# 16

# Health

## Aim

*The aim of the Department of Health is to promote the health of all people in South Africa through a caring and effective National Health Service based on the primary health care approach.*

## Policy developments

The National Department of Health is primarily responsible for determining key health policies and legislation, monitoring their implementation, and evaluating their impact on the health of the population, as set out in the 1997 White Paper on the Transformation of the Health System in South Africa. Central objectives of this transformation include the promotion of equity and accessibility in service delivery, and extending the availability of appropriate services.

Implementation of the White Paper has seen large-scale legislative reform, policy shifts and success with priority programmes. A recent review commissioned by the former Minister of Health identified particular progress in four broad areas:

- *Access to primary health care.* This is evidenced in the building and rehabilitation of hundreds of clinics and free health care at the point of delivery for pregnant women, young children and all those who use the public primary health care system. Mass immunisation campaigns have greatly reduced the incidence of measles and put South Africa on the road to being certified free of poliomyelitis.
- *Planning of the district health system for primary health care delivery.* The policy of primary health care delivery through the district health system has been clearly formulated. Demarcation and the setting up of regional and district health offices have progressed.
- *Development of key inputs.* Training for primary health care and management received substantial attention, and Cuban and other foreign and community service doctors have been introduced. These measures have improved the availability of appropriate medical personnel. An audit of public hospital conditions was completed. Availability of key drugs in the public sector has improved and essential drug lists and standard treatment guidelines have been issued for primary and hospital care.
- *Legislative developments have occurred in support of primary health care and access to services.* These include the increased regulation of medical schemes to improve access to cover (Medical Schemes Act of 1998); promotion of generic medicines and a new medicines regulatory body; increased choice to terminate pregnancy and provision of public facilities to provide safe terminations, and far-reaching new tobacco control measures (Tobacco Products Control Amendment Act of 1998).

Such progress has facilitated the development of a unified public health sector based on district primary health care. While 1999 saw few policy departures or bills introduced, substantial work took place to take forward and refine earlier policy steps and legislation.

- To ensure its constitutionality, Parliament approved three amendments to the Tobacco Products Control Amendment Act of 1998. These exclude private homes from the definition of a workplace, allow designated smoking areas in workplaces under certain conditions and

redefined "organised activity" to allow tobacco sponsorship of private events attended by shareholders and employees of tobacco firms.

- Regulations in terms of the Medical Schemes Act of 1998 were published in October 1999 after substantial consultation and came into effect on 1 January 2000. Key aspects spelt out in the regulations are the nature of the defined minimum hospital package to be included by all schemes and the mechanisms to deal with adverse selection in the context of open enrolment and inability to risk-rate as introduced by the Act. The levy bill to finance the increased regulatory oversight by the new Council for Medical Schemes will be introduced in 2000.
- The Pharmacy Amendment Bill of 1999 extends compulsory community service to those wanting to register as pharmacists in an effort to address the shortage and maldistribution of pharmacists in the public sector.
- The South African Medicines and Medical Devices Regulatory Authority Act of 1998, dealing with the regulation of importation, packaging, use and sale of medicine, was eventually found not to have been properly promulgated, thereby leaving the old legislation intact. This has provided the opportunity to consult further on the Act and to introduce amendments and the necessary regulations in 2000.
- The National District Health System task team continues to lead the national management process for the development of the system. While there has been substantial progress, many obstacles remain, including a lack of clarity about responsibilities of provincial and local government. Financing of district health services, particularly in the context of uncertainty about responsibilities, remains a problem and is being investigated by a separate District Financing Committee.

The Department of Health continues to lead Government efforts to fight the HIV/Aids pandemic. The last year saw increasing allocations to Government and NGO HIV/Aids programmes and the development of a draft *HIV/Aids Strategic Plan for South Africa 2000 to 2005.* The plan identifies a range of strategies focused on prevention, improved care and support to HIV/Aids victims, targeting the youth and protecting the human rights of sufferers, as well monitoring, research and evaluation. A National Aids Council was established towards the end of 1999 in order to galvanise support and promote coordinated efforts to deal with the epidemic. Controversial decisions were made not to make AZT available to pregnant mothers, primarily on judgements about cost-effectiveness, and to make Aids a notifiable disease.

Cabinet has also approved a special allocation on the national budget, in addition to allocations on departmental budgets to support an integrated strategy to address the disease. The allocation will comprise R75 million in 2000/01, increasing to R125 million in 2001/02 and to R250 million in 2002/03. The departments of Health, Education and Welfare are developing a joint strategy for the utilisation of these funds.

For 2000 the Department has prioritised four main programmes: the HIV/Aids programme, implementing a district health system, finalising the National Health Bill (which is to set the overall framework for a transformed health system) and developing a National Human Resource Plan. Work is also continuing on the design of a national social health insurance scheme, which may have far-reaching consequences for the financing of medical care.

## Expenditure estimates

### Table 16.1 Expenditure by programme

| | Expenditure outcome | | | Revised estimate | Medium-term expenditure estimate | | |
|---|---|---|---|---|---|---|---|
| **R million** | **1996/97** | **1997/98** | **1998/99** | **1999/00** | **2000/01** | **2001/02** | **2002/03** |
| Administration | 51,7 | 54,7 | 66,1 | 80,8 | 64,1 | 66,0 | 69,9 |
| Provincial and district support | 380,2 | 241,9 | 4 829,5 | 5 598,1 | 5 951,7 | 6 064,0 | 6 189,8 |
| External and priority service delivery health programmes | 224,1 | 215,9 | 221,1 | 403,2 | 275,1 | 296,5 | 310,9 |
| **Departmental vote** | **656,0** | **512,5** | **5 116,7** | **6 082,1** | **6 290,9** | **6 426,6** | **6 570,7** |
| Public Works[1] | | | 10,2 | 9,5 | 13,2 | 16,2 | 5,3 |
| **Total** | **656,0** | **512,5** | **5 126,9** | **6 091,7** | **6 304,1** | **6 442,8** | **6 575,9** |
| Change to 1999 Budget estimate | – | – | – | 124,0 | 32,7 | 36,0 | – |

[1] *Appropriated on Vote 26: Public Works.*

- *Administration* involves the rendering of centralised administrative, legal and office support services, and managing departmental personnel and financial administration.
- *Provincial and district support* supports and coordinates health programmes by provincial and local authorities in supplying a caring and effective health service.
- *External and priority service delivery health programmes* develops, implements, coordinates and regulates health services, procurement of pharmaceutical supplies and priority health programmes.

### Table 16.2 Economic classification of expenditure

| | Expenditure outcome | | | Revised estimate | Medium term expenditure estimate | | |
|---|---|---|---|---|---|---|---|
| **R million** | **1996/97** | **1997/98** | **1998/99** | **1999/00** | **2000/01** | **2001/02** | **2002/03** |
| Current | | | | | | | |
| Personnel | 106,1 | 111,0 | 124,5 | 125,4 | 139,0 | 146,0 | 152,8 |
| Transfer payments | 178,1 | 100,3 | 4 474,8 | 5 142,1 | 5 626,0 | 5 906,0 | 6 134,1 |
| Other | 215,8 | 184,7 | 297,8 | 458,5 | 239,9 | 258,8 | 271,1 |
| Capital | | | | | | | |
| Transfer payments | 150,5 | 91,4 | 212,8 | 336,2 | 273,0 | 102,6 | – |
| Acquisition of Capital assets | 5,5 | 25,1 | 17,0 | 29,4 | 26,1 | 29,4 | 17,9 |
| **Total** | **656,0** | **512,5** | **5 126,9** | **6 091,7** | **6 304,1** | **6 442,8** | **6 575,9** |

Personnel spending increases from R125,4 million in 1999/00 to R139 million in 2000/01, rising to R152,8 million in 2002/03 to fund critical vacant posts in the Department.

The increase in transfer payments in 1998/99 was due to the introduction in that year of conditional grants on the national budget, primarily to finance certain components of central hospital services and the training of health professionals. Funding for these services was not previously channelled through the national department. As a result, more than 90 per cent of national health expenditure comprises transfers to provinces. These conditional grants to provinces are expected to grow from R5,4 billion in 1999/00 to R5,9 billion in 2002/03.

Capital transfers were mainly in respect of conditional grants for construction of the Umtata Hospital and the Durban Academic Hospital. The Umtata Hospital was originally scheduled for completion in 1999/00, and the allocated amounts of R273 million and R102 million for 2000/01

and 2001/02 are solely for the Durban Academic Hospital. Because of slow progress with the Umtata Hospital, a rollover of a proportion of the allocation to the hospital for 1999/00 is anticipated.

## Programme 1: Administration

**Table 16.3 Programme expenditure**

| | Budget estimate | Adjusted appropriation | Revised estimate | Medium term expenditure estimate | | |
|---|---|---|---|---|---|---|
| R million | | 1999/00 | | 2000/01 | 2001/02 | 2002/03 |
| 1999 Budget | 55,2 | 83,8 | 80,8 | 54,8 | 54,3 | – |
| **2000 Budget** | – | – | – | **64,1** | **66,0** | **69,9** |
| Change to 1999 Budget estimate | – | 28,6 | 25,6 | 9,3 | 11,7 | – |

The bulk of the additional R21,1 million allocated in the adjustment estimates is due to donor funding rolled over from 1998/99, to support district development and health financing policy development.

## Programme 2: Provincial and district support

**Table 16.4 Programme expenditure**

| | Budget estimate | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|---|---|---|---|---|---|---|
| R million | | 1999/00 | | 2000/01 | 2001/02 | 2002/03 |
| 1999 Budget | 4 966,2 | 5 788,4 | 5 598,1 | 5 291,4 | 5 378,9 | – |
| **2000 Budget** | – | – | – | **5 951,7** | **6 064,0** | **6 189,8** |
| Change to 1999 Budget estimate | – | 822,2 | 631,9 | 660,3 | 685,1 | – |

The *Provincial and district support* programme replaces the former *Policy and planning* programme. The new programme is divided into five components, each of which fit into the broader strategic and operational vision of the Department.

- National health systems is responsible for ensuring a coherent health system at national, provincial and district level, liaising with the international health community on health issues, and identifying resources for the development of health services in South Africa.
- Facilities planning and hospital services is responsible for developing policy for the provision and management of hospital services, health technology, radiation control and emergency medical services. It also manages conditional grant funding for hospitals, coordinates the building and upgrading of hospitals and provides medical advice to other government departments.
- The human resources subprogramme develops policies, norms and standards to ensure that appropriate numbers and categories of personnel are trained and retained for the health sector.
- Health information, evaluation and research is intended to facilitate the availability of health data at national, provincial and district level, and facilitate health research by providing financial assistance to various health research organisations such as the Medical Research Council and the South African Institute for Medical Research.

- The maternal, child and women's health subprogramme develops and maintains policy guidelines and norms for maternal, child and youth health services, including genetic health services, and the monitoring and evaluation thereof. This includes prevention of morbidity and mortality from preventable diseases, and maintaining an integrated nutrition programme for communities.

In 2000/01, conditional grants to provinces will comprise 96 per cent of the total programme budget. The table below details the conditional grants and reflects the amounts allocated for the MTEF period.

**Table 16.5 Details of conditional grants**

| | Budget estimate | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|---|---|---|---|---|---|---|
| R million | | 1999/00 | | 2000/01 | 2001/02 | 2002/03 |
| Hospital rehabilitation | 200,0 | 213,8 | 159,5 | 400,0 | 500,0 | 520,0 |
| Central hospitals | 3 075,0 | 3 075,0 | 3 075,0 | 3 112,0 | 3 220,9 | 3 349,7 |
| Redistribution grant | 112,0 | 150,6 | 78,5 | 176,0 | 182,2 | 189,4 |
| Health professional training and research | 1 118,0 | 1 118,0 | 1 118,0 | 1 174,0 | 1 215,0 | 1 263,0 |
| Durban Academic Hospital | 246,9 | 246,9 | 176,9 | 273,0 | 102,6 | – |
| Umtata Regional Hospital | 63,9 | 152,8 | 79,0 | – | – | – |
| Integrated nutrition programme | 554,7 | 796,3 | 708,4 | 582,4 | 582,4 | 582,4 |
| **Total** | **5 370,6** | **5 753,5** | **5 395,3** | **5 717,4** | **5 783,1** | **5 905,2** |

The difference between the initial 1999 Budget and the adjusted appropriation in Table 16.5 is partly explained by rollovers of R66 million in respect of donor funding, R18 million on Departmental projects, and R396 million in respect of conditional grants from 1998/99.

Underspending on conditional grants in 1998/99 is reflected in the upward adjustment of the 1999 Budget estimate in the Adjusted Appropriation (Table 16.5). Rollovers consisted of R13,8 million on hospital rehabilitation, R88,9 million on the Umtata Hospital project, R38,6 million in redistributive grants and R241,6 million on nutrition projects. The size of the rollovers reflects to some extent the administrative complexity that was brought on the Health Department by the introduction of grants with different disbursement mechanisms. The underspending on the Umtata Hospital project is due to contracting delays, which will result in the postponement of the completion date of the project. Mechanisms introduced to reduce rollovers include payment of the nutrition grant in terms of a disbursement schedule rather than the previous claims basis.

## Outputs and service delivery trends

**Table 16.6 Provincial and district support: Key activities and outputs**

| Key activities | Outputs |
|---|---|
| National health systems | A costed core package of comprehensive primary health care services<br>Finalising of the National Health Bill<br>Development of and support towards implementation of the District Health System<br>Improved regional health cooperation within SADC<br>Liaison with international health community on health-related issues |
| Facilities planning and hospital services | Service guidelines for central hospital type services<br>Management of funding for the various hospital conditional grants<br>Coordination and funding of the planning, building and upgrading of hospitals<br>Promotion of revenue retention<br>Policy on health technology, radiation control and emergency services |
| Human resources | Norms and standards for the provision of appropriate numbers and categories of health personnel<br>Establishment of new Council for Medical Schemes |
| Health information, evaluation and research | Development, implementation and maintenance of a national health information system<br>A functioning national telemedicine system<br>Financial assistance to various health-related research institutions<br>Systems and methods for quality assurance in health service provision |
| Maternal, child and women's health | Policy guidelines for maternal, child and youth health services<br>Effective immunisation programme for children<br>An integrated nutrition programme for children |

A first step in establishing a national district health system is the demarcation of local areas into functional health districts under the governance of a single authority. The Department previously demarcated 162 health districts nationally to support development of the district health system. Boundaries will now be re-demarcated to ensure that they are consistent with the municipal boundaries determined by the Demarcation Board.

The Department has finalised the components of a comprehensive package of services to be provided by all primary health care facilities within districts. This package is currently being costed to determine its affordability. The aim is to ensure that over the next five years, all facilities in the country will be able to provide this package of services to ensure equitable access to primary health care services for all South Africans.

The South African Development Community (SADC) Health Sector was created by the fourteen member states in recognition of the need for increased cooperation to address the health needs of the more than 109 million people of the region effectively and efficiently. Its main goal is to attain an acceptable standard of health for all citizens by promoting, coordinating and supporting the individual and collective efforts of member states. In 1998, South Africa took responsibility for managing the health sector coordinating unit of the SADC Health Sector unit, and employed four staff members for this purpose. The cost of running the unit is borne by South Africa.

A major challenge facing the health system is the poor quality of hospital management throughout the country, which has contributed to overexpenditure and poor quality of care at these facilities. Associated with this is the precipitous decline in hospital revenue collection during the 1990s, by as much as 50 per cent (1992/93 to 1998/99) according to recent estimates. The main reasons advanced for this trend are the absence of incentives to collect revenue, and outdated billing systems that differ between provinces, resulting in different charges for similar services throughout the country.

To address these problems, the Department has motivated the retention of revenue to improve incentives for revenue collection, and developed a uniform patient billing system to improve revenue collection at all hospital facilities. Provinces are due to begin implementation of the billing system in the new financial year. Trading accounts as a mechanism to facilitate revenue retention are currently being piloted at the Helen Joseph Hospital in Gauteng and the Karl Bremer Hospital in the Western Cape. If successful, these pilot programmes may be rolled out to other hospitals.

Pilot programmes are currently being conducted at 15 hospitals throughout the country to effect hospital management decentralisation. Significant progress has been made in developing performance contracts for hospital managers and changing the qualification requirements for hospital managers. Other aspects include the upgrading of procurement and stock management practices, and some personnel management functions. The intention is to extend the programme to other hospitals over the next five years.

The Department is currently drafting the Allied Health Personnel Bill to regulate the activities of therapeutic aromatherapists, massage therapists and reflexologists. Various training programmes are under way, including a Health management training programme for senior managers, and a health and welfare management training course.

The Department's core curriculum for primary health care training has been developed and endorsed by various health professional bodies.

The new Council for Medical Schemes is currently being established. Members of the Council have been appointed and various posts have been advertised.

The first year of community service for medical interns has been judged a qualified success. A recent review argued that the aim of more equitable health service provision benefited from the policy and that the objective of assisting with the professional development of young doctors has been met by some of the community service placements. Of the 1 122 community service doctors who reported for duty in 1999, 45 per cent were placed in community health centres and district hospitals and the rest in regional, tertiary and specialised hospitals. A quarter qualified for a rural allowance, indicating placement in "inhospitable rural situations". Community service for dentists is scheduled to begin in July 2000 and pharmacists will begin in 2001.

The telemedicine project is aimed at using technology to reduce the need for referral to tertiary facilities through video linkages, enabling specialists at urban tertiary hospitals to advise rural hospital staff on diagnosis and treatment of patients. Implementation of the project is nearly 75 per cent complete, and a demonstration with video linkages between Pretoria, Witbank, Ermelo, Kimberley and Umtata has been done.

The preliminary report based on the first South African Demographic and Health Survey was published in August 1999. The objective of the survey, conducted during the first nine months of 1998, is to provide up-to-date information on various health outcomes and behaviour. Certain anthropometric information is also supplied.

Work is continuing in a number of areas, such as the regional and district health information systems and quality assurance mechanisms. As part of a strategy to improve quality of care at hospitals, Presidential and Premier Awards are being introduced to reward outstanding and improved hospitals by level of care.

### Policy developments

Conditional grants to provinces are key mechanisms for financing certain levels of hospital care and health professional training. Research is under way to re-examine the appropriateness of the grants and to ensure that the flows and extent of funding match service delivery plans, and to

define more explicit conditions and monitoring tools for these grants. The research is due for completion in 2000 in order for adjustments to be made for the 2001/02 to 2003/04 MTEF period.

Rising personnel costs have been a major source of concern in the health sector, as they have crowded out other essential health inputs. The establishment of the Health and Welfare Sector Bargaining Chamber will allow for more focused attention on these issues in the health sector. A key concern is the establishment of appropriate mandating procedures in order to accommodate the various interests and constraints in the determination of salary improvements. The Health Department has budgeted R2,4 million for the chamber's negotiating unit.

A ministerial task team has been established to develop a national health personnel plan to ensure that appropriate numbers and categories of skilled personnel are available for appropriate levels of care, and that future personnel requirements are planned for in the development of training programmes.

The Department of Health pioneered the notion of community service through the introduction of compulsory community service for doctors in 1998. The apparent success of that programme in addressing the staff shortages of critical health personnel has persuaded the Department to extend this to other categories of health personnel.

## Programme 3: External and priority service delivery health programme

**Table 16.7 Programme Expenditure**

| | Budget estimate | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|---|---|---|---|---|---|---|
| **R million** | | **1999/00** | | **2000/01** | **2001/02** | **2002/03** |
| 1999 Budget | 928,7 | 575,1 | 403,2 | 895,3 | 940,5 | – |
| **2000 Budget** | – | – | – | **275,1** | **296,5** | **310,9** |
| Change to 1999 Budget estimate | – | (353,6) | (525,5) | (620,2) | (644,0) | – |

The *External and priority service delivery programme* comprises five subprogrammes, as detailed below.

- Pharmaceutical and food services regulates and coordinates pharmaceutical products procurement and drug supplies, promotes rational drug use by consumers and health workers, provides professional and administrative support to the Medicines Control Council and administers food safety regulations and legislation.
- Disease prevention and control develops policy on management of priority diseases, provides financial support to various organisations, subsidises vaccine production and provides some financial support to the South African National Tuberculosis Association.
- Priority service delivery areas aims to reduce the transmission of HIV/Aids and tuberculosis, and provides financial assistance to organisations involved in related work.
- Non-personal health services aims to increase public health knowledge and foster healthy lifestyles and community action via health promotion campaigns in the areas of occupational and environmental health issues.
- Health and welfare sector negotiations aims to facilitate the promotion of labour peace in the health and welfare sector, promote and maintain sound relations with labour and negotiate collective agreements on matters of mutual interest.

A significant component of the expected underspending in this programme relates to the Integrated nutrition programme, which is a conditional grant transferred to provinces on submission of

claims. Due to major bottlenecks in the administrative process, significant amounts were not transferred to provinces, resulting in rollovers of R241 million in 1998/99. The redesign of the grant conditions from a reimbursement mechanism to a payment schedule in 1999/00 has removed the potential for rollovers at the national level. The revision of baseline estimates reflects the shift of the grant to the *Provincial and district support* programme.

## Outputs and service delivery trends

**Table 16.8 External and priority service delivery health programme: Key activities and outputs**

| Key activities | Outputs |
|---|---|
| Pharmaceutical and food services | Essential Drug Policy and implementation<br>Administration of food safety legislation<br>Nutrition policies and strategies<br>Medicines and related substances control and support to Medicines Control Council |
| Disease prevention and control | Policy on disease management and control for priority chronic diseases, eye care, cancers, and diseases of older persons and on prevention of disability<br>Financial assistance to SA National Council for the Blind and Santa<br>Support towards vaccine production and virological services<br>Establishment of the National Health Laboratory Service, rationalisation of blood transfusion services and medicolegal mortuaries |
| Priority service delivery areas | Strategies to reduce transmission of HIV/Aids and regarding appropriate care, counselling and support for those infected and affected<br>Aids awareness and financial assistance to institutions and projects<br>Prevention and control of tuberculosis and support of research<br>Policies for mental health care and service delivery<br>Campaign to increase immunisation coverage |
| Non-personal health services | New strategic approach for environmental health services<br>Health promotion and tobacco control programme<br>Medical Bureau for Occupational Diseases |
| Health and welfare sector negotiations | Facilitate sound labour relations and negotiate collective agreements |

Several policy development initiatives are under way regarding nutrition as well as support for the Integrated nutrition programme through capacity building, training and technical assistance, in particular to provinces. A survey on iodine deficiency disorder was completed, information and training packages regarding vitamin A distributed, a baby-friendly hospital initiative in South African health facilities was launched and extensive training was provided to provinces on growth monitoring and promotion.

The national drug policy aims to increase access to affordable medicines for all South Africans, and introduce more appropriate drug utilisation and prescribing. The revised standard treatment guidelines and essential drug list for primary health care was published in December 1998, together with a list for hospital-level care. Some difficulties have been experienced with implementation, as drug availability continues to be a challenge at primary care level, and hospital prescribing practice has been slow to adapt to the new regime.

In 1999, the Department introduced vaccination against Haemophilus Influenza Type B, which can lead to severe illness and death among children. An amount of R88 million was set aside for this purpose in 1999/00. R28 million has been earmarked over the next three financial years to subsidise and support vaccine production in South Africa.

### Policy developments

Direct allocations for fighting HIV/Aids on the departmental budget will total R127 million in 2000/01. This allocation will be used to support the Government Aids Action Plan, fund projects and support research and disease surveillance. In addition, Cabinet has allocated R75 million for an integrated HIV/Aids strategy in 2000/01 which will increase to R125 million in 2001/02 and R200 million in 2002/03. A coordinated strategy to utilise this funding is being finalised jointly by the departments of Health, Education and Welfare. The initial focus of the programme will be youth, with life-skills training in schools, expansion of voluntary counselling and testing and further development and piloting of home and community based models of care absorbing the bulk of the allocation.

An HIV/Aids Action Plan, setting out the strategic aims, objectives and programmes to be implemented from 2000/01 to 2004/05 to reduce infection rates, support victims and promote research into appropriate vaccines and palliative medicine, was completed in 1999. The plan has been approved by the Provincial Health Restructuring Committee, which is the highest official decision-making body in the health sector.

In 2000, legislation will be tabled to unify pathology services to Government in the National Health Laboratory Service in an effort to increase efficiency and sound service delivery by removing the current fragmentation of laboratory services. Cabinet has also been approached on the need to improve the standard of medico-legal services by transferring medico-legal mortuaries of the South African Police Service to provincial health departments.

## Public entities reporting to the Minister of Health

### Medical Research Council

The Medical Research Council provides scientific research, focusing mainly on clinical issues, and is supported by the Health Department in the setting of research priorities. A critical task is research into a vaccine that could possibly prevent HIV/Aids infection, with specific focus on the strain of the virus which affects populations in Sub-Saharan Africa. The Council is focusing on cutting-edge research that is relevant to the health problems facing South Africans. The allocation to the Council increased by R79,5 million in 1999/00 to R108,2 million in 2000/01.

### South African Vaccine Producers and State Vaccine Institute

The South African Vaccine Producers and State Vaccine Institute play a critical role in the control and prevention of communicable diseases, by producing human vaccines and antiserum against diseases affecting mostly the developing world. In 1999/00, these government-owned agencies were allocated a combined budget of R10,1 million. An additional R20 million was made available for the restructuring of the South African Vaccine Producers. For 2000/01, only R5,4 million has been allocated to the SVI, and financial support to the South African Vaccine Producers has been reduced to R4 million.

### South African Institute for Medical Research

The Department of Health provides financial support to the South African Institute for Medical Research through a preferred-provider agreement for all its laboratory investigation, and small subsidies for the maintenance of the national cancer register. In December 1998, all the assets and liabilities of the Institute were ceded to the Minister of Health, and plans are under way to amalgamate all government laboratory services into a single National Health Laboratory Service, established as a state-owned entity. A draft National Health Laboratory Service Bill has been published for comment, and will be presented to Parliament in 2000.