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Children's Institute, University of Cape Town, submission to the Western Cape Provincial Parliament on the 2008/09 Budget for the Western Cape Department of Social Development

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

Introduction

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

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

To make these services available for the many vulnerable children that need them, the state needs to allocate adequate budget to each service area. The Act says that the

provincial MECs for Social Development are responsible for providing and funding all these services with the budgets allocated to them by the provincial legislatures.

Monitoring the budget allocations and expenditure for these services is 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 Western Cape Department of Social Development, as recorded under Vote 7, tell us about the provincial government's intentions in respect of implementing the Children's Act.

Which parts of Vote 7 are relevant for the Children's Act?

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

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

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

Analysis of the 2008/09 budget

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

Table 1 shows that the final audit produced a slightly decreased amount for expenditure on the child care & protection services sub-programme in the Western Cape in 2006/07. This is the sub-programme that most directly relates to the Children's Act. The estimates for 2008/09 and 2009/10 are somewhat higher than those in the tabled documents for 2007/08. Part of this increase may be explained by higher-than-expected inflation. This cannot, however, explain all of the increase. This is a positive finding.

Table 1. Western Cape tabled estimates for child care & protection services, 2007 & 2008 (R1 000s)

	2006/07	2007/08	2008/09	2009/10	2011/12
2007/08 budget document	165734	220909	287918	325525	
% increase over previous year		33%	30%	13%	
2008/09 budget document	163901	220909	307418	352075	388923
% increase over previous year		35%	39%	15%	10%

For the sub-programme care & support services to families, in contrast, there is no difference in the amounts recorded in the 2007 budget documents in respect of 2009/10 and 2010/11, and those recorded for these same years in the 2008 documents (See Table 2). These remain at R35.5m and R38.0m respectively. For HIV and Aids, there is also no change in the amounts for these two years, namely R26.9m and R28.3m. This is a disappointing finding, as both of these sub-programmes should be allocating funds for some of the services covered in the Children’s Act.

Table 2. Western Cape tabled estimates for care & support to families & HIV and Aids, 2007 & 2008(R1 000s)

	2006/07	2007/08	2008/09	2009/10	2011/12
Care & support to families	21599	28709	35525	38037	40700
% increase over previous year		33%	24%	7%	7%
HIV and AIDS	11111	16239	21345	26881	28330
% increase over previous year		46%	31%	26%	5%

The notes on the budget estimates record a number of “earmarked” allocations that are relevant for the Children’s Act. These typically represent monies which the National Treasury has stipulated (through internal government communication) should be spent on a specific item. Table 3 shows that these earmarked allocations – of which all except the last - are in the child care & protection sub-programme – are fairly substantial. However, the final columns show very different patterns in respect of change over time in these earmarked allocations. For expansion of social welfare services, the 2009/10 amount is lower than the 2008/09 amount. For EPWP in HCBC, there is no increase between these two years. For expansion of ECD programmes, in contrast, there is a 67% increase in 2009/10 and a further 40% increase in 2010/11. However, this expansion for ECD programmes comes off a low base.

Table 3. Earmarked allocations (R1 000s)

	Allocations			Increase	
	2008/09	2009/10	2010/11	2009/10	2010/11
Expansion of social welfare services	68718	67026	71047	-2%	6%
Implementation of social welfare legislation	54906	60060	62766	9%	5%
Expansion of ECD programmes	15000	25000	35000	67%	40%
Expansion of ECD EPWP	46824	49551	52524	6%	6%
Expansion of HCBC EPWP	13779	13779	14606	0%	6%

Further examination of the allocations for the three-sub-programmes covered in this paper show that the allocation for transfer payments to non-governmental organisations (NGOs) is in each case identical to the total sub-programme allocation. It seems, then, that government staffing costs in respect of these sub-programmes must be covered in the administration sub-programme. The budget document reveals that the number employed in the Social Welfare Services programme more than doubled between March 2007 and March 2008, from 558 to 1 196. The number then drops to 1 108 in 2009, after which it rises slightly to 1186 in 2010 and 2011. This pattern is puzzling given the Department’s plans to employ more social auxiliary workers, as well as its increased service delivery mandate. The narrative does not discuss the large increase of the previous year.

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

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

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

Thirdly, as discussed above, it is not possible to determine exactly which allocations relate to services to children covered in the Children's Act. For the purposes of the comparison, we take the full allocations for child care and protection, HIV and AIDS and care & support services to families. This over-estimates the amount allocated for implementation of the Children's Act as some of the expenditure for HIV/AIDS and care & support to families are not related to the Act. This over-estimate must be balanced against some allocations in other sub-programmes that will help with implementation of the Children's Act. In particular, sub-programme 2.1, administration, includes departmental staff salaries, and earmarked allocations for the employment of social auxiliary workers as well as for the "occupation-specific dispensation" (OSD) which allows for increased salaries for social workers. These earmarked allocations amount to R7,8m for social auxiliary workers and R13.9m for the OSD in 2008/09. As noted above, however, the total number of staff does not increase as much as one would expect. 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.

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

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

To simplify matters, for the purpose of this comparison we consider only the highest and lowest estimates, namely the IP low and FC high. We look only at the estimates for Years 1-3, which we take as the basis for comparison with the outer two of the three MTEF years. It is, in fact, open to debate as to which of the costing years government should currently be making allocations. The Children’s Act was passed in 2005, but the Amendment Act was passed only in 2007 and the full Act (as amended) will only be put into full effect in early 2009. Ideally, government should have started implementing and making related allocations in 2007/08 after the 2005 Act was partially put into effect in July 2006. However, the Amendment Act covers the services for which provinces are responsible, and one could thus argue that 2009/10 should be treated as Year 1. We use this conservative approach, and thus compare the allocation for 2009/10 with year 1.

Nevertheless, the fact that that full Act will only come into effect during 2009 should not be taken as a reason for low budgetary allocations for 2008/09 given that the costing report shows that many of the services provided for in the Child Care Act² 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 4 shows the estimated costs for years 1-2 for Western Cape Social Development, including both the original estimates and the estimates adjusted for inflation. As can be seen, the inflation adjustment makes a fairly substantial difference. For year 1, for example, the IP low original estimate was R691.7m while the adjusted estimate is R832.9m.

Table 4. Costing estimates for Western Cape Social Development

	Original estimate		Adjusted for inflation	
	Year 1	Year 2	Year 1	Year 2
IP low	691.7	773.9	832.9	931.9
FC high	2495.9	2827.0	3005.4	3404.1

Table 5 shows all the allocations in the 2008/09 budget documents that might facilitate implementation of the Children’s Act. For 2008/09, the sum of the allocations for the three sub-programmes is R364.3m, rising to R417.0m in 2009/10 and R458.0m in 2010/11. The final rows of the table show that this total amounts to approximately 50% of the IP low costing estimate for both 2009/10 and 2010/11, and about 13.5% of the FC high estimate. This is clearly seriously inadequate given that the costing suggested that the first year of the IP low scenario met only about 30% of the total demand for services provided for in the Bill when using the most reliable estimates available of objective need. If we had not adjusted the costing estimates for inflation, the MTEF allocations would amount to approximately 60% of the IP costing estimates, and approximately 16.5% of the FC estimates.

² No 74 of 1983

Table 5. Combined Children’s Act-related allocations(R 1000s)

	2008/09	2009/10	2010/11
Child care & protection	307418	352075	388923
Care & support to families	35525	38037	40700
HIV and Aids	21345	26881	28330
Total	364288	416993	457953
As % of IP low		50.1%	49.1%
As % of FC high		13.9%	13.5%

Table 6 shows above-inflation increases for each of the three programmes over the three-year period of the MTEF. However, Table 5 showed that these seemingly impressive increases are only sufficient to keep the allocations at the same, inadequate, percentage of the province’s Social Development costing estimate i.e. in both 2009/10 and 2010/11 the allocation remains at around 50% of the IP low and around 13.5% of the FC high. Further, the costing assumed constant inflation of 5% per year. If inflation continues at current rates, which are higher than 5%, the actual allocations will each year represent an even smaller, and more inadequate, percentage of the costing estimates of what is needed. The increases in 2008/09 for child care & protection and HIV and Aids (31%) are higher than the increase for Social Welfare Services as a whole (28.9%), but much lower than the 92.0% increase in respect of the sub-programme substance abuse, prevention and rehabilitation.

Table 6. Nominal annual increases in budgets

	2008/09	2009/10	2010/11	3-year average
Child care & protection	39%	15%	10%	21%
Care & support to families	24%	7%	21%	17%
HIV and Aids	31%	26%	35%	31%

What does the budget narrative tell us?

In addition to the budget numbers, the document on Vote 7 contains a narrative. This narrative gives some indication of the importance attached to the Act. It also contains indicators, which are useful in seeing how the monetary amounts are expected to result in physical outputs.

The discussion on “Demands and Changes in Services” notes the promulgation of some sections of the 2005 Children’s Act which do not need regulations. It notes that a family policy has been finalised, but that this still needs approval of MINMEC. It notes also the development of the first draft of a Western Cape implementation plan for the retention strategy for social workers. This strategy is important given the acute shortage of social workers in government and non-government employ and the services in the Children’s Act which require such workers. The document states that the draft will be “extensively consulted internally and externally”. The budget document refers only to social workers, while the annual performance plan (APP) suggests that the strategy will also target social auxiliary workers, child and youth care workers, community home-based carers and support staff. The approach outlined in the APP is what is needed i.e. a strategy that looks at all the categories of workers needed to implement then Act and not only social workers. The APP also talks about bursaries, which are not mentioned in the budget document, perhaps because they are funded by the national Department.

The document does say, however, that salaries for both government and non-government social workers have been “upgraded”, and we assume that these increases will come into effect immediately. As noted below in relation to the indicators, virtually all services are delivered by NGOs. The salary provisions for NGOs are thus particularly important. The document does not make clear whether the current disparity between government and non-government salaries highlighted in submissions from other organisations (notably the Homestead and Ons Plek) will continue or will be addressed.

Under “Social delivery environment and its challenges”, the Department discusses its plans for “massification” of early childhood development (ECD), including through the expanded public works programme (EPWP), ECD enrichment centres and collaboration with the South African Social Security Agency (SASSA). It states that it will address the “mushrooming” of unregistered ECD, children’s home and substance abuse facilities through public awareness and policy education, a “massive” ECD registration drive, and an audit of ECD facilities. Here, as elsewhere, ECD receives quite a lot of attention, while there is very limited – if any – attention to some of the other services envisaged in the Children’s Act. This needs to be understood in the context of the range of services the Act says the MEC “must” provide as opposed to those he/she “may” provide. While ECD is in the “may” “provide category, it is receiving a lot more attention in the budget than services such as prevention and early intervention services or child and youth care centres that are in the “must” provide category in the Act. While increased allocations to ECD needs to be celebrated and sustained, what this analysis suggests is that there is insufficient attention being paid to the other categories of services such as prevention and early intervention and child and youth care centres. This is illustrated well in the two submissions by Ons Plek and the Homestead. These are both child and youth care centres that cater specifically for street children. They also run prevention and early intervention programmes. Their submissions show that they are inadequately funded to provide these programmes. The budget narrative does not provide any indications that such challenges will receive attention in 2008/09.

The list of “most important” Acts, Rules and Regulations governing the Department’s work includes the Child Care Act of 1983, but – very surprisingly – neither the Children’s Act nor the Children’s Amendment Act. The founding provisions of the Children’s Act are already in effect and the Act should therefore be in the list.

The Review of 2007/08 records:

- Information sharing workshops on disability in partnership with the ECD sector
- Support for 70 309 children in ECD programmes, of whom 45 860 receive a subsidy. This is slightly over the department’s target of 70 000 children, but must be compared with the more than 190 872 children under five years of age recorded in the General Household Survey of 2006 as living in Western Cape households with monthly expenditure of less than R1 200. Comparing the 2007 figure of children reached with ECD (70 309) to the actual number of children in need (190 872) shows that the Department is providing for only about 37% of the children in need.

- Launch of the Child Care and Protection Plan for the Western Cape in January 2008
- Signing of 81 service level agreements with home- and community-based care (HCBC) organisations, over 60% of which are “small and emerging”
- Identification of carers to be trained, and commencement of training in respect of 249 carers.
- Establishment of support groups for children and adults by 13 funded HCBC organisations
- 240 ECD interns and 1 500 ECD practitioners in learnerships through the EPWP programme.

A concern about the EPWP programme is that it is focused only on training and does not address the need for money to fund payment for the trained workers once they have finished their training.

A section on proposed changes notes plans to terminate the agency service agreement with the Department of Justice in respect of placement of children in need of care. It also notes the planned takeover by the Department of Social Development of the child and youth centres (reform schools and schools of industry) that are currently managed by the Department of Education. This section again refers to the Child Care Act rather than the Children’s Act.

The section on service delivery measures has a different and simpler format than in previous years. While simpler, far more information is provided than in previous years, which we welcome. The first five pages (281 – 285) provide targets for 2008/09, as recorded in the annual performance plan, in respect of nationally specified outputs. This is followed by 3½ pages (286 – 289) of targets in respect of provincially specified outputs.

The nationally specified outputs in respect of child care and protection services fill more than a page (pages 282-283), covering many different services. This list reveals the extent to which government relies on non-governmental organisations (NGOs) to provide services. 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. Government also plans to have a total of 1 134 ECD sites managed by NGOs registered and funded. These sites will provide services to 72669 children, of whom 56 982 will receive government subsidies. In addition, 350 government practitioners are to be trained.

A second noteworthy – and worrying – aspect is that many of the targets are missing. For example, no estimates are given for the numbers of practitioners employed in registered and funded shelters, or government or NGO residential facilities, and on NGO practitioners delivering services. These are examples, and do not represent all missing indicators. The foster care placements are also not disaggregated into those done by government and those done by NGOs.

For HIV and Aids, there is about half a page (page 284) of nationally specified indicators. Very few of these are missing. Five indicators refer specifically to orphans and other vulnerable children (OVC).

These are:

- 200 OVC to be referred to alternative care by HCBC organisations
- 700 OVC to be referred to social grants by HCBC organisations
- 3 400 OVC to be referred to therapy and specialised counselling by HCBC organisations
- 700 OVC to be referred to primary health clinics by HCBC organisations
- 6 800 OVC to receive services from HCBC organisations

These numbers cannot be summed as some children will receive more than one service.

There are also plans to establish 16 childcare forums for HIV and Aids, and 1 750 children should receive school uniforms from HCBC organisations. These initiatives may represent the mentorship schemes for child-headed households envisaged in section 137 of the Children's Act.

For care and support to families, there is again half a page (pages 284-285) of indicators. None of these refer specifically to children, apart from 640 parents who are meant to participate in parental programmes conducted by government, and a further 640 who are meant to participate in parental programmes run by NGOs. The family counselling, family therapy, family re-unification and family preservation programmes will also serve children but do not have an exclusive focus on children.

The province-specific targets have just under half a page (page 287) on child care and protection services. Several of these relate to campaigns and training and awareness raising. None measure beneficiaries. On HIV and Aids (page 287), in respect of children there is a target of having 1 600 children in support groups, and one collaborative child care forum. For care and support to families (page 288), the province has 75 parents involved in parental programmes run by government and NGOs. It is not clear how this 75 relates to the 1 280 parents in the nationally defined targets.

We were advised to look at the APP as a source of more detailed information that would help us understand the budget and, in particular, the targets. One very puzzling feature of the APP is the following, which appears on page 8:

The Discussion Paper to develop comprehensive new Child Care legislation has been finalised. The drafting of the new Child Care Bill has commenced and it is envisaged that the draft Bill will be tabled in Parliament within the next year.

The next paragraph refers to the "Children's Amendment Act 38 of 2007 (as amended)", rather than "Children's Act 38 of 2005 as amended". These are inaccurate references to the Children's Act which need to be corrected in next year's APP.

Conclusion

It has come to our attention that the national and provincial departments of social development are using Children's Bill implementation plan formats that were drafted in 2006 by the costing consultants. These formats were based on the bill as it was

tabled in Parliament [B19-2006] instead of the Bill as it was passed by Parliament [B19F-2006].

While these formats are a big improvement on previous planning instruments, national Parliament (with the involvement of the provincial parliaments) made substantial changes to the Children's Amendment Bill on the basis of extensive public consultation and parliamentary deliberations. The end result was B19F-2006. One of these amendments, for example, involved placing greater emphasis on prevention and early intervention services by changing the words "MEC **may** provide prevention and early intervention services" to the MEC "**must** provide prevention and early intervention services". These amendments might not be filtering into the departmental implementation plans or budgets because the departments are using a format that was based on the 2006 tabled bill. Hopefully this can be rectified before the implementation plans are finalised this year.