



Children's Institute analysis of the 2009/10 budget for the KwaZulu-Natal Department of Social Development

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To see where KwaZulu-Natal stands in relation to the other provinces, please see the comparative analysis of the budgets of all nine provincial departments of social development on www.ci.org.za

Is the KwaZulu-Natal social development 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 government 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 government 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

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- 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, government must allocate adequate budget to each service. 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 KwaZulu-Natal Department of Social Development, as recorded under Vote 13, tell us about the provincial government's intentions in respect of implementing the Children's Act³.

Which parts of Vote 13 are relevant for the Children's Act?

This submission focuses on the budget for the social welfare services programme (programme 2 of the department's budget), 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.

We also discuss the sub-programme for crime prevention and support. This sub-programme is important for at least two reasons. Firstly, it includes some services prescribed by the Children's Act. Secondly, it covers services related to the Child Justice Act, and there are a range of linkages between the Children's Act and the Child Justice Act.

Other sub-programmes such as victim empowerment (within the social welfare services programme) and youth development (within the research and development programme) also

³ As we write this paper, in the first half of 2009, the Children's Act has not come into full effect. Thus at this point the child care and protection system is still governed by the Child Care Act [No 74 of 1983]. However the founding clauses of the Children's Act are also in effect which means that the Child Care Act needs to be implemented taking into account these provisions of the new Children's Act. For the purpose of budget allocation, section 4 of the Children's Act, which is already in effect, is particularly pertinent. Section 4(2) obliges all spheres and departments of government to 'take reasonable measures to the maximum extent of their available resources to achieve the realisation of the objects of this Act'. Therefore even though the Children's Act is not yet in full effect, government is obliged to have already started allocating resources to enable the full implementation of the Act. A further factor to take into consideration in the budget analysis is that even though the new Children's Act is not in full effect, the majority of the services in the new Act are already required under the Child Care Act of 1983, which is in full effect. The Costing Report on the Children's Bill that was done in 2006 showed that government was only funding 25% of the services that it was obliged to fund under the Child Care Act of 1983 (Barborton, 2006). Therefore even under the Child Care Act there is an existing statutory obligation on government to prioritise rapid budget and service delivery growth for child care and protection services.

contain pockets of Children's Act funding. The amounts are, however, likely to be small in comparison to amounts in the other four sub-programmes. They are therefore not analysed here.

The analysis is based primarily on budget statement 2, the thick document that is tabled in the provincial legislature on budget day in early 2009, and that includes a separate chapter for each department (or "vote").

Our analysis of the sub-programmes is facilitated by the fact that, since 2008/09, expenditure on maintenance and construction related to a particular sub-programme has been included in that sub-programme's budget, rather than under the administration programme. The budget figures thus give a better sense of the full cost of delivering different services.

Analysis of the 2009/10 budget

The budget documents that are tabled each year include the estimates for the coming budget year (in this case, 2009/10), as well as medium-term expenditure framework (MTEF) estimates for the following two "outer" years (2010/11 and 2011/12 in this case). Only the first of the three years is voted on by the legislature and becomes the official budget. The numbers for the two outer years are what government plans to spend in those two years, but with the understanding that plans for these two years might change. The publication of estimates for the outer two years allows us in the following year to compare government's proposed official budget for the "new" first year with the second year estimate of the previous year, and also to compare the "new" second year estimate with the third year estimate of the previous year. This shows us clearly how government's plans for specific years have changed between 2008 and 2009.

Table 1 compares the estimates published in the 2008/09 budget statement with those published in the 2009/10 budget statement. It does this for the four sub-programmes. The table illustrates both changes in amounts recorded for each year, as well as the annual percentage changes in amounts. The estimates for 2008/09 in the table in respect of the 2009 budget statement are the adjusted estimates, i.e. the original allocation plus any adjustment decided on in the mid-year supplementary budget.

The **child care & protection** services sub-programme is the sub-programme that most directly relates to the Children's Act. It is also the biggest of the four sub-programmes studied in financial terms. Comparison of the absolute amounts recorded in the budget documents of 2008 and 2009 reveals that the absolute amount is lower in the 2009 budget statement than in the 2008 statement for every year that we can compare i.e. 2008/09, 2009/10, and 2010/11. This is found despite the fact that the inflation rate was higher than expected during the 2008/09 financial year. The percentage increases from one year to the next in the 2009 budget document are also lower in two of the three corresponding years than in the 2008 budget document.

Table 1. KwaZulu-Natal estimates for child-related programmes, 2007/08-2011/12 (R1 000s)

	2007/08	2008/09	2009/10	2010/11	2011/12
Child care & protection					
2008/09 budget document	231 852	304 020	346 546	493 641	
% increase over previous year		31%	14%	42%	
2009/10 budget document	249 959	301 020	340 064	487 159	624 332
% increase over previous year		20%	13%	43%	28%
Care & support to families					
2008/09 budget document	2 500	3 000	3 225	3 419	
% increase over previous year		20%	8%	6%	
2009/10 budget document	2 946	3 000	3 225	3 419	3 624
% increase over previous year		2%	8%	6%	6%
HIV and AIDS					
2008/09 budget document	25 990	47 652	60 486	94 816	
% increase over previous year		83%	27%	57%	
2009/10 budget document	24 279	19 652	54 486	89 816	96 505
% increase over previous year		-19%	177%	65%	7%
Crime prevention and support					
2008/09 budget document	25 860	49 484	66 435	105 856	
% increase over previous year		91%	34%	59%	
2009/10 budget document	14 163	33 650	56 715	98 586	107 937
% increase over previous year		138%	69%	74%	9%

KwaZulu-Natal's allocation for this sub-programme for 2009/10, at R340m, is only a little more than half of the R600m allocated for the same sub-programme by Gauteng province. This is very worrying as the two provinces have more or less the same number of children, and KwaZulu-Natal has a much higher poverty rate than Gauteng. This means that KwaZulu-Natal is likely to have more children in need of government-funded services and should therefore be allocating more to this sub-programme than Gauteng.

On the more hopeful side, when discussing plans for 2009/10, the budget statement refers to construction of "service offices" to be built in Hlanganani, Melmoth, Mandeni and Vulamehlo. These may help to get services to currently under-served areas. However, offices are of little use if money is not allocated to employ the people to work in that office.

For the sub-programme **care & support services to families**, the allocations for each year are exactly the same as in the 2008 budget statement. This will, in real terms, represent a decrease given the higher-than-expected inflation rate in the last part of the 2008/09 budget year and currently.

The amount recorded in this year's budget statement for **HIV and AIDS** in 2008/09 is, at R19.7 million, only 41% of the amount budgeted for 2008/09 in the 2008 budget statement (R47.7 million). There was thus serious underspending on this sub-programme for 2008/09. The very large increases, of 177% and 65%, recorded for 2009/10 and 2010/11 are, as a result, completely misleading as the allocations for these two years are, in absolute terms, still noticeably less than the amounts given in the 2008 budget statements.

The poor spending on HIV and AIDS is especially worrying given that this province has the highest HIV prevalence levels in the country. Thus, for example, in 2007 the prevalence among antenatal clinic attendees ranged from 15.3% in Western Cape to 38.7% in KwaZulu-Natal⁴ (Dorrington & Bourne, 2008). Further, because the epidemic is more advanced in KwaZulu-Natal, the impact in terms of number of orphans will be relatively more acute.

It seems that the underspending on HIV and AIDS may have been part of the general cut-back in planned expenditure within the social welfare services programme. This cut-back was made so as to be able to cover unplanned expenditure in programme 1, administration. This is clearly a problem given that programme 1 does not focus on service delivery, while the social welfare services programme is overwhelmingly about service delivery.

Elsewhere in the budget statement this over-expenditure – which was concentrated in the administration programme – is explained as being mainly due to “unanticipated hiring of office accommodation, natural disasters, hired office equipment and the running cost of the departmental vehicle fleet.” Most of these reasons relate to needs of officials rather than directly to service delivery.

Crime prevention and support shows serious decreases in allocations if we compare the amounts published in the 2008 and 2009 budget books. Firstly, for 2008/09 the adjusted estimate is 32% lower than the original budget allocation. Further, the province’s estimate of what it would actually spend was 38% lower than the original allocation. Thus, as with HIV and AIDS there was serious underspending in 2008/09. The estimates for 2009/10 and 2010/11 are, respectively, 15% and 9% lower than the estimates published for these budget years in 2008. Overall, the allocation over the three years is 15% lower than estimated in the 2008 budget book.

Nevertheless, the activities do seem to have had some impact. Thus for 2008/09 the budget statement reports that the number of children awaiting trial in correctional facilities had decreased as a result of an increase in the number of children referred to diversion programmes and increased use of the home-based supervision model. In 2009/10, the department hopes to continue with existing diversion programmes and extend the programmes to the uMgungundlovu, Ugu and Sisonke districts.

The narrative suggests that there might also be some progress in future in respect of physical infrastructure that is relevant for this sub-programme. The budget statement reports that the province has registered a public-private partnership for the establishment of secure care centres and identified seven possible sites. These sites were being evaluated at the time the budget statement was drawn up.

Table 2 summarises the information in relation to percentage increases for the four sub-programmes. It adds to the information in the previous table by giving three-year average increases for the MTEF period. The table shows that the allocation for at least three of the sub-programmes should, on average, increase by more than inflation each year over the three-year period. In the case of care and support to families, with an average increase of 7%, the

⁴ Dorrington R & Bourne D. December 2008. “Re-estimated provincial HIV antenatal survey prevalence for 2007 and a reinterpretation of the national trend” in *South African Medical Journal* 98(12).

amounts allocated will only constitute a real increase if inflation decreases in coming months and remains within the inflation target of 3-6% as hoped.

The average increase for HIV and AIDS is very large, at 70%. As explained above, this large increase is completely misleading and is due to very serious underspending on this sub-programme in 2008/09. The planned relatively large increases (28% per annum average) for the child care and protection sub-programme are needed for 2009/10. KwaZulu-Natal currently has the third-lowest per capita allocation if we divide the total allocation for this sub-programme by the estimated population aged 0-19 in 2007. KwaZulu-Natal's per capita allocation for 2009/10 is estimated at R65 per child, as against R92 per child for all provinces combined. The relatively large increases for this programme will see its percentage of the total social welfare services programme increase from the 36% planned for 2009/10, to 41% in 2010/11 and then 45% in 2011/12. This does suggest that the province plans to increase the priority of these services.

Table 2. Nominal annual increases in budgets

	2009/10	2010/11	2011/12	3-year average
Child care & protection	13%	43%	28%	28%
Care & support to families	8%	6%	6%	7%
HIV and AIDS	177%	65%	7%	70%
Crime prevention and support	69%	74%	9%	47%

Transfers to non-profit organisations

A large proportion of social welfare services are provided by NPOs (both non-governmental organisations and community-based organisations) rather than by the department itself. In some cases, the department subsidises the NPOs concerned, although these subsidies generally do not cover the full cost or scope of the services. In some other provinces, the budget documents record the amount within each sub-programme that consists of "transfers to other institutions". In KwaZulu-Natal, the amount is only given for each programme as a whole. The relevant allocations are shown in Table 3.

Table 3. Estimates for transfers to NPOs within social welfare services programme, 2006/07-2011/12 (R1 000s)

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total allocation	527 402	629 974	822 516	950 673	1 199 538	1 379 043
Transfers	280 646	328 979	360 810	425 396	572 759	703 923
Transfer as % of the social welfare programme	53.2%	52.2%	43.9%	44.7%	47.7%	51.0%

The percentage of the social welfare programme budget allocated for transfers to NPOs is lower for 2009/10 than in any other year except 2008/09. The percentage for 2009/10, at 44.7%, is more than 8 percentage points lower than the 53.2% of 2006/07. The percentage is set to increase over the MTEF years. In the meantime, NPOs will struggle to deliver services.

KwaZulu-Natal includes a table that covers nearly a full page detailing the 63 largest "main" transfers with a final "other" item to capture the smaller transfers. We assume that "main" should be interpreted to mean "largest". The table gives estimates for seven years, with three

estimates – main budget, adjusted budget, and estimated actual – for 2008/09. This level of detail on transfer allocations is more than provided by any other province except Mpumalanga. The latter gives the same seven-year format for estimates but also lists every single transfer. The fact that KwaZulu-Natal does not give every single transfer can be explained by the much larger size of the province, with a much larger number of transfers. Thus the province reports that it makes transfers to close on 2 000 “entities”.

The KwaZulu-Natal budget statement notes that while the amount per entity increases at five per cent per year over the MTEF period, the higher growth in the “other” item reflects the fact that a greater number of entities will be funded each year. The department says that the 5% increase is intended “*to strengthen compliance with the applicable mandates*” (page 478). At present rates of inflation, however, 5% would mean a decrease in the real value of the allocations. It will probably also mean that many NPO staff will get salary increases below inflation, and below those given to government staff doing similar job. What is puzzling, as discussed further below, is that the listed amounts represent increases of much more than 5%.

The listing of transfers is for the department as a whole rather than for a single programme. Unfortunately, the names of the institutions benefiting from the transfer often do not allow one to judge whether that particular transfer aligns with a particular sub-programme. For example, one would need to know the particular organisation to know whether transfers to “Jabulani”, “Westsun” and “Malvern” are funding organisations that deliver services related to the Children’s Act. It is also not clear on what basis the ordering of the items is based. In some cases similar types of organisations seem to be listed together. But this is not done consistently. Thus, for example, Umzumbe Child Welfare Society is separated from a number of children’s homes and creches by a home for the aged and luncheon clubs which probably serve the elderly.

Table 4 below lists allocations that are almost certainly funded under one of the four sub-programmes analysed in this paper. The list is presented in order from largest to smallest allocation for 2009/10. For the reasons given above, the list should not be understood as representing the only allocations made to NPOs providing services linked to the Children’s Act. Instead, it is intended to give a sense of the type of organisation being funded and the range in size of allocations. In the table as a whole, the smallest allocation for 2009/10 is R20 000 for Majozi Senior Citizens Club, while the largest allocation stand at R14.9 million for Durban Children Society.

Table 4. Children’s Act related transfers for 2009/10 – 2011/12 (R1 000s)

	2009/10	2010/11	2011/12
Durban Children Society	14 950	20 309	21 528
Greytown Children’s Home	4 162	5 654	5 993
Morester Children’s Home	3 810	5 176	5 487
Koningstad Children’s Home	2 530	3 437	3 644
Ikhaya lethu Children’s Home	1 075	1460	1 548
Mseleni Children’s Home	1 133	1133	1 538
Entokozweni Creche	301	409	433
Lime Hill Creche	265	361	382
Umzumbe Child Welfare Society Pietermaritzburg	258	351	372
Ulundi Child and Family Welfare	248	337	357
Fountain of Life Creche	149	202	214
Jabulani Creche	78	106	112

What is puzzling about the above numbers is that they all record a 36% increase in the transfer amount between 2009/10 and 2010/11, followed by a 6% increase between 2010/11 and 2011/12. This directly contradicts the sentence in the budget statement that reads: *“The growth per listed entity is set at five per cent per year for the MTEF”* (page 485). The statement goes on to say that the “other” amount increases by more than 5% per year to allow for transfers to additional organisations. Our calculations give increases of 34% and 29% respectively for each of the years for the “other” category.

Further puzzles emerge if we go back to historical data. Comparison of the 2009/10 amounts with the “estimated actual” for 2008/09 shows a consistent 18% increase. This again seems to contradict the budget narrative that states: *“During the financial year, the department was able to increase subsidy tariffs to all NGOs by five per cent”* (page 478). The contradiction cannot be explained by a difference between original allocations and adjusted estimates for 2008/09 as for the overwhelming majority of organisations there is no difference between the two amounts.

The table illustrates the much larger transfers paid to children’s homes than those paid to creches. What is a bit surprising is that some of the creches receive more than child welfare societies. It is difficult to comment further without knowing the number of children served and exact services offered. Nevertheless, it is worth noting that KwaZulu-Natal’s per child daily subsidy for creches, at R12, is higher than for all other provinces.

“Earmarked” allocations

The KwaZulu-Natal statement includes a table showing “additional” provincial allocations for 2007/08 through to 2011/12. The allocations seem to be what are generally referred to as “earmarked” allocations in the statements of other provinces. Earmarked allocations usually represent spending of extra money which is added to the province’s equitable share and which the National Treasury, after discussion with the provincial departments, has encouraged provinces (through internal government communication) to spend on particular items which are national priorities.

Table 5 below shows the additional allocations that could be relevant for the Children’s Act that appear in the KwaZulu-Natal budget statement for 2009. There are again some puzzling

things about this table. Firstly, under 2007/08 the table lists amounts for 2009/10 to 2011/12. This period extends beyond the MTEF period that should be covered in the 2007/08 budget. Secondly, the table includes amounts for scholarships for social workers. This is important for our purposes given the role assigned to social workers in implementation of services related to the Children's Act.

What is puzzling here is that the national Department of Social Development has a social work scholarship programme which probably more than covers the number of social work students that universities can accommodate at present. The national department has urged provinces not to have separate programmes for this as a single national programme allows for better coordination with the National Student Financial Aid Scheme (NSFAS) which administers the programme. The national department argues that such a national programme could accommodate provincial needs by heads of the provincial departments meeting and agreeing on issues such as provincial quotas. Meanwhile, provinces could focus their attention and funds on other types of workers, such as social auxiliary workers and child and youth care workers. KwaZulu-Natal has gone against this approach on the basis of provincial autonomy of decision-making. Scholarships for social workers are listed under "national priorities". The national department would argue that they are, indeed, national priorities, but priorities that should be funded by national rather than provincial departments.

Table 5. Additional provincial allocations for 2007/08-2011/12 relevant for Children's Act

	2007/08	2008/09	2009/10	2010/11	2011/12
2007/08 MTEF period					
Employment of social auxiliary workers	24000				
Scholarships for social workers	10000				
Early childhood development			10000	10600	11236
Home community-based care			5000	5300	5618
2008/09 MTEF period					
<i>National priorities (2007/08 MTEF not allocated in outer years)</i>					
Employment of social auxiliary workers		25440	26996	28584	30299
Scholarships for social workers		40600	11236	11910	12625
<i>National priorities (2008/09 MTEF)</i>					
Expansion of ECD		32493	65094	195604	207340
Expansion of HCBC		21662	32547	65201	69113
2009/10 MTEF period					
Early childhood development					107556

KwaZulu-Natal notes that in 2008/09 they were forced to cut back on bursaries so as to reduce over-spending. This is presumably the same over-spending that resulted in cutting back expenditure on the welfare services programme and, in particular, on HIV and AIDS. The bursaries planned for 2008/09 were deferred rather than disappearing completely. They therefore reappear in the 2009/10 budget, and there are further bursary allocations for 2010/11 and 2011/12. Unfortunately, money unspent on HIV and AIDS and other services as a result of the 2008/09 over-expenditure cannot be deferred in the same way. Instead, they represent a permanently lost opportunity to assist those who needed services during 2008/09.

Allocations for government personnel

Salaries for government employees are budgeted for under the title “Compensation of employees”. KwaZulu-Natal shows strong increases in this item for 2009/10, followed by further high increases in 2010, and somewhat lower increases for 2010/11. Thus the adjusted estimate for 2008/09 is 256.0 million, the budget for 2009/10 is 294.2 million, and the estimates for the outer two years are 331.3 million and 358.7 million respectively. The budget statement says that the “sharp rise” (page 490) is mainly explained by the additional allocation for the occupation-specific dispensation (OSD) for social workers. This reasoning is supported by the fact that the increase for the social welfare services programme for 2009/10, at 18%, is higher than the 13% increase for programme 1. The reasoning does not explain the high, but similar, increases of 13% for both programmes, in 2010/11. At that point the OSD will already be in effect so should not have further impact on percentage increases. (The OSD agreement was eventually signed in the first week of June 2009.) For 2011/12, programme 2 again has a higher increase, at 8%, than the increase for programme 1.

The increases in the allocations for compensation of employees are thus partly explained by the OSD, but also by an increase in the absolute number of government officials. They might also be partly explained by above-inflation increases in pay beyond the OSD.

A table giving staff numbers shows that the overall staff numbers do, indeed, increase each year over the MTEF period. This happens for the department as a whole as well as for each sub-programme. There are also indications in the narrative of a need for particular groups of workers. For example, the budget statement points to the need for additional social workers, probation officers and assistant probation officers, all of which would be necessary for the child-related Acts.

The performance indicators suggest that the number of probation officers employed by government will increase from 54 in 2008/09, to 80, 189 and 218 in the succeeding budget years. There is also a solid increase planned for the number of professionals employed by government to render services within the community. For the social welfare programme as a whole, planned numbers of government officials stand at 1 946, 2 011, 2 062 respectively for the three MTEF years. It is not clear how these relatively small increases in numbers can be reconciled with the planned large increase in probation officers alone.

The budget statement refers to some training of government officials and those doing similar work. This is important where there are new personnel as well as where there are new services. The references include training of assistant probation officers by the South African Council for Social Service Professionals, and planned training of 605 youth on ancillary health care as part of the National Youth Service programme. The training of youth will be done in partnership with the Umsobomvu Fund and it is therefore not clear whether or not it draws on the department’s own budget.

Performance indicators

All programmes are required to publish performance (output) indicators. Some provinces record planned targets only for the immediate budget year. Some publish targets for each of the MTEF years but do not publish the target or performance for the past financial year.

KwaZulu-Natal is exemplary in terms of format in that it publishes targets for each of the MTEF years as well as providing the target for 2008/09. This facilitates meaningful assessment of the targets.

KwaZulu-Natal does not, however, provide a full list of indicators. A nationally agreed list⁵ specifies 49 indicators for child care and protection, eight for care and support to families, 18 for HIV and AIDS, and 19 for crime prevention and support. Four provinces publish all, or almost all, the specified indicators. KwaZulu-Natal publishes all the specified indicators for care and support to family and HIV and AIDS, but only 37 out of 49 for child care and protection and 13 out of 19 for crime prevention and support. Also worrying is that in 2009 KwaZulu-Natal has published fewer indicators for each of the three core sub-programmes than in 2008.

There are too many indicators to allow all of them to be repeated in this short paper. We can, however, offer some comments.

Firstly, there are instances where the delivery forecast for the MTEF years is less than for 2008/09. This is the case, for example, for the number of children awaiting trial in temporary safe care facilities run by government and the number of children referred to diversion programmes, among others.

There might also be contradictions between what is listed in the performance indicator table and what is contained elsewhere in the budget statement. For example, the narrative states in respect of ECD that “*238 practitioners funded by the department are being trained on NQF Level 1 and 4, in order to provide quality service to children*” (page 477). However, the table shows 504 “ECD practitioners” completing training in 2008/09 with a further 392 “ECD child care workers” completing training. What is also worrying about the last-named category is that the number of child care workers who will complete training decreases to 250 in 2009/10 from the 392 of the previous year.

There is a much closer match between the claim in the review of performance in 2008/09 that the number of care-givers receiving stipends increased from 2 370 to 5 126, with the list of indicators, which shows 5 000 care-givers receiving stipends in 2008/09.

As noted above, in discussing government personnel, there is a planned substantial increase in the number of government-employed probation officers and government-employed social service professionals. There is also a substantial increase planned in the number of professionals employed by NPOs in child and youth care centres (CYCCs). Under child care and protection there is, however, a possible anomaly in that the various categories for registered CYCCS show no, or very small, increases while the number of children covered increases for all categories. The same pattern is found in care and support to families. The number of ECD centres funded by government under the child care and protection sub-programme is set to increase (1 924, 2 224, 2 524), but there will also be an increase, admittedly smaller, in the number of registered centres that are not funded (721, 771, 821).

⁵ See the appendix of the comparative analysis of all nine provincial budgets for this national list. www.ci.org.za

Comparing what has been allocated to what is actually needed

The costing of the Children's Bill commissioned by government from Cornerstone Economic Research⁶ 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 2009/10 budget, and there has been fairly substantial inflation over the intervening three years. To accommodate this, we adjust the Cornerstone estimates using the latest consumer price index of 151.0 (for January 2008) and the index of 125.4 of three years earlier (January 2005). We use the 2008 inflation rate so that our analysis will be easily comparable with the analysis we did of the 2008 budgets of all provinces.

The second limitation is that 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. For example, as noted above, some of the allocation for crime prevention and support should be used for activities related to the Children's Act.

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.

Examination of the detailed data on which the IP scenarios were based reveals that KwaZulu-Natal's estimates are even more problematic than those of other provinces. For example, the number of children referred to intervention services for Year 1 is only 15 793, as compared to 50 164 for Gauteng – a much wealthier province with a similarly sized population and with lower levels of HIV infection. Similarly, the number of children at risk referred to social services is only 14 000 for KwaZulu-Natal, as compared to 51 765 for Gauteng.

⁶ 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.

For the FC scenarios, the costing team used more objective data. For these scenarios most of the estimates are based on population figures and estimates of maternal and double orphans that come from the HIV/AIDS and Demographic model of the Actuarial Society of South Africa. Further, some of the estimates of “demand” for services are weighted by the percentage of population in province that is poor, based on Statistics South Africa’s 2000 income and expenditure survey. If we look at the same items as referred to above for the IP low scenario, we find that the number of children referred for intervention services is 119 451 for KwaZulu-Natal in year 1, compared to 77 971 for Gauteng. Similarly, for children at risk referred to social services the estimates are now 123 720 and 83 591 respectively.

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 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 late 2009 at the earliest. 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.

An additional reason why this approach is conservative is that the costing report shows that many of the services prescribed in the Children’s Act (as amended) were already required in terms of the Child Care Act of 1983 and should, therefore, have been adequately funded even before the Children’s Act comes into effect.

Table 6 shows the estimated costs for years 1-3 for KwaZulu-Natal 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 R850m while the adjusted estimate is R1 024m.

Table 6. Costing estimates for KwaZulu-Natal Social Development (Rm)

	Original estimate			Adjusted for inflation		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
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

Table 7 shows the sum of the allocations in the 2009/10 budget documents that might facilitate implementation of the Children’s Act. For 2009/10, the sum of the allocations for the three sub-programmes is R398m, rising to R580m in 2010/11 and R724m in 2011/12. The final rows of the table show that this total amount represents 47% of the IP low costing estimate in 2009/10, but this increases to 58% for years 2 and 3. The 2009/10 total represents

only 3% of the FC high estimate for year 1, but this increases to 4.3% and then 4.6% in the next two years.

The allocations are 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. Nevertheless, the increased percentage over the MTEF period does suggest that there is some planned prioritisation of Children's Act services, even if off a low base.

Table 7. Combined Children's Act-related allocations (R1 000s)

	2009/10	2010/11	2011/12
Child care & protection	340 064	487 159	624 332
Care & support to families	3 225	3 419	3 624
HIV and Aids	54 486	89 816	96 505
Total	397 775	580 394	724 461
As % of IP low	46.8	58.4	58.4
As % of FC high	3.4	4.3	4.6

Comparison with allocations of other provinces reveals that KwaZulu-Natal's allocations are currently more or less average in respect of the IP low scenario. The allocations should, as a percentage, be above average by the end of the MTEF period in that across all provinces, the allocations represent between 45% and 48% of the IP estimate for the three years. However, as noted above, the base data used for the IP estimates in KwaZulu-Natal include under-estimates that are even more serious than for many other provinces. The appearance of above-average performance for KwaZulu-Natal is therefore misleading.

The KwaZulu-Natal allocations perform below par when compared to the more objectively based FC high scenario in that the cross-province average is around 5% over the same three-year period while the KwaZulu-Natal average does not reach 5% even by the end of the three-year period.

Conclusion

There are many worrying aspects of the KwaZulu-Natal 2009/10 social development budget in terms of the province's ability to meet its obligations in respect of the Children's Act. The serious underspending on the HIV and AIDS programme is especially worrying in this province, given its very high HIV prevalence rate.

The overall pattern for the four sub-programmes is of smaller allocations in the 2009 budget statement than recorded for the same sub-programmes in the 2008 budget statement. Further, there was serious underspending of the budget allocated for 2008/09 in several of the sub-programmes. The main reason for this underspending seems to have been overspending on items unrelated to service delivery.

For child care and protection, the largest and most important sub-programme for our purposes, KwaZulu-Natal has budgeted only just over half of what Gauteng budgets, despite very similar population size and much higher levels of poverty and HIV&AIDS infection.

KwaZulu-Natal must be commended for trying to provide more information than other provinces on a range of aspects, both in terms of extra tables and additional information within tables. However, several of the tables contain information that contradicts what is written in the text or even what is written in the table itself. The contradictions are particularly striking in terms of NPO funding.

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