Are children's rights prioritised at a time of budget cuts? Assessing the adequacy of the 2013/14 social development budgets for funding of Children's Act services

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August 2013

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* Thank you to the DG Murray Trust who provided the funding for this analysis. Thank you to all the commentators who freely gave their time to comment on the first draft of this paper.

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Acronyms

CYCC	Child and youth care centre
DSD	Department of Social Development
ECD	Early childhood development
EPWP	Expanded public works programme
FC	Full cost
HCBC	Home- and community-based care
IP	Implementation plan
MEC	Member of the Executive Council of a province
MTEF	Medium-term expenditure framework
NACOSS	National Coalition of Social Services
NACCW	National Association of Child Care Workers
NGO	Non-governmental organisation
NICRO	National Institute for Crime Prevention and Rehabilitation of Offenders
NPO	Non-profit organisation
OVC	Orphans and vulnerable children
PEPFAR	(US) President's Emergency Plan for AIDS Relief
PSCBC	Public Service Co-ordinating Bargaining Council
SASSA	South African Social Security Agency

1 Introduction

1.1 Background

This is the seventh annual assessment of the extent to which the nine provincial departments of social development are allocating the funds necessary to implement the Children's Act (No 38 of 2005)[3]. By the end of 2013/14, the year on which this year's assessment focuses, the Children's Act will have been in full operation for four years, while some aspects of the Act will have already been operative for seven years.[4]

This year's assessment largely follows the approach adopted in previous years, using similar methods and with a focus on the same aspects of the budget as assessed previously. In addition to the standard analysis, we continue with last year's analysis into four key issues, namely transfers to non-profit organisations (NPOs) that deliver Children's Act-related services; the rollout of the Isibindi project, which focuses on provision of community-based care, prevention and protection services primarily for children affected by HIV and AIDS; expansion of early childhood development (ECD); and the reform schools and schools of industry that were meant to be transferred from the provincial departments of education to the provincial departments of social development by April 2012. The fifth area that we covered as a special focus area in last year's analysis, the expanded public works programme (EPWP), is this year covered in the discussion of the HIV/AIDS budget sub-programme.

In addition, in this year's analysis we pay special attention to a range of additional allocations specified in last year's and this year's national budget documents for aspects relevant for Children's Act services. The 2012 national budget documents committed additional allocations for Isibindi and ECD for 2013/14 and 2014/15[5] while this year's national budget documents commit further additional allocations over the three MTEF years for the employment (or "absorption") of social work graduates, and "additional funding" for NPOs "to offset reductions in donor funding".[6]

The paper is divided into four sections. The first part of this introductory section briefly explains what the Children's Act says in terms of services that government is required to provide and its obligations in terms of funding. It also describes the methodology used for our analysis.

The second section contains the core of the analysis. It analyses the budget sub-programmes of the provincial departments of social development that are most relevant for implementation of the Children's Act. It includes a comparison of the total allocations with the estimates produced in the costing exercise of the Children's Bill that was commissioned while the new law was still under discussion. It also includes discussion of underspending, the accuracy of government's

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[3] See Budlender, Proudlock and Monson 2008; and Budlender and Proudlock 2008; 2009; 2010; 2011 and 2012 for previous assessments.
Available at http://www.ci.org.za/index.php?option=com_content&view=article&id=493&Itemid=185

[4] The Act came into full operation on 1 April 2010. However, a number of provisions, including sections 4 and 5, which oblige organs of state to implement the Act in a co-ordinated manner to the maximum extent of available resources, came into effect much earlier, on 1 July 2007.

[5] See pages 97 and 119 of Budget Review 2012/13; page 22 of the Minister of Finance's Budget Speech 2012.

[6] See pages 86 and 122 of Budget Review 2013/14; page 24 of the Minister of Finance's Budget Speech 2013; pages 61 and 73 of the Division of Revenue Bill [2-2013] .

forward predictions of budget allocations, and performance indicators. Further, it includes an assessment of the extent to which the provincial departments are allocating all the available (including "additional") funds provided this year for children's services, and a brief comparison of per capita allocations across provinces.

The third section contains the five special focus areas, namely government personnel, NPO transfers, Isibindi, ECD, and reform schools and schools of industry.

The concluding section of the paper highlights key findings.

1.2 What does the Children's Act say about services and funding?

The Children's Act came into full operation on 1 April 2010. The Act obliges the provincial Members of the Executive Council (MECs) for social development to provide and fund a range of social services for children. These services include partial care (for example, crèches and after-school care), early childhood development centres and programmes, drop-in centres, prevention and early intervention and protection services for vulnerable children, foster care, adoption, and child and youth care centres. Section 4(2) of the Act obliges government to prioritise budgetary allocations and expenditure on these services in order to realise the objectives of the Act. An appendix to this paper lists the programmes and interventions that are detailed in the Act for each service area. This detail informs our analysis of the budgets of the nine provinces.

The chapter of the Act for each service area includes a "provisioning clause" which provides more detail on the nature of the MEC's obligation to provide the service and what type of programmes fall into that particular service area.

The provisioning clauses for prevention and early intervention services (section 146), protection services (section 105) (including child-headed household mentorship schemes, foster care placement and supervision, and adoption), and child and youth care centres (section 193) say that the MEC "must" provide and fund these services.

For partial care (section 78), ECD (section 93), and drop-in centres (section 215) the provisioning clauses say the MEC "may" provide these services. This means that the MECs can decide not to provide these services at all or to fund them only partially. However, the MECs may be compelled to provide them or prioritise them if the national Minister prescribes such prioritisation. The Act also states that for these service areas priority must be given to funding of services in communities where families lack the means of themselves providing proper shelter, food and other basic necessities of life to their children, and to making services accessible to children with disabilities (sections 78(4), 93(4), 215(4)).

The nature of the provisioning clauses means that the Children's Act is more specific than many other pieces of legislation about government's obligation in respect of budgets. Monitoring the changes in budget allocations and expenditure for the delivery of the services required by these provisioning clauses tells us whether government is meeting its obligations under the Act. As the Act is government's primary law for giving effect to children's constitutional and international rights to care, protection and social services[7], analysis of the budget available for implementing

[7] Sections 28(1) (b), (c) and (d) of the Bill of Rights in the Constitution of the Republic of South Africa Act 108 of 1996.

the Act also tells us about government's progress – or regress – in realising these constitutional rights. If budgets do not show significant growth each year it could indicate that government is not making progress in realising the rights. Decreases in budgets for Children's Act services could amount to regressive action which would be contrary to section 4(2) of the Act and the Bill of Rights.

In the 2013 budget books, six provinces correctly list the Children's Act as legislation that mandates and governs the services that they must deliver. Eastern Cape lists the Child Care Act, which the Children's Act replaced, rather than the Children's Act; Limpopo lists both the Child Care Act and the Children's Act; and North West list the Children's Act, Child Care Act and the Child Justice "Bill". Hopefully the mistakes in the three provinces are due to careless "cutting and pasting" rather than to real confusion as to the key legislation governing the department's responsibilities.

1.3 Methodology

A costing of the Children's Bill commissioned by the national department of social development in 2005/6 revealed that the provincial social development departments are responsible for 83-84% of the total cost of implementation of the law under a minimalist approach, and 91% under a maximalist approach (Barberton, 2006: 1). As explained in more detail in a later section of this paper, the minimalist approach took actual delivery by each province in 2005 as the base, while the maximalist approach was based on more objective measures of need for services. The provincial departments are therefore responsible for funding a large proportion of the Act's services. Analysing their budget allocations and expenditure thus provides a good indication of government's overall progress and plans in respect of realising children's rights to care, protection and social services.

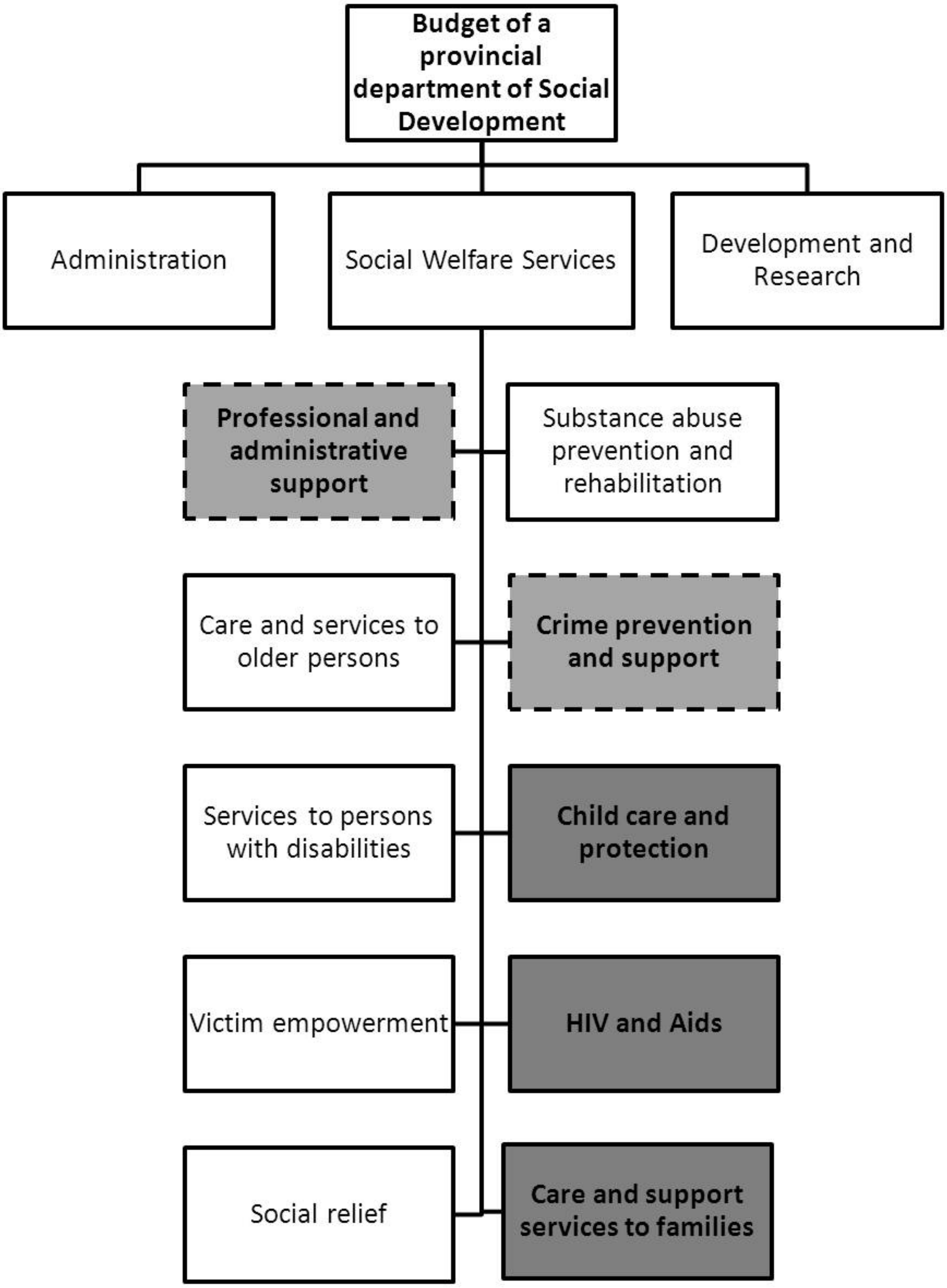
The national department of social development's primary responsibility in respect of the Act is co-ordination, policy-making, and promulgating sub-ordinate legislation. This responsibility encompasses drafting regulations that prescribe further rules and procedures to enable the Act to be implemented, and prescribing norms and standards to promote quality and uniformity in service provision across the country. The national department is also responsible, after consultation with interested parties and other departments, for compiling national strategies per service area aimed at ensuring an appropriate spread of each service throughout the country, as well as ensuring that the Act is implemented in an integrated, co-ordinated and uniform manner. These functions are essential but much less costly than actual delivery of the services. The national department's budget for child welfare services is therefore much smaller than the combined budgets of provincial departments.

This paper analyses the **budget sub-programmes** within the provincial social development budgets that cover the majority of Children's Act-related services. The sub-programmes are all located in the welfare services budget programme. We look, in particular, at the three sub-programmes that most closely match the services listed in the Children's Act, namely *child care and protection*, *HIV/AIDS*, and *family care and support*.

Child and youth care centres, adoption and foster care services, protection services, some prevention and early intervention services, partial care and early childhood development programmes, and some drop-in centres fall under the *child care and protection* sub-programme. HCBC, some drop-in centres and other support programmes for orphans and vulnerable children (OVC) have traditionally fallen under the *HIV/AIDS* sub-programme. However, as discussed below, a substantial part of provision for OVC now falls under the child care and protection sub-programme with the expansion of the Isibindi project. The *family care and support* sub-programme currently appears to include child and family counselling and mediation services, parenting skills programmes, and family preservation. These are all prevention and early intervention programmes in terms of section 144(1) of the Children's Act. There are, however, many other types of prevention programmes which appear to be scattered across a number of other sub-programmes including *victim empowerment* (psycho-social support for victims of crime), *sustainable livelihoods* (life skills and food security programmes) and *crime prevention and support* (diversion). This makes accurate analysis of the extent to which government is providing and funding prevention and early intervention services a difficult exercise.

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

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



The *crime prevention and support* sub-programme contains some funding for the Children's Act but also includes funding for adult services. The Children's Act services that fall under this sub-programme are diversion and in some cases secure care centres and support interventions for victims of crime. The sub-programme also includes funding for adults offenders and victims and it is not possible to disaggregate what proportion of the budget relates to child offenders and victims. Further, if salary allocations are included in this sub-programme, there may be a substantial sum within the child-related money to provide for assessment of child offenders by probation officers as required by the Child Justice Act rather than by the Children's Act. (See further discussion in the next paragraph and elsewhere about where allocations for government salaries are found in the budgets.) Because this sub-programme has a mixture of adult and children's services, as well as Child Justice Act services, we analyse it separately from the other three-sub-programmes and do not include it in our overall calculations of total Children's Act budget allocations.

We also examine the sub-programme *professional and administrative support.* This year's analysis – based on both explicit statements and the relative size of allocations – suggests that four of the provinces (Eastern Cape, Free State, Gauteng and North West) locate most of their staff salaries within the separate service delivery sub-programmes, while the remaining five (KwaZulu-Natal, Limpopo, Mpumalanga Northern Cape, Western Cape) are assumed to locate most of their social welfare services staff salaries in the professional and administrative support sub-programme. This suggests a shift from last year, when it was only Free State and Gauteng that located staff salaries in the service delivery sub-programmes. The shift between 2012/13 and 2013/14 for Eastern Cape and North West helps to explain some of the unexpected patterns seen below when examining individual sub-programmes. As highlighted below at several points, for North West it appears as if the shift already started in mid-2012/13.

In the five provinces where staff salaries are located in the professional and administrative support sub-programme, the allocations for such staff would need to cover all areas of work, not only children. Thus, as in previous years, for these provinces we include 25% of the professional and administrative support sub-programme in our overall calculations on total Children's Act budget when estimating total provincial allocations for Children's Act-related services.

There are other sub-programmes within the provincial department budget that may also contain small amounts of funding for Children's Act services. These include, in particular, the *sustainable livelihoods* sub-programme and the *victim empowerment* sub-programme. However it is not possible to ascertain what portion of these sub-programme budgets are for Children's Act services. We therefore have not included them in our analysis. They are also smaller sub-programmes in monetary terms when compared to the sub-programmes that we include in our analysis.

Government budget documents provide information in respect of seven years – the three years preceding the financial year towards the end of which the budget is tabled in parliament (2009/10, 2011/12 and 2011/12 in this year's analysis), the budget year during which the budget is tabled (2012/13) so as to allow discussion before the start of the budget year which the legislature must discuss, the year following (2013/14) which is the year for which the legislatures must "vote" a budget, and the following two years ((2014/15 and 2015/16). Our main focus in the analysis below is on the 2013/14 allocations, as these are the ones that are voted in the legislatures. However, we also discuss the trends in respect of the two "outer" years of the medium-term expenditure framework (MTEF), namely 2014/15 and 2015/16. These two years are important as these provide an indication of government's future plans. These are also the allocations which need to be the focus of advocacy going forward as these estimates are not set in stone and can be revised. And they can be revised both upwards and downwards.

For the 2012/13 budget year the budget books provide three estimates – the *original allocation* (or *appropriation*) voted early in 2012 before the financial year starts, the *adjusted budget* voted later in the year and which might include additional allocations or reductions in the original allocation, and the *revised estimate*, which is tabled in early 2013 (towards the end of the 2012/13 financial year) as government's prediction at the time of preparing the 2013/14 budget as to what will actually have been spent by the end of the 2012/13 financial year. The final information on actual expenditure for 2012/13 year will become available only in September 2013. For most of the analysis we utilise the adjusted budget as the best reflection of what government allocated. However, in some parts of the analysis we also examine differences between the three estimates for 2012/13.

Throughout the paper budget figures are for the most part provided in *nominal* terms, i.e. as they appear in the budget books of a particular year and unadjusted for the effect of inflation on what money can buy in subsequent years. This means that if R1 million is allocated for a particular sub-programme for both the 2012/13 and 2013/14 budget years, there is effectively a decrease in the value of the allocated budget over time as the R1 million in the second year will buy less than the R1 million in the first year. In compiling budgets government knows that inflation will occur and should therefore make allowance for expected inflation over the coming years when it plans allocations. We thus would expect each year's allocation to be more than the previous year's allocation for a given budget programme or sub-programme even without an expansion in services. Therefore, to assess to what extent allocations increase in terms of what they can "buy", we show the percentage changes over the three-years of the MTEF in *real* terms, i.e. adjusted for inflation. Using real values avoids readers having to compare the nominal percentage increase and inflation in that the real percentage change immediately shows whether there has been an increase or decrease in the purchasing power of the budget. **All our reported increases and decreases in this paper relating to budget allocations are real increases – that is, adjusted for inflation – unless stated otherwise.**

To adjust for inflation we use inflation rates of 5,6% for 2013, 5,5% for 2014, and 5,4% for 2015. These are the inflation rates predicted by National Treasury in February 2013 for each of the three years. Provinces would have used slightly different rates in their budgeting, namely 5,3% for 2013/14, 5,1% for 2014/15 and 4,9% for 2015/16 because they were advised to use these by the budget guidelines issued in August 2012/13 (National Treasury, 2012b). The rates that were predicted in August 2012 are lower than the rates predicted by National Treasury in February 2013 that are used in our analysis below. However, the August 2012 guidelines provided for different, usually higher, rates for increases in personnel line items than they used for other costs as personnel costs are based on existing and predicted wage settlements which are generally higher than inflation. For example, Free State and Limpopo therefore report using 6,3% for personnel line item increases for 2013/14. We use the same inflation rate for all costs, and the impact of the differences in rates used by provincial governments between personnel and other costs should more or less average out so as to be comparable with the inflation rates that we used (and that National Treasury uses to assess the budgets).

Unlike in previous years, this year's analysis does not include a separate section on performance indicators. Instead, relevant performance indicators are discussed in the relevant section. It is, however, worth noting that Eastern Cape presents only ten indicators across all social welfare sub-programmes. At the other end of the scale, Gauteng has 26 for child care and protection services alone. However, as discussed below, even in Gauteng some of the indicators are difficult to understand and the province includes only the three years of the MTEF rather than, as in 2012, the current year and the three MTEF years. Northern Cape and North West also present indicators only for the three MTEF years. Free State, Mpumalanga and Western Cape do not have tables of performance indicators (referred to in budget documents as "service delivery measures"). The first two of the three refer the reader to the department's annual performance plans for performance indicators.

2 Analysis of the 2013/14 budgets

2.1 Sources of funding for Children's Act services

The provincial budgets tabled in February and March 2013 must be understood against the background of a fiscal environment that is probably the most constrained since the beginning of the post-apartheid era in 1994. The budget guidelines provided to provinces in August 2012 included a "special message" from the Ministers' Committee on the Budget, which brings together the MECs of Finance across all provinces as well as the national Minister of Finance. The first sentence of the special message reads: "The global economic and financial crisis is becoming more serious" (National Treasury, 2012b: 2).

The guidelines outline a series of expectations as to how national and provincial agencies should plan their budgets for the 2013/14 MTEF to help cope with this situation. Perhaps the most well-publicised of these was an expectation that all agencies would reduce their budget "baselines" – i.e. the estimates reflected in the 2012 budget books – by 1% for 2013/14, 2% for 2014/15, and 3% for 2015/16. Because the amount of the reduction in one year gets "carried through" to the next year, in effect this equated to a "new" reduction of only 1% in each of the three years. So, for example, the 2% in 2014/15 equates to 1% already implemented for 2013/14 and 1% (from the previous year) plus 1% (for 2014/15). On page 23 of the guidelines document, the expectation of a reduction is expressed as a "requirement". The intention was that government would then use the amounts "saved" to fund infrastructure projects as well as the higher-than-expected increases in government salaries agreed to in the 2012 salary negotiations, without requiring an increase in the size of the overall budget. However, despite the fact that the provincial equitable share amounts were to be reduced, in its communication with provinces, National Treasury emphasised the need to protect the education, health and social development budgets against cuts.

A further noteworthy feature of the 2013/14 provincial budgets for Children's Act services is the extent to which they are, or should be, affected by out-of-the-ordinary additional allocations. These additional allocations to some extent could counter-balance the budget cuts implied by the budget guidelines. The additional allocations are referred to repeatedly in the analysis which follows as they affect a range of different services and costs relevant to children. It is therefore useful to present some background on both the standard sources of funds and the additional funds that should have been available for 2013/14 and the two outer years of the MTEF.

In order to understand analysis of the additional allocations, we need to understand the different sources of funds for provinces and the rules that govern how the provincial governments allocate and spend them. This is especially important as only a very small proportion – about 5% - of provincial revenue comes from its own sources. The bulk of provincial funds come from nationally collected revenue.

For the most part, social welfare services are funded through the *provincial equitable share*. This is the lump sum of money that each province receives from national revenue as determined in the Division of Revenue Act that is passed by the national Parliament at the beginning of each financial year. Section 214 of the Constitution has a list of factors which National Treasury must consider when determining the vertical division of revenue between the three spheres (national, provincial and local) and the horizontal division between the provinces and municipalities of the provincial and local shares. One of the factors that National Treasury must consider is the "obligations of the provinces…. in terms of national legislation".[8] On this factor, the Children's Act would qualify as national legislation that imposes obligations on the provinces that should be considered by Treasury.

There is no formula for determining the vertical division of revenue between the three spheres of government. The national share has fallen from 50,0% in 2009/10 go 47,6% in 2013/14, while the provincial share has increased from 42,5% to 43,5% and the local government share has increased from 7,5% to 8,9% over the same period.

The amount allocated to each province as its equitable share (the horizontal division) is computed by a formula that includes components related to health, education, poverty, economic activity, institutional needs, and population. There is no component related to social welfare needs or services as National Treasury argues that this is implicitly covered by the poverty component of the formula[9]. As argued in previous papers, this argument seems questionable given that provincial governments' obligations in respect of welfare services have increased with the passing of national legislation such as the Children's Act, Older Person's Act, Prevention of and Treatment for Substance Abuse Act and Child Justice Act but the poverty share has remained at 3% of the total provincial equitable share formula since before this legislation was introduced. Furthermore, child care and protection services are required for all children who are abused or may be at risk of harm irrespective of their poverty status.

The provincial legislatures have the final decision-making power over how the equitable share money is allocated between the provincial departments. They do this on the basis of budgets drawn up by the provincial executive that are tabled as draft bills in the provincial legislatures. In theory, a provincial legislature can decide how much will be allocated for education, health and other departments, and how much for the various programmes and sub-programmes within each department as the equitable share comes to the province as a single lump sum. However, the provincial legislatures have not yet passed the legislation required by section 123 of the Constitution to prescribe the procedure for amending a draft budget. Therefore in practice the decisions are made by the provincial executive and the provincial legislature can either pass or reject the budget as a whole but cannot amend it.

When making the decisions the provincial executive has labour and other contractual obligations – such as payment of teacher, social worker and nurse salaries and payment of rental agreements for buildings – that mean that it is not totally free to use the money as it wants. However, it does have quite a lot of leeway in areas such as social development. Firstly, government personnel do not account for as large a percentage of social welfare spending as of spending in health and education. Secondly, social development does not have norms and standards specified in respect of government personnel such as those found in sectors such as health and education.

Provinces may also receive some funding in the form of *conditional grants*. This is money from national government's equitable share of nationally collected revenue that is channelled through national government departments to provincial government and which must be used for the specified purpose. Social development has had very few conditional grants. The only one that is

[8] See section 214(2) (h) and also 214(2) (d) of the Constitution.
[9] Division of Revenue Bill [B4-2011]. See the Explanatory Memorandum page 73.

currently relevant is the conditional incentive grant for the social sector expanded public works programme (EPWP). As discussed below, some provinces use this grant to cover costs of home-based care in respect of HIV/AIDS.

Over the years, government has also channelled "additional" funds through the equitable share for nationally agreed priorities. This was done, in particular, in respect of early childhood development (ECD) for several years. In 2012 the Minister of Finance again announced additional funding for this type for expansion of ECD, and also announced such funding for the rollout of the Isibindi child and youth care programme and for victim empowerment (VEP). This additional money was to start in 2013/14. For ECD and Isibindi, the combined amount was R650 million in 2013/14 and R700 million in 2014/15. In 2013 the Minister of Finance announced further additional funding, including money for employment of social work graduates and additional money for NPOs. The additional money for both NPOs and social work graduates starts in 2013/14, although the allocation for social work was announced in the medium term budget statement of late 2012. Over the three years of the 2013 MTEF the total is R938 million for employment of social work graduates and R600 million for NPOs. For 2013/14 the amounts are R120 million and R100 million respectively.

The fact that the amounts for 2013/14 are much smaller than the proportionate share of the full MTEF allocation for each of the additions might be interpreted as National Treasury planning most of the increase for the latest years. This is not the case. The reason for the allocations in the later years being much bigger than in the earlier years is that in each of the latter years the increase must include both the addition/s for the earlier year/s and the addition for that year. Thus, in effect, the ECD/Isibindi addition for 2014/15 will bring only an extra R50 million as R650 million of the R700 million for that year is to cover the additional expenses already covered in 2013/14. Similarly, while the NPO addition will be R200 million for 2014/15, only R100 million of this will be an addition over the 2013/14 amount.

Unlike conditional grants, provinces are not legally obliged to spend the additional funds that come through the equitable share on the agreed national priorities, even though the provincial governments are included in the decision-making process around these. It could however be argued that the principles of co-operative government and inter-governmental relations in section 41(1)(h) of the Constitution, and the Intergovernmental Fiscal Relations Act 97 of 1997, require provinces to adhere to agreements that they conclude with national government in co-operative government forums such as MINMEC, the Budget Council and Budget Forum. In practice, some provinces take the national prioritisation seriously and refer to these funds as "earmarked", but there is no legal penalty for not doing so.

Further, the additional funding is not distributed between the provinces on the basis of an assessment of need for the particular aspect that the additional funds target. Instead, the additional funds are distributed using the same formula-based percentages used for the main provincial equitable share. Table 1 shows the equitable shares per province used for determining the equitable share over the 2013 MTEF period (National Treasury, 2013c: 18).

Table 1. Provincial equitable shares, 2013/14-2015/16

Province	2013/14	2014/15	2015/16
Eastern Cape	14.9	14.5	14.2
Free State	5.9	5.8	5.6
Gauteng	18.2	18.8	19.4
KwaZulu-Natal	21.7	21.5	21.3
Limpopo	12.3	12.0	11.8
Mpumalanga	8.1	8.1	8.2
Northern Cape	2.7	2.7	2.7
North West	6.7	6.8	6.9
Western Cape	9.5	9.7	10
Total	**100**	**100**	**100**

We can use these shares to calculate what percentage of the additional funds received in 2013/14 for each of the different priority services should have been available for each province. Table 2 provides this information. The amounts in the table can then be compared with what later sections of the paper records the provinces as having said they allocated for the different services or priority areas. The table also includes the amounts for victim empowerment. These are not intended for Children's Act-related services but instead are likely to be used for purposes such as shelters for women and children to be safe from domestic violence. The information is included in the table as the budget books often refer to a combined total for ECD, Isibindi and victim empowerment. The victim empowerment-specific information is therefore useful when comparing the combined amounts allocated with those which Table 2 suggests should have been allocated.

Table 2. Provincial amounts of additional equitable share allocations for 2013/14 (R000)

Province	Social workers	Non-profit organisations	ECD & Isibindi	Victim empowerment	Total
Eastern Cape	17 880	14 900	96 850	5 364	134 994
Free State	7 080	5 900	38 350	2 124	53 454
Gauteng	21 840	18 200	118 300	6 552	164 892
KwaZulu-Natal	26 040	21 700	141 050	7 812	196 602
Limpopo	14 760	12 300	79 950	4 428	111 438
Mpumalanga	9 720	8 100	52 650	2 916	73 386
Northern Cape	3 240	2 700	17 550	972	24 462
North West	8 040	6 700	43 550	2 412	60 702
Western Cape	11 400	9 500	61 750	3 420	86 070
Total	**120 000**	**100 000**	**650 000**	**36 000**	**786 000**

The provincial budget books contain many references to the additional allocations. They do this both in the context of specific sub-programmes and programmes and more generally when explaining why particular items in the budget increase. This sub-section of the paper records some of the more general mentions while later sub-sections highlight mentions specific to a particular sub-programme or item of expenditure.

Eastern Cape attributes the increase in the 2012 adjustment budget to additional funding received for social workers and the increase in 2013/14 to R103 million received for child and youth care and victim empowerment. This is a good match with the combined amounts in Table 2. Elsewhere the department states that R62,2 million of the additional funding will be used for

ECD, and also acknowledges the additional allocations for support to NPOs and absorption of social workers.

KwaZulu-Natal, as in previous years, provides a table that summarises additional provincial allocations over a five-year period. For 2013/14, it records an amount of R28,1 million for social work graduates, R21,7 million for NPO support, and R151,6 million for child and youth care and victim empowerment. Again, there is a good match with our calculations in the table above.

Limpopo acknowledges an additional allocation of R12,3 million for NPO support – a near-exact match with our calculations of the amount due. The additional amount for ECD is not reported separately but R15 million is reported for Isibindi.

Mpumalanga attributes the "reasonable" growth over the MTEF in allocations for the child care and protection, victim empowerment, crime prevention and support and HIV and AIDS sub-programmes to additional funding of R54,9 million for ECD, R24,9 million for Isibindi and R2,9 million for victim empowerment. The narrative refers to the MTEF, but the amount given for victim empowerment matches the amount in our table for the single year of 2013/14. The ECD and Isibindi also look as if they are less than they should be if they span both 2013/14 and 2014/15.

North West, in reporting a long list of additional funds, notes the receipt of R18 million additional for absorption of social work graduates, R6,7 million for support to NPOs, R2,3 million for ECD and R7 million for ECD equipment. The NPO amount matches the table, but the social work graduate amount is more than twice as large as in the table, and the ECD amounts are a very small proportion of the total available for ECD and Isibindi. North West comments that while the priority funding for ECD, victim empowerment, crime prevention and Isibindi contribute to strong growth in social welfare service spending, it is not sufficient to allow the province to employ all social work graduates and to provide ECD for half of children aged 0-4 years.

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

Analysis of each sub-programme's share of the social welfare services programme budget, and changes in this share over the years, provides an indication of the priority accorded the services that fall within that sub-programme, as well as the relative cost of the services provided under that sub-programme.

The analysis that follows must be read against the background of annual increases in the real (after inflation) total value of the social welfare services programme budget. In nominal terms, the combined total for the social welfare services programme across the nine provinces increases from R8 818,9 million (8,8 billion) in 2012/13 to R10 144,2 million in 2013/14, and R11 179,1 million and R12 172,2 million respectively in the outer two years of the MTEF.

After controlling for inflation, the real increases in the combined social welfare budgets over the three years of the MTEF are 9%, 5% and 4% respectively, giving an average annual increase of 6%. These increases occur despite the cutbacks described above that were imposed on all parts of government in light of the tight financial and monetary situation in the country. The increases are attributable to the additions to the equitable share explicitly intended for social welfare services, namely the ECD and Isibindi allocations announced in 2012 and the subsequent allocations for social workers and for NPOs. The increases in the overall allocation for social welfare services mean that a constant share for a sub-programme that funds children's services translates into a real increase in the money going to the children's sub-programme, while an increase in the share for children's services means a more substantial real increase in the money for children except to the extent that – as discussed below – the increase reflects salaries being shifted from the professional and administrative sub-programme to the service delivery sub-programmes.

Table 3 shows the share of the social welfare services budget that goes to the child care and protection services sub-programme. The provinces are presented in two groups – firstly those that include allocations for service delivery staff in the sub-programme budget and secondly those that do not. This is done because the choice of where staff allocations are made can have a substantial impact on the share going to a particular sub-programme.

Table 3 shows that when the allocations of all provinces are combined the share of the social welfare services budget going to the child care and protection services sub-programme increases from 36% in the adjusted budget for 2012/13 to 43% for 2013/14. It increases further, although at a slower pace, in the two outer years of the MTEF. An increase in the share was anticipated in the MTEF of 2012/13, but the increase seen now is greater than was anticipated. The increase is explained by the additional allocations described above as much of this money would – as discussed further below – come into the child care and protection sub-programme. It is also explained by Eastern Cape and North West having, since 2012/13, shifted staff salaries from the professional and administrative sub-programme into the child care and protection sub-programme.

Table 3. Child care and protection services as percentage of social welfare services

	2009/10	2010/11	2011/12	2012/13 Adjusted	2013/14	2014/15	2015/16
Eastern Cape	25%	22%	22%	21%	51%	51%	53%
Free State	60%	59%	58%	57%	57%	57%	55%
Gauteng	48%	51%	49%	50%	56%	59%	61%
North West	23%	17%	19%	26%	32%	32%	32%
Sub-total including staff	***40%***	***39%***	***39%***	***40%***	***51%***	***53%***	***54%***
KwaZulu-Natal	30%	34%	37%	33%	37%	40%	41%
Limpopo	35%	32%	28%	33%	28%	27%	27%
Mpumalanga	31%	32%	34%	28%	34%	37%	37%
Northern Cape	22%	23%	24%	24%	35%	34%	34%
Western Cape	35%	35%	32%	35%	36%	37%	37%
Sub-total excluding staff	***32%***	***33%***	***33%***	***32%***	***34%***	***36%***	***36%***
Total	**36%**	**36%**	**36%**	**36%**	**43%**	**45%**	**46%**

The higher shares for *Eastern Cape*, *Free State* and *Gauteng* (all above 50%) are explained mainly by the fact that in these provinces the salaries of service delivery personnel are included in the sub-programme for which they deliver services. The *North West* , which also includes personnel costs in the relevant sub-programme, stands out as an anomaly in this group of four provinces, as their child care and protection sub-programme's share of the budget is only 32% of the total social welfare programme allocation. The 32% share is, however, a noticeable increase over the share of this sub-programme in previous years.

Free State shows no change in the child care and protection share for 2013/14, but by 2015/16 the share of this sub-programme will have fallen. Over the full period 2009/10 to 2015/16, Free State shows the share falling from 60% to 55%.

The sharp increase from 21% in 2012/13 to 51% in 2013/14 in the *Eastern Cape* is most likely to have been caused by the shift of government personnel salaries into this sub-programme between 2012/13 and 2013/14. *North West* has also shifted staff but the increase for 2013/14 is smaller because the province appears to have started shifting personnel costs into the child care and protection sub-programme in mid-2012/13. The shift is thus already partly reflected in the 2012/13 adjusted budget amount shown in the table above. If we compare 2011/12 and 2013/14 for North West, the increase is 13 percentage points.

In the other five provinces personnel costs are in the separate professional and administrative services sub-programme. This is the most likely explanation for why their child care and protection sub-programme shares are so much lower than the other four provinces. *Limpopo* is noteworthy for the decrease in the share of the social welfare services budget going to child care and protection. The decrease takes Limpopo back to the share it had in 2011/12, at 28% in 2013/14. The share then falls further to 27% in the next two years. This continues an ongoing pattern of extreme volatility in Limpopo budgets.

Western Cape's share for this sub-programme increases only minimally. The Western Cape share is only slightly more than the average for the provinces which do not include personnel salaries in this sub-programme, despite the fact that in Western Cape this sub-programme covers both child care and protection and HIV/AIDS. As seen below, HIV/AIDS alone averages over 7% of the social welfare programme. The share remains 7% if the calculation is restricted to provinces that do not include staff salaries in the service delivery sub-programme. The Western Cape share for child care and protection must thus be compared with an average national share for provinces that do not include staff salaries of 41% (34% + 7%).

Table 4 shows the shares of each of the other three service delivery sub-programmes summed across the nine provinces. Because the table does not show province-specific information it does not distinguish between provinces that include staff salaries in the service delivery sub-programmes and those that do not. As noted last year, HIV/AIDS was previously the largest of these three smaller sub-programmes but was overtaken by crime prevention and support in 2012/13. The share of HIV/AIDS decreases further in each year of the MTEF. Thus over the period 2009/10 to 2015/16 the HIV/AIDS share will have decreased from 8,6% to 6,4%. This decrease coincides with the ongoing serious downscaling of assistance from the US Presidential Emergency Plan for Aids Relief (PEPFAR) over this period. As discussed below, many community-based OVC support organisations have already retrenched staff or closed as a result of cutbacks in funding.

The shares for crime prevention and support and family care and support remain more or less constant over the MTEF period, with both showing a small decrease over the period when compared to 2012/13. The continuation of very small allocations to family care and support sub-programme is self-defeating, as this sub-programme could be providing key prevention and early intervention services that would reduce the need for more expensive tertiary services when things have gone really wrong for children.

Table 4. Other sub-programmes as percentage of social welfare services

	2009/10	2010/11	2011/12	2012/13 Adjusted	2013/14	2014/15	2015/16
Family care & support	2.9%	2.0%	2.4%	2.4%	2.3%	2.3%	2.3%
HIV/AIDS	8.6%	8.3%	8.4%	7.8%	7.2%	6.7%	6.4%
Crime prevention & support	7.9%	7.7%	7.1%	8.1%	8.1%	8.1%	7.9%

2.3 Amounts allocated per sub-programme

This section examines the allocations for the focus sub-programmes over the MTEF period.

2.3.1 Child care and protection

The services that fall under this sub-programme include partial care, ECD, some prevention and early intervention programmes, protection, foster care placement and supervision, adoption, drop-in centres and child and youth care centres (CYCCs). Some provinces – including Gauteng and North West – have additional initiatives, such as provision of school uniforms. As from April 2012, the category of CYCCs under this sub-programme should have included reform schools and schools of industry unless the allocations for these were included in the crime prevention sub-programme. Last year's analysis revealed few signs that this was planned but – as seen below in the special focus areas section – this year's budget books show signs that the transfer and related budgeting is now happening.

In last year's analysis we observed that for most, if not all, provinces the rollout of the Isibindi project would be funded by this sub-programme. This year's budget books confirm that this is the case for many provinces, but not for all. In KwaZulu-Natal and Mpumalanga it seems that Isibindi is being wholly or partially funded by the HIV/AIDS sub-programme. There has, however, reportedly been agreement that as from 2014/15, all provinces should reflect Isibindi funding in the child care and protection services sub-programme. This will then be reflected in changes in the 2014/15 and 2015/16 allocations for the two sub-programmes for provinces where Isibindi currently is funded from the HIV/AIDS sub-programme.

Table 5 reveals a substantial increase of 30% in the combined total allocation across the nine provinces for the child care and protection sub-programme in 2013/14. This is followed by further smaller, but still substantial, increases in 2014/15 and 2015/16. Overall, the average annual increase over the three years is 14%. This is double the average annual increase recorded for the 2012 MTEF.

Table 5. Allocations for child care and protection services sub-programme (R000)

	Budget allocations				Annual real % increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3-yr average
Eastern Cape	242 939	694 775	729 446	792 800	171%	0%	3%	41%
Free State	342 344	365 761	376 253	382 454	1%	-2%	-4%	-2%
Gauteng	982 083	1254 747	1641 791	1 946 814	21%	24%	13%	19%
KwaZulu-Natal	489 903	619 536	687 639	753 628	20%	5%	4%	9%
Limpopo	257 711	259 386	272 091	285 514	-5%	-1%	0%	-2%
Mpumalanga	168 442	262 543	321 15 3	348 631	48%	16%	3%	21%
Northern Cape	80 530	137 703	144 360	153 454	62%	-1%	1%	18%
North West	183 144	253 777	276 862	301 230	31%	3%	3%	12%
Western Cape	415 038	482 925	538 192	581 791	10%	6%	3%	6%
Total	**3 162 134**	**4 331 153**	**4 987 787**	**5 546 317**	**30%**	**9%**	**6%**	**14%**

In absolute terms, the total allocation for 2013/14 is R4 331,2 million, increasing to R4 987,8 million in 2014/15 and R5 546,3 million by 2015/16. The substantial increases can be explained by the extra injection of funds for the Isibindi project, ECD and NPO funding. It could also be explained by the extra injection of funds for social workers to the extent that provinces (such as Eastern Cape, Free State, Gauteng and North West) include personnel costs in this sub-programme. In addition, KwaZulu-Natal reports that it included the additional funds for social worker graduates in this sub-programme and it is possible that other provinces also did so.

Eastern Cape has the largest increase, with a 2013/14 allocation that is more than double that of 2012/13. Northern Cape has an increase, after correction for inflation, of 62% and Mpumalanga one of 48%. As discussed further below, the large increase for Eastern Cape is probably largely the result of shifting staff from the professional and administrative sub-programme to this sub-programme for which they deliver services. North West confirms that the increase in this province is partly explained by the shifting of staff from the professional and administrative support sub-programme, and partly by an allocation of R22,5 million for Isibindi. North West's increase in 2013/14 would have been even bigger if we had compared with the original appropriation for 2012/13, which was R130,3 million, rather than the revised estimate of R183,1 million. This, together with a smaller revised than appropriated allocation for professional and administrative services for 2012/13, suggests that some of the shifting of service delivery salaries might have happened in the middle of the 2012/13 budget year.

KwaZulu-Natal's increase is at least partly explained by the additional allocation for employment of social work graduates being allocated to this sub-programme. This may also be the case for other provinces.

The most worrying provinces are Free State and Limpopo. The former has a real increase of only 1% in 2013/14 followed by decreases. The average real annual change in the Free State allocations is -2%. Limpopo has a real decrease of -5% in 2013/14, with a further -1% decrease in 2014/15 and no real change in the budget for the final MTEF year. Both provinces should be showing at least the additional increases for ECD, Isibindi and NPO transfers reflected in Table 2 above. The Free State trend should also reflect the injection of funds for social workers given that this province includes staff salaries in the service delivery sub-programmes. It is not clear how the Free State will be able to fulfil its obligations to increase staff salaries in line with the wage agreement or ensure that NPOs, Isibindi and ECD receive the additional funding earmarked by national with the amounts reflected in the budget book.

Many of the issues covered in the narratives relating to the child care and protection sub-programme are dealt with in other sub-sections of this report. These include Isibindi, ECD and reform schools and schools of industry, in particular. In this sub-section we therefore point only to what the provinces report in respect of the other issues. In particular, we highlight discussions on CYCCs and foster care. Both of these constitute forms of "alternative care" in terms of the Children's Act, i.e. where a court deems that the child is in need of "care and protection" and places the child in state care.

Reform schools and schools of industry fall into the broad category of **child and youth care centres**. There are, however, other types of CYCC, including the largest category in terms of number of what were formerly known as children's homes. Secure care centres are also a form of CYCC, but it is not always clear whether they are funded under this sub-programme or under the crime prevention and support sub-programme. CYCCs are a "must provide" service as they provide for children whom the court has made wards of the state. Funding occurs through subsidies calculated on a monthly per child amount, with the amount differing greatly across provinces. The allocations for CYCCs account for a small but non-negligible proportion of this sub-programme's budget. For example, in North West the allocation for children's homes amounts to 19% of the NPO transfers in this sub-programme, in Free State for 9% of the NPO transfers and in Northern Cape for 7%. This can be compared to the allocations for transfers to NPOs for ECD in these same provinces which is 55%, 72% and 72% respectively. While there is a large difference in the two types of services, both in terms of numbers of children served and the nature and cost of the service per child, this comparison gives a sense of which services government is prioritising on a funding level within the child care and protection sub-programme.

Eastern Cape reports that the John X Merriman CYCC in East London and the Qumbu CYCC commenced operations during 2012/13. Management of these secure care centres is "outsourced". This presumably means that the government pays the full cost (and profit) to the for-profit companies that manage these centres rather than, as with NPO-managed CYCCs, paying a partial subsidy.

Free State reports that R31,3 million has been allocated in 2013/14 for completion of the Thabo Mofutsanyane Secure Care Centre and the Drug Rehabilitation Centre. This infrastructure allocation is referred to in the discussion of the social welfare services programme but the budget documents do not specify if it is within the child care and protection sub-programme budget or, as is more likely, under the crime prevention and support and substance abuse prevention and rehabilitation sub-programmes respectively.

Gauteng states that in 2013/14 it plans to fund 96 CYCCs, including children's homes, shelters and secure care centres. The CYCCs will provide accommodation for a total of close on 6 000 children. However, in the same paragraph the province states that it "supports" 105 registered CYCCs with an approved capacity for 8 098 children. The reason for this discrepancy may be that government itself manages one children's home and seven places of safety, and perhaps also manages another CYCC that is not included in its performance indicators. The NAWONGO court case in respect of funding of Free State NPOs revealed that the per child cost of government-run CYCCs was more than double – and sometimes triple – the amount of the subsidy provided to NPOs that run CYCCs (Budlender, 2011). This suggests that Gauteng could fund CYCCs more cost effectively if these were managed by NPOs at a reasonable per child cost rather than by government at a much higher per child cost.

KwaZulu-Natal refers to the need for transformation of children's shelters into CYCCs and establishment and registration of CYCCs with programmes for children with disabilities. However, the province does not make firm commitments in this respect. The province has reportedly been encouraging cluster foster care as a less expensive option for accommodating children than CYCCs. However, the number of children to be placed in CYCCs increases from 2 736 in 2012/13 to 3 833 in 2013/14, and then to 4 226 by 2015/16. Meanwhile the allocation for children's homes increases from R61,7 million in 2012/13 to R63,1 million in 2013/14 and by 2015/16 is R65,4 million. The relative increase in the number of children (40% and 10% respectively in the two years) is thus much larger than the relative increase in funding (2% and 4% respectively).

Limpopo reports that it was unable to complete nine infrastructure projects during 2012/13, including the Mtsetweni, Thohoyandou and Iris children's homes. The province plans to complete these and the other outstanding projects during 2014/15. Elsewhere it reports an amount of R30 million under goods and services for secure care centres.

Mpumalanga reports that in 2012/13 it supported (and monitored) one CYCC owned by government and provided funding to 18 CYCCs managed by NPOs. The latter provided care and accommodation for 1 122 children, while the government-owned facility housed 18 children. For 2013/14 the province states that it will continue to support the government-owned facility, but will continue to fund only ten NPO-managed CYCCs, catering for 858 children. No reason is offered for the decrease. The province reports an increase in the per beneficiary funding level for residential care facilities for older persons and people with disabilities but does not do the same in respect of CYCCs.

Northern Cape records an amount of R11,9 million for children's homes in 2013/14. This is less than the R12,1 million in the adjusted budget for 2012/13. The amount increases to R13,0 million by 2015/16.

North West, in contrast, states that the funding per child for shelters for children living and working on the streets will increase from R1 500 to R1 800, while that for children's homes will increase from R2 100 to R2 500. These increases will exacerbate the gap between the funding of the two types of CYCC. Yet section 198(3) of the Children's Act stipulates that shelters are expected to achieve the same norms and standards as all other child and youth care centres by 2015. This provision of the Act is aimed at acknowledging the need to achieve equality in child protection services and alternative care for street children. The total allocation for children's homes increases from R13,9 million in 2012/13 to R15,9 million in 2013/14 and reaches R18,8 million in 2015/16. The amount for shelters is constant at R2,5 million in 2012/13, 2013/14 and 2014/15 and then increases to R2,6 million in 2015/16. It is not clear how the funding per child in shelters can increase in 2013/14 or how shelters will be able to meet the prescribed norms and standards for CYCCs by 2015 if the total allocation remains constant.

Western Cape's narrative does not discuss CYCCs. Instead the narrative confirms, as discussed below, that it sees families as a unifying construct for its social welfare service provision. Thus the narrative for child care and protection states that this sub-programme will in 2013/14 provide, among others, for programmes for 4 900 parents and caregivers in parent education, while a further "focus area" will be reunification of children with their families or "communities of origin".

Several provinces report on the numbers of children placed in **foster care** in 2012/13 or placements planned for the coming years. This information is provided in their narratives and/or in their performance indicator tables. (All five provinces that provide performance indicator tables have indicators relating to foster care.). The description of these indicators differs to some extent across provinces and table 6 below thus includes the description of the indicator as well as the numbers recorded for the MTEF period. Mpumalanga is included in the table because, while it does not include a table on performance indicators, it provides information on foster placements in the narrative.

Table 6. Performance indicators relating to foster care

	2012/13	2013/14	2014/15	2015/16
Gauteng				
Children newly placed by government		1 926	2 119	2 330
Children newly placed by funded NPOs		1 126	1 239	1 362
Cases recommended for foster care by government		2 288	2 517	2 768
KwaZulu-Natal				
Children placed in foster care	5 827	22 462	23 585	24 754
Limpopo				
Children newly placed in foster care	7 860	8 516	8 900	9 600
Mpumalanga				
Children placed in foster care	4 664	8 808		
Northern Cape				
Children placed by government or NPOs		752	700	700
North West				
Children placed by government		2 000	2 500	3 000

Table 6 reveals that all but one (Northern Cape) of the six provinces plan for an increase over the MTEF of the number of children to be placed in foster care. However Gauteng, Northern Cape and North West do not provide indicators for 2012/13. Therefore it is not possible to know whether the plans for 2013/14 represent an increase or a decrease on placement numbers achieved in 2012/13.

This year *Gauteng* reports that there has been "remarkable progress" in placing children in foster care in line with the ministerial "foster care project". By end December 2012, 3 149 children had been newly placed in foster care while 38 961 children already in foster care were serviced by social workers. The SASSA database records a total of 58 742 children in Gauteng receiving foster child grants as at 31 March 2013 (SOCPEN information quoted here and below provided by Katharine Hall, Children's Institute). This suggests that there are about 20 000 children receiving FCGs who were not serviced by social workers. This could be partly explained by section 186(3) of the Act requiring follow-up visits for fostered children "at least" every two years.

Gauteng has allocated the additional funds for employment of social work graduates to this sub-programme and notes explicitly that this will assist in reducing the foster care backlog. In noting this, Gauteng acknowledges that despite the "remarkable progress", backlogs continue. Further, the province acknowledges that while foster care placements are the "first choice" for alternative care for children in need, the court process is lengthy and the requirement for continuous monitoring by social workers is onerous. Gauteng's plans for a combined total of 3 052 NPO and government foster care placements in 2013/14 (see Table 6) represent a reduction in their placement numbers when compared to the 3 149 reported for December 2012.

In Gauteng's performance indicator table, it is not clear what the third indicator (cases recommended for foster care by government) measures, and how this relates to the other two measures. For the first two years of the MTEF this number is less than the sum of the other two indicators, while for the third year it is slightly more than the sum. It could be measuring foster care placements recommended by social workers that are awaiting Children's Court orders.

Limpopo reports having placed a total of 66 025 children in foster care. This number must refer to the total number in foster care rather than those placed during 2012/13 as the province records elsewhere that 7 800 were newly placed in 2012/13. The SASSA database records a total of 58 953 children receiving foster child grants as at 31 March 2013. Some of the difference in numbers may be explained by delays in children accessing grants. Limpopo intends to increase their pace of placements with a target of 8 516 placements for 2013/14.

Mpumalanga reports 4 664 placements for 2012/13 and plans to place 8 808 children in foster care in 2013/14. This represents almost double the number of placements reported for 2012/13.

KwaZulu-Natal reports 5 827 placements for 2012/13 and plans 22 462 placements for 2013/14. This represents four times as many placements in 2013/14 as in 2012/13. KwaZulu-Natal's planned number for 2013/14 is about ten times that of Gauteng whereas the number of maternal and double orphans derived from Statistics South Africa's general household survey suggests that KwaZulu-Natal has about three times the number of child orphans that Gauteng has (http://www.childrencount.ci.org.za/indicator.php?id=1-&indicator=4). Either there is a mistake in KwaZulu-Natal's projections or they are planning a massive foster care placement drive using a new approach not in use in the other provinces.

Northern Cape plans 752 placements for 2013/14 while *North West* plans 2 000.

2.3.2 HIV/AIDS

Services that fall under this sub-programme are likely to include some prevention and early intervention services and, in particular, home- and community-based care and other support programmes for orphans and vulnerable children. In Mpumalanga and KwaZulu-Natal, and perhaps in some other provinces, this sub-programme will partially or fully fund Isibindi in 2013/14. The programme also provides for services for adults, including home- and community-based care programmes for adults. The NPOs that provide services related to this sub-programme are those that will have been particularly hard-hit in the funding cut-backs by PEPFAR in respect of home- and community-based care and similar support services for families affected by HIV/AIDS.

Table 7 shows a small average increase – of only 1% – between 2012/13 and 2013/14 in the combined allocations across the nine provinces for the HIV/AIDS sub-programme. This is followed by decreases in the following two years. Overall, there is thus an average annual decrease of -1% over the MTEF period. The combined allocations amount to R734,6 million in 2013/14, increasing marginally to R746,1 million in 2014/15 and R776,0 million in 2015/16.

Table 7. Allocations for HIV/AIDS sub-programme (R000)

	Budget allocations				Annual real % increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3-yr average
Eastern Cape	47 314	48 748	46 480	49 042	-2%	-10%	0%	-4%
Free State	29 222	31 553	32 319	33 490	2%	-3%	-2%	-1%
Gauteng	242 456	235 234	249 197	260 785	-8%	0%	-1%	-3%
KwaZulu-Natal	102 932	120 819	110 547	114 989	11%	-13%	-1%	-2%
Limpopo	117 359	129 535	136 567	143 397	5%	0%	0%	1%
Mpumalanga	45 946	71 251	75 920	76 158	47%	1%	-5%	12%
Northern Cape	27 818	29 862	31 166	32 589	2%	-1%	-1%	0%
North West	74 321	67 624	63 920	65 504	-14%	-10%	-3%	-9%
Western Cape	0	0	0	0	-	-	-	-
Total	**687 368**	**734 626**	**746 116**	**775 954**	**1%**	**-4%**	**-1%**	**-1%**

As noted above, Western Cape no longer has an allocation for this sub-programme as it was combined with the child care and protection sub-programme as from 2012/13.

Among the remaining provinces, Mpumalanga stands out with an increase of 47% for 2013/14, and an average of 12% over the three years of the MTEF. This is explained by Mpumalanga housing Isibindi in this sub-programme. However, what is worrying is the decrease of -5% in the real value of the allocation in 2015/16. Five of the nine provinces have real average annual decreases over the MTEF period. North West is the worst performer, with an average annual real decrease of -9%, and a real decrease of -14% in 2013/14. The province explains that this is primarily due to correction of baseline information rather than a real decrease.

Eastern Cape and KwaZulu-Natal record real decreases for two of the three years of the MTEF. KwaZulu-Natal's allocation pattern is especially puzzling as there is a large real increase – of 11% – in 2013/14, but this is followed by an even larger real decrease the following year. It is possible that this reflects plans to shift Isibindi funding to the child care and protection sub-programme in 2014/15. However, KwaZulu-Natal's increase for child care and protection in 2014/15 is much smaller than the increase for 2013/14. Gauteng has a real decrease only for 2013/14, but the size of the decrease – at -8% – is large enough to create an average annual decrease of -3%. Gauteng explains that the decrease reflects discontinuation of the EPWP incentive grant. These decreases are especially worrying at a time when PEPFAR funding is decreasing and the number of orphans is increasing each year.

As explained in last year's analysis, a new conditional incentive grant for EPWP social sector funding was introduced in 2011/12. Where provinces receive this grant, it is generally referred to in the budget narratives. The grant money is channelled through the national department of public works to the relevant provincial departments and is then further channelled to specified programmes within specified departments in each province. The grant is awarded for one year at a time. This arguably frustrates efforts for medium-term planning and is not an appropriate funding mechanism for the social development sector where there is a need for ongoing, uninterrupted service provision.

The budget narratives indicate that several provinces have used and/or plan to use some of the grant for HCBC. This seems to be by far the most common use for the grant although it is in some cases used for other purposes, including ECD. Because the grant is predominantly used for HCBC, it is discussed in this sub-section of the report.

Eastern Cape reports that EPWP provided for 1 625 job opportunities in HCBC organisations during 2012/13. The conditional grant allocation was R6,7 million in 2012/13 and will increase slightly to R6,9 million in 2013/14. The grant is used to cover administration costs in respect of 47 projects as well as stipends for caregivers in respect of both HIV/AIDS and people with disabilities.

Free State will receive a conditional grant of 8,5 million in 2013/14 but uses the grant for victim empowerment volunteers rather than for HIV/AIDS.

Gauteng received an EPWP incentive grant from 2010/11 to 2012/13. The province did not meet the criteria to qualify for the grant in 2013/14, but the province has reprioritised equitable share funds so as to be able to continue to support the HCBC and ECD organisations previously supported through the conditional grant. However, as the table above shows, the amount reprioritised does not compensate fully for the loss of the conditional grant. A total of 6 190 people will benefit from the opportunities during 2013/14. This is similar to the 6 182 recorded by end December 2012.

Gauteng's budget book records that the province undertook to fund 234 HCBC organisations to reach 125 000 orphaned and vulnerable children (OVCs) in 2012/13, but also records that by December 2012 it had reached (only) 41 592 OVCs. For 2013/14 the department plans to fund 240 HCBC organisations and reach 40 323 OVC, less than in 2012/13. The department also plans to expand day care and drop-in facilities for child-headed households.

KwaZulu-Natal will continue to receive the conditional incentive grant and plans to increase the number of community caregivers so that all wards of the province are covered. The province describes the amount provided for the grant in 2013/14 – R14,6 million – as "substantial".

Limpopo reports a decrease in the conditional grant from R11,1 million in 2012/13 to R8,9 million in 2013/14, but states that the equitable share will be used to pay caregivers in 2013/14. The province notes that other uses of the HIV/AIDS sub-programme allocation include R10 million to be used for procurement of uniforms and meals for OVC.

Mpumalanga has not received conditional grants since 2010/11, but nevertheless reports that 1 656 jobs will be created through the EPWP. The province will house Isibindi under the HIV/AIDS sub-programme. The province plans to fund 92 NPOs to provide services to 8 716 OVC. Of these NPOs, 17 will implement the Isibindi model. A total of 4 337 children will be serviced through drop-in centres.

Northern Cape records a conditional grant of R5,7 million for 2013/14, a substantial increase on the R1,5 million received in 2012/13, but less than the R5,7 million received in 2011/12. The province reports that stipends for all "volunteers" will be "equalised" at the EPWP rate. This suggests that up to now the province has not complied with the ministerial determination that specifies the minimum rate.

North West plans to use the conditional incentive grant of R16,4 million to create 849 work opportunities.

Western Cape received an incentive grant only in 2011/12.

The most common service delivery measure presented by provinces for HIV/AIDS is the number of orphans and other children made vulnerable by HIV and AIDS benefiting from (psychosocial) services. Last year this information was provided by four provinces. This year two additional provinces – Eastern Cape and North West – report on the indicator. It seems unlikely that this improvement reflects the planned roll-out of the Isibindi programme as these two provinces will not house the Isibindi allocation in the HIV/AIDS sub-programme.

Like last year, Table 8 suggests that Limpopo is reaching far more children than KwaZulu-Natal, which has a much larger population and a higher HIV prevalence rate. North West records a very large number of children reached, while it is one of the smallest provinces population-wise. This information must, however, be treated with caution as the nature of the services, and the methods used to estimate the numbers reached, might differ across provinces.

Table 8. Children benefiting from HIV and AIDS services

	2012/13	2013/14	2014/15	2015/16
Eastern Cape	35 528	27 458	29 920	29 920
Gauteng		40 343	44 377	48 815
KwaZulu-Natal	13 106	18 641	19 573	20 551
Limpopo	31 800	44 000	41 000	42 000
Northern Cape		16 651	20 516	20 516
North West		84 000	89 000	91 000

A further concern is that most provinces that included the information last year and this year have down-scaled their targets. Gauteng's numbers are much lower than those recorded last year, when numbers of 126 000 or more were reported each year. Similarly, KwaZulu-Natal recorded a target of more than 28 000 for 2012/13 last year. Northern Cape's 2013/14 target is nearly 2 000 less than recorded in last year's budget.

2.3.3 Care and support to families

This sub-programme includes allocations for some of the programmes listed as prevention and early intervention services in the Children's Act. From the budget narrative and the lists of performance indicator, this sub-programme is likely to be funding at least the following services:

- Child and family counselling
- parenting skills programmes
- family preservation services.

KwaZulu-Natal describes the sub-programme as providing recommendations relating to the Maintenance Act. Western Cape has a fatherhood education programme.

Table 9 reveals a real increase of 8% between 2012/13 and 2013/14 in the total allocation across the nine provinces to the care and support to families sub-programme. Further smaller real increases are recorded for the following two years, giving an average annual real increase of 4%. At first glance, this is a positive picture for a sub-programme that has always been relatively neglected. In absolute terms the total allocation across the nine provinces increases from R208,3 million in 2012/13 to R237,3 million in 2013/14. By 2015/16 it is predicted to be R274,3 million.

Table 9. Allocations for care and support to families sub-programme (R000)

	Budget allocations				Annual real % increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3-yr average
Eastern Cape	8 060	6 893	8 398	8 804	-19%	15%	-1%	-2%
Free State	13 176	16 618	17 355	17 686	19%	-1%	-3%	5%
Gauteng	102 889	114 466	121 317	126 889	5%	0%	-1%	2%
KwaZulu-Natal	5 462	5 526	5 611	5 784	-4%	-4%	-2%	-3%
Limpopo	7 518	14 769	15 507	16 282	86%	0%	0%	23%
Mpumalanga	2 044	4 206	7 695	11 149	95%	73%	37%	67%
Northern Cape	4 614	13 325	13 956	14 589	173%	-1%	-1%	39%
North West	21 792	20 883	24 927	26 175	-9%	13%	0%	1%
Western Cape	42 695	40 638	43 435	46 943	-10%	1%	3%	-2%
Total	**208 250**	**237 324**	**258 201**	**274 301**	**8%**	**3%**	**1%**	**4%**

Northern Cape, Mpumalanga and Limpopo record very substantial increases for 2013/14 and for the average annual real increase. However this is off very low bases of spending in 2012/13. For Mpumalanga, the annual real increase is 67%. In absolute terms, this reflects an increase from a budget of R2,0 million in 2012/13 to R11,1 million in 2015/16. In Mpumalanga the increases are relatively evenly distributed across the years. In Limpopo and Northern Cape, in contrast, the increase is concentrated in the first year of the MTEF.

In contrast to these provinces which seem to be prioritising care and support to families, three provinces – Western Cape, KwaZulu-Natal and Eastern Cape - have real annual decreases over the MTEF period. Four provinces – Eastern Cape, KwaZulu-Natal, North West and Western Cape – have real annual decreases for 2013/14, the year that is voted on in 2013. North West states that the R910 thousand decrease is "due to internal reprioritisation" without further elaboration.

The budget narratives on this sub-programme, where they exist, tend to consist of a listing of the number of NPOs funded and the number of people or families participating in or benefiting from various services. Western Cape is the only province that elaborates at length on this sub-programme and cites "family strengthening" as being an "anchor" programme for the department, a context-setting programme for interventions within other sub-programmes, as well as a "critical deliverable" in terms of one of the province's strategic objectives. However, as seen above, its allocation for 2013/14 represents a R2 million decrease on the previous year's allocation. This amount could represent funding for several NPOs providing parenting programmes or family counselling.

2.3.4 Crime prevention and support

Services that fall within this sub-programme include diversion, assessments by probation officers and secure care facilities. Assessments could be argued to fall under the Child Justice Act rather than the Children's Act.

Table 10 reveals that the average annual real increase over the MTEF period for all provinces combined in respect of the crime prevention and support services sub-programme stands at 5%. This is pleasing given that the average annual real increase for the 2012 MTEF was zero. What is even more pleasing is that the increase happens primarily in 2013/14, the budget year which is voted on in 2013. In absolute terms, the combined provincial allocations increase from R714,4 million in 2012/13 to R821,9 million in 2013/14, rising to R958,2 million in 2015/16.

Table 10. Allocations for crime prevention and support services (R000)

	Budget allocations				Annual real % increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3-yr average
Eastern Cape	97 680	181 531	197 719	204 157	76%	3%	-2%	21%
Free State	43 234	46 309	49 889	52 780	1%	2%	0%	1%
Gauteng	168 095	158 767	188 998	210 116	-11%	13%	5%	2%
KwaZulu-Natal	78 209	81 553	85 143	88 711	-1%	-1%	-1%	-1%
Limpopo	28 398	35 263	37 076	38 817	18%	0%	-1%	5%
Mpumalanga	16 844	30 207	35 072	39 408	70%	10%	7%	26%
Northern Cape	68 822	64 854	68 059	71 304	-11%	-1%	-1%	-4%
North West	77 518	79 026	86 405	88 612	-3%	4%	-3%	-1%
Western Cape	135 566	144 402	154 869	164 279	1%	2%	1%	1%
Total	**714 366**	**821 912**	**903 230**	**958 184**	**9%**	**4%**	**1%**	**5%**

Two provinces – Eastern Cape and Mpumalanga – account for a large part of the combined provincial increase. In 2013/14, these two provinces record increases of 76% and 70% respectively. The increase in Mpumalanga is probably related to the secure care centre discussed in their budget narrative (see below). The increase in Eastern Cape is mostly likely a result of shifting of salaries (including those of probation officers) from professional and administrative services sub-programme to this sub-programme. Limpopo has an increase of 18% for 2013/14. The large increases of these three provinces mask relatively substantial decreases in Gauteng and Northern Cape (both -11%) in 2013/14. For 2013/14, four of the nine provinces record decreases in real terms, while this is the case for three of the nine provinces for the MTEF period as a whole. Gauteng's allocations are very volatile, with a decrease of -11% in real terms in 2013/14 followed by increases of 13% in 2014/15 and 5% in 2015/16.

The references in the narratives that relate to children refer mainly to secure care centres and diversion.

- *Gauteng* states clearly that the growth in the budget for this sub-programme relates to implementation of child-related policies and programmes. In 2013/14 the number of children housed in secure care centres will increase by 3 700. This seems counter-intuitive as there have been a marked decrease in the number of children in these centres over recent years and there are virtually no children in prisons in Gauteng. R158,7 million has been allocated for diversion programmes, but the number of children who will participate in these programmes is reported as 1 784 children at one point in the document and 2 959 at another point while 1 622 is recorded in the table of performance indicators. The department also has plans for after-care programmes for families of children in conflict with the law. There seems to be no explanation provided for the decreases in allocations for the outer years.
- *Mpumalanga* has plans for assessments of 1 170 children in conflict with the law, with 640 targeted to complete diversion programmes and 835 to be referred to such programmes. A planned 150 children will be housed in a government-managed secure care centre while awaiting trial and 261 children in conflict with the law will be placed in home-based supervision.
- *Northern Cape* reports funding for two government-owned and one private secure care centre and one place of safety.

- *North West* reports that R2 million of the budget reflects reallocation of staff from the professional and administrative support programme, confirming at least some shift in this direction in the province. Despite this shift, there is a real decrease in the amount allocated between 2012/13 and 2013/14.
- *Western Cape* reports the rolling out of a therapeutic programme for sentenced children with severe behavioural problems accommodated in Wellington. The programme is provided by Khulisa, a private for-profit company. The province also reports development of a diversion handbook booklet, a draft procedural manual and a draft after-hours policy for probation assessments.

2.3.5 Professional and administrative services

As noted above, some provinces place the allocations for social services staff within the sub-programmes in which those staff deliver services, while others allocate money for social services staff in the professional and administrative services sub-programme. In previous years Free State and Gauteng have been in the first category, which allocates funding for social services staff within the relevant services sub-programmes. For 2013/14 it seems that Eastern Cape and North West have adopted this approach at least in part. This is a positive development as it allows for a clearer picture of a province's total spending on children's services. In the discussion in this sub-section we include the numbers relating to allocations for all nine provinces to give the comparative picture. However, the patterns are most relevant in respect of the provinces in the second category i.e. those that cover social service staff salaries from the professional and administrative services budget.

Table 11 shows an overall real decrease for all nine provinces combined of -16% in 2013/14, with an average annual decrease over the MTEF of –5%. The large decrease for 2013/14 is largely explained by the decreases of -62% in Eastern Cape and -47% in Northern Cape. These decreases are mirrored by especially large increases in the child care and protection services sub-programme in these two provinces, as well as in increases in some (but not all) of the other sub-programmes. This suggests strongly that in these two provinces many of the social services staff are now being funded through the service delivery sub-programmes. However, the Northern Cape budget book states clearly that the professional and administrative services sub-programme provides for salary and administrative costs of management, professional and support staff servicing all sub-programmes. In contrast, North West, which records only a small decrease in this sub-programme's budget, explains the decrease by personnel being relocated to the sub-programmes in which they work. It is possible that both provinces are saying some service delivery staff are located in the professional and administrative sub-programme and some in the other sub-programmes.

At least one other province definitely has a mixed model. Thus this year's budget book for KwaZulu-Natal states that salaries and other costs related to social workers are for the most part located in the professional and administrative support sub-programme because of the difficulty of linking costs to a particular delivery sub-programme. However, the province has allocated the extra funding in 2013/14 for employment of social work graduates in the child care and protection sub-programme.

Based on the available information, for the purposes of later calculations we assume that Eastern Cape, Free State, Gauteng and North West cover most of their service delivery costs in the relevant sub-programmes.

Table 11. **Allocations for professional and administrative services (R000)**

	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/-14	2014/-15	2015/-16	3-yr average
Eastern Cape	*626 632*	*249 656*	*258 504*	*262 499*	-62%	-2%	-3%	-29%
Free State	7 782	7 863	8 518	8 977	-5%	3%	0%	0%
Gauteng	5 339	6 729	7 050	7 364	19%	-1%	0%	6%
KwaZulu-Natal	563 113	579 651	577 492	604 057	-3%	-5%	0%	-3%
Limpopo	300 681	371 930	411 115	458 235	17%	5%	6%	9%
Mpumalanga	274 865	301 712	296 411	321 648	4%	-7%	3%	0%
Northern Cape	113 535	64 068	73 068	81 254	-47%	8%	6%	-15%
North West	*147 060*	*148 255*	*170 255*	*205 072*	-5%	9%	15%	6%
Western Cape	267 985	326 099	348 213	365 868	15%	1%	0%	5%
Total all provinces	2 306 992	**2 055 963**	2 150 626	2314 974	-16%	-1%	3%	-5%
Total 5 provinces that Include personnel	**1 520 179**	**1 643 460**	**1 706 299**	**1 831 062**	**2%**	**-1%**	**2%**	**1%**

In absolute terms the allocations for this sub-programme amount to R2 056,0 million in 2013/14 when summed across the nine provinces. This is smaller than the child care and protection services sub-programme, but substantially larger than any of the other sub-programmes studied. If the calculation is restricted to the five provinces that do not cover salaries through the service delivery sub-programmes, the total is R1 643,5 million in 2013/14. For this restricted group, the real increase is 2% in 2013/14 and a real average increase of 1% per annum over the MTEF period.

The increases for this sub-programme can be partly explained by the increase in wages agreed in the bargaining council and discussed below in the section on government personnel. In addition, the increase can be partly explained by the additional allocations for employment of newly graduated social workers. For Limpopo and Western Cape the increases are particularly large, at 17% and 15% respectively. North West's pattern is puzzling, with a -5% real decrease in 2013/14, followed by substantial increases in the following two years. As noted above, the narrative suggests that the decrease is explained by shifting staff to the service delivery sub-programmes in which they work. If this is the case, it is not clear why there should be a large increase in 2014/15. If the 2013/14 comparison was done with the 2012/13 original appropriate of R206,6 million, rather than the 2012/13 revised allocation of R147,1 million, the decrease for 2013/14 would be much larger in percentage terms than shown in the table. This would still not explain the increases in the two outer years. Meanwhile Gauteng's large increase suggests that it may be providing some funding for service delivery staff through this sub-programme.

2.4 The total budget allocated for Children's Act services in 2013/14

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

- including the full allocations from the three sub-programmes that contain mainly Children's Act services, namely child care and protection services, HIV/AIDS and care and protection to families;
- excluding the crime prevention and support sub-programme because it contains many adult services; and
- including 25% of the budget for professional and administrative support for the five provinces that do not appear to include the majority of their service delivery staff salaries within the service delivery sub-programmes from 2013/14, and for Gauteng and Free State from 2012/13.

Table 12 summarises the calculations for 2013/14 across the nine provinces, while Table 13 shows the allocations for each province separately for the full MTEF period.

Table 12 shows that the total budget allocated for Children's Act services in 2013/14 across the nine provinces was R5 303 million if we add up the three sub-programmes that include mainly Children's Act services, and R5 714 million (R5,7 billion) if we include a proportion of the professional and administrative support sub-programme in the calculation.

Table 12. Summary of 2013/14 allocations for Children's Act services

Sub-programme	Total budget	Percentage included	Amount included in Children's Act budget calculation
Child care and protection	4 331m	100%	4 331m
HIV and AIDS	735m	100%	735m
Family care and support	237m	100%	237m
Sub-totals	**5 303m**		**5 303m**
Crime prevention and support	822m	0%	0m
Professional and administrative support	2 056m	25% (for 5 provinces)	411m
Total			**5 714m**

Table 13 shows that over the MTEF for all provinces combined the allocations for Children's Act services increase by a real annual average of 9%. This relatively pleasing average reflects a cross-province average of 17% between 2012/13 and 2013/14, followed by lower real increases of 7% and 5% respectively for the outer two years of the MTEF. In absolute terms, the total allocation increases from R4 631 million in 2012/13 to R5 714 million in 2013/14, rising to R7 054 million by 2015/16.

Table 13. Combined allocations for Children's Act services (R000)

	Budget allocations				**Annual real % increase**			
	2012/13 Adjusted	**2013/14**	**2014/15**	**2015/16**	**2013/-14**	**2014/-15**	**2015/-16**	**3-yr average**
Eastern Cape	454 971	750 416	784 324	850 646	56%	-1%	3%	17%
Free State	384 742	413 932	425 927	433 630	2%	-2%	-3%	-1%
Gauteng	1 327 428	1 604 447	2 012 305	2 334 488	14%	19%	11%	15%
KwaZulu-Natal	739 075	890 794	948 170	1 025 415	14%	1%	3%	6%
Limpopo	457 758	496 673	526 944	559 752	2%	1%	1%	1%
Mpumalanga	285 148	413 428	478 871	516 350	37%	10%	3%	16%
Northern Cape	141 346	196 907	207 749	220 946	32%	0%	1%	10%
North West	316 022	342 284	365 709	392 910	2%	1%	2%	2%
Western Cape	524 729	605 088	668 680	720 201	9%	5%	3%	5%
Total	**4 631 220**	**5 713 967**	**6 418 679**	**7 054 338**	**17%**	**7%**	**5%**	**9%**

Eastern Cape, Mpumalanga, Gauteng and Northern Cape all reflect double-digit real average annual increases over the MTEF period. Free State records an average real decrease of -1%, Limpopo has a real average increase of only 1% and in North West the average is only 2%.

If we focus on the difference between the amounts that have been voted for 2013/14 and the adjusted budgets for 2012/13, provinces showing large increases which could indicate they have plans to scale up services for children are the Eastern Cape (56%), Mpumalanga (37%), Northern Cape (32%), Gauteng (14%), KwaZulu-Natal (14%) and Western Cape (9%). In contrast, the

Free State (2%), Limpopo (2%) and North West (2%) show little evidence of intention to improve services for children. It is difficult to understand how these three provinces can have performed so poorly given all the additional allocations intended for Children's Act-related services.

2.5 Comparing the 2013 budget to the costing report estimates

As in previous years, we compare the budget allocations with the estimates of the 2005 costing of the Children's Bill, which provides estimates of what is needed to implement the Children's Act. The costing estimates are used in the absence of other, more recent, objective measures. For this comparison, as in previous years, we take 2009/10 as the first year of implementation. This year was chosen 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 no comparison for 2015/16, the outermost year of the MTEF.

To calculate how much budget government has allocated to the Children's Act we use the calculations in the previous section i.e. the full allocations for the three core sub-programmes and a 25% share of the professional and administrative support sub-programme for the five provinces that provide for service delivery salaries in this sub-programme. The amounts used in the comparison are thus the ones shown in Table 13 above. Our approach over-estimates the amount allocated for implementation of the Children's Act to the extent that some of the expenditure for HIV/AIDS and care and support to families is not related to the Act. This over-estimate is off-set by some allocations in other sub-programmes that will help with implementation of the Children's Act, especially the crime prevention and support sub-programme.

The costing team considered four different scenarios, namely:

- Implementation plan (IP) low scenario
- Implementation plan(IP) high scenario
- Full cost (FC) low scenario
- Full cost (FC) high scenario.

The IP and FC scenarios use different estimates of demand. For the IP scenarios, the costing team asked each department to describe current (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 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.

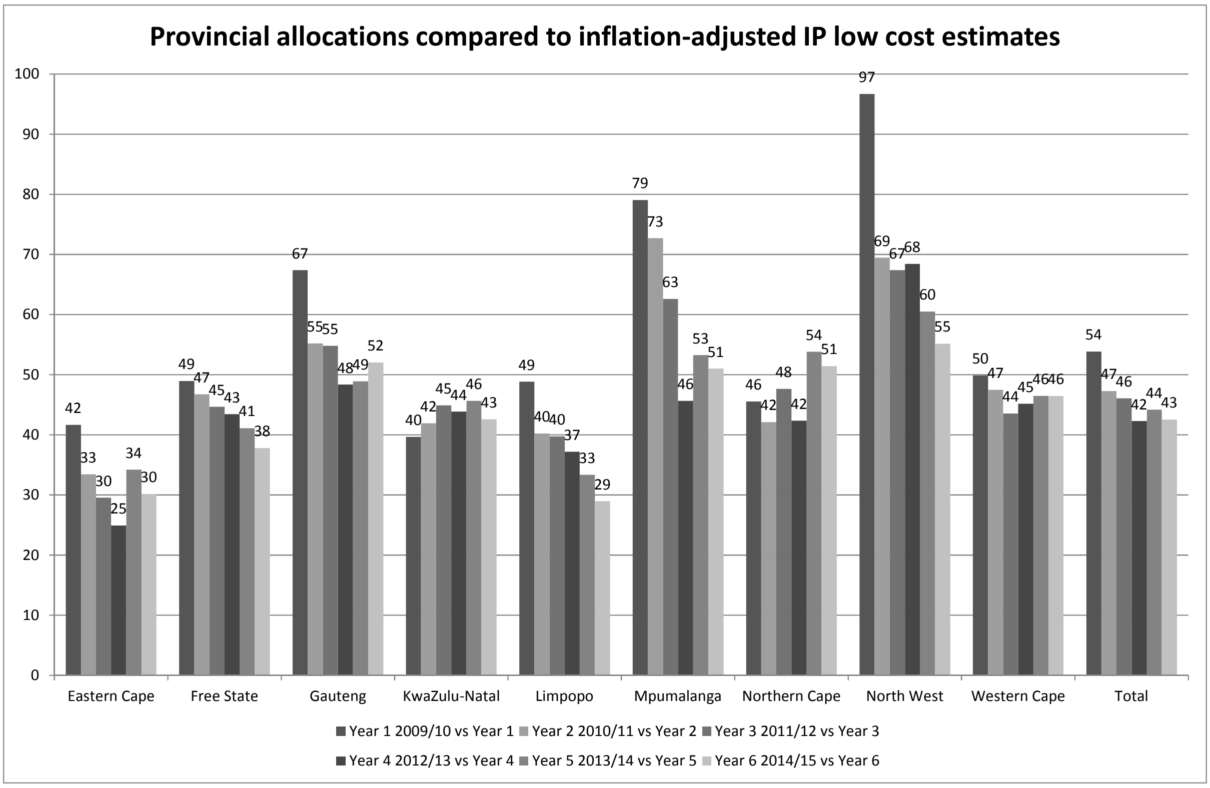
To simplify matters, for the purpose of this comparison we consider only the highest and lowest estimates, namely the IP low and FC high. We look at the estimates for Years 1-6, which we take as the basis for comparison with the financial years from 2009/10 onwards extending to 2014/5, the second year of the 2013/14 MTEF. This makes Year 5 the most relevant one for this year's analysis as it corresponds to the year for which budget was voted in 2013.

Table 14 shows the costing estimates for the IP low and FC high scenarios for each of the provinces for the first six years of implementation. The estimates shown are after adjustment for the inflation implied by the first year of implementation (Year 1) shifting from 2005 to 2009. The table shows that for the IP scenario the Year 5 (2013/14) total across the provinces is R12 934,6 million, while for the FC scenario it is R84 817,6 million

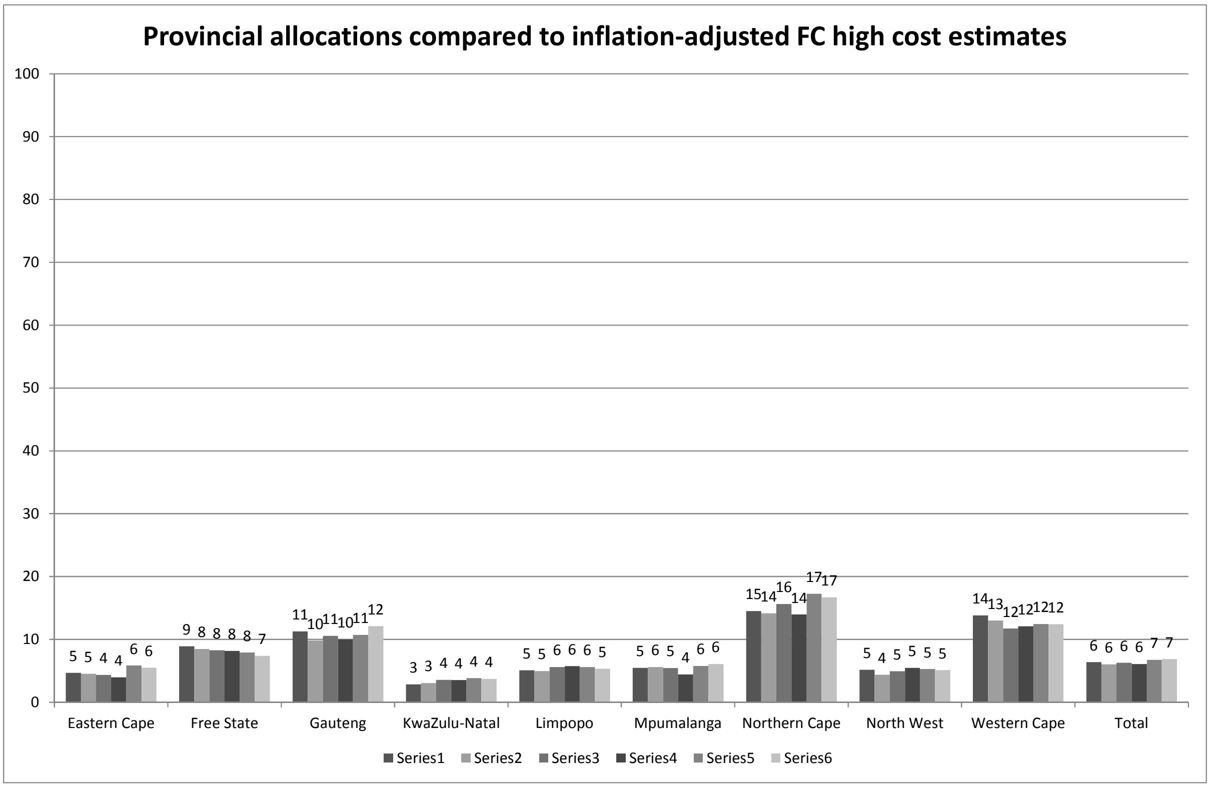
Table 14. Children's Bill costing estimates for provincial departments of social development after adjustment for change in starting year (R million)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
IP scenario	**Year 1**	**Year 2**	**Year 3**	Year 4	**Year 5**	**Year 6**
Eastern Cape	883.8	1 214.9	1 500.4	1 824.9	**2 194.3**	2 600.6
Free State	581.1	668.8	777.4	886.4	**1 006.9**	1 126.7
Gauteng	1 453.6	1 804.2	2 268.5	2 745.9	**3 283.0**	3 868.2
KwaZulu-Natal	1 023.5	1 197.6	1 493.1	1 686.2	**1 951.9**	2 227.6
Limpopo	579.0	779.7	1 007.0	1 231.2	**1 488.4**	1 820.4
Mpumalanga	303.9	388.8	501.9	624.7	**776.3**	939.0
Northern Cape	221.6	273.7	300.1	333.8	**365.8**	403.9
North West	205.1	282.4	377.5	461.8	**565.8**	663.0
Western Cape	832.9	931.9	1 039.2	1 162.1	**1 302.0**	1 439.9
Total	6 084.6	7 541.9	9 265.1	10 957.0	**12 934.6**	15 089.3
FC scenario	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
Eastern Cape	7 832.1	8 982.8	10 216.3	11 498.2	**12 854.0**	14 238.2
Free State	3 197.7	3 685.1	4 199.8	4 717.8	**5 243.1**	5 780.7
Gauteng	8 683.2	10 141.9	11 773.7	13 285.1	**14 968.1**	16 584.1
KwaZulu-Natal	14 221.9	16 357.5	18 763.9	20 952.8	**23 235.5**	25 479.9
Limpopo	5 536.5	6 312.9	7 155.9	7 973.5	**8 873.7**	9 836.9
Mpumalanga	4 388.3	5 051.4	5 765.7	6 447.4	**7 155.4**	7 856.6
Northern Cape	695.0	815.0	915.0	1 012.3	**1 141.3**	1 243.6
North West	3 853.4	4 476.4	5 149.4	5 786.3	**6 482.5**	7 157.4
Western Cape	3 005.4	3 404.1	3 867.6	4 338.5	**4 863.9**	5 391.3
Total	51 413.7	59 227.0	67 807.3	76 011.9	**84 817.6**	93 568.8

The two graphs which follow compare the summed allocations and the costing scenario estimates. The first graph compares with the IP low cost estimates. For example, it shows that in 2009/10 Eastern Cape's allocation was equivalent to 42% of what the costing exercise estimates was necessary to achieve the IP low level of service delivery. The province's allocation fell to 25% of the IP low level in 2012/13, but then increases to 34% in 2013/14. Across all years North West performs best while Eastern Cape performs worst. For year 1 (2009/10) North West allocated almost the full (97%) of the cost estimate. However, by 2013/14 North West – although still the best performer – allocates only 55% of the estimated IP cost. For all nine provinces combined, the allocations were 54% of the IP estimate in 2009/10, but have fallen to 43% in 2013/14 despite all the additions to the equitable share.



The second graph gives the comparison with the FC high cost estimates. The graph is drawn to the same scale as the previous one so as to show the comparison clearly, and also to show how far from 100% coverage all provinces are. In this comparison Northern Cape is the "best" performer", but is only at 17% of what it needed in 2013/14. KwaZulu-Natal is the worst performer, at only 3-4% of the FC high cost throughout the period.



The difference between the ranking of the provinces for the two comparisons is at least partly explained by the fact that the IP low is based on the levels of service delivery existing at the time the costing was done. It thus sets a lower target for provinces – such as KwaZulu-Natal – where service delivery was very poor, and a higher target for provinces – such as Western Cape and Northern Cape – where there was better delivery. The FC high costing is, in contrast, based on more objective measures of need. The provinces that had better services in the past, and were thus somewhat nearer to needed delivery levels, thus rise in the ranking when using the FC high, while the under-serviced provinces fall even shorter of the target.

Table 15 summarises the cross-provincial comparison for 2013/14. It shows that the summed total of the three sub-programmes and a portion of the professional and administrative support sub-programme, at R5 714 million, equivalent to only 44% of the IP low cost estimate and 7% of the FC estimate for Year 5. The two percentages are a small improvement on last year's 41% and 6%, but still very far from satisfactory.

Table 15. Summary of comparison of allocations with IP and FC costing scenarios for 2013/14

	2013/14 (R million)	Percentage of costing estimate met
Government budget allocations (3 service delivery sub-programmes plus a portion of the professional and administrative support sub-programme)	5 714	44% of IP low 7% of FC high
Costing estimate: IP Low	12 935	
Costing estimate: FC High	84 818	

2.6 Spending per child

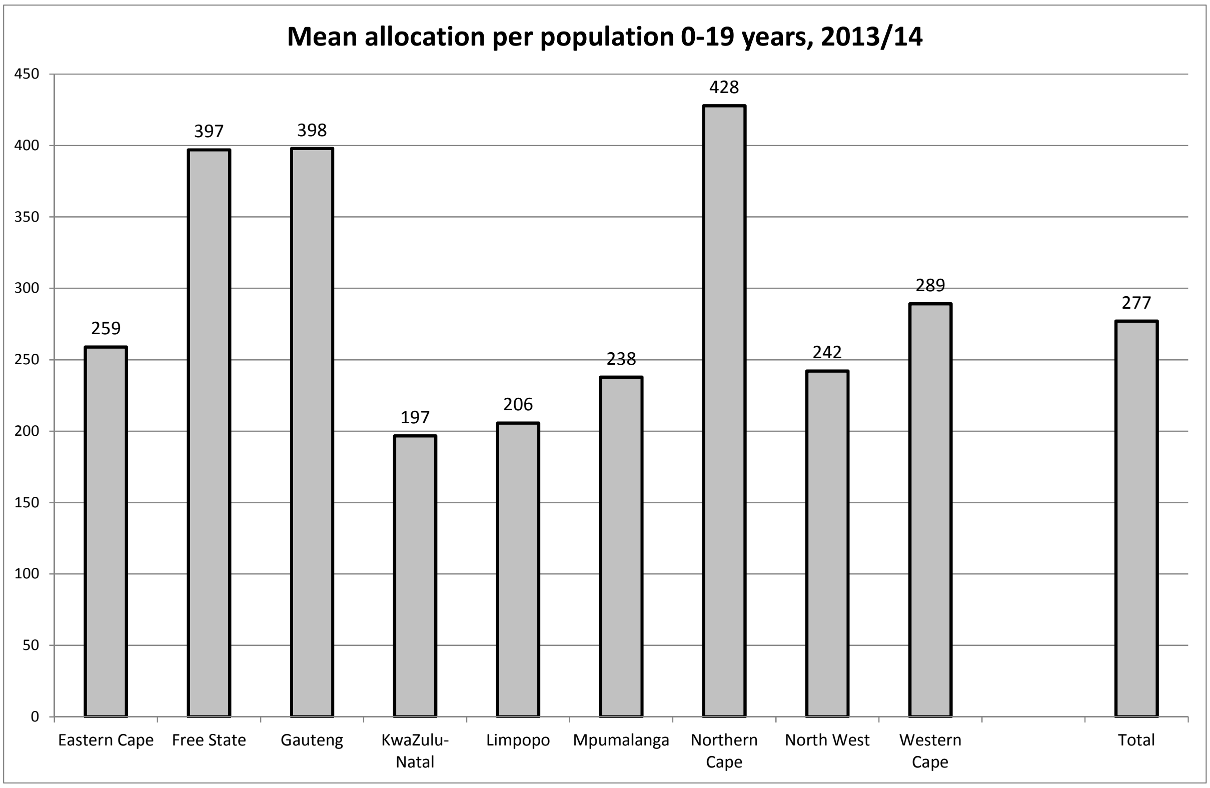
The provinces differ in the size of their overall population, their child population and the extent of need within the child population. The full cost scenarios attempt to provide for this using the objectives measures of population and need for services available in 2005. Another, cruder way of assessing the relative adequacy of funding across provinces is to calculate the average funding per child. To do this we use the mid-year estimates from Statistics South Africa for 2013 (Statistics South Africa, 2013: 13-4) shown in Table 16 blow and the budget amounts across the three core sub-programmes and a portion of the professional and administrative support sub-programmes utilised in the analysis above.

Table 16. 2013 mid-year estimates of population aged 0-19 years

	0-5 years	6-9 years	10-14 years	15-19 years	0-19 years	% distribution
Eastern Cape	745 873	733 370	694 451	724 512	2 898 206	14.1%
Free State	248 025	243 482	270 187	280 958	1 042 652	5.1%
Gauteng	1 025 336	988 846	996 887	1 020 917	4 031 986	19.6%
KwaZulu-Natal	1 171 913	1 139 042	1 108 408	1 110 450	4 529 813	22.0%
Limpopo	635 784	567 794	583 597	628 622	2 415 797	11.7%
Mpumalanga	444 582	417 121	436 439	440 223	1 738 365	8.4%
Northern Cape	116 561	112 366	117 094	114 222	460 243	2.2%
North West	372 341	358 626	344 934	338 299	1 414 200	6.9%
Western Cape	532 097	530 587	518 998	510 595	2 092 277	10.1%
Total	**5 292 512**	**5 091 234**	**5 070 995**	**5 168 798**	**20 623 539**	100.0%

The calculation is crude, among others, because the mid-year estimates include the full child population and do not take levels of need, or even poverty levels, into account. In addition, the population estimate used is for the age group 0-19 rather than 0-17 years. The extra two years will decrease the calculated amount spent per child but should not affect the comparison across provinces.

The figure below shows a mean allocation per child of R277 per annum when calculated across all provinces combined. Northern Cape is the leader, at R428 per child, closely followed by Gauteng and Free State at R397-8. KwaZulu-Natal is the worst performer, at R197, closely followed by Limpopo. The fact that KwaZulu-Natal is the most affected by HIV/AIDS, and Limpopo is one of the poorest provinces, while Gauteng is the wealthiest province, suggests that the provincial disparities would be even greater if the provincial populations were weighted by need.



2.7 How accurate are the MTEF predicted estimates for the outer years?

One purpose of our annual assessment is to provide comment on the money that the provincial governments have allocated in the most recent budgets for the nine provincial departments in respect of Children's Act-related services. Another purpose is to provide information that children's rights advocates can use in motivating for improvements in allocations in future years. For this purpose it is useful to have information both about the current budget year and about government's plans for future years.

As explained above, the budget books provide estimates for three future years – the coming financial year that will be voted on, plus estimates for the two "outer" years of the MTEF period. The outer years are not voted on, but are intended to provide an indication of government's future plans. The plans can change for a range of reasons. These include the emergence of new priorities and/or increased or decreased emphasis on existing priorities. Examination of differences between predictions for the outer years and what is later allocated for these years thus provides an indication of changes in plans where these have a noticeable budget impact.

This section of the report examines to what extent the allocations for the main budget year match what was predicted for that year in the previous year's budget books. We can answer this question by comparing the percentage change between the predicted estimates for 2013/14 provided in the 2012 budget books with the actual allocations for 2013/14 provided in the 2013 budget books.

Table 17 presents the calculated percentages for each province for each of the four service delivery sub-programmes discussed above. The table also shows similar calculation for the professional and administrative sub-programme because – as discussed below – the changes in the service delivery programmes are at least partly explained by changes in the professional and administrative sub-programme.

The table shows that, when all provinces are combined, the allocations to be voted on in 2013/14 clearly exceed those predicted in the 2012 budget books for 2013/14. The biggest difference between the predicted and the actual is recorded for crime prevention and support. This programme is the least relevant for the Children's Act among the four covered. The next largest difference is for HIV/AIDS, followed by child care and protection and family care and support. The extent of the deviations between what was recorded for 2013/14 in the 2012/13 budget books and what is recorded for the same year in the 2013/14 budget books is at first glance surprising as the additions to the equitable share for ECD, Isibindi and VEP were already known about when the 2012/13 budget books were prepared. It is only the additions for NPOs and employment of social workers that were not known about at that stage.

Table 17. Changes in estimates for 2013/14 between the 2012/13 and 2013/14 budget books

	Child care & protection	HIV/AIDS	Family care & support	Crime prevention & support	Professional & administrative support
Eastern Cape	108%	11%	-50%	75%	-62%
Free State	-4%	7%	32%	4%	7%
Gauteng	4%	-1%	-1%	10%	14%
KwaZulu-Natal	-4%	12%	-4%	-1%	0%
Limpopo	-2%	-2%	0%	0%	45%
Mpumalanga	-15%	1356%	21%	70%	4%
Northern Cape	34%	2%	175%	-10%	-49%
North West	55%	17%	64%	11%	-29%
Western Cape	1%		0%	2%	4%
Total	**11%**	**14%**	**6%**	**15%**	-16%

Closer examination reveals that the large positive differences when summed across all provinces are at least partly explained by extremely large differences for a few provinces. In some cases (such as the large increases for North West and Eastern Cape in the child care and protection sub-programme), the increase is at least partly explained by a shifting of money from the professional and administrative sub-programme to the service delivery sub-programmes for government personnel salaries. This interpretation is confirmed by the large decreases recorded for professional and administrative services for these two provinces. While Northern Cape has a similar decrease for the professional and administrative support sub-programme, Northern Cape's budget book seems to state quite clearly that salaries remain within this sub-programme and that the province is phasing out social work specialisation and replacing it with a "generic social work model".

The very large increase for HIV/AIDS in Mpumalanga reflects the fact that the 2012 budget predicted a real decrease of -90% for 2013. This decrease was so large that one suspects that a digit was omitted. Further, or alternatively, the fact that the allocation for child care and protection is less than predicted last year suggests that money has been shifted from one sub-programme to another. This might have happened without the activities to be funded having changed. In particular, it is possible that Mpumalanga previously planned to fund Isibindi through the child care and protection sub-programme but subsequently decided to fund it through the HIV/AIDS sub-programme. Because the absolute amounts allocated to these two sub-programmes are so different, shifting any given amount will result in a far larger percentage change for HIV/AIDS than for child care and protection.

The comparison suggests that the MTEF estimates were not good predictors of future budget allocations for the 2013/14 MTEF. This is unsurprising given some new additional allocations as well as the shifting of personnel costs by some province. The only provinces that have a relatively close match between the outer year predictions of 2012 and the allocations in 2013 are Limpopo and Western Cape. However, our analysis of the last three years has revealed extreme volatility from year to year in Limpopo's allocations. The predictability therefore takes the form of predictable volatility.

2.8 Under-spending

Allocations for Children's Act services will only improve the wellbeing of children if provinces spend the money that they allocate to provide these services. This section therefore investigates to what extent provinces spend the existing allocations. We do this by comparing the three estimates provided for the 2012/13 financial year. The first estimate is the original allocation voted (or "appropriated") by the relevant legislature, the second estimate is the adjusted amount which includes any changes voted by the relevant legislature later in the year, and the third estimate is the revised amount that indicates what the department expects to have spent by the end of the financial year. Inability to spend is not the only reason why the estimates might differ. In particular, adjustments can reflect mid-year changes in priorities. In addition, the revised estimates are not always an accurate measure of what will be spent. The more accurate estimates of actual recorded expenditure become available in the middle of the next budget year once the books have been closed. Despite these caveats, comparison of the three estimates gives an indication as to whether under-spending might be a problem.

The tables below record the three estimates as well as two ratios. The first ratio shows the adjusted estimate as a percentage of the original allocation, while the second ratio shows the revised estimate as a percentage of the original allocation.

Table 18 shows that both the adjusted and revised estimates exceed the original appropriation when allocations of all nine provinces for *child care and protection* are combined. Only one province – Eastern Cape – has an adjusted appropriation that is less than the original voted amount. North West's adjusted budget is nearly one and a half times the original appropriation. As noted above, this suggests that they started shifting staff salaries to the service delivery sub-programme mid-year, and that this was therefore reflected in the adjustment budget. Gauteng, Limpopo and Western Cape also had increases, although they were much smaller than that of North West. When the revised estimate is compared with the original appropriation, only Eastern Cape and Free State project underspending. North West again shows the largest projected overspend. Apart from Eastern Cape and perhaps Free State that there is no evidence of serious projected under-spending in any of the provinces in this, the largest and most important of the Children's Act sub-programmes. While the extent of the underspend is less in Free State than in Eastern Cape, this is approximately R15 million that could have been used to help address the shortfall in NPO funding.

Table 18. Comparison of original, adjusted and revised estimates for 2012/13 for child care and protection sub-programme (R000)

	Budget estimates			% of appropriation	
	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	259 435	242 939	230 035	94%	89%
Free State	343 211	342 344	327 965	100%	96%
Gauteng	943 415	982 083	983 747	104%	104%
KwaZulu-Natal	489 903	489 903	489 903	100%	100%
Limpopo	241 720	257 711	257 711	107%	107%
Mpumalanga	168 602	168 442	168 934	100%	100%
Northern Cape	80 430	80 530	80 530	100%	100%
North West	130 337	183 144	183 144	141%	141%
Western Cape	406 423	415 038	415 038	102%	102%
Total	**3063 476**	**3 162 134**	**3 137 007**	**103%**	**102%**

Table 19 shows the adjusted and revised estimates for the *HIV/AIDS* sub-programme as being more or less exactly the same as the original appropriation when all nine provinces are combined. Two provinces – Limpopo and Mpumalanga – have adjusted budgets slightly lower than the original appropriation, while Free State and North West have upward adjustments of 5%, and Eastern Cape and KwaZulu-Natal have smaller upward adjustments. For all provinces except Free State and Eastern Cape the revised estimates are identical to the adjusted estimates. For Free State the difference results in the revised estimate differing less from the original appropriation than the adjusted estimate. Overall, there is no real sign of under-spending on this sub-programme.

Table 19. **Comparison of original, adjusted and revised estimates for 2012/13 for HIV/AIDS sub-programme (R000)**

	Budget estimates			% of appropriation	
	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	46 594	47 314	47 756	102%	102%
Free State	27 931	29 222	28 319	105%	101%
Gauteng	243 356	242 456	242 456	100%	100%
KwaZulu-Natal	102 258	102 932	102 932	101%	101%
Limpopo	120 168	117 359	117 359	98%	98%
Mpumalanga	46 256	45 946	45 946	99%	99%
Northern Cape	27 818	27 818	27 818	100%	100%
North West	70 688	74 321	74 321	105%	105%
Western Cape	0	0	0	-	-
Total	**685 069**	**687 368**	**686 907**	**100%**	**100%**

For the *care and support to families* sub-programme there is again a close match between the original appropriation and the adjusted and revised budgets when the estimates are combined across all nine provinces. However, this similarity hides very serious under-spending in Limpopo, where both the adjusted and revised estimates are only 58% of the original appropriation. In Gauteng, the province with the largest budget, the adjusted and revised estimates are only 94% of the original appropriation. These instances of serious underspending are hidden by North West again recording a massive increase (177%) when the adjusted and revised budgets are compared with the original appropriation. This increase again almost certainly reflects shifting of staff salaries into the service delivery sub-programmes mid-year.

Free State and Western Cape have adjusted budgets that are 10% higher than the original appropriation. However while in Free State the revised estimate shows a further ten percentage point increase, the Western Cape revised appropriation falls back to the level of the original appropriation. This is the second year in which both Free State and North West have recorded substantial upward adjustments mid-year for this sub-programme. As noted in last year's report, this is positive to the extent that it results in more money for an important sub-programme. But it is negative to the extent that it reflects poor planning in respect of the original estimates. For Free State there is the possibility that the increase reflects absorption of social work graduates facilitated by the national mid-term adjustment. However, if this is the case it is not clear why there is not a similar pattern for the child care and protection sub-programme, which has far more functions requiring social workers.

Table 20. Comparison of original, adjusted and revised estimates for 2012/13 for care and support for families sub-programme (R000)

	Budget estimates			% of appropriation	
	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	8 060	8 060	8 169	100%	101%
Free State	12 002	13 176	14 350	110%	120%
Gauteng	109 894	102 889	102 891	94%	94%
KwaZulu-Natal	5 462	5 462	5 462	100%	100%
Limpopo	13 000	7 518	7 518	58%	58%
Mpumalanga	2 059	2 044	2 228	99%	108%
Northern Cape	4 614	4 614	4 614	100%	100%
North West	12 287	21 792	21 792	177%	177%
Western Cape	38 695	42 695	38 695	110%	100%
Total	**206 073**	**208 250**	**205 719**	**101%**	**100%**

Table 21 shows an almost exact match between the adjusted and original allocations for *crime prevention and support*, and a revised estimate that is only slightly less than the original appropriation when all provinces are combined. North West again records adjusted and revised estimates that are substantially above the original allocation, almost certainly because of staff salary shifts. Limpopo shows evidence of serious underspending in that the adjusted and revised estimates are only 82% of the original appropriation. Eastern Cape records a small reduction when the adjusted estimate is compared with the original appropriation, but a revised estimate that is only 83% of the original appropriation. There is thus some evidence of underspending for two provinces in respect of this sub-programme.

Table 21. Comparison of original, adjusted and revised estimates for 2012/13 for crime prevention and support sub-programme (R000)

	Budget estimates			% of appropriation	
	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	100 680	97 680	83 778	97%	83%
Free State	42 676	43 234	43 679	101%	102%
Gauteng	170 661	168 095	167 397	98%	98%
KwaZulu-Natal	78 209	78 209	78 209	100%	100%
Limpopo	34 665	28 398	28 398	82%	82%
Mpumalanga	16 297	16 844	17 639	103%	108%
Northern Cape	68 822	68 822	68 822	100%	100%
North West	65 054	77 518	77 518	119%	119%
Western Cape	134 312	135 566	135 566	101%	101%
Total	**711 376**	**714 366**	**701 006**	**100%**	**99%**

The analysis presented in this sub-section suggests that spending performance needs serious improvement in one or two provinces per sub-programme. As we noted in our previous two assessments, it is especially important that provinces spend all the money that is made available to them in a period where government resources are constrained and where many NPOs are being forced to close or retrench staff and cut back on service delivery because of lack of funds.

2.9 Use of available funds, including additional allocations

Before moving on to the special focus areas, we compare the actual allocations for 2013/14 with the available funds. We calculate the latter by starting with the 2012/13 adjustment budget combined allocation for Children's Act services (a); adjusting this by inflation to arrive at the equivalent in 2013/14 rands (b); adding the combined amount of equitable share additions for the province concerned in relation to funding for NPOs, employment of social work graduates, and Isibindi and ECD (c), to get the total available (d); and calculating what percentage (f) the actual allocation for 2013/14 (e) constitutes of the total available. The estimate of available money will be an over-estimate to the extent that the provinces have used some of the additional funds allocated for social work graduates to employ these workers for work not related to children. However, it is likely that most of the funding was used to employ workers who would do child-related work given the relative size of the children's sub-programmes and the many roles that social workers are required to play in respect of children, including the pressing issue of foster child placements and supervision.

The calculations shown in the table are important because even if a given province reports allocating the correct amount of "additional" funding for a particular purpose, it is possible that they are reducing the allocation of funds available from other sources for this purpose, thus effectively using the "additional" funds to replace rather than add to previous allocations, as intended by the national agreement on the additional funds.

Table 22 shows that five provinces – Free State, KwaZulu-Natal, Limpopo, North West, Western Cape – did not use all the available money. Limpopo was the worst performer on this measure, allocating only 85% of the funds available. The next worst performer was North West, at 88%. The Free State's under-usage of 9% (R41 million) of its available funding is particularly concerning given the provincial department's argument in the NAWONGO court case that it does not have sufficient budget to adequately fund NGOs.

Four provinces – Eastern Cape, Gauteng, Mpumalanga and Northern Cape – allocated more for 2013/14 than the amount arrived at by our calculations of available money. This is a positive sign, suggesting that these provinces are prioritising children's services and may even be reprioritising their own resources towards children. Eastern Cape was the best performer, at 124% of the funds available, followed by Northern Cape at 115%.

Overall, for the nine provinces combined, the total allocation was R5 714 million, whereas our calculations suggest that R5 733 million was available. The difference is less than 1%, but the direction of the differences is cause for concern in a context where expansion of services is required.

Table 22. Comparison of available funds and actual allocations for 2013/14

	(a) 2012/13 actual	(b) 2012/13 real	(c) Additions	(d) 2013/14 expected	(e) 2013/14 actual	(f) % of available funds allocated
Eastern Cape	454 971	477 720	129 630	607 350	750 416	124%
Free State	384 742	403 979	51 330	455 309	413 932	91%
Gauteng	1 327 428	1 393 799	158 340	1 552 139	1 604 447	103%
KwaZulu-Natal	739 075	776 029	188 790	964 819	890 794	92%
Limpopo	457 758	480 646	107 010	587 656	496 673	85%
Mpumalanga	285 148	299 406	70 470	369 876	413 428	112%
Northern Cape	141 346	148 413	23 490	171 903	196 907	115%
North West	316 022	331 823	58 290	390 113	342 284	88%
Western Cape	524 729	550 966	82 650	633 616	605 088	95%
Total	**4 631 220**	**4 862 781**	**870 000**	**5 732 781**	**5 713 967**	**100%**

3 Special focus areas

3.1 Government personnel

In addition to funding, another of the major challenges preventing rapid budget growth and service delivery expansion in Children's Act service areas is the lack of sufficient numbers of social service practitioners. These practitioners include social workers and auxiliaries, child and youth care workers, ECD practitioners, community development workers and home-based carers. A large number of these workers are employed by NPOs. The salaries and conditions of service of workers employed by NPOs are to a large part determined by the transfers received from government. These transfers are discussed below in a separate section of the paper. This section focuses instead on government personnel, which includes both social service practitioners (the most important from a service delivery perspective) and management and support staff.

As discussed in the introduction, National Treasury advised provinces to use a different (and higher) inflation rate for their personnel estimates than for estimates in respect of other costs. This advice reflects the fact that the negotiated wage agreements generally provided for above-inflation increases in earnings for government personnel, and that – in addition to the basic salary – there are other elements of pay, such as pay progression payments and enhancements in benefits that tend to inflate personnel budgets.

The negotiations that determine wages and benefits for provincial social development staff occur under the auspices of the Public Service Co-ordinating Bargaining Council (PSCBC). The public service wage agreement finalised in late July 2012 is relevant for the 2012/13 year and for two years of the 2013/14 MTEF (2013/14 and 2014/15). The 2012 negotiations commenced on 16 February and should have determined pay as from April 2012. However, agreement was reached only in July and the increased wages and benefits were backdated only to 1 May 2012.

The 2012 agreement provided for a 7% increase in salaries (as against the 5,9% inflation rate at that time) for 2012, and an annual increase of the average projected consumer price inflation plus 1% for each of the next two years, commencing in April 2013 and April 2014 respectively. The agreement also provided for an increase in the housing allowance from R800 to R900 per month, and increases in other benefits such as those relating to long service, night shift work, improved qualifications and others (PSCBC, 2012). These above-inflation increases explain why provinces are advised to use different inflation rates for personnel.

Allocations for personnel depend on both the salaries and benefits and the number of staff employed at different levels. Information on the number of staff employed has deteriorated since last year. In last year's analysis we observed that the budget documents do not provide staff breakdowns by sub-programme and also do not distinguish between different categories of staff such as social workers, probation officers, administrators, managers, child and youth care workers and others. This year we report that only five of the nine provinces appear to provide staff breakdowns by programme. Other provinces provide information only on total staff numbers for the department as a whole. None does so by sub-programme. The absence of the information by programme for the other four provinces is disappointing.

Staff numbers are recorded as the number in employment at the end of the financial year, i.e. 31 March. Table 23 shows the number of staff recorded for the social welfare programme for each year from 2010 to 2016 for the five provinces that provided this information in the 2013 budget books. The first of the two percentage change columns compares the number of staff recorded in this year's provincial budget book for the end of the 2013/14 financial year with that recorded in the 2012 budget book. The second of the two percentage change columns shows the average planned annual change in staff numbers over the MTEF period.

Table 23. Staff of social welfare programme

	Staff as at 31 March							% change	
	2010	2011	2012	2013	2014	2015	2016	2012-2013 books	3-year average
Free State	856	862	953	979	1 035	1 037	1 039	9%	3%
Gauteng	2 295	2 357	2 508	2 243	2 457	2 572	2 714	4%	3%
Limpopo	981	1 274	1 249	1 872	1 872	1 970	1 990	7%	17%
Northern Cape	519	587	563	549	595	610	625	-3%	4%
Western Cape	1 220	1 367	1 318	1 359	1 700	1 700	1 700	12%	9%

Four of the five provinces – all but Northern Cape – have a substantially bigger social welfare staff number for 2013/14 in this year's budget book than they had predicted for 2013/14 in the 2012 budget book. In addition, all five of the provinces record an average annual increase in staff numbers over the MTEF period. In Western Cape the average increase is 9%. In Limpopo it is a massive 17%. The increases presumably reflect, at least in part, the additional allocations for employment of social work graduates. However, as seen by the examples set by Mpumalanga and Northern Cape below, these additional funds could have been channelled to NPOs. The additional funds also cannot explain the extent of the increase in Limpopo and Western Cape.

Table 24 shows the allocations for staff in the "compensation of employees" line item between 2012/13 and 2015/16. For all provinces combined the table shows a real increase of 10% between 2012/13 and 2013/14. This is noticeably larger than individual salary increases even if one allows for salary increases greater than standard inflation (as agreed in the wage negotiations) and for pay progression for years of service. The large increase therefore suggests employment of additional personnel. Western Cape, Gauteng, Mpumalanga and KwaZulu-Natal all have double-digit real increases between 2012/13 and 2013/14. Gauteng's 3-year average is double-digit. The only province that records a decrease is Mpumalanga, and this is for only one of the three years.

Table 24. Allocations for compensation of employees within social welfare programme (R000)

	Budget allocations				Annual real % real increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3-yr average
Eastern Cape	589 869	665 237	731 659	803 699	6%	4%	5%	5%
Free State	197 200	227 313	241 255	259 028	9%	1%	2%	4%
Gauteng	496 019	607 748	768 125	929 958	16%	20%	15%	17%
KwaZulu-Natal	579 140	674 543	738 347	821 780	10%	4%	6%	7%
Limpopo	341 772	389 495	423 878	46139 2	8%	3%	4%	5%
Mpumalanga	213 813	255 128	258 150	277 221	13%	-4%	2%	3%
Northern Cape	131 707	143 367	156 394	168 307	3%	4%	3%	3%
North West	326 830	364 373	413 073	442 400	5%	8%	2%	5%
Western Cape	307 133	383 344	409 242	430 797	18%	1%	0%	6%
Total	**3 183 483**	**3 710 548**	**4 140 123**	**4 594 582**	**10%**	**6%**	**6%**	**7%**

Eastern Cape reports being hit both by the budget cuts imposed on all provinces as well as a reduction in the province's equitable share as a result of Census 2011, which recorded the province as having a smaller share of the total population than previously. The personnel budget had therefore been "top sliced" by 2 per cent over the MTEF years. Personnel spending has, however, been increased to allow for employment of social work graduates and staff for the Bhisho Youth Care Centre transferred from the department of education (see below). The additional funding for social workers amounted to R17,8 million in 2013/14.

The *Gauteng* budget book explains a marked increase in the personnel budget as resulting from employment of new social work graduates and staff transferred with the schools of industry (see below). It does not say in which sub-programme the increases are located.

Limpopo attributes the increase in social welfare salary costs to ordinary "pay progression" (i.e. increases linked to years of service), increased stipends for (HIV/AIDS) caregivers, and R14,8 million for employment of social work graduates. In all, or most, other provinces' stipends would be recorded under transfers to households rather than under compensation of employees. It is also not clear why this aspect would contribute to an above-average increase as the minimum stipend levels set by the ministerial determination for the EPWP provides for annual increases in line with inflation. The Limpopo department has also allocated money for filling of vacant social work supervisor posts.

North West's increase for 2013/14 would have been even bigger in percentage terms if the comparison had been between the original appropriate of R291,3 million rather than against the revised allocation of R326,8 million for 2012/13. The fact that there is this marked increase while – as seen above – the allocation for the professional and administrative sub-programme decreased, provides further confirmation of the shift of staff costs to service delivery budget sub-programmes.

The issue of social work graduates has come up repeatedly in our analysis thus far. For 2013/14 the national department of social development has allocated R250 million for **social work bursaries**. This is R6 million less, in nominal terms, than allocated in 2012/13. With increases in student fees, this will thus provide for fewer students than previously. The allocations for 2014/15 and 2015/16 are R264,0 and R276,1 million respectively. In 2012/13 a total of 6 337 social work students were sponsored. By 2015/16 the number will have dropped to 4 248. The social work qualification spans several years and there are therefore fewer graduates per year than funded students. In terms of graduates, the 2012/13 estimate is 1 660, falling to 1 526 in 2013/14, 1 487 in 2014/15 but then projected to increase to 2 130 in 2015/16. While there are decreases in some numbers, the bursary allocations will result in substantial numbers of new social work graduates entering the labour market – an annual average of 1 760 over the four years.

Last year we noted that while the bursary allocations provided for full cost bursaries, no budget was allocated for employment of the social workers after they graduate despite the fact that one of the conditions of the bursaries was that graduates work for government for a period after qualifying. Rectification was recorded in the adjustment budget for 2012/13, where it was announced that some of the savings achieved by the South African Social Security Agency from the new grant administration contract would be used for employment of social workers (National Treasury, 2012: 42). However, these funds were only allocated in the 2013/14 MTEF.

The Minister of Finance duly announced in the 2013 budget speech that additional funds would be allocated through the equitable share for employment of graduates. The amounts concerned amount to R120 million in 2013/14, R305 million 2014/15 and R513 million in 2015/16. In her budget speech, the Minister of Social Development, Bathabile Dlamini, reported that the Ministry had approved provincial implementation plans from all provinces that provided for employment of all social work graduates (Minister of Social Development, 2013). Many provinces comment on this new funding and how it will be used to "absorb" graduates.

Eastern Cape acknowledges the new funding, but states that it is not sufficient to allow the province to absorb all graduates and achieve the national norm of one social worker to 3 000 "clients". At one point in the budget books it reports that it has managed to absorb only 128 of the 269 students who graduated in 2012 and will utilise the R7 million additional funds received for the remaining 141. Later the budget book states that the department received additional funding of R17,4 million for 2013/14 which will allow it to employ 74 of the 437 final year social work students of 2013. The reference to both R7 million and R17 million is confusing as the additional funds for social workers was included in the equitable share only in 2013/14. The province also does not explain how R7 million could be sufficient for 141 students when R17,4 million is sufficient for only 74 students. One possibility is that some of the money for employment of social work graduates is being channelled to or through NPOs and some of these numbers refer only to government while others refer to both NPOs and government. As noted below, the discussion elsewhere in the Eastern Cape budget book suggests that some of the NPO money is, indeed, being channelled through NPOs and that the social workers are being paid lower salaries than would be required if they were employed by government.

Eastern Cape notes that the additional funding is meant only for salaries, leaving the department to find money for office space, vehicles, computers, telephone and other working tools through reprioritisation of other items.

Eastern Cape states that 1 663 social workers are employed in the province. This is an increase of 56% on the 1 064 employed in the previous financial year. The province states that 1 404 of the 1 663 social workers are employed by the department while the remainder are employed in funded NPOs. This implies that all employed social workers in the province are employed either by government or by organisations subsidised by government, with none employed in the private sector or in unsubsidised positions in NPOs. The additional 74 graduates who will be employed after graduation will bring the total to 1 737.

Free State reports amounts of R7,1 million, R17.6 million and R29,0 million respectively for the three years of the MTEF as "earmarked" for employment of social work graduates.

Gauteng reports allocation of funds to the district management sub-programme (within the administration programme rather than the social welfare programme) for procurement of vehicles, stationary, computers and office furniture for the new social workers.

KwaZulu-Natal says it will use the additional funds for ongoing absorption of graduates until it meets the target of one social worker to 4 500 people specified in the Integrated Service Delivery Model. The difference between the norm given by KwaZulu-Natal and Eastern Cape is explained by the fact that the model provides for a norm of 1: 5 000 in Gauteng, 1: 4 500 in KwaZulu-Natal and Western Cape, and 1: 3 000 in other provinces to cater for their differing levels of urbanisation (Department of Social Development, 2005: 62).

Limpopo reports an additional allocation of R14,7 million for the absorption of 285 social workers and 45 community development practitioners, alongside R8 million for filling other vacant posts.

Mpumalanga reports that it will use the additional money to fund employment of 64 social workers in NPOs in light of the high costs of public sector employees. This implies that the social work graduates employed by the funded NPOs will have salaries and benefits lower than those of social workers employed by government and/or that the province will not cover the full costs of the social work graduates employed by the NPOs. The province reports an additional amount of R9,7 million allocated for this purpose, which is intended to cover both operational and salary costs of the graduates. The money is included as a line item in transfers and subsidies to NPOs.

Similarly, *Northern Cape* reports an amount of R1 million allocated for employment of social work graduates by NPOs. However, this province also reports reprioritisation of R4,6 million in 2013/14 towards compensation of employees for both absorption of social work graduates and pay progression for social workers and district development workers on the occupation-specific dispensation. It further reports that the "carry-through" costs of 25 graduates appointed in February 2013 will be covered. Northern Cape thus seems to have a hybrid model in which some graduates will be employed by government and others by NPOs.

3.2 Non-profit organisations

Unfortunately, some of the provinces do not provide information that is disaggregated by sub-programme on transfers to NPOs. We therefore cannot say for all provinces how much is allocated for transfers to NPOs that deliver Children's Act services. However, for all provinces we do have information on how much was allocated for transfers to NPOs within the social welfare sub-programme as a whole. This section therefore first discusses transfers for the sub-programme as a whole and then, for the provinces for which the breakdown is available, provides information on transfers per sub-programme.

In his 2013 budget speech Minister Pravin Gordhan announced that an additional R600 million would be added to the equitable share over the MTEF period to "support" NPOs. Pages 86 and 122 of the Budget Review 2013 explains further that this "support" should take the form of "additional funding for" NPOs" "to offset reductions in donor funding". This additional allocation was given in recognition of the dire situation that NPOs have found themselves in over recent times, with many NPOs forced to close, and others forced to retrench and cut back on services.

The National Coalition of Social Services (NACOSS) played an important role in bringing the severity of the crisis to National Treasury's attention. NACOSS collated information from its members and produced a document detailing the situation of 104 provincially-based service delivery NPOs which had been forced to close or retrench staff, plus a further thirteen national organisations. One of the latter – the National Institute for Crime Prevention and Rehabilitation of Offenders (NICRO), which used to be the main provider of diversion for child offenders – was forced to retrench 99 staff members. Provincially, the document listed 14 organisations from Eastern Cape, two from Free State, 24 from Gauteng, 33 from KwaZulu-Natal, four from Limpopo, three from Mpumalanga, two from Northern Cape, two from North West and twelve from Western Cape.

The NACOSS document also contained details of the number of staff and "volunteers" who had been retrenched by community-based organisations supported by Noah's Ark Association to provide day care and after care services for children affected by HIV/AIDS in three provinces. There were 380 such retrenchments reported in Gauteng, a further 380 reported for KwaZulu-Natal and 34 for North West. Together, the staff of these community-based organisations were reported to have provided services to 12 378 beneficiaries (NACOSS, 2012).

The way the R600 million allocated for NPOs is split over the three years mean that there will be limited relief in the short term as R100 million will be provided in 2013/14, R200 in 2014/15 and R300 million in R2015/16. As explained above, the R600 million effectively represents an additional R100 million in each year. This is a tiny amount when compared to the R5 billion reported across all provinces for NPO transfers in the social welfare programme (see below). Nevertheless, even in 2013/14 we would expect this additional allocation to be seen in increased transfers to NPOs. If the extra money does find its way to NPOs it will assist in preventing closure of some services for a short while until a more realistic funding model is developed for transfers to NPO service providers. The additional money in the equitable share of 2013/14 for Isibindi and ECD should also have contributed to an increase as both of these services are provided primarily through NPOs.

Table 25 shows that the overall percentage of the social welfare budget allocated for transfers to NPOs increases from 47,0% in 2012/13 to 49,3% in 2013/14. Despite the additional money that will be available in the outer years of the MTEF, the percentage drops to 48,7% in 2015/16. Further, even the 2013/14 percentage is less than that for all the years prior to 2012/13. These patterns are especially perturbing in a situation of constrained budgets as NPOs are widely acknowledged to provide services at a much lower cost than government.

Table 25. NPO transfers as a percentage of social welfare programme budget (R000)

	2009/10	2010/11	2011/12	2012/13 adjusted	2013/14	2014/15	2015/16
Eastern Cape	48.4%	43.3%	37.5%	35.0%	36.8%	34.8%	33.3%
Free State	60.3%	62.4%	59.6%	58.3%	56.0%	55.7%	54.9%
Gauteng	57.1%	62.0%	60.6%	60.7%	65.1%	60.4%	60.1%
KwaZulu-Natal	42.9%	45.7%	51.6%	35.7%	37.0%	36.6%	35.0%
Limpopo	45.2%	44.3%	48.4%	43.5%	47.4%	47.0%	46.8%
Mpumalanga	54.9%	57.6%	56.9%	45.3%	50.7%	55.5%	56.4%
Northern Cape	32.2%	34.5%	37.3%	37.3%	38.0%	37.4%	37.4%
North West	31.5%	30.5%	26.7%	25.4%	30.4%	30.5%	31.7%
Western Cape	66.1%	63.4%	64.2%	63.5%	62.9%	63.6%	64.1%
Total	**51.3%**	**51.8%**	**51.5%**	**47.0%**	**49.3%**	**48.9%**	**48.7%**

The positive average masks provincial variations. Two of the provinces show decreases while seven show increases in 2013/14. Free State continues to record a downward trend in the percentage of the budget allocated for NPOs, despite the ongoing High Court case in which three judgments have found the province's policy to be unconstitutional in its underfunding of NPOs that deliver services on behalf of government. Western Cape also records a decrease between 2012/13 and 2013/14. In contrast, North West shows an increase in the NPO share of six percentage points, although this still leaves it as the second worst performer on this measure. All other provinces show an increase from 2012/13 to 2013/14, but some record subsequent decreases. In 2012/13 Western Cape was the province with the highest share going to NPOs. Gauteng replaces it in this place for 2013/14 but then slips back to second position from 2014/15 onwards.

Table 26 shows the NPO allocations in rand terms as well as the real percentage change from year to year and the annual average over the MTEF period. Overall, NPO transfers increase by 14% in 2013/14 after controlling for inflation, followed by an increase of 3% in each of 2014/15 and 2015/16. This yields a 7% real average annual increase over the MTEF period. In absolute terms the allocations increase from R4 144 million in 2012/13 to R5 003 million in 2013/14 and then are predicted to climb to R5 933 million in 2015/16. While these increases might at first glance look good, below we show that the combined allocations for 2013/14 are less than predicted in the 2012 budget books.

Table 26. NPO transfers (R000)

	Budget allocations				Annual real % increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013 /-14	2014 /-15	2015 /-16	3-yr average
Eastern Cape	413 249	503 247	496 481	497 917	15%	-6%	-5%	1%
Free State	347 519	356 739	369 455	379 077	-3%	-2%	-3%	-2%
Gauteng	1 186 537	1 455 454	1 671 860	1 918 681	16%	9%	9%	11%
KwaZulu-Natal	531 685	617 218	634 946	646 478	10%	-2%	-3%	1%
Limpopo	341 322	437 805	465 557	498 918	21%	1%	2%	8%
Mpumalanga	271 142	395 733	475 590	530 428	38%	14%	6%	19%
Northern Cape	126 526	150 534	157 434	167 132	13%	-1%	1%	4%
North West	176 916	238 834	264 209	296 143	28%	5%	6%	13%
Western Cape	748 980	847 104	925 692	998 687	7%	4%	2%	4%
Total	**4 143 876**	**5 002 668**	**5 461 224**	**5 933 461**	**14%**	**3%**	**3%**	**7%**

All provinces except Free State record real increases in allocations for both 2013/14 and the MTEF period as a whole. Again the Free State picture is surprising and concerning given that the work that government commissioned from KPMG for the NAWONGO court case showed clear underfunding of NPOs providing welfare services that government is required to provide in terms of national legislation. Eastern Cape, KwaZulu-Natal and Northern Cape have decreases for at least one of the two outer years of the MTEF. Again, this is surprising given that the NPO addition to the equitable share will be provided each year. However, it could be explained by the fact that the additional money for NPOs remains constant in rand terms and thus decreases in real terms. All three of these provinces have average increases of only 1% per year over the MTEF period. At the other end of the spectrum, Mpumalanga records an average real annual increase of 19%, with an increase of 38% for 2014/15. North West has an increase of 28% in 2013/14 and a 3-year average of 13%. Limpopo has a 21% real increase in 2013/14, and a 3-year average of 8%. Gauteng has a lower, but still substantial, increase of 16% in 2013/14, but subsequent increases of 9% in each of the two outer years give it an annual average of 11%.

In the narratives, *Eastern Cape* states that the reduction in transfers to NPOs over the period starting in 2009/10 was effected so as to be able to employ social workers within government and "create internal capacity". The province also notes that the 2% baseline reduction made to the departmental budget over the 2013/14 MTEF period, equal to R213,5 million, will impact negatively on service delivery as the reduction was effected in transfers to NPOs and will result in fewer than planned NPOs being funded. The province acknowledges the additional funding of R14,9 million for NPO "support" but says this will be used for training of NPOs on reporting, governance, administration and financial management rather than on transfers. This was not how the Budget Review said the additional funding would be spent. However, elsewhere the Eastern Cape budget book says that transfers will increase by 20,4% to R558 million, and then later that transfers and subsidies increase by 18,4% as a result of additional funding received for absorption of social workers. This reasoning implies that some of the funding for social work graduates is being channelled to NPOs. More generally, while the numbers are confusing, the overall story seems to be one of increasing funds for 2013/14 followed by sharp decreases in 2014/15.

Gauteng reports an addition of R369 million for NPO support over the 2013 MTEF. This is more than one would expect on the basis of Table 2. Gauteng plans to use at least part of the additional allocation to increase its own capacity for monitoring and evaluation of NPOs, but will also use some of the money to address retrenchments and cutbacks in services of NPOs. The province also reports an ongoing partnership between the department, the Independent Development Trust and the National Development Agency to support NPOs on governance, with prioritisation given to ECD and NPOs in disadvantaged areas. Over the period 2009/10 onwards, increases in transfers payments have primarily been channelled to children's services and HIV/AIDS. Going forward, transfers will focus in particular on services for historically disadvantaged communities.

KwaZulu-Natal reports that the main way that it dealt with budget cuts resulting from government-wide cuts as well as the 2011 census-related reduction in its allocation was by "baseline cuts" to NPO transfers. However, it says that there were to some extent "cushioned" by the additional funding for social work graduates and NPO support. It describes the latter as focusing on improvement of quality of services alongside financial sustainability. The province notes that in the 2012 adjustment budget R30 million was shifted from NPO transfers to the line item of new and replacement assets to cover the costs of ECD facilities.

Limpopo notes the increase in the ECD daily rate per child from R12 to R15 as a major contributor to the increase in NPO transfers in 2013/14. It attributes the "substantial" increase in transfers to the various additional priority funds, as well as to absorption of 64 social work graduates by NPOs, including provision for their "tools of trade" and other operational costs.

Northern Cape reports that support to NPOs will take the form of improved reporting and monitoring, with no mention of increased transfers.

North West also attributes the large increase in transfers to the "earmarked" funding for national priorities, but makes no mention of social work graduates in this respect. It also reports, in the child care and protection sub-programme, that it will be funding two new child protection organisations – Child Welfare Christiana and Mafikeng – so as to provide services where they have not, to date, been available and/or funded.

Western Cape provides for a transfer to "institutions" in the crime prevention and support sub-programme, in addition to transfers to NPOs. This probably relates to payments to Khulisa, a private for-profit company, for the therapeutic programme for sentenced children with severe behavioural problems. For 2013/14 the transfer to NPOs stands at R135 million while the transfer for institutions is R102 million.

Overall the above predicts improvements in transfers to NPOs. However, the picture is less pleasing than we might have expected on the basis of the 2012 budget books. The first two numeric columns of Table 15 show the estimates for 2013/14 and 2014/15 as shown in the budget books of 2012. The next two columns show the estimates for the same two years as shown in this year's budget books. The final two columns show the percentage change between the budget books of the two years. Overall, the 2013/14 allocations are lower, by -1%, while those for 2014/15 are 2% higher. This is disappointing given that 2013/14 is the only year that is voted at this point.

Table 27. Change in NPO transfers for 2013/14 and 2014/15 between 2012 and 2013 budget books (R000s)

	2012 budget books		2013 budget books		% change	
	2013/14	**2014/15**	**2013/14**	**2014/15**	**2013/14**	**2014/15**
Eastern Cape	546 166	588 277	503 247	496 481	-8%	-16%
Free State	377 516	390 865	356 739	369 455	-6%	-5%
Gauteng	1 383 731	1 461 547	1 455 454	1 671 860	5%	14%
KwaZulu-Natal	765 410	822 809	617 218	634 946	-19%	-23%
Limpopo	425 504	441 460	437 805	465 557	3%	5%
Mpumalanga	378 894	434 494	395 733	475 590	4%	9%
Northern Cape	152 382	162 690	150 534	157 434	-1%	-3%
North West	196 200	211 365	238 834	264 210	22%	25%
Western Cape	816 816	863 167	847 104	925 692	4%	7%
Total	**5 042 619**	**5 376 674**	**5 002 668**	**5 461 224**	**-1%**	**2%**

Examination by province reveals that KwaZulu-Natal and Eastern Cape are the two worst offenders on this measure, as both plan to allocate substantially less than was recorded in the 2012 budget books. Free State and Northern Cape also record retrogression. North West, in contrast, is planning substantially larger allocations while the remaining provinces record smaller positive changes.

Provinces do not have a standardised way of presenting a breakdown of their NPO transfers. Some do not provide any breakdown at all. Last year we reported some improvement in reporting on this aspect and were able to provide estimates of transfers for each of the four service delivery sub-programmes in which we are interested in respect of eight of the nine provinces – all except Limpopo. In some cases the estimates recorded in the table were taken directly from the budget books. In other cases it was necessary to add different categories to arrive at the sub-programme amount. This year, besides Limpopo, Eastern Cape has also not provided a breakdown of transfers. We can therefore report only on seven of the nine provinces.

Table 28 shows a total allocation across the seven provinces of R2 526 million for child care and protection in 2013/14, R450 million for HIV/AIDS, R173 million for crime prevention and support, and R135 million for care and support to families. Over the three-year MTEF period the combined allocation for NPO transfers within child care and protection increase by an average of 7% per annum. This is less than the 8% recorded in last year's analysis despite the fact that substantial new money has been made available for NPO-related priorities in 2013/14. For care and support to families, there is an average 2% real increase over the MTEF, but for HIV/AIDS there is a -4% decrease. Crime prevention and support performs best with an average real increase of 12%. However, this is the sub-programme that is least directly related to the Children's Act. The large increase for this sub-programme is primarily a result of substantial increases in Mpumalanga and Gauteng.

Table 28. NPO transfers by sub-programme and province (R000)

	Budget allocations				Annual real % increase/ye			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/-14	2014/-15	2015/-16	3- avera
Free State								
Child care & protection	236 840	250 280	257 352	261 560	0%	-3%	-4%	-2
HIV/AIDS	18 843	18 843	18 843	18 843	-5%	-5%	-5%	-5
Care & support to families	2 094	2 034	2 034	2 034	-8%	-5%	-5%	-6
Crime prevent & support	4 621	4 009	4 009	4 009	-18%	-5%	-5%	-10
Gauteng								
Child care & protection	467 554	678 640	797 144	945 818	37%	11%	13%	20
HIV/AIDS	238 576	231 986	245 905	257 217	-8%	0%	-1%	-3
Care & support to families	101 370	113 000	119 780	125 290	6%	0%	-1%	2
Crime prevent & support	68 840	81 095	112 481	131 045	12%	31%	11%	17
KwaZulu-Natal								
Child care & protection	300 800	361 188	372 538	376 252	14%	-2%	-4%	2
HIV/AIDS	30 805	36 690	39 766	40 952	13%	3%	-2%	4
Care & support to families	4 662	5 199	5 266	5 423	6%	-4%	-2%	0
Crime prevent & support	21 368	21 170	21 439	22 077	-6%	-4%	-2%	-4
Mpumalanga								
Child care & protection	162 648	241 284	299 877	326 188	40%	18%	3%	20
HIV/AIDS	41 611	66 603	71 218	71 218	52%	1%	-5%	13
Care & support to families	957	3 221	6 162	9 539	219%	81%	47%	104
Crime prevent & support	3 873	7 362	9 531	13 063	80%	23%	30%	42
Northern Cape								
Child care & protection	75 632	98 974	94 813	111 046	24%	-9%	11%	8
HIV/AIDS	25 257	23 093	18 042	18 871	-13%	-26%	-1%	-14
Care & support to families	1 861	1 966	2 045	2 139	0%	-1%	-1%	-1
Crime prevent & support	1 767	780	811	849	-58%	-1%	-1%	-26
North West								
Child care & protection	74 883	118 455	145 886	174 419	50%	17%	13%	26
HIV/AIDS	36 409	34 924	36 464	36 670	-9%	-1%	-5%	-5
Care & support to families	4 020	4 686	4 686	4 920	10%	-5%	0%	1
Crime prevent & support	7 015	10 758	11 442	12 014	45%	1%	0%	13
Western Cape								
Child care & protection	415 038	482 925	538 192	581 791	10%	6%	3%	6
HIV/AIDS								
Care & support to families	42 695	40 638	43 435	46 943	-10%	1%	3%	-2
Crime prevent & support	7 305	8 069	8 819	9 531	5%	4%	3%	4
Total 7 provinces								
Child care & protection	**1 956 866**	**2 525 739**	**2 828 465**	**2 777 074**	**22%**	**6%**	**5%**	**11**
HIV/AIDS	**427 587**	**450 210**	**470 633**	**443 771**	**0%**	**-1%**	**-2%**	**-1**
Care & support to families	**160 180**	**173 344**	**186 227**	**196 288**	**3%**	**2%**	**2%**	**2**
Crime prevention & support	**116 496**	**135 044**	**170 441**	**192 588**	**10%**	**20%**	**8%**	**13**

It is difficult to find clear patterns in this table. The patterns are clearest for child care and protection. For this sub-programme all except Free State record real increases in transfers both for 2013/14 and when averaged over the MTEF years. However, the size of the increases differs substantially across the provinces that have increases. Free State records a constant allocation in real terms for 2013/14 and a real decrease of -2% for the annual average.

For HIV/AIDS, most provinces record a decrease for 2013/14 and for the annual MTEF average. The exceptions are KwaZulu-Natal and Mpumalanga. These exceptions are probably explained by Isibindi being at least partly located under this sub-programme in these provinces.

There is no clear pattern for care and support to families and crime prevention and support. Mpumalanga stands out for both these sub-programmes with its substantial increases. These may in part reflect the decision to channel funds for absorption of social work graduates through NPOs. Northern Cape stands out for the large decreases in crime prevention and support.

For Free State the amount of the transfer remains constant in nominal terms over the three years of the MTEF in three of the four sub-programmes – all except child care and protection. The more detailed listing in the budget book reveals that even within child care and protection the only allocations that change over the MTEF period are for ECD and for Isibindi. The constant nominal allocations for all other items results, in effect, in a decrease in real terms once the effects of inflation are taken into account.

3.3 Isibindi

The Isibindi project has as its core training, employment and supervision of community-based child and youth care workers who provide prevention, early intervention and protection services to vulnerable children in poor communities. The Isibindi model was developed by the National Association of Child Care Workers (NACCW) and has to date been managed by them.

As explained in last year's report, in 2012 government announced that it would embark on a five-year programme in which 10 000 community-based workers would be employed so as to provide prevention, early intervention and protection services to approximately two million children across the nine provinces. This would be done through capacity building of 400 or more NPO partners who would implement the Isibindi model, employ and manage the activities of the community-based workers.

The 2012 budget speech of the Minister of Finance noted an additional allocation of R1,4 billion over the MTEF period for ECD programmes and the "Isibindi childcare and protection programme". This was to be split into an allocation of R650 million for 2013/14 and R700 million for 2014/15. The division between ECD and Isibindi was not specified.

Our analysis of last year's predicted allocations for 2013/14 suggested that overall across the nine provinces the increase in the child care and protection sub-programme for 2013/14 was very close to the additional allocations to the equitable share that were intended for Isibindi and ECD. However, the picture varied substantially across provinces. Mpumalanga's 2013/14 allocation for the sub-programme was more than three times the size of their additional amount, and Gauteng's was more than twice the size of the addition. At the other end of the scale, Limpopo planned to allocate only 12% of the additional money it would receive. Free State (54%), Eastern Cape (61%) and North West (61%) also planned to allocate much less than they would receive for Isibindi and ECD.

This year, with further additions to the equitable share, combined with overall cuts across all departments, it is more difficult to do this type of calculation. We are forced to rely more on what the provinces say explicitly about Isibindi and the related allocations. The assessment of whether and how the additional funding is being used is done, where the budget books provide the necessary information, in an earlier section of the paper in relation to the additional allocations in general. This section of the paper therefore focuses on what the budget narratives say about Isibindi in particular.

The situation is complicated by the fact that some provinces have located the Isibindi funding in the HIV/AIDS sub-programme while others had located it in the child care and protection sub-programme. All provinces will reportedly place the funding in the latter programme in their 2014 budget books. For this year, however, we must rely on whether the budget books make it clear where the money is located.

Free State reports that it has allocated R13,4 million for 2013 to provide for the establishment of 12 Isibindi sites and training and stipends for 180 child and youth care workers. The listing of NPO transfers show amounts of R13,4 million, R11,5 million and R11,5 million allocated over the three years of the MTEF. The amount will therefore decrease over time.

Gauteng describes the Isibindi programme as a "child protection psychological programme which is based on child and youth care work" but does not say how much is allocated for it.

KwaZulu-Natal describes the programme as a "community-based programme that trains unemployed community members in accredited, integrated child and youth care services for child headed households and vulnerable families". The narrative notes that the programme will be used to "expand" home- and community based care organisations providing prevention, care and support services in areas with high HIV prevalence. Elsewhere it notes that additional funding for child and youth care and victim empowerment was allocated for NPO transfers under child care and protection and HIV and AIDS. These comments suggest that some, if not all, of the Isibindi money is allocated under the HIV/AIDS sub-programme.

Limpopo reports that the difference of R24,1 million between the 2012/13 adjusted budget and 2013/14 allocation for goods and services is attributable to Isibindi. This is the only province that refers to an allocation for Isibindi under goods and services. The province also reports that R12 million has been allocated for training related to Isibindi. It is not clear if this amount is included in the R24,1 million.

Mpumalanga reports that nine new Isibindi sites will be funded and 126 child and youth care workers recruited to provide a 24-hour service. The province reports an allocation of R24,9 million for Isibindi. Elsewhere it states that 92 of the NPOs funded in respect of HIV/AIDS will implement the Isibindi model. It is not clear if these are NPOs that were previously funded with other money, or if this truly represents expansion in service provision. In this province, as in KwaZulu-Natal, funding is provided through the HIV/AIDS sub-programme for Isibindi.

In contrast, *North West* states clearly that its 12 new Isibindi sites will be established in collaboration with child care and protection and the NACCW. It describes the programme as providing jobs for unemployed youth, and gives the amount of the allocation as R22,5 million.

The *Northern Cape* and *Western Cape* make no mention of Isibindi despite its being a national priority for which additional funding has been provided.

3.4 Early childhood development

ECD falls under the child care and protection sub-programme and provinces are not currently required to record allocations for ECD as a separate line item in their budgets. Last year we reported that there were plans to establish a dedicated sub-programme for ECD within provincial budgets. This has not happened as yet.

Some provinces record ECD separately within their NPO transfers. Table 29 lists the amounts that are recorded in this way for Free State, KwaZulu-Natal, Northern Cape and North West as well as the amount given in the Western Cape narrative for 2013/14 and in the Eastern Cape narrative for 2012/13. (It is possible that the year was mis-specified for the Eastern Cape amount.) For the five provinces for which amounts are specified for 2013/14, the ECD allocations amounts to 72% (Free State), 59% (KwaZulu-Natal), 72% (Northern Cape), 55% (North West) and 51% (Western Cape) respectively of total NPO transfers within the child care and protection sub-programme.

Table 29. ECD allocations recorded under NPO transfers (R000)

	Budget allocations				Annual real % increase			
	2012/13 Adjusted	2013/14	2014/15	2015/16	2013/14	2014/15	2015/16	3-yr average
Eastern Cape	176256							
Free State	180 602	181 083	190 075	194 283	-5%	0%	-3%	-3%
KwaZulu-Natal	154 293	211 333	219 108	220 943	29%	-2%	-4%	7%
Northern Cape	48 675	71 026	74 746	80 642	38%	0%	3%	12%
North West	49 154	64 586	92 882	112 575	24%	37%	16%	25%
Western Cape		210 872						

For 2013/14 and for the MTEF as a whole Free State records a decrease in the amount allocated. The remaining three provinces record substantial increases for 2013/14 as well as positive annual average increases over the MTEF. North West has substantial increases in each year, resulting in an average annual real increase of 25%. In KwaZulu-Natal and Northern Cape there are small real increases, or even decreases, in the allocations in 2014/15 and 2015/16.

Of the provinces that include performance indicator tables in their budget books, all include at least one indicator for ECD. Table 30 lists the recorded indicators in respect of number of children reached. The table is more complete than in last year's report as this year North West also has performance indicators.

Table 30. ECD-related indicators in service delivery measures tables

	2012/13	2013/14	2014/15	2015/16
Eastern Cape				
Children 0-5 years accessing ECD programmes	57 198	57 198	57 198	57 198
Gauteng				
Children 0-5 accessing funded partial care sites (ECD)		73 508	79 008	85 058
KwaZulu-Natal				
Children accessing registered ECD services	58 754	82 068	86 171	90 480
Limpopo				
Children in funded ECD programmes	63 792	115 000	120 000	125 000
Northern Cape				
Children accessing registered ECD services	2 200	2 200	2 200	2 200
North West				
Children accessing registered ECD services		97 000	100 000	220 000
Child reached via newly funded partial care sites (ECD)		4 500	4 500	4 500

The numbers raise many questions.

- *Eastern Cape* has the same number recorded for each year i.e. no expansion is planned. The budget narrative acknowledges that "statistics on the number of learners enrolled in early childhood development programmes are problematic." It states that while there are "large fluctuations" in ECD enrolment numbers, it is not clear to the province whether this reflects real fluctuations or is a result of the "sampling procedure".
- For *Gauteng*, one wonders why this year performance indicators are provided for only three years rather than the four years provided last year. The omission of numbers for 2012/13 disallows comparison of what was predicted for this year and what was achieved. For the years for which numbers were given in both years' budget books, the numbers in this year's book are noticeably lower than recorded for the same year in last year's budget books. For example for 2013/14 the number has decreased from 86 013 to 73 508.
- *KwaZulu-Natal* achieved more than planned if one compares the number for 2012/13 with that recorded in last year's budget book.
- *Limpopo* gives exactly the same numbers as last year, but shifted by one year i.e. the 2013/14 number is the same as that given for 2012/13 in last year's budget book. This suggests an inappropriate cut-and-paste exercise.
- *Northern Cape*, like Eastern Cape, has the same number for all years. Even more worrying is that the number is only about one-tenth of what was recorded in last year's budget books. It seems that a zero may be missing in the 2013/14 table (see further below).
- *North West*'s numbers for newly funded and already established services do not seem to match. For example, the number of children in registered centres for 2014/15 is less than sum of the number of children in registered centres in 2013/14 plus those in newly funded centres. While it might be possible that some centres, and the children they serve, fall away from one year to next, if this is the reason for the non-match, the extent of fall off is bigger than one would expect or want.

Virtually all provinces include narrative on ECD. As expected, at least some of them refer to the additional funding received through the equitable share.

Eastern Cape reports additional funding of R62,2 million, which will be used to increase the number of subsidised days from 165 to 220 days, and will benefit 57 198 children in 1 283 ECD centres. The narrative refers to an amount of R14 per day per child. The department also has eight non-centre-based "ECDs", one in each district, targeting 30 children "per centre". The reference to "per centre" in respect of non-centre-based ECD is confusing. Elsewhere the narrative states that the department is "operationalising" the Al-Imdaad centre. The narrative also refers to mobile ECD centres, and to two unfunded centres which received ECD materials to celebrate Nelson Mandela Day.

Free State notes that ECD accounts for the largest proportion of its NPO funding. The funding of centres amounts to R176,3 million for 2012/13 and each of the three years of the MTEF, with smaller amounts for other ECD payments, including R4,6 million for "EPWP-ECD" in each of the three years of the MTEF. Despite the constant subsidy allocation, which is set at R14 per child per day, the province states that the number of child beneficiaries will increase from 43 960 to 45 500. The department has also allocated funds for construction of 20 ECD centres over the MTEF period – R8,8 million in 2013/14, R10,1 million in 2014/15, and R10,1 million in 2015/16. These amounts are not included in the NPO transfers for ECD shown in Table 29.

Gauteng reports at one point in the narrative that its subsidy to ECD centres will increase from R13 to R15 per child per day, while the number of funded sites will increase to 1 139, benefiting 78 044 children. At another point it states that it will support 1 220 sites managed by funded NPOs that provide services to 73 508 children. The number of children differs from that shown in its table of performance measures, while the latter number matches. The province also has plans, as in previous years, to improve infrastructure in 20 prioritised areas this year. In addition, it aims to improve "programme design", standardise meals in registered and funded centres and establish toy libraries. The department notes that the additional allocation will assist with the planned expansion of ECD.

KwaZulu-Natal announces its intention to implement the resolutions adopted at the ECD Conference in March 2012. These include, among others, provision of toy libraries, sensitisation of ECD practitioners in respect of disability, and parenting programmes. The last-named suggests an overlap between this and activities that one would expect to find under the care and support to families sub-programme.

Limpopo notes that 2 211 of the 2 217 ECD centres registered in the province are funded by the department. The ECD centres provide for a total of 117 756 children. The table above records a total of 63 792 children in funded centres for 2012/13, but that the department hopes that this number will increase to 115 000 in 2013/14.

Mpumalanga records that the amount paid per day per child will increase from R12 to R15 in 2013/14, will cover 264 days, and will reach 56 203 children in 661 centres. This is somewhat less than the 59 056 children reached in 2012/13 at the lower amount, but the number of centres for 2012/13, at 637, is more than in 2012/13. This anomaly is not explained. The department reports further that 288 partial care facilities servicing 11 804 children will be registered in 2013/14. From the information given, it seems that these newly registered centres will not be funded. In 2012/13, 63 partial care facilities, servicing 3 665 children, were reportedly registered.

Northern Cape reports 73 new registrations of ECD centres in 2012/13, bringing the total to 479. Of these, 387, reaching 18 422 children, receive DSD funding. This is much more than the 2 200 children recorded in the indicator table, again suggesting that a zero might be missing in the budget book's table of performance measures. The province also provides funding to the centres of R1 389 per month for ECD practitioners with NQF level four qualifications, in line with EPWP minimum rates. A total of 100 practitioners – 20 per district – were trained in level 4 during 2012/13. To cover all the costs, including stipends at R15 per day per child, the province has allocated R8,5 million over and above the "earmarked" funding received through additions to the equitable share.

North West reports that the additional funds received through the equitable share are insufficient to provide ECD subsidies in respect of 50% of children aged 0-4 years who are child support grant beneficiaries.

Western Cape reports progress in registering 200 ECD programmes, with plans to register a further 225 in 2013/14. It also reports good progress in work with the departments of education, health and agriculture and the City of Cape Town in respect of "priority projects" identified by the Provincial Integrated ECD Strategy.

The vote of the national department of social development states that the number of registered ECD centres captured on the national database increased to 21 968 with a further increase to 24 165 planned for 2013/14. There are no estimates of the numbers of children reached and/or funded. The objectives of the national welfare services policy development and implementation support programme include development of a policy framework for ECD and partial care by March 2014. The 2013/14 allocation also includes money for continuation of the audit of ECD facilities commenced during 2012/13.

3.5 Reform schools and schools of industry

Schools of industry provide for children sent to them in terms of the Children's Act because they are found to be in need of care and protection due to serious behaviour, psychological or emotional challenges or who cannot be appropriately supported in a children's home. According to the 2010 audit commissioned by the national department of basic education, there are 13 such child and youth care centres in seven provinces and another two in the Western Cape that were not audited. The schools of industry are Gali Tembani (Eastern Cape); Newcastle, Bergsig and Mimosadale (Kwazulu-Natal); Daeraad (North West); Emmasdal and JW Luckhoff (Gauteng); George Hofmeyr, Vaalrivier and Vikelwa (Mpumalanga); Jimmie Roos and Rosenhof (Free State); and De Bult, Wellington and Ottery (Western Cape).

Section 76 of the Child Justice Act provides for a sentencing option in terms of which children can be placed in a reform school as "compulsory residence in a child and youth care centre providing a programme referred to in section 191(2)*(j)* of the Children's Act." There are six such CYCCs in four provinces in South Africa - Ethokomala (Mpumalanga), Eureka (Western Cape), a wing in Gali Tembani (Eastern Cape), Kraaifontein (Western Cape), Newcastle (KwaZulu-Natal) and Bhisho CYCC (Eastern Cape).

Section 196(3) of the Children's Act provides that reform schools and schools of industry, which are currently managed and budgeted for by provincial departments of education, had to be transferred to the provincial departments of social development within two years of the commencement of the Act. The Act came into full effect on 1 April 2010 and the centres should therefore have been transferred by 31 March 2012. The transfer aimed to ensure that the children in these CYCCs fall under the protective umbrella of the Children's Act and that the children receive developmental and therapeutic programmes from social service professionals. The provincial departments are meant to take responsibility for these aspects while the provincial departments of education remain responsible for provision of education for children in these facilities.

In the 2012 budget books only two provincial departments of social development referred to the reform schools and schools of industry for which they were to become responsible. *Eastern Cape* said that it would take over the Bhisho CYCC as from 1 April 2012. *Mpumalanga* reported that the department was "expected according to the Children's Act" to take over "reformed" schools and schools of industry but did not explain the budget implications. Our report of last year noted that only Free State had established the "work stream" on human resources, finance, legal issues, infrastructure, communications and programme with staff from the two affected departments that they were required to establish to organise the transfer. Further, only Free State and Gauteng had memoranda of agreement between the two departments.

In this year's budget books four provinces – Eastern Cape, Free State, Gauteng and Mpumalanga – report on these new CYCCs.

- *Eastern Cape* reports that it took over responsibility for the Bhisho Child and Youth Care Centre on 1 April 2012 as planned. While the centre has a capacity of 50 children, it housed only 16 children at the time the budget narrative was written. All of these children had been sentenced. The department reports plans for "intensive" induction and training programmes for the staff. The department reports further that it is taking over the Gali Thembani centre, and notes that this will cause extra "cost pressure" as no funding is to be transferred from the department of education.
- *Free State* reports that it will take over two schools of industry, namely Jimmy Roos and Rosenhof but does not specify the date for the transfer. It confirms the existence of a memorandum of understanding with education to regulate the transition period.
- *Gauteng* writes that it took over the schools of industry on 1 April 2012 as required by the Act and that transformation in the form of upgrading of facilities, introduction of special programmes and employment of specialised professional staff will be required and will require funding. The province notes that there is increasing demand for places to be found for children with behavioural difficulties but the schools of industry do not currently provide effectives services. Places and programmes for children with psychiatric and serious emotional problems poses a particular challenge. For 2013/14 funding has been allocated for major renovations for JW Luckhoff and smaller renovations at Emmasdal. Unlike Eastern Cape, Gauteng says that the budget for both personnel and goods and services was shifted from education to social development.
- *Mpumalanga* gives the addition of 100 employees who work in the transferred CYCCs as a reason for the increase in the personnel budget of the department. It records an amount of R23,9 million for two schools of industry and one "reformed school" which it says will be transferred as from 1 April 2013. It is not clear if the R23,9 million is only for staff costs or includes other expenses as well.

KwaZulu-Natal, North West and Western Cape do not refer to the reform schools and schools of industry for which they should have become responsible. It is, however, possible that the Western Cape reference to a therapeutic programme for sentenced children with severe behavioural problems in Wellington refers to children accommodated in the Wellington reform school.

The remaining two provinces do not have such institutions.

4 Conclusion

Last year we reported a small real decrease in the combined allocations across the nine provinces for the child care and protection services sub-programme when inflation is taken into account. This year, despite the overall cutback in government budgets that was imposed across all departments and provinces, the picture is not quite as dismal. The somewhat more positive picture is due largely to National Treasury providing for additional allocations to the equitable share in respect of Isibindi and ECD (both announced in last year's budget) as well as in respect of employment of social work graduates and funding of NPOs. However, our analysis reveals that provinces provide very incomplete information in the budget books as to whether and how they are utilising the additional funds. Unless provinces are required to provide the information more explicitly, it is very easy for the funds to be used for purposes other than those for which they were intended.

Our calculations show that the additional allocations have resulted in clear increases to the social welfare programme budgets, as well as – for most provinces – to the share of the programme budget allocated for child care and protection services. When the allocations for all three core Children's Act sub-programmes and a share of the professional and administrative sub-programme are combined; four provinces (Eastern Cape, Gauteng, Mpumalanga, and Northern Cape) record double-digit annual average increases for Children's Act services over the MTEF.

However, despite relatively substantial additional allocations, performance varies across provinces and across sub-programmes. Free State, in particular, performs poorly on the majority of aspects investigated. Further, when looking at all provinces, the patterns are less consistent for the HIV/AIDS and care and support to families sub-programmes than for child care and protection.

Further, because provinces have used the additional allocations to varying extents, for different purposes, and in different sub-programmes, it is often difficult to see clear patterns. The variations in how the money has been used include the following:

- At least two provinces – Mpumalanga and KwaZulu-Natal – have located at least part of the Isibindi funding in the HIV/AIDS sub-programme, while other provinces have probably located it in the child care and protections sub-programme.
- Some provinces – Eastern Cape, Mpumalanga and Northern Cape, but possibly also KwaZulu-Natal and Limpopo – will transfer some of the funds for employment of social work graduates to NPOs, while others will use these funds only for the more expensive option of employing social work graduates within the department.
- Several of the provinces will use some or all of the money provided for NPO support on their internal systems for "monitoring and support" to NPOs rather than for monetary transfers to the NPOs.

The situation in respect of NPO funding is one of the biggest areas of concern, as increases in these transfers are much smaller than one would have expected given that most of the additions to the equitable share should have translated into increases in NPO funding. KwaZulu-Natal is explicit about using NPO transfers as a cushion to absorb the budget cuts required by the budget guidelines. Eastern Cape also has a large cut in NPO transfers.

Even the ECD area, which is one that has been favoured in past years, does somewhat less well this year in some provinces although ECD transfers still account for a disproportionate share of total transfers to NPOs. For example, several of the provinces will still not have reached the amount of R15 per child per day for 2013/14. Further, not all provinces will be increasing the number of children reached by ECD services, and it is not clear from the narratives whether all will be funding the norm of 264 days per year.

Increased mention of the Isibindi rollout is pleasing. However, one worries that some provinces may use the allocations for Isibindi to justify cutting back of funding for other community-based initiatives to support OVC. This is especially worrying given the cut-backs in funding from PEPFAR which has traditionally been a major funder for community-based projects for families affected by HIV and the fact that not all provinces receive and use the EPWP social sector incentive grant for funding of HCBC services.

Several of the provinces are explicit that the additional social workers will be used for work related to foster care placements and supervision. All provinces that provide this information plan further increases in the number of foster care placements.

While overall there are clear increases in all the targeted aspects, our assessment suggests that provinces are not always using the full additional allocations. Limpopo is the worst performer on this measure, and North West, Free State, KwaZulu-Natal and Western Cape also appear to be under-utilising the available additional funds. In contrast, some other provinces have topped up the additional allocations from own funds. Overall, for the nine provinces combined, the combined allocations suggest that the difference between the available money and actual allocations was less than 1%. However, the negative direction of the differences is cause for concern in a context where substantial growth in budgets and services is required to address the large gap between the number of vulnerable children currently reached and the number in need of services.

The challenge in understanding the patterns is exacerbated by the fact that performance indicators, where provided in the budget documents, are often contradictory. There are contradictions between indicators for a particular province, contradictions between this year's and last year's budget books, contradictions between what the performance measure tables and narratives say, and contradictions between performance measures and related budget allocations.

A further challenge lies in determining where the different provinces provide for service delivery staff. It seems that this year Eastern Cape and North West have joined Free State and Gauteng in providing for service delivery staff in the delivery sub-programmes rather than in the professional and administrative services sub-programme. (In fact, North West seems to have started this shift in the middle of the 2012/13 financial year.) However, KwaZulu-Natal – which is not in this group – had allocated the additional funds for social work graduates in the child care and protection sub-programme. There are indications that other provinces also have a "mixed" model.

In every year's analysis we have included estimates for the MTEF on the basis that these are useful for understanding government's future plans and as the basis for advocacy. Our analysis of this year suggests that the MTEF estimates are not a good estimate of what will happen. This was perhaps expected this year because of the announcement of new additions to the equitable share. However, what is worrying is that the allocations for 2013/14 are sometimes smaller than predicted last year.

The worrying scenario is summed up by our finding that the combined allocations for 2013/14 account for less than half (43%) of the predicted costs of the minimalist IP scenario in the 2005 costing exercise, and only 7% of the predicted costs of the FC scenario.

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6 Appendix: Service areas identified by the Children's Act

The list below details, for each service area, the related programmes or interventions that are explicitly included in the Act and therefore need to be budgeted for.

Partial care and ECD - Chapters 5 and 6

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

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

Drop-in centres – Chapter 14

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

Prevention and Early Intervention services – Chapter 8

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

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

Protection services – Chapter 7

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

Note that the court personnel (magistrates, clerks, interpreters and legal aid attorneys) and courts are funded by the Department of Justice and Constitutional Development while police officials are funded by the South African Police Service. Note also that there appears to be lack of clarity as to whether DSD or the Department of Justice and Constitutional Development is responsible for payments to safe house parents in which children can be placed for relatively long "temporary" periods.

Foster care and cluster foster care – Chapter 12

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

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

Adoption and inter-country adoption – Chapters 15 and 16

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

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

Child and Youth Care Centres – Chapter 13

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

- needing temporary safe care to protect them from abuse or neglect or pending an assessment or final court order
- needing longer term care because they cannot live with their family
- awaiting trial
- awaiting sentence
- with behavioural, psychological and emotional difficulties
- living, working or begging on the streets
- with disabilities
- with chronic illnesses
- with alcohol or drug addictions
- with psychiatric conditions
- who need assistance with the transition when leaving the centre at the age of 18.

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