

Children's Institute analysis of 2008/09 Budget for the Gauteng Department of Social Development

April 2008

Debbie Budlender and Paula Proudlock

Is the budget adequate to implement the Children's Act?

Introduction

Section 7(2) of the Bill of Rights in the South African Constitution places an obligation on the State to give effect to all the rights in the Bill of Rights. This includes children's rights to family care or alternative care, social services, and protection from abuse and neglect. To meet its obligation the State must ensure that the required conditions and services to fulfil these rights are available. The new Children's Act [No 38 of 2005] as amended by the Children's Amendment Act [No 41 of 2007] now clearly sets out what services the State must provide to give effect to the rights listed above. These include:

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

To make these services available for the many vulnerable children that need them, the state needs to allocate adequate budget to each service area. The Act says that the provincial MECs for Social Development are responsible for providing and funding all these services with the budgets allocated to them by the provincial legislatures. Monitoring the budget allocations and expenditure for these services is therefore a good way of measuring a province's progress in giving effect to the Children's Act and therefore in giving effect to the rights of children.

This document therefore examines what the most recent budget estimates for the Gauteng Department of Social Development, as recorded under Vote 6, tell us about the provincial government's intentions in respect of implementing the Children's Act.

Which parts of Vote 6 are relevant for the Children's Act?

This submission focuses on the budget for the Social Welfare Services programme, as it is this programme that provides for the majority of the services envisaged in the Act. There are three sub-programmes in the Social Welfare Services programme which clearly contain Children's Act funding, namely:

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

Other sub-programmes such as victim empowerment and youth development also contain pockets of Children's Act funding but they are small in comparison to the other three.

Analysis of the 2008/09 budget

The budget documents that are tabled each year include the estimates for the coming budget year (in this case, 2008/09), as well as medium-term expenditure framework (MTEF) estimates for the following two 'outer' years (2009/10 and 2010/11 in this case). We are thus able to compare the MTEF estimates tabled this year with those predicted in the 2007/08 budget documents.

Table 1 compares the estimates published in the 2007/08 budget documents with those published in the 2008/09 budget documents for the three key sub-programmes. The table illustrates both changes in amounts recorded for each year, as well as the annual percentage changes in amounts.

The child care & protection services sub-programme is the sub-programme that most directly relates to the Children's Act. In 2007/08, there was a large decrease in expenditure compared to 2006/07, with actual expenditure (at R254m) only slightly higher than planned expenditure (R246m). The estimates for 2008/09 and 2009/10 are, however, substantially higher than those in the tabled documents for 2007/08. Part of this increase may be explained by higher-than-expected inflation. This cannot, however, explain all of the increase. This is a positive finding.

The annual increase in the allocation fluctuates wildly, at 68% in 2008/09, 5% in 2009/10, and 31% in 2011/12. The large increase in 2008/09 is partly explained by the fact that the Department returned R33m allocated in 2007/08 for construction of ECD infrastructure in the province's 20 prioritised townships because this money had not been used. This money has been re-allocated for 2008/09. It is positive that the province (and its children) have not lost access to this money, but it is very worrying that the Department did not spend it as speedily as planned.

Table 1. Gauteng tabled estimates for child-related programmes, 2006/07-2010/11 (R1 000s)

	2006/07	2007/08	2008/09	2009/10	2010/11
Child care & protection					
2007/08 budget document	298570	246358	266242	374592	
% increase over previous year		-17%	8%	41%	-100%
2008/09 budget document	300453	253879	427724	449353	590798
% increase over previous year		-16%	68%	5%	31%
Care & support to families					
2007/08 budget document		93430	98102	103007	
% increase over previous year			5%	5%	
2008/09 budget document		93430	75361	94503	95222
% increase over previous year			-19%	25%	1%
HIV and AIDS					
2007/08 budget document	98945	138130	167984	172406	
% increase over previous year		40%	22%	3%	
2008/09 budget document	106200	138130	178301	189045	210912
% increase over previous year		30%	29%	6%	12%

For the sub-programme care & support services to families, there is a decrease in the allocations for 2008/09 and 2009/10 when one compares the 2007 and 2008 budget documents. In this and other respects, this sub-programme seems to receive limited attention from the Department. Again, the pattern of annual increases is haphazard, at -19% for 2008/09, followed by 25% for 2009/10 and 1% for 2010/11. For HIV and Aids, the amounts now recorded for 2008/09 and 2009/10 are somewhat higher than those recorded in last year's budget documents. This programme records a 29% increase over the previous year for 2008/09, but smaller increases of 6% and 12% respectively for the next two years.

A large proportion of social welfare services are provided by non-governmental organisations (NGOs) rather than by the Department. In some cases, the Department subsidises the NGOs concerned, although these subsidies generally do not cover the full cost or scope of the services. The budget documents record the amount within each sub-programme (or "function") that consists of "transfers to other institutions". The total row in the relevant table in Gauteng's Statement 2 (the document that contains the estimates) is labelled "Total departmental transfers to NGOs", confirming that these transfers provide a measure of the amounts paid (or to be paid) by government to NGOs.

Table 2. Gauteng tabled estimates for transfers to NGOs, 2005/06-2010/11 (R1 000s)

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Child care & protection						
Total allocation	255644	300453	253879	427724	449353	590798
Transfers	165650	122116	126083	156264	232157	357601
Transfer %	65%	41%	50%	37%	52%	61%
Care & support to families						
Total allocation	0	0	93430	75361	94503	95222
Transfers		75361	93430	75361	94503	95222
Transfer %		??	100%	100%	100%	100%
HIV&AIDS						
Total allocation	56916	106200	138130	178301	189045	210912
Transfers	55091	103116	129380	168663	178424	199692
Transfer %	97%	97%	94%	95%	94%	95%

For child care & protection, the percentage of the total allocation that is to be transferred to NGOs shows large fluctuations. It is at its highest (65%) in 2005/06 and at its lowest (37%) in 2008/09, after which it climbs again to 61% in 2010/11. The percentage is thus at its lowest point in the coming budget year. This is worrying.

For care and support to families, the full allocation seems to be destined for NGOs. There are two queries in this respect. Firstly, it seems that transfers were to be made to NGOs for this function in 2006/07 when no money was allocated for the sub-programme concerned. Secondly, as discussed further below, the Department has set itself targets in respect of government-related services for this function for coming years, and it is not clear how it will perform these if no money is allocated. The answer to this second query could be that the only costs involved are staff costs, and that these are covered in the administration sub-programme.

The Western Cape budget documents record a number of “earmarked” allocations that are relevant for the Children’s Act. These typically represent monies which the National Treasury has stipulated (through internal government communication) should be spent on a specific item. Unfortunately, Gauteng has not shown these earmarked allocations in the same transparent way as done by the Western Cape government.

There are, however, several references – some explicit and some implicit – to such allocations. Under “Payment summary”, for example, the Department notes that there are earmarked allocations for implementation of the Older Persons’ Bill, Children’s Act and Child Justice Bill, as well as for upgrading of social worker salaries and implementation of the occupation-specific dispensation (OSD). The document does not at this point of the document give any further details.

However, under “Summary of receipts”, Statement 2 gives the reasons for the 40% (R399m) increase in the Department’s budget between 2006/07 and 2007/08 as being recruitment of social workers and social auxiliary workers, increased support for children’s homes, and initiatives in respect of substance abuse. All of these are noted in the Western Cape budget documents as having earmarked allocations, and the first two are especially relevant for the Children’s Act. The Department notes that the increase in the overall funds for the social welfare services programme can be explained by allocation of additional funds for expansion of ECD, developing monitoring and

evaluation (M&E) capacity for welfare services, expansion of home- and community based care (HCBC) services and the expansion of services to children in conflict with the law. All of these except development of M&E capacity are noted in the Western Cape document as having earmarked allocations. Under “Outlook for the 2008/09 financial year”, the Department refers to an earmarked allocation for subsidised residential care for children. Of concern is the fact that the Gauteng Department does not mention increased allocations for implementation of new social welfare legislation which in Western Cape is listed as an earmarked allocation under the child care and protection services sub-programme.

Comparing the 2008 budget to the Costing Report: Comparing what has been allocated to what is actually needed.

The costing of the Children’s Bill commissioned by government from Cornerstone Economic Research¹ provides the basis for comparison of what is needed with what has been allocated. There are some limitations in this comparison. Firstly, the costing assumed that the 2005/06 budget year would be the first year of implementation. We are now discussing the 2008/09 budget, and there has been fairly substantial inflation over the intervening three years. To accommodate this, we adjust the Cornerstone estimates using the latest available consumer price index of 151.0 (for January 2008) and the index of 125.4 of three years earlier (January 2005).

Secondly, the bill used as the basis for the costing underwent some changes before being passed by Parliament. We have not been able to adjust for these changes, but they should not make a significant difference to the overall costs.

Thirdly, as discussed above, it is not possible to determine exactly which allocations relate to services to children covered in the Children’s Act. For the purposes of the comparison, we take the full allocations for child care and protection, HIV and Aids and care & support services to families. This over-estimates the amount allocated for implementation of the Children’s Act as some of the expenditure for HIV and Aids and care & support to families are not related to the Act. This over-estimate must be balanced against some allocations in other sub-programmes that will help with implementation of the Children’s Act. In particular, sub-programme 2.1, administration, includes departmental staff salaries, and earmarked allocations for the employment of social auxiliary workers as well as for the OSD. We do not include these allocations in the comparison below as there is no indication as to how many of the staff would be assigned to Children’s Act implementation.

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

¹ Barberton C (2006) *The cost of the Children’s Bill: Estimate of the cost to government of the services envisaged by the comprehensive Children’s Bill for the period 2005 to 2010*. Pretoria: Cornerstone Economic Research.

measure total demand or actual need. Instead, they mainly measure current service delivery. For the FC scenarios, the costing team used other evidence to estimate how many children actually need services.

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

To simplify matters, for the purpose of this comparison we consider only the highest and lowest estimates, namely the IP low and FC high. We look only at the estimates for Years 1-3, which we take as the basis for comparison with the outer two of the three MTEF years. It is, in fact, open to debate as to which of the costing years government should currently be making allocations. The Children's Act was passed in 2005, but the Amendment Act was passed only in 2007 and the full Act (as amended) will only be put into full effect in early 2009. Ideally, government should have started implementing and making related allocations in 2007/08 after the 2005 Act was partially put into effect in July 2006. However, the Amendment Act covers the services for which provinces are responsible, and one could thus argue that 2009/10 should be treated as Year 1. We use this conservative approach, and thus compare the allocation for 2009/10 with year 1. Nevertheless, the fact that that full Act will only come into effect during 2009 should not be taken as a reason for low budgetary allocations for 2008/09 given that the costing report shows that many of the services provided for in the Child Care Act and repeated in the Children's Act (as amended) were not adequately funded at the time the costing was done although the Child Care Act was already in effect.

Table 3 shows the estimated costs for years 1-2 for Western Cape Social Development, including both the original estimates and the estimates adjusted for inflation. As can be seen, the inflation adjustment makes a fairly substantial difference. For year 1, for example, the IP low original estimate was R1 207.2m while the adjusted estimate is R1 453.6m.

Table 3. Costing estimates for Gauteng Social Development (Rm)

	Original estimate		Adjusted for inflation	
	Year 1	Year 2	Year 1	Year 2
IP low	1207.2	1498.3	1453.6	1804.2
FC high	7211.1	8422.5	8683.2	10141.9

Table 4 shows all the allocations in the 2008/09 budget documents that might facilitate implementation of the Children's Act. For 2008/09, the sum of the allocations for the three sub-programmes is R681.4m, rising to R732.9m in 2009/10 and R896.9m in 2010/11. The final rows of the table show that this total amounts to approximately 50% of the IP low costing estimate for both 2009/10 and 2010/11, and about 8.5% of the FC high estimate. This is clearly seriously inadequate given that the costing suggested that the first year of the IP low scenario met only about 30% of the total demand for services provided for in the Bill when using the most reliable estimates available of objective need. If we had not adjusted the costing estimates for inflation, the MTEF allocations would amount to approximately 60% of the IP costing estimates, and approximately 10.5% of the FC estimates.

Table 4. Combined Children’s Act-related allocations

	2008/09	2009/10	2010/11
Child care & protection	427724	449353	590798
Care & support to families	75361	94503	95222
HIV and Aids	178301	189045	210912
Total	681386	732901	896932
As % of IP low		50.4%	49.7%
As % of FC high		8.4%	8.8%

Table 5 shows above-inflation increases for two of the three programmes over the three-year period of the MTEF, while the allocation for care and support to families will lag behind inflation. However, Table 4 above showed that these sometimes impressive seeming increases are only sufficient to keep the allocations at the same, inadequate, percentage of the province’s Social Development costing estimate i.e. in both 2009/10 and 2010/11 the allocation remains at around 50% of the IP low and around 13.5% of the FC high. Further, the costing assumed constant inflation of 5% per year. If inflation continues at current rates, which are higher than 5%, the actual allocations will each year represent an even smaller, and more inadequate, percentage of the costing estimates of what is needed.

Table 5. Nominal annual increases in budgets

	2008/09	2009/10	2010/11	3-year average
Child care & protection	68%	5%	31%	35%
Care & support to families	-19%	25%	1%	2%
HIV and Aids	29%	6%	12%	16%

What does the budget narrative tell us?

In addition to the budget numbers, Statement 2 contains a narrative in respect of each vote. This narrative gives some indication of the importance attached to the Children’s Act. It also contains indicators, which are useful in seeing how the monetary amounts are expected to result in physical outputs.

There are, in fact, relatively few explicit mentions of the Children’s Act. The 2005 Act is listed among all other acts considered relative under “Legislative mandate”. The section on “Key policy areas and developments” also has a paragraph on the Children’s Act of 2005, but this does nothing more than set out the objectives of the Act.

Other references are implicit as they do not name the Act, but do describe past and planned activities that relate to services covered by it. Thus the review of 2007/08, which reflects what was done with the last budget, states that 50 000 children affected by AIDS were cared for through 146 HCBC sites in “disadvantaged areas”; that close on 85 000 foster care placements should have been finalised by NGOs and the Department by the end of the year, and that more than 320 ECD centres would be registered [and?] funded, benefiting more than 28 000 children. However, this represents only about 6% of the more than 453 000 children under five years of age recorded in Gauteng by Statistics South Africa’s general household survey of 2006 as living in households with monthly incomes of less than R1 200 per month.

Under “Outlook for the 2008/09 financial year”, the Department states its intention to expand access to ECD facilities and to assist facilities who do not meet registration

requirements to do so. As noted above, the Department also plans to construct the 20 ECD facilities in the prioritised townships that were meant to have been built in the 2007/08 financial year. This section also notes that an earmarked allocation for policy adjustments will be used to maintain per capita subsidy funding for children in residential care at the rate of R1 600 per child per month.

As noted above, earmarked allocations include amounts for upgrading of social worker salaries and the OSD. At several points the document refers to attempts to attract and retain social auxiliary workers. This is positive, as the Children's Act has provided the space for a range of services to be performed by staff who do not have the full social work qualification. Of concern is the lack of mention of other cadres, such as child and youth care workers. The staffing table in Statement 2 shows an increase in planned personnel numbers for the social welfare services programme from 1 016 as at 31 March 2008, to 1 322 twelve months later, and 1 498 as at end of March in both 2010 and 2011. This increase is welcomed, although almost certainly not enough to meet the demand. Also worrying is that while the document at several points mentions planned increases in social worker salaries, there is no mention of adjustments to subsidies to NGOs to allow them to pay the social workers they employ at the same level. Statement 2 also makes it clear that at the time this document was compiled, the details of the OSD had not yet been worked out, although it was meant to be implemented as from 1 April 2008.

The section on "Key outputs and service delivery measures" provides performance targets for each of the three years of the MTEF, as well as actual performance for 2006/07 and estimates performance for 2007/08. Gauteng thus allows assessment of performance trends in a way that Western Cape, which only gives performance targets for the budget year, does not. On the negative side, while Western Cape lists 53 indicators for child care & protection, 24 for HIV and AIDS, and 17 for care & protection of families that it says are nationally specified, Gauteng has only 18 indicators for child care & protection, 8 for HIV and AIDS, and 7 for care & protection of families. It seems then that Gauteng is not complying with national specifications.

For several of the Gauteng indicators, the document suggests no plans for expansion. This is perhaps satisfactory in respect of activities such as forums and awareness-raising. It is not satisfactory in respect of services which clearly need expansion. Yet indicators which have constant targets over the three years of the MTEF include:

- 1 children's home run by government
- 61 registered and funded homes managed by NGOs
- 5 000 (new) children placed in foster care by government
- 1 300 learners trained on Basic HIV and AIDS in CHBC and provided with stipends
- 34 family preservation and enrichment programmes (government- and NGO-run)
- 40 government-funded NGOs providing services on care and support to families
- 80 parental programmes implemented by government.

The item in respect of foster care placements by NGOs states "New number" for each of the three years without giving a number. The document also states that this is a "new focus". This is surprising as elsewhere the document refers to past foster care placements by NGOs. The targets for existing children in foster care placements made by government are static at 54 463 in 2008/09 and 2009/10, and then increase to 64 463 in

2010/11. This does not tally with the planned new placements, and it seems the 2009/10 number should be 59 463. Even this is not sensible from a planning perspective, as some children will reach their eighteenth birthday, while others might die.

The item in respect of parental programmes implemented by government is surprising given that – as shown above – the full allocation for this sub-programme is transferred to NGOs.

Items which show steady increases include:

- Number of children in registered and funded children's homes managed by NPOs, planned to increase from an estimated 3 038 in 2007/08 to 3 773 in 2010/11
- Number of children in places of safety run by government (from 665 in 2007/08 to the much higher 3 100 in 2010/11)
- Number of shelters for children living and working on the street (from 18 in 2007/08 to 20 in 2010/11)
- Number of children benefiting from the shelters (from 890 to 1 082)
- Number of caregivers trained at HCBC sites (from 100 in the year of introduction, 2008/09, to a very minimally higher 114 in 2010/11)
- Number of HCBC sites providing care and support to children and their families (from 30 in 2007/08 to 194 in 2008/09 and 210 in 2010/11)
- Number of HCBC organisations providing care and support services to OVC child-headed households and families (from 194 in the year of introduction, 2008/09, to 254 in 2010)
- Number of caregivers serving people affected with HIV/AIDS (from 3 187 in 2007/08 to 3957 in 2010/11).

The increase in the number of children in homes while the number of homes remains constant suggests that the existing homes are expected to increase their capacity. Of concern is whether the facilities themselves and related resources, including staff and subsidies, will be expanded to cope with the additional load.

The number of children adopted is set to decline from 1744 in 2007/08 to 710 in 2008/09, after which it is expected to increase to 760 by 2010/11. The reason for this strange pattern is not explained.

In respect of social auxiliary workers for HIV and AIDS, the Department plans to train 200 new workers in each of 2008/09 and 2009/10, but in 2010/11 plans to focus training on existing workers. This suggests that the Department thinks that an additional 400 will be sufficient, and also does not allow for any attrition.