

Vote 15

Health

| R thousand | 2007/08 To be appropriated | 2008/09 | 2009/10 |
|--|-------------------------------|-------------------|-------------------|
| MTEF allocations | | | |
| Administration | 205 467 | 206 914 | 218 210 |
| Strategic Health Programmes | 3 216 723 | 3 461 165 | 3 896 242 |
| Health Service Delivery | 9 160 592 | 10 197 827 | 11 004 350 |
| Human Resources | 72 350 | 77 857 | 80 628 |
| Total | 12 655 132 | 13 943 763 | 15 199 430 |
| Direct charges against the National Revenue Fund | – | – | – |
| Total expenditure estimates | 12 655 132 | 13 943 763 | 15 199 430 |
| Economic classification | | | |
| Current payments | 860 193 | 907 778 | 947 422 |
| Transfers and subsidies | 11 760 745 | 13 010 554 | 14 225 288 |
| Payments for capital assets | 34 194 | 25 431 | 26 720 |
| Total expenditure estimates | 12 655 132 | 13 943 763 | 15 199 430 |
| Executive authority | Minister of Health | | |
| Accounting officer | Director-General of 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 system based on the primary healthcare approach.

Programme purposes

Programme 1: Administration

Provide overall management for the department, as well as strategic planning, legislative and communication services and centralised administrative support.

Programme 2: Strategic Health Programmes

Co-ordinate a range of strategic national health programmes through developing policies and systems and through monitoring. Manage and fund key programmes.

Programme 3: Health Service Delivery

Support the delivery of health services, primarily in the provincial and local spheres of government.

Programme 4: Human Resources

Develop and assist provinces and districts to implement a comprehensive long-term national human resources plan which will ensure an equitable distribution of health human resources; provide the resources and expertise for bargaining in the national Public Health and Welfare Sectoral Bargaining Council; and liaise with the international and regional health communities. .

Strategic overview: 2003/04– 2009/10

The Millennium Development Goals set key targets for improving health outcomes for all countries. Given the burden of disease demonstrated in Statistics South Africa's review of mortality trends from 1997 to 2004, the health sector faces formidable challenges in reversing these and achieving sustained improvements in health status and outcomes.

The department's priorities, key activities, targets and indicators are discussed in detail in the publication *Strategic Priorities for the National Health System 2004-2009*. The department's broad aims are to combat communicable and non-communicable diseases and strengthen health promotion and health systems. For 2006/07 and 2007/08, the National Health Council has adopted a set of five priorities:

- develop provincial service transformation plans
- strengthen human resources for health
- improve quality of care
- strengthen the provision of infrastructure for clinics and hospitals
- strengthen priority health programmes, with a specific focus on healthy lifestyles, managing and controlling TB, HIV prevention, and maternal, child and women's health, including immunisation.

Provincial health service transformation

With the assistance of the national department, provinces have developed service transformation plans (STPs) to reshape and resize their health services and develop appropriate, adequately resourced and sustainable health service delivery platforms which are responsive to needs. The STPs have been costed for the new resources needed to meet service gaps. The department will continue to support provinces to update and refine their plans in 2007/08.

Human resources

The national human resources for health (HRH) strategic framework was launched in April 2006 on the World Health Organisation's International Day for Human Resources for Health. The department has guided the development of provincial HRH plans, and four provinces have produced draft plans. Over the MTEF period, the department will support the remaining five provinces and the 52 districts to develop their HRH plans.

A task team set up between the Department of Health and the Department of Public Service and Administration to address conditions of service for health professionals in the public sector is finalising its recommendations. Revised remuneration packages will be awarded to health professionals in a phased manner over the MTEF period. Rural and scarce skills allowances were introduced to retain skilled healthcare providers. Between December 2004 and December 2006, the public health sector recorded a net gain of 29 099 health personnel, 1 964 medical practitioners, 7 060 nurses and 297 pharmacists. Treaty permits were extended for 115 Cuban doctors serving in the government to government agreement for a period of three years. As part of the strategy to address critical shortages in nursing personnel, the department plans, in conjunction with provinces, to increase the intake of nursing students in 2007.

Improved quality of care

Various interventions to improve the quality of healthcare are being implemented. In 2005/06, a national hospital improvement plan was launched and the national infection control policy finalised. In 2007/08, clinical audits will be routinely monitored in all hospitals, especially regional and tertiary hospitals. The management of complaints in hospitals will be strengthened to reduce the time it takes to address complaints. All public hospitals will be assisted to conduct and publish annual patient satisfaction surveys.

Strengthening infrastructure

Infrastructure provision is being progressively strengthened, with provincial departments building and upgrading clinics and community health centres.

A key objective is to reduce the response times of emergency medical services (EMS) in urban and rural areas. The department will support provinces in developing and implementing EMS plans. With the 2010 FIFA World Cup in sight, the department will finalise the operational plan for health and medical logistics for the event. Of key significance will be an adequate fleet of reliable ambulances, appropriately trained and qualified personnel, and state of the art equipment and communications systems.

Strengthening priority programmes

Several strategies are being implemented to reduce morbidity and mortality among infants, children under five years and mothers. Immunisation coverage was increased to 82 per cent in 2004/05. The integrated management of childhood illness strategy was expanded to cover all sub-districts. Key future priorities are to strengthen the expanded programme on immunisation, specifically the implementation of the Reach Every District strategy.

Access to termination of pregnancy services has been provided to 344 477 women between 1997 and 2004, and is being cascaded down from hospitals to community health centres. A confidential inquiry into maternal deaths has been institutionalised. The implementation of the key recommendations will be accelerated, including, among others, improving the supply of safe blood and blood products to district hospitals, increasing access to emergency transport for pregnant mothers, and promoting early presentation of pregnant women to the health services.

A national tuberculosis (TB) crisis management plan was implemented in 2006 in three provinces, namely Eastern Cape, Gauteng and KwaZulu-Natal. Four of the worst performing districts in these provinces were identified, namely Amatole District and Nelson Mandela Metro (Eastern Cape), City of Johannesburg (Gauteng) and Ethekwini Metro (KwaZulu-Natal), and provided with support in accordance with their locally developed plans. The aim of the crisis management plan is to increase the number of TB patients testing negative for TB within three months of treatment and to increase the cure rate. Experiences from the first year of implementation indicate that much more needs to be done. The advent of extreme drug resistant TB in 2006 poses yet another challenge.

Noting the rising prevalence of chronic lifestyle diseases, the department initiated healthy lifestyle campaigns including Vuka South Africa: Move for your Health in 2005/06, in which more than 120 000 South Africans participated. Through legislation, all citizens are protected against the harmful effects of tobacco, and users of alcohol will be informed of its harmful effects through appropriate labelling when the regulations are completed in 2007/08.

The comprehensive plan for HIV and Aids care, management and treatment is being implemented, with an increasing proportion of public health facilities offering voluntary counselling and testing (increased from 80 per cent to 90 per cent in 2005/06) and prevention of mother to child transmission (increased from 60 per cent to 90 per cent in 2005/06). In 2006/07, the service was expanded to more than 270 sites in all 52 districts. This includes providing nutrition supplements to people living with debilitating conditions. A monitoring and evaluation framework for the plan was implemented, and all provinces submitted monthly progress reports. The public health system has placed more than 210 000 eligible patients on anti-retroviral therapy to date.

Other priorities

Malaria control has been strengthened in the Maputo corridor. A documented two year backlog in medical assistive devices has been eliminated. Public sector hospitals have been made more accessible to people with physical disabilities. Cataract surgery operations have restored the sight of more than 1 million elderly South Africans since 2004/05. The supply of safe and reliable blood units has increased by more than 10 per cent a year, and a non-discriminatory risk model for assessing blood donors was developed and implemented.

Planning processes at district level were strengthened, with 90 per cent of health districts producing district health plans for 2006/07. Key focus areas in 2007/08 will include conducting a primary healthcare (PHC) audit

to assess the extent to which the full package of PHC services is being delivered and the physical condition of facilities, particularly at sub-district and facility levels.

The department has facilitated the passage of a number of pieces of legislation, including the Pharmacy Amendments Bill in November 2005, which aims to ensure that all South Africans have access to safe and affordable medicines, dispensed by appropriately qualified personnel, and that all pharmacies are licensed.

Expenditure estimates

Table 15.1 Health

| Programme | Audited outcome | | | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|--------------------------------|------------------|------------------|------------------|------------------------|-------------------|----------------------------------|-------------------|-------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | |
| R thousand | | | | | | | | |
| 1. Administration | 117 434 | 145 764 | 160 953 | 187 993 | 169 660 | 205 467 | 206 914 | 218 210 |
| 2. Strategic Health Programmes | 1 049 023 | 1 472 844 | 1 999 706 | 2 841 992 | 2 770 659 | 3 216 723 | 3 461 165 | 3 896 242 |
| 3. Health Service Delivery | 6 510 950 | 6 798 519 | 7 744 401 | 8 358 905 | 8 351 221 | 9 160 592 | 10 197 827 | 11 004 350 |
| 4. Human Resources | 58 148 | 37 734 | 32 024 | 65 103 | 65 103 | 72 350 | 77 857 | 80 628 |
| Total | 7 735 555 | 8 454 861 | 9 937 084 | 11 453 993 | 11 356 643 | 12 655 132 | 13 943 763 | 15 199 430 |
| Change to 2006 Budget estimate | | | | 183 997 | 86 647 | 640 000 | 1 241 000 | |

Economic classification

| | 607 427 | 633 190 | 600 349 | 778 896 | 690 896 | 860 193 | 907 778 | 947 422 |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Current payments | | | | | | | | |
| Compensation of employees | 177 743 | 190 808 | 209 138 | 240 030 | 230 030 | 251 826 | 265 777 | 280 982 |
| Goods and services | 426 576 | 442 290 | 390 433 | 538 866 | 460 866 | 608 367 | 642 001 | 666 440 |
| <i>of which:</i> | | | | | | | | |
| Communication | 16 413 | 14 118 | 15 880 | 14 088 | 14 088 | 15 617 | 16 600 | 17 350 |
| Computer services | 14 141 | 10 750 | 13 816 | 16 403 | 16 403 | 13 094 | 13 505 | 13 905 |
| Consultants, contractors and special services | 73 328 | 38 897 | 26 540 | 34 935 | 22 935 | 35 257 | 37 701 | 39 232 |
| Inventory | 89 992 | 166 169 | 85 659 | 170 924 | 132 924 | 196 207 | 202 537 | 208 613 |
| Maintenance, repairs and running costs | 1 563 | 1 686 | 4 070 | 2 619 | 2 619 | 2 852 | 3 005 | 3 111 |
| Operating leases | 21 945 | 25 290 | 28 635 | 41 712 | 41 712 | 34 297 | 36 871 | 40 231 |
| Travel and subsistence | 49 484 | 77 388 | 62 906 | 83 122 | 68 122 | 86 597 | 91 156 | 94 780 |
| Accommodation charges | 1 986 | 2 497 | 2 646 | 3 243 | 3 243 | 3 801 | 4 061 | 5 011 |
| Municipal services | 3 470 | 3 643 | 3 932 | 4 607 | 4 607 | 5 000 | 5 314 | 5 846 |
| Financial transactions in assets and liabilities | 3 108 | 92 | 778 | – | – | – | – | – |
| Transfers and subsidies | 7 107 816 | 7 795 277 | 9 307 632 | 10 631 194 | 10 631 194 | 11 760 745 | 13 010 554 | 14 225 288 |
| Provinces and municipalities | 6 783 766 | 7 444 080 | 8 907 992 | 10 206 719 | 10 206 719 | 11 320 982 | 12 543 229 | 13 725 822 |
| Departmental agencies and accounts | 222 649 | 253 104 | 249 854 | 295 460 | 295 460 | 289 476 | 300 550 | 315 605 |
| Universities and technikons | – | – | 4 000 | 1 250 | 1 250 | 1 000 | 1 000 | 1 000 |
| Foreign governments and international organisations | – | – | 1 000 | 1 000 | 1 000 | – | – | – |
| Non-profit institutions | 94 901 | 95 319 | 143 417 | 126 303 | 126 303 | 149 287 | 165 775 | 182 861 |
| Households | 6 500 | 2 774 | 1 369 | 462 | 462 | – | – | – |
| Payments for capital assets | 20 312 | 26 394 | 29 103 | 43 903 | 34 553 | 34 194 | 25 431 | 26 720 |
| Buildings and other fixed structures | 72 | 7 719 | 6 193 | 5 000 | – | – | – | – |
| Machinery and equipment | 16 114 | 18 525 | 13 770 | 33 029 | 28 679 | 34 194 | 25 431 | 26 720 |
| Software and other intangible assets | 4 126 | 150 | 9 140 | 5 874 | 5 874 | – | – | – |
| Total | 7 735 555 | 8 454 861 | 9 937 084 | 11 453 993 | 11 356 643 | 12 655 132 | 13 943 763 | 15 199 430 |

Expenditure trends

For the 2007 MTEF period, the department received additional allocations for:

- recommissioning the Civitas building, including for IT cabling and furniture (R10 million in 2007/08)

- LoveLife: to sustain face to face interactions with 600 000 young people on a monthly basis, develop youth friendly services in public clinics, and provide HIV communications through the radio and other media (R30 million in 2007/08, R40 million in 2008/09 and R50 million in 2009/10)
- hospital revitalisation conditional grant: to accelerate the programme and address recent cost escalations (R200 million, R300 million and R500 million)
- HIV and Aids conditional grant: to expand coverage of the comprehensive plan and strengthen prevention programmes (R300 million, R500 million and R850 million)
- national tertiary services grant: to modernise tertiary services by acquiring radiation oncology and diagnostic radiology equipment in selected hospitals (R100 million, R200 million and R250 million); part funding of the new remuneration dispensation for health professionals (R200 million for 2008/09 and R280 million for 2009/10).

Expenditure grows from R7,7 billion in 2003/04 to R15,2 billion in 2009/10, an average annual increase of 11,9 per cent. The department's budget has grown at an average rate of 14 per cent a year over the past three years and grows by 10,5 per cent in 2007/08 and at an average annual rate of 9,9 per cent over the MTEF period. The largest areas of growth have been in the *HIV and Aids* subprogramme in programme 2 and in the hospital revitalisation grant in the *Hospital Services* subprogramme in programme 3.

In the period ahead all the major programmes grow, with *Strategic Health Programmes* increasing by an average of 11,1 per cent annually over the MTEF period, *Health Service Delivery* by 9,6 per cent and *Human Resources* by 7,4 per cent. Transfer payments constitute 94 per cent of voted expenditure and grow by an average of 10,2 per cent annually over the period.

Infrastructure spending

The major infrastructure spending is under the hospital revitalisation grant, shown in programme 3 under capital transfers. Allocations under this grant increase from R717,6 million in 2003/04 to R2,6 billion in 2009/10. 43 hospitals are being upgraded or replaced as part of the hospital revitalisation programme, which enters its fifth year in 2007/08 and has continued to illustrate the importance of an integrated strategy for improving health service delivery. The programme includes improving infrastructure, equipment, quality of care, management and organisational development at the targeted hospitals. Over the MTEF period, four new hospitals are envisaged to be completed in four provinces: Mamelodi Hospital (Gauteng), Barkley West (Northern Cape), Rietvlei (KwaZulu-Natal) and Worcester (Western Cape).

Departmental receipts

The largest source of departmental revenue is from fees for the registration of medicines by the Medicines Control Council (MCC). Pending the establishment of the MCC as a juristic person, accumulated funds were surrendered to the National Revenue Fund in 2005/06.

Table 15.1 Health

| Programme | Audited outcome | | | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|--------------------------------|------------------|------------------|------------------|------------------------|-------------------|----------------------------------|-------------------|-------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | |
| R thousand | | | | | | | | |
| 1. Administration | 117 434 | 145 764 | 160 953 | 187 993 | 169 660 | 205 467 | 206 914 | 218 210 |
| 2. Strategic Health Programmes | 1 049 023 | 1 472 844 | 1 999 706 | 2 841 992 | 2 770 659 | 3 216 723 | 3 461 165 | 3 896 242 |
| 3. Health Service Delivery | 6 510 950 | 6 798 519 | 7 744 401 | 8 358 905 | 8 351 221 | 9 160 592 | 10 197 827 | 11 004 350 |
| 4. Human Resources | 58 148 | 37 734 | 32 024 | 65 103 | 65 103 | 72 350 | 77 857 | 80 628 |
| Total | 7 735 555 | 8 454 861 | 9 937 084 | 11 453 993 | 11 356 643 | 12 655 132 | 13 943 763 | 15 199 430 |
| Change to 2006 Budget estimate | | | | 183 997 | 86 647 | 640 000 | 1 241 000 | |

Table 15.1 Health (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Revised estimate | Medium-term expenditure estimate | | |
|---|------------------|------------------|------------------|------------------------|-------------------|----------------------------------|-------------------|-------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | | 2007/08 | 2008/09 | 2009/10 |
| Economic classification | | | | | | | | |
| Current payments | 607 427 | 633 190 | 600 349 | 778 896 | 690 896 | 860 193 | 907 778 | 947 422 |
| Compensation of employees | 177 743 | 190 808 | 209 138 | 240 030 | 230 030 | 251 826 | 265 777 | 280 982 |
| Goods and services | 426 576 | 442 290 | 390 433 | 538 866 | 460 866 | 608 367 | 642 001 | 666 440 |
| <i>of which:</i> | | | | | | | | |
| Communication | 16 413 | 14 118 | 15 880 | 14 088 | 14 088 | 15 617 | 16 600 | 17 350 |
| Computer services | 14 141 | 10 750 | 13 816 | 16 403 | 16 403 | 13 094 | 13 505 | 13 905 |
| Consultants, contractors and special services | 73 328 | 38 897 | 26 540 | 34 935 | 22 935 | 35 257 | 37 701 | 39 232 |
| Inventory | 89 992 | 166 169 | 85 659 | 170 924 | 132 924 | 196 207 | 202 537 | 208 613 |
| Maintenance, repairs and running costs | 1 563 | 1 686 | 4 070 | 2 619 | 2 619 | 2 852 | 3 005 | 3 111 |
| Operating leases | 21 945 | 25 290 | 28 635 | 41 712 | 41 712 | 34 297 | 36 871 | 40 231 |
| Travel and subsistence | 49 484 | 77 388 | 62 906 | 83 122 | 68 122 | 86 597 | 91 156 | 94 780 |
| Accommodation charges | 1 986 | 2 497 | 2 646 | 3 243 | 3 243 | 3 801 | 4 061 | 5 011 |
| Municipal services | 3 470 | 3 643 | 3 932 | 4 607 | 4 607 | 5 000 | 5 314 | 5 846 |
| Financial transactions in assets and liabilities | 3 108 | 92 | 778 | – | – | – | – | – |
| Transfers and subsidies | 7 107 816 | 7 795 277 | 9 307 632 | 10 631 194 | 10 631 194 | 11 760 745 | 13 010 554 | 14 225 288 |
| Provinces and municipalities | 6 783 766 | 7 444 080 | 8 907 992 | 10 206 719 | 10 206 719 | 11 320 982 | 12 543 229 | 13 725 822 |
| Departmental agencies and accounts | 222 649 | 253 104 | 249 854 | 295 460 | 295 460 | 289 476 | 300 550 | 315 605 |
| Universities and technikons | – | – | 4 000 | 1 250 | 1 250 | 1 000 | 1 000 | 1 000 |
| Foreign governments and international organisations | – | – | 1 000 | 1 000 | 1 000 | – | – | – |
| Non-profit institutions | 94 901 | 95 319 | 143 417 | 126 303 | 126 303 | 149 287 | 165 775 | 182 861 |
| Households | 6 500 | 2 774 | 1 369 | 462 | 462 | – | – | – |
| Payments for capital assets | 20 312 | 26 394 | 29 103 | 43 903 | 34 553 | 34 194 | 25 431 | 26 720 |
| Buildings and other fixed structures | 72 | 7 719 | 6 193 | 5 000 | – | – | – | – |
| Machinery and equipment | 16 114 | 18 525 | 13 770 | 33 029 | 28 679 | 34 194 | 25 431 | 26 720 |
| Software and other intangible assets | 4 126 | 150 | 9 140 | 5 874 | 5 874 | – | – | – |
| Total | 7 735 555 | 8 454 861 | 9 937 084 | 11 453 993 | 11 356 643 | 12 655 132 | 13 943 763 | 15 199 430 |

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

Expenditure estimates

Table 15.3 Administration

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--------------------------------|-----------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | |
| Minister ¹ | 746 | 791 | 837 | 885 | 938 | 985 | 1 034 |
| Deputy Minister ² | 644 | 593 | 680 | 719 | 762 | 801 | 841 |
| Management | 7 001 | 10 172 | 14 449 | 20 933 | 21 969 | 24 067 | 26 221 |
| Corporate Services | 83 115 | 104 472 | 112 863 | 130 430 | 143 634 | 139 991 | 144 394 |
| Property Management | 25 928 | 29 736 | 32 124 | 35 026 | 38 164 | 41 070 | 45 720 |
| Total | 117 434 | 145 764 | 160 953 | 187 993 | 205 467 | 206 914 | 218 210 |
| Change to 2006 Budget estimate | | | | (74) | 10 000 | 1 000 | |

1. Payable as from 1 April 2006. Salary: R707 956. Car allowance: R176 988.

2. Payable as from 1 April 2006. Salary: R575 410. Car allowance: R143 852.

Table 15.3 Administration (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|-----------------|----------------|----------------|------------------------|----------------------------------|----------------|----------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Economic classification | | | | | | | |
| Current payments | 112 898 | 134 344 | 149 747 | 178 618 | 191 224 | 202 465 | 213 539 |
| Compensation of employees | 43 857 | 53 385 | 60 355 | 64 666 | 68 068 | 72 383 | 76 952 |
| Goods and services | 65 933 | 80 867 | 89 346 | 113 952 | 123 156 | 130 082 | 136 587 |
| <i>of which:</i> | | | | | | | |
| <i>Communication</i> | 9 052 | 7 248 | 9 201 | 8 014 | 8 583 | 9 033 | 9 485 |
| <i>Computer services</i> | 2 555 | 2 000 | 2 285 | 5 166 | 113 | 124 | 130 |
| <i>Consultants, contractors and special services</i> | 6 180 | 5 025 | 1 905 | 7 813 | 3 446 | 3 549 | 3 726 |
| <i>Inventory</i> | 2 771 | 4 356 | 4 964 | 6 160 | 5 899 | 6 290 | 6 605 |
| <i>Operating leases</i> | 20 936 | 24 172 | 27 046 | 36 785 | 30 964 | 33 377 | 36 621 |
| <i>Travel and subsistence</i> | 11 124 | 16 329 | 16 519 | 17 442 | 9 957 | 10 311 | 10 827 |
| <i>Accommodation charges</i> | 1 986 | 2 497 | 2 646 | 3 243 | 3 801 | 4 061 | 5 011 |
| <i>Municipal services</i> | 3 470 | 3 643 | 3 932 | 4 607 | 5 000 | 5 314 | 5 846 |
| Financial transactions in assets and liabilities | 3 108 | 92 | 46 | – | – | – | – |
| Transfers and subsidies | 180 | 518 | 592 | 363 | 252 | 265 | 278 |
| Provinces and municipalities | 180 | 177 | 187 | 50 | – | – | – |
| Departmental agencies and accounts | – | 193 | 209 | 241 | 252 | 265 | 278 |
| Households | – | 148 | 196 | 72 | – | – | – |
| Payments for capital assets | 4 356 | 10 902 | 10 614 | 9 012 | 13 991 | 4 184 | 4 393 |
| Buildings and other fixed structures | 72 | 7 719 | 6 193 | 5 000 | – | – | – |
| Machinery and equipment | 3 207 | 3 145 | 2 914 | 4 012 | 13 991 | 4 184 | 4 393 |
| Software and other intangible assets | 1 077 | 38 | 1 507 | – | – | – | – |
| Total | 117 434 | 145 764 | 160 953 | 187 993 | 205 467 | 206 914 | 218 210 |

Expenditure trends

The programme grows at an average annual rate of 10,9 per cent, from R117 million in 2003/04 to R218 million in 2009/10, following an average annual growth rate of 17 per cent over the past three years. *Corporate Services* has been strengthened to comply with reforms and governance requirements, such as internal audit and supply chain management. Management has been strengthened by the appointment of more senior managers and by restructuring the department into smaller, more effective units.

The new *Property Management* subprogramme arises from the devolution of rental and maintenance charges from the Department of Public Works.

Programme 2: Strategic Health Programmes

Strategic Health Programmes co-ordinates a range of strategic national health programmes by developing policies and systems and through funding, managing and monitoring key health programmes.

There are seven subprogrammes:

- *Maternal, Child and Women's Health and Nutrition* formulates and monitors policies, guidelines, and norms and standards for maternal, child and youth, and women's health and nutrition.
- *Medicines Regulatory Affairs* supports the Medicines Control Council, and ensures that medicines meet approved specifications and standards.
- *HIV and Aids* develops policy and administers the national HIV and Aids and sexually transmitted infection programmes, including co-ordinating the implementation of the comprehensive HIV and Aids plan and the conditional grant.
- *Pharmaceutical Policy and Planning* regulates and co-ordinates the procurement of pharmaceutical supplies to ensure that essential drugs are affordable and available, promotes rational drug use by consumers and

healthcare workers, and administers legislation on food safety and related matters. It also deals with policy on the provision and management of health technology, especially medical equipment.

- *Communicable Diseases* is responsible for developing policies and supporting provinces to ensure the control of infectious diseases, and for several occupational health functions, including the Medical Bureau for Occupational Diseases and the Compensation Commission for Occupational Diseases.
- *TB Control and Management* develops interventions to curb the spread of tuberculosis, provides support to and oversight of the implementation of the TB crisis management plan, and monitors and improves national TB performance indicators.
- *Non-Communicable Diseases* establishes guidelines on chronic diseases, disability, older people, oral health and mental health, and is also responsible for: transferring forensic mortuaries from the South African Police Service to provincial health departments; developing a national forensic pathology service; rationalising blood transfusion services; and liaising with the National Health Laboratory Service, including the National Institute of Communicable Diseases and the National Centre for Occupational Diseases.

Expenditure estimates

Table 15.4 Strategic Health Programmes

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|------------------|------------------|------------------|------------------------|----------------------------------|------------------|------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | |
| Maternal, Child and Women's Health and Nutrition | 25 450 | 22 282 | 20 467 | 27 077 | 28 819 | 30 391 | 31 649 |
| Medicines Regulatory Affairs | 25 807 | 32 052 | 32 759 | 29 094 | 30 554 | 32 221 | 33 679 |
| HIV and Aids | 676 230 | 1 107 408 | 1 511 802 | 2 025 876 | 2 412 949 | 2 728 412 | 3 196 308 |
| Pharmaceutical Policy and Planning | 17 980 | 21 988 | 21 462 | 24 874 | 26 112 | 27 537 | 28 759 |
| Communicable Disease | 36 758 | 32 373 | 30 795 | 35 461 | 37 788 | 39 958 | 41 711 |
| TB Control and Management | 6 203 | 6 752 | 8 901 | 11 188 | 11 754 | 12 396 | 12 932 |
| Non-Communicable Diseases | 260 595 | 249 989 | 373 520 | 688 422 | 668 747 | 590 250 | 551 204 |
| Total | 1 049 023 | 1 472 844 | 1 999 706 | 2 841 992 | 3 216 723 | 3 461 165 | 3 896 242 |
| Change to 2006 Budget estimate | | | | 100 400 | 330 585 | 540 759 | |
| Economic classification | | | | | | | |
| Current payments | 370 272 | 406 748 | 363 961 | 446 789 | 492 311 | 510 917 | 529 258 |
| Compensation of employees | 69 886 | 93 859 | 100 804 | 107 426 | 112 801 | 118 807 | 125 341 |
| Goods and services | 300 386 | 312 889 | 262 624 | 339 363 | 379 510 | 392 110 | 403 917 |
| <i>of which:</i> | | | | | | | |
| <i>Communication</i> | 3 600 | 2 787 | 5 760 | 3 163 | 3 660 | 3 764 | 3 872 |
| <i>Computer services</i> | 8 556 | 7 755 | 11 491 | 10 863 | 12 568 | 12 928 | 13 299 |
| <i>Consultants, contractors and special services</i> | 63 533 | 19 341 | 22 393 | 13 919 | 16 104 | 16 564 | 17 039 |
| <i>Inventory</i> | 82 143 | 163 358 | 77 912 | 159 839 | 184 934 | 190 223 | 195 683 |
| <i>Maintenance, repairs and running costs</i> | 413 | 1 366 | 2 034 | 1 723 | 1 994 | 2 051 | 2 110 |
| <i>Operating leases</i> | 531 | 679 | 752 | 2 248 | 2 601 | 2 676 | 2 752 |
| <i>Travel and subsistence</i> | 30 806 | 48 374 | 27 441 | 36 936 | 42 735 | 43 957 | 45 219 |
| Financial transactions in assets and liabilities | – | – | 533 | – | – | – | – |
| Transfers and subsidies | 667 132 | 1 052 407 | 1 619 304 | 2 370 279 | 2 708 060 | 2 933 050 | 3 348 909 |
| Provinces and municipalities | 511 758 | 880 620 | 1 422 282 | 2 177 974 | 2 496 958 | 2 702 301 | 3 097 848 |
| Departmental agencies and accounts | 56 494 | 81 915 | 65 216 | 66 895 | 64 293 | 67 626 | 71 035 |
| Universities and technikons | – | – | 4 000 | 1 250 | 1 000 | 1 000 | 1 000 |
| Foreign governments and international organisations | – | – | 1 000 | 1 000 | – | – | – |
| Non-profit institutions | 92 380 | 87 246 | 125 737 | 122 990 | 145 809 | 162 123 | 179 026 |
| Households | 6 500 | 2 626 | 1 069 | 170 | – | – | – |
| Payments for capital assets | 11 619 | 13 689 | 16 441 | 24 924 | 16 352 | 17 198 | 18 075 |
| Machinery and equipment | 11 356 | 13 619 | 8 860 | 24 924 | 16 352 | 17 198 | 18 075 |
| Software and other intangible assets | 263 | 70 | 7 581 | – | – | – | – |
| Total | 1 049 023 | 1 472 844 | 1 999 706 | 2 841 992 | 3 216 723 | 3 461 165 | 3 896 242 |

Table 15.4 Strategic Health Programmes (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|-----------------|----------------|------------------|------------------------|----------------------------------|------------------|------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Details of major transfers and subsidies: | | | | | | | |
| Provinces and municipalities | | | | | | | |
| Provincial revenue funds | | | | | | | |
| Current | 511 492 | 880 405 | 1 422 011 | 1 942 687 | 2 319 403 | 2 637 006 | 3 097 848 |
| Comprehensive HIV and Aids grant | 333 556 | 735 381 | 1 150 108 | 1 616 214 | 1 945 575 | 2 235 423 | 2 676 186 |
| Forensic pathology services | 143 436 | 145 024 | 271 903 | 326 473 | 373 828 | 401 583 | 421 662 |
| Malaria and cholera prevention | 34 500 | – | – | – | – | – | – |
| Capital | – | – | – | 235 203 | 177 555 | 65 295 | – |
| Forensic pathology services | – | – | – | 235 203 | 177 555 | 65 295 | – |
| Departmental agencies and accounts | | | | | | | |
| Social security funds | | | | | | | |
| Current | 3 000 | 4 000 | 5 000 | 2 100 | 2 130 | 2 355 | 2 496 |
| Mines and Works Compensation Fund | 3 000 | 4 000 | 5 000 | 2 100 | 2 130 | 2 355 | 2 496 |
| Public entities | | | | | | | |
| Current | 53 494 | 77 915 | 60 216 | 64 795 | 62 163 | 65 271 | 68 539 |
| National Health Laboratory Services: Cancer register | – | 20 000 | – | – | – | – | – |
| MRC Malaria Lubombo spatial development initiative | 5 000 | 5 000 | – | – | – | – | – |
| National Health Laboratory Services | 48 494 | 52 879 | 60 216 | 59 195 | 62 163 | 65 271 | 68 539 |
| HSRC | – | – | – | 5 600 | – | – | – |
| Donation and gifts | – | 36 | – | – | – | – | – |
| Universities and technikons | | | | | | | |
| Current | – | – | 4 000 | 1 250 | 1 000 | 1 000 | 1 000 |
| MEDUNSA | – | – | 2 000 | 750 | 500 | 500 | 500 |
| UCT | – | – | 2 000 | 500 | 500 | 500 | 500 |
| Foreign governments and international organisations | | | | | | | |
| Current | – | – | 1 000 | 1 000 | – | – | – |
| SADC Regional HIV and Aids Trust Fund | – | – | 1 000 | – | – | – | – |
| Humanitarian assistance to Palestine | – | – | – | 1 000 | – | – | – |
| Non-profit institutions | | | | | | | |
| Current | 92 380 | 87 246 | 125 737 | 122 990 | 145 809 | 162 123 | 179 026 |
| Maternal, child and women's health: Non-governmental organisations | 350 | 370 | 250 | 930 | 977 | 1 030 | 1 084 |
| HIV and Aids: Non-governmental organisations | 43 378 | 40 186 | 49 593 | 52 730 | 55 367 | 58 390 | 61 444 |
| Tuberculosis: Non-governmental organisations | 1 368 | 2 800 | 2 950 | 3 146 | 3 303 | 3 483 | 3 665 |
| South African Aids vaccine initiative | 10 000 | 10 000 | 10 000 | – | 5 000 | 10 000 | 11 000 |
| Life Line | 11 000 | 7 000 | 13 000 | 14 000 | 15 000 | 11 000 | 11 550 |
| loveLife | 25 000 | 23 000 | 36 999 | 35 000 | 53 000 | 63 000 | 73 000 |
| Soul City | – | 2 950 | 12 000 | 16 078 | 12 000 | 14 000 | 16 000 |
| Mental health: Non-governmental organisations | 444 | 180 | 96 | 218 | 239 | 261 | 285 |
| South African Community Epidemiology Network on Drug Use | 130 | 130 | 200 | 200 | 200 | 200 | 200 |
| South African Federation for Mental Health | 200 | 200 | 200 | 212 | 223 | 234 | 246 |
| World Bank Foundation of South Africa | – | 6 | – | – | – | – | – |
| Council for the Blind | 510 | 424 | 449 | 476 | 500 | 525 | 552 |
| Households | | | | | | | |
| Social benefits | | | | | | | |
| Current | 6 500 | 2 201 | – | – | – | – | – |
| Poverty relief | 6 500 | 2 201 | – | – | – | – | – |

Expenditure trends

Strategic Health Programmes houses the activities of three high priority subprogrammes - *HIV and Aids, TB Control and Management* and *Pharmaceutical Management and Control*. Spending on the programme grew from R1 billion to R3,9 billion, an average growth of 24,4 per cent a year over the seven-year period.

The *HIV and Aids* subprogramme grew from R676,2 million to R3,2 billion at an average annual rate of 29,5 per cent over the seven-year period. The growth was mainly in the conditional grant, at an average annual rate of 41,5 per cent, while the department's share of the national budget increases at a rate of 7,2 per cent.

Funding for the Medicines Regulatory Authority grows from R25,8 million to R33,7 million from 2003/04 to 2009/10, an average annual rate of 4,5 per cent. Spending in the pharmaceutical policy planning unit grows from R18 million to R28,8 million, an average annual rate of 8,1 per cent.

Service delivery objectives and indicators

Recent outputs

In 2005/06, the department expanded the integrated management of childhood illness (IMCI) strategy from districts to sub-districts, having succeeded in getting 100 per cent of districts providing IMCI training in 2004/05. By September 2006, 51 per cent of health facilities had at least one IMCI trained healthcare provider. Also by September 2006, more than 60 per cent of institutions had implemented the recommendations from the Saving Mothers and Saving Babies reports. In 2006, 42 per cent of health facilities with maternity beds were assessed as being baby friendly, as part of the baby friendly hospital initiative.

In 2006, the WHO declared South Africa polio free, a major milestone. Confirmed measles cases decreased from 455 in the first quarter of 2005/06 to 10 in the first quarter of 2006/07. As part of interventions to combat other conditions preventable with vaccines, the department will continue to expand immunisation coverage from the 82 per cent recorded nationally in 2005/06 and 2006/07, to 90 per cent coverage in at least 70 per cent of districts in 2007/08.

School health services were strengthened in 2005/06, with 79 per cent of health districts providing phase 1 school health services by September 2006.

In 2006/07, access to termination of pregnancy services continued to be improved, with the proportion of community health centres authorised to provide this service increasing to 60 per cent by September 2006.

Efforts at strengthening the nutritional status of women and children were also improved. The provision of vitamin A supplementation exceeded the 2006/07 targets: by September 2006, 100 per cent of children 6-11 months of age, 25 per cent of children 12-59 months of age, and 54 per cent of post-partum mothers were receiving vitamin A supplementation.

About 90 per cent of health facilities offered prevention of mother to child transmission services in 2005/06 and 2006/07, exceeding the 2005/06 target of 80 per cent. During the same period, however, nevirapine uptake among women attending antenatal services was only 50 per cent.

90 per cent of public health facilities offered voluntary counselling and testing (VCT) services in 2006/07. A VCT policy was developed, which will help strengthen the provision of these services. By September 2006, 75,6 per cent of non-antenatal clients who were offered VCT had agreed to be tested. Furthermore, 74 per cent of TB patients who were offered VCT agreed to be tested, exceeding the target of 60 per cent for 2006/07.

With all health districts having established at least one accredited service point for the comprehensive plan for HIV and Aids care, management and treatment in 2004/05, the department focused on establishing the plan's services at sub-district level in 2005/06. Service points were established in more than 60 per cent of health sub-districts, and by September 2006, the department had established more than 270 sites and initiated over 210 000 patients on anti-retroviral treatment. In addition, 81 per cent of eligible people living with debilitating conditions had received nutrition supplements in the first six months of 2006/07, exceeding the 2006/07 target.

The national strategic plan for HIV and Aids for 2007-2011 was released for comment, and will be finalised in 2007/08 after an extensive and inclusive consultation process.

The South African National Aids Council (SANAC) serves as an important platform for partnerships against HIV and Aids. Over the 2007 MTEF period, a restructured SANAC will guide the multi-sectoral response to HIV and Aids, mobilising resources for partnership activities to support the implementation and monitoring and evaluation of the national strategic plan.

TB control remains a major challenge. More than 90 per cent of health districts nationally implemented directly observable treatment short course (DOTS) programmes in 2005/06. In 2006/07, 178 sub-districts implemented and reported on TB and HIV activities (e.g. access to VCT for TB patients). Furthermore, more than 80 per cent of TB and HIV co-infected patients had been put on cotrimoxazole, exceeding the target of 60 per cent for 2006/07. However, other TB performance targets proved more difficult to meet.

In 2005/06, a TB cure rate of 48 per cent was recorded nationally, below the target of 65 per cent. Smear conversion rates, treatment interruption rates and the performance of laboratory services were all below target. In 2006/07, the four districts that are part of the national TB crisis management plan, Nelson Mandela Metro and Amatole District, Ethekwini Metro and the City of Johannesburg, continued to be supported and monitored. By September 2006, the smear conversion rate in the City of Johannesburg recorded higher TB cure rates than the baseline, but the other three districts did not show significant improvement.

Efforts to combat malaria were strengthened during the reporting period. The findings and recommendations of the Roll Back Malaria survey were shared with the three malaria-affected provinces, KwaZulu-Natal, Limpopo and Mpumalanga. By the end of September 2006, 100 per cent of districts had monitoring charts for tracking epidemics, exceeding the target of 60 per cent. An inter-country malaria elimination strategy with Mozambique, Zimbabwe and Angola was finalised in September 2006, and will be implemented from 2007/08.

Training of provinces to implement the epidemic preparedness and response policy guidelines is progressing well, with personnel in four provinces having been trained. All provinces will implement the guidelines by the end of 2006/07. An influenza pandemic preparedness plan was also finalised and sent to Cabinet for approval.

Significant progress was made with sight restoration: 1 030 cataract operations per million people were performed in 2005/06.

The South African National Blood Transfusion Services (SANBTS) succeeded in supplying adequate amounts of safe blood and blood products and maintained the required annual increase of blood supply.

In terms of strengthening the provision of mental healthcare, by September 2006, 60 per cent of districts country wide had integrated mental health and substance abuse into their primary healthcare services. The number of trauma sites for victims of violence has been increased, with one additional site per district. All provinces produced a designated mental health plan. In addition, they all established at least one child and adolescent psychiatric service by September 2006.

In 2005/06, no public health facility experienced stock-outs of drugs on the essential drug list, ARVs or TB drugs. This was maintained up to September 2006. A survey on the use of hospital level, adult and paediatric standard treatment guidelines/essential drug lists was also completed. By the end of September 2006, the department had revised, printed and disseminated both the adult and paediatric essential drug lists.

To accelerate the registration of medicines, the department strengthened its in-house technical capacity to evaluate medicines. By September 2006, 100 per cent of technical good manufacturing practice and good clinical practice inspections had been performed in-house. Furthermore, 80 per cent of staff training had been completed. Most significantly, more than 50 per cent of medicines had been evaluated in-house, exceeding the 40 per cent target for 2006/07.

Selected medium-term outputs

Strategic Health Programmes

Measurable objective: Strengthen policies and programmes for communicable diseases (including HIV and Aids, sexually transmitted infections and TB) and for maternal, child and women's health and nutrition. Ensure that all medicines are safe and affordable and that essential medicines are available at all times in the public health sector.

| Subprogramme | Output | Measure/Indicator | Target 2007/08 |
|--|---|--|--|
| Maternal, Child and Women's Health and Nutrition | Reduction in infant, child and youth morbidity and mortality | Percentage of districts with more than 90% full immunisation coverage Percentage of districts with staff trained to implement the Reach Every District strategy Percentage of health facilities conducting monthly maternal and perinatal morbidity and mortality review meetings | 70% of districts 50% of districts 50% of health facilities |
| | Reduction in maternal morbidity and mortality | Percentage of institutions with maternity beds implementing recommendations from Saving Mothers Saving Babies reports | 85% of institutions |
| HIV and Aids | Improved interventions to deal with HIV and Aids | Percentage of public health facilities offering voluntary counselling and testing Number of male condoms distributed Number of female condoms distributed Percentage of health facilities that offer the prevention of mother to child transmission programme National strategic plan for HIV and Aids for 2007-2011 finalised | 100% of facilities 425 million condoms 3.5 million condoms 100% of facilities March 2008 |
| Pharmaceutical Policy and Planning | Strategies to improve pharmaceutical procurement management and use Monitoring of procurement and supply of all ARVs for the comprehensive HIV and Aids plan | Percentage of stock-outs of TB drugs at all facilities | 0% stock-outs |
| | | Percentage stock-outs of ARV drugs in all accredited facilities | 0% stock-outs |
| Communicable Diseases | Strengthened malaria control | Number of malaria affected provinces implementing recommendations of Roll Back Malaria survey | 3 provinces |
| | South Africa's preparedness to prevent and respond to communicable diseases during the 2010 FIFA World Cup facilitated Expanded occupational health services | Communicable disease control plan for 2010 FIFA World Cup finalised and costed Number of applications from ex-miners processed by the Medical Bureau for Occupational Diseases | March 2008 35 000 applications |
| TB Control and Management | Implementation of TB crisis management plan | Smear conversion rates in the 4 worst performing districts: Nelson Mandela Metro Amatole District Ethekwini Metro City of Johannesburg | 80% 75% 75% 90% |
| | Good quality TB laboratory services | Percentage of health districts with turnaround time of 48 hours or less | 80% of health districts |
| Non-Communicable Diseases | Expanded cataract surgery project | Number of operations per million | 1 400 operations per million |
| | Free healthcare for people with disabilities at hospital level strengthened | Number of hospitals implementing national guidelines and tools for free healthcare | 400 hospitals |
| | Reduce waiting period for wheelchairs | Waiting period for wheelchairs in all provinces | Not more than 8 weeks |

Programme 3: Health Service Delivery

The *Health Service Delivery* programme supports the delivery of health services, primarily in the provincial and local spheres of government.

There are five subprogrammes:

- *Hospital Services* deals with national policy on hospital and emergency medical services. It is also responsible for the conditional grant for the revitalisation of hospitals.
- *Health Economics* undertakes health economics research and develops policy for medical schemes, social health insurance and public-private partnerships. It oversees and provides some funds for the Council for Medical Schemes.
- *Health Information Research and Evaluation* develops and maintains a national health information system, and commissions and co-ordinates research. It does disease surveillance and epidemiological analyses and monitors and evaluates health programmes. It provides funding for research to the Medical Research Council and oversees its activities.

- *Primary Healthcare, District Health and Development* promotes and co-ordinates the district health system and monitors primary healthcare and activities related to the integrated sustainable rural development programme and the urban renewal programme. It also deals with policy and monitoring for health promotion and environmental health.
- *Office of Standards Compliance* deals with quality assurance, licensing and the certificates of need required in terms of the National Health Act (2003). It also deals with radiation control.

Expenditure estimates

Table 15.5 Health Service Delivery

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|------------------|------------------|------------------|------------------------|----------------------------------|-------------------|-------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | |
| Hospital Services | 6 289 289 | 6 576 942 | 7 493 967 | 8 046 452 | 8 845 001 | 9 868 093 | 10 656 415 |
| Health Economics | 7 244 | 7 863 | 10 225 | 28 573 | 16 371 | 17 190 | 18 088 |
| Health Information Research and Evaluation | 184 028 | 189 836 | 210 833 | 239 844 | 250 507 | 259 513 | 272 551 |
| PHC, District Health and Development | 13 561 | 14 575 | 17 797 | 24 125 | 29 779 | 33 148 | 36 358 |
| Office of Standards Compliance | 16 828 | 9 303 | 11 579 | 19 911 | 18 934 | 19 883 | 20 938 |
| Total | 6 510 950 | 6 798 519 | 7 744 401 | 8 358 905 | 9 160 592 | 10 197 827 | 11 004 350 |
| Change to 2006 Budget estimate | | | | 87 728 | 302 085 | 704 218 | |

Economic classification

| | | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| Current payments | 66 734 | 54 683 | 54 935 | 95 208 | 105 231 | 117 513 | 125 020 |
| Compensation of employees | 51 151 | 29 448 | 31 173 | 47 304 | 49 562 | 52 045 | 54 907 |
| Goods and services | 15 583 | 25 235 | 23 564 | 47 904 | 55 669 | 65 468 | 70 113 |
| <i>of which:</i> | | | | | | | |
| <i>Communication</i> | 2 018 | 2 083 | 567 | 2 033 | 2 274 | 2 599 | 2 729 |
| <i>Consultants, contractors and special services</i> | 1 503 | 12 831 | 1 066 | 11 469 | 12 829 | 14 665 | 15 398 |
| <i>Operating leases</i> | 478 | 439 | 207 | 338 | 378 | 432 | 453 |
| <i>Travel and subsistence</i> | 4 102 | 9 360 | 9 970 | 14 469 | 16 072 | 18 373 | 19 292 |
| Financial transactions in assets and liabilities | – | – | 198 | – | – | – | – |
| Transfers and subsidies | 6 440 504 | 6 742 352 | 7 687 676 | 8 260 537 | 9 052 433 | 10 077 239 | 10 876 101 |
| Provinces and municipalities | 6 271 828 | 6 563 283 | 7 485 474 | 8 028 680 | 8 824 024 | 9 840 928 | 10 627 974 |
| Departmental agencies and accounts | 166 155 | 170 996 | 184 429 | 228 324 | 224 931 | 232 659 | 244 292 |
| Non-profit institutions | 2 521 | 8 073 | 17 680 | 3 313 | 3 478 | 3 652 | 3 835 |
| Households | – | – | 93 | 220 | – | – | – |
| Payments for capital assets | 3 712 | 1 484 | 1 790 | 3 160 | 2 928 | 3 075 | 3 229 |
| Machinery and equipment | 926 | 1 442 | 1 738 | 2 786 | 2 928 | 3 075 | 3 229 |
| Software and other intangible assets | 2 786 | 42 | 52 | 374 | – | – | – |
| Total | 6 510 950 | 6 798 519 | 7 744 401 | 8 358 905 | 9 160 592 | 10 197 827 | 11 004 350 |

Details of major transfers and subsidies:

| Provinces and municipalities | | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Provincial revenue funds | | | | | | | |
| Current | 5 461 677 | 5 829 337 | 6 379 908 | 6 501 329 | 6 917 395 | 7 558 265 | 8 046 178 |
| Health professions training and development grant | 1 333 499 | 1 434 132 | 1 520 180 | 1 520 180 | 1 596 189 | 1 675 999 | 1 759 799 |
| National tertiary services grant | 3 994 774 | 4 273 005 | 4 709 386 | 4 981 149 | 5 321 206 | 5 882 266 | 6 286 379 |
| Hospital management and quality improvement grant | 133 404 | 122 200 | 150 342 | – | – | – | – |

Table 15.5 Health Service Delivery (continued)

| R thousand | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|--|-----------------|----------------|------------------|------------------------|----------------------------------|------------------|------------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Capital | 809 984 | 733 802 | 1 105 427 | 1 527 323 | 1 906 629 | 2 282 663 | 2 581 796 |
| Hospital revitalisation grant | 717 628 | 733 802 | 1 105 427 | 1 527 323 | 1 906 629 | 2 282 663 | 2 581 796 |
| Hospital construction: Pretoria Academic Hospital | 92 356 | – | – | – | – | – | – |
| Departmental agencies and accounts | | | | | | | |
| Public entities | | | | | | | |
| Current | 166 155 | 170 996 | 184 429 | 228 324 | 224 931 | 232 659 | 244 292 |
| Medical Research Council | 163 195 | 167 892 | 179 304 | 212 110 | 221 290 | 228 836 | 240 278 |
| National Health Laboratory Services: Cancer register | 287 | 304 | 322 | 341 | 358 | 376 | 395 |
| Council for Medical Schemes | 2 673 | 2 800 | 4 803 | 15 873 | 3 283 | 3 447 | 3 619 |
| Non-profit institutions | | | | | | | |
| Current | 2 521 | 8 073 | 17 680 | 3 313 | 3 478 | 3 652 | 3 835 |
| Health promotion: Non-governmental organisations | 521 | 253 | 433 | 848 | 890 | 935 | 982 |
| Environmental health: Non-governmental organisations | – | – | – | 83 | 87 | 91 | 96 |
| Health Systems Trust | 2 000 | 7 820 | 17 247 | 2 382 | 2 501 | 2 626 | 2 757 |

Expenditure trends

The budget of the programme as a whole grew from R6,5 billion to R11 billion from 2003/04 to 2009/10, an average annual increase of 9,1 per cent.

Most of the programme (98,9 per cent) consists of large conditional grants to provinces. The national tertiary services grant grows from R4 billion to R6,3 billion from 2003/04 to 2009/10, an average annual increase of 7,8 per cent. Average annual growth of 8,1 per cent over the MTEF period is due to additional allocations for modernising cancer services and medical equipment. The health professions training and development grant grows from R1,3 billion to R1,8 billion, from 2003/04 to 2009/10, an average annual increase of 4,7 per cent. The hospital revitalisation grant grows from R717,6 million in 2003/04 to R2,6 billion in 2009/10, an average annual increase of 23,8 per cent, because a larger number of hospitals have undergone major capital upgrading.

In 2006/07, the *Health Economics* subprogramme received a once-off transfer of R15 million to the Council for Medical Schemes for developing a system in preparation for implementing risk equalisation.

Service delivery outputs and indicators

Recent outputs

In 2005/06, hospital management was strengthened in all provinces. Authority has been progressively delegated to hospital managers. In 2006/07, the department assisted provinces to implement cost centre accounting in 27 hospitals, as part of the strategy to strengthen financial management, decentralisation and accountability. Four hospitals implemented electronic cost centres, and 23 developed manual cost centres.

In keeping with the target for 2005/06, an additional 12 per cent of hospitals nationally were included in the hospital revitalisation programme. In 2006, the department supported provinces to develop management structures to fully implement all components of the programme and received all their project implementation plans.

The national emergency medical services information system was integrated into the national health information system in 2005/06 in seven provinces. In 2006/07, the department made progress on a memorandum of understanding with the South African Red Cross Society for emergency air ambulance services. Working jointly with other government departments and key stakeholders, the department will complete an intersectoral operational plan for the 2010 FIFA World Cup by March 2008.

In 2005/06, the department provided support to all provinces to monitor the implementation of the comprehensive HIV and Aids plan. About 370 provincial officials, including information officers, data capturers and programme managers, were trained to collect data for monitoring the implementation of the plan.

The department's review of the strategic plan for HIV and Aids for 2000-2005 found that, among others, the monitoring and evaluation framework was not adequate. This will be addressed in the national strategic plan for 2007-2011. In 2006/07, the department completed and submitted South Africa's country report to the United Nations General Assembly Special Session (UNGASS) on HIV and Aids.

In 2006/07, the department publicised the preliminary report on the 2003 South African demographic and health survey. The final report will be completed by the end of 2006/07.

Progress has been made with the registration of clinical trials. The clinical trials register was established in November 2005, and was functional and accessible on the department's website in March 2006. By June 2006, 63 clinical trials had been registered.

In 2005/06, the department strengthened its efforts to improve the quality of hospital care, focusing initially on hospitals that are part of the hospital revitalisation programme, but progressively broadening its focus to all hospitals. A number of quality mechanisms were prescribed and implemented. By September 2006, 70 per cent of hospitals in the revitalisation programme were implementing the prescribed quality methods and systems.

The national infection prevention and control policy was developed and adopted by the National Health Council. Accompanying infection control strategies and guidelines were developed.

The department continued to translate its Users' Guide for PHC Services into additional official languages. The guide is now available in English, Afrikaans, isiXhosa, isiZulu and Setswana.

In 2006/07, complaints from users of health services were better managed. By September 2006, more than 40 per cent of complaints had been resolved within 25 working days.

In 2005/06, the department continued to support provinces to deliver primary healthcare services through the district health system. Access to PHC, as measured by headcounts, increased from 67 021 961 in 1998/99 to 99 365 898 in 2004/05, and to 101 758 377 in 2005/06. Planning processes at district level were strengthened, with 90 per cent of health districts producing district health plans for 2006/07.

Selected medium-term output targets

Health Service Delivery

Measurable objective: Strengthen the delivery of primary healthcare through the district health system. Revitalise hospital services by upgrading or replacing hospitals.

| Subprogramme | Output | Measure/Indicator | Target 2007/08 |
|---|--|--|-------------------|
| Hospital Services | Survey report on the delegation of authority to hospital CEOs | Survey report published | April 2007 |
| | Improved capacity of hospital managers | Percentage of hospitals with managers enrolled for a formal hospital management training programme | 50% of hospitals |
| | Effective hospital revitalisation programme | Number of new business cases accepted for the revitalisation programme | 20 business cases |
| | Improved emergency medical services (EMS) | Number of provinces with EMS plans guided by the national EMS strategic framework | All 9 provinces |
| | Health and EMS plan for 2010 FIFA World Cup | Intersectoral plan finalised and disseminated | March 2008 |
| Health Information, Research and Research | Monitoring and evaluation framework for the national strategic plan for HIV and Aids for 2007-2011 | Framework finalised and disseminated | March 2008 |

| Subprogramme | Output | Measure/Indicator | Target 2007/08 |
|--|---------------------------------------|---|--------------------------|
| Primary Health Care, District Health and Development | Functional health districts | Percentage of health districts with PHC expenditure of at least R278 per head uninsured | 80% of districts |
| | | Percentage of health districts with health plans using national planning guidelines | 100% of districts |
| | | Percentage of PHC facilities visited by a supervisor at least once a month | 70% of facilities |
| | | PHC audit report Infrastructure audit report | March 2008 March 2008 |
| Office of Standards Compliance | Strategies to improve quality of care | Percentage of revitalisation hospitals conducting at least 1 clinical audit per year (in any clinical discipline) | 80% of hospitals |

Programme 4: Human Resources

The *Human Resources* programme was initiated as a separate programme in 2005/06. It supports human resources for health at both the national and provincial levels. It also includes activities to co-ordinate international health relations, including donor support.

There are three subprogrammes:

- *Human Resources* is responsible for developing human resources policies, norms and standards, and for the efficient management of employees of the national Department of Health.
- *Bargaining Council and Employee Relations* provides the resources and expertise for bargaining in the national Public Health and Welfare Sectoral Bargaining Council.
- *International Health Liaison* liaises with the international health community, manages participation in international organisations, co-ordinates regional health co-operation with members of the Southern African Development Community (SADC), facilitates implementation of the New Partnership for Africa's Development (NEPAD) health strategy, and identifies and co-ordinates donor and foreign assistance resources.

Expenditure estimates

Table 15.6 Human Resources

| Subprogramme | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|-----------------|---------------|---------------|------------------------|----------------------------------|---------------|---------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | |
| Human Resources | 6 923 | 8 190 | 10 093 | 21 356 | 16 733 | 17 711 | 18 506 |
| Bargaining Council and Employee Relations | 2 687 | 2 797 | 3 097 | 8 183 | 9 001 | 9 490 | 9 980 |
| International Health Liaison | 48 538 | 26 747 | 18 834 | 35 564 | 46 616 | 50 656 | 52 142 |
| Total | 58 148 | 37 734 | 32 024 | 65 103 | 72 350 | 77 857 | 80 628 |
| Change to 2006 Budget estimate | | | | (4 057) | (2 670) | (4 977) | |

Economic classification

| | 57 523 | 37 415 | 31 706 | 58 281 | 71 427 | 76 883 | 79 605 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Current payments | | | | | | | |
| Compensation of employees | 12 849 | 14 116 | 16 806 | 20 634 | 21 395 | 22 542 | 23 782 |
| Goods and services | 44 674 | 23 299 | 14 899 | 37 647 | 50 032 | 54 341 | 55 823 |
| <i>of which:</i> | | | | | | | |
| Communication | 1 743 | 2 000 | 352 | 878 | 1 100 | 1 204 | 1 264 |
| Consultants, contractors and special services | 2 112 | 1 700 | 1 176 | 1 734 | 2 878 | 2 923 | 3 069 |
| Inventory | 1 645 | 1 720 | 632 | 1 469 | 1 508 | 1 605 | 1 685 |
| Operating leases | – | – | 630 | 2 341 | 354 | 386 | 405 |
| Travel and subsistence | 3 452 | 3 325 | 8 976 | 14 275 | 17 833 | 18 515 | 19 442 |
| Financial transactions in assets and liabilities | – | – | 1 | – | – | – | – |
| Transfers and subsidies | – | – | 60 | 15 | – | – | – |
| Provinces and municipalities | – | – | 49 | 15 | – | – | – |
| Households | – | – | 11 | – | – | – | – |
| Payments for capital assets | 625 | 319 | 258 | 6 807 | 923 | 974 | 1 023 |
| Machinery and equipment | 625 | 319 | 258 | 1 307 | 923 | 974 | 1 023 |
| Software and other intangible assets | – | – | – | 5 500 | – | – | – |
| Total | 58 148 | 37 734 | 32 024 | 65 103 | 72 350 | 77 857 | 80 628 |

Expenditure trends

Expenditure is set to grow from R58,2 million to R80,6 million from 2003/04 to 2009/10, an average annual increase of 5,6 per cent, driven mainly by growth in the *Human Resources* subprogramme of 17,8 per cent per year over the same period. The growth is accounted for by a virement of R5,5 million in 2006/07 for human resources software, increased resources for building capacity for the implementation of the national human resources plan, and increased funds for the community health workers programme.

Expenditure on the *International Health Relations* subprogramme varies because of its dependence on exchange rates. The bulk of the funds are used to pay membership fees to international agencies such as the WHO, and for the activities of health attachés.

Service delivery outputs and indicators

Recent outputs

The national human resources for health strategic framework was produced in 2005/06, through which the department will ensure a steady supply of qualified and appropriately paid health workers. In 2006/07, the department developed a standardised approach to developing provincial human resources plans to guide provincial departments. A tender was awarded in December 2006 for a service provider to assist with the development of HRH planning tools and indicators.

From January 2007, 4 565 professionals from 10 health professions began their internship and community service placement. Legislation and guidelines for community service for nurses have been finalised, and this process will begin in July 2007.

A Department of Health and Department of Public Service and Administration task team on conditions of service for health professionals developed proposals in 2006/07, which are being finalised for implementation in 2007. In 2005/06, strides were made in finalising the scopes of practices for mid-level workers and other health professionals.

In collaboration with the Department of Social Development, a new policy on community caregivers was developed in 2005/06 to harmonise the efforts of the two departments in home and community based care (HCBC). Attention is being given to developing standardised training programmes, accreditation systems, qualifications and career paths for the two government departments. By September 2006, 60 per cent of sub-districts had HCBC programmes. In 2005/06, 7 795 caregivers were trained in HCBC.

An audit of closed nursing colleges was completed in September 2006, with a view to assessing the feasibility of reopening them.

By September 2006, a new agreement for co-operation in health matters had been signed with Seychelles, and agreements with Zambia and Mali were in the final stages. Monitoring the implementation of existing agreements also continued in 2006/07. At the end of September 2006, the department had produced progress reports on relations with eight countries.

The department has also contributed in various ways to strengthening the African Union (AU) and SADC by co-ordinating and participating in major multilateral summits and conferences. The department co-hosted the India-Brazil-South Africa (IBSA) TB research workshop in November 2006, and will host the third conference of African health ministers in April 2007.

Selected medium-term output targets

Human Resources

Measurable objective: Develop and implement a comprehensive national health human resources plan. Represent the Department of Health's interests in the Public Health and Welfare Sectoral Bargaining Council. Liaise with international and regional health communities.

| Subprogramme | Output | Measure/Indicator | Target |
|---|--|---|--|
| Human Resources | Provincial health human resources plans | Number of provinces with plans based on the national plan Number of health districts with plans based on national and provincial plans | 6 provinces 28 out of 52 health districts |
| | Community service for nurses Better conditions of service for health professionals | Community service for nurses implemented New remuneration framework developed and implemented | July 2007 July 2007 |
| Bargaining Council and Employee Relations | Constructive relations between trade unions and the department in the Public Health and Social Development Sectoral Bargaining Council | Number of bilateral discussions held with trade unions per quarter | 3 bilateral discussions |
| | Analysis and review of collective agreements concluded in the bargaining council | Years for which analysis and review of collective agreements have been concluded | 2000 to 2004 |
| International Health Liaison | Implementation of bi- and multilateral agreements strengthened | Number of agreements with strategic countries implemented and reviewed | 2 agreements |
| | | Number of reports on international trends provided | 4 reports |

Public entities and other agencies

South African Medical Research Council

The South African Medical Research Council (MRC) is the largest health research body in South Africa, established in accordance with the Medical Research Council Act (1991). Its mandate as legislated in the act is to promote the improvement of the health and the quality of life of the population of South Africa through research, development and technology transfer, and thus it operates closely with linked university research units.

From 2003/04 to 2006/07 spending by the MRC increased by 11,7 per cent a year. Over the MTEF period, revenue is projected to reach R451 million, mainly through transfers from the Department of Health (which increase from R212 million in 2006/07 to R240 million in 2009/10), and grants from local and international governments and organisations. The financial statements of the MRC have been unqualified for several years.

The MRC structures its research portfolio into six national programmes: environment and development; health systems and policy; infection and immunity; molecules to disease; non-communicable diseases; and women and child health. Tasks include co-ordinating the South African Aids vaccine initiative, and operating large malaria and TB research programmes. Research priorities over the medium term include: heart disease and strokes; violence and injury; nutrition; pneumonia; diabetes; women, maternal and child health; mental health; cancer; health promotion and behavioural science; health systems; and e-health. The MRC also seeks to become a leader in biotechnology, natural medicines, the evaluation of indigenous knowledge systems and the development of drugs, vaccines and medical devices.

Achievements in 2005/06 include: 618 published outputs in the South African medical database, 170 new posts created, 4 policy briefs presented to government, 2 patents registered, 176 PhD graduates enrolled (49 obtained) and 208 MSc graduates enrolled (42 obtained). The MRC is also attempting to build research capacity at doctoral and post-doctoral level. A research translation office is being established to make the MRC's research more widely accessible. A detailed overview of the MRC's performance in recent years can be found on the MRC's website: <http://www.mrc.ac.za/home.htm>.

Table 15.7 Financial summary for the SA Medical Research Council

| | Outcome | | | Estimated outcome | Medium-term estimate | | |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------|----------------------|----------------|----------------|
| | Audited 2003/04 | Audited 2004/05 | Audited 2005/06 | | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | |
| Revenue | | | | | | | |
| Non-tax revenue | 19 005 | 17 137 | 18 228 | 18 000 | 19 000 | 19 000 | 19 000 |
| Transfers received | 278 936 | 314 824 | 327 438 | 390 110 | 401 290 | 413 836 | 432 278 |
| Total revenue | 297 941 | 331 961 | 345 666 | 408 110 | 420 290 | 432 836 | 451 278 |
| Expenses | | | | | | | |
| Current expense | 222 793 | 316 581 | 356 267 | 402 968 | 416 092 | 429 767 | 449 347 |
| Compensation of employees | 132 387 | 142 845 | 165 056 | 186 974 | 195 894 | 205 314 | 217 104 |
| Goods and services | 80 369 | 159 847 | 181 157 | 205 669 | 209 873 | 214 128 | 221 918 |
| Depreciation | 10 025 | 13 503 | 9 442 | 9 725 | 9 725 | 9 725 | 9 725 |
| Interest, dividends and rent on land | 12 | 386 | 612 | 600 | 600 | 600 | 600 |
| Transfers and subsidies | 66 174 | - | - | - | - | - | - |
| Total expenses | 288 967 | 316 581 | 356 267 | 402 968 | 416 092 | 429 767 | 449 347 |
| Surplus / (Deficit) | 8 974 | 15 380 | (10 601) | 5 142 | 4 198 | 3 069 | 1 931 |

Source: SA Medical Research Council

National Health Laboratory Service

The National Health Laboratory Service (NHLS) is the largest diagnostic pathology service in South Africa with a network of over 250 pathology laboratories employing 4 132 people serving the public health sector. It was established in 2003 in terms of the National Health Laboratory Service Act (2000) to form a single national public health laboratory service incorporating the previous South African Institute for Medical Research (SAIMR) and various governmental and provincial laboratories.

Research by the NHLS covers a wide range of activities across all pathology disciplines. Laboratory services provided include microbiology, virology, chemical pathology, haematology, parasitology and immunology. It is also responsible for all undergraduate and postgraduate pathology training in the medical curricula of eight universities. In October 2006, the NHLS incorporated the laboratory service of KwaZulu-Natal, completing the amalgamation of all provincial laboratory services into the NHLS. The staff establishment is expected to expand by another 1 000 employees once the transfer and integration is fully completed. The target date is March 2008.

Expenditure grew strongly over the seven-year period, averaging 20,1 per cent a year from 2003/04 to 2006/07 and 17,2 per cent over the MTEF period. Part of this growth reflects the incorporation of the large KwaZulu-Natal laboratory service. The financial position of the NHLS has strengthened compared to the first years of its existence, with the entity making provision for all its liabilities on its balance sheet. In 2007/08, expenditure is estimated at R2,2 billion, equivalent to 3,8 per cent of spending by provincial health departments. The entity is predicting strong revenue growth of 17,2 per cent a year over the MTEF period, due to the incorporation of the KwaZulu-Natal laboratory service, greater volumes of TB and HIV testing, and large increases in diagnostic testing (currently showing an 18 per cent year on year increase). Expenditure on compensation of employees will thus increase (17,3 per cent growth over the MTEF period) because of the required increase in the staff complement, as will expenditure on goods and services (20,3 per cent growth over the MTEF) and inventory (17,6 per cent over the MTEF). The NHLS will also invest in capital to upgrade the KwaZulu-Natal laboratories, particularly IT and laboratory equipment, as reflected in the large increase in assets on the balance sheet.

Achievements for 2005/06 include: 288 medical technologist posts filled; 704 131 CD4 tests processed by 24 CD4 operating sites (a 132 per cent increase from 303 351 tests in 2004/05); 160 417 viral load tests processed by 9 viral load laboratories (from 16 397 tests in 2004/05, an increase of almost 900 per cent), and 280 peer-reviewed publications. Infrastructure was upgraded in 34 per cent of laboratories in 2005/06. All laboratories participated in the NHLS quality assurance framework. Laboratories have been established in areas that were previously under-serviced because of their remoteness. The registrar training programme has been expanded, increasing the numbers of registrars from 137 to 162, and qualified pathologists from 112 to 120. To speed up services in outlying areas, the NHLS piloted a short messaging system (SMS) project for transmitting

urgent laboratory results in rural Eastern Cape. This project is being expanded nationally. In line with the Department of Health's plan to prioritise TB management, the NHLS will participate in the TB national crisis plan.

The NHLS has three specialised institutes. The National Institute of Communicable Diseases came into being in January 2002, replacing the previous National Institute for Virology, and microbiology, parasitology and entomology laboratories from the former SAIMR to create a comprehensive public health communicable diseases institution. The National Cancer Registry provides epidemiological information for cancer surveillance and assists in building national awareness of cancer. The National Institute for Occupational Health supports the development and provision of occupational health services in South Africa. The achievements of the NHLS are further described on its website: <http://www.nhls.ac.za/aboutnews.html#2>.

Table 15.8 Financial summary for the National Health Laboratory Service

| R thousand | Outcome | | | Estimated outcome | Medium-term estimate | | |
|--------------------------------------|-----------------|------------------|------------------|-------------------|----------------------|------------------|------------------|
| | Audited | Audited | Audited | | 2006/07 | 2007/08 | 2008/09 |
| | 2003/04 | 2004/05 | 2005/06 | | | | |
| Revenue | | | | | | | |
| Non-tax revenue | 898 351 | 1 083 337 | 1 345 940 | 1 809 074 | 2 254 183 | 2 604 355 | 2 939 554 |
| Sales of laboratory services | 885 865 | 1 060 670 | 1 324 126 | 1 782 679 | 2 225 004 | 2 575 048 | 2 914 447 |
| Interest | 24 | 2 738 | 7 938 | 16 420 | 17 900 | 18 437 | 18 990 |
| Other non-tax revenue | 12 462 | 19 929 | 13 876 | 9 975 | 11 279 | 10 870 | 6 117 |
| Transfers received | 65 887 | 86 764 | 80 288 | 88 441 | 99 643 | 106 288 | 113 432 |
| Total revenue | 964 238 | 1 170 101 | 1 426 228 | 1 897 515 | 2 353 826 | 2 710 643 | 3 052 986 |
| Expenses | | | | | | | |
| Current expense | 978 443 | 1 061 289 | 1 253 478 | 1 693 728 | 2 166 588 | 2 516 674 | 2 835 202 |
| Compensation of employees | 584 755 | 608 370 | 741 557 | 999 433 | 1 269 881 | 1 449 112 | 1 614 005 |
| Goods and services | 379 416 | 430 740 | 494 317 | 665 202 | 850 914 | 1 011 083 | 1 156 702 |
| Depreciation | 13 847 | 19 284 | 15 620 | 27 200 | 43 719 | 54 719 | 62 887 |
| Interest, dividends and rent on land | 425 | 2 895 | 1 984 | 1 893 | 2 074 | 1 760 | 1 608 |
| Transfers and subsidies | 8 983 | 11 403 | - | 3 129 | 3 791 | 4 403 | 5 074 |
| Total expenses | 987 426 | 1 072 692 | 1 253 478 | 1 696 857 | 2 170 379 | 2 521 077 | 2 840 276 |
| Surplus / (Deficit) | (23 188) | 97 409 | 172 750 | 200 658 | 183 447 | 189 566 | 212 710 |
| Balance sheet data | | | | | | | |
| Carrying value of assets | 147 314 | 184 623 | 225 044 | 358 305 | 520 947 | 626 423 | 703 814 |
| Inventory | 12 057 | 5 255 | 32 858 | 51 882 | 64 494 | 74 228 | 84 295 |
| Receivables and prepayments | 199 194 | 276 460 | 316 390 | 434 591 | 541 843 | 627 046 | 709 786 |
| Cash and cash equivalents | 88 926 | 88 531 | 288 509 | 351 474 | 404 593 | 509 907 | 674 636 |
| Total assets | 447 491 | 554 869 | 862 801 | 1 196 252 | 1 531 877 | 1 837 604 | 2 172 531 |
| Capital and reserves | 31 578 | 131 444 | 305 390 | 506 046 | 726 106 | 910 377 | 1 117 264 |
| Borrowings | 2 582 | 3 843 | 4 539 | 4 330 | 4 744 | 4 026 | 3 678 |
| Post retirement benefits | 173 921 | 194 866 | 256 313 | 361 313 | 442 379 | 527 498 | 616 872 |
| Trade and other payables | 155 987 | 141 970 | 215 172 | 230 968 | 257 097 | 284 505 | 312 955 |
| Provisions | 83 423 | 82 746 | 81 387 | 93 595 | 101 551 | 111 198 | 121 762 |
| Total equity and liabilities | 447 491 | 554 869 | 862 801 | 1 196 252 | 1 531 877 | 1 837 604 | 2 172 531 |
| Contingent liabilities | 13 309 | - | 15 947 | - | - | - | - |

Source: National Health Laboratory Service

Council for Medical Schemes

The Council for Medical Schemes is a statutory body, established in terms of the Medical Schemes Act (1998), which regulates and supervises the private medical scheme industry. There are 160 medical schemes, with a total annual contribution flow of about R54,2 billion in 2005/06, servicing approximately 7 million beneficiaries. The council closely monitors the financial health of medical schemes, has a well-developed system of reporting by schemes, and operates a complaints system to deal with problems in the industry. However, there are still concerns about: very limited growth in the overall number of covered lives; inappropriate benefit design; and the escalation of both health and non-health care costs. Nonetheless, the council's work has brought greater stability to medical schemes, which have now built substantial financial reserves; created a clear regulatory environment; and specified prescribed minimum benefits (PMBs).

The council has focused on creating a policy and business environment conducive to the fair treatment of beneficiaries of medical schemes. The expertise of the Office of the Registrar has been used for developing key policies around the Risk Equalisation Fund (REF) and setting up a restricted medical scheme for public servants. A set of 27 common chronic conditions has been successfully included into the PMBs. In tandem with the development of government's HIV and Aids policy, the council expanded the PMBs in 2005 to include the provision of anti-retroviral therapy.

The council has set up a new division for overseeing medical schemes benefits, whose main objective is to ensure that members receive the benefits they have paid for. A quantitative tool, which standardised how benefit options are presented, was developed to improve the analysis of benefits and contribution changes. The council played a major role in implementing the new diagnostic coding system, owned by the World Health Organisation and enabling the standardisation of data for planning and epidemiological purposes. It has also been instrumental in the formation of the national health reference price list, which is used by providers as a reference for reimbursement following the ruling of the Competition Commission on tariff setting in the private health market.

The Council for Medical Schemes is funded mainly through levies on the industry in terms of the Council for Medical Schemes Levies Act (2000). In 2006/07, the council received an additional allocation of R15 million to prepare for the implementation of the Risk Equalisation Fund in 2007. For 2007/8, the council will be focusing on: restructuring benefit options to reduce their complexity; the final implementation of the REF; developing a clear and consistent framework for encouraging risk pooling for low-income families; and improving the governance of medical schemes to further protect members. The expected functioning of the REF and inflow of levies from its administration is expected to increase the council's revenue from R60 million in 2006/07 to R84,5 million in 2009/10 (12,1 per cent average annual growth). The council plans to add more staff to complement this growth, and compensation of employees thus grows from R30,5 million in 2006/07 to R44,6 million in 2009/10 (13,5 per cent average annual increase). Goods and services will follow a similar pattern, growing at an average of 15,6 per cent a year over the MTEF. The council will receive a further R3,2 million for 2007/8 to carry out other regulatory objectives. The financial statements have been unqualified for several years. Further information on the achievements of the CMS can be found on the website: <http://www.medicalschemes.com/>

Table 15.9 Financial summary for the Council for Medical Schemes

| | Outcome | | | Estimated outcome | Medium-term estimate | | |
|-----------------------------|----------------|----------------|----------------|-------------------|----------------------|---------------|---------------|
| | Audited | Audited | Audited | | 2007/08 | 2008/09 | 2009/10 |
| R thousand | 2003/04 | 2004/05 | 2005/06 | 2006/07 | | | |
| Revenue | | | | | | | |
| Non-tax revenue | 29 997 | 30 099 | 35 935 | 44 150 | 70 325 | 75 239 | 80 871 |
| Levies from medical schemes | 28 520 | 24 818 | 26 619 | 32 079 | 60 418 | 64 647 | 69 496 |
| Other non-tax revenue | 1 478 | 5 281 | 9 316 | 12 071 | 9 907 | 10 592 | 11 375 |
| Transfers received | 1 125 | 585 | 4 617 | 15 873 | 3 283 | 3 447 | 3 619 |
| Total revenue | 31 122 | 30 684 | 40 552 | 60 023 | 73 608 | 78 686 | 84 490 |
| Expenses | | | | | | | |
| Current expense | 34 456 | 34 552 | 43 669 | 49 429 | 59 443 | 67 604 | 73 376 |
| Compensation of employees | 18 896 | 21 044 | 23 181 | 30 519 | 38 781 | 41 496 | 44 608 |
| Goods and services | 14 296 | 12 344 | 19 592 | 17 540 | 19 203 | 24 548 | 27 090 |
| Depreciation | 1 264 | 1 164 | 896 | 1 370 | 1 459 | 1 560 | 1 678 |
| Total expenses | 34 456 | 34 552 | 43 669 | 49 429 | 59 443 | 67 604 | 73 376 |
| Surplus / (Deficit) | (3 333) | (3 868) | (3 117) | 10 594 | 14 165 | 11 082 | 11 114 |

Source: Council for Medical Schemes

Additional tables

Table 15.A Summary of expenditure trends and estimates per programme and economic classification

| Programme | Appropriation | | Audited outcome | Appropriation | | | Revised estimate |
|---|------------------|------------------|--------------------|-------------------|-----------------|-------------------|---------------------|
| | Main | Adjusted | | Main | Additional | Adjusted | |
| R thousand | 2005/06 | | 2005/06 | 2006/07 | | | 2006/07 |
| 1. Administration | 168 696 | 168 032 | 160 953 | 188 067 | (74) | 187 993 | 169 660 |
| 2. Strategic Health Programmes | 1 649 539 | 1 686 744 | 1 999 706 | 2 741 592 | 100 400 | 2 841 992 | 2 770 659 |
| 3. Health Service Delivery | 7 925 411 | 8 020 507 | 7 744 401 | 8 271 177 | 87 728 | 8 358 905 | 8 351 221 |
| 4. Human Resources | 60 235 | 56 222 | 32 024 | 69 160 | (4 057) | 65 103 | 65 103 |
| Total | 9 803 881 | 9 931 505 | 9 937 084 | 11 269 996 | 183 997 | 11 453 993 | 11 356 643 |
| Economic classification | | | | | | | |
| Current payments | 731 934 | 691 454 | 600 349 | 808 864 | (29 968) | 778 896 | 690 896 |
| Compensation of employees | 209 119 | 209 169 | 209 138 | 240 030 | – | 240 030 | 230 030 |
| Goods and services | 522 815 | 482 285 | 390 433 | 568 834 | (29 968) | 538 866 | 460 866 |
| Financial transactions in assets and liabilities | – | – | 778 | – | – | – | – |
| Transfers and subsidies | 9 044 034 | 9 202 289 | 9 307 632 | 10 433 090 | 198 104 | 10 631 194 | 10 631 194 |
| Provinces and municipalities | 8 612 998 | 8 799 610 | 8 907 992 | 10 034 005 | 172 714 | 10 206 719 | 10 206 719 |
| Departmental agencies and accounts | 317 639 | 249 855 | 249 854 | 289 860 | 5 600 | 295 460 | 295 460 |
| Universities and technikon | – | 4 000 | 4 000 | – | 1 250 | 1 250 | 1 250 |
| Foreign governments and international organisations | – | 1 000 | 1 000 | – | 1 000 | 1 000 | 1 000 |
| Non-profit institutions | 54 701 | 54 701 | 143 417 | 109 225 | 17 078 | 126 303 | 126 303 |
| Households | 58 696 | 93 123 | 1 369 | – | 462 | 462 | 462 |
| Payments for capital assets | 27 913 | 37 762 | 29 103 | 28 042 | 15 861 | 43 903 | 34 553 |
| Buildings and other fixed structures | 2 700 | 6 193 | 6 193 | 5 000 | – | 5 000 | – |
| Machinery and equipment | 17 926 | 22 259 | 13 770 | 23 042 | 9 987 | 33 029 | 28 679 |
| Software and intangible assets | 7 287 | 9 310 | 9 140 | – | 5 874 | 5 874 | 5 874 |
| Total | 9 803 881 | 9 931 505 | 9 937 084 | 11 269 996 | 183 997 | 11 453 993 | 11 356 643 |

Table 15.B Summary of personnel numbers and compensation of employees

| | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimates | | |
|--|-----------------|----------------|----------------|---------------------------|-----------------------------------|----------------|----------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| A. Permanent and full-time contract employees | | | | | | | |
| Compensation (R thousand) | 177 743 | 190 808 | 209 094 | 240 030 | 251 826 | 265 777 | 280 982 |
| Unit cost (R thousand) | 133 | 162 | 170 | 195 | 209 | 221 | 233 |
| Personnel numbers (head count) | 1 334 | 1 181 | 1 233 | 1 233 | 1 205 | 1 205 | 1 205 |
| C. Interns | | | | | | | |
| Compensation of interns | – | – | 44 | – | – | – | – |
| Unit cost (R thousand) | – | – | 2 | – | – | – | – |
| Number of interns | – | 13 | 28 | – | – | – | – |
| Total for department | | | | | | | |
| Compensation (R thousand) | 177 743 | 190 808 | 209 138 | 240 030 | 251 826 | 265 777 | 280 982 |
| Unit cost (R thousand) | 133 | 160 | 166 | 195 | 209 | 221 | 233 |
| Personnel numbers (head count) | 1 334 | 1 194 | 1 261 | 1 233 | 1 205 | 1 205 | 1 205 |

Table 15.C Summary of expenditure on training

| | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimates | | |
|--|-----------------|--------------|--------------|------------------------|-----------------------------------|--------------|--------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Training and staff development | | | | | | | |
| Expenditure (R thousand) | 646 | 943 | 775 | 1 105 | 3 859 | 4 052 | 4 255 |
| Number of employees trained (head count) | 349 | 616 | 572 | 690 | 625 | 688 | 722 |
| Bursaries (employees) | | | | | | | |
| Expenditure per programme (R thousand) | 591 | 443 | 383 | 750 | 551 | 579 | 606 |
| Number of employees (head count) | 91 | 82 | 54 | 101 | 80 | 88 | 93 |
| Total | 1 237 | 1 386 | 1 158 | 1 855 | 4 410 | 4 631 | 4 861 |
| Number of employees | 440 | 698 | 626 | 791 | 705 | 776 | 815 |

Table 15.C Summary of expenditure on training

| | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimates | | |
|--|-----------------|--------------|--------------|------------------------|-----------------------------------|--------------|--------------|
| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Training and staff development | | | | | | | |
| Expenditure (R thousand) | 646 | 943 | 775 | 1 105 | 3 859 | 4 052 | 4 255 |
| Number of employees trained (head count) | 349 | 616 | 572 | 690 | 625 | 688 | 722 |
| Bursaries (employees) | | | | | | | |
| Expenditure per programme (R thousand) | 591 | 443 | 383 | 750 | 551 | 579 | 606 |
| Number of employees (head count) | 91 | 82 | 54 | 101 | 80 | 88 | 93 |
| Total | 1 237 | 1 386 | 1 158 | 1 855 | 4 410 | 4 631 | 4 861 |
| Number of employees | 440 | 698 | 626 | 791 | 705 | 776 | 815 |

Table 15.E Summary of expenditure on infrastructure

| Description | Service delivery outputs | Audited outcome | | | Adjusted | Medium-term expenditure estimate | | |
|--|--|-----------------|---------|---------|---------------|----------------------------------|---------|---------|
| | | 2003/04 | 2004/05 | 2005/06 | appropriation | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | | |
| MEGA infrastructure projects and programmes (Over R250 million) | | | | | | | | |
| Madadeni | 620 bed revitalisation | – | – | – | 3 000 | 3 000 | 42 692 | 91 800 |
| Chris Hani 3 | Revitalise and downscale to 1 500 beds | – | – | – | 49 213 | 205 600 | 50 224 | 92 465 |
| Other large infrastructure projects (Over R20 million) | | | | | | | | |
| Hlabisa | New 308 bed | – | – | – | 54 866 | 61 719 | 72 783 | 11 061 |
| Lebowakgomo | Upgrade to 241 beds | 18 810 | 19 301 | 3 500 | – | – | – | – |
| Jane Furse | Downscale to 252 beds | 19 143 | 56 357 | 20 800 | – | – | – | – |
| Dilokong | Downscale to 252 beds | 31 449 | 26 048 | 56 800 | 4 358 | – | – | – |
| Nkhensani | Upgrade to 363 beds | 15 894 | 7 900 | 36 300 | 4 415 | – | – | – |
| Maphuta Malatjie | Downscale to 93 beds | – | – | 55 000 | 11 001 | 13 000 | 41 238 | 20 762 |
| Letaba | Upgrade to 400 beds | – | – | – | 17 369 | 70 766 | 37 131 | – |
| Thabamooop | 1 152 beds | – | – | – | 11 580 | 59 435 | 13 788 | 4 000 |
| Piet Retief | Downscale to 140 beds | 35 031 | 37 725 | – | – | 10 000 | – | – |
| Themba | Downscale to 212 beds | 5 424 | 5 236 | 12 835 | 11 147 | 23 900 | 46 044 | 43 150 |
| Rob Ferreira | Downscale to 212 beds | 4 647 | 20 281 | 21 932 | 19 047 | 32 140 | 42 000 | 45 400 |
| Ermelo and New Nelspruit Tertiary | Upgrade to 735 beds | – | 4 050 | 28 000 | 23 159 | 36 824 | 143 368 | 194 102 |
| Colesburg | Upgrade to 35 beds | 16 939 | 10 600 | – | – | – | – | – |
| Calvinia | Downscale to 35 beds | 10 930 | 10 600 | – | – | – | – | – |
| Psychiatric (West End) | Upgrade to 310 beds | – | 35 100 | 30 000 | 99 585 | 165 000 | 30 000 | 3 000 |
| Barkly West | Upgrade to 55 beds | – | – | 12 000 | 20 843 | 3 000 | – | – |
| Uppington (Gordonia) | Upgrade to 231 beds | – | 1 200 | 20 000 | 69 478 | – | 100 000 | 120 000 |
| De Aar | Upgrade to 190 beds | – | – | 17 000 | 69 478 | – | 85 000 | 150 000 |
| Postmasburg | Upgrade to 55 beds | – | – | – | 11 580 | – | – | – |
| Moretelesti / George Stegmann | Downscale to 296 beds | – | 50 000 | 50 000 | 88 584 | – | – | – |
| Vryburg and Moses Kotane | Upgrade to 120 beds | – | 38 500 | 30 000 | 50 950 | 158 000 | 135 000 | 98 000 |
| Brits and Bophelong | Upgrade to 175 beds | – | – | 15 000 | 8 106 | 14 000 | 92 000 | 112 000 |
| Jubilee | Downscale to 288 beds | – | – | – | 28 949 | – | – | – |
| Tshwaragano | Downscale to 175 beds | – | – | 20 000 | 5 790 | – | – | – |
| Vredenburg | Upgrade to 80 beds | 8 948 | 38 798 | 13 574 | 5 484 | 25 000 | 52 000 | 2 000 |
| George | Upgrade to 265 beds | 20 831 | 38 981 | 14 712 | 1 737 | 14 000 | 60 000 | – |
| Worcester (Eben Donges) | Upgrade to 315 beds | 33 430 | 75 195 | 37 245 | 31 836 | 55 323 | 5 000 | – |
| Paarl and Mitchell's Plain | Upgrade to 326 beds | – | – | 49 010 | 45 610 | 80 394 | 180 000 | 225 000 |
| Khayelitsha and Valkenburg | New 230 beds | – | – | 11 000 | 33 581 | 12 116 | 75 000 | 95 000 |
| Frontier | Upgraded to 400 beds | 1 846 | 13 887 | 35 500 | 15 343 | 73 798 | 51 000 | 36 000 |
| St. Elizabeth's | Upgrade to 410 beds | 7 887 | 15 254 | 19 000 | 21 972 | 36 000 | 45 000 | 43 000 |
| Mary Theresa | Upgrade to 248 beds | 33 673 | 81 783 | 41 750 | 6 948 | 15 000 | 15 000 | 5 000 |
| Rietvlei | Downscale to 205 beds | 18 932 | 14 564 | 20 050 | 11 001 | 13 000 | – | – |
| St. Lucy's | Downscale to 154 beds | – | – | 26 000 | 15 633 | 75 000 | 40 000 | 32 000 |
| St. Patrick's and Madwaleni | Downscale to 245 beds | – | – | – | 12 159 | 42 000 | 73 000 | 69 000 |
| Boitumelo | Downscale to 246 beds | 9 265 | 65 737 | 25 681 | 17 764 | 52 436 | 50 000 | 30 000 |
| Pelonomi and Tromsburg | Downscale to 346 beds | 9 672 | 11 169 | 30 500 | 23 622 | 26 000 | 42 000 | 70 000 |
| Mamelodi | Upgrade to 250 beds | 7 394 | 40 000 | 51 929 | 54 507 | 38 652 | 1 449 | – |
| Zola and Free State Psychiatric complex | Downscale to 250 beds | 34 195 | – | 28 000 | 54 479 | 189 800 | 166 814 | 55 000 |
| CHB 1 | New 210 bed | – | – | 7 000 | 11 580 | – | 120 042 | 200 000 |
| Natalspruit | Downscale to 500 beds | 1 345 | 15 000 | – | 17 369 | – | – | 300 000 |
| Sebokeng | Downscale to 384 beds | – | – | – | 15 258 | 9 169 | – | – |
| Germiston | Upgrade to 149 beds | – | – | – | 23 391 | 71 330 | 130 079 | 118 858 |

Table 15.E Summary of expenditure on infrastructure (continued)

| Description | Service delivery outputs | Audited outcome | | | Adjusted appropriation | Medium-term expenditure estimate | | |
|---|--------------------------|-----------------|----------------|------------------|------------------------|----------------------------------|------------------|------------------|
| | | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| R thousand | | | | | | | | |
| Tembisa | Downscale to 544 beds | - | - | - | 29 180 | 10 954 | 9 694 | - |
| Daveyton | New 300 bed | - | - | - | 14 475 | 52 031 | 70 837 | - |
| King George V | Downscale to 960 beds | 26 291 | 67 186 | 132 662 | 75 579 | 173 120 | 24 579 | 3 061 |
| Ngwelezane / Lower Umfolozi | Downscale to 859 beds | 10 844 | 12 779 | 45 934 | 39 457 | 12 646 | 2 783 | 3 061 |
| Dr Pixley Seme | New 250 bed | - | 17 322 | 20 000 | 14 926 | - | 53 986 | 92 804 |
| Dr John Dube | New 250 bed | - | - | - | 13 711 | - | - | 97 476 |
| Thabazimbi and Musina | | - | - | - | - | - | 119 000 | 74 000 |
| Groups of small projects or programmes | | | | | | | | |
| Medical Bureau for Occupational Diseases: Repairs and maintenance | | - | 7 453 | 7 600 | - | - | - | - |
| Johannesburg Forensic Laboratory - Electrical upgrading | | - | - | 700 | - | - | - | - |
| Pretoria Forensic Laboratory: Upgrading | | - | - | 124 | - | - | - | - |
| Building of additional gas store | | - | - | 80 | - | - | - | - |
| Total | | 382 820 | 838 005 | 1 047 218 | 1 269 099 | 1 934 153 | 2 318 531 | 2 537 000 |

Table 15.F Summary of departmental public-private partnership projects

| R thousand | Project unitary fee at of contract | Budgeted expenditure | Medium-term expenditure estimate | | |
|---|------------------------------------|----------------------|----------------------------------|--------------|--------------|
| | | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
| Projects signed in terms of Treasury Regulation 16 | 7 640 | 576 | 1 451 | 1 524 | 1 601 |
| PPP unitary charge ¹ | 7 640 | 576 | 1 451 | 1 524 | 1 601 |
| Total | 7 640 | 576 | 1 451 | 1 524 | 1 601 |

1. Details on disclosure notes can be viewed in the PPP table of the Department of Transport.

