Funding the Children's Act: Assessing the adequacy of the 2012/13 budgets of the provincial departments of social development

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Acronyms

ASSA	Actuarial Society of South Africa
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 (Provincial Ministers)
MTEF	Medium-term expenditure framework
NPO	Non-profit organisation
OVC	Orphans and vulnerable children
SASSA	South African Social Security Agency

Introduction

Background

This is the sixth 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]. The 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.

For this year we include a closer examination of five key issues. Firstly, we analyse transfers to non-profit organisations (NPOs) that deliver Children's Act-related services. This issue has been examined in previous assessments but has, if anything, become an even more vexed issue than previously. Second, we examine allocations for and services delivered through the expanded public works programme (EPWP), as this has been seen as an important source of funding for both ECD and home-and community-based care services (HCBC) in respect of HIV and AIDS. Thirdly, we examine new plans in respect of government rollout of the Isibindi project, which focuses on provision of community-based care for children affected by HIV and AIDS. Fourth, we examine early childhood development (ECD) in more detail as the national government continues to see this as a national priority. Our fifth and final special focus is reform schools and schools of industry. This is included as responsibility for these institutions was, according to the Act, meant to be transferred from the provincial departments of education to the provincial departments of social development by April 2012.

The paper is divided into four sections. The first part of this introductory section 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 this 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 forward predictions of budget allocations, government personnel and performance indicators.

The third section contains the five special foci, namely NPO transfers, EPWP, Isibindi, ECD,and reform schools and schools of industry.

The paper ends with a concluding summary.

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 crèches, early childhood development centres and programmes, drop-in centres, prevention and early intervention and protection

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

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.

In addition, 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 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 Children's Act thus 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 these services tells us whether government is giving effect to its obligations under the Act. As the Act is government's primary law for giving effect to children's constitutional and international rights to care, protection and social services; analysis of the budget available for implementing the Act also tells us about government's progress – or regress – in giving effect to these constitutional rights. If budgets do not show significant growth each year it could indicate that government is not making progress in realising children's rights to care, protection and social services. 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.

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. Given that these departments are responsible for funding such a large proportion of the Act's services, analysing their budget allocations and expenditure provides a good indication of government's overall progress and plans in respect of children's rights.

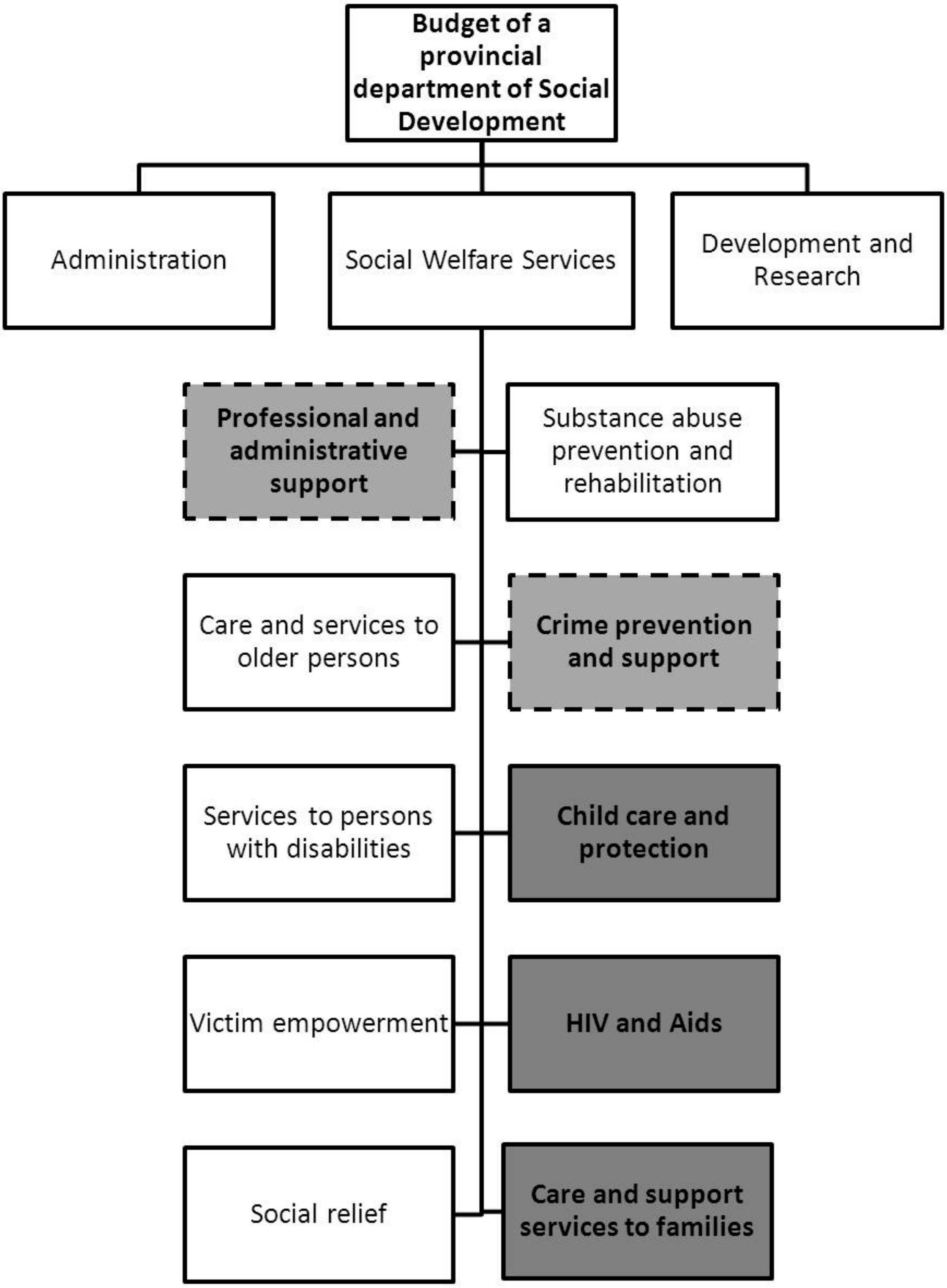
The national department of social development's primary responsibility in respect of the Act is for policy-making and coordination. This responsibility encompasses drafting regulations, norms and standards, and national strategies per service area aimed at ensuring an appropriate spread of each service throughout the country, as well as ensuring that the Act is implemented in an integrated, co-ordinated and uniform manner. These functions are 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 services, partial care and early childhood development programmes, and drop-in centres all fall under the *child care and protection* sub-programme. HCBC and other support programmes for orphans and vulnerable children (OVC) have traditionally fallen under the *HIV/AIDS* sub-programme but, as discussed below, a substantial part of provision for OVC will come under the child care and protection sub-programme when provincial departments start funding the Isibindi project. The *family care and support* sub-programme currently appears to include child and family counselling services, parenting skills programmes, and family preservation but should include more of the comprehensive range of prevention programmes listed in the Children's Act.

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 secure care centres. The sub-programme also includes funding for adults offenders and it is not possible to disaggregate what proportion of the budget relates to child offenders. Further, some of the child-related money is for assessment of child offenders by probation officers as required by the Child Justice Act rather than a requirement of the Children's Act. Because 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*. Four of the provinces (Western Cape, KwaZulu-Natal, Northern Cape and North West) definitely locate most of their social welfare services staff salaries in this sub-programme, while another two (Free State and Gauteng) locate most of their staff salaries within the separate service delivery sub-programmes. In respect of the remaining three provinces (Limpopo, Eastern Cape and Mpumalanga) we assume, based on the amounts in the professional and administrative support sub-programmes, that social welfare staff salaries are found mainly in this sub-programme. In the seven 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 2011, we include 25% of the professional and administrative support sub-programme in our overall calculations on total Children's Act budget for these seven provinces to arrive at an optimistic estimate of provincial allocations for Children's Act-related services.

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 (2008/09, 2009/10 and 2010/11 in this year's analysis), the year during which the budget is tabled (2011/12) so as to allow discussion before the start of the budget year which the legislature must discuss, the year following (2012/13) which is the year for which the legislatures must "vote" a budget, and the following two years ((2013/14 and 2014/15). Our main focus in the analysis below is on the 2012/13 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 2013/14 and 2014/15, 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.

For the 2011/12 budget year the budget books provide three estimates – the *original allocation* (or *appropriation*) voted early in 2011 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 government's predication at the time of preparing the 2012/13 budget as to what will actually have been spent by the end of the 2011/12 year. 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 2011/12.

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 2010/11 and 2011/12 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 makes allowance for expected inflation over the coming years when it plans allocations. We thus 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.

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.

To adjust for inflation we use inflation rates of 5,9% for 2012, 5,3% for 2013, and 4,9% for 2014. These are the inflation rates predicted by National Treasury for each of the three years.

Analysis of the 2012/13 budgets

Sub-programmes' percentage shares of the social welfare programme

An analysis of each sub-programme's share of the social welfare services programme budget, and changes in this share over the years, indicates the priority that is being given to the services that fall within that sub-programme, as well as the relative cost of the services provided under that sub-programme.

The analysis below must be judged against the fact that the total allocation for the social welfare sub-programme increases by less than half a per cent (0,4%) in real terms between 2011/12 and 2012/13, increases by 8% between 2012/13 and 2013/14, and then again increases by less than half a per cent (0,3%) in real terms between 2013/14 and 2014/15. The "cake" for which we are calculating the shares thus only shows noticeable growth between 2012/13 and 2013/14.

Table 1 shows that when allocation of all provinces are combined, the child care and protection services sub-programme, which contains the bulk of Children's Act services, accounts for the same share (35%) of the 2012/13 total social welfare budget allocation as it did in the adjusted budget for 2011/12. In the two outer years of the MTEF, in contrast, it is predicted to increase to 40% of the social welfare allocation. As will be discussed further below, this reflects the fact that the real increase in the social welfare budget between 2012/13 and 2013/14 is primarily due to an increase in the child care and protection services budget.

Table 1. Child care and protection services as percentage of social welfare services

	2008/09	2009/10	2010/11	2011/12 Adjusted	2012/13	2013/14	2014/15
Eastern Cape	28%	25%	22%	21%	**22%**	25%	25%
Free State	60%	60%	59%	59%	**58%**	60%	60%
Gauteng	40%	48%	50%	48%	**49%**	55%	55%
KwaZulu-Natal	33%	30%	31%	34%	**33%**	38%	39%
Limpopo	37%	35%	32%	28%	**33%**	33%	33%
Mpumalanga	32%	31%	32%	35%	**28%**	43%	47%
Northern Cape	24%	22%	23%	24%	**24%**	27%	27%
North West	20%	23%	17%	23%	**20%**	23%	23%
Western Cape	34%	35%	35%	33%	**34%**	37%	37%
Total	34%	36%	35%	35%	**35%**	40%	40%

Provincially, Limpopo shows a substantial increase in the share allocated to child care and protection services between 2011/12 and 2012/13 – from 28% to 33%. However, last year's analysis noted that Limpopo's allocations for all sub-programmes were extremely volatile, with no explanations provided for this volatility. This volatility is seen in the vacillating changes in shares over the period. The 33% share of 2012/13 is, in fact, lower than the share of this programme in 2008/09 and 2009/10. For the outer years of the MTEF Limpopo does not show any further increases in the share. North West, Free State and Mpumalanga go against the overall trend in that they show decreases in the share allocated to the child care and protection sub-programme between 2011/12 and 2012/13. In Mpumalanga the decrease is the largest, from a 35% share in 2011/12 to 28% in 2012/13. There is then a massive jump predicted to a 43% share in 2013/14 and 47% in 2014/15.

The higher shares for Free State and Gauteng are at least partly explained by the fact that, as discussed above, in these provinces the salaries of service delivery personnel are included in the sub-programme for which they deliver services. In other provinces personnel costs are in the separate professional and administrative services sub-programme.

The increase in the share allocated to this sub-programme from 2013/14 can at least partly be explained by a national decision to provide additional funding – of R650 million in 2013/14 followed by R700 million in 2014/15 – for the roll-out of the Isibindi project and for increases in the ECD subsidy and the numbers of children in ECD. This additional funding also helps to explain the sharp increase in the total allocation for the social welfare programme highlighted above. The additional funding for ECD and Isibindi is discussed in more detail in a dedicated section below. What is worrying is that in Limpopo the share of this sub-programme is predicted to stay constant in 2013/14 despite the injection of funds for Isibindi and ECD.

Table 2 shows the shares of each of the other relevant service delivery sub-programmes summed across the nine provinces. It is immediately evident that these other sub-programmes have substantially smaller allocations than the child care and prevention sub-programme. HIV/AIDS was the largest of these three smaller sub-programmes in 2011/12, but loses this position to crime prevention and support in 2012/13. This is concerning as the funding from the US Presidential Emergency Plan for Aids Relief (PEPFAR), which has provided substantial support to civil society organisations providing HCBC and other services, is likely to decrease substantially after September 2012 as PEPFAR shifts its focus from service delivery to technical support. Over the full five-year period starting in October 2012 PEPFAR envisages funding care for 2,5 million HIV-affected people, including both adults and OVC. For the OVC support, there will be a total of US$ 75 million (an average of R120 million per year at an exchange rate of R8 to a dollar) over the five year period (USAID Southern Africa, 2012). These seem like big amounts but are much smaller than previous amounts. Overall, annual PEPFAR support to South Africa, including health, social development and other sectors, will fall from the 2012 amount of US$ 484 million to US$ 250 million in 2017 (Kahn, 2012). NPOs delivering HIV and AIDS services will thus have reduced funding from both government and PEPFAR during this financial year.

The share for crime prevention and support increases from 7,9% in 2011/12 to 8,2% in 2012/13, but then drops back to only 7,3% in the following two years. The share for family care and support stays more or less constant over the period. This is of concern as this sub-programme has been consistently underfunded for the full period in which we have been examining budget allocations for the Children's Act. The sub-programme should be providing key prevention and early intervention services that could to some extent reduce the need for more expensive tertiary services when things have gone really wrong for children.

Table 2. Other sub-programmes as percentage of social welfare services

	2008/09	2009/10	2010/11	2011/12 adjusted	2012/13	2013/14	2014/15
Family care & support	2.9%	2.9%	2.0%	2.3%	**2.4%**	2.3%	2.3%
HIV/AIDS	8.4%	8.6%	8.3%	8.8%	**7.9%**	6.5%	6.6%
Crime prevention & support	10.0%	8.4%	8.3%	7.9%	**8.2%**	7.3%	7.3%

Amounts allocated per sub-programme

In this section we examine the actual allocations for the focus sub-programmes over the MTEF period, as well as the real percentage changes for each year of the MTEF and for the MTEF period as a whole.

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, adoption, drop-in centres and child and youth care centres. (As discussed further below, as from April 2012, the category of child and youth care centres under this sub-programme should include reform schools and schools of industry.) Increases or decreases in allocations to this sub-programme will result in increases or decreases in delivery of these services for children. It appears that for most, if not all, provinces the rollout of the Isibindi project will be funded by this sub-programme.

Table 3 reveals a decrease of just less than 0,5% in the combined total allocation across the nine provinces for the child care and protection sub-programme in 2012/13, followed by a substantial 21% increase in 2013/14, and a smaller increase of 2% in 2014/15. Overall, the average annual increase over the three years is 7%.

Table 3. Allocations for child care and protection services sub-programme (R000)

	2011/12 Adjusted	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	230 196	259 435	333 472	359 392	**6%**	22%	3%	10%
Free State	323 415	343 211	382 069	394 206	**0%**	6%	-2%	1%
Gauteng	904 048	943 415	1 210 887	1 279 702	**-1%**	22%	1%	7%
KwaZulu-Natal	477 662	489 903	642 279	692 070	**-3%**	25%	3%	7%
Limpopo	193 734	241 720	263 992	277 192	**18%**	4%	0%	7%
Mpumalanga	192 246	168 602	310 151	365 751	**-17%**	75%	12%	18%
Northern Cape	82 575	80 430	102 999	110 778	**-8%**	22%	3%	5%
North West	147 300	130 337	163 622	176 510	**-16%**	19%	3%	1%
Western Cape	355 697	406 423	479 663	515 376	**8%**	12%	2%	7%
Total	2 906 873	3 063 476	3 889 134	4 170 977	**0%**	21%	2%	7%

In absolute terms, the total allocation for 2012/13 is R3 063,4 million, increasing to R3 889,1 million in 2013/14 and R4 1721,0 million by 2014/15. As suggested above, a large part of the 2013/14 increase can be explained by the extra injection of funds for the Isibindi project and ECD. This injection is meant to reach all provinces. It is thus concerning that while all provinces show a real increase of 4% or more in 2013/14, and the three-year average for all provinces is positive, the percentage increase in 2013/14 varies markedly between provinces. For Limpopo the increase is only 4% and for Free State only 6%. For North West the average annual percentage increase over the three years is only 1%. The low average for North West is largely explained by the large percentage decrease of -16% in 2012/13.

There are also other concerning features at provincial level. When looking at 2012/13 – the only year for which the budget is certain – there is a small decrease for this sub-programme. This is particularly concerning as this sub-programme contains the bulk of the Children's Act funding. Furthermore this is the first year since 2007 that this sub-programme has shown a decrease. From 2007 to 2011 we have seen average real growth above 6% each year reflecting the need to increase funding as the new Children's Act is implemented. With the new Act only being fully implemented in April 2010 we should be seeing a substantial real growth in allocations continuing in 2012.

Even more concerning are decreases in some provinces. Mpumalanga and North West record real decreases of -17 and -16% respectively, Northern Cape has a real decrease of -8%, KwaZulu-Natal records -3%, and Gauteng records-1%. KwaZulu-Natal attributes the decrease to a prior misallocation of budget for national priority funding for ECD. To correct the misallocation R22 million in respect of staff salaries and R41 million in respect of capital assets were moved from child care and protection to the professional and administrative support sub-programme. While this explanation is valid, it highlights the extent to which a portion of priority additional allocations are used for internal costs of the department rather than for direct service delivery by NPOs – in this case non-profit ECD centres. KwaZulu-Natal notes further that "savings" (i.e. under-spending) in the child care and protection sub-programme that resulted from delays in signing of service level agreements with NPOs were spent on addressing other "spending pressures". Northern Cape does not explain the decrease in this sub-programme but its explanation for the increase in the professional and administrative support sub-programme suggests that the decrease for all four service delivery sub-programmes is at least partially explained by a shifting of staff costs from the service delivery sub-programmes into the professional and administrative support sub-programme.

Mpumalanga and North West record decreases even in nominal terms between 2011/12 and 2012/13 – from R192,2 million to R168,6 million and from R147,3 million to R130,3 million respectively. North West attributes the decrease to having completed construction of a children's home in Mahikeng.

In contrast three provinces show pleasing real growth – Limpopo at 18%, Western Cape at 8% and Eastern Cape at 6%. The increase in Limpopo must be viewed with caution given the extreme volatility across programmes and years in recent budgets of this province. The growth in Western Cape reflects the fact that the allocations previously given to the HIV/AIDS sub-programme have been moved to the care and protection sub-programme. If amounts equal in real terms to the previous allocations (after adjusting for inflation) are subtracted from the Western Cape allocations for child care and protection, the real increase for 2012/13 drops to 5%, but the three-year average over the MTEF remains 7%.

The Free State's growth of only 1% is concerning in light of the ongoing court case requiring the department to improve its allocations to NPOs providing child care and protection services. The court case is discussed further below.

Five provinces refer in the budget narrative to foster care. The fact that the issue is not referred to by all provinces is surprising as the enormous backlog in renewing lapsed foster care placements – affecting more than 300 000 children (Department of Social Development, 2011b)

– was so serious that it led to a court challenge (Centre for Child Law v Minister of Social Development and Others Case No 21726/11). In June 2011, the North Gauteng High Court ruled that all foster care placement orders that had expired since 1 April 2009 would be deemed not to have expired and these children would continue to receive the grant for the next two years. For the approximately 110 000 children whose court orders had expired and whose grants had already lapsed, the grants were to be re-instated and back pay provided from the date the grant was lapsed. For both categories of children, before the expiry of the court order in May 2013, a social worker would need to apply for extension using an administrative process rather than the more burdensome court review process required by legislation. This judgement freed up court time, but the burden for social workers remained.

Gauteng discusses foster care placements but does not refer directly to the court challenge. The province observes that an increase in the demand for foster care remains a problem and prevents social workers from fulfilling their other roles in respect of children in need of care and protection. It notes that by end March 2011 418 workers were employed to deal with foster care, but that the team managed to deal with only 2 066 new foster placements instead of the planned 6 250.

Limpopo notes that 6 609 children were placed "under the foster care programme" and states that this was done because of the socio-economic conditions in with they were living, including loss of parents, abuse and "many more conditions". This motivation and Gauteng's plans for a large number of new placements suggest that these provinces still see foster care as a placement of choice for children living in poverty rather than one reserved for children in need of care and protection in the narrow sense. This is understandable given that the foster child grant (at R770) is so much bigger than the child support grant (R280).

Mpumalanga reports placement of 3 408 children in foster care. However, it plans to place 6 000 children in foster care during 2012/13. This is the only province that refers more or less explicitly to the court challenge in that it notes that a project plan was developed and was being implemented in respect of review and administrative extension by social workers of lapsed foster care orders. The province is also in the process of developing a provincial strategy on adoption.

Northern Cape reports a total of 461 new foster care placements in 2011/12, with a further 536 to be placed by government and 468 by NPOs in 2012/13. This is the only province that seems to acknowledge that many of the placements are handled by social workers employed by NPOs.

North West reports that 5 108 foster care placements were reviewed during 2011/12, which it explains as due to "vigorous response to cases of children or persons turned 18". This explanation does not clearly relate to the court case and it is also not clear what it is referring to. The province also reports finalisation of (new) 2 371 foster care placements during 2011/12.

HIV/AIDS

Services that fall under this sub-programme are likely to include some prevention and early intervention services particularly home- and community-based care and other support programmes for orphans and vulnerable children. The programme also provides for services for adults, including home- and community-based care programmes for adults.

Table 4 shows a substantial average decrease – of -10% – between 2011/12 and 2012/13 in the combined allocations across the nine provinces for the HIV/AIDS sub-programme. This is followed by an even bigger decrease in 2013/14 of -11%. There is an average annual decrease of -7% over the MTEF period.

The combined allocations decrease even in nominal terms in 2012/13 and 2013/14 – falling from R722,2 million in 2011/12 to R642,7 million in 2013/14. The allocations then increase slightly to R678,5 million in 2014/15, but this is still lower than the allocation in 2011/12.

Table 4. Allocations for HIV/AIDS sub-programme (R000)

	2011/12 Adjusted	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	47 526	46 594	43 839	46 419	**-7%**	-11%	1%	-6%
Free State	23 127	27 931	29 421	30 784	**14%**	0%	0%	4%
Gauteng	241 455	243 356	237 079	251 327	**-5%**	-7%	1%	-4%
KwaZulu-Natal	101 499	102 258	107 870	114 083	**-5%**	0%	1%	-1%
Limpopo	134 105	120 168	132 535	139 567	**-15%**	5%	0%	-4%
Mpumalanga	68 023	46 256	4 895	4 895	**-36%**	-90%	-5%	-61%
Northern Cape	36 320	27 818	29 209	30 669	**-28%**	0%	0%	-10%
North West	60 920	70 688	57 831	60 716	**10%**	-22%	0%	-5%
Western Cape	9 197	0	0	0	**-100%**			
Total	722 172	685 069	642 679	678 460	**-10%**	-11%	1%	-7%

Part of the reason for the decrease is that Western Cape has no allocations for this sub-programme in the MTEF period. The narrative explains that this sub-programme has been "mainstreamed" in the child care and protection sub-programme. However, the exclusion of Western Cape is by no means the full reason for the decrease for all the provinces combined, as even in 2011/12 the Western Cape allocation was only R9,2 million. Further, if Western Cape is excluded from the cross-province total a real decrease of -9% in 2012/13 remains, as does an annual average decrease of -7% over the MTEF period.

Among the other eight provinces only one – Free State – has an average annual increase in allocations for HIV/AIDS. For this province there is a substantial real increase of 14% in 2012/13, with minor real changes in subsequent years.

Limpopo reports that R25 million was transferred from a sub-programme outside social welfare to HIV/AIDS, but nevertheless records a decrease of -15%. This anomaly is explained by the adjusted budget (at R134 million) being much higher than the original appropriation (of R97 million). If the province's increase for 2012/13 had been calculated against the original appropriation the real increase would be 17%.

The worst performer apart from Western Cape is Mpumalanga, which records an average annual decrease of -61%. In absolute terms Mpumalanga's allocation drops from R68,0 million in 2011/12 to R4,9 million in 2014/15. Northern Cape also has a substantial decrease – of -28% in 2012/13. As noted above, this is especially worrying given PEPFAR's plans for sharply reduced funding after September 2012.

North West's budget book states that transfer payments for NPO-run HIV and AIDS programmes are a provincial priority, but nevertheless records a substantial decrease in the estimate for this sub-programme 2012/13, and a decrease over the MTEF as a whole. Elsewhere it attributes the decrease in 2013/14 to "stoppage" of a conditional grant. Conditional grants are discussed in a separate section below. Here we note only that this province provides an example of the danger of such grants, which do not continue indefinitely, if the province does not provide for the given services from its other budget revenue sources once the grant comes to an end.

The discussions of this sub-programme in the provincial budget books as well as the performance indicators provided highlight the fact that the funds are not used only for children. It is also evident that even the money allocated for HCBC is not all directed at children. For example, in the discussion Gauteng reports on funding of 234 HCBC organisations which provided services to 115 027 orphans and vulnerable children, 2 188 older caregivers in affected household, food parcels to 40 286 beneficiaries, and daily meals to 83 421 beneficiaries at drop-in centres.

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 services. Table 5 suggests that Limpopo is reaching more children than KwaZulu-Natal, which has a much larger population and a higher HIV prevalence rate. 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 5. Children benefiting from HIV and AIDS services

	2011/12	2012/13	2013/14	2014/15
Gauteng		126 000	138 600	152 460
KwaZulu-Natal	14 293	28 125	29 531	31 000
Limpopo	31 800	44 000	41 000	42 000
Northern Cape		18 496	18 496	18 496

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. Both budget analysis and information from service providers suggests that there can be considerable overlap between what is included in the child care and protection sub-programme and in the care and support for families sub-programme. From the budget narrative and the lists of performance indicator, the latter sub-programme is likely to be funding at least the following services:

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

Table 6 reveals an increase between 2011/12 and 2012/13 of only 1% in real terms in the total allocation across the nine provinces to the care and support to families sub-programme. The predicted real increase is slightly bigger, at 3% in the following year, but drops back to 1% in 2014/15. Overall, the average annual increase over the MTEF period is only 2%.

In absolute terms the total allocation across the nine provinces increases from R191,9 million in 2011/12 to R206,1 million in 2012/13. By 2014/15 it is predicted to be R236,5 million.

Free State, Eastern Cape and North West all have substantial changes in the budget allocation between 2011/12 and 2012/13. While Free State increases by a massive 36%, Eastern Cape and North West have allocations that fall by 30-31% between these two years. Northern Cape, too, has a substantial decrease of -18%. What makes these massive changes puzzling is that none is part of a consistent pattern of increases or decreases for a particular province. Instead, the large increases are generally accompanied by some real decreases in subsequent years, while the large decreases are accompanied by real increases or static budgets in subsequent years. These patterns do not augur well for consistent delivery of family services. As noted above, this sub-programme should provide a range of prevention and early intervention services – services which the Act specifies that government "must" provide. The fact that there are any allocations for this sub-programme indicates partial compliance with the "must" provide requirements. However the low level of the allocations shows that this partial compliance is far from adequate. Furthermore, decreases could be interpreted as retrogressive action on mandated activities.

Table 6. Allocations for care and support to families sub-programme (R000)

	2011/12 Adjusted	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	11 044	8 060	13 778	14 605	**-31%**	62%	1%	4%
Free State	8 309	12 002	12 600	13 166	**36%**	0%	0%	11%
Gauteng	98 052	109 894	115 644	122 547	**6%**	0%	1%	2%
KwaZulu-Natal	5 177	5 462	5 762	6 079	**0%**	0%	1%	0%
Limpopo	12 424	13 000	14 769	15 507	**-1%**	8%	0%	2%
Mpumalanga	1 912	2 059	3 478	3 478	**2%**	60%	-5%	16%
Northern Cape	5 310	4 614	4 845	5 087	**-18%**	0%	0%	-6%
North West	16 519	12 287	12 713	14 761	**-30%**	-2%	11%	-9%
Western Cape	33 109	38 695	40 638	41 265	**10%**	0%	-3%	2%
Total	191 856	206 073	224 227	236 495	**1%**	3%	1%	2%

The narratives for this sub-programme continue, as in previous years, to report a range of varying activities across the provinces. These include family crisis interventions, family preservation programmes, family reunification, parenting skills programmes, family counselling, family care programmes, family strengthening (including family strength expos) and celebration of the International Day of Families

Crime prevention and support

Services that fall within this sub-programme include diversion, assessments by probation officers and secure care facilities.

Table 7 reveals that the average annual increase over the MTEF period for all provinces combined in respect of the crime prevention and support services sub-programme stands at zero. Between 2011/12 and 2012/13 there is an increase of 3%, but this is counterbalanced by a larger decrease – of -5% – in 2013/14.

In absolute terms the combined provincial allocations increase from R531,7 million in 2011/12 to R711,4 million in 2012/13, rising to R754,7 million in 2014/15.

Most provinces have a mix of decreases and increases over the three-year MTEF. In 2012/13, Eastern Cape and Free State record very large real increases of 47% and 33% respectively. In subsequent years, however, these provinces have a real decrease in one year, and a slightly increased budget in the other year. Limpopo also has quite a large increase of 13% in 2012/13, but a decrease of -3% in 2013/14. Northern Cape and North West both have substantial decreases – of -22% and -14% respectively – in 2012/13. Over the three-year period Northern Cape records an average annual decrease of -8%.

Table 7. Allocations for crime prevention and support services (R000)

	2011/12	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	64 673	100 680	103 855	110 801	**47%**	-2%	2%	14%
Free State	30 388	42 676	44 509	46 986	**33%**	-1%	1%	10%
Gauteng	152 942	170 661	144 509	154 801	**5%**	-20%	2%	-5%
KwaZulu-Natal	74 132	78 209	82 511	87 049	**0%**	0%	1%	0%
Limpopo	29 040	34 665	35 263	37 076	**13%**	-3%	0%	3%
Mpumalanga	16 769	16 297	17 817	17 403	**-8%**	4%	-7%	-4%
Northern Cape	83 269	68 822	72 263	75 876	**-22%**	0%	0%	-8%
North West	71 322	65 054	71 292	75 225	**-14%**	4%	1%	-3%
Western Cape	129 199	134 312	141 050	149 532	**-2%**	0%	1%	0%
Total	651 734	711 376	713 069	754 749	**3%**	-5%	1%	0%

The budget narratives for this sub-programme have relatively frequent references to diversion, secure care and other services in respect of children in conflict with the law. Most of these references are to services provided during 2011/12. For example:

- Gauteng reports that 1 025 children were awaiting trial in registered secure care centrs managed by NPOs, and 1 035 children participated in diversion programmes.
- Mpumalanga report 317 children having completed diversion programmes in 2011/12, with a much larger number of 650 planned for 2012/13. This province also plans to provide services at secure care centres for 200 children during 2012/13.
- Northern Cape reports 197 children referred to diversion programmes during 2011/12, 206 having successfully completed such programmes during the year, and 639 children in conflict with the law benefiting from therapeutic and developmental programmes in CYCCs. For 2012/13 this province plans for 240 children to participate in and 160 children to complete diversion programmes.
- North West records 690 children referred to diversion programmes in 2011/13.
- Western Cape reports that a residential diversion programme was started at an outsourced facility for children with serious behavioural problems who could not be provided with needed care and services in their communities.

Plans for increased numbers of children being reached are needed as research into implementation during the second year of the Child Justice Act showed decreases in the number of children being referred for diversion (Badenhort, 2012).

Professional and administrative services

As noted above, two provinces – Free State and Gauteng – place the allocations for social services staff within the sub-programmes in which those staff deliver services. In contrast, Western Cape, KwaZulu-Natal, Northern Cape and North West as well as, in all probability, Limpopo, Eastern Cape and Mpumalanga allocate money for social services staff in the professional and administrative services sub-programme. For these provinces this sub-programme covers management, professional and support staff for all other sub-programmes.

In the discussion in this sub-section we include the numbers for Free State and Gauteng so as to provide a full picture, but our discussion focuses on the other seven provinces.

Table 8 shows an overall real increase – both in the overall cross-province total and in the total for the seven provinces – of 4% between 2011/12 and 2012/13, with a smaller increase of 3% predicted in the following year and a decrease of -2% predicted in 2014/15. Overall, the average annual increase across the seven provinces is 1%. Thus for this sub-programme, unlike for three of the four other sub-programmes analysed, the 2012/13 increase is not the smallest across the three years of the MTEF. The revised budget for 2012/13 is likely to show an even greater increase between 2011/12 and 2012/13 given that the public service bargaining settlement reached in July 2012 was several percentage points higher than government had planned for.

Table 8. Allocations for professional and administrative services (R000)

	2011/12	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	588 059	601 861	657 531	681 855	**-3%**	4%	-1%	0%
Free State	*10 368*	*7 030*	*7 376*	*7 737*	**-36%**	0%	0%	-14%
Gauteng	*6 038*	*5 272*	*5 923*	*6 519*	**-18%**	7%	5%	-3%
KwaZulu-Natal	520 789	549 432	579 651	577 492	**0%**	0%	-5%	-2%
Limpopo	230 032	222 907	256 968	262 359	**-8%**	9%	-3%	-1%
Mpumalanga	179 087	272 227	289 124	289 109	**44%**	1%	-5%	11%
Northern Cape	87 056	113 935	125 933	131 791	**24%**	5%	0%	9%
North West	182 461	206 621	210 137	220 340	**7%**	-3%	0%	1%
Western Cape	259 261	287 464	314 104	337 282	**5%**	4%	2%	4%
Total all provinces	2 063 151	2 266 749	2 446 747	2 515 584	**4%**	3%	-2%	1%
Total 7 provinces	2 046 745	2 254 447	2 433 448	2 500 228	**4%**	3%	-2%	1%

In absolute terms the allocations for this sub-programme amount to R2 254 million 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.

Most provinces show less variation from year to year in this sub-programme than for other sub-programmes. However, Mpumalanga and Northern Cape both have substantial increases – of 44% and 24% respectively – in 2012/13, while Limpopo shows the volatile pattern characteristic of this province. Northern Cape explains the large increase by a change to a generic social work model for delivery rather than specialisation in different areas of social work. This suggests that in previous years some of the staff costs were in the delivery sub-programmes. This could also help to explain the consistent pattern of decreases in the Northern Cape budgets between 2011/12 and 2012/13 seen above for the service delivery sub-programmes.

The total budget allocated for Children's Act services in 2012/13

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 seven provinces that do not appear to include the majority of their service delivery staff salaries within the service delivery sub-programmes.

Table 9 summarises the calculations for 2012/13 across the nine provinces, while Table 10 shows the allocations for each province separately for the full MTEF period.

Table 9 shows that the total budget allocated for Children's Act services in 2012/13 across the nine provinces was R3 955 million if we add up the three sub-programmes that include mainly Children's Act services, and R4 518 million if we include a proportion of the professional and administrative support sub-programme in the calculation.

Table 9. Summary of 2012/13 allocations for Children's Act services

Sub-programme	Total budget	Percentage included	Amount included in Children's Act budget calculation
Child care and protection	3 063m	100%	3 063m
HIV and AIDS	685m	100%	685m
Family care and support	206m	100%	206m
Sub-totals	**3 955m**		**3 955m**
Crime prevention and support	711m	0%	0
Professional and administrative support	2 254m	25% (for 7 provinces)	564m
Total			**4 518m**

Table 10 shows that over the MTEF for all provinces combined, the allocations for Children's Act services increase by a real annual average of 4%. However, this relatively positive average results primarily from a cross-province average of 13% between 2012/13 and 2013/14. For 2012/13, the budget year that is voted on, there is a decrease of -2%.

In absolute terms, the total allocation increases from R4 333 million in 2011/12 to R4 518 million in 2012/13, but then is predicted to climb to R5 711 million by 2014/15.

At provincial level North West is set to have a negative real growth in allocations for Children's Act services over the MTEF period. Mpumalanga has the highest annual average real growth, at 8%. For 2012/13 five of the provinces – Mpumalanga, Northern Cape, North West, KwaZulu-Natal and Gauteng – have a real decrease in the total allocation for Children's Act services. It is only Western Cape that has a real increase for 2012/13 that is more than 3%. Overall, the outlook for 2012/13 is not at all good.

Table 10. Combined allocations for Children's Act services (R000)

	2011/12	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	435 781	464 554	555 472	590 880	**1%**	14%	1%	5%
Free State	354 851	383 144	424 090	438 156	**2%**	5%	-2%	2%
Gauteng	1 243 555	1 296 665	1 563 610	1 653 576	**-2%**	15%	1%	4%
KwaZulu-Natal	714 535	734 981	900 824	956 605	**-3%**	16%	1%	5%
Limpopo	397 771	430 615	475 538	497 856	**2%**	5%	0%	2%
Mpumalanga	306 953	284 974	390 805	446 401	**-12%**	30%	9%	8%
Northern Cape	145 969	141 346	168 536	179 482	**-9%**	13%	2%	2%
North West	270 354	264 968	286 699	307 072	**-7%**	3%	2%	-1%
Western Cape	462 818	516 984	598 827	640 962	**5%**	10%	2%	6%
Total	4 332 587	4 518 230	5 364 401	5 710 989	**-2%**	13%	1%	4%

Comparing the 2011 budget to the costing report estimates

To assess government's progress in implementing the Children's Act we can compare the budget allocations with the estimates of the costing of the Children's Bill, which provides estimates of what is needed to implement the Children's Act. The costing provides estimates over a six-year period. For this comparison, 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.

To calculate how much budget government has allocated to the Children's Act we add the full allocations for the sub-programmes on child care and protection, HIV and Aids and care and support services to families. This over-estimates the amount allocated for implementation of the Children's Act as some of the expenditure for HIV and Aids and care & support to families are not related to the Act. This over-estimate will be off-set by some allocations in other sub-programmes that will help with implementation of the Children's Act, especially the crime prevention and support sub-programme, and the sustainable livelihoods sub-programme of the development and research programme.

In addition to the amounts for the three core sub-programmes, we add a portion of the professional and administrative sub-programme allocation for seven provinces, as described above.

Table 10 above gives the total allocations for each province and year when the three sub-programmes and the portion for staff are added. These amounts must then be compared with the amounts from the costing exercise.

The costing team considered four different scenarios, namely:

- Implementation Plan (IP) low scenario
- Implementation Plan(IP) high scenario
- Full Cost (FC) low scenario
- Full Cost (FC) high scenario.

The IP and FC scenarios use different estimates of demand. For the IP scenarios, the costing team asked each department to describe current levels of delivery for each service and how they planned to increase delivery in line with the Bill. Thus these levels do not measure total demand or actual need. Instead, they mainly measure existing service delivery based on 2005 levels. Further, examination of the detailed data on which the IP scenarios were based reveals serious discrepancies which illustrate the stark inequalities between provinces in current provision and highlight the fact that comparisons across provinces should be treated with great caution. For example, in KwaZulu-Natal the number of children referred to intervention services for Year 1 is only 15 793, as compared to 50 164 for Gauteng – a much wealthier province with a similarly sized population and with lower levels of HIV infection. Similarly, the number of children at risk referred to social services is only 14 000 for KwaZulu-Natal, as compared to 51 765 for Gauteng. These numbers clearly do not reflect the relative extent of need.

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

The high and low scenarios reflect different levels of quality of service delivery. The high scenario costs "good practice" standards for all services, while the low scenario uses "good practice" standards for services classified by the costing team as important, but lower standards for services classified by the costing team as non-priority.

To simplify matters, for the purpose of this comparison we consider only the highest and lowest estimates, namely the IP low and FC high. We look 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 outermost year of the 2012/13 MTEF. This makes Year 4 the most relevant one for this year's analysis as it corresponds to the year for which budget was voted in 2012.

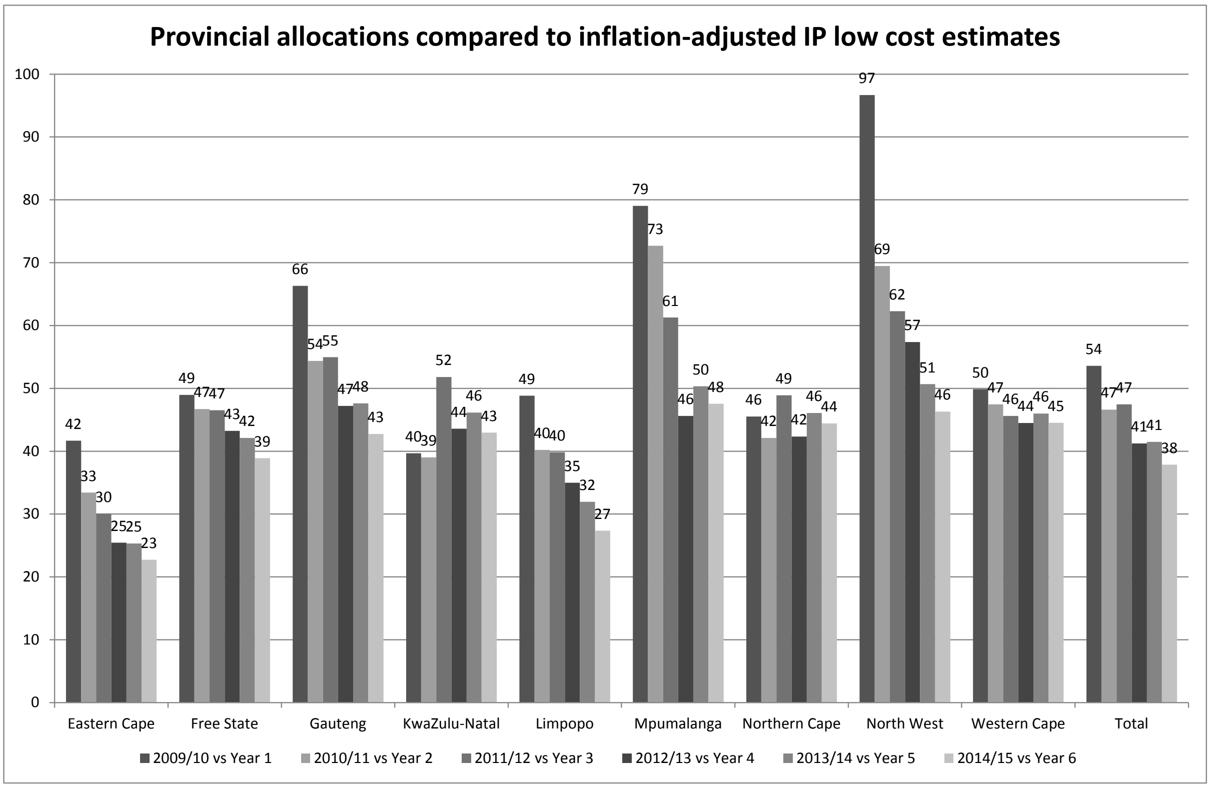
Table 11 shows the costing estimates for the IP low and FC high scenarios for each of the provinces for the first six years of implementation. The estimates shown are after adjustment for the inflation implied by the first year of implementation (Year 1) shifting from 2005 to 2009. The table shows that for the IP scenario the Year 4 (2012/13) total across the provinces is R10 957,0 million, while for the FC scenario it is R76 011,9 million

Table 11. 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. 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. The next best province was Mpumalanga, at 79%.

However, by 2012/13 North West is allocating only 67% of the estimated IP cost while Mpumalanga is allocating less than half (46%). For all nine provinces combined, the allocations were just over half (54%) of the IP estimate in 2009/10, but have fallen to 41% in 2012/13.



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 the province never reaches more than 16% of the total cost. 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, while the under-serviced fall even shorter of the target.

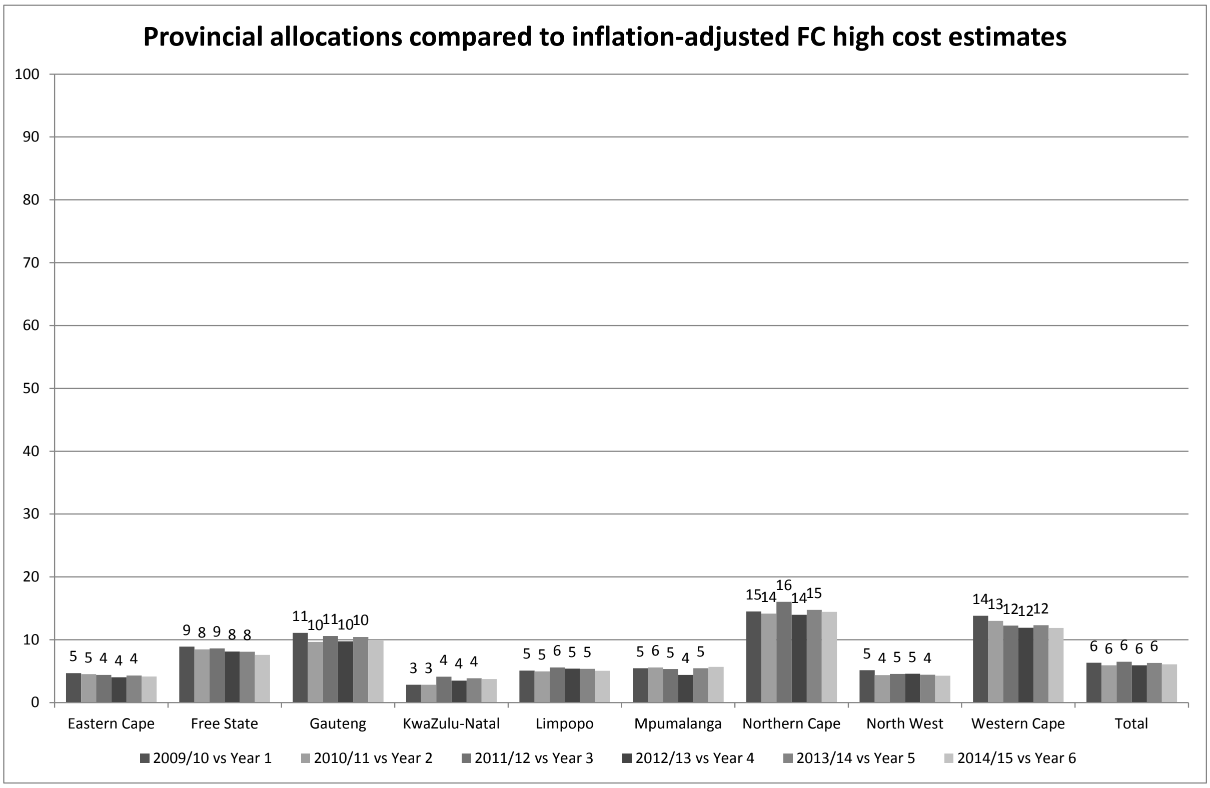


Table 12 summarises the comparison for 2012/13. It shows that the summed total of the three sub-programmes and a portion of the professional and administrative support sub-programme, at R4 518 million, equivalent to only 41% of the IP low cost estimate and 6% of the FC estimate for Year 4.

Table 12. Summary of comparison of allocations with IP and FC costing scenarios for 2012/13

	2012/13 (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)	4 518	41% of IP low 6% of FC high
Costing estimate: IP Low	10 957	
Costing estimate: FC High	76 012	

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 government has allocated in the most recent budgets for the nine provincial departments. Another linked purpose is to provide information that children's rights advocates can use in arguing 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.

This raises the question of how accurate the predicted figures are i.e. to what extent do 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 2012/13 provided in the 2011 budget books with the actual allocations for 2012/13 provided in the 2012 budget books.

Table 13 presents the calculated percentages for each province for each of the four service delivery sub-programmes discussed above. The table shows that for each of the four sub-programmes the differences between the cross-province total actual allocations for 2012/13 and those predicted for the same year in the 2011 budget books range from -6% (for HIV/AIDS) to 6% (for care and support to families). What is worrying is that it is the largest sub-programme – child care and protection – that shows the second biggest negative difference between the predicted allocation and the actual allocation. The other sub-programme with a negative difference for all provinces combined is HIV/AIDS, the area of work for which external funding from PEPFAR will decrease drastically.

Table 13. Changes in estimates for 2012/13 between the 2011/12 and 2012/13 budget books

	Child care & protection	HIV/AIDS	Family care & support	Crime prevention & support
Eastern Cape	2%	-41%	-5%	10%
Free State	-2%	9%	211%	55%
Gauteng	-5%	3%	-2%	18%
KwaZulu-Natal	-15%	-4%	33%	-3%
Limpopo	-6%	19%	73%	-3%
Mpumalanga	-16%	-38%	-56%	-16%
Northern Cape	-8%	-26%	-17%	-20%
North West	20%	16%	4%	7%
Western Cape	8%	-100%	7%	1%
Total	**-4%**	**-6%**	**6%**	**5%**

The deviations in combined allocations for each of the four sub-programmes hide a much more complicated picture when one disaggregates by provinces.

For the *child care and protection* sub-programme, KwaZulu-Natal and Mpumalanga allocated 15-16% less than predicted for 2012/13, while North West allocated 20% more than predicted. Substantial differences are also recorded for Western Cape (with a bigger allocation than predicted) and Northern Cape (smaller allocation than predicted). Part of the difference in Western Cape's allocation is explained by this province's adding the HIV/AIDS sub-programme allocation to the child care and protection sub-programme.

For *HIV/AIDS*, Western Cape has the largest negative deviance because – as seen above – it has no allocation for HIV/AIDS in 2012/13. Beyond Western Cape, Eastern Cape (-41%), Mpumalanga (-38%) and Northern Cape (-26%) all record substantial negative deviances.

For *care and support to families*, Free State has a 2012/13 allocation that is more than three times as large as was predicted in 2011/12, while Limpopo (73%) and KwaZulu-Natal (33%) also show large positive deviations from predictions. In contrast, Mpumalanga's 2012/13 allocation is less than half that predicted, while Northern Cape also shows a large (-17%) negative deviance.

For *crime prevention and support* Free State has the largest positive difference, with the actual allocation 55% larger than that predicted in the 2011 budget book. Gauteng, at 18%, and Eastern Cape, at 10%, also have relatively large positive differences. In contrast, Northern Cape (-20%) and Mpumalanga (-16%) allocated substantially less than predicted for the 2012/13 financial year.

Overall, this comparison suggests that the MTEF estimates are not a very good predictor of final allocations. What is noteworthy is that for every province at least one of the sub-programmes has an allocation that differs by 15% or more from what was predicted in the previous year.

Under-spending

While the overall message of our analysis is that much larger allocations for Children's Act services are needed, these allocations will achieve little if provinces do not spend the additional money. It is thus useful to investigate to what extent provinces spend the existing allocations. We do this by comparing the three estimates provided for the 2011/12 financial year. As noted above, 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, while 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. Nevertheless, 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 14 shows a 4% shortfall in both the adjusted and revised budgets when allocations of all nine provinces for *child care and protection* are combined. North West records adjusted and revised estimates that are a third bigger than the original appropriations. At the other end of the scale, Limpopo's second and third estimates are only just over three quarters (78%) of the original appropriation. KwaZulu-Natal also records quite a large shortfall when the adjusted budget is compared to the original appropriation, and a shortfall even bigger than that for Limpopo's when comparing the revised estimate with the original appropriation (87% and 77% respectively). Apart from KwaZulu-Natal and Limpopo, there is no evidence of serious under-spending in any of the other provinces in this, the largest and most important of the Children's Act sub-programmes.

Table 14. Comparison of original, adjusted and revised estimates for 2011/12 for child care and protection sub-programme (R000)

	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Approption
Eastern Cape	234 196	230 196	232 934	98%	99%
Free State	333 831	323 415	325 028	97%	97%
Gauteng	911 394	904 048	939 298	99%	103%
KwaZulu-Natal	546 473	477 662	421 967	87%	77%
Limpopo	248 418	193 734	193 734	78%	78%
Mpumalanga	192 746	192 246	191 544	100%	99%
Northern Cape	83 575	82 575	82 575	99%	99%
North West	109 964	147 300	147 300	134%	134%
Western Cape	354 637	355 697	355 697	100%	100%
Total	3 015 234	2 906 873	2 890 077	**96%**	**96%**

Table 15 shows the adjusted estimate as slightly larger than the original allocation for *HIV/AIDS* when all nine provinces are combined. However, the revised estimate is 3% less than the original appropriation. The larger adjusted estimate is primarily explained by a 38% adjustment in Limpopo's original appropriation, with a 4% increase in Gauteng's. While Gauteng's increase is small in relative terms, it has a disproportionate impact on the all-province pattern because even in the original appropriation this province allocated more than twice as much as any other province for this sub-programme. For HIV/AIDS Eastern Cape emerges as a very serious under-spender, with adjusted and revised estimates less than two-thirds (65% and 62% respectively) of the original appropriation. Besides Eastern Cape, Free State and Western Cape record a difference of up to 5% between the adjusted and revised estimates and the original appropriation.

Table 15. Comparison of original, adjusted and revised estimates for 2011/12 for HIV/AIDS sub-programme (R000)

	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	73 526	47 526	45 889	65%	62%
Free State	24 258	23 127	23 613	95%	97%
Gauteng	232 253	241 455	237 642	104%	102%
KwaZulu-Natal	100 999	101 499	60 148	100%	60%
Limpopo	96 921	134 105	134 105	138%	138%
Mpumalanga	68 337	68 023	72 482	100%	106%
Northern Cape	36 320	36 320	36 320	100%	100%
North West	58 691	60 920	60 920	104%	104%
Western Cape	9 647	9 197	9 197	95%	95%
Total	700 952	722 172	680 316	**103%**	**97%**

For the *care and support to families* sub-programme combining estimates across the nine provinces gives a total for the adjusted and revised estimates which is 6% higher than the original appropriation. However, this hides very serious under-spending in Mpumalanga, where the adjusted and revised estimates are half or less of the original appropriation. Western Cape shows a smaller, but still serious, possible under-spend of 7%. Also of concern is the extent to which Eastern Cape, Free State, KwaZulu-Natal, Limpopo and North West – adjusted allocations upwards. While we might welcome the fact that additional money was allocated to this sub-programme, such large adjustments mid-year suggest poor planning in respect of the original estimates.

Table 16. Comparison of original, adjusted and revised estimates for 2011/12 for care and support for families sub-programme (R000)

	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	8 044	11 044	11 028	137%	137%
Free State	3 634	8 309	9 208	229%	253%
Gauteng	103 000	98 052	98 052	95%	95%
KwaZulu-Natal	3 919	5 177	4 411	132%	113%
Limpopo	7 305	12 424	12 424	170%	170%
Mpumalanga	3 934	1 912	1 969	49%	50%
Northern Cape	5 310	5 310	5 310	100%	100%
North West	10 201	16 519	16 519	162%	162%
Western Cape	35 730	33 109	33 109	93%	93%
Total	181 077	191 856	192 030	**106%**	**106%**

Table 17 shows the combined all-province total adjusted budget at 99% of the original allocation for *crime prevention and support*, while the revised estimate is only 94% of the original appropriation. Eastern Cape again shows serious under-spending of a quarter of the original allocation whether measured by the adjusted or revised estimates. Kwazulu-Natal and Limpopo also appear to be serious under-spenders, at 72% and 83% of their original allocations. In contrast, Free State and North West show marked overspending when the adjusted and revised appropriations are compared with the original appropriation.

Table 17. Comparison of original, adjusted and revised estimates for 2011/12 for crime prevention and support sub-programme (R000)

	Appropriated	Adjusted	Revised	Adjusted/ Appropriation	Revised/ Appropriation
Eastern Cape	86 673	64 673	63 505	75%	73%
Free State	25 909	30 388	32 967	117%	127%
Gauteng	150 946	152 942	143 363	101%	95%
KwaZulu-Natal	77 132	74 132	55 236	96%	72%
Limpopo	35 000	29 040	29 040	83%	83%
Mpumalanga	17 346	16 769	10 447	97%	60%
Northern Cape	81 769	83 269	86 211	102%	105%
North West	60 020	71 322	71 322	119%	119%
Western Cape	126 610	129 199	129 199	102%	102%
Total	661 405	651 734	621 290	**99%**	**94%**

The overall picture presented by this sub-section reveals that spending performance needs serious improvement in two or three provinces per sub-programme. As we noted in our assessment of the 2011 budget, at a time when government departments complain about constrained budgets on account of the economic recession and deficit, it is especially important that provinces spend all the money that is made available to them. It is concerning that under-spending is occurring at the same time as many NPOs are struggling to raise funds to deliver child care and protection services due to the donor funding pool decreasing.

Government personnel

One of the major challenges preventing rapid budget growth and service delivery expansion in Children's Act service areas is the lack of sufficient numbers of social service practitioners. These practitioners include social workers and auxiliaries, child and youth care workers, early childhood development practitioners, community development workers and home-based carers. A large number of these workers are employed by NPOs. Their salaries and conditions of service 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.

Unfortunately, the budget documents do not provide staff breakdowns by sub-programme. The tables published in the budget documents also do not distinguish between different categories of staff such as social workers, probation officers, administrators, managers, child and youth care workers and others. This section therefore examines all government staffing in the social welfare programme.

Table 18 shows the number of staff recorded for the programme for each year from 2009 to 2015, with the number relating to 31 March of the given year. The final two columns show, firstly, the annual average change for the three years of the MTEF and, secondly, the percentage change over the period as a whole.

Table 18. Staff of social welfare programme

	Staff as at 31 March							% change	
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Annual average 2012-2015**	**2009-2015**
Eastern Cape	1 693	1 713	1 936	**2 201**	2 372	2 372	2 672	11%	58%
Free State	981	856	862	**897**	950	950	950	3%	-3%
Gauteng	1 227	2 295	2 357	**2 508**	2 353	2 353	2 353	0%	92%
KwaZulu-Natal	1 663	1 504	1 925	**1 937**	2 037	2 089	2 095	3%	26%
Limpopo	631	981	1 274	**1 249**	1 561	1 753	1 841	13%	192%
Mpumalanga	753	1 010	1 020	**1 037**	1 085	1 085	1 085	2%	44%
Northern Cape	500	519	587	**578**	607	612	617	2%	23%
North West	761	1 199	1 405	**1 469**	1 568	1 664	1 657	6%	118%
Western Cape	1 098	1 220	1 367	**1 332**	1 524	1 524	1 524	4%	39%
Total	9 307	11 297	12 733	**13 208**	14 057	14 402	16 809	**5%**	**81%**

For all nine provinces combined, total staff is recorded as increasing from 9 307 in March 2009 to a planned 16 809 in March 2015. This represents an 81% increase over the full period 2009 to 2015, with an average annual increase of 5% over the 2012/13-2014/5 MTEF period.

Limpopo shows a much larger increase than any other provinces, with the number of staff in 2015 nearly three times that in 2009. This province's average annual increase over the MTEF period is 13%. All provinces except Free State record an increase over the 2009-2015 period of 23% or more. Free State, in contrast, records a -3% decrease over the period. However, Free State shows a small positive annual average increase of 2% for the MTEF period. Gauteng nearly doubles its staff complement over the full period, but has an annual average decrease of -3% over the MTEF period. Besides Limpopo, Eastern Cape (7%) and Western Cape (5%) show the highest annual average increases over the MTEF period.

Table 19 shows the allocations for staff between 2011/12 and 2014/15. The relationship between staff numbers (in the previous table) and allocations for compensation of employees (in this table) is not simple as the budget allocation may include compensation for people who are not recorded as staff. In particular, it seems that in at least one province – Limpopo – it includes stipends paid to people who are not government employees but who work on programmes such as HCBC. We would usually expect stipends to be classified as transfers either to households (where the money is paid directly to the individual workers) or to NPOs (where the money is transferred to the NPO that then pays the individual workers).

Table 19. Allocations for compensation of employees within social welfare programme (R000)

	2011/12 adjusted	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	504 554	593 869	640 662	663 371	**11%**	2%	-1%	4%
Free State	169 760	193 200	204 655	214 388	**7%**	1%	0%	3%
Gauteng	427 520	482 186	516 780	552 844	**7%**	2%	2%	3%
KwaZulu-Natal	467 401	513 982	521 073	549 744	**4%**	-4%	1%	0%
Limpopo	258 257	271 431	286 834	299 219	**-1%**	0%	-1%	0%
Mpumalanga	194 738	211 313	225 919	228 397	**2%**	2%	-4%	0%
Northern Cape	123 754	131 707	138 294	145 208	**0%**	0%	0%	0%
North West	273 000	291 277	322 773	337 086	**1%**	5%	0%	2%
Western Cape	309 611	340 653	369 749	397 630	**4%**	3%	3%	3%
Total	2 728 595	3 029 618	3 226 739	3 387 887	**5%**	1%	0%	2%

For all provinces combined the table shows a real increase of 5% between 2011/12 and 2012/13. This can be compared with the 4% increase in the number of staff calculated from the numbers shown in Table 18. This comparison suggests that some of the increase in staff salaries is explained by real increases in remuneration for individual staff rather than by an increase in the number of staff. The bargaining settlement of July 2012 might necessitate a further increase in the 2012/13 allocation.

The real increase in compensation for employees between 2012/13 and 2013/14 is, in contrast, only 1% while for the following year (2014/15) there is a very small real increase of 0,1% in the allocation. Examination of the previous table suggests a contradiction as in terms of staff numbers, the increase is larger between March 2014 and March 2013 than between March 2013 and March 2012 for all provinces except Eastern Cape.

While the staffing budget is substantial, it is widely acknowledged that South Africa has far too few social service practitioners to meet the need. In recognition of this shortfall, government has for several years allocated substantial funds towards bursaries for social work students. Initially these funds were often provided from provincial budgets, but the responsibility was subsequently taken over by the national department. This was done so as to free up provincial budgets for other purposes, although some provinces continued to fund bursaries for other types of workers.

For 2012/13 the national department of social development records an allocation of R256 million for social work bursaries. There are further allocations of R270 million and R286 million respectively in the other years of the MTEF. Gauteng's 2012 budget book nevertheless still refers to "external" bursary programmes aimed at attracting both social workers and social auxiliary workers to the department and NPOs. The acknowledgement that NPOs also need social workers is welcome, as the government bursary programme has done little to address their staff shortages. Instead, NPO staff is attracted to government because of the higher salaries and greater job security, especially at a time when many NPOs are facing severe funding crises.

The government bursaries for social workers cover the full cost of fees and require that every graduate work for government for a period after graduation. It has now emerged that while budget provision was made for the costs of study, this was not done in respect of employment by government of the new graduates after qualifying. This issue is referred to by several of the provinces.

Eastern Cape notes that 332 social work students (in reality, graduates) will be employed as from 1 April 2012 at a cost of R65,4 million, with employment of further graduates planned for the two outer years of the MTEF. The province notes that this will boost the current complement of 1 064 social workers and assist in getting closer to the norm of one social worker for every 3 000 people for which it would need 2 227 social workers. It is not clear if the province took social workers employed by NPOs into consideration when calculating the deviation from the norm.

The province notes further that the "reprioritisation" required to be able to fund employment of social work student graduates necessitated a 3% cut in transfers which had been repeatedly underspent. It refers in particular to a reduction of R33,5 million in transfers to households under the HIV/AIDS sub-programme but does not say whether these transfers consisted of stipends or took some other form such as food parcels.

Mpumalanga notes that absorption of social worker bursary holders requires appointment of additional social workers to act as supervisors who can mentor and review the work of the newly qualified workers. The province notes that the required funding for the graduates was not allocated within the MTEF and that bursary "students" (who have graduated) will therefore not be employed.

Performance indicators

The South African government uses a system of programme budgeting which aims, over time, to develop into fully-fledged performance budgeting. A key element of performance budgeting is that, alongside the financial amounts, the departments that are allocated budgets should provide indicators of physical service delivery. These indicators provide key accountability information in terms of what is done with the money.

South Africa does not mandate departments to include performance indicators (or what are termed "service delivery measures") in their budget votes. Instead, performance indicators are mandatory for the annual performance plans which are developed alongside the budget documents. While the latter should be public documents, they are not readily available for many provinces and departments. Some departments do include performance indicators in their budget documents. However, others simply refer readers to the annual performance plan.

In the 2012 budget books five provinces – Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and Northern Cape – present tables of service delivery measures for each sub-programme. Provinces also present some performance indicators in their discussion of what was achieved during the current budget year and what is planned for the coming budget year. Indeed, in some provinces (such as Northern Cape), these sections of the report consist almost entirely of a bullet list of delivery indicators. The quantitative information provided in these sections is useful, but not as useful as the service delivery tables as, firstly, past and planned performance are presented separately in the bulleted lists and, secondly, numbers are provided for at most two years, while the service delivery tables cover more years. Table 5 in an earlier section constitutes an example of the information that performance indicator tables can provide.

All five provinces that have service delivery measure tables include all three years of the MTEF. Eastern Cape, KwaZulu-Natal and Limpopo also present estimated performance for 2011/12. Without this information it is not possible to check how provinces performed against the indicator targets set in the previous budget year. Limpopo has a further column which has no heading but is perhaps intended to indicate the baseline as for some items it contains the text "no baseline". If it is a baseline, the numbers recorded are puzzling as for many items the "baseline" is higher than what is planned even for 2014/15.

There are other anomalies in the tables of each of the provinces. Some of these anomalies relate to the way information is presented while other anomalies raise questions about the provinces' plans.

Eastern Cape's table has the most problems. Firstly, as in 2011/12, the headings for the sub-programmes seem incorrect in that crime prevention and support includes indicators called "prevention", "ECD" and "partial care services" alongside "community based interventions" and "diversion programmes". Child care and protection services includes two indicators, namely "number of persons registered in shelters for victims of crime and violence" and "number of ECD's funded". Secondly, as discussed further below, the two ECD indicators have the same number for 2011/12 but their numbers for 2012/13 and for 2013/14 do not match. Thirdly, the table includes a sub-total for each of the sub-programmes. This means, for example, that for HIV/AIDS the province is adding together organisations, beneficiaries, "HCBCs", and educational programmes i.e. analogous to adding apples and giraffes. Fourth, the table records that the number of couples attending marriage preparation programmes will fall from 350 in 2011/12 to 100 in 2012/13.

We found only one problem in *Gauteng*'s table – a fall in the number of NPOs funded to provide care and support services to families from 153 in 2013/14 to 79 in 2014/15. This province has 11 indicators for child care and protection services, more than any other province.

KwaZulu-Natal's table has worryingly large increases in delivery envisaged for 2012/13 when compared to 2011/12. These increases are especially puzzling given that, as shown above, budgets for the four key sub-programmes either decrease or increase by very small amounts in real terms between these two years. This phenomenon is found across all sub-programmes. A few examples of the large (and unrealistic) increases include an increase from 551 to 1 519 in the number of children completing diversion programmes, an increase from 12 406 to 31 075 of children placed in foster care and from 2 020 to 2 991 of children placed in NPO-managed child and youth care centres (CYCCs), an increase from 14 293 to 28 125 in the number of children received HIV and AIDS-related services, and an increase from 10 to 43 in the number of NPOs funded in respect of family services.

Limpopo also has strange patterns when one compares 2011/12 to 2012/13. In this province the 2012/13 targets are often lower than the numbers provided for 2011/12. The most startling decrease is found in the number of families participating in family preservation services, which falls from 15 732 to 1 600. The number of children completing diversion programmes falls from

2 350 to 560, despite a substantial real increase in funding for the crime prevention and support sub-programme. Funded NPOs delivering HIV/AIDS prevention programmes falls from 214 to 100 and jobs created through EPWP-HCBC falls from 3 720 to 2 797. The decrease in the two HIV/AIDS indicators is perhaps understandable as it matches a large real decrease in the allocation to this sub-programme. The indicators do not all show a decreasing trend. The number of children placed in funded ECD programmes is set to increase from 63 792 in 2011/12 to 115 000 in 2012/13.

Northern Cape's service delivery table is noteworthy for the fact that the values of all indicators are identical for each of the three years of the MTEF. This suggests that the province plans no increases in services.

Special foci

Non-profit organisations

All provinces rely heavily on the services of NPOs to deliver services. Table 20 shows that in 2012/13 transfers to NPOs accounted for just under half (48,9%) of the social welfare programme budgets when all provinces are combined. The percentage varies widely, ranging from 28,3% in North West to 62,2% in Gauteng. Overall, the percentage is lower for 2012/13 than for any other year shown before or after this date. This is a noteworthy pattern given that it was during 2011 that a Free State High Court judge ruled in favour of a group of NPOs that challenged government in respect of repeated late payment of subsidies and, even more important, the small size of subsidies. 2011 was also the year in which the national Department of Social Development released its new Policy on Financial Awards to Service Providers. We would therefore have expected to see an increase in the percentage share going to NPOs.

Examination of the trend province by province reveals that only two provinces – Western Cape and Gauteng – allocated a larger share of their social welfare programme to NPOs in 2012/13 than in 2011/12. Further, the increase in the share for Gauteng is only 0,2 of a percentage point, while the increase for Western Cape comes after several years of sharp decreases. As a result, in 2012/13 the share in Western Cape is still lower than it was in 2010/11 or previous years. Among the provinces where the share going to NPOs falls, the decrease is particularly marked for Eastern Cape (5,3 percentage points) and Mpumalanga (13,1 percentage points).

Table 20. NPO transfers as a percentage of social welfare programme budget (R000)

	2008/09	2009/10	2010/11	2011/12 adjusted	2012/13	2013/14	2014/15
Eastern Cape	54.4%	48.0%	42.4%	41.5%	**35.8%**	40.2%	41.0%
Free State	60.2%	60.3%	62.4%	59.6%	**58.3%**	59.4%	59.4%
Gauteng	62.6%	57.2%	62.2%	62.0%	**62.2%**	63.2%	63.0%
KwaZulu-Natal	46.1%	42.9%	47.3%	47.4%	**41.2%**	45.3%	46.6%
Limpopo	48.8%	45.1%	44.3%	50.0%	**50.0%**	52.5%	52.3%
Mpumalanga	51.6%	54.9%	57.6%	58.6%	**45.5%**	52.3%	55.5%
Northern Cape	36.5%	32.2%	34.5%	37.7%	**37.3%**	39.9%	40.3%
North West	32.9%	31.5%	30.5%	29.0%	**28.3%**	27.4%	27.8%
Western Cape	68.8%	66.1%	63.4%	58.1%	**61.4%**	62.5%	62.2%
Total	54.7%	51.2%	52.0%	51.4%	**48.9%**	51.4%	51.9%

Western Cape's increased share for NPOs, and the 3% real increase in the transfer amount shown below, is pleasing as in our two previous reports we have shown alarming decreases in the transfers to NPOs in this province. The decreases seemed to reflect a preference of the province to provide services itself rather than through NPOs. This preference was reflected in a plan to establish 45 local offices across the province and appointment of related staff. The Western Cape budget book of 2012/13 contains a long paragraph that explains that the strategy of devolution of authority in respect of NPO transfers to the regions had not gone as planned in that regions used approaches that were not in line with the overall provincial approach. Allocation of funding to NPOs by the regions was also found to be "a far more challenging process" than expected. Further, there was confusion and some duplication between the roles of the community development practitioners and social auxiliary workers that social development planned to employ and community development workers employed by the department of local government. The organisational structure is thus being redesigned and it seems that the province – at least for the interim – is recognising the worth of NPOs.

Table 21 shows the NPO allocations in rand terms as well as the real percentage change from year to year and overall over the MTEF period. Overall, NPO transfers decrease by -3% in 2012/13, followed by an increase of 13% in 2013/14 and a further small 2% increase in 2014/15. In absolute terms the allocations increase from R4 123 million in 2011/12 to R4 244 million in 2012/13 and then are predicted to climb to R5 377 million in 2014/15.

Table 21. NPO transfers (R000)

	2011/12 adjusted	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr average
Eastern Cape	400 407	419 485	546 166	588 277	**-1%**	24%	3%	8%
Free State	326 529	347 519	377 516	390 865	**0%**	3%	-1%	1%
Gauteng	1 170 344	1 193 537	1 383 731	1461 547	**-4%**	10%	1%	2%
KwaZulu-Natal	585 191	607 011	765 410	822 809	**-2%**	20%	2%	6%
Limpopo	349 312	364 761	425 504	441 460	**-1%**	11%	-1%	3%
Mpumalanga	318 742	271 142	378 894	434 494	**-20%**	33%	9%	5%
Northern Cape	125 061	126 526	152 382	162 690	**-4%**	14%	2%	4%
North West	180 220	189 027	196 200	211 365	**-1%**	-1%	3%	0%
Western Cape	667 401	724 718	816 816	863 167	**3%**	7%	1%	3%
Total	4 123 207	4 243 726	5 042 619	5 376 674	**-3%**	13%	2%	4%

Disaggregating by province, Mpumalanga has the largest relative real decrease between 2011/12 and 2012/13, at -20%. Mpumalanga's narrative on transfers and subsidies is confusing as it states that there is budget growth of 36,3% over the MTEF (which it claims translates into annual average growth of 12,1%) but that there is a "declining growth rate" of 14,9% year on year. One can expect the rates reported by the province to differ from what is shown in the table below because the budget books report in nominal rather than real terms. The decline year-on-year may be referring to the decrease in 2012/13. Nevertheless, it is not clear how Mpumalanga calculated the rates of growth and decline it reports. The province attributes the "year-on-year" decline to reduced budgets for child care and protection services, HIV/AIDS, crime prevention and support, substance abuse, and care and services to older persons. Of these five sub-programmes with reduced budgets, three are directly relevant for the Children's Act.

All other provinces except Free State also allocated less in real terms for NPO transfers in 2012/13 than in 2011/12. This finding at first seems contradictory for Gauteng, which above was seen to have an increased share of the social welfare budget going to NPOs in 2012/13. The apparent anomaly is explained by a real decrease in the total social welfare budget in the province in 2012/13. The fact that KwaZulu-Natal has a real decrease in 2012/13 is even more worrying in that the budget book notes that the 2011/12 original appropriation of R682 million for NPO transfers was reduced to R585 million in the adjusted budget due to delays in signing of "service level agreements" (i.e. contracts). The revised estimate was still lower at R539 million. The real decrease for this province between 2011/12 and 2012/13 would be even larger if calculated against the original appropriations in 2011/12. Nevertheless, the KwaZulu-Natal budget book states that the province plans to increase subsidies by 6% per year, and also to increase the number of NPOs funded. This is similar to the (unfulfilled) undertaking recorded in the 2011 budget book. With the available budget such an increase will only be feasible in 2013/14.

All provinces except North West record bigger real increases in NPO transfers between 2012/13 and 2013/14 than between 2011/12 and 2012/13. This pattern is probably at least partly explained by the planned allocations for the Isibindi project and ECD, which will be channelled through NPOs. Given the planned increases for these areas of activity in 2012/13 it is worrying that Free State has such a small planned increase in NPO transfers for 2013/14. Further, Free State and Limpopo predict real decreases in NPO transfers in 2014/15.

Several provinces give the number of NPOs funded for the 2011/12 year, namely Free State (1 725), Gauteng (2 124), KwaZulu-Natal (nearly 2 000), and Western Cape (1 870). In all provinces a large proportion of the NPOs funded are likely to be small ECD centres.

Provinces do not have a standardised way of presenting a breakdown of their NPO transfers. Indeed, some do not provide any breakdown at all. However, over the years there has been some improvement in the information provided. For 2012, we can 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. In some cases the estimates recorded in the table are taken directly from the budget books. In other cases it is necessary to add different categories to arrive at the sub-programme amount. In the case of the Eastern Cape, in particular, it is not always easy to determine in which sub-programme certain categories would fall. We thus resort to a "best guess" for the questionable categories. Further, North West has an "EPWP social sector" category which could be either child care and protection or HIV/AIDS. It is therefore listed as a separate category.

Table 22 shows a total allocation across the eight provinces of R1 898 million for child care and protection in 2012/13, R502 million for HIV/AIDS, R202 million for crime prevention and support, and R162 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 8% per annum, while NPO transfers within care and support to families increase by 1% per annum. The total NPO transfers within crime prevention and support remain more or less constant in real terms, while the NPO transfers within the HIV/AIDS sub-programme decrease in real terms at an average of -3% per annum.

The patterns within the totals across the eight provinces hide enormous variation between provinces, between sub-programmes and between years of the MTEF. The only constant pattern is that NPO transfers within child care and protection services increase for all provinces between 2012/13 and 2013/14. The additional allocations for the Isibindi project and ECD expansion are probably the main underlying factors in this pattern. Indeed, two of the provinces – Free State and Northern Cape – explicitly list the Isibindi (or "child and youth care") allocation among NPO transfers for 2013/14 and 2014/15. For Free State the Isibindi NPO transfer is R13,4 million for 2013/14 but then falls to R11,4 million in 2014/15. For Northern Cape a new category of child and youth care NPO transfers records R17,3 million and R18,5 million respectively for the two years.

Table 22. NPO transfers by sub-programme and province (R000)

	2011/12	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr ave
Eastern Cape								
Child care & protection	227 976	223 471	293 993	322 663	**-7%**	25%	5%	7%
HIV/AIDS	28 022	36 086	38 071	40 395	**22%**	0%	1%	7%
Care & support to families	2 134	2 521	2 600	2 819	**12%**	-2%	3%	4%
Crime prevent & support	1 600	1 707	1 801	1 909	**1%**	0%	1%	1%
Free State								
Child care & protection	230 364	236 840	271 291	280 029	**-3%**	9%	-2%	1%
HIV/AIDS	17 939	18 843	19 882	20 772	**-1%**	0%	0%	0%
Care & support to families	15 406	15 999	16 879	17 672	**-2%**	0%	0%	-1%
Crime prevent & support	4 236	4 009	4 229	4 415	**-11%**	0%	0%	-4%
Gauteng								
Child care & protection	449 315	468 554	634 917	667 031	**-2%**	29%	0%	8%
HIV/AIDS	235 198	238 576	231 986	245 905	**-4%**	-8%	1%	-4%
Care & support to families	98 052	107 370	113 000	119 780	**3%**	0%	1%	1%
Crime prevent & support	72 907	68 840	73 095	77 481	**-11%**	1%	1%	-3%
KwaZulu-Natal								
Child care & protection	305 657	330 800	451 223	490 506	**2%**	30%	4%	11%
HIV/AIDS	80 877	76 131	84 917	89 868	**-11%**	6%	1%	-2%
Care & support to families	4 883	4 662	5 435	5 734	**-10%**	11%	1%	0%
Crime prevent & support	19 881	21 368	22 128	23 345	**1%**	-2%	1%	0%
Mpumalanga								
Child care & protection	184 407	184 648	230 069	294 669	**-5%**	18%	22%	11%
HIV/AIDS	62 751	64 611	64 839	64 839	**-3%**	-5%	-5%	-4%
Care & support to families	1 912	957	2 313	2 313	**-53%**	130%	-5%	1%
Crime prevent & support	5 189	5 273	5 682	5 682	**-4%**	2%	-5%	-2%
Northern Cape								
Child care & protection	73 396	75 106	97 310	105 010	**-3%**	23%	3%	7%
HIV/AIDS	28 288	27 257	24 939	26 185	**-9%**	-13%	0%	-8%
Care & support to families	2 061	1 861	1 954	2 052	**-15%**	0%	0%	-5%
Crime prevent & support	1 605	1 767	1 855	1 948	**4%**	0%	0%	1%
North West								
Child care & protection	71 086	70 783	80 255	89 029	**-6%**	8%	6%	2%
HIV/AIDS	39 793	37 794	34 924	36 464	**-10%**	-12%	0%	-8%
Care & support to families	4 686	4 686	4 686	4 686	**-6%**	-5%	-5%	-5%
Crime prevent & support	5 000	7 638	10 758	11 442	**44%**	34%	1%	25%
EPWP social sector	10 956	11 657			**0%**	-100%		
Western Cape								
Child care & protection	355 697	406 423	479 663	515 376	**8%**	12%	2%	7%
HIV/AIDS	9 197				**-100%**			
Care & support to families	33 109	38 695	40 638	41 266	**10%**	0%	-3%	2%
Crime prevent & support	91 265	94 469	98 816	105 280	**-2%**	-1%	2%	0%
Total 8 provinces								
Child care & protection	1 897 898	1 996 625	2 538 721	2 764 313	**-1%**	21%	4%	8%
HIV/AIDS	502 065	499 298	499 558	524 428	**-6%**	-5%	0%	-4%
Care & support to families	162 243	176 751	187 505	196 322	**3%**	1%	0%	1%
Crime prevention & support	201 683	205 071	218 364	231 502	**-4%**	1%	1%	-1%

Free State then records a real decrease of -2% in the NPO transfers within child care and protection between 2013/14 and 2014/15, while Gauteng shows a static amount between the two years. All other provinces record real increases, but these range from 2% for Western Cape to 22% for Mpumalanga. North West's decreases in transfers for HIV/AIDS are especially puzzling given that the budget book states that transfer payments for NPO-run HIV and AIDS programmes is a provincial priority.

The subsidies provided by the provincial departments to NPOs do not cover the full cost or scope of the services provided by the NPOs. In addition, the level and nature of the subsidies differ widely across provinces. A comparison compiled by Dale Schonewolf of the KwaZulu-Natal Welfare Forum and based on information provided by Child Welfare and salary scales of government illustrates the extent of the differences in 2011/12.

- In terms of subsidies from government to NPOs for social auxiliary workers, the range was from R2 981 per month in Eastern Cape to R15 000 in Limpopo. Excluding Limpopo, the highest was R5 166 in Gauteng. These figures must be compared with the R7 182 lowest rate for a grade 1 social auxiliary worker employed by government? obtained if the annual remuneration is divided by 12. Five provinces – KwaZulu-Natal, Mpumalanga, Eastern Cape, Northern Cape and Gauteng – provided additional administrative subsidies of varying amounts for each post.
- For social workers the range of subsidies from government to NPOs was from R6 324 per month in Eastern Cape to R19 000 in Limpopo. Excluding Limpopo, the highest was R9 895 in KwaZulu-Natal. Here the comparable lowest grade 1 government rate was R12 483 per month. The same five provinces also provided administrative subsidies per post.
- For child and youth care centres, the range of subsidies by government to NPOs across the six provinces for which information was available was from R1 270 per child per month in Mpumalanga to R2 800 in Northern Cape.

Under the sub-heading "Equalisation of NGO services", Free State reports on the NAWONGO case in which a group of NPOs initiated a court challenge to the department of social development in respect of the inconsistent way in which the department funded NPOs. The province notes in the budget book that the High Court delivered two judgments against the department, in August 2010 and again in June 2011, and ordered the department to develop a new funding policy that addressed the disparities. It notes the absence of either a national or provincial "baseline costing model" and states that national government and the province are still in the process of developing "an appropriate and responsive" NPO funding model that can be used across the country.

Western Cape reports that the provincial policy on Funding of NGOs for the rendering of Social Welfare Services was approved by the MEC in April 2011 and was noted by the Provincial Cabinet. The policy, together with procedure guidelines and implementation tools, was to be used to deal with 2012/13 funding applications. The province notes that the policy is aligned with the provisionally approved national Policy on Financial Awards. It notes further that the existing version of the provincial policy will need to be adjusted on the basis of legal advice. This probably refers to flaws in the provisions that were challenged by some of the province's NPOs, including some CYCCs.

The national department's vote records that it plans to develop the NPO funding model and systems by March 2013. Under objectives and measures, the vote also notes an intention to improve funding support to both NPOs and statutory bodies by March 2015. It is not clear whether this refers to NPOs funded by the national department or also to NPOs funded by provincial departments.

In mid-2011 the national department of social development released its "final draft" of the Policy on Financial Awards to Service Providers. The new policy is much-needed and has been a long time in coming, as implied on page 4 of the document. However, as explained in a submission made by a cluster of organisations working on children's issues (Children's Institute, 2011), the new policy is unlikely to solve most of the current problems.

The submission raises concerns about the non-consultative process, the name of the policy, the numbers to be funded, the understanding of transformation and equity, the issue of uniformity across provinces, and the incompleteness of what was presented as a "final" draft. In terms of the name of the policy, the organisations suggested that it be changed to "Funding of Social Service Providers" rather than "Financial Awards for Service Providers". The submission argues that the word "awards" implies that the funding is a gift from government, whereas in fact the funding should be viewed as payment for services rendered. It argues that the NPOs should be properly contracted to provide these services and paid full cost for delivering quality services. The transfers should thus be viewed in the same way as government's contracting and funding of private companies running prisons, building roads or houses.

Expanded public works programme

South Africa's Expanded Public Works Programme (EPWP), which was first introduced in 2004, is relatively unusual internationally in including social sector work alongside infrastructure and other types of work that are more common for public works programmes. The social sector component initially focused on ECD and HCBC, and these two foci have remained strong. However, a range of other types of social sector work has been added.

Also unusual is that for ECD the EPWP did not provide for direct creation of jobs. Instead, it had two sub-components: (a) increasing the number of registered ECD centres, the number of children subsidised by the department of social development, and the value of the per child subsidy; and (b) training of ECD practitioners, with a focus on provision for children 0-4 years. The departments of social development were responsible for the first sub-component, while the departments of education were responsible for the second sub-component.

For the EPWP as a whole, government did not in the first five years envisage new funding flows. Instead, government envisaged that existing money would be used in labour-intensive ways so as to create additional jobs. As a result, for the ECD component provincial departments of social development started labelling existing ECD centre subsidies as EPWP, although this did not happen immediately, or for all provinces. Within the provincial departments of education, money was allocated for payments to training providers and the stipends paid to learners.

New money began to flow into ECD after it was identified as one of the APEX national priorities by the Mbeki government. However, until 2011 there was no conditional grant that could be used for EPWP ECD. Instead additional money was added to the equitable shares of each of the provinces. The additional amount notionally provided in respect of ECD was calculated on the basis of a national bid submitted by national DSD on behalf of the nine provinces. Because the money was given as part of the equitable share, each province had discretion as to whether they allocated the money to ECD.

The two methods of providing additional money for a national government priority place different types of obligation on provincial governments. In the case of a conditional grant, the province must spend the money on the specified service. If it does not spend the money on this service, it loses it. In the case of an addition to the equitable share, the province can decide how it will use the additional money. The fact that provincial decision-makers have been part of the discussions and agreement that this is a national priority for which additional money will be given should encourage allocation of these funds for the specified priority, but there is no penalty if the money is used for other purposes.

The additional equitable share EPWP funds were allocated for the first time in the 2006/07 budget, when an additional R4,2 billion allocation over the three years of the MTEF was announced for implementation of social sector EPWP. It is these additions which explain most of the historical increase in funding for children's service. The additional allocations were intended to cover both ECD and HCBC. Our analysis of previous years noted that these allocations were sometimes recorded in the budget books but sometimes not. In subsequent years several provinces continued to label some allocations as EPWP even after the period during which there were additions to the equitable share. Some examples of this – carried through into the current period – are seen in Table 25 above, where Free State explicitly states that the allocation is for EPWP ECD, while Northern Cape has two items labelled "expansion" of ECD, which would have been in line with the EPWP thrust.

In 2010/11 there was a one-year EPWP conditional grant intended to cover stipends of HIV/AIDS caregivers. As noted above, for conditional grants provinces (or municipalities) that receive these grants must spend the money for the specified purpose. National Treasury channels the money for conditional grants through national departments. In many cases the nature of the grant leaves no question as to which provincial departments will receive the money from the channelling national department. For example, the national department of basic education receives the funds for conditional grants for Dinaledi schools, HIV and Aids life skills education, the national school nutrition programme, and recapitalisation of technical secondary schools. The national department then channels these funds to the provincial departments of education.

The social sector EPWP conditional grants are different in that the conditional grant is channelled through the department of public works, as the lead department for the EPWP. In 2010/11, provinces could decide how they would divide the available money between social development and health, both of which had home-based care programmes.

In 2011/12 a new conditional incentive grant for EPWP social sector funding was introduced. R200 million was allocated for the grant in 2011/12. In 2012 the grant amount is recorded as R217 million for 2012/13. In the 2011 MTEF the predicted amount for 2012/13 was R234 million, but this allocation – alongside the allocations for most other conditional grants – was reduced to R217 million because of what the national Budget Review refers to as the "constrained and uncertain economic outlook".

The money was again channelled through the national department of public works to the relevant provincial departments. Unlike the previous year's grant, as from 2011/12 the grant was channelled to specified programmes within specified departments in each province.

The Budget Review describes the social sector grant as rewarding provinces for creating jobs in HCBC and ECD. If this was the case, within social development one would have expected that these grants would have been used for HCBC as social development was not meant to provide stipends for ECD learners or practitioners. However, as seen above in the discussion of ECD, some provinces refer to payment of stipends for ECD. Within the provincial departments of education one might have expected the grants to be used for stipends for ECD learners, while within provincial departments of health they could have been used as stipends for HCBC caregivers.

Annex W2 to the Division of Revenue Bill states that the grant must be used to fund three priority areas, namely stipends for unpaid volunteers, expansion of social sector EPWP programmes in line with the EPWP Social Sector logframe, and creation of additional work opportunities. This description (in particular the reference to expansion of social sector programmes) suggests that use of the funds for ECD centre subsidies is acceptable. However, such use would seem to flout a further requirement of the grant that 80% of the allocation must be used to pay stipends or wages.

There are further aspects of the conditional grant that do not seem to "fit" the grant being used for ECD so long as centre subsidies remain the predominant form of funding for ECD. Thus in line with the concept of this being an "incentive" grant, the current conditional grant funds are allocated to departments responsible for social sector programmes based on their performance in the previous year. The 2012/13 allocations are based on performance in 2011/12 as measured by six criteria or targets, namely:

- Percentage EPWP beneficiaries with disabilities: 2%
- Percentage EPWP female beneficiaries: 55%
- Percentage EPWP youth beneficiaries: 40%
- Duration (in days) of work opportunities: 100
- Training days as percentage of total (training and work) days: 10%
- Daily wage: R63,18.

It is not clear how these criteria would be measured for ECD centre subsidies.

While the Budget Review states that the grant is for HCBC and ECD, the budget book narratives give a more complex picture of the use made of EPWP conditional grant money. The budget narratives indicate that several provinces have used some of the grant for HCBC, although it is not necessarily HIV and AIDS-related HCBC. Thus *Eastern Cape* reports that the EPWP grant is used to fund stipends for caregivers in respect of HIV/AIDS and people with disabilities, while *Gauteng* reports use of the grant for payments to community-based caregivers for HIV/AIDS, with most payments going through NPOs. *Mpumalanga* also reports that the money will be spent in the area of HIV/AIDS, and notes that the stipend will increase from R50 to R65 per day in line with the ministerial determination.

In other provinces at least part of the grant is used for purposes other than HCBC or ECD.

Free State reports that the R10,1 million received as the social sector EPWP grant for 2012/13 will be used to increase the number of victim empowerment programme support workers by 233, with some of the money also being reserved for capacity building. In addition, 150 "activists for substance abuse" will be funded. There is no mention of ECD although, as seen in Table 25 above, elsewhere the budget book reports EPWP-ECD allocations.

Limpopo states that the money will be used to increase the stipends paid to caregivers in drop-in centres, with no mention of either HCBC or ECD.

North West reports creation of 3 931 job opportunities for community caregivers in HCBC/drop-in centres and prevention partnership programmes. It does not state explicitly that the stipends are funded through the EPWP conditional grant, but this seems likely. Elsewhere the North West budget book explains a decrease in funding for the HIV/AIDS sub-programme in 2013/14 to "stoppage" of a conditional grant. This example illustrates the danger of funding activities through a conditional grant that may well not continue into the future. When introducing these grants, National Treasury hopes that conditional grants will provide interim funds for activities that will later be funded by the provinces' own budgets. This example suggests that there is no guarantee that this will happen.

KwaZulu-Natal reports that the department of social development will no longer receive EPWP grant money in 2012/13. The province states that this is the result of National Treasury reprioritising funding to other job creation programmes. It is not clear why National Treasury is named in this respect as the social sector EPWP grant is channelled through the national department of public works. Further, allocation of the conditional grant is determined by the provincial department's performance in the previous year. The absence of the grant does not seem to mean that the provincial department of social development will stop funding HCBC caregivers as the budget book states elsewhere, when discussing funding of NPOs, that the stipends for caregivers will be increased from R1 000 to R1 500 per month.

Table 23 shows the EPWP conditional grants recorded in the budget books. The names given to this grant differ across provinces, but all the estimates recorded in the table relate to a grant that includes the words "EPWP", "incentive" and/or "social sector". The table shows only three years because this grant does not appear for years prior to 2010/11, and also does not appear after 2012/13 although the national budget books provide total estimates for such a conditional grant of R258 million in 2013/14 and R273 million in 2014/15 for the social sector grant as a whole. The reason provinces do not include estimates for the outer years is presumably because the amount of this grant, as an "incentive" grant, is based on performance in the preceding year.

In Table 23 the total amount reflected in the social development votes across the provinces increases steadily from R17 million in 2010/11, to R43 million in 2011/12 and then to R54 million in 2012/13. The distribution across provinces changes over the years. Seven provinces record amounts for 2010/11 but Eastern Cape and Western Cape do not. A different seven record amounts for 2011/12 with Free State and Mpumalanga now the exceptions. For 2012/13 six provinces record an amount, but KwaZulu-Natal, Mpumalanga and Western Cape do not. Western Cape and Mpumalanga record an estimate for only one year, while Eastern Cape and Free State record amounts for only two of the three years. The fact that the total for 2012/13 is so much smaller than the total of R217 million recorded at national level for the social sector conditional grant confirms that the provincial departments of social development received only a portion of the EPWP social sector conditional grant.

Table 23. EPWP conditional grants within social development (R000)

	2010/11	2011/12 adjusted	2012/13
Eastern Cape		5 606	6 708
Free State	1 704		10 098
Gauteng	3 948	8 289	12 873
KwaZulu-Natal	2 700	4 494	
Limpopo	3 456	3 382	11 168
Mpumalanga	2 856		
Northern Cape	910	5 658	1 506
North West	1 427	10 995	11 657
Western Cape		4 704	
Total	**17 001**	**43 128**	**54 010**

Annexure W2 of the Division of Revenue Bill gives the breakdown of the social sector EPWP incentive grant across the provinces and, within provinces, by department. The estimates shown in Annexure W2 for the most part match those shown for 2012/13 in the provincial budget books. However, for Limpopo the annexure records an amount of R9 980 rather than the R10 995 shown in the table above. In KwaZulu-Natal allocations are shown only for the department of community safety and liaison and for Western Cape only for the departments of community safety and education. In these two provinces no allocations are shown for the department of social development.

The match between the Appendix W5 of Annexure W2 and the table above is correct in terms of the provinces that record allocations. However, in the Appendix Gauteng has an amount of R15 071 million rather than the R8 289 million shown in the table, while Western Cape does not have any amount recorded for the department of social development. This cannot be explained by the difference between the original appropriation and revised estimate as Gauteng's budget book has no amount recorded as the original appropriation, and Western Cape has the same amount for the original appropriation and the revised estimate.

Annexure W2 gives the number of full-time equivalent jobs that must be created from these allocations i.e. the number of workers who must receive stipends. The fact that these are specified again suggests that the grant amounts received by departments of social development are more likely to be used for HCBC than for ECD. However, as noted elsewhere, the narrative and labelling of expenditure sometimes suggest otherwise. It could be that the EPWP funds reported as being spent on ECD are funded from the equitable share, as another of the conditions for the grant is that provinces report on expenditure of both conditional grant and equitable share money on EPWP. If this is the case, naming of the centre subsidies as "EPWP" in effect involves renaming of a form of expenditure that existed long before the EPWP was established.

Overall, this section confirms the difficulty of deciphering exactly what jobs EPWP is creating and what money is being used to do this. The confusion is increased by the "relabeling" of existing allocations – such as ECD subsidies – as EPWP, even when there is no new money allocated.

The section also confirms that the EPWP – and in particular the conditional grant – is an inappropriate form of funding for ECD so long as centre-based subsidies remain the predominant form of funding. This form of funding is inappropriate because the subsidies do not create jobs and the performance criteria which determine the allocations are thus inappropriate. This form of funding is also inappropriate because while the criteria aim to provide 100 days of work per beneficiary, ECD is a service that is required on an ongoing basis. Even if stipends were provided for ECD practitioners, doing so for a specified period, such as 100 days, would result in the quality of the service delivered to children being compromised. This would not be in the best interests of the children concerned.

Isibindi

As explained briefly above, the Isibindi project has as its core training and supervision of community-based child and youth care workers who provide care and support to vulnerable children in poor communities. The Isibindi model was developed by the National Association of Child Care Workers and has to date been managed by them. The management model includes franchising of other regionally or locally based NPOs to coordinate the child and youth care workers activities in their areas. By April 2011 there were 67 Isibindi projects that together employed 787 child and youth care workers (Department of Social Development 2011).

NACCW's Isibindi project has over the years received substantial funding from PEPFAR. With PEPFAR funding due to reduce substantially in 2012, both PEPFAR and NACCW engaged with government to discuss whether and how government could take over funding responsibility. In a few cases provincial governments had already provided some funding for Isibindi projects, and the discussion drew on this experience. The proposal for expansion of government funding made sense both in terms of provision of prevention and early intervention services for vulnerable children in line with the Children's Act and in terms of government's job creation objectives. For the department of social development the project also opened up an opportunity for employment of youth involved in the Masupatsela youth development programme.

The outcome of the discussions was a decision by government 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 manage the activities of the community-based workers. The plans were duly announced by the Minister of Social Development.

The 2012 budget speech of the national Minister of Finance, the national Budget Review and the national Estimates of National Expenditure and vote of the national department of social development highlight additional allocations to the department of social development for children's services. However, the way these allocations are described differs somewhat within and across the three documents. Further – as will be seen below – the provinces refer to these extra allocations in different ways. These differences may simply reflect errors in the compilation of the various documents, but they can create uncertainty. They also make it difficult to monitor whether the additional money is used as intended.

The budget speech notes an additional allocation of R1,4 billion over the MTEF period for ECD programmes and the "Isibindi childcare and protection programme". The speech notes that these "initiatives … have strong community-based employment benefits." While the speech does not name EPWP in this respect, it may suggest that the money received for and spent on these initiatives might well in future be counted as EPWP allocations in a similar fashion to the labelling of ECD subsidies partly funded through the earlier additions to the equitable share as EPWP.

Under "Highlights of the 2012 Budget" the Budget Review lists an additional allocation of R1,4 billion for ECD over the MTEF. Later in the document it records this amount as R1,35 billion for ECD split into R650 million for 2013/14 and R700 million for 2014/15. There is no reference to Isibindi in the tables where the amount of the additional allocation of R1,4 billion is listed or where the split across the MTEF is detailed. However the amount matches the amount that the budget speech said would be allocated for both ECD and Isibindi together over the MTEF. Furthermore, the narrative states explicitly that "an additional R1,4 billion is allocated over the medium term to support ECD programmes, *and the implementation of an in-house and community-based childcare and protection programme*" (emphasis added). It states that the Isibindi model will serve 858 000 children and adolescents, with a focus on rural communities, orphans and child-headed households, and that approximately 10 000 youth workers will be employed in this programme.

The introduction for the Estimates of National Expenditure notes that this allocation is split across the two outer years of the MTEF, with R650 million allocated for 2013/14 and R700 million for 2014/15. This yields a total of R1 350 million which, rounded up, comes to R1,4 billion. The money will be included as part of the provinces' equitable share. This reference describes the allocation as being "to increase access to early childhood development for children between the ages of 0 and 4 years via the child and youth care programme." It makes no mention of Isibindi. However, the reference to "via the child and youth care programme" suggests that the writer of this particular section may have been confused by the similarity of the name of the child care and protection sub-programme and the name of the key Isibindi workers, namely child and youth care workers.

The explanatory memorandum to the division of revenue notes that policy-related "adjustments" to the provincial equitable share provided for child and youth care services (i.e. Isibindi, although it is not named), equalisation of subsidies for ECD centres, victim empowerment, expansion of no-fee schools, and universalisation of grade R. The additional amounts for each of these are not specified. However, the national department's May 2012 presentation to the parliamentary select committee on social services shows that the R1,35 billion is for ECD expansion, equalisation of subsidy and Isibindi, while there is a separate R77 million (R36 million in 2013/14 and R41 million in 2014/15) for victim empowerment.

Because the additional amounts are added to the equitable share, they will be divided across the nine provinces in the same proportions as the rest of the equitable share. Annexure W1 of the explanatory memorandum to the division of revenue bill provides the percentage distribution across the nine provinces of the equitable share for 2013/14 ("% share" column in Table 24 below). We can use these shares to apportion the R650 million to be added to the equitable share for ECD and Isibindi in that year (column "Share of R650ml"), and compare the calculated amounts with the increase in the child care and protection sub-programme allocations between 2012/13 and 2013/14 ("sub-programme increase"). In making this comparison we need first to deduct from the sub-programme increase the amount that is needed to keep the real value of the 2012/13 allocation constant ("Inflation on 2012/13"). This is done using the expected inflation rate predicted by National Treasury. The remaining "Above inflation increase" is then expressed as a percentage of the amount to be added to that province's equitable share ("Above inflation as % of additional").

Table 24. Estimated use of additional equitable share money for the child care and protection sub-programme (R000)

	% share	Share of R650m	Sub-programme increase	Inflation on 2012/13	Above inflation increase	Above inflation as % of additional
Eastern Cape	15.1	98 052	74 037	13 750	60 287	61%
Free State	5.9	38 312	38 858	18 190	20 668	54%
Gauteng	17.8	115 584	267 472	50 001	217 471	188%
KwaZulu-Natal	22.1	143 506	152 376	25 965	126 411	88%
Limpopo	12.5	81 169	22 272	12 811	9 461	12%
Mpumalanga	8	51 948	141 549	8 936	132 613	255%
Northern Cape	2.7	17 532	22 569	4 263	18 306	104%
North West	6.7	43 506	33 285	6 908	26 377	61%
Western Cape	9.3	60 390	73 240	21 540	51 700	86%
Total	100	650 000	825 658	162 364	663 293	102%

The comparison presented in the table is crude. It assumes, for example, that there are no changes in allocations for items other than Isibindi and ECD. The table is nevertheless helpful in giving a sense of which provinces might not have plans to allocate the additional money that will be available for the two specified priorities.

The table suggests that overall across the nine provinces the increase in the child care and protection sub-programme in 2013/14 is very close to the additional allocations to the equitable share that are intended for Isibindi and ECD. However, when one looks provinces by province, the picture varies substantially. Mpumalanga's 2013/14 allocation for the sub-programme is more than three times the size of their additional equitable share amount, and Gauteng's is more than twice the size of the addition. At the other end of the scale, Limpopo plans to allocate only 12% of the additional money it will receive. Free State (54%), Eastern Cape (61%) and North West (61%) also plan to allocate much less than they will receive for Isibindi and ECD.

The national department of social development's vote states that within its own (national) vote it has extra allocations directed at ECD and Isibindi projects. It notes that the latter are coordinated by the National Association of Child Care Workers (NACCW). It states that the additional money (provided primarily to provincial departments) will allow an additional 80 000 children to benefit from ECD services while the Isibindi projects will provide psychosocial support to orphans and child-headed households, primarily in rural areas. This will be done through appointing child and youth care workers to support the children in their homes and in safe parks and through life skills programmes.

With respect to allocations to the national department, the vote refers to an additional allocation of R6,7 million in 2012/13, followed by R5,5 million in 2013/14 and R5,8 million in 2014/15 which it here describes as intended (only) for the rollout of the Isibindi projects. As the national department is not responsible for service delivery these allocations are for policy development, co-ordination and planning of the roll out. This includes the establishment of a project management office.

The national department's presentation to the parliamentary select committee on social services records the intention, over the MTEF period, to recruit and train the "first contingent" of 10 000 child and youth care workers, who will "consolidate services to orphaned and vulnerable children, especially those living in child-headed households"

Several of the provincial votes refer to the additional allocations through the equitable share although, again, they do so in different ways.

- *Eastern Cape* reports additional funding for child and youth care in the two outer years but does not specify the amounts concerned.
- *Gauteng* notes that (unspecified) budget has been allocated as from 2013/14 for the appointment of Isibindi project child and youth care workers who will provide support to children in their homes and at community level.
- In *KwaZulu-Natal*, Isibindi is named as a priority in the finance MEC's budget speech. The budget vote, under additional national allocations, notes amounts of R151 593 and R164 559 in 2013/14 and 2014/15 respectively for "child and youth care and victim empowerment". Later the document again states that the additional funds will be used for both child and youth care (subsequently explicitly referred to as the Isibindi project) and victim empowerment, and that the money has been allocated to transfers to NPOs. The document states further that the additional allocations will allow an increase in the number of days and level of subsidy paid to ECD NPOs.
- *Mpumalanga* at one point in the budget document attributes part of the increase in the social welfare programme budget for 2013/14 to additional funds received for ECD, Isibindi and victim empowerment. Subsequently it refers only to ECD and victim empowerment. Isibindi is, however, named as a priority in the budget speech of the provincial MEC for finance.
- *Northern Cape* attributes the above-average growth in victim empowerment and the child care and protection services budgets to additional national "earmarked" funds to be received from 2013/14. The budget speech of the finance MEC states that for "the two outer years of the MTEF R117,715 million has been added to the provincial equitable share baseline to cover expansion of no fees schools; universalization of Grade R and child and youth care and victim empowerment." Comparison of this figure with the estimates in Table 24 suggest that the bulk of this additional money will be used within education rather than within social development.
- *North West* attributes the increase in 2013/14 to provision for provincial (rather than national) policy priorities for children and ECD centres.

Indications of the additional allocations are also found in the budget numbers. As discussed above, all provinces except North West record bigger real increases in NPO transfers between 2012/13 and 2013/14 than between 2011/12 and 2012/13. This pattern is probably at least partly explained by the planned allocations for the Isibindi project and ECD, which will be channelled through NPOs.

In their disaggregation of NPO transfers. two of the provinces – Free State and Northern Cape – explicitly list the Isibindi (or "child and youth care") allocation among NPO transfers for 2013/14 and 2014/15. As noted above, for Free State the Isibindi NPO transfer is R13,4 million for 2013/14 but then falls to 11,4 million in 2014/15. For Northern Cape a new category of child and youth care NPO transfers records R17,3 million and R18,5 million respectively for the two years. These numbers are similar to the estimates reflected in Table 24.

The fact that so many provinces refer explicitly to the additional allocations is reassuring. What is less reassuring is lack of specification, except for KwaZulu-Natal and to some extent Free State and Northern Cape, of the amounts involved, as well as lack of clarity as to whether the funds are intended for Isibindi, ECD and/or victim empowerment and the amounts allocated to each of these. The fact that four provinces – Limpopo, North West and Western Cape – do not mention Isibindi at all is of particular concern given the important role that this project can play in prevention and early intervention for very vulnerable children. Future planning and budget documents will need to be monitored to ensure that Isibindi is named and well provided for in the 2013/14 budget.

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. This is disappointing given that ECD has been a priority for government for many years. There is a possibility that a dedicated sub-programme for ECD may be created within provincial budgets in the near future. This will allow for better tracking of allocations to and expenditure on ECD.

Some provinces do record ECD separately within their NPO transfers. These amounts would for the most part reflect the subsidies paid to ECD centres. Table 25 lists the amounts that are recorded in this way for Eastern Cape, Free State, Northern Cape and North West. Mpumalanga lists the allocation for each NPO separately in its budget book. Unfortunately, the list does not have sub-totals except at the sub-programme level and it is not always possible to tell from the name of the NPO whether it is an ECD centre or not. However, the spreadsheet submitted by the province to National Treasury provides estimates for "promotion and establishment of early childhood development" under national priorities, and these estimates are therefore included in the table below.

If one combines the two similarly-named allocations for Northern Cape, all the ECD allocations increase over time in nominal terms. However, after adjusting for inflation there is a -5% decrease in 2012/13, followed by a 2% increase in 2013/14 and a 4% increase in 2014/15. There is no real change in the value of ECD allocations over the MTEF period after adjusting for inflation.

In Free State, too, there is no change in the real value over the three-year MTEF period, and there are real decreases after adjustment for inflation in all the ECD items between 2012/13 and 2013/14. Mpumalanga and Eastern Cape show particularly large real increases in 2013/14, the year in which the additional money for Isibindi and ECD is added to the equitable share. Mpumalanga has a further large increase in 2014/15.

Table 25. ECD allocations recorded under NPO transfers (R000)

	2011/12	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15	3-yr ave
Eastern Cape								
* ECD	137 867	139 849	191 014	210 167	-4%	30%	5%	9%
Free State								
* *places of care (ECD)*	171 610	176 256	194 868	202 290	-3%	5%	-1%	0%
* *educare regional training*	332	349	368	384	-1%	0%	-1%	0%
* *children-EPWP-ECD*	4 265	4 478	4 724	4 935	-1%	0%	0%	0%
Mpumalanga								
Promotion & establishment of ECD		120 897	194 848	250 349		53%	22%	
Northern Cape								
* *expansion of ECDs*	36 051	48 675	52 379	57 275	27%	2%	4%	11%
* *project ECD expansion*	17 432	5 000	5 250	5 612	-73%	0%	2%	-35%
North West								
* ECDs	43 653	45 054	48 886	54 330	-3%	3%	6%	2%

Of the provinces that include performance indicator tables in their budget books, all include at least one indicator for ECD. Table 26 lists the recorded indicators and highlights a range of problems with this information.

Table 26. ECD-related indicators in service delivery measures tables

	2011/12	2012/13	2013/14	2014/15
Eastern Cape				
Number of ECDs funded	1 247	1 265	1 280	1 300
ECD	1 247	1 297	1 347	1 397
Gauteng				
Children 0-5 accessing registered ECD programmes		78 194	86 013	94 615
KwaZulu-Natal				
Children 0-5 accessing registered ECD programmes	56 831	72 366	75 984	79 783
Limpopo				
Children in funded ECD programmes	63 792	115 000	120 000	125 000
Jobs created through EPWP-ECD	3 200	2 797	3 000	3 000
Northern Cape				
Children 0-5 accessing registered ECD programmes		21 273	21 273	21 273

Firstly, the indicators are not standardised across the provinces. Some indicators measure "ECDs" (presumably referring to centres), some measure children benefiting from registered ECD programmes, some measure children in funded programmes, and one measures jobs created through EPWP-ECD. In terms of trends, Northern Cape shows no increase in the number of children aged 0-5 years benefiting from registered ECD programmes over the MTEF. This is in line with the lack of increase in the real value of the allocation between 2011/12 and 2014/15. In contrast, Limpopo shows a substantial increase in the number of children in funded ECD programmes, with a particularly large increase between 2010/11 and 2011/12. This is matched by a large increase in the child care and protection sub-programme allocation in the same year, but the allocation for transfers within the social welfare programme is more or less constant in real terms.

Eastern Cape is especially problematic. It has two indicators, one named "number of ECDs funded" and the other (listed under crime prevention and support) simply called "ECD". Both indicators have the same number for 2010/11, but for subsequent years the numbers differ. Free State does not provide service delivery measures but notes that statistics on the number of children enrolled in ECD programmes are "problematic". It observes that it is not clear whether the large fluctuations in the statistics reflect the reality or are due to the sampling procedure.

Virtually all provinces include narrative on ECD.

- *Eastern Cape* notes funding for 1 247 centres, to the benefit of 57 198 children. It notes that the increase in the centre subsidy from R12 to R15 per child per day has limited the number of centres that can be covered. A further challenge is that the province intends to extend the subsidy to cover the national norm of 254 days rather than the 154 days covered in the past by this province. This narrative and the performance indicators suggest that the substantial increase in the Eastern Cape allocations for ECD over the MTEF (see table 23) are not aimed at reaching more centres or many more children (see table 24) but rather at improving the amount of the subsidy (and hence hopefully the quality of the service) for children already being reached.
- *Free State* is interesting in that it records activities beyond funding of ECD centres. The province records transfers of R156,4 million to 884 ECD facilities, to the benefit of 43 772 children, during 2010/11. This amount is less than that recorded elsewhere in the budget book (see Table 25). The province also records training of 450 ECD practitioners at 150 ECD sites on pre-Grade R, in collaboration with ECD training organisations. The associated cost is reported as R4,4 million. Again, this does not match the amount recorded elsewhere in the budget book. A cost of R1,0 million to support the ECD mobile unit in Xhariep and establishment of a further mobile unit in Thabo Mofutsanyane is recorded, as is an amount of R1,2 million to provide additional nutrition to ECD sites in Xhariep and Fezile Dabi districts. Finally, the province reports collaboration with the National Development Agency, including the rebuilding of seven and renovation of four ECD facilities, in an amount of R7,5 million. In reporting plans for 2012/13 the province refers to a direct subsidy of R14 per child per day, i.e. less than the agreed national norm (Giese et al, 2011: 35).
- *Gauteng* reports funding of 1 013 registered sites benefiting 67 557 children in 2011, but notes that "much still needs to be done" to ensure that the 1,1 million children not enrolled in pre-Grade R receive support. The province also notes concern about the quality of services delivered in informal urban areas as a result of infrastructure deficits, poor quality programmes and lack of the needed training and experience of practitioners. Similar quality challenges are noted in the home-based ECD sites which account for 42% of ECD enrolment. This term presumably refers to people who run ECD "centres" from their homes. The province states it will focus on historically disadvantaged communities where it will provide support through centre subsidies as well as training and payment of stipends to practitioners. The reference to stipends is interesting as this is not standard practice in ECD, where centres are supposed to fund practitioner pay out of the centre subsidy money. In the Western Cape for example, 50% of the R12 subsidy provided in 2011 was specified for nutrition, 30% for salaries and 20% for equipment. In the same year Eastern Cape specified a 40-40-20 split in respect of nutrition, administration including stipends, and stimulation programmes.
- *KwaZulu-Natal* reports plans to increase the number of staff working on partial care services, to appoint data capturers for ECD and EPWP training, and to undertake ECD awareness programmes. The plans in respect of data capturers suggest that the province recognises that there are problems with the statistics currently available. The province reports that it was only in 2011/12 that it started to spend the "substantial" ECD funding allocated in the 2009/10 MTEF.

- *Limpopo* notes that "public" ECD centres provide for 110 675 children aged 0-5 years. This number is far more than the 63 792 recorded for funded centres in the service delivery measure table for 2011/12. It is also not clear what the term "public" means. It could be that this term is used to refer to the 1 800 registered ECD centres in the province that it reports as funded by the department.
- *Mpumalanga* reports funding of 697 registered centres in 2011/12, benefiting 52 180 children at a rate of R12 per day. In 2012/13 the province aims to "reach" (presumably pay subsidies for) 55 463 children, but notes that it will only be able to raise the level of funding to R15 per child per day in 2013/14. The province also notes plans to register 150 partial care facilities so as to reach 7 500 children aged 0-4 years.
- *Northern Cape* reports only that 34 420 children aged 0-5 benefited from ECD programmes in 2011/12. This is substantially more than the number recorded as the target for the MTEF years.
- *North West* records funding of 273 partial care facilities, participation by 67 691 children in registered ECD programmes in partial care facilities, creation of 2 868 jobs through EPWP-ECD, and employment of 624 practitioners at ECD sites. It is not clear if the province pays salaries or stipends for all 624 practitioners.
- *Western Cape* reports that a Provincial Integrated ECD Strategy has been finalised and will be submitted to Cabinet. It reports further that a registration drive in respect of the 1 638 unregistered centres resulted in registration of 179 and closure of 200. Beyond the centres, during 2011/12 the province opened a further two enrichment centres, bringing the total to four (in Villiersdorp, Vredenburg, Plettenberg Bay and Outdtshoon). It also launched two resource centres that provide ECD equipment, learning materials and parenting and community education (in Overberg and Stellenbosch). In Swellendam, Guguletu and Laingsburg the province partnered with the Principality of Monaco in respect of ECD services.

The vote of the national department of social development states that the number of children in subsidised ECD sites increased from 270 096 in 2005 to 443 545 in 2011. Without indicators for each of the provinces we cannot verify this number or assess its distribution across provinces. However, the Budget Review suggests lack of reliability of the estimates as it refers to an increase in the number of subsidised children from 500 000 rather than 443 545.

As discussed above in the section on Isibindi, both national and provincial documents refer to planned additional allocations to the equitable share in 2013/14 and 2014/15 in respect, among others, of ECD. The Budget Review lists an additional allocation of R1,4 billion for ECD over the MTEF. Later in the document it records this amount as R1,35 billion for ECD split into R650m for 2013/14 and R700m for 2014/15. As noted above, in the national budget speech these amounts are specified as being for both ECD and Isibindi.

The national vote's narrative explains further that the additional R1,4 billion will be used, among others, to increase access to ECD from 500 000 to 580 000 children and to increase the subsidy "from R12 to R15 per child per day over the MTEF period." In reality, some provinces are already at the R15 level, while others currently have subsidies between R12 and R15 per day. The discussion above shows that many of the provinces do plan to use at least some of the new funds that will be added to the equitable share in 2013/14 for ECD. It seems that, in particular, some provinces are waiting for this injection so as to be able to achieve the R15 level in their centre subsidies.

The national department's presentation to the parliamentary select committee in May 2012 states that the aim over the MTEF period is to achieve parity of financing at R15 per child, and also to standardise on 264 days (Department of social development, 2012).

The national department's vote refers, in addition, to an additional allocation of R2,4 million in 2012/13 and R16,5 million in 2013/14 for a national audit of ECD facilities. Adding the various estimates gives a total of R36,9 million for the national department for this purpose.

What is inconsistent is that elsewhere the same vote refers to an additional allocation of R24,4 (seemingly a typo) million in 2012/13 for the ECD audit. It also states that the "comprehensive audit" will be completed by March 2013 and will cover 5 487 centres across the provinces. There thus seems to be some confusion as to the planned timing of the audit.

While some of the statistics seem suspect, there is clearly a lot of government-supported activity in the area of ECD. The apparent anomalies in the data are, however, worrying given that this area has been a national priority for many years and that substantial money has been provided for the area by both national and provincial departments. The anomalies are especially disappointing given that, at least in respect of subsidies to centres, "counting" the number of centres funded and the number of children subsidised should be relatively easy.

Reform schools and schools of industry

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, must 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. This transfer is aimed at ensuring that the children in these child and youth care centres (CYCCs) fall under the protective umbrella of the Children's Act and that the children receive developmental and therapeutic programmes from social service professionals. However, even after the transfer of the reform schools and schools of industry to the provincial departments of social development, the provincial departments of education will remain responsible for provision of education for children in these facilities.

Reform schools are child and youth care centres that provide a sentencing option for child offenders. Criminal courts had the option under section 290 of the Criminal Procedure Act to sentence children to reform schools instead of prison. Section 290 was repealed and replaced by section 76 of the Child Justice Act which refers to this sentencing option 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 currently 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).

Schools of industry provide for children sent to them in terms of the Child Care Act, which has since been replaced by the Children's Act. They have tended to be used for children 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).

Western Cape is the only province that has any reference to these schools in its budget vote for the department of education. The vote notes under "policy developments" that these schools should be transferred to social department by the end of April 2012. However, there is no further mention of this, or its budget implications, elsewhere in the vote.

Very few provinces refer to CYCCs serving these categories of children in their social development department budget votes.

- *Eastern Cape* notes that it will take over the Bhisho CYCC, catering for children sentenced for serious offences, as from 1 April 2012. It states elsewhere that it will run three new residential centres, including Bhisho, which were "inherited" from the department of education. The province notes that an increase of R5 million in the social welfare services budget is explained by operationalization of the Qumbu Youth Care Centre, but does not indicate any amount for Bhisho.
- *Gauteng* reports that it manages two secure care centres, which are a form of CYCC, and reports further that there are also registered care centres managed by NPOs. However, it makes no mention of transfer of schools or centres from the department of education.
- *Mpumalanga* reports that the department is "expected according to the Children's Act" to take over "reformed" schools and schools of industry currently being managed by the department of education, but does not explain the budget implications.

The audit commissioned by the national department of basic education provides more information on the reform schools and schools of industry. At the time of the audit there were 18 schools, but only 16 were audited as two Western Cape institutions – De Bult and Wellington – were said to fall under a separate agreement between the two relevant provincial departments.

At the time of the audit the 16 schools between them accommodated 813 male and 352 female children. None of the five reform schools provided for girls. This means that courts that sentence girls do not have the option of sentencing them to child and youth care centres. As a result, the girls will be imprisoned in correctional services facility if the court views a custodial sentence as necessary.

As seen above, schools of industry were located in Eastern Cape, Free State, Gauteng, KwaZulu-Natal, Mpumalanga, North West and Western Cape. Reform schools were located in Eastern Cape, KwaZulu-Natal, Western Cape and Mpumalanga. The schools were staffed by 325 educators and 556 other public servants. The latter included two deputy directors; professional support staff, such as registered nursing sisters and child and youth-care workers; administrative staff; and support staff, such as laundry and kitchen staff. In 2009/10 the combined budget allocations for the 16 schools was R37,9 million. This is not an especially large amount when compared with other allocations, and if it is divided between seven provinces. Nevertheless, as seen below, the 2009/10 budget allocations for these centres were far from covering all the requirements for CYCCs in terms of the Children's Act and regulations.

Table 27 shows the budget allocations recorded in the audit report for the 16 institutions. The table shows a total of five reform schools, two of which (Gali Tembani and Newcastle) are located on the same site as schools of industry. One of the reform schools – Kraaifontein – was not operational at the time of the audit. There are eleven schools of industry.

The table also shows the reported capacity of each school and the number of children accommodated at the time of the audit. For some schools there is a further figure in parentheses indicates the number of children actually at the school, with the difference between this and the number of children reported as accommodated representing children who had absconded. The audit report does not discuss why there is such a large difference between the capacity of the schools and the number of children actually accommodated.

Table 27. Annual budget allocations 2009/10

	Reform schools		Schools of Industry		Annual budget	Per capita
	Capacity	Actual	Capacity	Actual		
Ethokomala, Mpumalanga	160				6 734 500	42 091
Eureka, Western Cape	120	54			2 800 000	16 092
Gali Tembani, Eastern Cape	78		150		1 748 637	7 669
Kraaifontein, Western Cape	120	0			0	0
Newcastle, KwaZulu-Natal	30	19	110		1 187 081	8 479
Bergsig, KwaZulu-Natal			110	32	2 113 640	19 215
Daeraad, North West			108	61 (41)	1 062 936	9 842
Emmasdal, Gauteng			180		2 817 514	15 653
George Hofmeyr, Mpumalanga			160	101	3 160 934	19 756
Jimmie Roos, Free State			160		862 256	5 389
JW Luckhoff, Gauteng			180		1 062 936	5 905
Mimosadale, KwaZulu-Natal			104	26	1 700 000	16 346
Ottery, Western Cape			120		1 900 000	15 833
Rosenhof, Free State			160		3 070 732	19 192
Vaalrivier, Mpumalanga			160	96 (67)	3 852 934	24 081
Vikelwa, Mpumalanga			160	66 (51)	3 800 000	23 750
Total	508	?	1 862		37 874 100	

In terms of budget, the table shows substantial differences between the different institutions. For example, there are five schools of industry with capacity for160 children, but the allocations for the five range from R0,9 million to R3,9 million. The final column of the table gives the per capita amount obtained by dividing the budget by the number of children who can be accommodated. The range is from R5 389 per child to R42 091 per child per year. One could argue that the calculation should be done using the number of children actually accommodated rather than the capacity. With this approach the range is even greater, from R17 425 to R642 156 per capita per year. The report notes a "general trend of the late payment of allocated funds" (from the departments of education) – a problem also reported by many NPO-run CYCCs that are under the provincial departments of social development (Community Agency for Social Enquiry, 2010).

At the time of the audit, only eight schools of the 16 schools had psychologists, 12 had social workers, five had occupational therapists and 11 had nursing sisters. Some – Gali Tembani reform school and school of industry, Ethokomala and Newcastle – were reported to employ child and youth care workers. Some expected educators to act as hostel supervisors after school hours. There were some schools that had no professional staff. Unsurprisingly, children rarely if ever had the care plans and individual development plans which are supposed to be in place at CYCCs. Further, some children were in the schools without there being court orders placing them there. Schools also reported that there were challenges in having the court orders of children placed in terms of the Children's Act extended after the two-year period elapsed. It is thus clear that much needs to be done to bring these centres in line with the Children's Act.

It seems likely from the "silence" in the 2012 budget votes that very few, if any, of the reform schools and schools of industry have been transferred by April 2012 as required by the Children's Act. After the audit the affected provinces were reportedly required to establish work streams on human resources, finance, legal issues, infrastructure, communications and programme with staff from the two affected departments. By November 2011, only Free State had done so. Free State and Gauteng have also advanced to the point of having memoranda of agreement between the two departments.

Nationally it was agreed that all educators would remain under the departments of education, but all non-educator staff would be transferred to the departments of social development. This has not happened, in part because of a legal question raised during 2011 as to which laws governed the establishment and running of the schools. While there might be some legalistic validity in the question, it is clear what was intended in the Children's Act, namely that all these schools should be regulated under the Children's Act and managed by the provincial departments of social development. Nevertheless, implementation is being held up while a legal opinion is sought. Meanwhile the national department of social development has apparently issued a directive that all new cases be referred to other types of CYCC. This will mean that children in trouble with the law and children with severe behavioural, psychological and emotional challenges are accommodated in the same centres as children placed there for other reasons such as abuse, neglect or abandonment

Conclusion

In the analysis in past years we have been able to report some apparent – although slow – progress in upscaling of services covered by the Children's Act. This year we have the extremely disturbing finding that the allocation for the largest and most important sub-programme for implementation of the Children's Act – the *child care and protection sub-programme* – has a small real decrease in the allocations across the nine provinces combined when inflation is taken into account. This is extremely worrying given that current service provision is far from meeting the requirements of the Act. The decrease represents regression in respect of measures to realise children's rights to care and protection.

For 2013/14, the first outer year of the MTEF, the picture in respect of this key sub-programme looks better. This is largely the result of planned additions to the equitable share intended for rollout of the Isibindi project in respect of child and youth care workers, equalisation of the ECD centre subsidy, and expansion of ECD. This planned increase is welcome but our calculations suggest that Eastern Cape, Free State, Limpopo, North West and Western Cape do not intend to spend all of the additional allocation to the equitable share on Isibindi and ECD.

The picture in respect of the *HIV/AIDS sub-programme* is also worrying, especially given the fact that PEPFAR funding for NPOs delivering these services will reduce substantially after September 2012. It is especially worrying given that no reasons for the decreases are offered apart from Western Cape, which says it has "mainstreamed" HIV/AIDS within the child care and protection sub-programme.

The *family care and support sub-programme* has, over the years, emerged as an especially neglected area, with small and inconsistent funding and a motley mix of activities across the provinces. In 2012/13 the combined budgets increase by only 1%, and over the MTEF period the average annual real increase if only 2%. Many provinces show a mixed pattern of increases and decreases over the MTEF period. This bodes ill for any hope of consistent and increasing service provision in this sub-programme, which could play a strong role in the prevention and early intervention area. The latter is a service area that the Children's Act requires that provincial MECs "must" provide for.

If we *combine the allocations for the three sub-programmes and add in the estimated cost of government service delivery staff,* overall funding for Children' s Act shows a -2% real decrease between 2011/12 and 2012/13. This means there is likely to be a deterioration, rather than progressive improvement, in service delivery in 2012. This decrease could not come at a worse time for the children dependent on services given the heavy reliance on NPO delivery and the impact of the recession on NPOs' ability to raise additional funds. In 2013/14, largely due to the additions to the equitable share, there is a good 13% real increase. However, the real increase falls to 1% in 2014/15, giving an average real increase over the MTEF period of only 4% despite the additions to the equitable share.

All provinces combined have a real increase of 5% in compensation of employees (*government salaries*) within the social welfare programme between 2011/12 and 2012/13. This is larger than the 4% increase in the number of staff. Thus some of the increase in the allocation for staff salaries is explained by real increases in remuneration for individual staff rather than by an increase in the number of staff. The bargaining settlement of July 2012 might necessitate a further increase in the 2012/13 allocation.

In the special focus areas for this year, *NPO allocations* emerge as even more worrying than in previous years in that across the nine provinces combined, NPO transfers decrease by -3% in 2012/13. This is of great concern at a time when many NPOs are closing or retrenching staff and cutting back on service delivery because of increasing unavailability of both foreign and local non-government sources of funding. In 2013/14 there is a pleasing increase of 13% in NPO transfers, but this is almost certainly due primarily to the additional allocations for ECD and Isibindi and will thus reach only certain types of NPOs. Given that NPOs deliver well over half of Children's Act services, the budget squeeze on NPOs will result in a fall-off in the quantity and quality of service delivery for children in need.

Isibindi and ECD constitute two of the other focus areas for this year's analysis. References to the additional allocations for ECD and Isibindi are inconsistent in terms of how their scope and purpose is described, as well as whether and how they are mentioned in the provincial budget books. We would expect that government would require greater uniformity in terms of what is reported, and how, so as to allow monitoring of implementation on these national priorities. Greater uniformity would also facilitate comparison of plans and performance across provinces. Both ECD and Isibindi are services that are amenable to standard ways of reporting.

Performance in respect of *EPWP* is, as in previous years, difficult to decipher. There is some information on conditional grants, but the different sources are not always consistent. What is clear is that not all provinces are allocating money from the social sector conditional grant to the department of social development. Where conditional grant money is allocated, it is generally used for HCBC. Nevertheless, some provinces continue to refer to EPWP allocations – including NPO transfers – in respect of ECD. This suggests that, as in the past, the term EPWP is used loosely, and can include allocations such as ECD centre subsidies that existed before the EPWP was established. Further, some of the allocations referred to as EPWP do not directly create jobs.

Our special focus on *reform schools and schools of industry* highlights that these institutions have not been transferred from the provincial departments of education to the provincial departments of social development as the Children's Act required be done by 1 April 2012. There is also no indication of the provincial departments of social development increasing their budgets in line with the new added responsibility. Instead, as noted above, the child care and protection budgets fall in real terms in 2012. It appears that very few of the schools currently employ sufficient numbers of psychologists and social workers and few mention child and youth care workers. This suggests that most children will not be receiving the therapeutic and developmental services that the transfer to social development was meant to ensure. The available information on budgets, capacity and actual accommodation of children in the different centres reveals extreme inconsistency, and includes indications of high levels of absconding. This area clearly needs further urgent attention, and not only from the budget perspective.

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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.