



## Provincial Government Budgeting for Social Welfare Services<sup>1</sup>

PAN: Children from time to time invites experts in the child rights field to write Opinion Pieces on specific topics to stimulate debate. The opinions expressed in this opinion piece are those of the author and do not necessarily reflect the views of PAN: Children, HSRC or UNICEF, and neither should it be assumed to do so.

### Introduction

At this time of the year the national government and all nine provincial governments table their budgets in the relevant legislatures. On 1 April 2015, the 2015/16 budget year begins. It is therefore a good time to discuss government funding of different services.

This opinion piece looks, in particular, at government funding for social welfare services as reflected in the budgets tabled in the legislatures in February-March 2014. Most of this funding is found in the budget votes of the nine provincial departments of social development (DSD), while the funding for social assistance, including the various social grants, is found in the budget vote of national DSD. Fortunately for our purposes, all nine provinces use more or less the same structure for their budgets. This makes it easier to compare the budgets of the different provinces, as well as to compile a composite picture of all provinces' funding for social welfare services. What also makes the analysis easier – and allows us to look at trends over time – is that the budget documents tabled in the legislatures present budget numbers for seven years, with the budget year which will be discussed and voted on in the legislatures being the fifth of the seven years.

### The size of social development budgets

For the period 2010/11 to 2014/15, the provincial DSDs were allocated approximately 3% of the total provincial budgets. For 2014/15, the percentages for individual provinces ranged between 3% and 5%. This is a very small share compared to the shares going to health (31%) and education (41%). If we divide the amount allocated for DSD by the estimated number of poor people in each province (as a proxy for those most likely to be in need and least likely to be able to provide for themselves), Northern Cape has the highest per capita allocation (R1,009 per year) and KwaZulu-Natal the lowest (R299).

### The shape of social development budgets

Like all government departments, provincial DSD budgets are structured into programmes. The programmes in turn are structured into sub-programmes. For 2014/15 the provincial DSD budgets were restructured from three into five programmes, namely administration; social welfare; children and families; restorative services; and development and research.

<sup>1</sup> This opinion piece was written for PAN: Children by **Debbie Budlender** an independent social policy researcher.

The children and families programme consists of sub-programmes more or less directly related to the Children's Act. The children and families programme is the largest in all provinces except Mpumalanga, North West and Western Cape. In Gauteng the programme accounts for half of the total DSD budget. In the period 2014/15-2016/17 the children and families programme accounted for nearly two-fifths (38%) of DSD allocations if the budgets of all provinces are combined.

If we divide the amount allocated for the children and families programme by the number of poor children in the province, Gauteng has by far the highest amount (R1,269 per poor child per year), while Mpumalanga has the lowest (R280). The Mpumalanga amount is less than a quarter of the Gauteng amount.

The sub-programmes of the children and families programme are care and services to families; child care and protection; early childhood development (ECD) and partial care; child and youth care centres; and community-based care services for children (such as Isibindi and drop-in centres). Alongside these delivery sub-programmes, there is a management and support sub-programme, as in all other service delivery programmes. ECD and partial care is the largest sub-programme, and accounted for 32% of the children and families programme allocation in 2014/15.

### **Who delivers social welfare services?**

Social welfare services are, by their nature, labour-intensive. We therefore expect a substantial share of the social welfare budget to be allocated for personnel expenses ("compensation of employees" as well as for transfers to non-profit organisations (NPOs), because NPOs deliver many of the social welfare services available in the country.

The percentage of the DSD budget allocated for compensation of employees for all budget programmes combined increases between 2009/10 and 2015/16 in all provinces except Mpumalanga. In 2014/15, the percentage allocated to personnel ranged from 32% in Gauteng and 33% in Western Cape to 50% in North West. The increasing share going to compensation of employees can be partly explained by the fact that salaries have increased faster than inflation, but it is also explained by increasing staff numbers. This, in turn, is partly explained by employment of newly qualified social workers who have received bursaries while studying.

When all budget programmes are combined, the share of the DSD budget going to NPO transfers is highest in Western Cape and Gauteng, where more than half of the budget goes to NPO transfers. The relative size of the NPO transfers is in broad terms a mirror image of the pattern for government personnel. This suggests that NPO staff are performing roles that would otherwise be performed by (more expensive) government personnel.

NPO transfers account for the lowest percentages in Eastern Cape, Limpopo, Northern Cape and North West. For the country as a whole the percentage is more or less constant over the period 2010/11-2016/17. This constant share is found despite National Treasury having allocated additional funds for various services likely to be delivered by NPOs as well as some additional funds explicitly intended for support to NPOs because of the crisis in NPO funding.

The NPO share is largest for the children and families programme. However, the NPO share within children and families shows a steady decrease between 2010/11 and 2016/17. This decrease occurs despite the increasing emphasis on ECD, which should mostly consist of transfers. For ECD and partial care, six of the provinces allocate the full sub-programme budget to NPOs.

The institutional capacity building and support sub-programme, which is in another DSD budget programme, has as one of its key functions monitoring of the performance of NPOs. The allocation for this sub-programme increases much faster than the transfers for NPOs. In 2014/15, the amount allocated to institutional capacity building and support was equivalent to as much as 7-8% of total transfers to NPOs in four provinces (Eastern Cape, Gauteng, KwaZulu-Natal, and Northern Cape). Several provinces used the additional funds from National Treasury intended for addressing the funding crisis for NPOs to fund departmental staff and other costs associated with monitoring NPOs rather than for funding of NPOs.

### **Adequacy of allocations**

If we compare the amounts allocated for 2014/15 with the amounts estimated in the costing exercise undertaken while the Children's Bill was still being developed and debated, the allocation for all provinces combined is only about 45% (i.e. less than half) of the most conservative estimate of the cost of the sixth year of implementation of the Act, and a much lower 7% of the cost of the sixth year of rolling out sufficient quality services to meet actual need.

### **Some conclusions**

The new DSD budget structure is welcome because it allows us to see more clearly how much is allocated to different children's services such as child and youth care centres, ECD and community-based services. The new structure exposes some important patterns that were previously hidden, including the relative dominance of ECD and relative neglect of other types of services in some provinces.

The per capita calculations reveal enormous variation across provinces. In many cases the patterns confirm the relative advantage of the wealthier provinces, Gauteng and Western Cape. These provinces tend to have more established services, a larger number of NPOs available to deliver services, and a smaller proportion of their populations in need. These

factors all help to explain relatively better provision – although the provision is still inadequate in absolute terms.

Nevertheless, the variation found across the provinces in provision cannot be explained only by historical inequalities. Further, the fact that a province that performs well in respect of one service performs poorly for another service, suggests that the patterns reflect political choices. Choice also seems evident when patterns change for a particular province across the years. In some cases the choices may be made consciously and deliberately by provincial decision-makers. In other cases the choices may reflect past decisions or practices that are carried forward into current and future budgets without much thought. In yet other cases the choices may be based on insufficient or inadequate information.

Finally, the budget patterns confirm that the additional funding provided by National Treasury influences spending patterns in a noticeable way. Nevertheless, it is clear that the additions have not been sufficient to meet the need, and are also not always used fully for the intended purposes.

*This article is based on Budlender D & Francis D. 2014. [Budgeting for social welfare in South Africa's nine provinces, 2010/11-2016/17](#) Available for download at [www.ci.uct.ac.za](http://www.ci.uct.ac.za)*

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