



Analysis of the 2008/09 Budgets of the 9 provincial departments of Social Development: Are the budgets adequate to implement the Children's Act?

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Please send any comments on this paper to debbieb@mail.ngo.za and paula.proudlock@uct.ac.za. We welcome critical reflections to enable us to ensure that next year's budget analysis is as accurate as possible. The provincial and budget votes are available on www.treasury.gov.za (follow the budget link) or www.ci.org.za (go to the Children's Act page and follow the Budget Monitoring link).

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Acronyms

NPO	Non-profit organisation
ECD	Early childhood development
MEC	Member of the Executive Council (Provincial Ministers)
SASSA	South African Social Security Agency
HCBC	Home- and community-based care
MTEF	Medium-term expenditure framework
EPWP	Expanded public works programme
OSD	Occupation-specific dispensation
IP	Implementation Plan
FC	Full Cost
OVC	Orphans and vulnerable children

Introduction

The Children's Act [No 38 of 2005] as amended by the Children's Amendment Act [No 41 of 2007] is currently partially in effect and will come into full effect in 2009 once the regulations have been finalised. The much awaited new Act will replace the Child Care Act [No 74 of 1983] and bring South Africa's child care and protection law in line with the Bill of Rights and with international law.

Section 7(2) of the Bill of Rights places an obligation on the State to give effect to all the rights in the Bill of Rights. This includes children's constitutional rights to:

- social services - s28(1) (c)
- family care, parental care or appropriate alternative care if removed from the family environment – s28(1) (b)
- be protected against abuse, neglect, maltreatment and degradation – s28(1)(d)
- have their best interests given paramount importance in all matters concerning them - s28(2)
- be protected from exploitative labour practices – s28(1) (e) and (f)
- legal representation in civil proceedings affecting them – s28(1) (h)
- equality and non-discrimination.³ – s9.

To meet its obligations in terms of these rights, the State must ensure that the conditions and services to fulfil these rights are available.

While the Children's Bill was being drafted and debated there was much discussion as to what services were needed and who should provide them. It is generally accepted that schools are needed to give effect to the right to education, and that grants are needed to give effect to the right to social security, but what services are needed to give effect to children's constitutional right to social services? It is also commonly accepted that government bears the primary responsibility for providing and funding schools and grants, but throughout the Children's Bill debates, it was not commonly understood that government is primarily responsible for providing social services for

³ All these rights have their roots in international law treaties that South Africa has ratified, in particular the UN Convention on the Rights of the Child and the African Charter on the Rights and Welfare of the Child.

children. The lack of knowledge about the existence and meaning of children's constitutional right to social services and the historical perception of social services as "charity" that is provided by non-profit organisations (NPOs) contributed to the confusion. However, the Children's Act now ends the confusion as it clearly places the obligation on the state to provide and fund a comprehensive range of social services.

These include:

- partial care facilities (crèches) and early childhood development (ECD) 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, including inter-country adoption
- child and youth care centres⁴.

To make these services available for the many vulnerable children who need them, government needs to allocate adequate budget to each service area. The Act says that the provincial Members of the Executive Council (MECs) with responsibility 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 implementing the Children's Act and therefore in giving effect to the rights of children that are listed above.

This paper examines what the most recent budget estimates for the provincial departments of social development, as recorded under the relevant votes, tell us about the provincial governments' intentions in respect of implementing the Children's Act. Estimates for the national Department are also provided in the tables but are not discussed in any detail. The national Department's primary responsibility is for policy-making and its budget is therefore small. The provincial departments bear the main responsibility for service delivery and therefore carry most of the budget needed to implement the Act.

By examining estimates, the paper focuses on government's allocations, i.e. its plans at the beginning of the year rather than what it actually spends. Comparison of appropriations (budgeted amounts), mid-year adjusted estimates, and revised estimates for 2007/08 suggest that under-spending is generally not a serious problem for the allocations considered in this paper. For example, for child care and protection, which is the largest sub-programme considered, all provinces except North West had adjusted amounts equal to 95% or more of original allocations, and three provinces (Free State, KwaZulu-Natal and Mpumalanga) had adjusted budgets that were larger than the original allocations. The revised estimate was 97% or more of the original allocation for all provinces, and more than 100% of the original allocation for four provinces. Allocations should thus give a good indication of what actual expenditure is likely to be. Given the marked increase in allocations over recent years, the low levels of under-spending suggest that the oft-repeated concern that the provincial departments of social development do not have the capacity to absorb additional allocations, might be over-stated, at least in respect of the sub-programmes examined here.

⁴ This is the new umbrella term for a range of residential care settings including children's homes, places of safety, schools of industry, reform schools, secure care facilities, and shelters for children on the street.

Other departments or government bodies such as Justice & Constitutional Development and the South African Social Security Agency (SASSA) also bear responsibilities in respect of the Children's Act, but are not considered in this paper. The focus of this paper is therefore on the budgets of the provincial departments of social development.

What does the Children's Act say about budgets and the services that must be budgeted for?

The Act provides explicit guidance to National Treasury and the provinces with regard to making decisions about how much budget should be allocated for implementing the Act. Section 4(2) states that **all spheres of government** "must take reasonable measures **to the maximum extent** of their available resources to achieve the realisation of the objects of this Act". The words "maximum extent" come from the United Nations Convention on the Rights of the Child and have been interpreted by the UN Committee on the Rights of the Child as placing an obligation on government to prioritise expenditure on programmes aimed at giving effect to children's rights. The use of this phrase in the Children's Act therefore means that Treasury and the provinces need to prioritise the implementation of the Children's Act when they are making decisions about budgets and the allocation of resources.

Each service area (e.g. protection services) in the Children's Act has its own chapter. Each chapter includes a "provisioning clause" which provides more detail on the nature of the MEC's obligation to provide the service and what type of programmes fall into that particular service area.

The provisioning clauses for prevention and early intervention services, protection services (including foster care and adoption), and child and youth care centres say that the MEC "must" provide and fund these services. This means the provincial departments should be prioritising these service areas in the budgetary allocations.

For partial care, ECD, and drop-in centres, 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 only partially fund them. However, the MECs are still bound by the national Minister's strategies in relation to these service areas and may be compelled to provide them or prioritise them if the national Minister prescribes such prioritisation. The nationally driven process of determining national sector priorities has, for instance, identified ECD as a priority. The Act also provides further guidance for MECs in relation to funding for these three service areas by specifying that 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.

Below we name each service area and provide detail on the respective programmes or interventions that are explicitly included in the Act and therefore need to be budgeted for. This detail informs our analysis of the budget where allocations for implementation the Act are scattered across a number of sub-programmes within the provincial department budget votes.

Partial care and ECD - Chapters 5 and 6

- Crèches
- ECD centres
- ECD programmes provided in a centre
- ECD outreach programmes not provided in a centre
- After-school supervision and partial care for children of all ages.

Note that grade R (ECD provided to children in reception year in primary school) is funded by the 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 basic services including food, school attendance support, personal hygiene such as baths and showers, and laundry services.

Other programmes that may also be available at these centres include:

- Guidance, counselling and psychological support
- Social skills and life skills
- Educational programmes
- Recreation
- School holiday programmes
- Primary health care in collaboration with the local clinic
- Reporting or referral of child to social service professionals for additional protection services
- Promotion of family preservation and re-unification
- Computer literacy
- Outreach services
- Prevention and early intervention 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 (e.g. the parent support groups run by Disabled Children's Action Group)
- Parenting skills programmes and counselling to teach parents positive, non violent forms of discipline (e.g. programmes run by Resources Aimed at the Prevention of Child Abuse and Neglect)
- Psychological, rehabilitation and therapeutic programmes for children who have suffered abuse, neglect, trauma, grief, loss or who have behaviour or substance abuse problems (e.g. services offered by Childline).
- Diverting children in trouble with the law away from the criminal justice system and into diversion programmes (e.g. The programmes run by the National Institute for Crime Prevention and the Reintegration of Offenders children in trouble with the law).
- 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 provide and fund home-based care programmes that are focussed on health. These 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 and follow-up investigations by social workers plus 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 (e.g. the services provided by social workers employed by government and child welfare offices run by NPOs)
- Emergency removals of children at risk of harm
- Child protection register (records and tracks all mandatory reports)
- Mentorship schemes for child-headed households.(e.g. the Isibindi model run by the National Association of Child and Youth Care Workers and Asibavikele model run by Child Welfare South Africa).

Note that the court personnel and courts are funded by the Department of Justice while police officials are funded by the South African Police Service.

Foster care and cluster foster care – Chapter 12

- Recruiting and training of foster parents
- Processing foster care applications through the children's court
- Monitoring foster care placements
- Cluster foster care schemes.

Note that the foster care grants are not paid from the provincial social development budgets but from the national budget of the South African Social Security Agency. Court personnel and courts are funded by the Department of Justice.

Adoption and inter-country adoption – Chapters 15 and 16

- Processing adoption applications through the children's court
- Monitoring new adoptions.

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

Child and Youth Care Centres – Chapter 13

‘Child and youth care centre’ is the new 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. The Act does not use the old terminology and categorise the centres into places of safety, children’s homes etc but instead refers to a range of programmes that should be offered by child and youth care centres to meet the different treatment or developmental needs of the children depending on the reason why the children have been placed in care. Centres are currently funded only on a per child and staff salary basis. However, with the express inclusion of programmes in the Act and an obligation on all centres to provide programmes in order to meet the norms and standards, there is a need to move to funding on a programme basis. The programmes attached to child and youth care centres that will qualify for funding include programmes for children:

- needing temporary safe care to protect them from abuse or neglect or pending an assessment or final court order
- needing more long term care because they cannot live with their family
- awaiting trial or sentence
- with behavioural, psychological and emotional difficulties
- living 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. The departments of education are also responsible for providing and funding education for children in these centres.

Which parts of the provincial social development votes are relevant for the Children’s Act?

The provincial social development budgets are divided into programmes. This paper focuses on the social welfare services programme, which provides for the majority of services envisaged in the Act (as well as a number of other Acts and policies for other vulnerable groups, for example the elderly). Unfortunately, the available documents do not clearly show which sub-programmes are responsible for each of the service areas of the Children’s Act. However, by analysing the narratives and the performance indicators for each sub-programme and comparing them to the provisioning clauses in the Act, we are able to achieve a rough match of Children’s Act services with the relevant sub-programmes.

Three sub-programmes in the social welfare services programme clearly contain mainly Children’s Act funding, namely:

- child care and protection
- HIV and Aids
- 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 three analysed in this paper. The sub-programme administration also could contain Children's Act funding as departmental staff salaries are located in this sub-programme, but it is not possible to say that they work only on children's services. The crime prevention and support sub-programme also contains Children's Act funding that is potentially significant – notably funding for diversion and secure care facilities. However the sub-programme also includes funding for adults in trouble with the law and it is not possible to disaggregate what proportion of the budget relates to child offenders. Further, even if we knew the proportion for children, some of this money would be for assessment of child offenders by probation officers as required by the Child Justice Bill. The crime prevention and support sub-programme is therefore excluded from the analysis as we cannot say that it mainly provides for implementation of the Children's Act.

The shading in Table 1 matches sub-programmes which contain budget allocations to the relevant Children's Act service areas.

Table 1. Social Development sub-programmes that include budget and indicators for Children's Act service areas

	Partial care and ECD	Drop-in centres	Prevention and Early Intervention services	Protection Services	Foster care and cluster foster care	Adoption and inter-country adoption	Child and Youth Care Centres
Sub-programmes							
Child care and protection							
HIV and AIDS			Home based care	CHH mentorship scheme			
Family care and support			Parenting skills and child and family counselling				
Crime Prevention and support			Diversion				Secure care centres

Of the three sub-programmes which are the focus of this paper, child care and protection accounts for a total of R1 859m across the nine provinces in 2008/09, while HIV and AIDS accounts for R535m and family care and support for R143m. The sub-programmes account for 34%, 10% and 3% respectively of the allocations for social welfare programmes across the nine provinces.

Analysis of the 2008/09 budgets

Child Care and Protection Sub-programme

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). Table 2 looks at the child care and protection sub-programme and gives the adjusted appropriation for 2007/08 (i.e. the original allocation as voted in early 2007, adjusted for any decrease or increase voted by the provincial legislature later in the year), plus the allocations for the three MTEF years.

The table shows the percentage increase for each of the MTEF years, and the average annual increase over the period. Overall, the picture looks promising, in that the average annual increase across all provinces stands at 29%, well above inflation, with the province-specific averages ranging from 21% in the Western Cape to 49% in Limpopo.

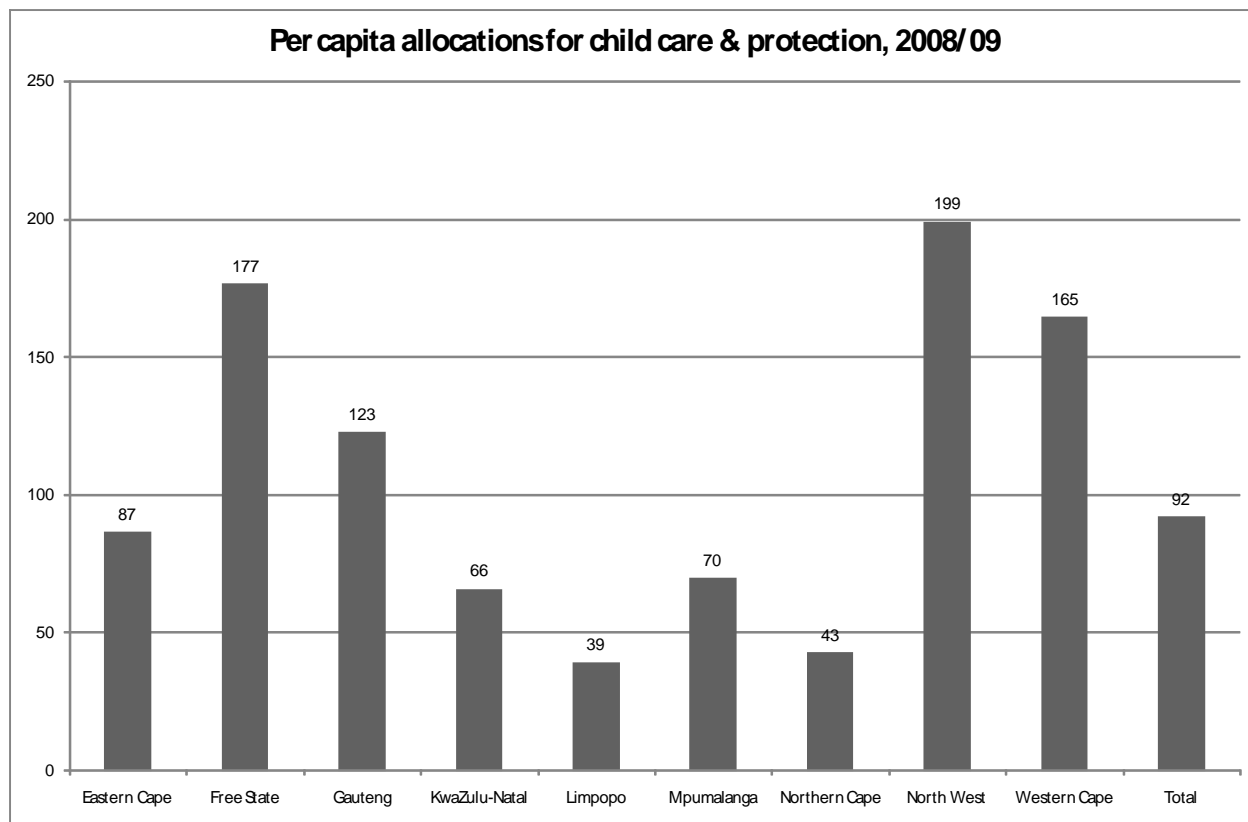
Table 2. Allocations for child care and protection sub-programme, 2007/08-2010/11 (R1000s)

Province	Allocations				Annual percentage change			
	2007/08	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	3-yr average
Eastern Cape	157 844	269 953	368 321	431 949	71%	36%	17%	42%
Free State	138 083	193 920	245 078	269 226	40%	26%	10%	26%
Gauteng	253 879	427 724	449 353	590 798	68%	5%	31%	35%
KwaZulu-Natal	231 852	304 020	346 546	493 641	31%	14%	42%	29%
Limpopo	48 970	102 751	129 905	144 553	110%	26%	11%	49%
Mpumalanga	100 128	114 170	122 366	181 938	14%	7%	49%	23%
Northern Cape	42 510	56 385	63 961	83 341	33%	13%	30%	25%
North West	77 530	82 729	103 462	137 871	7%	25%	33%	22%
Western Cape	220 909	307 418	352 075	388 923	39%	15%	10%	21%
All provinces	1 271 705	1 859 070	2 181 067	2 722 240	46%	17%	25%	29%
National dept	16 820	22 851	24 851	26 955	36%	9%	8%	18%

Over the three MTEF years, this sub-programme accounts for 33,5%, 35,1% and 38,0% respectively of the total social welfare programme allocation. This growth suggests that within this programme, the sub-programme on child care and protection is set to receive increasing attention.

In absolute terms, Gauteng has the largest amount allocated for 2008/09 (R427,7m), while Northern Cape has the lowest (R56,4m). While this ranking of biggest and smallest is expected given the population distribution, the large gap between Gauteng and KwaZulu-Natal – which is the second biggest province population-wise – suggests severe under-provision in KwaZulu-Natal compared to Gauteng.

The figure below provides a crude illustration of the provincial disparities by dividing each province’s allocation by the population aged 0-19 years as recorded in the Community Survey of 2007 (Statistics South Africa: 62-66). The figure suggests that the per capita allocation ranges from a low of R39 per child in Limpopo to R199 per child in North West. Thus, despite Limpopo’s large increase in 2008/09, it still lags behind all other provinces.



Because government each year publishes estimates for the coming three budget years, we can compare the estimates published in 2007 for 2008/09 and 2009/10 (at which stage these represented the ‘outer’ years of the MTEF) with what was tabled for these two years in 2008 (when the 2008/09 figure represents the proposed budget, and the 2009/10 remains an ‘outer’ MTEF year). Table 3 confirms that in all provinces except North West the estimates published in 2008 were higher than those published a year previously for the same financial year. The increase is largest for Free State. This suggests that most provinces recognise the new and increased responsibilities that they face although, as will be seen below, the allocations are still far from adequate. North West’s decrease can probably at least partly be explained by changes in demarcation as a result of shifting of provincial boundaries because, as shown in the figure above, North West’s per capita allocation remains the highest of all provinces in 2008/09.

Table 3. Change in estimates for child care & protection between 2007 & 2008 budget books

Province	2008/09	2009/10	2008/09-2009/10
Eastern Cape	21%	60%	41%
Free State	43%	52%	48%
Gauteng	61%	20%	37%
KwaZulu-Natal	20%	26%	23%
Limpopo	23%	43%	34%
Mpumalanga	8%	11%	9%
Northern Cape	6%	4%	5%
North West	-36%	-23%	-29%
Western Cape	7%	8%	8%
All provinces	21%	24%	22%
National dept	25%	29%	27%

Table 4 suggests that the relative importance attached to child care and protection within the social welfare services programme has increased in most provinces. Thus for all provinces, except KwaZulu-Natal, Mpumalanga and North West, the percentage of the overall programme budget allocated for the child care and protection sub-programme is larger in the 2008 budget documents than in the budget documents of the previous year. For most provinces, the percentage allocated to child care and protection is also set to increase over the MTEF period. These trends are pleasing. However, the increases, even for this relatively large sub-programme, come off a low base and even after the increases, the allocations are far from sufficient to address the needs.

Table 4. Child care & protection as percentage of social welfare services, 2007 & 2008 documents

		2008/09	2009/10	2010/11
2007	Eastern Cape	30%	29%	
2008		32%	43%	46%
2007	Free State	48%	48%	
2008		57%	56%	56%
2007	Gauteng	24%	29%	
2008		33%	32%	36%
2007	KwaZulu-Natal	42%	42%	
2008		37%	37%	41%
2007	Limpopo	27%	27%	
2008		30%	33%	33%
2007	Mpumalanga	31%	31%	
2008		28%	24%	30%
2007	Northern Cape	22%	23%	
2008		25%	25%	28%
2007	North West	24%	20%	
2008		20%	22%	24%
2007	Western Cape	35%	36%	
2008		36%	38%	39%
2007	Total	31%	31%	
2008		34%	35%	38%

Care and support for families sub-programme

The picture in respect of the sub-programme care and support to families is more variable and less optimistic. Yet this sub-programme should constitute a key element of prevention and early intervention services in respect of children. Table 5 shows the allocations as well as the annual percentage change in each province. The patterns are erratic. Eastern Cape, Gauteng, Limpopo and Northern Cape all have one year in which there is a negative percentage change i.e. a lower amount for a particular year than allocated in the previous year. In most cases the negative change is relatively large. Northern Cape, which has its first allocation for this sub-programme in 2008/09, has a negative three-year average. Limpopo records a 50% decrease for 2008/09, followed by a 500% increase in 2009/10. These patterns are not explained in the narratives that accompany the budget figures. Combined, the provinces record an average annual increase of only 7% over the five-year period. This might more or less cover inflation, but will not achieve more than that. The increase for 2008/09 is only 2%, much less than the current rate of inflation. Thus in real terms less is allocated for this sub-programme in 2008/09 than was allocated in 2007/08.

Table 5. Allocations for care & support to families, 2007/08-2010/11 (R1000s)

Province	Allocation				Annual percentage change			
	2007/08	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	3-year average
Eastern Cape	5 354	8 396	4 485	4 059	57%	-47%	-9%	0%
Free State	1 510	2 635	3 157	3 662	75%	20%	16%	37%
Gauteng	93 430	75 361	94 503	95 222	-19%	25%	1%	2%
KwaZulu-Natal	2 500	3 000	3 225	3 419	20%	8%	6%	11%
Limpopo	1 000	500	3 000	3 501	-50%	500%	17%	156%
Mpumalanga	3 308	5 769	6 012	6 999	74%	4%	16%	32%
Northern Cape		4 190	2 719	2 882		-35%	6%	-15%
North West	3 854	7 217	7 963	10 433	87%	10%	31%	43%
Western Cape	28 709	35 525	38 037	40 700	24%	7%	21%	17%
All provinces	139 665	142 593	163 101	170 877	2%	14%	5%	7%
National dept	5 182	6 123	6 430	6 783	18%	5%	5%	10%

Table 6 reveals that three provinces – Eastern Cape, Gauteng and Limpopo – have allocated less for 2008/09 than the amount indicated in the 2007 MTEF for this budget year. (Northern Cape is not shown in the table as the 2007 budget books did not reflect this sub-programme at all.) The decrease is small (-4%) in Eastern Cape, but the decrease for the following year is much larger (-53%). Overall, the eight provinces shown in the table have allocated -9% less for 2008/09 and are set to allocate -3% less in 2009/10 for this sub-programme than suggested in the MTEF documents of 2007. The sub-programme accounts for 2.6% of the social welfare programme budget in 2008/09, but this percentage is set to decrease to 2.4% by 2010/11.

Table 6. Change in estimates for care & support to families between 2007 & 2008 budget books

Province	2008/09	2009/10	2007-2010
Eastern Cape	-4%	-53%	-30%
Free State	61%	66%	64%
Gauteng	-23%	-8%	-16%
KwaZulu-Natal	0%	0%	0%
Limpopo	-67%	0%	-22%
Mpumalanga	54%	51%	53%
North West	58%	60%	59%
Western Cape	0%	0%	0%
All provinces	-9%	-3%	-6%
National dept	2%	2%	2%

These decreases are worrying because this sub-programme contains some of the family support programmes that are listed in the Prevention Chapter of the Children’s Act. These programmes have the potential to strengthen families so that they can prevent child abuse and vulnerability. In the long term this will contribute to a reduction in the large numbers of children in need of more expensive tertiary services such as state alternative care. Spending more now will thus prove more cost-effective in the long-term as well as avoiding many children suffering unnecessarily.

HIV and Aids sub-programme

The third sub-programme of direct relevance for implementation of the Children’s Act is HIV and Aids. For this sub-programme Table 7 reveals that Eastern Cape and Free State have at least one year in which they record a negative change in the amount allocated when compared to the previous year. Free State’s average annual change over the three years is also negative, at -5%. KwaZulu-Natal has the largest average increase over the three-year MTEF period, at 56%. Limpopo again records a large increase, of 42%.

Looking at all provinces combined, the 2008/09 allocation is 41% larger than that for 2007/08, but the predicted increases for the following two years are much lower than this, at 8% and 17% respectively. The narratives note increased attention to the expanded public works programme (EPWP) of home- and community-based care (HCBC). This might explain the increase in 2008/09 but does not explain the subsequent fluctuation. Over the three MTEF years, this sub-programme accounts for 9,6%, 9,3% and 9,5% respectively of the total social welfare programme allocation.

Table 7. Allocations for HIV and Aids, 2007/08-2010/11 (R1000s)

Provinces	Allocations				Annual percentage change			
	2007/08	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	3-yr average
Eastern Cape	43 674	76 910	68 063	74 574	76%	-12%	10%	25%
Free State	31 324	24 243	25 961	25 961	-23%	7%	0%	-5%
Gauteng	138 130	178 301	189 045	210 912	29%	6%	12%	16%
KwaZulu-Natal	25 990	47 652	60 486	94 816	83%	27%	57%	56%
Limpopo	34 577	73 461	82 922	84 662	112%	13%	2%	42%
Mpumalanga	45 584	50 597	55 494	69 987	11%	10%	26%	16%
Northern Cape	15 251	22 185	25 190	30 455	45%	14%	21%	27%
North West	28 350	40 535	45 672	57 726	43%	13%	26%	27%
Western Cape	16 239	21 345	26 881	28 330	31%	26%	5%	21%
All provinces	379 119	535 229	579 714	677 423	41%	8%	17%	22%
National dept	56 222	62 306	62 711	66 634	11%	1%	6%	6%

Table 8 shows Free State, Mpumalanga and the national Department recording lower allocations for both 2008/09 and 2009/10 than those published in the 2007 budget documents. Eastern Cape and Western Cape have lower estimates for 2009/10 than published in 2007. In sharp contrast, KwaZulu-Natal's allocations for the two years are, when combined, more than double the amounts published in 2007. When averaged across all provinces, the estimates published in 2008 are 12% higher than those published for the same years in 2007. There does, then, seem to be some increase in attention to this area, but with great variation across provinces.

Table 8. Change in estimates for HIV and Aids between 2007 & 2008 budget books

	2008/09	2009/10	2007-2010
Eastern Cape	14%	-1%	6%
Free State	-28%	-34%	-31%
Gauteng	6%	10%	8%
KwaZulu-Natal	83%	116%	101%
Limpopo	22%	31%	26%
Mpumalanga	-10%	-8%	-9%
Northern Cape	14%	22%	18%
North West	30%	41%	35%
Western Cape	0%	-7%	-4%
All provinces	11%	13%	12%
National dept	-4%	-4%	-4%

The equitable share and allocations earmarked by National Treasury for priorities

Provinces get 95% of their money from national government and most of this is from the equitable share. The equitable share is given as a lump sum by National Treasury to each of the provinces to provide a range of services including education, health, housing and social services. The provincial treasuries then decide how the lump sum allocated to the provinces will be divided between their government departments.

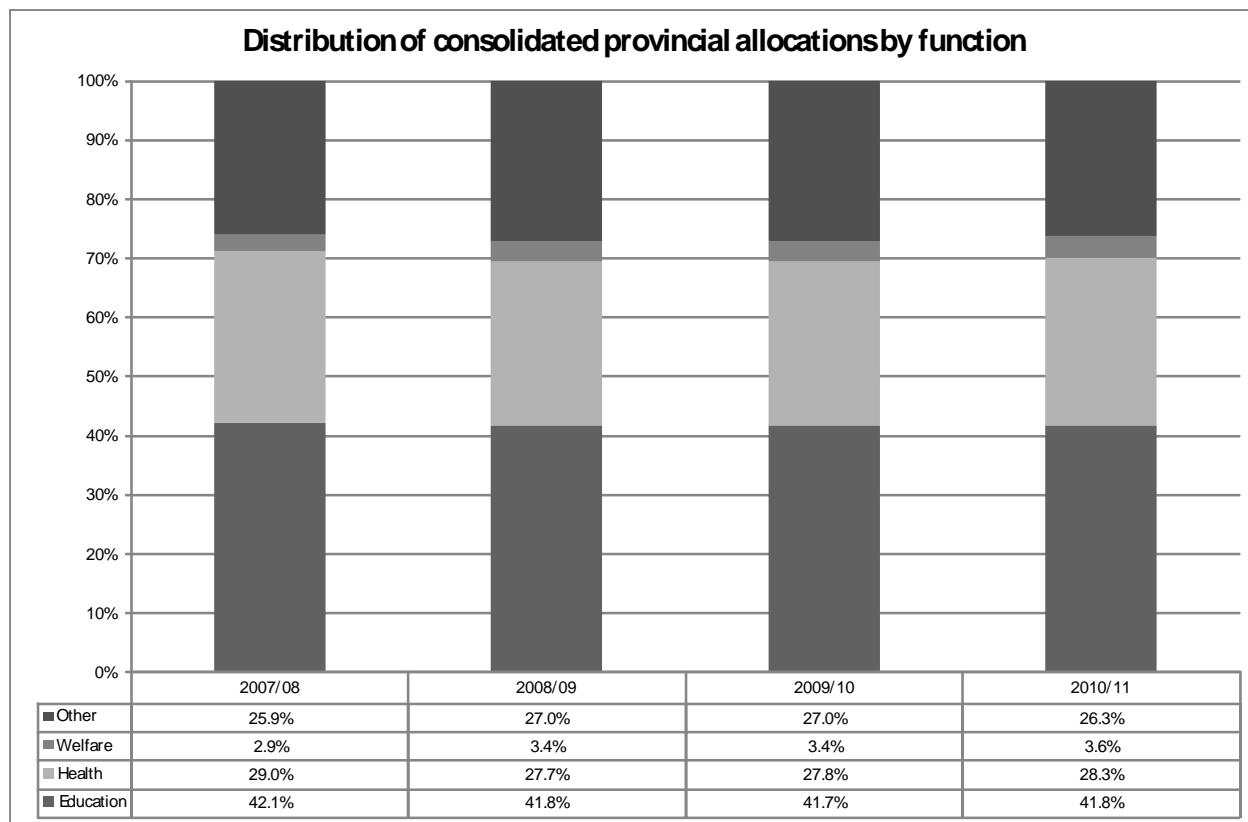
Treasury uses a formula to calculate the equitable share. The Constitution has a list of factors in section 214 which Treasury must consider when devising the formula. One of these factors is the obligations imposed on provinces by national legislation such as the Children's Act.

In 2008/09, Treasury used a formula with six components to determine how much to allocate to the provincial sphere in total. The six components of the formula relate to education, health, population size, poverty, economic performance, and institutional set-up. There is no explicit component for social services in the formula despite the fact that provinces are responsible for implementing a range of new welfare legislation, including the Children's Act.

Provinces do not have to allocate their lump sum according to the equitable share formula, but the equitable share allocations do send a message to provinces that certain service areas are important and that money is available for these services. For example, an examination of the budget for health and education in 2005, shows that provinces matched their provincial budget allocations closely with the equitable share formula allocations. Hence, if a service area is not expressly included in the equitable share formula, the service area stands a greater risk of being de-prioritised in the budget decisions at provincial level. In 2006, the Financial and Fiscal Commission recommended that the formula include an explicit component for social services. National Treasury agreed with this recommendation and undertook to consider it in a planned review of the formula, but two years later the review has still not been completed and a welfare component is still missing from the formula.

In addition to the equitable share, provinces receive money from national departments in the form of conditional grants. For 2008/09, provinces are set to receive a total of R38 699m in the form of conditional grants, as against the R199 377m (R199,4bn) received as equitable share. Thus 16,3% of provincial funds that they do not raise themselves come through conditional grants. However, the provincial Departments of Social Development receive no conditional grants. Interestingly, the Department of Health has a conditional grant – the Comprehensive HIV and Aids Grant – which is intended, among others, to cover training and stipends for home- and community-based caregivers. However, the latest Budget Review notes plans for this aspect to be integrated in future into the EPWP, which is funded through the equitable share (National Treasury, 2008a: 100).

Despite the lack of a welfare component and any conditional grants for Social Development, a summary of sectoral allocations across provinces reveals that the annual increase for Social Development, at 33,8% between 2007/08 and 2008/09 and 19,2% for the MTEF period as a whole, is higher than for all the other main sectors, and higher than the overall average annual increases of 15,5% and 11,6% respectively. The figure below reveals that this results in an increase in the share of provincial allocations going to Social Development from 2,9% in 2007/08 to 3,6% in 2010/11. However, the figure also reveals the extremely small size of the share allocated to Social Development even in the last year.



In the absence of conditional grants, it appears that the National Treasury has been able to influence provincial spending allocations through what are termed “earmarked” allocations. These allocations do not have the same compulsion as conditional grants, where the provincial department is required to spend the allocated money for the specified purpose. The earmarked allocations nevertheless appear to influence the allocations.

Earmarking arises from an earlier phase of the budget process where sectors, led by the respective national departments, put forward funding requests to National Treasury for the delivery of programmes by provincial departments. Funding for the implementation of the Children's Act would be a typical example of such a request. In the course of the prioritisation process, National Treasury will then recommend that particular priorities be funded at specified levels. If the Budget Council and Cabinet agree to this, the funds get added to the provincial equitable share pool and then divided between the provinces. Each province is expected to give effect to the priorities that guided the allocation of funds and allocate the funds to the relevant provincial departments and, within these departments, to the relevant programmes. National Treasury conducts a benchmark exercise during the budget preparation process in which one of the things looked at is to what extent provinces allocate funds to the agreed sector priorities. However, since the funds flow through the equitable share, provinces have complete discretion as to how they allocate these funds. Nevertheless, in relation to the sub-programmes analysed in this paper this earmarking of national priorities does seem to have had a significant influence on allocations, and some provinces have allocated even more funds to the prioritised departments and functions than was earmarked in the equitable share.

The national documents refer to the earmarked allocations at several points. Thus the Budget Review 2008 states that additional allocations have been made to provinces to provide for improved

conditions of service for educators, health professionals and social workers, among others. In respect of Social Development more specifically, it states that additional funds have been allocated “to early childhood development centres to increase subsidies for children, and to recruit and train more practitioners in this field. Services to children in conflict with the law are expanded, with the construction of secure care centres and strengthened home- and community-based care. The stipends of home- and community-based care practitioners in the health and social development sectors will be equalised” (National Treasury, 2008a: 125).

Similarly, the Explanatory Memorandum to the Division of Revenue Bill notes improvements of conditions of service and the occupation-specific dispensation (OSD) for government-employed educators, nurses and social workers, as well as allocation to support early ECD centres and practitioner salaries, expanded services to children in conflict with the law, construction of secure care centres and strengthened HCBC (National Treasury, 2008b: 64).

Six of the provinces refer to the national earmarked priorities in their narratives while three seem to make no mention of earmarked allocations in their budget documents. All the provinces refer to the increase in the share of the salary budget as a result of providing for improvements of conditions of service and the OSD for social workers. In respect of the latter, it is worrying that the National Budget Review states that the OSD for social work professionals “will be concluded this year” (National Treasury, 2008a: 124), implying that it was not yet in place at the time the budget was tabled. Some of the provinces note that the OSD should come into effect in April 2008. The OSD for other categories, such as educators, have involved lengthy negotiations which could mean that the OSD for social workers will take longer to be completed.

The Western Cape, KwaZulu-Natal and North West include tables showing the earmarked allocations. The Western Cape lists four earmarked allocations falling under the child care and protection sub-programme, namely expansion of social welfare services (R68,7m in 2008/09), implementation of social welfare legislation (R54,9m), expansion of ECD programmes (R15,0m), expansion of ECD EPWP (R46,8m), while expansion of HCBC EPWP (R13,8m) is listed as an earmarked allocation under the HIV and AIDS sub-programme. KwaZulu-Natal lists two allocations in respect of “national priorities” that seem to relate fairly directly to the Children’s Act. These are expansion of ECD (R32,5m in 2008/09) and expansion of HCBC (R21,7m). North West lists four earmarked allocations that seem to relate directly to the Children’s Act, namely HCBC (R10,0m in 2008/09), children in children’s homes (R35,0m), children’s homes/shelters (nothing in 2008/09 but R5,0m in 2009/10), and places of safety (nothing in 2008/09 but R5,0m in 2009/10).

Gauteng does not have a table of earmarked allocations, but refers in the narrative to earmarked allocations for children in residential care and more generally to earmarked allocations for implementation of the Older Persons’ Bill, Children’s Act and Child Justice Bill. Similarly, Eastern Cape refers to additional funding received for expansion of ECD and HCBC among others. Limpopo refers to increases over baseline allocations “to cater for the costs related to the following national priorities” but does not list the priorities.

It would also be helpful if all provinces reported on earmarked allocations in a standard way. This information would put members of the legislatures and civil society in a better position to engage in advocacy and to monitor what is being allocated and spent. One likely area of advocacy would be around the choice of priorities. In particular, the heavy emphasis on ECD without similar emphasis on other services is questionable when a range of services which the Act says the MEC “must”

provide are not emphasised in the same way, while ECD falls among services that the MEC “may” provide. Among the “must provide” but neglected areas are prevention and early intervention services or child and youth care centres. Provision of these services could well save later costs that could have been avoided. This is not to argue against ECD, but rather to question an exclusive emphasis on this area and to query whether the national priority determination process is taking sufficient cognisance of Parliament’s intentions in respect of priority areas as demonstrated by the different wording (“may” vs “must”) used for the provisioning clauses of the different service areas in the Act.

Human resources

All provinces refer to increased allocations for staff salaries, noting both salary increases (“improvement in conditions of service”) and the OSD. Some provinces also refer to efforts to attract and retain staff and fill vacancies. The national Department notes provision for social work scholarships, which were introduced in 2007/08.

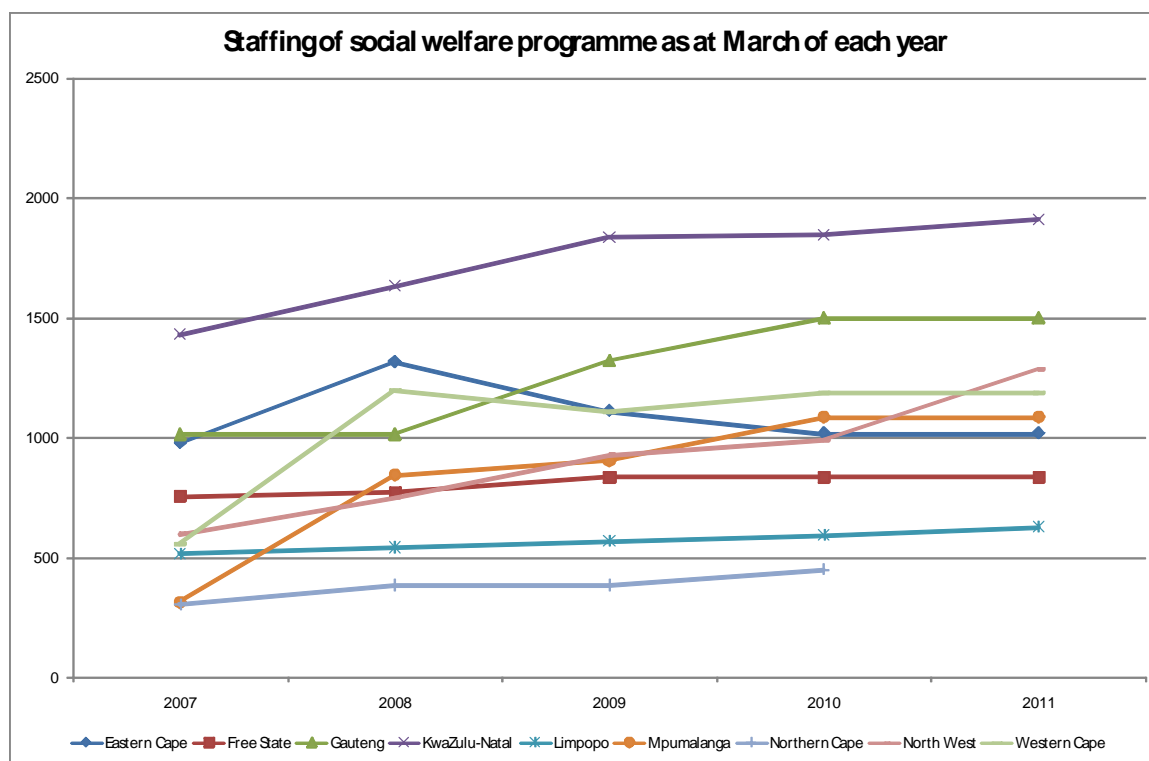
Several provinces (Gauteng, KwaZulu-Natal, Mpumalanga, North West) refer to efforts to engage and retain social auxiliary workers alongside the efforts in respect of social workers. Mpumalanga seems to have placed especial emphasis on this category of workers, awarding 257 bursaries rather than the planned 190. KwaZulu-Natal notes that an additional allocation was given in 2007/08 for the employment of social auxiliary workers. (This may have been part of the “earmarked” allocations.) It is therefore surprising that more provinces do not mention this in their review of the current budget year.

What is also worrying is that generally the discussion focuses only on social workers and social auxiliary workers, with no mention of other cadres, such as child and youth care workers and community development workers. The Eastern Cape is an exception with its references to community development workers. Gauteng also refers to “care workers”. The Children’s Act provides for these other cadres to perform a range of services that would previously have been reserved for social workers. Use of these workers has many benefits. It is “cost-effective” for government to the extent that the salaries of these workers are lower than those of social workers. It is effective in other ways because these workers tend to come from the communities in which they work, so have better knowledge of the community and are also less likely to move on. Use of these other cadres is vital for the purposes of expansion of services because there simply are not enough available social workers in the country at present, and there will not be sufficient for the foreseeable future.

A further worrying feature is that the OSD relates only to government employees. A comparison of the performance indicators and target lists reveals that the majority of services are envisaged to be provided by NPOs, implying that the majority of social service professionals are employed by these organisations. The exclusion of NPO workers from the OSD leaves NPO employees with lower salaries and much worse conditions of service in comparison to their counterparts in government despite the fact that they have to deliver the same services. The Western Cape budget document states that salaries for both government and non-government social workers have been “upgraded”. It does not make clear, however, whether the current disparity between government and non-government salaries will continue or will be addressed. When questioned on this point at the budget hearings before the provincial legislature in April 2008, the department did not refer to any concrete

plans to address the disparity. Other provinces do not mention NPO salaries at all beyond some discussion of stipends in a few provinces (see below).

Most provinces note success in increasing the government staff complement for social welfare services. This has helped to address the often extremely high vacancy rates. It has also, presumably, helped provinces avoid significant under-spending due to lack of staff capacity. The figure below shows the trend in government staff numbers within the social welfare programmes between March 2007 and March 2011. One worrying aspect is the stagnation in staff numbers in later years for many provinces given that this programme is responsible for implementing a raft of new Acts, among which is the Children’s Act.



Unfortunately, the tables published in the budget documents do not distinguish between different categories of staff such as social workers and others. They also relate only to government employees. This omits the majority of social service practitioners, who work for NPOs.

Non-profit organisations

The increased emphasis on growing the staff complement in the department, together with the OSD ensuring higher pay for government social workers but not for NPO workers, combined with below inflation increases in transfers to NPOs, is causing many problems for NPOs who deliver the bulk of the services under the Act.

In most cases, the provincial department subsidises the NPOs concerned, although these subsidies do not cover the full cost or scope of the services. All provinces are required to record payments to these NPOs under “transfers to other institutions”. Once again, however, the way in which this is done varies substantially across provinces.

Some provinces publish only the total transfers for the social welfare programme, while others give the transfers per sub-programme. In Western Cape the same amount that is listed for the sub-programme as a whole is repeated as a transfer for each of the three sub-programmes focused on in this report.

In the case of Gauteng, analysis reveals that 37% of the amount destined for child care and protection services in 2008/09 will go to NPOs, as will 100% of the allocation for care and support to families, and 95% of the allocation to HIV and Aids. At least two problems emerge in this province. Firstly, there is heavy reliance on under-funded NPOs. Secondly, the proportion of the funds going to NPOs fluctuates wildly over the years. Thus 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. No reason is offered for this fluctuation, yet erratic funding can result in NPOs having to close down or retrench employees, with obvious impact on the availability of services for vulnerable children.

Similarly, in North West transfers account for only 48% of the child care and protection allocation in 2007/08, this shoots to 85% in 2008/09, but then drops to 73% in 2009/10 and rises again to 78% in 2010/11. For care and support to families, in contrast, there is a fairly steady increase in the NPO proportion from 20% in 2007/08 to 55% in 2010/11. Again, no reasons are given for these fluctuations. They are, however, likely to threaten the sustainability of many NPOs, and thus jeopardise future provision of services.

Western Cape's targets (see below for further discussion of targets and indicators) give a further indication of the extent to which government relies on NPO provision. Thus the only targets recorded for government-run services are 4 places of safety and 516 social workers and 70 auxiliary social workers to deliver child care and protection services. All other targets relate to NPO-run services.

Free State also has many examples in its targets of greater provision by NPOs than by government. For example, the province reports that 2 places of safety will be run by government, as against 4 by NPOs; 187 children will be in places of safety run by government as against 187 in those run by NPOs; no children will be in government-managed shelters while 265 will be in shelters managed by NPOs; no children will be registered in ECD sites run by government as opposed to 52 225 in ECD sites managed by NPOs.

KwaZulu-Natal names the 63 NGOs which receive the largest departmental transfers plus a residual "other" category that covers the rest of the almost 2 000 organisations receiving grants. The largest single grant is for Durban Children Society, at R12,1m in 2008/09. Unfortunately, the list does not specify under which sub-programme each of the organisations is funded and it is not always possible to tell from the name. The narrative notes that while the amount transferred to these NPOs appears to increase strongly, from R313,2m in 2007/08 to R379,2m in 2008/09 and subsequently to R607,8m in 2009/10, the increase per individual NPO is set at 5% per year for the MTEF. The increase in the total thus represents an increase in the number of NPOs being funded while there could be a serious squeeze on those already in existence given that past subsidies have far from covered costs and 5% is below the current inflation rate.

Most provinces record an increase – often substantial – in the amount transferred to NPOs over the MTEF period. Eastern Cape is somewhat puzzling in that the amount increases from R321,0m in

2007/08 to R457,6m in 2008/09, only to fall back to R386,2m in 2009/10 and then climb again to R406,4m.

Limpopo states that the increase in transfers and subsidies to NPOs is partly explained by bursary funding for social workers employed by these organisations. It seems confusing to have this allocation categorised in this way. More encouraging is the fact that at least some of the provinces might have plans to use the earmarked allocations for expansion of social welfare services for funding of NPOs rather than supporting only their own staff.

Several provinces highlight their intention to strengthen monitoring and auditing of NPOs. Eastern Cape reports that they plan to benefit from once-off revenue in the amount of R20m representing debts owed by NPOs. It is not clear how the NPOs incurred these debts to the Department. Free State notes plans to address the “discrepancies” in funding of NPOs, but does not elaborate as to whether this will mean increased funds for the NPOs that are assisting the Department.

At the lower end of the employment ladder, several provinces record plans to increase or standardise subsidies in respect of home-based care and ECD. In the case of HCBC, it seems that these stipends might be included in the transfers to NPOs, but it is not clear if this is the case for all HCBC stipends. It is also not clear if ECD stipends are similarly included in transfers to NPOs.

Eastern Cape reports plans to bring the subsidies for ECD practitioners in line with national norms. Free State notes that in 2007/08 the Department was not able to increase the ECD subsidy to the national norm of R9 per day because of the increased demand for ECD services. For 2008/09, however, it plans both to increase the subsidy from R5,20 to R9,00 per child, and to expand services to reach a further 4 000 children. KwaZulu-Natal similarly plans to increase the subsidy to R9,00 per child.

In respect of HCBC, Free State plans “alignment” of stipends with level of training so that all level 3 caregivers receive R1 000 per month, with recognition of those who have reached this level through the prior learning route. KwaZulu-Natal states that it has prioritised “standardisation” of stipends for HCBC caregivers in the province. North West reports having increased subsidy funding for ECD, old age homes and children’s home so as to “come close to the national norms and standards”.

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 Research⁵ 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).

⁵ 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*. Cape Town: Cornerstone Economic Research.

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 in the budgets 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 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 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 (some) departmental staff salaries, as well as some staff-related earmarked allocations. 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 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 1-2, 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 of 1983 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 9 shows the estimated costs for years 1-2 for Social Development in each of the nine provinces, including both the original estimates and the estimates adjusted for inflation. As can be seen, the inflation adjustment makes a fairly substantial difference. In year 1, for example, the total provincial IP low original estimate was R5 053,0m while the adjusted IP low estimate is R6084.6

Table 9. Costing estimates for Social Development (Rm)

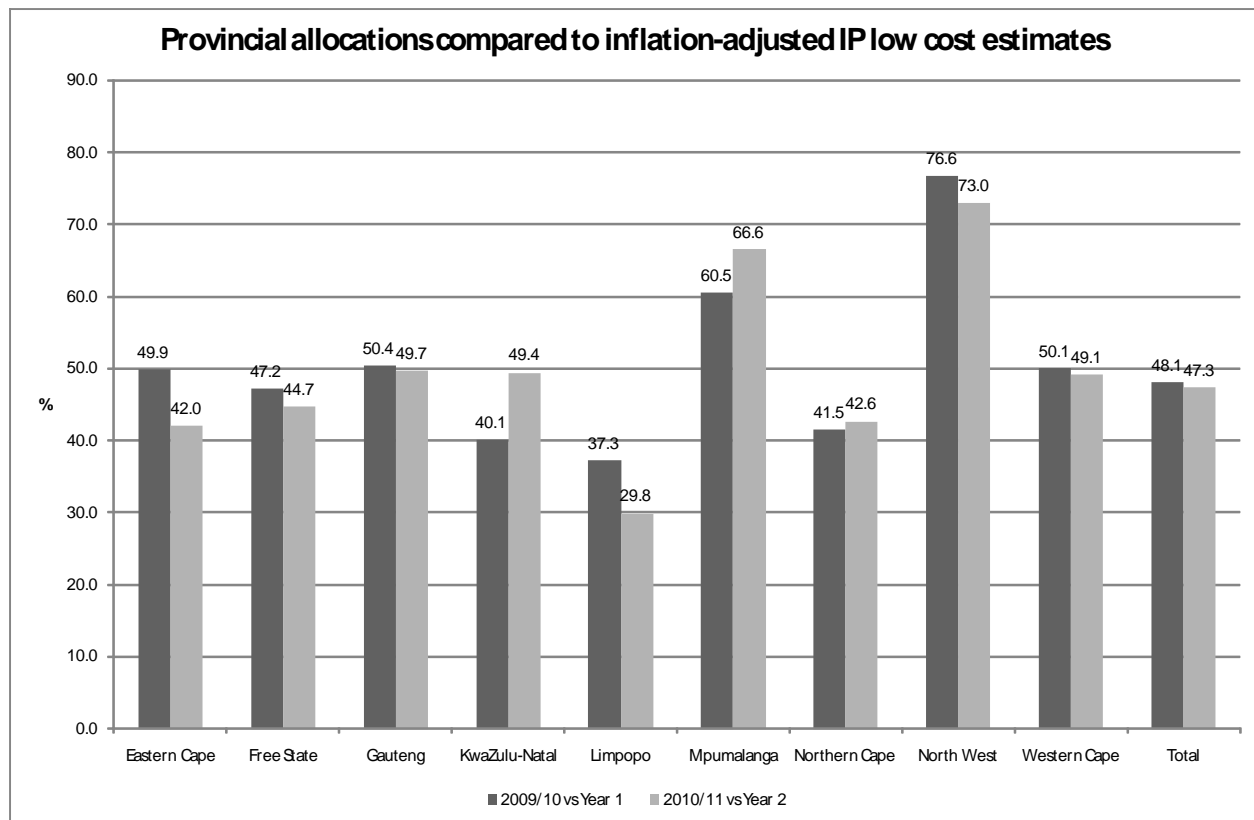
		Original			Adjusted for inflation		
		Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Eastern Cape	IP low	734	1 009	1 246	884	1 215	1 500
	FC high	6 504	7 460	8 484	7 832	8 983	10 216
Free State	IP low	483	555	646	581	669	777
	FC high	2 656	3 060	3 488	3 198	3 685	4 200
Gauteng	IP low	1 207	1 498	1 884	1 454	1 804	2 269
	FC high	7 211	8 423	9 778	8 683	10 142	11 774
KwaZulu-Natal	IP low	850	995	1 240	1 024	1 198	1 493
	FC high	11 811	13 584	15 583	14 222	16 358	18 764
Limpopo	IP low	481	648	836	579	780	1 007
	FC high	4 598	5 243	5 943	5 537	6 313	7 156
Mpumalanga	IP low	252	323	417	304	389	502
	FC high	3 644	4 195	4 788	4 388	5 051	5 766
Northern Cape	IP low	184	227	249	222	274	300
	FC high	577	677	760	695	815	915
North West	IP low	170	235	314	205	282	378
	FC high	3 200	3 718	4 276	3 853	4 476	5 149
Western Cape	IP low	692	774	863	833	932	1 039
	FC high	2 496	2 827	3 212	3 005	3 404	3 868
Total	IP low	5 053	6 263	7 694	6 085	7 542	9 265
	FC high	42 697	49 186	56 312	51 414	59 227	67 807

Table 10 shows the sum of the allocations over the MTEF period for the three sub-programmes most relevant for implementation of the Children's Act. Across the provinces, these amount to R2 536,9m in 2008/09, R2923,9m in 2009/10 and R3570,5m in 2010/11.

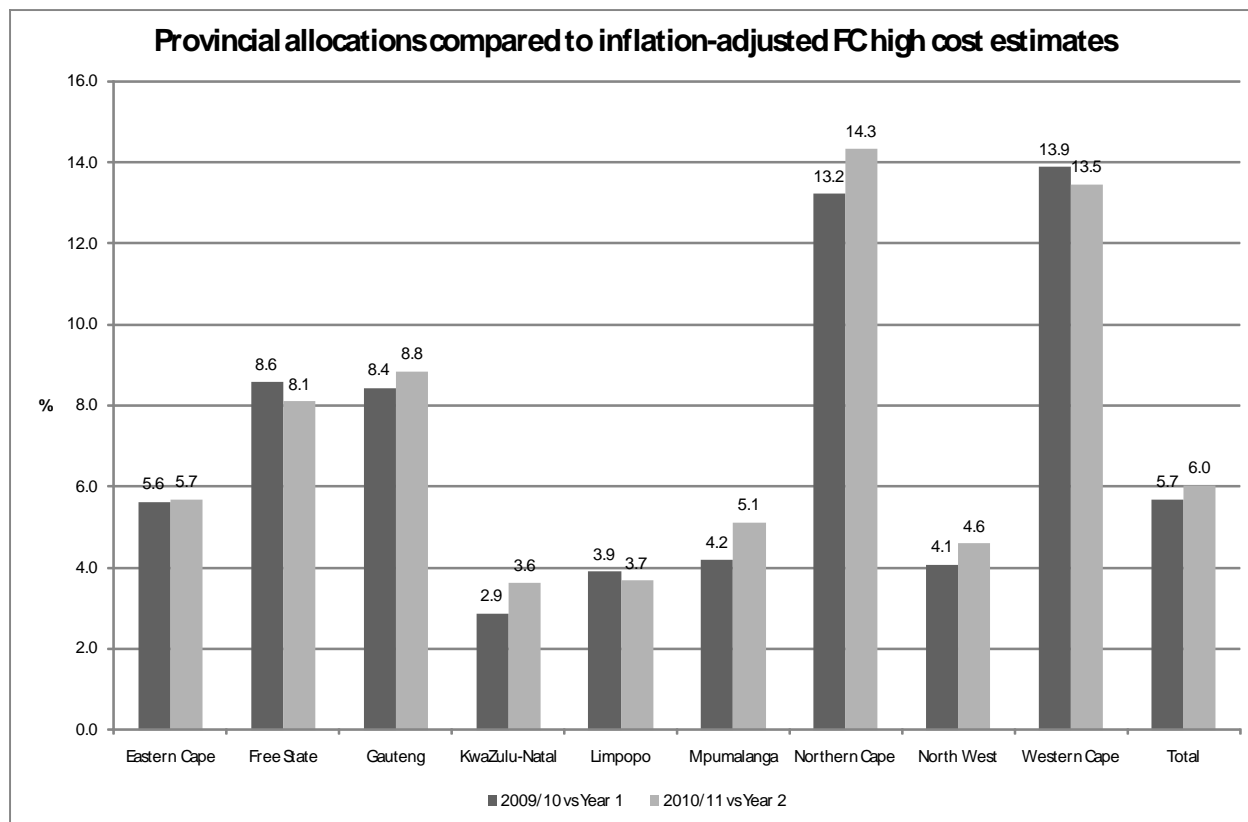
Table 10. Combined Children's Act-related allocations (Rm)

Province	2008/09	2009/10	2010/11
Eastern Cape	355	441	511
Free State	221	274	299
Gauteng	681	733	897
KwaZulu-Natal	355	410	592
Limpopo	177	216	233
Mpumalanga	171	184	259
Northern Cape	83	92	117
North West	130	157	206
Western Cape	364	417	458
Total	2537	2924	3571

The figure that follows compares the combined allocations for the three sub-programmes with the IP low cost estimates for Years 1 and 2 as adjusted for inflation. Despite the larger than average increases in allocations, Limpopo performs worst, with only 37,3% of the Year 1 estimate covered in 2009/10 and an even lower 29,8% covered in 2010/11. North West performs best, covering 76,6% of the IP low cost estimate for Year 1 but decreasing to 73,0% of Year 2. KwaZulu-Natal, Mpumalanga and Northern Cape are the only provinces that increase the percentage of the IP low costs covered between Year 1 and Year 2. Overall, the nine provinces' allocations cover under half (about 48%) of the IP low cost estimates over the two years.



As expected, the picture is even more dismal when the comparison is done with FC high estimates rather than IP low. The figure that follows suggests that KwaZulu-Natal would cover only around 3% of the estimated costs of implementation for Years 1 and 2. This is especially serious given that this province is the second largest in terms of the size of its population, has the highest HIV prevalence of all provinces, and high levels of poverty. A large number of children are thus negatively affected by this severe under-allocation. Northern Cape and Western Cape perform best, but even in these provinces less than 15% of the estimates costs of implementation are covered by the budget allocations. For this comparison six provinces show some improvement in the percentage of the cost covered when Year 2 is compared to Year 1. However, overall the nine provinces combined cover only about 6% of the FC high costs.



Government might argue that it simply does not have sufficient funds for faster implementation of the Children’s Act. However, the National Treasury notes that preliminary budgets prepared for 2008/09 suggested that some provinces were budgeting for a surplus. National Treasury has, in fact, itself budgeted for a surplus at national level for each of the three MTEF years. It argues, however, that “the economic reasons for national government budgeting for a surplus do not necessarily apply at a provincial level. It appears as though the principles of three-year budgeting and forward planning are not yet well embedded in all provinces.” (National Treasury, 2008: 130).

Table 11, compiled from the budget statements of provinces, shows that four provinces plan to have a surplus in 2008/09. (The table records surpluses and deficits before financing as many provinces do not provide after financing estimates for all years.) Eastern Cape is the outlier, with a large deficit planned, but this is balanced by large planned surpluses in the following two years.

Table 11. Deficits and surpluses, 2007/08-2010/11 (R1m)

	2007/08	2008/09	2009/10	2010/11
Eastern Cape	369	-1538	1031	2646
Free State	142	70	135	157
Gauteng	206	383	758	2062
KwaZulu-Natal	-437	0	0	0
Limpopo	609	0	0	0
Mpumalanga	101	268	336	358
Northern Cape	38	95	211	259
North West	-618	0	0	0
Western Cape	39	-86	-66	152
Total	450	-808	2404	5634

Performance indicators

South Africa's budget books do not provide numbers only in respect of financial amounts. They also provide "output" estimates that serve as indicators of physical delivery. This aspect of the budget has received less attention than the financial estimates in past years and is less standardised across provinces. The output indicators are, however, essential to provide accountability in terms of what is done with the money. They also allow parliamentarians and members of civil society to compare numbers reached with estimates of need.

For the 2008/09 budget a list of indicators was developed by national government and each province was expected to submit the full list as an annex in their budget submissions. They could, however, choose which indicators they would include in the published budget documents. Only Western Cape included the full list of indicators, as well as additional provincial indicators, in the published document. Examination of the annual performance plans from a number of provinces suggests that they also did not use the standard list in these more detailed planning documents.

Table 12 gives the number of indicators recorded by each province for each of the three programmes (The Northern Cape figures are rough estimates as the indicators are not arranged neatly by sub-programme. Thus the province's family indicators are listed together with those for child care and protection, while the HIV and Aids indicators are interspersed with others, with no separate sub-programme heading.). The Western Cape's document has the most indicators, at 53 indicators for child care & protection, 24 for HIV and AIDS, and 17 for care & protection of families that it says are nationally specified, as well as a number of further provincial-specific indicators for each sub-programme. Other provinces have far fewer indicators than the nationally specified numbers given in the Western Cape document. Eastern Cape and Limpopo are most worrying in this respect. More generally, it seems that most provinces are not complying with the national specification. While Free State seems to have more or less a complete set, 9 of the child care indicators, 4 of the family indicators, and 6 of the HIV and Aids indicators are marked as "New Data Element" with no number specified. It is commendable that the province is transparent about its current lack of knowledge of what is being done, but worrying that it cannot propose targets for these items.

Table 12. Number of performance indicators for the three sub-programmes

Province	Child care & protection	Care & support to families	HIV & Aids
Eastern Cape	3	3	2
Free State	60	10	24
Gauteng	18	7	8
KwaZulu-Natal	42	16	23
Limpopo	6	0	1
Mpumalanga	12	8	17
Northern Cape	37		9
North West	16	5	12
Western Cape	69	26	35

There are further weaknesses beyond the very different number of indicators provided.

The first is that there does not seem to be a single indicator that is provided across all provinces. The nationally prescribed list is presumably an attempt to remedy this, but – as described above – provinces are not required to include all these indicators in the published documents that are tabled and discussed in parliament and available to civil society. As noted above, the full list is also not included in the provinces’ annual performance plans.

Another weakness is the lack, or poor quality, of trend data. Five provinces – Eastern Cape, Gauteng, KwaZulu-Natal, Mpumalanga and North West – provide indicators for more than one year. Eastern Cape provides an “estimated actual” indicator alongside the target for 2008/09. KwaZulu-Natal also has both 2007/08 and 2008/09 numbers, but the overwhelming majority of the indicators have “n/a” marked under 2007/08. Similarly, Mpumalanga has 0 (zero) marked under 2007/08 for many indicators. It seems that these must also indicate non-availability of data rather than non-delivery, as otherwise the target indicators shown for 2008/09 are hopelessly ambitious. Gauteng provides performance numbers for five years – an actual delivery number for 2006/07, an estimate for 2007/08, and estimates in respect of each of the MTEF years. North West does not show performance to date, but has estimates in respect of each of the MTEF years. The multi-year approach is helpful in seeing progress over time.

Some provinces include “process” indicators, such as drafting of a policy, or implementation of various systems. North West’s document is particularly alarming in this respect in that it has very few non-process indicators. In addition, many of the non-process indicators are very vague. Under child care services, for example, 8 of the 16 indicators for 2008/09 are reflected as “implementation progress report, 2 as “progress reports”, and 3 as “final draft”.

Some of the provinces seem over-ambitious in terms of the extent to which they can improve performance in the space of one year. Eastern Cape, for example, hopes to expand the number of children’s homes registered and funded from 3 in 2007/08 to 29 in 2008/09. Even more startling, it plans to increase the number of orphans and vulnerable children (OVC) referred to alternative care by HCBC organisations from 4 152 in 2007/08 to 148 920 in 2008/09, while the number of caregivers trained and receiving stipends is expected to increase from 2 278 to 3876. The family sub-programme is also ambitious, with a planned increase in the number of families receiving family preservation services from government from 470 to 3 100.

While KwaZulu-Natal has few indicators for which numbers are given for both years, several of these record smaller output for 2008/09 than for 2007/08. Thus the number of children in places of safety run by government is planned to decrease from 2 400 to 1 100, the number of reported cases of child abuse from 3 000 to 1 300, and the number of reported cases of child neglect from 950 to 420. A decrease in the incidence of child abuse and neglect would be welcome. There are, however, two concerns with the proposed targets. Firstly, is it feasible for the extent of the problem to decrease so rapidly? Secondly, a decrease in the number of reported cases could reflect lack of trust by citizens in the effectiveness of these services rather than a real decrease in incidence.

All provinces plan an increase in the number of ECD centres registered and funded, the number of children reached in respect of ECD, and the extent of funding and reach of HCBC. There are, however, no standard indicators that allow easy comparison of the extent of service provision across provinces.

The national list of indicators is very comprehensive. However the lack of data availability and collation capacity in most provinces is likely to result in provinces not being able to report on many of the indicators for a number of years to come. In order to allow tracking and provincial comparisons of the most important indicators it may be useful for national government to specify a core set of indicators that should be prioritised. It would also be useful for monitoring purposes if a core set of indicators to be included in the published budget documents was specified.

What do the budget narratives tell us?

In addition to the budget numbers, the budget documents contain a narrative in respect of each vote. This narrative gives some indication of the importance attached to the Children's Act. It also contains the indicators (see above), which are useful in seeing how the monetary amounts are expected to result in physical outputs.

All provinces include a list of the legislation which is most relevant for the Department. Several provinces (Eastern Cape, Limpopo, Northern Cape, Western Cape) list the Child Care Act but not the Children's Act, some (Gauteng, Mpumalanga) list the Children's Act but not the Child Care Act, and some (Free State, KwaZulu-Natal) list both. What is especially surprising is that some (Eastern Cape, Limpopo) that do not list the Children's Act nevertheless list the Child Justice Bill. Northern Cape names a "United Nations Convention on the Elimination of Discrimination and Racism Against Women and Children" as governing their operations. North West has two identical paragraphs, one paragraph apart, describing the evolution of the Child Care Act from 1983 to 1999. These paragraphs end by stating that this Act "is currently being applied in instances where the new Children's Act is silent", but there is no further information on the Children's Act. Some of these features are presumably errors, but they raise a question about the extent to which provincial officials have the necessary knowledge of the Act and the provincial budgeting obligations it places on them. This raises the further question about the extent to which these obligations are being taken into account in provincial budgeting processes.

A few provinces make explicit mention of the Children's Act at later points in the vote. Such explicit mentions are, however, few and far between. Far more common are implicit references that do not name the Act, but instead describe past and planned activities that relate to services covered by it. Within the care and protection of children sub-programme, these mentions tend to focus on only a few of the many services covered by the Act, namely ECD, foster care, and children's homes. With

HIV and AIDs, the focus is often on HCBC. It is impossible to know to what extent the focus on ECD and HCBC is driven by an interest in expanding EPWP and to what extent it is driven by the need to expand Children's Act services. The standard indicators described as nationally specified by the Western Cape include both the numbers receiving services and the numbers providing services.

Beyond ECD and HCBC, other services are mentioned by some provinces but not all. Children's homes are frequently mentioned, perhaps reflecting its status as a national priority. However, the terminology needs to change as the Act uses the term "child and youth care centres" as the catch-all for a range of residential care options including reform schools, schools of industry, children's homes, places of safety and shelters for street children. Foster care placements are mentioned by several provinces, with references to the backlogs caused by the increased use of foster care in respect of children orphaned as a result of AIDS. Drop-in centres to provide basic services for vulnerable children during the day are rarely mentioned. This is disappointing as drop-in centres received a lot of attention from members of parliament when the Act was debated and passed. Prevention and protection services for children on the street are also rarely mentioned. Again this suggests relative lack of attention to prevention and early intervention.

Several provinces note plans in respect of infrastructure. These include construction of ECD facilities and children's homes. Secure care facilities are mentioned more frequently than others. While these are relevant for the Children's Act, the narrative suggests that the focus on these facilities is driven more by the Child Justice Bill and general concerns with crime than by the Children's Act.

Conclusion

Comparing the costing estimates to the actual budgets shows that there is a large gap between what is needed even at a minimum level and what the provincial departments are planning to provide. The total amount allocated in the provincial social development budgets for the three sub-programmes most closely related to children's social services covered in the Children's Act in 2009/10 is R2923,9m (R2, 9 billion). As discussed above, the inflation-adjusted costing estimate for the lowest cost scenario suggests that an amount of at least R6 billion is needed by the provincial departments of social development in the first year of implementing the Children's Act. Overall, the nine provinces' allocations cover less than half (about 48%) of the IP low cost estimates over the two years (2009/10 and 2010/11). This indicates that major budget growth is still needed to ensure that we can implement the Act even at the lowest implementation scenario.

Of the three sub-programmes which are the focus of this paper, child care and protection accounts for a total of R1 859m across the nine provinces in 2008/09, while HIV and AIDS accounts for R535m and family care and support for R143m. The sub-programmes account for 34%, 10% and 3% respectively of the allocations for the social welfare programme across the nine provinces.

The average annual increase of 29% across all provinces for the sub-programme on child care and protection is well above inflation. This growth suggests that this sub-programme, which contains the bulk of the Children's Act funding, is receiving increasing attention. The budget narratives suggest that the increased attention is mainly on ECD and children's homes.

For the sub-programme on HIV and AIDS, looking at all provinces combined, the average annual increase is 22% across all provinces. Looking at the individual MTEF years, the 2008/09 allocation is

41% larger than that for 2007/08, but the predicted increases for the following two years are much lower than this, at 8% and 17% respectively. The narratives suggest that the increased allocation is most likely to be allocated to home- and community-based care programmes, which is much needed by families affected by HIV/Aids and other chronic illnesses.

The picture in respect of the sub-programme care and support to families is more variable and less optimistic. The sub-programme accounts for 2.6% of the social welfare programme budget in 2008/09, but this percentage is set to decrease to 2.4% by 2010/11. Combined, the provinces record an average annual increase of only 7% over the five-year period. This might more or less cover inflation if one uses the inflation rate expected at the time the budgets were drawn up, but will not achieve more than that. The increase for 2008/09 is only 2%, much less than the current rate of inflation. Thus in real terms less is allocated for this sub-programme in 2008/09 than was allocated in 2007/08. Overall, the eight provinces analysed (Northern Cape cannot be included) have allocated -9% less for 2008/09 and are set to allocate -3% less in 2009/10 for this sub-programme than suggested in the MTEF documents of 2007. These decreases are worrying because this sub-programme contains some of the family support programmes that are listed in the Prevention Chapter of the Children's Act, a chapter that should be receiving priority attention.

Despite the lack of an explicit welfare component in national Treasury's equitable share formula, a summary of sectoral allocations across provinces reveals that the annual increase for Social Development, at 33,8% between 2007/08 and 2008/09 and 19,2% for the MTEF period as a whole, is higher than for all the other main sectors of the provincial budgets, and higher than the overall average annual increases of 15,5% and 11,6% respectively. This is a good sign. However, the figures also reveal the extremely small size of the share allocated by the provinces to Social Development, as compared to other sectors.

It appears that the National Treasury and the national Department of Social Development have been able to influence provincial spending allocations through what are termed "earmarked" allocations. Thus the Budget Review 2008 states in respect of Social Development that additional funds have been allocated "to early childhood development centres to increase subsidies for children, and to recruit and train more practitioners in this field. Services to children in conflict with the law are expanded, with the construction of secure care centres and strengthened home- and community-based care. The stipends of home- and community-based care practitioners in the health and social development sectors will be equalised" (National Treasury, 2008a: 125). The focus on ECD and HCBC is welcome as both these programmes have great potential to prevent child abuse and neglect. However, there are other service areas of the Act which also need budgetary attention. The process whereby these sector priorities are decided could be more transparent and participatory and thereby ensure more understanding and buy-in of the sector priorities across government and civil society. One likely area of consultation with Parliament and civil society should be around the choice of priorities and how these choice relates to the explicit provisioning clauses in the Children's Act.

All provinces include a list of the legislation which is most relevant for the Department in their narrative reports. Several provinces (Eastern Cape, Limpopo, Northern Cape, Western Cape) listed the Child Care Act but not the Children's Act. These are presumably errors, but they do raise the question to what extent knowledge and awareness of the Act is widespread among provincial government officials and therefore whether the provisions of the Act, particularly those that place budgeting obligations on the provinces, are being sufficiently taken into account in the budgeting

process. Training of government officials on the new Act should therefore include the officials who are responsible for making decisions about the allocation and expenditure of budgets.

In the area of human resources most provinces note success in increasing the government staff complement for social welfare services. This has helped to address the often extremely high vacancy rates. It has also, presumably, helped provinces avoid significant under-spending due to lack of staff capacity. However it is worrying that generally the discussion focuses only on social workers and social auxiliary workers, with no mention of other cadres, such as child and youth care workers and community development workers. Use of these workers has many benefits. It is “cost-effective” for government to the extent that the salaries of these workers are lower than those of social workers. It is effective in other ways because these workers tend to come from the communities in which they work, so have better knowledge of the community and are also less likely to move on. It is vital for the purposes of expansion of services because there simply are not enough available social workers in the country at present, and there will not be sufficient for the foreseeable future.

A comparison of the performance indicators and target lists reveals that the majority of services are envisaged to be provided by NPOs, implying that the majority of social service professionals are employed by these organisations. The NPO sector has the capacity to grow rapidly and therefore to address the many service delivery backlogs. However, the increased emphasis on growing the staff complement in the department, together with the OSD ensuring higher pay for government social workers but not for NPO workers, combined with below inflation increases in transfers to NPOs, is causing many problems for NPOs. The mechanism for funding NPOs therefore needs to be reviewed to create equality in pay and conditions of services between government employees and NPO employees and to promote sustainability and growth within the NPO sector.

Performance indicators and targets are essential for monitoring the impact of budget expenditure. This year a list of indicators was developed by national government and each province was expected to use this list in their narratives. This is a welcome development and the national list of indicators is very comprehensive. However the lack of data availability and collation capacity in most provinces is likely to result in most provinces not being able to report on many of the indicators. In order to allow tracking and provincial comparisons of the most important indicators it may be useful for national government to specify a core set of indicators that should be prioritised in the short to medium term with long term capacity for data collation being gradually built up across the provinces.

Overall, the budget documents suggest that there have been some real efforts to reflect the state’s obligations as reflected in the Children’s Act. The efforts do not, however, as yet cover even a fraction of the road that needs to be travelled. Further efforts will be needed to ensure that additional allocations include the full range of services – some of them requiring mandatory state financing – envisaged in the Act. In addition, vigilant management and monitoring will be needed to ensure that monies are utilised as planned.

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