The second judgement found that the department's revised policy did not comply with the first judgement. It stated that the revised policy was "illogical and irrational" in that it still expected NPOs to bear the burden when the department's budget was insufficient. This would ultimately harm the human dignity as well as the rights to equality of those who needed services.

The department's next revision was based on further detailed work by KPMG. KPMG's work showed that even using "minimum" costing, the total cost of delivering services provided by NPOs in 2011/12 was R1,15 billion, while the amount that Free State DSD said was available for NPO transfers was only R342 million. KPMG offered five ways in which Free State could decide which costs to cover, from which DSD proposed a hybrid. The third judgement accepted that this revision was probably an improvement, but found that it still did not comply with the department's constitutional obligations and the previous two judgements.

At the time of writing the case has not yet been finalised. Nevertheless, the case was useful in obtaining judicial recognition of the role played by NPOs and key principles that should underlie transfers. The KPMG costing model is also useful in assessing the NPO transfers across the nine provinces as it provides detailed costs for the various types of welfare services.

Table 20 reflects the per beneficiary core costs as recorded in an affidavit submitted on behalf of Free State DSD in August 2013 in respect of the NAWONGO case (Linström, 2013). These are the costs that were proposed as the basis for transfers to NPOs delivering these services. The table shows both the full estimated cost, and the (smaller) subsidy amount proposed to be paid as a transfer by DSD, less any amount that the NPO was deemed able to raise from other sources for this service. The final column shows the number of beneficiaries

[9] 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.

per unit used in estimating the cost, for example the number of children to be accommodated in a single children's home.

The difference between the full costs and the costs to be subsidised excludes a range of costs which NAWONGO argued were necessary, including vehicle maintenance and replacement, bank charges, accounting and audit fees, equipment insurance, and medical equipment. In respect of staff, government salary rates are used but the subsidy costs exclude a 13th cheque, pension fund and medical aid contributions, and housing allowance. The subsidy costs also do not make allowance for a share of the overall management of the NPO. NAWONGO argued strongly that government should reveal the amounts it allocated for similar services which it delivered itself so that NPO and government costing could be equalised. Government did not agree to this and even the full costs shown in the table below are likely to be substantially lower than the government costs of providing the same services. Nevertheless, the amounts shown in the table below are substantially more than the transfers currently paid to NPOs.

Table 20. Monthly full cost and cost to be subsidised per beneficiary, selected programmes – KPMG costing, August 2013

Sub-programme	Service	Full cost	Subsidy	Beneficiaries per unit
Children	Children's home	6 044.59	5 178.56	60
Older persons	Residential facility	6 489.63	4 570.43	75
Persons with disabilities	Residential facility	6 512.79	4 651.98	75
Substance abuse	Inpatient treatment centre	6 617.78	3 738.84	60
Substance abuse	Outpatient treatment centre	1 443.80	1 175.61	60
Persons with disabilities	Day care services	2 271.93	2 113.00	40
Older persons	Home based care	1 558.58	1 011.40	75
	Drop-in centre	2 187.28	2 102.45	30
Persons with disabilities	Protective workshops	4 186.15	640.03	20

Some of the above amounts are used below in respect of the relevant sub-programmes in assessing the size of the provincial allocations for NPO transfers.

Additions to the equitable share and conditional grants

The departments of social development have not, until 2014/15, housed any conditional grants other than those relating to the expanded public works programme (EPWP). However, in 2012 and 2013 the Minister of Finance announced a range of additions to the equitable share which were relevant to social development. Additions were announced in 2012 for ECD, Isibindi and victim empowerment, with amounts specified for the outer years of the 2012 MTEF i.e. 2013/14 and 2014/15. These additions thus affect the 2014/15 MTEF.

For ECD and Isibindi combined, the addition was R650 million in 2013/14 and R700 million (i.e. effectively R5 million in addition to what was already added in 2013/14) in 2014/15. There had been previous similar additions for ECD. The division of the 2013/14 and 2014/15 amounts between Isibindi and ECD was not specified, but it seems that when the funds were not sufficient for the plans for both these areas, ECD was generally prioritised by provinces. For victim empowerment, R37 million was allocated for 2013/14 and R41 million for 2014/15.

In 2013 additions were announced in respect of employment of social work graduates who had received bursaries from government, and support or funding for NPOs (R100 million in

2013/14, R200 million in 2014/15 and R300 million in 2015/16, meaning an effective extra R100 million each year). The terms used by National Treasury and Minister of Finance in the budget speech and budget documents at times suggest that the additional amounts for NPOs were intended to supplement transfers. However, the use of the term "support" at other times was interpreted by provinces as allowing them to use funds for internal expenses related to monitoring and evaluation, facilitating registration and the like.

In 2014, the additions to the equitable share included R50 million in each of the three years of the MTEF (effectively zero increase after 2014/15) for provision of shelters for victims of gender-based violence.

In 2014, there were also special allocations over the MTEF for construction of treatment centres for substance abuse in Eastern Cape, Free State, Northern Cape and North West. These took the form of an addition allocation for national DSD and conditional grants for provinces rather than additions to the equitable share. R21 million was allocated in 2014/15 and R2,5 million in each of the outer years for planning, norms and standards, scoping and monitoring by national DSD, while R29 million, R47,5 million and R47,5 million respectively were allocated as a conditional grant to the relevant provinces.

Provincially, the budget books record the following conditional grants for 2014/15:

- Eastern Cape: R2,68 million for social sector EPWP incentive grant, R2,00 million as EPWP integrated grant, and R13,00 million for substance abuse treatment (with a further R9,00 million in 2015/16);
- Free State: R3,69 million for social sector EPWP incentive grant, R2,00 million for substance abuse treatment (with R6,50 million and R29,50 million respectively in the two outer years of the MTEF, and R2,00 million for EPWP integrated grant for infrastructure;
- Gauteng: R22,63 million for social sector EPWP incentive grant;
- KwaZulu-Natal: R3,75 million for social sector EPWP incentive grant, and R2,00 million for EPWP integrated grant;
- Limpopo: R2,77 million for social sector EPWP incentive grant;
- Mpumalanga: R2,02 million for EPWP unspecified, and R3,99 million for social sector EPWP incentive grant;
- Northern Cape: R6,16 million for social sector EPWP and R2,00 million for substance abuse treatment (with a further R22,00 million and R18,00 million respectively in the outer years of the MTEF);
- North West: R4,32 million for social sector EPWP incentive grant and R12,00 million for substance abuse treatment (with a further R10,00 million in 2015/16);
- Western Cape: R2,58 million for social sector EPWP incentive grant.

This is a different pattern from earlier years in that for 2014/15 all provinces receive at least one conditional grant, namely the social sector EPWP incentive grant, although the amount received varies widely, with Gauteng receiving R22,63 million while the next largest amount – for Northern Cape – is only R6,16 million. In previous years, only some provinces have received this (and other grants), and the provinces concerned have changed from year to year. Annexure W1 to the division of revenue bill (National Treasury, 2014b) explains that this grant is meant to reward provinces for creating jobs in home-based care, ECD, adult literacy and numeracy, community safety and security, and sports. The allocation "model" was changed for 2014 to increase the incentive for provinces to participate, which perhaps explains why all provinces receive a grant in 2014/15. The total allocation for the social sector EPWP incentive grant in 2014/15 is R258 million. The nine provincial DSDs together account for just under R53 million, i.e. only about a fifth of the total.

The EPWP integrated grant for provinces is, like the incentive grant, described as being based on performance in the previous year, but is intended to fund infrastructure rather than social service delivery.

The provinces use the EPWP conditional grants in different ways. Eastern Cape refers to plans to use EPWP funds in its victim empowerment programmes, probably to create job opportunities for victims of crime. Gauteng, in contrast, used its 2013/14 funds to create 6 123 work opportunities in home-and community-based care and will also spend the new funds under the HIV and AIDS sub-programme. Limpopo plans to use R2,8 million of EPWP funds in the development and research programme, probably for youth development. Mpumalanga and Northern Cape, similarly, use their EPWP incentive grant funds – R6,0 million in the case of Mpumalanga and R2,3 million in Northern Cape – in development and research, while Western Cape explicitly states that the planned 1 025 work opportunities will fall under the youth development sub-programme.

KwaZulu-Natal plans to use EPWP funds for payment of stipends to community caregivers. The province reports that R14,6 million was allocated in 2013/14 for this purpose, and used to pay caregivers who were previously employed by NPOs. This refers to the fact that in 2012/13, unlike some of the other provinces, KwaZulu-Natal put community caregivers on the government payroll rather than paying them through NPOs. However, as noted below, the province also refers to a 2014/15 increase in transfers related to payments to caregivers so it is not clear whether KwaZulu-Natal will pay through the government payroll, NPOs, or both in 2014/15. Further, the EPWP incentive grant is less than the 2013/14 amount and the province does not explain how the shortfall will be made up.

Northern Cape reports that volunteers are paid a monthly rate of R1 553. This is slightly lower than the minimum of R66,34 per day, or R1 459,48 for a 22-day working month, specified in the Department of Labour's ministerial determination for the EPWP in early 2014. Other provinces do not specify the rate paid.

North West notes that a decrease in the number of staff employed in the department is a result of recording EPWP stipends within transfer payments to NPOs rather than recording the workers on the government payroll. Other provinces do not necessarily report where they record the EPWP stipend payments.

Social work graduates

Virtually all provinces discuss what they have done and plan to do in respect of employment of social work graduates who studied through DSD-funded bursaries. The bursary agreements for these students stipulated that they must work for government for a period after graduating. (This was subsequently changed to allow the work commitment to be fulfilled through work for NPOs.) Once they started graduating, government realised that it had not made provision for the funds necessary to employ them. This led, in 2013, to the addition to the equitable share to assist provinces in employing them. The national department predicts that 1 431 social workers were expected to graduate in the 2014/15 budget year.

Eastern Cape notes that the funds made available are not sufficient to absorb all the graduates and reach the national norm of 1 social worker per 3 000 “clients”. Instead the R65,3 million available for 2014/15 is reported to be sufficient only for the carry through costs of social workers already employed – including the 462 graduates absorbed in 2013/14 – and not for the 369 due to graduate. KwaZulu-Natal similarly claims that the additional funds are inadequate and reports shifting funds under goods and services intended for items such as contractors and computer services to social worker graduate salaries.

Eastern Cape notes that the additional funds do not cover the costs of office space, vehicles, computers and telephones associated with the additional staff. Gauteng notes that its administration programme – funded from regular sources of funds – includes provision for the “tools of trade” of social work graduates placed in regional offices.

Free State reports that 38 graduates were appointed at the beginning of the 2013/14 financial year. Northern Cape reports provision for the carry-through costs of 25 graduates appointed in 2013 and absorption of a further 19.

Mpumalanga reports placing 64 graduates with NPOs during 2013/14. The province says it will continue to fund these graduates at the less expensive NPO “level”, but in 2014/15 and 2015/16 will place 50 and 80 graduates respectively in the department using the R14,6 million addition to the equitable share. In addition, R2,1 million was “reprioritised” in 2014/15 from transfers and subsidies (presumably to NPOs) in the development and research programme for employment by government of ten community development graduates.

North West reports having taken on 61 social work graduates in 2013/14, but has plans for employment of other cadres – assistant community development practitioners, child and youth care workers (perhaps for Isibindi) and “labour intensive project workers” – alongside social workers going forward. The province gives the breakdown of planned social workers across programmes for 2014/15 and later years. Additional social workers are planned for social welfare services, children and families and restorative services, while additional community development practitioners are planned for development and research. In terms of financial amounts, the province records an amount for 2014/15 of R22,1 million for absorption of social work graduates, and R775 000 for bursaries for employees. The latter presumably relates to courses of study other than social work as national DSD was given the responsibility of providing for social work bursaries some years ago.

Two other provinces also refer to bursaries funded at provincial level. KwaZulu-Natal refers to bursaries for “social development professionals” as part of the province’s recruitment and retention strategy and also reports placement of 250 social auxiliary worker interns. Gauteng reports budgeting R7,8 million in 2014/15 for social work bursaries – seemingly in contradiction of the policy that national should fund this.

The social welfare programme

We now turn to look at the sub-programmes within the social welfare programme. In the discussion of both this and other programmes, we do not discuss the professional and administrative services sub-programmes but focus instead on the service delivery sub-programmes. National Treasury, in the chapter on social development for the Provincial Budget and Expenditure Review 2014, discusses the practices of provinces and related allocation patterns in respect of professional and administration sub-programmes. They explain that analysis is complicated by the fact that most provinces include some – if not all – service delivery staff salaries in this sub-programme rather than apportioning these costs to the sub-programmes in which the staff deliver services. Free State and Gauteng are the exceptions, in allocating most of their delivery staff salaries to the relevant sub-programmes. Some other provinces seem to have a mixed approach, with the balance shifting over the years. Western Cape seems to put no salaries at all in the service delivery sub-programmes. The patterns discussed below in terms of allocations suggest that Northern Cape included delivery staff allocations in the relevant sub-programmes for 2013/14, but not for the preceding and subsequent years.

These complications mean that simple comparisons of the share of the programme budget allocated to a particular sub-programme are misleading in that, for example, the fact that Free State and Gauteng have a higher share of the total programme budget going to a particular sub-programme, or a higher per capita amount, than other provinces does not necessarily indicate prioritisation. Nevertheless, analysis in terms of shares is useful for seeing patterns across time for provinces.

For each sub-programme we present the patterns in respect of the percentage share of the programme over time within provinces, focusing on the period 2013/14-2016/17. We exclude the earlier years to avoid the problems of incorrect allocations for earlier years to the sub-programme categories of the new budget structure. With the percentage analysis, there almost always will be winners and losers as a province cannot increase the share of all delivery sub-programmes unless it reduces the share going to professional and administrative services. The percentage analysis is nevertheless useful for showing changing priorities.

We also provide a table showing the real annual change in allocations over the period 2013/14-2016/17. This table, in contrast to the percentage share table, is one for which a province could show a positive picture across all sub-programmes. The challenge with this analysis is that where, as is the case for several programmes, funds were only allocated according to the new structure for the MTEF years, the increase for 2014/15 will be inflated.

In addition to the standard two tables, where data from other sources are available that can be used as indicators of need, we use these to compare the size of the allocations across provinces for 2014/15. We also provide information on funding of NPO-provided services and, where possible, a comparison with benchmark rates using available service delivery indicators. Finally, we extract highlights relevant to each sub-programme from the narrative sections of the budget books.

For the social welfare programme, the restructuring of the budget should not have caused problems in terms of allocating funds across most sub-programmes as all the sub-programmes in this programme existed previously as separate budget categories. The exception, as discussed below, is HIV and AIDS.

Care and services to older persons

Table 21 shows the share of the social welfare services budget allocated to older persons. For the country as a whole, the sub-programme accounts for about a quarter of the total programme. As expected, the share is much higher in Free State and Gauteng because it includes the relevant staff. The share is unusually low in Limpopo and Mpumalanga, although in Limpopo the share doubles over the period. Eastern Cape also shows a relatively strong trend of increasing prioritisation over the MTEF period. Western Cape has the third highest share despite not including staff costs in the sub-programme. These patterns suggest that Free State and Western Cape, and perhaps Gauteng (depending on the extent to which exclusion of staff would change the picture), afford especially high priority to this sub-programme.

Table 21. Care and services to older persons as share of social welfare services, 2013/14-2016/17

	2013/14 Adjusted	2014/15	2015/16	2016/17
EC	17%	22%	22%	23%
FS	58%	59%	57%	58%
GT	41%	40%	44%	44%
KZ	22%	22%	21%	22%
LM	7%	16%	15%	16%
MP	8%	8%	7%	7%
NC	18%	14%	14%	14%
NW	25%	27%	28%	25%
WC	29%	28%	29%	28%
SA	23%	26%	26%	26%

Table 22 shows small real changes overall in the allocations, but some very large changes in 2014/15 for three provinces, and a large change for Gauteng in 2014/15. The very large decrease for Northern Cape reflects an unusually large estimate for 2013/14. If the 2014/15 allocation is compared to the 2012/13 allocation, there is still a decrease, but not nearly as big. However, the 2012/13 allocation was already less, even in nominal terms, than the 2011/12 allocation for this sub-programme. In nominal terms, the allocation falls for this province from R16,0 million in 2010/11 to R14,1 million in 2016/17. In contrast, Limpopo's allocation shows a sudden large increase in 2014/15; in nominal terms the increase is from R30,0 million in 2010/11 to R54,2 million in 2016/17.

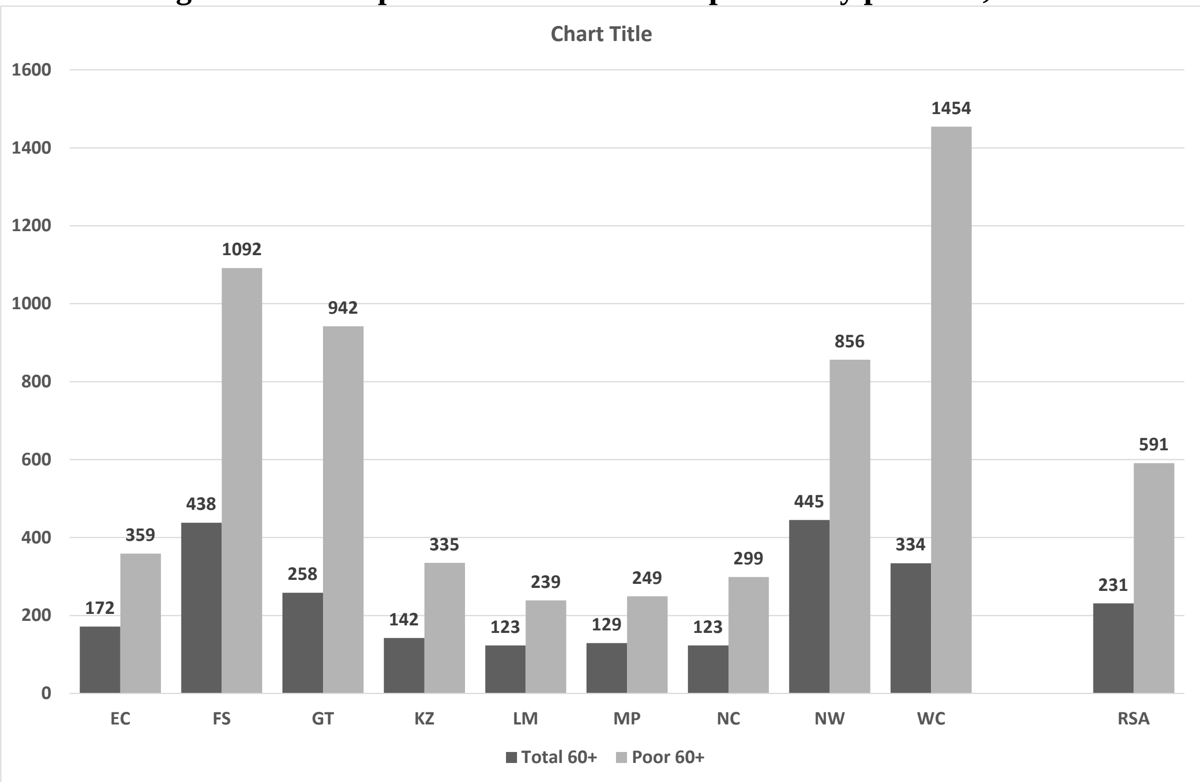
Table 22. Real changes in allocations to care and services to older persons, 2013/14-2016/17

	2014/15	2015/16	2016/17	3-year average
EC	-2%	0%	0%	-1%
FS	-3%	-2%	-1%	-2%
GT	4%	12%	1%	5%
KZ	-2%	-2%	-1%	-2%
LM	25%	-3%	0%	7%
MP	0%	-2%	-3%	-2%
NC	-54%	0%	0%	-23%
NW	24%	-3%	-16%	0%
WC	0%	3%	-1%	1%
SA	2%	3%	-2%	1%

Arguably, however, this still leaves Limpopo under-serviced relative to other provinces. Thus Figure 9 shows the per capita allocation for older persons by province, using both the full population aged 60 years and above, and an estimate of poor elder people. The population of this age is derived from the 2013 mid-year estimates (Statistics South Africa, 2013a). The estimate of the poor uses the same poverty rate for older people as for the population as a whole for each province, in line with the finding for the Living Conditions Survey that the population aged 65 years and above has a poverty level that is similar to that of the population as a whole (Statistics South Africa, 2013b: 16).

Using the full elderly population, North West has the highest allocation per person (R445), closely followed by Free State (R438). Limpopo and Northern Cape tie at the low end, with R123, with Mpumalanga close behind at R129, KwaZulu-Natal at R142, and Eastern Cape at R172. If analysis is restricted to poorer elderly people, Western Cape now has the highest amount (R1 454) and Limpopo the lowest (R239). Western Cape's allocation per poor older person is more than six times as large as the Limpopo allocation. Free State remains in second place, while Gauteng's ranking improves from fourth to third place.

Figure 9. Per capita allocation for older persons by province, 2014/15



For the country as a whole, the proportion of the older persons sub-programme budget allocated for transfers to NPOs fluctuates between 75% and 79% over the full period 2010/11 to 2016/17. It drops to its lowest point in 2014/15, but stands at 78% in 2016/7. NPOs thus clearly play an important role in service delivery for older persons.

Table 23 presents the key performance indicators reported by provinces to National Treasury for this sub-programme as reflected in the provincial annual reports for 2013/14.[10]

[10] The estimates reported in the annual reports sometimes differ from the estimates for "actual" output reported to National Treasury.

Table 23. Key performance indicators for older persons for 2014/15

EC	FS	GT	KZ	LM	MP	NC	NW	WC
Older persons accessing funded residential facilities								
3 296	1 553	6 400	2 399	612	1 278	1 412	1 546	9 606
Older persons accessing community based care and support services								
12 363	4 952	17 673	16 731	13 265	5 239	8 923	1 844	13 144

We can use these indicators and the KPMG costing to assess the budget allocations. In this and the following similar tables we use the proposed subsidy amount recorded in Free State DSD's affidavit (Linström, 2013) rather than the full cost so as to arrive at a conservative estimate. The estimate is also conservative in assuming that all the services are provided by NPOs. If some are provided by government, the per beneficiary cost would be quite a bit higher.

The monthly per-beneficiary cost for residential care was estimated by KPMG as R4 570,43. We reduce this to R4337,82 on the basis that beneficiaries are required to pay over the full amount of the old age grant, which was R1 260 per month in 2013. (We are comparing with the 2014/15 budget allocations, but use the 2013 grant amount as the KMPG costing was adjusted for inflation only to 2013.) The monthly per-beneficiary cost for home-based care was estimated as R1 011,40. We multiply these amounts by the number of beneficiaries recorded for each of the services for a particular province and add the two amounts to come up with a total monthly amount. We then compare this amount, multiplied by twelve to get the annual estimate, with the amount in the 2014/15 budget. For all but one of the nine provinces these two services alone are more than the allocated budget – in Northern Cape is more than twelve times as big as the allocated budget. This would leave no funds over for other activities and costs if the KPMG amounts were paid. Yet, as discussed below, all provinces report other activities.

The final two columns in the table show the number of beneficiaries for both services combined and what percentage this constitutes of the poor population aged 60 years and above in each province. Northern Cape and Western Cape stand out as reaching about a fifth of the poor population, but the budget comparison suggests that they do this at well below the estimated needed cost. Indeed, Western Cape acknowledges that it is not able to provide the financial support that is necessary to allow all old age homes to comply with legislated health and safety norms and standards. All the provinces where the estimated cost of these two services alone is less than the budget cover a minimal percentage of the poor elderly population.

Table 24. KPMG costs compared with 2014/5 budget allocations for older persons services using 2013 performance indicators (R'000)

	Residential	Home-based care	Monthly total	Budget	Cost as % of budget	Total beneficiaries	As % poor elderly
EC	10 911	12 504	23 415	97 755	287%	15 659	5%
FS	5 141	5 008	10 150	99 960	122%	6 505	7%
GT	21 187	17 874	39 061	253 373	185%	24 073	8%
KZ	7 943	16 922	24 865	111 277	268%	19 131	6%
LM	2 026	13 416	15 442	50 498	367%	13 877	6%
MP	4 231	5 299	9 529	35 305	324%	6 517	4%
NC	4 674	9 025	13 699	12 780	1 286%	10 335	23%
NW	5 118	1 865	6 983	122 238	69%	3 390	2%
WC	31 800	13 294	45 094	174 952	309%	22 750	17%

All provinces allocate some funds to services other than residential services and home-based care. For example, all provinces organise provincial Golden Games and provide for participation of elders from their province in the national Golden Games. KwaZulu-Natal's budget book provides examples of other activities, including community dialogues between older persons and youth, a Presidential lunch and centenary celebrations, celebration international Day of Older Persons, and a Senior Citizens' Parliament. On the infrastructure side, North West reports plans to construct an old age home in Dr Ruth Segomotsi Mompati district.

Services to persons with disabilities

Table 25 reveals that the sub-programme for persons with disabilities is, on average nationally, only about a third the size of the sub-programme for older persons. The share of the sub-programme remains more or less constant for most provinces. The exceptions are Limpopo, Northern Cape and North West. In Limpopo there is a marked increase in the share in 2014/15, while the other two provinces have a noticeable decrease in the share in this year. In all three provinces the change is carried through into the MTEF years. In Northern Cape the change in 2014/15 probably reflects, as above, inclusion of staff costs in the sub-programme for 2013/14. If we take into consideration that the Free State and Gauteng include staff costs in all years, Free State emerges as the province placing most priority on this sub-programme and Eastern Cape as the laggard when we use this measure.

Table 25. Services to persons with disability as share of social welfare services, 2013/14-2016/17

	2013/14	2014/15	2015/16	2016/17
EC	6%	7%	7%	7%
FS	18%	17%	19%	19%
GT	17%	17%	17%	17%
KZ	16%	16%	15%	16%
LM	8%	15%	14%	14%
MP	7%	9%	9%	9%
NC	12%	6%	6%	6%
NW	13%	9%	9%	10%
WC	15%	15%	15%	15%
SA	12%	13%	13%	13%

Table 26 shows a relatively large real decrease in 2014/15, reflecting substantial decreases in three provinces and increases in only two provinces. The very large decrease in Northern Cape in part reflects the fact, noted above, that in 2013/14 this province probably included staff salaries in sub-programme allocations. However, as with older persons, the allocation for 2014/15 (R5,2 million) is lower in nominal terms than the allocation for 2012/13 (R6,2 million), and the estimate for the final year of the MTEF (R5,8 million) is less in nominal terms than the allocation for 2010/11 (R6,3 million).

North West and Eastern Cape are the other provinces with large decreases in 2014/15 and both have further decreases in 2015/16. Mpumalanga and Gauteng are the provinces with relatively large increases, and Mpumalanga has a further large increase in 2015/16. On this measure, Mpumalanga is the best performer for this sub-programme.

Table 26. Real changes in allocations to services to persons with disabilities, 2013/14-2016/17

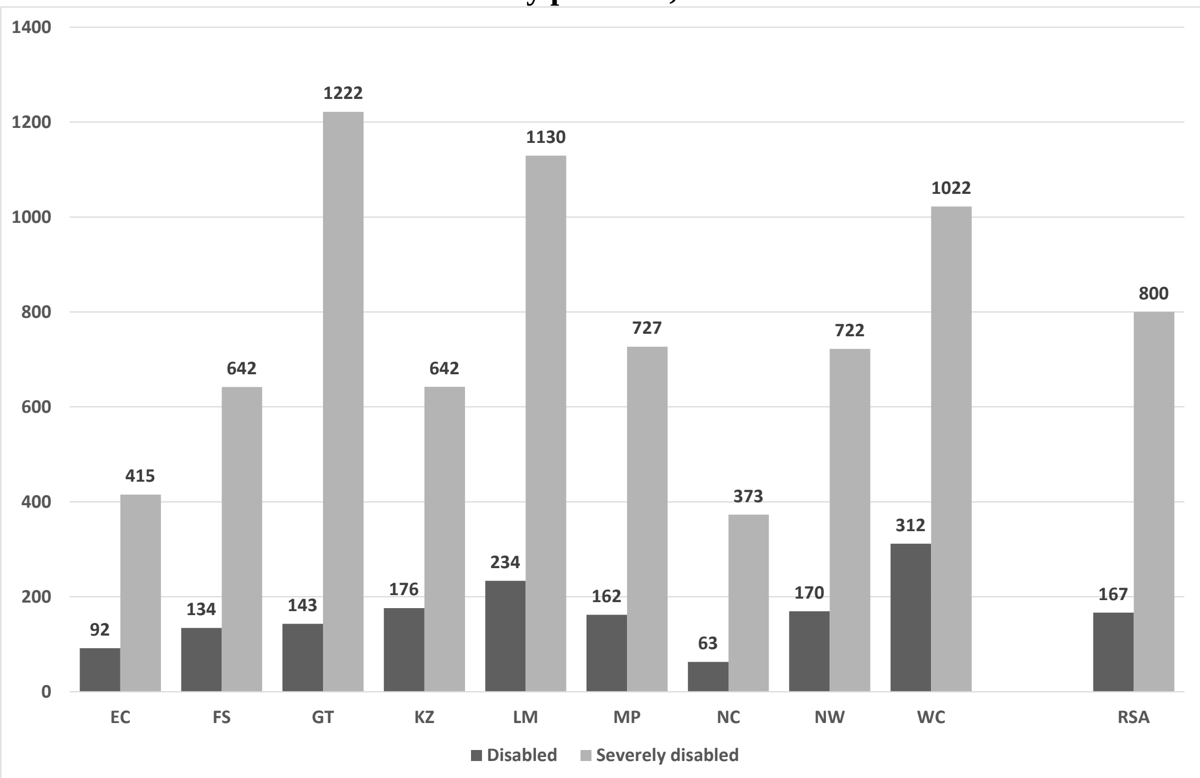
	2014/15	2015/16	2016/17	3-year average
EC	-11%	-2%	0%	-4%
FS	-7%	11%	-3%	0%
GT	8%	0%	0%	2%
KZ	-2%	-2%	-1%	-2%
LM	-3%	-5%	-1%	-3%
MP	13%	10%	0%	7%
NC	-72%	0%	0%	-35%
NW	-23%	-2%	0%	-9%
WC	-1%	3%	0%	1%
SA	-5%	1%	-1%	-1%

To assess allocations relative to need, Figure 10 compares the allocations per capita using the disabled and severely disabled population numbers reported in the General Household Survey 2013 for the age group 18 to 59 years. Children under 18 are excluded to avoid double-counting to the extent they are provided for under the children and families sub-programme, while those aged 60 years and above are excluded to avoid double-counting with the sub-programme for older persons. (However, as noted below, at least one province provides for frail care under this sub-programme.) The population estimates captured by the General

Household Survey will be an undercount because the survey does not cover institutions such as homes for the disabled. However, it is an overcount to the extent that the survey captures disabilities that might not require intervention from DSD. On a provincial basis, the proportion of the population aged 18-59 reported to have at least one disability ranges from 7% in Limpopo to 14% in Free State, with a mean of 9%. The proportion reported as having at least one severe disability ranges from 1% in Gauteng and Limpopo to 3% in Free State and North West, with a mean of 2% country-wide.

The figure shows the amount for all disabled of this age ranging from R63 per person in Northern Cape to R312 in Western Cape. When analysis is restricted to the severely disabled, the range is from R373 in Northern Cape to R1 222 in Gauteng. Limpopo, despite being one of the poorest provinces, ranks alongside the wealthier Gauteng and Western Cape as one of the best performers on this measure. The large increase seen above for Mpumalanga places this province as a medium performer on the per person measure.

Figure 10. Persons with disabilities allocation per disabled person aged 18-59 years by province, 2014/15



The share of the persons with disability sub-programme budget going to NPO transfers starts at a high of 80% in 2010/11, falls to 72% in 2012/13 and 2013/14, but is back up at 77% in 2014/15. However, it is predicted to fall to 73% by the end of the MTEF. Overall, NPOs clearly play a key role in service delivery in this area.

Table 27 shows the two performance indicators for persons with disabilities reported to National Treasury and in the annual report. We note already at this point that the number for Northern Cape seems unusually large, given the small size of the provincial population, when compared to those for other provinces. It seems that this province – and perhaps others – may be adding together the quarterly performance numbers to arrive at the annual total without considering whether in some cases – mainly in the case of residential facilities – the same individual may be counted in more than one quarter.

Table 27. Key performance indicators for persons with disabilities for 2014/15

EC	FS	GT	KZ	LM	MP	NC	NW	WC	SA
persons with disabilities in funded residential facilities									
1 022	587	1 965	1 001	294	668	3677	292	1 422	10 928
persons with disabilities accessing services in funded protective workshops									
528	844	3 940	2 016	1 807	2 095	2 198	325	2 394	16 147

Table 28 presents similar costing and budget comparisons for people with disabilities as presented above for older persons. The per beneficiary subsidy cost for residential care for disabled was estimated by KPMG at R4651,98 per month, reducing to R3 391,98 per month if we assume that the disability grant is used to cover part of the cost. The per beneficiary subsidy cost for protective workshops is R640,03. The combined costs, multiplied by 12 months, amount to more than the total disability sub-programme budget for five provinces. In Northern Cape, even the monthly amount is more than double the annual budget allocation. This provides further support for the suggestion above that Northern Cape (and some other provinces) may be double-counting beneficiaries across quarters. The final column suggests that apart from Northern Cape, other provinces provide these services for at most 7% of the severely disabled population aged 18 to 59 years. North West, where the KPMG costing amounts to only 35% of the budget, covers only 1% of the severely disabled through these two services, raising questions as to how the rest of the sub-programme budget is spent.

Table 28. KPMG costs compared with 2014/5 budget allocations for persons with disabilities using 2013 performance indicators (R'000)

	Residential	Workshops	Total	Budget	Cost as % of budget	Total persons	As % severely disabled
EC	3467	338	3805	31420	145%	1550	2%
FS	1991	540	2531	29126	104%	1431	3%
GT	6665	2522	9187	108912	101%	5905	7%
KZ	3394	1290	4684	81223	69%	3016	2%
LM	997	1157	2154	46232	56%	2101	5%
MP	2266	1341	3607	39333	110%	2763	5%
NC	12472	1407	13879	5216	3193%	5875	42%
NW	990	208	1198	41400	35%	617	1%
WC	4823	1532	6356	90149	85%	3816	4%

Limpopo reports budgeting R24 million for management of frail care services under this sub-programme. It is not clear if other provinces similarly cover these services under this sub-programme or if some do so under services for older persons.

HIV and AIDS

One expects the restructuring of the budget to have caused some reorganisation of the HIV and AIDS sub-programme as historically this sub-programme housed important services for children – in particular orphans and other children made vulnerable by HIV and AIDS (OVC). Indeed, Western Cape merged the HIV and AIDS sub-programme with the child care and protection sub-programme in 2012/13, reflecting the province's feeling that the sub-programme was essentially about child protection.

Nevertheless, it seems that some confusion remains as to where HIV and AIDS-related services begin and end. For example, the national estimates of expenditure (National Treasury, 2014a: 429) list objectives relating to psychosocial support for 1,9 million beneficiaries, training of 1 340 home- and community-based caregivers, and facilitation of 180 community conversations on HIV and AIDS in 2014/15.

The first of these two objectives could relate, at least in part, to Isibindi. Indeed, performance indicators for Isibindi are reported under HIV and AIDS in most, if not all, provinces. However, the allocations for child-targeted community-based services, such as Isibindi, should be housed in the new sub-programme created within the newly established children and families programme. The HIV and AIDS sub-programme would then presumably contain allocations primarily for services in respect of adults affected by HIV and AIDS. Yet comparison of the allocations for 2013/14 in the 2013 budget books and those in the 2014 budget books suggests that only two provinces – Limpopo and Mpumalanga – have shifted some part of the former HIV and AIDS sub-programme to elsewhere. In North West, the shift is evident for 2014/15, although not for the previous year. In all three of these provinces the HIV and AIDS directorate oversaw Isibindi during 2013/14, with responsibility shifted to the children's directorate for 2014/15 in Mpumalanga (and perhaps other provinces). In Gauteng and KwaZulu-Natal oversight for Isibindi also rests with the HIV and AIDS directorate, and the 2013/14 amount for HIV and AIDS has not changed with the restructuring.

Historically some provinces (such as Eastern Cape, KwaZulu-Natal and North West) received EPWP conditional grant money into this sub-programme, which they used to fund stipends for caregivers. The conditional grants are determined on an annual basis and can thus contribute to erratic trends in funding. As seen above, all provinces receive EPWP social sector incentive grants in 2014/15. However, it is only Gauteng that seems to allocate EPWP grant money to this sub-programme in this year.

Table 29 shows very little change in the share that HIV and AIDS constitutes of social welfare services for four of the provinces over the period. Gauteng has a sudden decrease in 2015/16 which is maintained into 2016/17. This could reflect the absence of the conditional grant for future years. KwaZulu-Natal and North West have similar decreases already in 2014/15. Limpopo, in contrast, has a substantial increase in 2014/15 that is maintained over the MTEF period. Despite the decrease, Gauteng's share remains much higher than those of other provinces. This may partly reflect the inclusion of staff salaries. From 2014/15 onwards, Limpopo's share is also unusually large. Both these provinces appear to be prioritising HIV and AIDS. In contrast, Eastern Cape consistently has the lowest share for this sub-programme.

Table 29. HIV and AIDS as share of social welfare services, 2013/14-2016/17

	2013/14	2014/15	2015/16	2016/17
EC	9%	11%	11%	11%
FS	19%	19%	19%	19%
GT	42%	43%	38%	38%
KZ	27%	23%	21%	22%
LM	19%	31%	30%	30%
MP	10%	10%	9%	9%
NC	21%	21%	21%	21%
NW	19%	15%	14%	15%
WC	0%	0%	0%	0%
SA	18%	19%	18%	18%

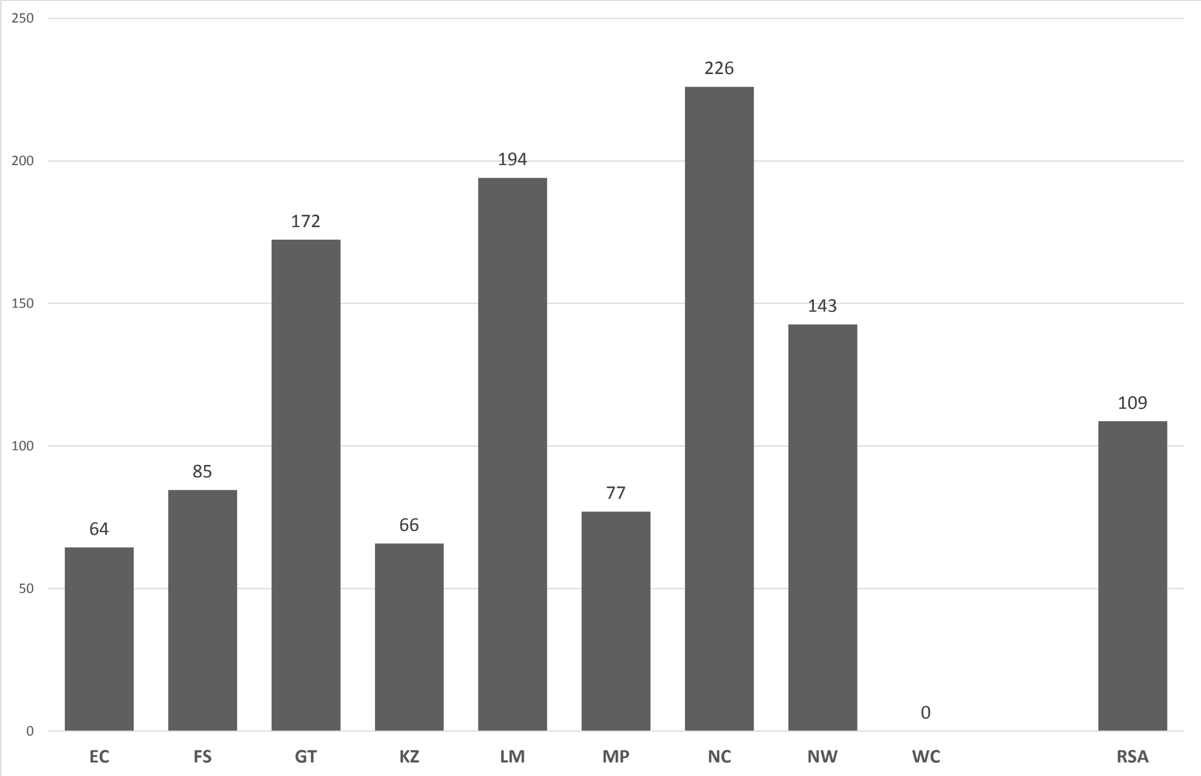
Table 30 shows that, unlike the previous sub-programmes, the allocations to HIV and AIDS decrease in real terms for all three years of the MTEF when all provinces are combined. Most provinces also have regular decreases. The only provinces which record any real increases are Gauteng (in 2014/15) and Mpumalanga (in 2016/17). North West explains that the decrease in 2014/15 reflects the discontinuation of an EPWP grant.

Table 30. Real changes in allocations to HIV and AIDS, 2013/14-2016/17

	2014/15	2015/16	2016/17	3-year average
EC	-4%	-5%	1%	-3%
FS	-1%	0%	-3%	-1%
GT	9%	-9%	0%	0%
KZ	-15%	-6%	0%	-7%
LM	-15%	-2%	-5%	-7%
MP	-8%	-5%	3%	-3%
NC	-39%	0%	0%	-15%
NW	-9%	-9%	0%	-6%
WC				
SA	-5%	-6%	-1%	-4%

Figure 11 shows the per capita allocation using the number of HIV-positive people derived from the provincial HIV prevalence rates found in the Human Sciences Research Council 2012 survey (Shisana et al, 2012: 57). The HIV and AIDS sub-programme does not target only HIV-positive people, but one can assume that the prevalence reflects the relative need for interventions. The figure shows Northern Cape as the frontrunner, followed by Limpopo and then Gauteng. Eastern Cape and KwaZulu-Natal have the smallest relative contributions – less than a third the size of Northern Cape.

Figure 11. HIV and AIDS allocation per HIV-positive person by province, 2014/15



While at the start of the period, in 2010/11, NPO transfers account for 90% of this sub-programme's budget, from 2013/14 onwards the share is 73% or less. The sharp fall-off starts in 2012/13.

As noted above, Isibindi performance indicators are reported under the HIV and AIDS budget sub-programme for most provinces, including those in which Isibindi is managed by the children's directorate. Table 31 gives the indicators which will appear in the annual reports. The first indicator, of beneficiary children, may include beneficiaries of other community-based services targeting OVC. The second indicator is Isibindi-specific, relating to child and youth care workers (CYCWs) trained. The zero performance recorded for Northern Cape on both indicators and for Western Cape on OVC beneficiaries could reflect the fact that Isibindi is managed by the children's directorate in these two provinces.

Table 31. HIV and AIDS performance indicators for 2013/14

EC	FS	GT	KZ	LM	MP	NC	NW	WC
OVC made vulnerable by HIV and AIDS receiving Psychosocial Support Services								
13 590	3 875	42 893	11 325	42 895	7 915	0	112 267	0
CYCW trainees in services training to deliver prevention and early intervention programmes through Isibindi model								
116	183	653	324	307	170	0	409	95

Mpumalanga reports funding 92 NPOs which provided services to 9 511 OVC during 2013/14. It is not clear if this includes Isibindi projects. The province also reports plans to reach 8 444 children through drop-in centres. As noted elsewhere, drop-in centres for children should be housed in the community-based services sub-programme according to the new budget structure.

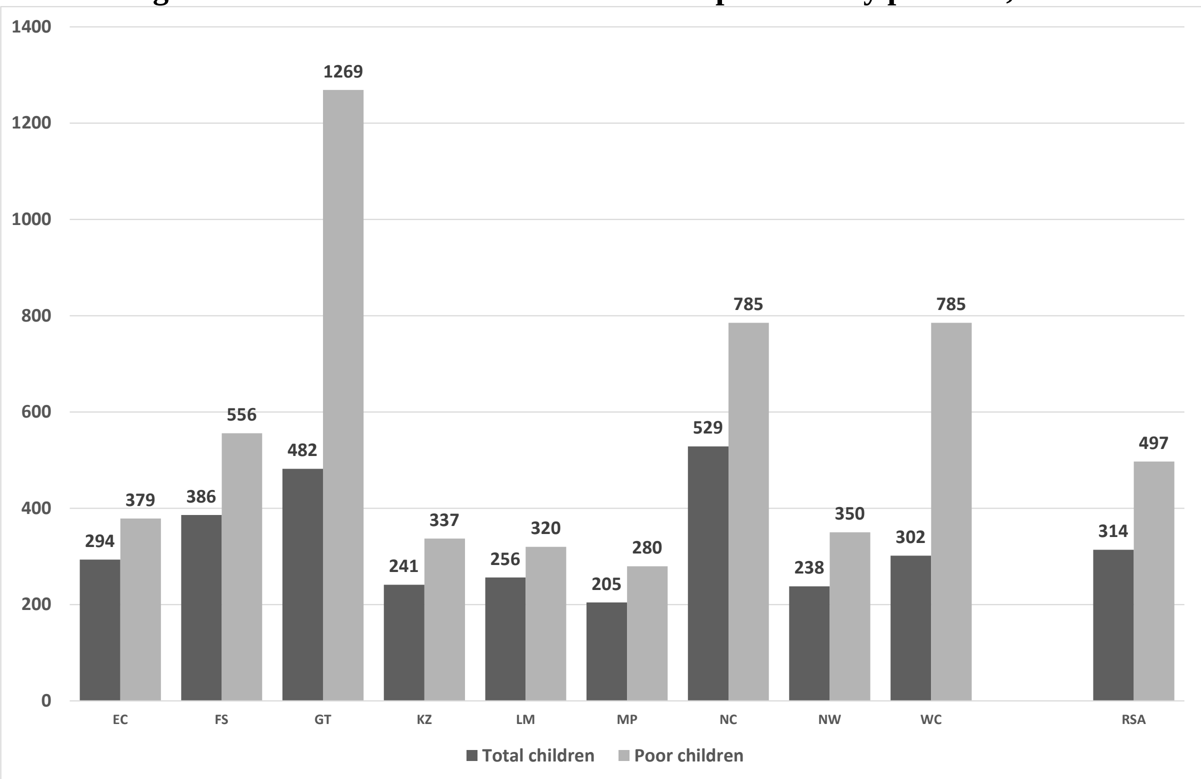
The children and families programme

This is a new programme in the budget structure. In the previous structure most allocations specifically for children were found in the child care and protection sub-programme. This was by far the biggest sub-programme in financial terms across all provinces. In addition, a very small care and support to families sub-programme provided for services such as marriage counselling as well as other forms of support to families. In the new structure ECD and partial care and child and youth care centres have been taken out of child care and protection into new sub-programmes, while the new community-based care services to children could include both allocations that previously were within child care and protection services and some that were under HIV and AIDS.

Figure 12 shows the per capita allocation per child for the programme as a whole using both the total child population per province and poor children. The total child population is based on the 2013 mid-year estimates. The estimate for poor children is derived by applying the provincial rates for child poverty using the upper-bound poverty line reported for the Living Conditions Survey of 2008/09 (Statistics South Africa, 2013b: 42) to the 2013 mid-year estimates.

For the measure using all children, Northern Cape has the highest allocation per child, at R529 per year, and Mpumalanga the lowest, at R205 – about two-fifths of the Northern Cape amount. For the measure using poor children, Gauteng has by far the highest amount, at R1 269 per annum, while Mpumalanga again has the lowest, at R280. The Mpumalanga amount is only 22% of the Gauteng amount. Indeed, even the second and third highest provinces, Northern Cape and Western Cape, have per child amounts that are less than two-thirds of the Gauteng amount.

Figure 12. Children and families allocation per child by province, 2014/15



In previous years the analysis of allocations in respect of Children's Act responsibilities (Budlender & Proudlock: 2013 and previous) compared the combined allocations for the child care and protection, families, and HIV and AIDS sub-programmes, plus some allowance for staff in provinces which did not include them in these sub-programmes, with the cost for the relevant year estimated by Cornerstone (Barberton et al, 2006). This year, we simply compare the allocation for the children and families programme to the final year of the Cornerstone costing, which is the appropriate year if we take 2009/10 as year 1. The allocation should include all relevant staff, including some administrative staff, at least for the latest years except in cases where provinces have not allocated staff correctly across the programmes of the new budget structure.

We take 2009/10 as the first year of implementation because, while the full Act only came into effect on 1 April 2010, the ambit of the Act was already known before this and some parts of the Act were in effect as from July 2007. The fact that the costing exercise covered six years means that we have comparisons only up until 2014/15. We can also only compare from Year 2, equivalent to 2010/11, because provinces were not asked to reorganise past years' budgets according to the new budget structure for years before this date.

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 then-current (2005) 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 existing service delivery based on 2005 levels. Further, as discussed in our previous reports, examination of the detailed data on which the IP scenarios were based reveals stark inequalities between provinces in then-current provision and highlights the fact that comparisons across provinces should be treated with great caution. For the FC scenarios, the costing team used other evidence to estimate how many children actually need services, using the best available sources of objective data.

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, we consider only the highest and lowest estimates, namely the IP low and FC high. We adjust the costing estimates for the inflation implied by the first year of implementation (Year 1) shifting from 2005 to 2009. For the IP scenario the Year 6 (2014/15) total across the provinces is R15 890,3 million, while for the FC scenario it is R93 568,8 million. In Year 2, the starting year for our analysis, the totals are R7 541,9 million and R49 227,0 million respectively.

Figure 13 compares the allocations for the children and families programme with the IP low cost estimates. For the country as a whole, the programme accounts for about 45% (i.e. less than half of this very unambitious estimate) of the IP low estimate in all years except 2012/3, when it is only 39%. The fact that the percentage recovered in 2013/14 is probably in large part due to the additions to the equitable share in that year but may also reflect changes in how and when provinces allocated items with the shift to the new budget structure. The percentage varies across provinces. Eastern Cape and Limpopo are the worst performers. By 2014/15 their allocations accounted for only 35% and 37% respectively of the estimated necessary resources. Gauteng, KwaZulu-Natal and North West emerge as the best performers over the period as a whole, but Northern Cape shoots to second place in 2014/15.

Figure 13. Children and families programme as percentage of IP low costing scenario, 2010/11-2014/15

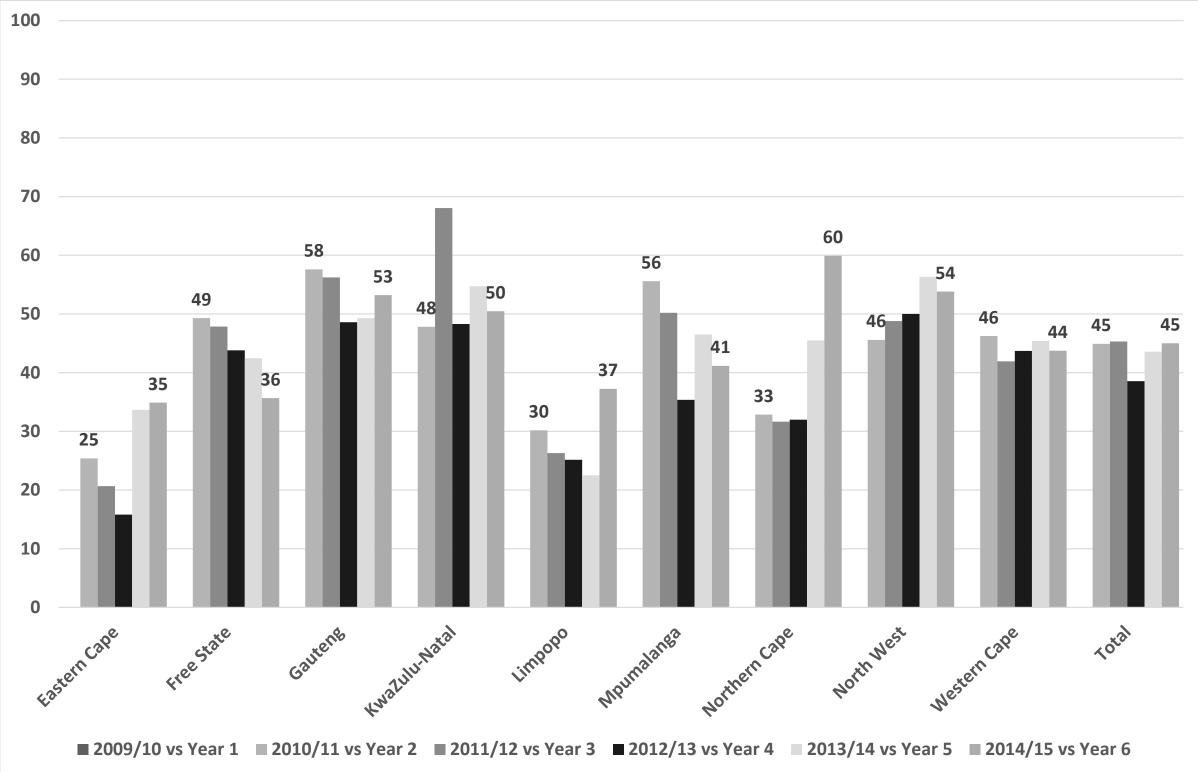
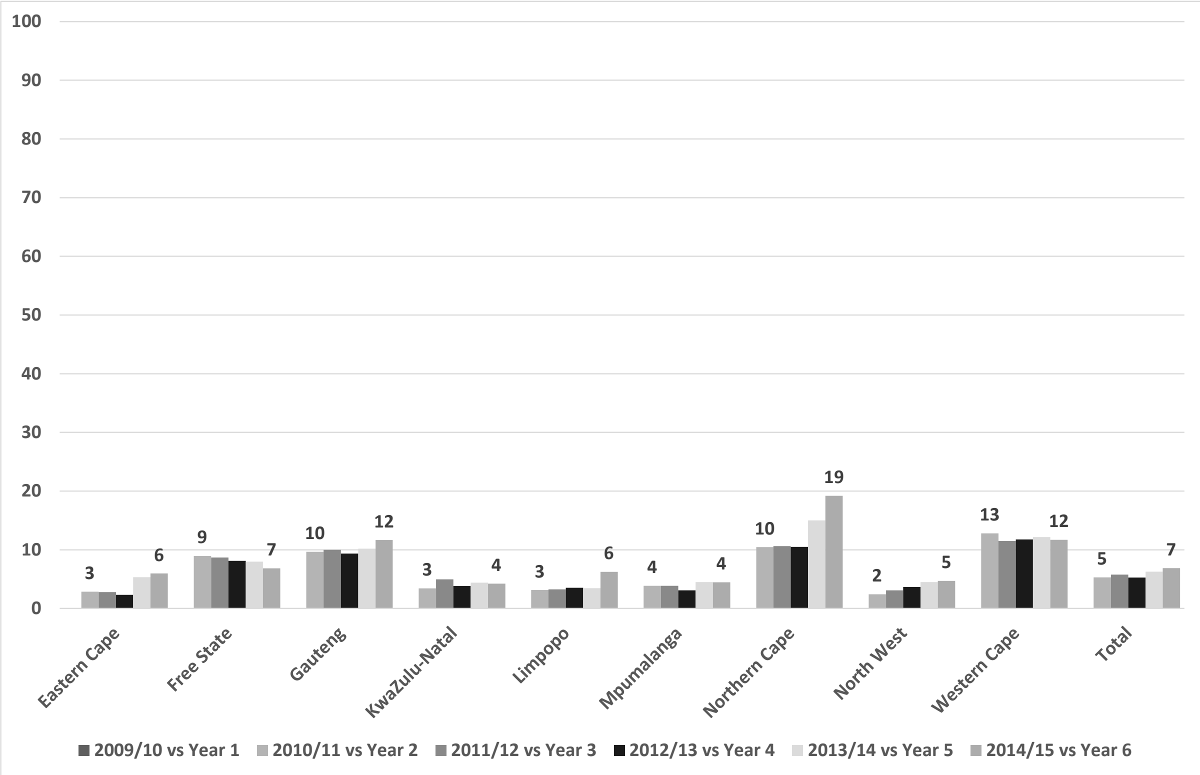


Figure 14 shows the comparison with the FC high cost estimates, with the scale of the graph kept the same as before to facilitate comparison with the IP graph and also to highlight the extremely small percentages of the estimated cost covered. All provinces combined amount to at most 7% of the costing estimate. There is a slight improvement in the percentage over the five-year period, but at that rate of improvement it will take several generations before children can access the services that they need.

Northern Cape is now more clearly the leader, but Western Cape emerges as second best alongside Gauteng. Western Cape's better performance on this measure probably reflects the fact that the IP low is based on what was available in 2005 in terms of services, and thus sets a higher IP bar for Western Cape as this was probably the best resourced province at that time in terms of welfare services. The FC high is, instead, based on what is "objectively" needed. The smaller relative gap in Western Cape between what was available in 2005 and what was needed results in the better relative performance. However, "better" is a relative word when Western Cape achieves only 12% in 2014/15, having slipped from 13% in some previous years. Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and North West are all more or less equally poor performers when measured against the FC high.

Figure 14. Children and families programme as percentage of FC high costing scenario, 2010/11-2014/15



Care and support to families

This sub-programme could play a key role in taking forward the focus of the Children's Act on prevention and early interventions. However, Table 32 reveals that four provinces – Eastern Cape, KwaZulu-Natal, Mpumalanga and Northern Cape – allocate 2% or less of the programme budget to this sub-programme. There is also no increase in the share of this sub-programme over the MTEF, and in fact a falling off when compared to 2013/14. North West starts with the highest percentage of all provinces going to this sub-programme, but the share falls steadily by one percentage point each year. By the end of the MTEF period North West lags Western Cape on this measure. Gauteng also starts with a high percentage but shows a steady decrease over the period.

Table 32. Care and support to families as share of children and families

	2013/14	2014/15	2015/16	2016/17
EC	1%	1%	1%	1%
FS	4%	5%	5%	6%
GT	8%	7%	6%	6%
KZ	1%	1%	1%	1%
LM	2%	3%	3%	3%
MP	1%	1%	1%	1%
NC	9%	2%	2%	2%
NW	10%	8%	7%	6%
WC	8%	8%	8%	7%
SA	5%	4%	4%	4%

Table 33 confirms a negative trend overall for this sub-programme. There should not be the same concern with misallocation in respect of this sub-programme as with others in the children and families programme as this is a pre-existing sub-programme. Nevertheless, there are some surprising patterns. The massive increase for Limpopo in 2014/15 is explained by an adjusted budget for 2013/14 that was substantially lower than the original allocation for that year (R4,5 million as opposed to R14,8 million). The 2014/15 amount is similar to the original allocation for 2013/14. North West has a similar explanation, but in the other direction, with an adjusted budget noticeably higher than the original for 2013/14 (R27,1 million as opposed to R20,9 million). Northern Cape's sharp decrease probably partly reflects, as for some sub-programmes discussed above, the province's having included salary amounts in 2013/14. Nevertheless, the 2014/15 amount is in nominal terms less than that for 2012/13. Eastern Cape's large increase in 2014/15 follows several years of lower allocations, and leaves the province with less in nominal terms in 2014/15 than it had for 2011/12. Overall, this sub-programme is cause for serious concern.

Table 33. Real annual percentage change in care and support to families

	2014/15	2015/16	2016/17	3-year average
EC	40%	-14%	-13%	2%
FS	8%	-4%	9%	4%
GT	-4%	-1%	0%	-2%
KZ	-3%	-2%	0%	-2%
LM	205%	-5%	13%	48%
MP	20%	-11%	-1%	2%
NC	-76%	0%	0%	-38%
NW	-13%	0%	0%	-5%
WC	0%	3%	-2%	0%
SA	-2%	-2%	0%	-1%

Transfers to NPO account for between 78% and 83% of the sub-programme budget throughout the period. For the MTEF period, the percentage is 81%.

Child care and protection

Table 34 shows very diverse patterns across the provinces for the child care and protection sub-programme. For the country as a whole, the child care and protection sub-programme accounts for about 30% over the MTEF period. The higher share recorded for 2013/14 is probably almost entirely due to some of the provinces not having reallocated relevant allocations to other sub-programmes for 2013/14. Limpopo is the most startling example, with the share falling from 98% in 2013/14 to 2% in 2014/15. In 2013/14 Limpopo recorded allocations only for child care and protection and the very small families sub-programme. In 2014/15 a very large proportion of the funds go to ECD with further funds going to child and youth care centres, leaving very little remaining in child care and protection. At the same time the total amount for the programme as a whole more than doubles, resulting in the tiny 2%. In Northern Cape, it seems that the bulk of the funds for child and youth care centres are recorded under child care and protection in 2013/14, with a drop in this sub-programme when they are correctly allocated in 2014/15. In North West, similarly, it seems that part of the allocations for child and youth care centres and ECD were only shifted to the correct sub-programme in 2014/15.

If we focus on the MTEF years, Eastern Cape has over two-thirds of the programme budget going to child care and protection throughout the period, while Northern Cape and Limpopo both have minimal amounts. KwaZulu-Natal's share for this sub-programme is also below average, but increases over the period. Free State's share for this programme also shows a steady increase over the MTEF if one ignores the 2013/14 pattern.

Table 34. Child care and protection as share of children and families, 2013/14-2016/17

	2013/14	2014/15	2015/16	2016/17
EC	63%	67%	69%	68%
FS	39%	34%	36%	37%
GT	24%	26%	30%	30%
KZ	33%	22%	23%	27%
LM	98%	2%	2%	2%
MP	24%	19%	19%	19%
NC	27%	5%	5%	5%
NW	47%	30%	32%	36%
WC	29%	30%	30%	31%
SA	38%	28%	30%	31%

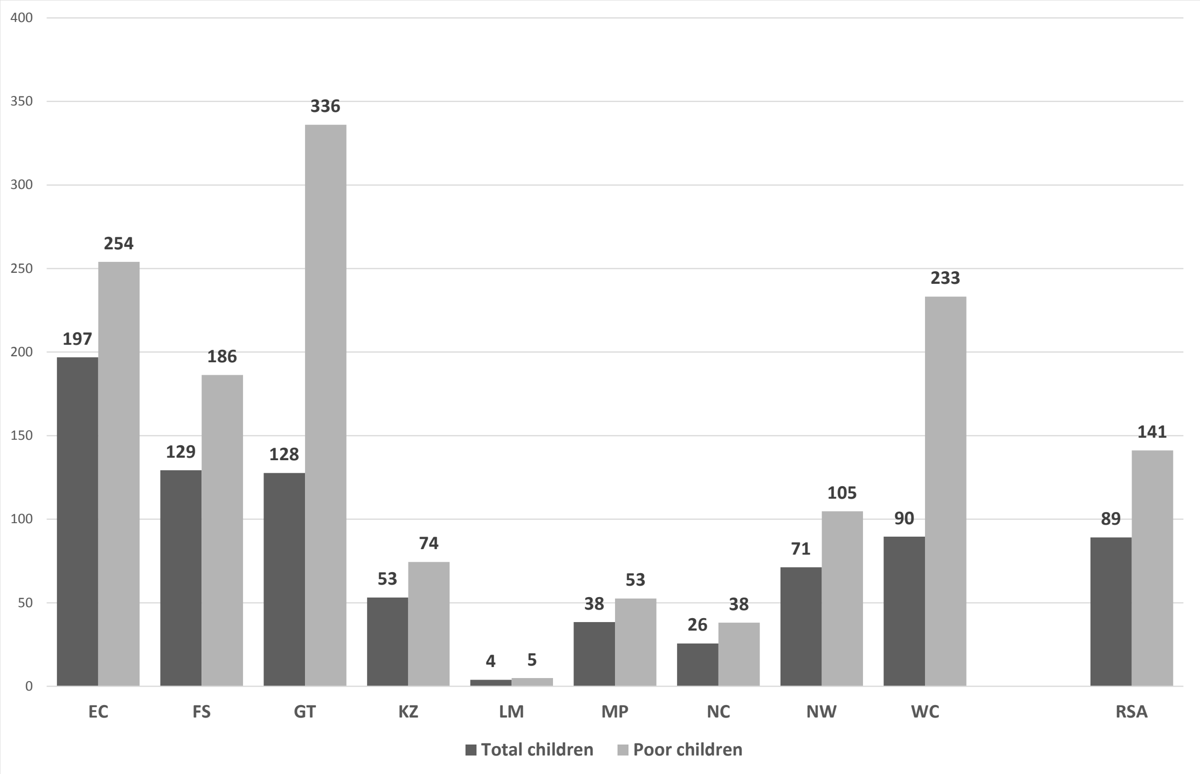
The large real decrease recorded for 2014/15 in Table 35 is attributable to the failure, described above, of several provinces to record allocations correctly in 2013/14. If we focus on the remaining two years of the MTEF, the picture is more favourable with a 9% real increase in 2015/16 followed by a 5% real increase in 2016/17 for the country as a whole. These large increases are partly attributable to substantial increases in Gauteng for 2015/16 and North West for both years of the MTEF. Mpumalanga is worrying with a 7% real decrease in 2015/16. Eastern Cape's apparent increase in 2014/15 hides a 24% nominal decrease in goods and services reflecting the falling away of the once-off amount received in the 2013/14 adjustment budget to deal with the foster care backlog.

Table 35. Real annual percentage change in child care and protection

	2014/15	2015/16	2016/17	3-year average
EC	26%	1%	1%	9%
FS	-23%	6%	-2%	-7%
GT	37%	25%	0%	20%
KZ	-32%	-1%	22%	-6%
LM	-97%	0%	9%	-68%
MP	-19%	-7%	1%	-8%
NC	-75%	0%	0%	-37%
NW	-30%	25%	26%	3%
WC	5%	5%	4%	5%
SA	-14%	9%	5%	0%

Figure 15 presents similar per child analysis as shown above for the children and families programme as a whole, but this time for the child care and protection sub-programme. Gauteng remains as the best performer when analysis is restricted to poor children. Following quite far behind are Eastern Cape and Western Cape. Eastern Cape is the best performer when all children are considered rather than only poor children. Gauteng drops to third place on this measure and Western Cape to fourth place. Limpopo is by far the worst performer, with only R4-5 allocated per child whether calculating for all children or only for poor children. Northern Cape is also a poor performer for this sub-programme.

Figure 15. Child care and protection allocation per child by province, 2014/15



The share of this sub-programme's allocation provided for NPO transfers falls from 43-45% between 2010/11 to 2012/13 to 36% in 2013/14 (revised budget), and then from 24% in 2014/15 to 22% in 2015/16 and 21% in 2016/17. While the amounts for the earlier years might be unreliable because of the shift to the new programme structure (with the NPO-dominated child and youth care centre and ECD activities removed from the sub-programme), the pattern suggests a steady shift away from NPO funding which continues over the MTEF period. The shift could reflect, at least in part, the fact that government salaries increase faster than other items in government budgets. However, if it signals a shift to government service delivery rather than delivery by NPOs, it suggests a move away from a "cheaper" to a more costly approach.

ECD and partial care

This is a new sub-programme, separated out from child care and protection. ECD has been prioritised at a national level for many years now, and is prioritised within the National Development Plan. The focus has encompassed both Grade R within the education sector and provision for younger children with support from DSD. The prioritisation has been supported materially through several rounds of additions to the equitable share. Further, one of national DSD's small set of selected performance indicators relates to the number of registered ECD centres captured on the national database. The target for 2014/15 is 95%, or 18 901. Although the provincial sub-programme's name includes partial care, it is likely that the overwhelming bulk of the resources are used for ECD.

Table 36 shows the sub-programme accounting, at the national level, for about the same share of the children and families programme as child care and protection. If we exclude 2013/14 where – as seen above – full reallocation to the new structure was not done by all provinces, the table shows a slow decline in the share of this sub-programme for the country as a whole and also for most provinces. Limpopo and Free State have sharper decreases than other provinces, while Mpumalanga shows a slight increase in the share. Even before the increase, Mpumalanga gives this sub-programme a noticeably higher percentage of the programme budget than other provinces. Eastern Cape, Gauteng, KwaZulu-Natal and North West have shares that are on the low side when compared to others, but even in these provinces the sub-programme accounts for more than a fifth of the programme budget throughout the period.

Table 36. ECD and partial care as share of children and families, 2013/14-2016/17

	2013/14	2014/15	2015/16	2016/17
EC	27%	23%	21%	22%
FS	47%	52%	50%	49%
GT	22%	23%	21%	20%
KZ	22%	22%	22%	21%
LM	0%	41%	37%	36%
MP	61%	65%	65%	66%
NC	48%	35%	34%	34%
NW	25%	27%	26%	24%
WC	47%	45%	44%	44%
SA	29%	32%	30%	29%

Table 37 confirms a decrease in the real value of the allocations for ECD and partial care over the MTEF if one excludes 2014/15 on account of the misallocations in 2013/14. The decrease is particularly marked in 2015/16. 2014/15 is the last year of the most recent addition to the equitable share for ECD and Isibindi, and the pattern below suggests that provinces are not planning, as desired by national when making these additions, to maintain the higher levels allowed by the additions to the equitable share. All provinces except the relatively wealthy Gauteng and Western Cape record either a real decrease in 2015/16 or, in the case of Northern Cape, no change after a real decrease already in 2014/15.

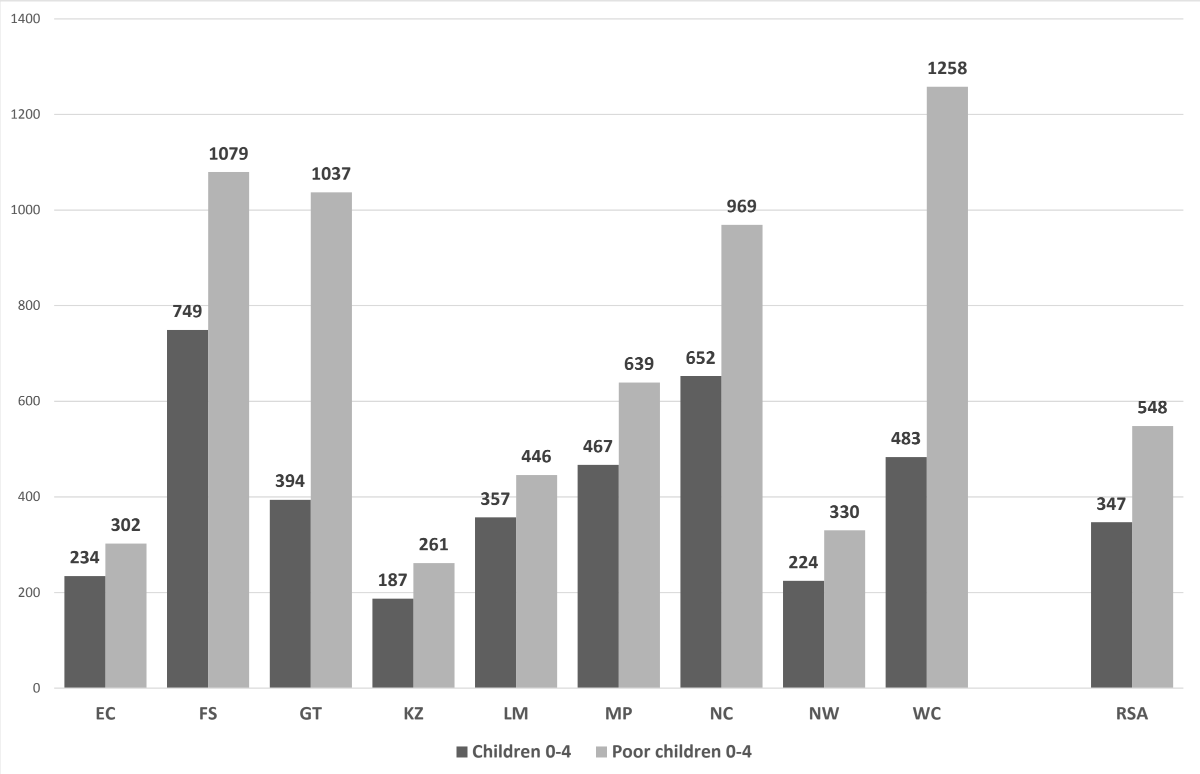
Table 37. Real annual percentage change in ECD and partial care

	2014/15	2015/16	2016/17	3-year average
EC	2%	-12%	8%	-1%
FS	0%	-6%	-5%	-4%
GT	29%	2%	-4%	8%
KZ	1%	-4%	0%	-1%
LM	-	-19%	-3%	-
MP	11%	-6%	1%	2%
NC	-2%	0%	0%	-1%
NW	23%	13%	2%	12%
WC	-1%	2%	-1%	0%
SA	24%	-4%	-1%	6%

Figure 16 shows the per capita allocations derived using the 2013 mid-year population estimates for children aged 0-4 years. Two measures are shown for each province – one for all children of this age, and one for the number estimated to be poor using the results of the Living Conditions Survey. The poor child measure is probably the more appropriate one as the per child per day centre subsidy which accounts for a large proportion of this sub-programme's funds is meant to be targeted at centres serving poor children.

If all children are considered, Free State leads on this measure, with KwaZulu-Natal, North West and Eastern Cape as the worst performers. When only poor children are considered, Western Cape is the top performer, but Free State is second, with Gauteng a close third. The same three provinces bring up the rear.

Figure 16. ECD and partial care allocation per child aged 0-4 years by province, 2014/15



Examination of the data relating to NPO transfers show these accounting for 98% of the combined allocations for this sub-programme up until and including 2013/14. With the establishment of the new sub-programme, the NPO share falls to 95% for the MTEF years. It is not clear if this simply reflects correct allocation of staff who previously were working on this area but were not allocated to the sub-programme in retro-fitting to the new budget structure or if there are also now additional staff, perhaps for monitoring and evaluation and related purposes.

ECD is not covered in the final KPMG costing for the NAWONGO case as Free State DSD suggests ringfencing (and according first priority to) this NPO funding rather than including it in the prioritisation exercise covering all other welfare services. Table 38 therefore uses the standard R15 per child per day subsidy and the norm of 264 funded days per year (or R330 per month) to compare with the actual allocations. Worth noting is that Free State only reaches the R15 subsidy level in 2014/15, while Eastern Cape will still fund only 220 days per year in 2014/15 rather than the norm of 264. (Gauteng's report of increased subsidies for ECD suggests that this province also only reaches R15 in 2014/15 or, alternatively, is funding above the standard level.) Western Cape notes that the financial support provided through the R15 per child per day does not allow all centres to comply with legislated health and safety norms and standards.

The standard performance indicator reported to National Treasury relates to children in registered ECD centres rather than to children who are in funded centres. All funded centres must be registered, but not all registered centres are funded, so this indicator is not useful for our purposes. Instead we use the number of children in funded centres recorded in the National Treasury chapter on social development in the Provincial Budget and Expenditure Review. The table shows that the allocated budget would be insufficient to cover all children in funded centres in six of the nine provinces. Gauteng, in contrast, appears to be have a budget that is nearly double the amount needed for subsidising the 404 090 children in funded centres. Despite the budget not covering all children in funded centres, the children in these centres account for less than a quarter of the poor children aged 0-4 years in all provinces except Free State and Western Cape.

Table 38. Needed funds compared with 2014/5 budget allocations for ECD using 2013 performance indicators (R'000)

	Monthly cost	Budget	Cost as % of budget	Children in funded centres	As % poor 0-4
EC	11 753	174 784	81%	35 615	6%
FS	21 287	185 811	137%	64 505	37%
GT	18 397	404 090	55%	55 748	14%
KZ	24 824	219 108	136%	75 225	9%
LM	21 942	227 000	116%	66 491	13%
MP	13 379	207 688	77%	40 541	12%
NC	6 128	76 030	97%	18 569	24%
NW	6 290	83 569	90%	19 060	8%
WC	19 634	257 000	92%	59 498	29%

Virtually all provinces report indicators such as the number of children reached and number of centres registered and funded in their budget books (although the numbers are not necessarily consistent with those reported to National Treasury or with those recorded in the Provincial Budget and Expenditure Review). However, relatively little is reported about this programme beyond that.

A few provinces report on provision other than centre-based. For example, Eastern Cape reports support for eight non-centre-based ECD programmes benefiting 240 children. Free State – despite not apparently budgeting sufficient funds to cover the children in funded centres – reports the establishment of ECD mobile units to service outlying areas, with such units established in three areas, and serving 360 children, by end 2013/14. For 2014/15 a further two mobile units are planned. Eastern Cape also reports in its narrative that special day care centres have been shifted from the sub-programme services to persons with disabilities. One assumes that the shift is into the ECD and partial care sub-programme as special day care is a form of partial care.

Several provinces report on construction related to ECD centres. Free State reports receiving R5 million for this purpose, to be used for construction of centres in Viljoenskroon and

Virginia; Gauteng reports delays – due to problems in tender processes – in construction of 4 ECD centres planned for 2013/14. Western Cape reports provision of 120 educational toy kits to sites with registered programmes.

In 2013 Northern Cape reported funding of ECD practitioners with a level four qualification on the National Qualification Framework at the EPWP rate. This unusual practice occurs alongside the standard funding of ECD centres. In 2014 the province reports a reduction in the number of ECD practitioners funded compared with 2013/14 as a result of some of the practitioners achieving level five on the National Qualification Framework and being employed by the Department of Education as Grade R teachers. While this results in improved salaries and conditions for the teachers concerned, it depletes the ECD level of skilled practitioners.

Child and youth care centres

Table 39 shows the child and youth care centre sub-programme having a more or less consistent share of the programme budget over the period 2013/14 to 2016/17 for the country as a whole. The slightly lower share for 2013/14 is explained by some provinces – Limpopo, Mpumalanga and North West – seemingly not having fully reallocated the funds for these centres in terms of the new budget structure as the centres were previously funded out of the child care and protection sub-programme. Limpopo did not reallocate at all for 2013/14. It may also be that some provinces have only in 2014/15 allocated budget for the reform schools and schools of industry that were meant to be transferred from provincial departments of education to DSD in April 2012. Excluding 2013/14, the share for a particular province remains fairly constant except in the case of Gauteng.

Gauteng and North West (from 2014/15) allocate a far higher share of their budgets to this sub-programme than other provinces, although the sub-programme's share falls in Gauteng over the period. Gauteng's higher percentage may be partly explained by the inclusion of staff salaries in relevant sub-programmes, but the share is also much larger than for Free State, which also includes salaries. Western Cape and Northern Cape have the next highest shares, perhaps indicating the historical legacy of better provision of facilities in these provinces during the apartheid years. Mpumalanga is the province which places least priority on this sub-programme.

Table 39. Child and youth care centres as share of children and families, 2013/14-2016/17

	2013/14	2014/15	2015/16	2016/17
EC	8%	7%	7%	7%
FS	6%	6%	6%	6%
GT	29%	28%	24%	24%
KZ	8%	7%	7%	7%
LM	0%	7%	7%	7%
MP	5%	5%	5%	5%
NC	8%	14%	14%	14%
NW	17%	28%	26%	28%
WC	15%	16%	17%	16%
SA	14%	15%	15%	15%

Differing subsidy amounts for the various provinces may explain some of the patterns seen above, but cannot explain the low percentage in Mpumalanga as information collected by Child Welfare in 2013 showed the monthly subsidy per child ranging from R1 100 in Western Cape (where the sub-programme budget share is high) to R2 400 in Mpumalanga (where the share is lowest).[11]

Table 40 shows a substantial increase in the real value of the allocations for this sub-programme in 2014/15, followed by much smaller changes for the two outer years of the MTEF. The large increase is explained, at least in part, by several provinces only fully allocating the funds according to the new budget structure in 2014/15. The 17% real increase in Gauteng cannot be explained in this way. North West records further large real increases for 2015/16 and 2016/17. Again, these cannot be explained by the new budget structure. Free State shows relatively large real decreases for each of the three years. This is especially worrying given that the NPOs involved in the NAWONGO court case manage – and are reliant on government funding for – established child and youth care centres (CYCCs) in the province.

Table 40. Real annual percentage change in child and youth care centres

	2014/15	2015/16	2016/17	3-year average
EC	4%	-2%	2%	1%
FS	-7%	-5%	-5%	-6%
GT	17%	-3%	1%	5%
KZ	-3%	-4%	0%	-2%
LM		-3%	-2%	
MP	0%	0%	0%	0%
NC	132%	0%	0%	33%
NW	76%	11%	19%	32%
WC	9%	6%	-3%	4%
SA	23%	-1%	2%	8%

Transfers to NPOs accounted for 60% or more of this sub-programme's budget between 2010/11 and 2013/14, but the percentage drops to just over 50% for the MTEF period. The face that the decrease happens only in 2014/15 reduces the likelihood that it can be explained away by DSD becoming responsible for reform schools and schools of industry, which are usually managed by government rather than by NPOs.

Table 41 presents the cost comparison for children's homes. It implicitly assumes that all CYCCs are NPO-run children's homes whereas, in reality, some of the centres are government-run – including the reform schools and schools of industry – at a much higher per beneficiary cost. In particular, reform schools and schools of industry are likely to be government-run. (Secure care centres, which are also CYCCs and likely to be government-run or outsourced to for-profit companies, probably fall under the crime prevention sub-programme rather than this one.)

The comparison uses the KPMG estimate of R5 178,56 per child per month. For five provinces the needed funds are more than the total allocated budget for this sub-programme. The extreme degree of under-budgeting recorded for Limpopo almost certainly reflects the

[11] Information provided by Saras Desai.

surprising number recorded for number of beneficiaries. The number is about ten times the size of the number of beneficiaries reported in any of the four quarters of 2013 and thus almost certainly an error. At the other end of the scale, the very low percentage of the budget needed in Free State is at first surprising. The likely explanation is that this province interpreted the indicator – phrased as "number of children in need of care and protection placed in child and youth care centres" – very literally (and perhaps correctly!) as the number of children newly placed during the year.

Table 41. KPMG costs compared with 2014/15 budget allocations for child and youth care centres using 2013 performance indicators (R'000)

	Beneficiaries	Monthly cost	Budget	% of total
EC	2 403	12444	50 478	296%
FS	59	306	23 027	16%
GT	4 840	25 064	485 707	62%
KZ	3 660	18 954	72 236	315%
LM	10 011	51 843	36 599	1700%
MP	889	4 604	14 691	376%
NC	433	2 242	30 369	89%
NW	2 431	12 589	84 675	178%
WC	724	3 749	92 200	49%

Several provinces refer to the subsidies paid to CYCCs. Eastern Cape notes that the subsidy rate for shelters has been increased so as to remove the disparity between funding of children's homes and shelters. Western Cape reports an (unspecified) increase in funding levels for CYCCs as well as drop-in centres. North West explicitly discusses drop-in centres under this sub-programme, suggesting that this and perhaps other provinces fund drop-in centres here. If this is the case, it is questionable because CYCCs provide for court-ordered placements and are a "must provide" service, whereas attendance at drop-in centres is voluntary and they represent more of a prevention and early intervention service. Drop-in centres should instead be located in the new community-based services sub-programme. Mpumalanga notes plans to register an additional nine CYCCs during 2014/15. Because the Children's Act requires that CYCCs "must" be funded, the province will need to provide additional funding to cover the newly registered centres.

As noted above, reform schools and schools of industry were meant to be transferred from the provincial departments of education to the departments of social development by 1 April 2012 at the latest. Reform schools are CYCCs that provide an alternative sentencing option for child offenders. Section 76 of the Child Justice Act refers to these schools as a form of "compulsory residence". In 2012 there were six reform schools in South Africa - Ethokomala (Mpumalanga), Eureka (Western Cape), part of Gali Tembani (Eastern Cape), Kraaifontein (Western Cape), Newcastle (KwaZulu-Natal) and Bhisho CYCC (Eastern Cape). Schools of industry, in contrast, are intended for housing of children in need of care and protection due to serious behaviour, psychological or emotional challenges. According to the 2010 audit commissioned by the national department of basic education, there were 15 such CYCCS in the country.

Two provinces refer to the schools in their narratives. Free State reports that the transitional arrangements for the conversion and transformation of Jimmie Roos and Rosenhof "public special schools" into CYCCs were still in place. The department of education seconded two social workers to DSD, but the schools still do not meet the structural requirements for registration as CYCCs. Gauteng reports that priority will be given to filling "critical" posts in the province's schools of industry during the 2014/15 so as to conform with norms and standards for CYCCs. Other provinces do not seem to discuss the schools.

Community-based services for children

This is a new sub-programme which, as noted above, should include budget amounts previously located in both the child care and protection and HIV and AIDS sub-programmes in respect of Isibindi, as well as funds for drop-in centres. However, although all of the provinces have had Isibindi programmes operative since at least 2013/14, three of the provinces – KwaZulu-Natal, Limpopo and North West – record amounts for this sub-programme only for the MTEF period. Western Cape does not record amounts for the sub-programme even for the MTEF years.

Table 42 shows this sub-programme accounting for an average of 8-9% of the children and families programme budget for the MTEF years. The percentage is far higher in Gauteng than in other provinces. By the end of the period, the share in Gauteng is more than double that for Mpumalanga, the province that stands second in prioritising this area of work. Eastern Cape, Free State and North West allocate only very small shares of the programme budget to community-based services. There does not seem to be any pattern in terms of relative prioritisation by wealthier and poorer provinces, by more urban and more rural provinces, or by more or less densely settled provinces.

Table 42. Community-based services as share of children and families, 2013/14-2016/17

	2013/14	2014/15	2015/16	2016/17
EC	2%	2%	2%	2%
FS	4%	3%	3%	3%
GT	17%	16%	19%	19%
KZ	0%	10%	7%	8%
LM	0%	5%	6%	6%
MP	9%	9%	9%	9%
NC	8%	7%	7%	7%
NW	0%	2%	2%	0%
WC	0%	0%	0%	0%
SA	6%	8%	9%	9%

Table 43 shows very varying patterns across provinces in terms of real changes in budgets. The large increase in 2014/15 is influenced by three provinces only starting to fund in this year. Northern Cape also explains that its increase (35% in nominal terms) reflects an increase in the stipends paid to community "volunteers" in line with the EPWP minimum, suggesting that the province may use its conditional grant in this sub-programme. The further large increase in 2015/16 results from Gauteng's increasing prioritisation of this area. The large decrease for KwaZulu-Natal and smaller decreases in other provinces have limited impact on the percentage change for the country as a whole because Gauteng's allocation dwarfs those of others in absolute terms. Three provinces have an increase in 2015/16 and a decrease in 2016/17, or vice vesa – a pattern that is worrying in terms of what it means for sustainability of community-based services.

Table 43. Real annual percentage change in community-based services

	2014/15	2015/16	2016/17	3-year average
EC	17%	-6%	7%	5%
FS	-19%	-5%	-5%	-10%
GT	15%	36%	1%	16%
KZ		-31%	15%	
LM		-5%	1%	
MP	12%	-5%	-5%	0%
NC	28%	0%	0%	8%
NW		0%	-100%	
WC				
SA	59%	13%	2%	22%

NPO transfers account for 98% or more of this sub-programme's budget over the full period. The services are thus heavily dependent on NPOs.

The majority of provinces refer to the Isibindi programme in their narratives even if they do not fund the programme through the community-based services sub-programme. The Isibindi model provides for the delivery of community-based child and youth care services by trained and qualified child and youth care workers (CYCWs). The model was developed by the National Association of Child Care Workers (NACCW) in 2001 and has been implemented on a social franchise basis over subsequent years. The approach was termed a franchise because partner organisations implemented the model developed by NACCW with NACCW playing a facilitation and quality assurance role.

In mid-2011 the Minister of Social Development recognised the potential of Isibindi to contribute to both children's well-being and skills development and employment targeted primarily at young women in rural areas. In her budget speech in May 2014 she committed to supporting roll-out of the model over a five-year period and the programme is discussed within the National Development Plan. By the end of the roll-out period the aim is to have 10 000 CYCWs trained and deployed across 400 project sites country-wide, providing services to 1,4 million children in need of care and protection. Each of the provinces would be responsible the costs of implementing partners in their districts, as well as funding NACCW to provide training and mentoring of the trainee and qualified CYCWs.

Eastern Cape reports that it will continue to fund its 11 Isibindi projects in 2013/14. These projects have, in fact, all been operative in the province since before the government roll-out but have seen expansion in terms of number of child and youth care workers and children reached.

Free State provides a detailed description of the rollout during the 2013/14 financial year, noting selection of community-based organisations as implementing partners, an official launch, selection and screening against the child protection register of trainee child and youth care workers, initiation of training, and establishment of 12 sites, one of which has a safe park. The province reports that 2014/15 will see establishment of two additional sites. A constant (in nominal terms) amount of R11,5 million has been allocated for each of the three years of the MTEF. This raises a question as to how inflation will be dealt with, as well as the higher remuneration required for CYCWs once qualified.

Gauteng reports plans to train and deploy more than 200 CYCWs over the three years of the MTEF, and to establish new safe parks. The province notes that the initiative forms part of government's job creation "drive", with special emphasis on youth.

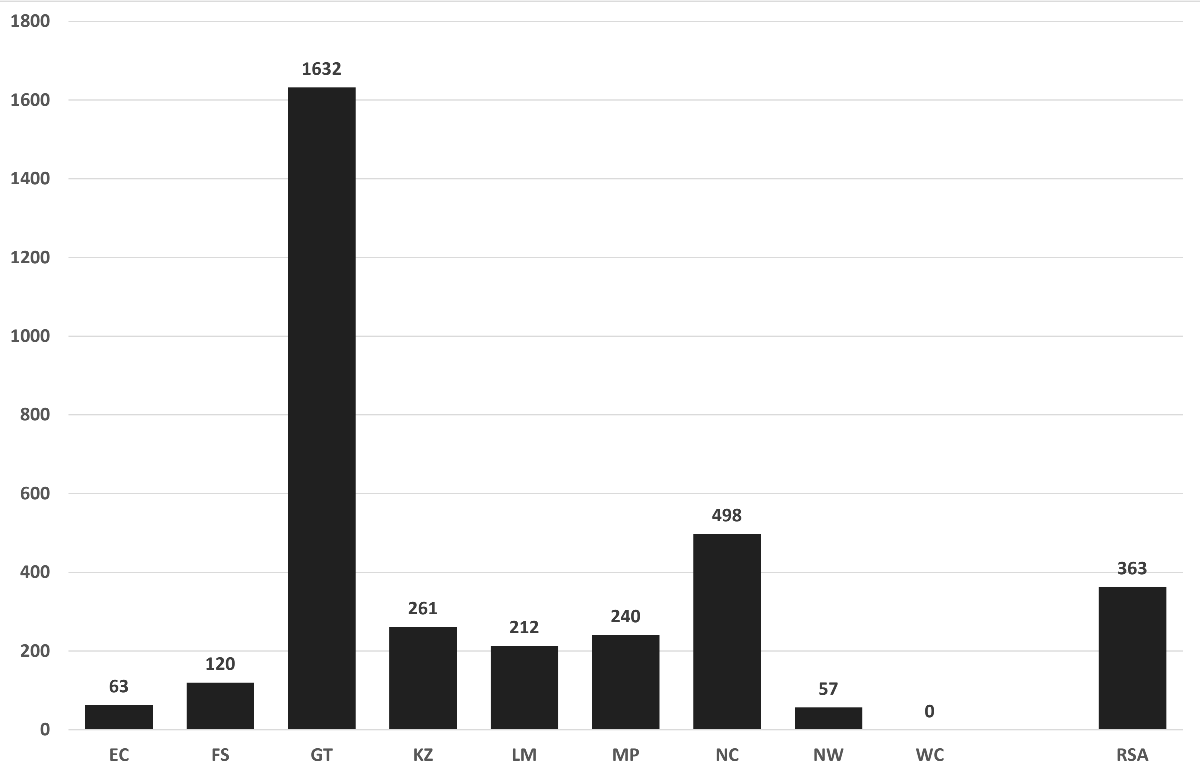
For 2013/14 KwaZulu-Natal reports only that the implementation model for Isibindi was approved although, in reality, many existing sites were funded. In 2014/15, the province plans to roll out the model, creating an additional 39 sites. An additional R31 million is allocated for the roll-out in 2014/15, representing funds "suspended" from 2013/14 as the department had not used them as planned for roll-out during that financial year. For 2013/14 Isibindi is discussed under the HIV and AIDS sub-programme but the budget book notes that functions under HIV and AIDS have been shifted to community-based services for 2014/15. As noted above, KwaZulu-Natal reports that an EPWP grant will be used for payment of community caregivers and seems to suggest that these payments have, since 2013/14, been made directly to the caregivers i.e. that these workers are on the government payroll. However, elsewhere the province explains that the increase in the children's programme in 2014/15 reflects, in part, the introduction of transfers – rather than direct payments – related to community-based care services for children.

Limpopo states only that it has allocated R16 million for training of "carers to support orphans and vulnerable children", presumably referring to Isibindi child and youth care workers. Mpumalanga has plans to fund 17 organisations to implement Isibindi during 2014/15, reaching 2 200 orphans and vulnerable children through psychosocial services.

Isibindi was initially conceived as an intervention in respect of orphans and other vulnerable children affected by HIV and AIDS. It was subsequently recognised that the programme could serve as a prevention and early intervention child protection initiative in respect of vulnerable children more generally, in line with the Children's Act. Per capita allocations per maternal orphans can nevertheless serve as a crude indicator of relative adequacy of provision across provinces.

Figure 17 presents this comparison, using maternal orphan estimates for children under 18 years derived from the general household survey of 2013. The graph shows provision in Gauteng dwarfing provision in all other provinces. Gauteng's per capita allocation is more than three times the size of that of Northern Cape, which is the next most "generous" province in this respect. It is more than six times the size of the allocation in all other provinces. The comparison is misleading to the extent that not all provinces put their Isibindi allocations in this sub-programme (although they are meant to do so), that some provinces include other activities in this sub-programme, and that Isibindi does not target only maternal orphans.

Figure 17. Per capita allocation for community-based care services for maternal orphans, 2014/15



Some provinces discuss activities other than Isibindi within the community-based services sub-programme.

Northern Cape observes that this sub-programme provides for both Isibindi and Isolabantwana and Mpumalanga refers to 88 drop-in centres that will be funded through this sub-programme in 2014/15.

North West reports an allocation of R5,4 million in 2014/15 and R5,7 million in 2015/16 (but nothing in 2016/17) for children living and working on the streets, and makes no mention of Isibindi. As noted above, North West does not seem to be allocating funds for Isibindi within the community-based services sub-programme as the sub-programme includes no NPO transfers.

The restorative services programme

All the sub-programmes in the restorative services programme existed previously under social welfare services. Reporting for previous years using the new budget structure should thus not have presented difficulties to provinces.

Crime prevention and support

Table 44 shows crime prevention and support accounting for around half of the restorative services programme budget if one combines all provinces, but the share drops by nine percentage points over the period 2013/14 to 2016/17. There is also variation across provinces. KwaZulu-Natal's share is consistently low, at 30% maximum, with Limpopo even lower at around 20% except for 2013/14. The anomalous percentage for 2013/14 is explained by the fact that the province did not include an amount for the administration sub-programme in that year. The same reason explains the higher percentages for Northern Cape and North West in the first year of the series shown below.

Table 44. Crime prevention and support as share of restorative services

	2013/14	2014/15	2015/16	2016/17
EC	78%	71%	73%	76%
FS	51%	60%	49%	42%
GT	53%	53%	49%	48%
KZ	30%	30%	29%	27%
LM	62%	21%	21%	20%
MP	43%	43%	41%	42%
NC	63%	47%	41%	42%
NW	54%	47%	46%	51%
WC	59%	59%	59%	59%
SA	55%	49%	46%	46%

The lack of provision for the administration sub-programme affects the 2014/15 real changes in budget for the affected provinces in Table 45 (and will have the same impact on analysis of other sub-programmes in these provinces). However, there are also some unusual patterns for subsequent years. Free State, for example, shows a 28% decrease in 2015/16 after a 34% increase in the previous year. This province has no allocations for a management and support sub-programme in any years as salaries are allocated to the relevant delivery sub-programme. The pattern thus reflects an absolute (nominal) allocation in 2015/16 of R52,9 million, substantially less than the absolute (nominal) allocation of R69,3 million in 2014/15. This is partly, but certainly not fully, explained by the infrastructure allocation in 2014/15 referred to below. Limpopo shows a 10% increase in 2015/16. KwaZulu-Natal has a 13% decrease in 2016/17, effectively cancelling out some of the benefit of the 14% increase in 2014/15. The fact that the revised estimate for 2013/14 was R39,6 million, rather than the R70,8 million in the adjusted budget used for our calculations, raises questions as to the ability of the province to spend the additional budget voted for 2014/15 as the voted amount is more than double the revised budget for 2013/14.

Table 45. Real annual percentage change in crime prevention and support

	2014/15	2015/16	2016/17	3-year average
EC	0%	0%	0%	0%
FS	34%	-28%	4%	0%
GT	15%	0%	-1%	4%
KZ	14%	-1%	-13%	-1%
LM	9%	10%	0%	6%
MP	11%	-1%	3%	4%
NC	-17%	0%	0%	-6%
NW	-4%	-3%	4%	-1%
WC	3%	1%	2%	2%
SA	6%	-2%	0%	1%

The share of this sub-programme's budget going to NPO transfers is 27% in 2010/11 and 25% in the two outer years of the MTEF. It is lower than this – at 20-22% - in 2013/14 and 2014/15.

Several provinces report on what they are doing in respect of secure care centres. Eastern Cape, for example, reports on employment of social work graduates and other personnel for the Burgersdorp Secure Care centre and the Qumbu Youth Care centre. There are also substantial increases in allocations for goods and services in respect of Qumbu Youth Care Centre, which were previously classified under transfers and subsidies.

As referred to above, Free State has an infrastructure enhancement allocation of R9,8 million in 2014/15, to be used for the Thabo Mofutsanyane Secure Care Centre. Gauteng manages two secure care centres while a third is managed by an NPO. KwaZulu-Natal plans a public-private partnership for secure care centres, but various delays have meant that no expenditure has occurred to date. Limpopo allocates R34 million under goods and services for management of secure care centres for assessment of children awaiting trial and sentence in conflict with the law. Mpumalanga reports that 41 children are housed in the government-managed secure care centres in Ethokomala and Hendrina. Northern Cape plans a five-year outsourcing contract in respect of Namakwa Secure Care Centre.

Victim empowerment

The victim empowerment (VEP) sub-programme was targeted through an addition to the equitable share for 2013/14 and 2014/15. The addition to the equitable share for victim empowerment was motivated, at least in part, by the falling away of European Union support for victim empowerment. A bulletin issued in early 2014 by the Shukumisa campaign (Shukumisa, 2014), a coalition of 28 organisations, documents details of how 17 organisations providing services for victims of rape and domestic violence across seven provinces were forced to cut as many as 100 positions due to cutbacks in funding. Some organisations closed or stopped certain services. The national estimates of expenditure (National Treasury, 2014a: 428) record that the aim is to establish 201 VEP "green door" facilities where victims can access "basic emotional containment services for a period of not more than 6 hours" by 2014/15.

Table 46 shows the victim empowerment sub-programme accounting for a standard 15% of the programme budget over the period 2013/14 to 2014/15. The lack of an allocation for the administration sub-programme in 2013/14 explains – as for other sub-programmes in restorative services – the apparent decreases in priority in Limpopo and Northern Cape in 2014/15. Limpopo shows an increasing share going to this sub-programme over the MTEF years if one ignores the anomalous 2013/14, and North West does not show the expected decrease in 2014/15 despite the lack of an allocation for administration in 2013/14 – signalling an effective increase in relative priority for the sub-programme in North West. Most other provinces show a steady pattern for the three years of the MTEF. The exception is Free State, where the percentage fluctuates erratically from year to year. Overall, North West and Mpumalanga have the highest shares allocated to this sub-programme, while Northern Cape has the lowest. Western Cape and KwaZulu-Natal also have shares that are on the low side for this sub-programme. To some extent this mirrors the relative prioritisation of other sub-programmes and, in particular, crime prevention and support.

Table 46. Victim empowerment as share of restorative services

	2013/14	2014/15	2015/16	2016/17
EC	18%	19%	20%	19%
FS	20%	16%	21%	17%
GT	17%	19%	20%	20%
KZ	7%	9%	9%	9%
LM	21%	8%	10%	12%
MP	21%	24%	24%	24%
NC	16%	6%	5%	5%
NW	23%	24%	24%	25%
WC	7%	9%	9%	8%
SA	15%	15%	15%	15%

Table 47 confirms the fluctuating pattern in Free State's allocations for this sub-programme and Limpopo's increasing prioritisation of it. It is worrying that six of the nine provinces record real decreases in allocations for 2016/17.

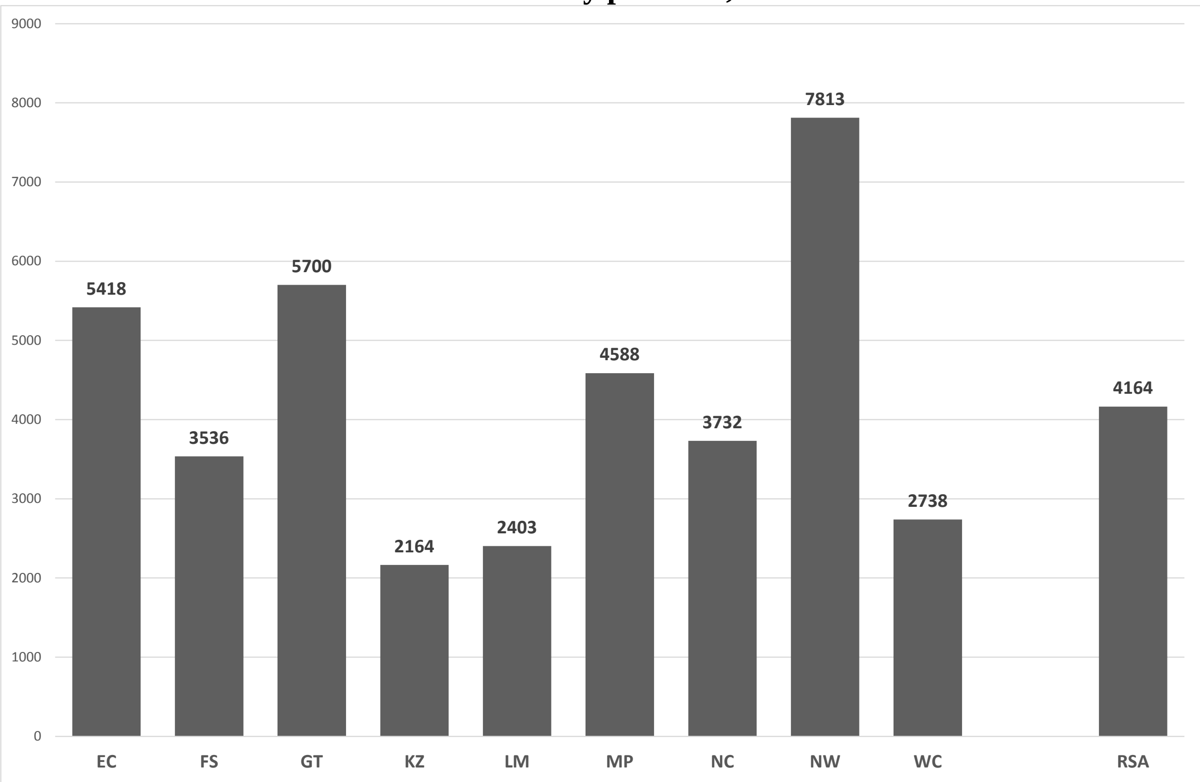
Table 47. Real annual percentage change in victim empowerment

	2014/15	2015/16	2016/17	3-year average
EC	19%	-1%	-6%	4%
FS	-9%	15%	-2%	1%
GT	28%	14%	1%	14%
KZ	61%	-1%	-3%	16%
LM	22%	34%	30%	29%
MP	26%	4%	-1%	9%
NC	-61%	0%	0%	-27%
NW	14%	1%	-3%	4%
WC	33%	0%	-1%	10%
SA	17%	7%	0%	8%

Figure 18 attempts to assess the relative size of the provincial allocations against the need in each province. The number of reported sexual offence cases is used as an indication of need. The number is clearly not a true reflection of need given that victim empowerment is not intended only for victims of sexual abuse. Further, it is widely acknowledged that reported cases represent only a small fraction of actual cases. The fact that the extent of under-reporting probably varies by province further suggests that the comparison must be taken only as a broad indication.

The figure suggests that provision is most generous in North West and least generous in KwaZulu-Natal and Limpopo. The North West allocation per incident is more than three times the size of the allocation in the other two provinces.

Figure 18. Victim empowerment allocation per sexual offence case reported in 2012/13 by province, 2014/15



The allocations for NPO transfers fluctuate erratically between 75% and 67% over the period 2011/11 to 2016/17. For the MTEF period, the transfers start at 75% of the total but end at 67% - a very sharp drop.

Several provinces – including Eastern Cape, Free State, Gauteng, KwaZulu-Natal – note that they will use the additional funds provided through the equitable share for transfers for NPOs providing shelters for victims of gender-based violence. Eastern Cape reports further that the additional funds will be used to contribute to suitable structures for centres. Gauteng has already funded such shelters in the past, and will continue to do so but also has plans to place 68 (abused) women in economic empowerment opportunities. It will use the additional funds, among others, for implementation of a Gender-Based Violence (GBV) Command Centre and information management system. We assume that the command centre is the same one reported in national DSD's budget document as having been established in 2013/14, and critiqued by the Shukumisa campaign for, among others, duplicating existing NPO services while large areas of need in respect of gender-based violence remain unfunded (Shukumisa, 2014).

Some provinces report what they will do under this sub-programme without specifying whether this will be done using the additional funds or not. KwaZulu-Natal established two new shelters for victims of crime and violence during 2013/14 and plans to open the Khuseleka One Stop Development Centre for gender-based violence in Inanda in 2014/15. Mpumalanga funded 8 victim support centres, 6 shelters managed by NPOs and 2 state-owned facilities in 2013/14 and will presumably will continue to fund them in 2014/15. North West will fund shelters for victims of gender-based violence to the tune of R3,3 million in 2014/15, and also allocates R7,4 million for the operationalisation of a newly built victim empowerment centre. Western Cape will continue to fund shelters already being funded while expanding services in rural areas. The province does not say if this expansion will happen through NPOs or through government-provided services.

Several provinces write about initiatives to reach men and boys through a gender-based prevention programme. For example, Mpumalanga plans to reach 3 655 men and boys through such a programme.

Free State reports that five retired social workers, trained on trauma counselling, will be employed to handle cases reaching the national toll-free line for gender-based violence established by national DSD i.e. the command centre referred to above.

Substance abuse prevention and rehabilitation

In 2013/14 the Free State MTEF already provided for allocations to establish a government-owned rehabilitation centre. As noted above, in 2014/15 funds were provided by national to establish such centres in Eastern Cape, Free State, Northern Cape and North West.

Table 48 suggests a steady proportion of the programme budget going to substance abuse prevention and rehabilitation, especially if one remembers that the share for 2013/14 is inflated by the absence of an allocation for the administration sub-programme in three provinces in that year. Eastern Cape and Limpopo allocate a much smaller share to this sub-programme than other provinces, while Western Cape, Mpumalanga and Gauteng have shares that are many times that of the two lowest-performing provinces. As noted above, South African Police Service statistics show Western Cape as having the highest level of substance abuse-related crimes across provinces. In Free State the share for this sub-programme increases to 42% in 2016/17, a 12 percentage point increase in only one year, after previous years of fairly erratic funding. The share in Northern Cape also fluctuates widely from year to year. These fluctuations are, at least in part, explained by the "lumpy" nature of infrastructure allocations.

Table 48. Substance abuse prevention and rehabilitation as share of restorative services

	2013/14	2014/15	2015/16	2016/17
EC	4%	8%	7%	3%
FS	28%	23%	30%	42%
GT	30%	28%	30%	32%
KZ	19%	16%	16%	17%
LM	17%	5%	5%	5%
MP	34%	30%	30%	30%
NC	20%	9%	21%	18%
NW	23%	27%	27%	21%
WC	32%	31%	31%	31%
SA	23%	20%	21%	22%

Table 49 confirms that, unlike the other sub-programmes in the restorative services programme, substance abuse has a lot of fluctuation in allocations from year to year. Some of the fluctuation is explained by the allocations for establishment of treatment centres. This explains patterns in which there is a very large increase in one year (for example 2014/15 for

Eastern Cape and 2015/16 for Northern Cape) followed by a smaller, but still large, decrease in the following year.

Table 49. Real annual percentage change in substance abuse prevention and rehabilitation

	2014/15	2015/16	2016/17	3-year average
EC	145%	-21%	-54%	-4%
FS	-6%	15%	69%	22%
GT	4%	18%	7%	9%
KZ	-1%	-1%	0%	-1%
LM	-8%	13%	14%	6%
MP	0%	2%	0%	1%
NC	-53%	180%	-16%	4%
NW	29%	1%	-27%	-2%
WC	-1%	1%	0%	0%
SA	3%	10%	1%	5%

The share of this sub-programme's budget allocated for NPO transfers fluctuates between 42% and 47% over the period 2010/11 to 2016/17. It is on the low side of this range in the last two years of the MTEF. Again, the infrastructure allocations may, at least in part, help to explain this pattern.

Table 50 presents the costing comparison for two substance abuse treatment services, namely in-patient and out-patient. For this costing we assume each beneficiary receives services for three rather than twelve months. The estimated per-beneficiary cost for in-patient treatment is R3 738,84 per month, and for out-patient treatment R1 175,61 per month. This comparison presents a more optimistic picture than all preceding costing comparisons in that the budget allocation in all provinces is more than sufficient to cover the recorded patient numbers. This optimism must be tempered by the fact that several of the provinces have budgets for 2014/15 that include relatively substantial funds for establishing new centres rather than to cover immediate service delivery costs. Further, to the extent that the treatment is covered in government-run facilities, it will be more expensive than the KPMG costing. The low percentages also raise questions about how the budget funds are being used if not to cover these two key services. Most, if not all, provinces report on other activities in relation to substance abuse. Probably the most oft-mentioned intervention is the Ke Moja programme that is delivered through schools.

Table 50. KPMG costs compared with 2014/5 budget allocations for substance abuse using 2013 performance indicators (R'000)

	Inpatient	Outpatient	Total	Budget	% of total
EC	1 043	697	1 740	21 671	24%
FS	1 507	540	2 046	26 838	23%
GT	2 677	19 324	22 001	102 927	64%
KZ	1 724	571	2 295	47 261	15%
LM	0	267	267	9 208	9%
MP	830	794	1 624	24 873	20%
NC	729	0	729	10 474	21%
NW	707	281	988	49 193	6%
WC	2 116	3 301	5 417	86 585	19%

As might be expected given the conditional grant, many of the provinces refer to substance abuse treatment centres in their budget narratives. The narratives of the four provinces that receive conditional grants illustrate that in at least some of the cases, the new treatment centres planned will supplement existing centres. Eastern Cape notes simply that the grant is to be used for construction of a treatment centre in Port Elizabeth, while Northern Cape similarly notes that it will contract for an in-patient facility. Free State notes, as in the 2013 budget document, that the Executive Council of the province had directed the department to establish a government-owned centre to deal with the increase in substance abuse and inability of the existing non-profit centre to meet the need. The province hopes that the new centre will be operative within two to three years. North West reports on the establishment of an in-patient treatment centre to be built in Taung under the youth development sub-programme, seemingly on the basis that most of the addicted are young. The new centre will supplement the limited capacity of the existing Sanpark centre in Klerksdorp. The province also plans to "rehabilitate" and refurbish the Witrand Hospital in-patient treatment centre.

Among the provinces not receiving a conditional grant, Gauteng reports funding 42 substance abuse treatment centres – including both in- and out-patient – managed by NPOs; KwaZulu-Natal reports that it has two government-managed treatment centres, funds 14 NPOs in respect of in- and out-patient and community-based services, and registered four new treatment centres during 2013/14; Limpopo allocates R5 million for the running of a treatment centre; and Mpumalanga reports one government-owned treatment centre.

Development and research

The development and research programme is, for the most part, not about social welfare services delivery. However, it contains three sub-programmes – youth development, women development and poverty alleviation and sustainable livelihoods – that are likely to include transfers to NPOs. It also includes a sub-programme for institutional capacity building and support that aims to support NPOs in ways other than financial.

The women development sub-programme is not examined in detail here. By 2016/17 it accounts for 3% or less of the already limited development and research programme budget in all provinces except Eastern Cape, where it stands at 6% of this programme. Only Free State and Eastern Cape have allocations recorded for this sub-programme before 2014/15. Mpumalanga, Northern Cape and Western Cape have no allocations even in the MTEF years.

Aside from the small women development sub-programme, the new budget structure brings no changes for this programme and the trend analysis should therefore be more reliable than for the other programmes.

Poverty alleviation and sustainable livelihoods

In the new budget structure the previous sustainable livelihoods sub-programme is renamed as poverty alleviation and sustainable livelihoods. One of national DSD's small set of selected performance indicators relates to the number of people accessing food through food security programmes each year. For 2014/15 the target is set at 1 million. The provincial departments are intended to contribute to food security, although national DSD also provides funding for this.

Table 51 confirms that, while the share of the programme budget going to poverty alleviation and sustainable livelihoods remains more or less constant over the period 2013/14 to 2016/17, this hides very varied patterns within and across provinces. Gauteng and Western Cape (the latter only after 2013/14), the wealthiest provinces, stand out as the provinces giving greatest priority to this sub-programme, with about half the programme budget going to it. However, as seen in Figure 3 above, both provinces – and especially Western Cape – allocate small proportions of their social development budget to the development and research programme as a whole, so this sub-programme is a large share of a relatively small slice. KwaZulu-Natal and Eastern Cape – despite being among the poorest provinces – allocate the smallest shares. The increase over time in the share for Western Cape is particularly startling, but other provinces also show quite big changes over the year. Mpumalanga sees the share for this sub-programme more than doubling in 2014/15, but subsequently it drops back to the 2013/14 or even lower.

Table 51. Poverty alleviation and sustainable livelihoods as a percentage of social welfare service delivery

	2013/14	2014/15	2015/16	2016/17
EC	7%	7%	6%	6%
FS	35%	25%	22%	21%
GT	51%	49%	51%	51%
KZ	7%	4%	3%	4%
LM	20%	14%	14%	20%
MP	5%	11%	5%	4%
NC	29%	24%	25%	25%
NW	15%	17%	19%	17%
WC	8%	58%	62%	64%
SA	22%	22%	22%	22%

Table 52 reveals that the increase in 2014/15 for Western Cape amounts to a real increase of 806%, while Mpumalanga has a real increase of 87%. These large increases in 2014/15 are partly cancelled out by large decreases in Free State, KwaZulu-Natal, Limpopo and Northern Cape. Eastern Cape notes that women development activities previously fell under this sub-programme, but have now been "disintegrated" to the new sub-programme. Nevertheless, there is a real increase in the allocation for this sub-programme in the province in 2014/15. Gauteng reports reprioritising funds to this sub-programme so as to be able to increase transfers to NPOs that provide dignity packs to girl learners in no-fee and special schools.

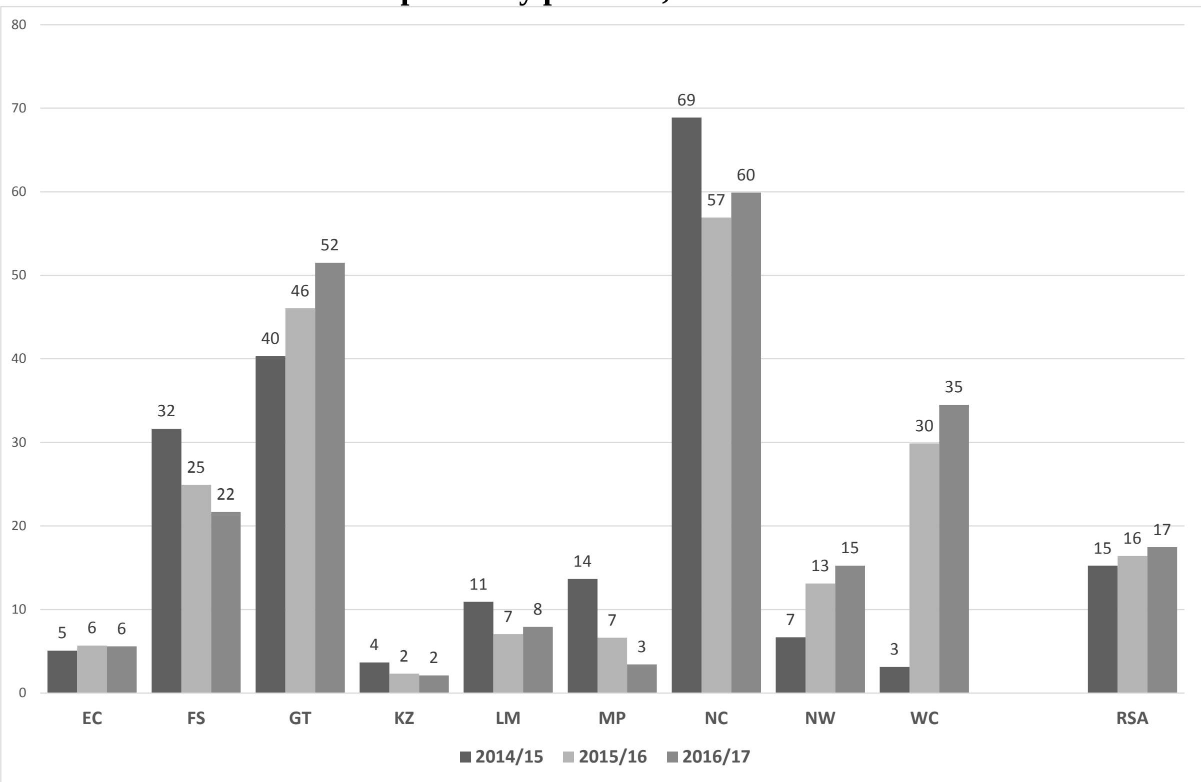
As noted above, in 2015/16 and again in 2016/17 it is Mpumalanga's turn for a substantial decrease. The patterns are remarkably volatile for a sub-programme with the term "sustainable" in its name.

Table 52. Real annual percentage change in poverty alleviation and sustainable livelihoods

	2014/15	2015/16	2016/17	3-year average
EC	4%	-7%	-3%	-2%
FS	-30%	-17%	-5%	-18%
GT	8%	6%	0%	5%
KZ	-40%	-13%	16%	-15%
LM	-39%	7%	45%	-2%
MP	87%	-51%	-30%	-14%
NC	-22%	0%	0%	-8%
NW	48%	10%	-14%	12%
WC	806%	10%	8%	121%
SA	7%	1%	2%	3%

Figure 19 shows the poverty alleviation and sustainable livelihoods allocations per poor person for each of the nine provinces and for the country as a whole. For the country as a whole, the nominal amount increases very slightly in each year. However, for four provinces – Free State, Limpopo, Mpumalanga and Northern Cape – the 2014/15 amount is larger than for each of the following years, even in nominal terms. This is worrying to the extent that the national and provincial elections took place in the first months of the 2014/15 financial year and because it contradicts the term "sustainable". Western Cape sees a massive increase between 2014/15 and 2015/16, which contributes to the balancing out of the pattern for the full country. In absolute terms there are massive differences between the amount per person across the provinces. Northern Cape has an allocation of R69 per poor person in 2014/15 while at the other end of the scale the allocations for Eastern Cape, KwaZulu-Natal, North West and Western Cape are R7 or less.

Figure 19. Poverty alleviation and sustainable livelihoods allocations per poor person by province, 2014/15-2016/17



The share of this sub-programme going to NPOs increases from 54% in 2010/11 to more than 70% in the MTEF period.

Youth development

Both national and provincial DSD fund youth development. National DSD, for example, provides substantial funds to loveLife for the Groundbreakers and Mpintshi initiatives. In addition, Table 53 shows youth development accounting for a fairly standard percentage of the provincial programme budgets over the period 2013/14 to 2016/17 when all provinces are combined. Again, the overall level of 13-14% hides substantial variations across provinces. Any comparison must bear in mind the fact, noted above, that Limpopo, Mpumalanga, Northern Cape and Western Cape all seem to have plans to use EPWP conditional grant allocations in this sub-programme in 2014/15.

Free State has the highest percentage in all years except 2013/14, at 39% or higher, with the percentage increasing over the period. The exception in relation to 2013/14 is Western Cape, which records this sub-programme as 64% of the programme budget, as against 24% or less in later years. Closer examination shows that the 2012/13 allocation in Western Cape was also unusually high, but not as high as in 2013/14, while the allocations prior to 2012/13 were much smaller than even the 2014/15 allocations. The reason for the patterns in this province are not clear, especially as for 2014/15 there is a conditional grant which was not there in previous years for this province. Limpopo has the lowest share for this sub-programme, at 3-4%. The shares in Northern Cape and KwaZulu-Natal drop sharply over the period, while that for North West is much higher in the MTEF period than in 2013/14.

Table 53. Youth development as a percentage of development and research

	2013/14	2014/15	2015/16	2016/17
EC	7%	6%	5%	5%
FS	39%	43%	44%	45%
GT	3%	6%	5%	5%
KZ	19%	16%	14%	14%
LM	4%	3%	4%	4%
MP	19%	26%	26%	26%
NC	21%	16%	11%	11%
NW	9%	22%	18%	22%
WC	64%	24%	20%	19%
SA	14%	14%	13%	13%

Table 54 reveals that while Gauteng's share is small, it more than doubled the value of the allocation for this sub-programme between 2013/14 and 2014/15, while North West more than trebled the allocation. Both these provinces show a decrease in the real value of the allocation in the next year, although the decrease is minimal for Gauteng. In contrast, five provinces – Eastern Cape, KwaZulu-Natal, Limpopo, Northern Cape and Western Cape – show large real decreases between 2013/14 and 2014/15, with further decreases in all five except Limpopo in the next year. The decreases for 2014/15 in Limpopo, Northern Cape and Western Cape are especially surprising if these provinces are planning to use the EPWP conditional grant in this sub-programme. Seven provinces in all record real decreases in the allocations for 2015/16, with substantial decreases in Northern Cape, North West and Western Cape. These decreases could represent, at least in part, the lack of conditional grant funds for outer years of the MTEF. Overall, the patterns in this sub-programme are erratic.

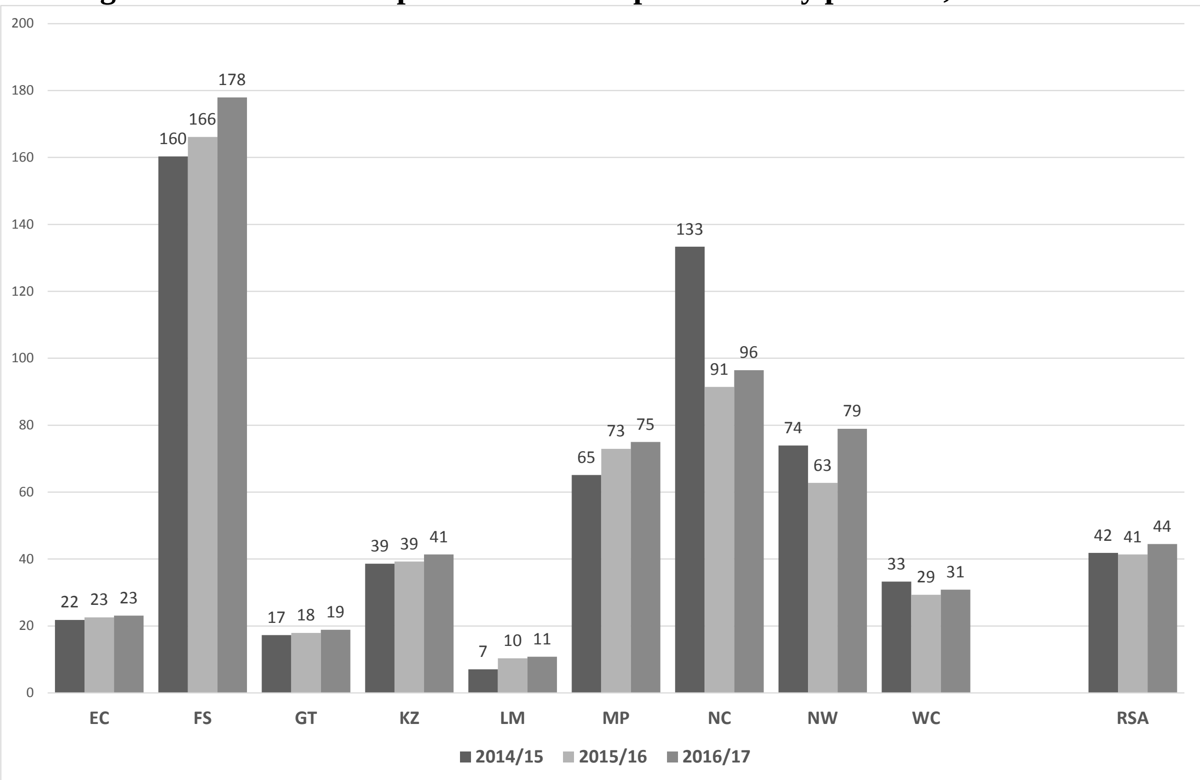
Table 54. Real annual percentage change in youth development

	2014/15	2015/16	2016/17	3-year average
EC	-13%	-2%	-3%	-6%
FS	7%	-2%	2%	2%
GT	114%	-1%	0%	28%
KZ	-10%	-4%	0%	-5%
LM	-29%	39%	0%	-1%
MP	24%	6%	-3%	9%
NC	-31%	-35%	0%	-23%
NW	219%	-19%	19%	45%
WC	-51%	-16%	0%	-26%
SA	3%	-6%	2%	-1%

Figure 20 shows the per capita allocations for youth development over the MTEF, with the allocations divided by the number of youth aged 18 to 29 years who are not in education, employment or training (NEET). This denominator is chosen as an approximate representation of the target for this sub-programme. The NEET estimate is derived from the Quarterly Labour Force Survey 2013, first quarter data. As a proportion of all young people in this age group, NEET vary from 39% in Western Cape to 53% in Northern Cape. Eastern Cape, Mpumalanga, North West and Northern Cape all have 50% or more of this age group recorded as NEET.

The per capita amount ranges in 2014/15 from only R7 in Limpopo to R160 in Free State. Most provinces show a steady pattern over the three years of either a fairly static allocation per NEET (given that the estimates are not corrected for inflation) or, a steady increase. Northern Cape stands out with its much larger allocation for 2014/15 than for the subsequent two years, perhaps reflecting the EPWP conditional grant. North West also shows an erratic pattern over the period. While the high prevalence of NEET in these two provinces merits DSD's attention, it does not explain the erratic pattern in the allocations.

Figure 20. Youth development allocation per NEET by province, 2014/15-2016/17



Transfers to NPOs account for 38% or less of the sub-programme budget before 2013/14, a high of 50% in 2013/14, and between 42% and 46% over the MTEF. Again, the patterns are erratic and suggest changes in approach or activities in the sub-programme over time, and also across provinces.

Institutional capacity building and support

Table 55 shows a real annual average increase of 8% in the allocations for the institutional capacity building and support sub-programme when all provinces are combined. This is a much more generous increase than provided for transfers to the NPOs that receive support. Five of the nine provinces – Eastern Cape, KwaZulu-Natal, Mpumalanga, Northern Cape and North West – have annual average increases of 11% or more for this sub-programme. The large average annual decrease in Limpopo is explained mainly by a near halving of the budget between 2013/14 and 2014/15. Limpopo's 2014/15 allocation for this sub-programme is, in fact, only a little more than a quarter of the nominal amount allocated in 2010/11.

Table 55. Real annual percentage change in institutional capacity building and support 2014/15-2016/17

	2014/15	2015/16	2016/17	3-year average
EC	45%	30%	-4%	22%
FS	-1%	1%	2%	1%
GT	2%	-1%	0%	0%
KZ	72%	36%	0%	33%
LM	-46%	1%	-2%	-19%
MP	61%	-16%	0%	11%
NC	26%	15%	0%	13%
NW	47%	-6%	25%	20%
WC	0%	-1%	0%	0%
SA	15%	11%	0%	8%

Table 56 shows the institutional capacity building amounts as a percentage of all NPO transfers in the provincial departments. If we focus on the MTEF period, Eastern Cape, KwaZulu-Natal and Northern Cape have unusually large percentages, while Western Cape's allocation for this sub-programme is less than half a percent of the value of total NPO transfers. Mpumalanga and Limpopo are also on the low side for this measure, while Gauteng is on the high side. There is no obvious reason for these patterns in terms of the number of NPOs in the province, rural/urban considerations, or the relative wealth of the province. The sudden increase in the percentage between 2012/13 and 2013/14 and further increases in subsequent years in Eastern Cape, KwaZulu-Natal and Northern Cape probably reflect these provinces using additional funds allocated for NPOs through the equitable share in the 2013/14 MTEF for the purposes of institutional support rather than funding of NPOs.

Table 56. Institutional capacity building and support as a percentage of NPO transfers in social development

	2010/11	2011/12	2012/13		2013/14		2014/15	2015/16	2016/17
Province		Audited		Main	Adjusted	Revised		Medium-term estimates	
EC	2%	2%	2%	5%	5%	4%	8%	11%	10%
FS	1%	3%	3%	3%	4%	4%	4%	4%	4%
GT	7%	8%	8%	8%	8%	8%	7%	7%	7%
KZ	0%	0%	1%	5%	4%	5%	7%	10%	10%
LM	14%	9%	4%	5%	5%	5%	2%	3%	3%
MP	1%	1%	1%	1%	1%	1%	1%	1%	1%
NC	2%	2%	2%	6%	7%	7%	8%	10%	10%
NW	2%	4%	4%	4%	3%	3%	4%	4%	5%
WC	0%	0%	0%	0%	0%	0%	0%	0%	0%
SA	4%	4%	3%	4%	4%	4%	5%	5%	5%

Many of the provinces refer to support for, or monitoring of, NPOs in their budget narratives. Some do so in relation to the additions to the equitable share provided for "support for NPOs", which some provinces used for their own work in relation to NPOs rather than for supplementing transfers.

Eastern Cape acknowledges the additional funding and attributes a 35% increase in transfers and subsidies within research and development to this source of funds. KwaZulu-Natal also reports an increase in development and research related to NPO support. However, in this case the increases occur under goods and services and public corporations and private enterprises and reflect both purchase of furniture and office equipment for “finance monitors” and the province’s outsourcing of capacity building for NPOs in respect of financial and other forms of management to the National Development Agency. The province explains that it does not itself have the capacity to provide this support. Limpopo similarly reports a transfer – of R4 million – to the National Development Agency for training of NPOs on financial management and governance.

Gauteng reports reprioritisation of its own funds to provide for capacity building for NPOs, rather than use of the additions to the equitable share.

Concluding remarks

The paper starts by discussing the size and shape of the social development votes and the new programmes that make it up. This section of the report also discusses some cross-cutting issues that affect all the programmes, namely compensation of employees, transfers to NPOs, additions to the equitable share, and social work graduates. The sections of the paper that follow deal, in turn, with the service delivery programmes and sub-programmes that they encompass.

The new budget structure that underlies the 2014/15 budgets and MTEF is an important advance. It is an advance, in particular, in respect of children’s services as it allows separate identification of services such as CYCWs, ECD and community-based services (Isibindi and drop-in centres). This separation exposes some important patterns, including the relative dominance of ECD and relative, or near-neglect, of other areas in some provinces.

The new budget structure allows easier comparison than before with the estimated cost of implementing the Children’s Act. 2014/15 is the last year for which this comparison can be made, because the costing covered only six years and 2014/15 is year six. The comparison shows a similarly worrying picture to that shown in analysis for previous years. For the country as a whole, the children and families programme accounts for about 45% (i.e. less than half) of the very unambitious IP low estimate in all years except 2012/3, when it is only 39%. In 2014/15, in Eastern Cape and Limpopo the allocations account for only 35% and 37% respectively of the estimated necessary resources for this low-cost scenario. For the full cost scenario, the provinces combined amount to at most 7% of the costing estimate. There is a slight improvement in the percentage over the five-year period, but at that rate of improvement it will take several generations before children can access the services that they need.

Incomplete migration to the new structure – especially for past years, but also for MTEF years in some provinces – complicates analysis of the budget books tabled in February/March 2014 in the provincial legislatures. The failure of some provinces to provide for Isibindi in the correct sub-programme, and perhaps also to provide for the planned expansion and employment of qualified workers over time, is especially disappointing given that this is a ministerial priority programme.

Combining available population data exposing the extent of need for various services with information on budget allocations shows enormous variation in “per (relevant) capita” allocations across provinces. In many cases the resultant patterns confirm the relative advantage of the more wealthy provinces, Gauteng and Western Cape. These provinces tend to have more established services, a larger number of NPOs available to deliver services, and a smaller proportion of their populations in need, all of which help to explain relatively better provision – although the provision is still inadequate in absolute terms. However, the variation found across the provinces in provision cannot be explained only by these factors. Northern Cape and Limpopo, in particular, often have patterns that are unexpected when compared to those of other provinces. Further, the fact that the extent of provision relative to need varies across services, with a province that performs well in respect of one service performing poorly for another service, suggests that the patterns reflect choice. Choice also seems evident when patterns change for a particular province across the years. In some cases the choices may be made consciously and deliberately by provincial decision-makers. In other cases the choices may reflect past decisions or practices that are carried forward into current and future budgets without much thought. In yet other cases the choices may be based on insufficient or inadequate information. Hopefully, the information presented in this paper can help with the latter cases, and perhaps also with other cases.

The budget patterns confirm that the additions to the equitable share and conditional grants influence spending patterns in a noticeable way. Nevertheless, in all the prioritised areas there are indications that the additions have not been sufficient to meet the need. The patterns in respect of use of the EPWP social sector incentive grant suggest the absence of national coordination and leadership in how these funds are used.

The paper reveals that in all but two provinces the share of NPO transfers decreases over the period under consideration, while the share allocated for compensation of employees increases. The relative fall-off in NPO transfers occurs at a time when other sources of funding for NPOs are also diminished. The increase in compensation of employees combined with the decrease in NPO transfers suggests either a shift to delivery of services by government personnel and/or – even more worrying – an increase in the cost of management and supervision of services relative to the cost of service delivery itself. The first reason is worrying, among others, because NPO service delivery is cheaper than government delivery, so the shift reflects poor use of available resources. The likelihood that the second reason is at play is supported by the above-average increase in the sub-programme for institutional capacity building.

By combining delivery indicators and the objective costing of services developed by NPO, the paper shows the extent of in the inadequacy of sub-programme allocations in many of the provinces even to cover one or two core services for the beneficiaries reported to have been reached. These comparisons again implicitly highlight the inadequacy of current NPO transfers. Western Cape openly acknowledges in respect of several services that the current subsidy levels are not sufficient to all NPOs that receive them to meet the norms and standards for service delivery set by government.

Overall the patterns revealed in this paper are extremely worrying, and suggest that South Africa is far from providing the level of services needed by vulnerable people in the country. Unfortunately, the patterns in respect of the two outer years of the MTEF do not give a clear signal that the situation will improve over time.

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