

Vote 7

Health

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	30 912 461	31 117 730		205 269
MEC remuneration	1 735	1 735		
Total amount to be appropriated	30 914 196	31 119 465		205 269
<i>of which:</i>				
Current payments	28 624 542	28 780 978		156 436
Transfers and subsidies	692 479	694 193		1 714
Payments for capital assets	1 597 175	1 644 294		47 119
Payments for financial assets	-	-		
Responsible MEC	Dr. S. M. Dhlomo, MEC for Health			
Administering department	Health			
Accounting Officer	Head: Health			

1. Vision and mission

Vision

The vision of the department is: *A long and healthy life for all South Africans.*

Mission

The mission of the department is: *To develop a sustainable, co-ordinated, integrated and comprehensive health system at all levels of care, based on the primary health care approach through the district health system.*

2. Strategic objectives

Strategic policy direction: Directly linked with the National Development Plan 2030 with the main focus on improving the health and well-being of the population and strengthening the health system effectiveness.

The department's strategic goals, each comprising a number of strategic objectives and sub-outcomes, have been aligned with the National Development Plan 2030, the Medium Term Strategic Framework (MTSF) 2014-2019, and the National Health sector strategic goals for 2014-2019. The overarching goal remains "*Increasing the life expectancy of all South Africans*". The various goals are as follows:

- To prevent and reduce the burden of disease with the main focus on maternal, neonatal, child and women's health, tuberculosis (TB), HIV and AIDS, non-communicable diseases, as well as injury, accidents and violence.
- To implement Primary Health Care (PHC) re-engineering and improve hospital efficiencies.
- To strengthen health facility planning.
- To improve Human Resources for Health.
- To strengthen health information management to improve decision making.
- To improve financial management.
- To improve quality of care.
- To improve universal health coverage.

3. Summary of adjusted estimates for the 2014/15 financial year

The main appropriation of the Department of Health was R30.914 billion in 2014/15.

During the year, the department received an additional allocation totalling R205.269 million. The main adjustments that led to this overall increase are summarised below, and are explained in more detail in Section 4:

- *Roll-overs:* The department received a roll-over of R5.848 million in respect of the National Health Insurance (NHI) conditional grant which was allocated to Programme 2: District Health Services against *Goods and services* and *Machinery and equipment*. This will be used to pay for the development of a patient record system, with orders placed in 2013/14, but only delivered in 2014/15.
- *Virement between programmes:* The department moved a net amount of R1.964 million from Programme 4: Provincial Hospital Services against *Transfers and subsidies to: Non-profit institutions* to Programme 2 against *Transfers and subsidies to: Provinces and municipalities* to offset expenditure pressures due to commitments from 2013/14 related to municipal clinics in eThekweni Metro. The savings from *Transfers and subsidies to: Non-profit institutions* were not allocated to any specific entity but were earmarked for further negotiations with the NPIs under Programme 4, which are now not going to take place due to financial constraints within the department. Note that the department has prepared a cost containment plan to address these constraints.

In addition to the above virement, the department undertook extensive virements across sub-programmes and economic categories within programmes. A number of these virements, which are discussed in more detail in Section 4 below, require Legislature approval, including the redirecting of specifically and exclusively appropriated funding, as well as decreases in capital in Programme 8: Health Facilities Management and transfers in Programmes 2 and 4. Where applicable, approval for the various increases in transfer payments and *Compensation of employees* was received from Provincial Treasury.

- *Shifts:* The department undertook shifts within *Transfers and subsidies to: Provinces and municipalities*, where an amount of R1.569 million was moved from various programmes to Programme 1: Administration, as a result of the centralisation of all motor vehicle licences, except Emergency Medical Services (EMS) vehicles. The purpose of these funds remains unchanged.
- *Other adjustments:* The department's budget allocation was increased by a net amount of R199.421 million, as explained below:
 - R1.769 million was reduced from the department's budget against Programme 1 and *Goods and services*, related to previous years' irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote.
 - R201.190 million was allocated to *Buildings and other fixed structures* in Programme 8 as follows:
 - R1.190 million was received from the sale of the McCord debtors' book and Provincial Treasury approval was obtained for this to be allocated back to the department for various infrastructure changes that needed to be made at the hospital to convert it to a specialist eye hospital.
 - R200 million was allocated for infrastructure pressures in the Health Facilities Revitalisation grant. This amount was taken from the indirect National Health grant and allocated to the province as a direct grant.

Tables 7.1 and 7.2 below reflect a summary of the 2014/15 adjusted appropriation of the department, summarised according to programme and economic classification.

Table 7.1: Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	581 340	-	-	-	1 569	(1 769)	(200)	581 140
2. District Health Services	14 720 035	5 848	-	1 964	(1 041)	-	6 771	14 726 806
3. Emergency Medical Services	1 073 438	-	-	-	-	-	-	1 073 438
4. Provincial Hospital Services	8 788 275	-	-	(1 964)	(470)	-	(2 434)	8 785 841
5. Central Hospital Services	3 079 392	-	-	-	-	-	-	3 079 392
6. Health Sciences and Training	1 051 400	-	-	-	(33)	-	(33)	1 051 367
7. Health Care Support Services	140 959	-	-	-	(25)	-	(25)	140 934
8. Health Facilities Management	1 479 357	-	-	-	-	201 190	201 190	1 680 547
Total	30 914 196	5 848	-	-	-	199 421	205 269	31 119 465
Amount to be voted								205 269

Table 7.2: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	28 624 542	1 400	-	156 805	-	(1 769)	156 436	28 780 978
Compensation of employees	20 188 402	-	-	22 630	-	-	22 630	20 211 032
Goods and services	8 436 140	1 400	-	134 175	-	(1 769)	133 806	8 569 946
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	692 479	-	-	1 714	-	-	1 714	694 193
Provinces and municipalities	137 663	-	-	20 009	-	-	20 009	157 672
Departmental agencies and accounts	13 069	-	-	-	-	-	-	13 069
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	250 647	-	-	(20 009)	-	-	(20 009)	230 638
Households	291 100	-	-	1 714	-	-	1 714	292 814
Payments for capital assets	1 597 175	4 448	-	(158 519)	-	201 190	47 119	1 644 294
Buildings and other fixed structures	1 249 773	-	-	(181 108)	-	201 190	20 082	1 269 855
Machinery and equipment	347 402	4 448	-	22 589	-	-	27 037	374 439
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	30 914 196	5 848	-	-	-	199 421	205 269	31 119 465
Amount to be voted								205 269

4. Changes to programme purposes and service delivery measures

The department did not change the purpose of any of its programmes. However, there were some changes to service delivery measures to align the targets originally published in the 2014/15 EPRE with the department's APP, which was published after the EPRE.

4.1 Programme 1: Administration

Programme 1's main objective is to provide overall strategic leadership, co-ordination and management of activities toward the achievement of optimal health status of all communities in the province, as well as the administration of the department in line with good governance practice. The programme also includes the formulation of policies and strategies in line with national and provincial priorities.

Tables 7.3 and 7.4 below summarise the 2014/15 adjusted appropriation of Programme 1 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R200 000, are provided in the paragraphs following the tables.

Table 7.3: Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Office of the MEC Management	19 498	-	-	-	1 569	(1 769)	-	19 498
Total	561 842	-	-	-	1 569	(1 769)	(200)	561 642
Amount to be voted								(200)

Table 7.4: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	571 829	-	-	-	-	(1 769)	570 060
Compensation of employees	307 734					-	307 734
Goods and services	264 095					(1 769)	262 326
Interest and rent on land						-	-
Transfers and subsidies to:	3 061	-	-	-	1 569	-	4 630
Provinces and municipalities	60				1 569	1 569	1 629
Departmental agencies and accounts	1					-	1
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	3 000					-	3 000
Payments for capital assets	6 450	-	-	-	-	-	6 450
Buildings and other fixed structures						-	-
Machinery and equipment	6 450					-	6 450
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	581 340	-	-	-	1 569	(1 769)	581 140
Amount to be voted							(200)

Shifts – Programme 1: Administration: R1.569 million

An additional amount of R1.569 million was allocated to *Transfers and subsidies to: Provinces and municipalities* in the Management sub-programme, to provide for the previously mentioned centralisation of licensing of motor vehicles from other programmes, excluding the EMS vehicles in Programme 3; Emergency Medical Services.

Other adjustments – Programme 1: Administration: (R1.769 million)

An amount of R1.769 million was reduced from the department's budget against Programme 1 and *Goods and services*, related to previous years' irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote.

Service delivery measures – Programme 1: Administration

Table 7.5 shows the service delivery information for Programme 1. The measures in the *EPRE* are fully aligned with the APP.

Two of the measures in this programme are annual in nature and are only reported on after the closure of the financial year. The description of one measure has changed and this is indicated in bold italics.

Table 7.5: Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
Administration:	Human Resources			
To conduct the strategic management and overall administration of the Department of Health	<ul style="list-style-type: none"> <i>Proportion of facilities connected to the internet</i> Develop provincial human resources for Health Plan Develop provincial long term Health Plan 	25%	38.5%	
		Yes	Annual	
		Yes	Annual	

4.2 Programme 2: District Health Services

The main purpose of this programme is to render primary health care services and district hospital services, and the programme is the main vehicle for improving health services in the province.

Tables 7.6 and 7.7 below summarise the 2014/15 adjusted appropriation of Programme 2 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R6.771 million, are provided in the paragraphs following the tables.

Table 7.6: Programme 2: District Health Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
District Management	246 328	5 848		(18 262)	(56)		(12 470)	233 858
Community Health Clinics	3 055 573			10 487	(168)		10 319	3 065 892
Community Health Centres	1 296 961			(15 394)	(96)		(15 490)	1 281 471
Community-based Services	2 580						-	2 580
Other Community Services	955 141			33 656	(55)		33 601	988 742
HIV and AIDS	3 257 992						-	3 257 992
Nutrition	47 772						-	47 772
Coroner Services	158 329						(121)	158 208
District Hospitals	5 699 359			(8 523)	(545)		(9 068)	5 690 291
Total	14 720 035	5 848	-	1 964	(1 041)	-	6 771	14 726 806
Amount to be voted								6 771

Table 7.7: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	14 210 678	1 400	-	(1 700)	-	-	(300)	14 210 378
Compensation of employees	9 832 214			5 122			5 122	9 837 336
Goods and services	4 378 464	1 400		(6 822)			(5 422)	4 373 042
Interest and rent on land							-	-
Transfers and subsidies to:	391 617	-	-	3 664	(1 041)	-	2 623	394 240
Provinces and municipalities	134 838			20 009	(1 041)		18 968	153 806
Departmental agencies and accounts	32						-	32
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	220 147			(18 045)			(18 045)	202 102
Households	36 600			1 700			1 700	38 300
Payments for capital assets	117 740	4 448	-	-	-	-	4 448	122 188
Buildings and other fixed structures							-	-
Machinery and equipment	117 740	4 448					4 448	122 188
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	14 720 035	5 848	-	1 964	(1 041)	-	6 771	14 726 806
Amount to be voted								6 771

Roll-over – Programme 2: District Health Services: R5.848 million

An amount of R5.848 million was allocated to *Goods and services* (R1.400 million) and *Machinery and equipment* (R4.448 million) against the District Management sub-programme for the roll-over of the National Health Insurance conditional grant. This will be used to pay for the development of a patient record system, with orders placed in 2013/14, but which will only be delivered in 2014/15.

Virement – Programme 2: District Health Services: R1.964 million

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a net increase of R1.964 million against the main appropriation of Programme 2. This is discussed in more detail below:

- The department moved R1.964 million from Programme 4 against *Transfers and subsidies to: Non-profit institutions* to Programme 2 against *Transfers and subsidies to: Provinces and municipalities*

to offset pressures due to the carry-over expenditure from 2013/14 related to municipal clinics in eThekweni. The savings from *Transfers and subsidies to: Non-profit institutions* were not allocated to any specific entity but were earmarked for further negotiations with the NPIs under this programme, which are now not going to take place due to the previously mentioned cost containment plan within the department.

- In addition to the above-mentioned reduction in *Transfers and subsidies to: Non-profit institutions* in Programme 4, a further saving of R9.522 million was moved within Programme 2 from *Transfers and subsidies to: Non-profit institutions* to *Transfers and subsidies to: Provinces and municipalities* also to offset pressures due to carry-over expenditure from 2013/14 related to municipal clinics in eThekweni. Once again, this saving was due to funding not allocated to any specific entity but earmarked by the department for further negotiations with the NPIs under this programme, which are now not going to take place due to the previously mentioned cost containment plan.
- A further amount of R8.523 million was allocated to *Transfers and subsidies to: Provinces and municipalities*, also to offset pressures due to carry-over expenditure from 2013/14 related to municipal clinics in eThekweni, and relating to savings against *Transfers and subsidies to: Non-profit institutions*. The savings were due to an over-estimation of the budget for trade creditors following the purchase of the McCord Hospital (which fell under Programme 2 prior to purchase) in 2013/14. Funding was ring-fenced for this purpose but is no longer required. Treasury approval has been given for this change in purpose.
- Savings of R6.822 million against *Goods and services* under the HIV and AIDS sub-programme were moved to address unexpected staff exit costs against *Transfers and subsidies to: Households* (R1.700 million), as well as to address pressures in *Compensation of employees* within the HIV and AIDS sub-programme (R5.122 million). The savings were due to medicines procured on behalf of the department by the National Department of Health via donor funding.

Shifts – Programme 2: District Health Services: (R1.041 million)

An amount of R1.041 million was shifted from Programme 2 to Programme 1 within the *Transfers and subsidies to: Provinces and municipalities* category due to the centralisation of licensing of motor vehicles within Programme 1. There is no change in purpose for this funding.

Service delivery measures – Programme 2: District Health Services

Table 7.8 shows the revised service delivery information for Programme 2. Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year. The department revised a number of measures to align them with the targets published in the 2014/15 APP, due to the *EPRE* being published before the APP was finalised. The description of some measures has changed and this is indicated in bold italics.

Table 7.8: Service delivery measures – Programme 2: District Health Services

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. Clinics and Community Health Centres				
To provide facilities for patients to be treated at primary health care level	• PHC utilisation rate (annualised)	3	3.1	
	• OHH registration visit coverage	Est. baseline	-	
	• PHC supervisor visit rate (fixed clinic / CHC / CDC)	66.4%	64.4%	
	• Complaints resolution within 25 working days rate	70%	83%	
	• No. of fully fledged District Clinical specialist Teams appointed	4 (complete medical teams) 11 (complete nursing teams)	-	11 teams (with all nursing posts filled) 2 of 11 teams with all nursing and medical specialist posts filled

Table 7.8: Service delivery measures – Programme 2: District Health Services

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
	<ul style="list-style-type: none"> No. of fully-fledged Ward Based Outreach Teams appointed School ISHP coverage (annualised) School Grade 1 screening coverage (annualised) School Grade 4 screening coverage (annualised) School Grade 8 screening coverage (annualised) Percentage of fixed facilities that have conducted gap assessments for compliance against National Core Standards Compliance rate of PHC facilities (of National Core Standards) Provincial PHC expenditure per uninsured person % of facilities conducting annual patient satisfaction surveys (PSS) PHC patient satisfaction rate 	95 70% Est. baseline Est. baseline Est. baseline 90% 25% R888 100% 70%	68 25.5% 20.7% 22.1% 11.4% 7.9% 1.2% Annual Annual Annual	57 (fully staffed) R907
2. District Hospitals				
Rendering of a hospital service at a district level	<ul style="list-style-type: none"> Average length of stay Inpatient bed utilisation rate Expenditure per patient day equivalent (PDE) Complaint resolution within 25 working days rate Mental health admission rate Proportion of hospitals assessed as compliant with the Extreme Measures of National Core Standards Proportion of hospitals that have conducted gap assessments for compliance against the National Core Standards Patient satisfaction rate 	5.6 days 63.8% R2 011 70% 1.1% Est. baseline 100% 90%	6.1 days 66.8% R1 983 95.6% 0.8% 10% - Annual	R2 038 15% 75%
3. HIV and AIDS, TB and STI control				
Rendering a primary health care service in respect of HIV and AIDS, TB and STI Control	<ul style="list-style-type: none"> Total clients remaining on ART (TROA) at end of the month (cum) No. of medical male circumcisions conducted TB (new pulmonary) defaulter rate TB AFB sputum result turn-around time under 48 hours rate TB new client treatment success rate HIV testing coverage (15 – 49 years – annualised) TB (new pulmonary) cure rate TB MDR confirmed treatment initiation rate 	1 038 556 469 280 (809 277 cum) 4.5% 80% 85% 55.7% 85% 57.8%	890 605 34 004 3.5% 85% 81.6% 38% 83% -	291 377 (631 374 cum) 58.2%
4. Maternal, child and women health				
Rendering a comprehensive and integrated maternal, child and women health at primary health care level	<ul style="list-style-type: none"> Immunisation coverage under 1 year (annualised) Vitamin A 12 – 59 months coverage (annualised) Deworming 12 – 59 months coverage (annualised) Child under 2 years underweight for age incidence (annualised) Measles 1st dose under 1 year coverage (annualised) Pneumococcal vaccine (PCV) 3rd dose coverage (annualised) Rota Virus (RV) 2nd dose coverage (annualised) Cervical cancer screening coverage (annualised) HPV 1st dose coverage Antenatal 1st visit before 20 weeks rate Infant given NVP within 72 hours after birth uptake rate Infant 1st PCR test positive within 2 months rate Couple year protection rate Maternal mortality in facility ratio (MMR) Delivery in facility under 18 years rate Child under 1 year mortality in facility rate Inpatient death under 5 years rate Child under 5 years severe acute malnutrition case fatality rate Child under 5 years diarrhoea case fatality rate Child under 5 years pneumonia case fatality rate 	96% 55% Est. baseline 20/ 1 000 94.6% 96.2% 104.4% 79.7% Est. baseline 60% 98% 1.2% 45% 133/100 000 9% 7% 5.3% 10.2% 3.6% 2.9%	93.3% 66.1% 59.6% 30.9/1 000 94.6% 94.4% 100.3% 75.5% - 57>6% 102.3% 1.3% 37.7 Annual Annual Annual Annual Annual Annual Annual	 5.6% 4.7%
5. Disease prevention and control				
Rendering preventive and promotive health services	<ul style="list-style-type: none"> Hypertension incidence (annualised) Diabetes incidence (annualised) Cataract surgery rate (uninsured population) Malaria case fatality rate 	22.8/1 000 2.1/1 000 749/1mil <0.5%	26.5/1 000 8.2/1 000 842.5/mil Annual	

4.3 Programme 3: Emergency Medical Services

The purpose of this programme is to render pre-hospital emergency medical services including inter-hospital transfers and planned patient transport.

Tables 7.9 and 7.10 below reflect a summary of the 2014/15 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

There are no changes to this programme's budget.

Table 7.9: Programme 3: Emergency Medical Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Emergency Transport	1 012 736						-	1 012 736
Planned Patient Transport	60 702						-	60 702
Total	1 073 438	-	-	-	-	-	-	1 073 438
Amount to be voted								-

Table 7.10: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 026 957	-	-	-	-	-	-	1 026 957
Compensation of employees	751 280						-	751 280
Goods and services	275 677						-	275 677
Interest and rent on land							-	-
Transfers and subsidies to:	4 340	-	-	-	-	-	-	4 340
Provinces and municipalities	2 040						-	2 040
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 300						-	2 300
Payments for capital assets	42 141	-	-	-	-	-	-	42 141
Buildings and other fixed structures							-	-
Machinery and equipment	42 141						-	42 141
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 073 438	-	-	-	-	-	-	1 073 438
Amount to be voted								-

Service delivery measures – Programme 3: Emergency Medical Services

Table 7.11 shows the revised service delivery information for Programme 3. The measures in the *EPRE* are fully aligned with the APP.

Table 7.11: Service delivery measures – Programme 3: Emergency Medical Services

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year Actual	2014/15 Revised target
Emergency Medical Services				
Rendering emergency medical services including ambulance services, special operations, communications and air ambulance services	• EMS P1 urban response under 15 minutes rate	15%	5.2%	
	• EMS P1 rural response under 40 minutes rate	40%	30.3%	
	• EMS P1 call response under 60 minutes rate	65%	40.5%	
	• EMS operational ambulance coverage	0.26	0.19	

4.4 Programme 4: Provincial Hospital Services

The purpose of this programme is the delivery of hospital services which are accessible, appropriate and effective, and the provision of general specialist services including a specialised rehabilitation service and platform for training health professionals and research.

Tables 7.12 and 7.13 below summarise the 2014/15 adjusted appropriation of Programme 4 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R2.434 million, are provided in the paragraphs following the tables.

Table 7.12: Programme 4: Provincial Hospital Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
General (Regional) Hospitals	7 114 952				(470)		(470)	7 114 482
Tuberculosis Hospitals	669 183			(1 964)			(1 964)	667 219
Psychiatric/Mental Hospitals	743 815						-	743 815
Sub-acute, Step-down and Chronic Medical Hospitals	242 501						-	242 501
Dental Training Hospitals	17 824						-	17 824
Total	8 788 275	-	-	(1 964)	(470)	-	(2 434)	8 785 841
Amount to be voted								(2 434)

Table 7.13: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	8 634 529	-	-	-	-	-	-	8 634 529
Compensation of employees	6 814 383						-	6 814 383
Goods and services	1 820 146						-	1 820 146
Interest and rent on land							-	-
Transfers and subsidies to:	67 085	-	-	(1 964)	(470)	-	(2 434)	64 651
Provinces and municipalities	549				(470)		(470)	79
Departmental agencies and accounts	36						-	36
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	30 500			(1 964)			(1 964)	28 536
Households	36 000						-	36 000
Payments for capital assets	86 661	-	-	-	-	-	-	86 661
Buildings and other fixed structures							-	-
Machinery and equipment	86 661						-	86 661
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	8 788 275	-	-	(1 964)	(470)	-	(2 434)	8 785 841
Amount to be voted								(2 434)

Virement – Programme 4: Provincial Hospital Services: (R1.964 million)

The department moved funds between programmes to offset the previously mentioned pressures in municipal clinics. In this regard, savings amounting to R1.964 million were moved from *Transfers and subsidies to: Non-profit institutions* being funds earmarked for further negotiations with the NPIs under this programme and therefore not allocated to any specific entity, to Programme 2 against *Transfers and subsidies to: Provinces and municipalities*.

Shifts – Programme 4: Provincial Hospital Services: (R470 000)

An amount of R470 000 was shifted from *Transfers and subsidies to: Provinces and municipalities* to the same category in Programme 1, related to the previously mentioned centralisation of licensing of motor vehicles under the latter programme. There is no change in purpose of this funding.

Service delivery measures – Programme 4: Provincial Hospital Services

Table 7.14 below shows the revised service delivery information for Programme 4. Note that two measures in this programme are annual in nature and are only reported on at the end of the financial year.

The department revised seven measures to align them with the targets published in the 2014/15 APP and one measure has been withdrawn by the sector and is no longer measured and is indicated by “n/a” in the 2014/15 Revised target column.

Table 7.14: Service delivery measures – Programme 4: Provincial Hospital Services

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
General (Regional) Hospitals				
Rendering of hospital services at a general specialist level and a platform for training of health workers and research	• Average length of stay	5.3 days	6 days	
	• Inpatient Bed utilisation rate	76.5%	79.3%	
	• Expenditure per patient day equivalent (PDE)	R2 254	R2 322	R2 241
	• Complaint resolution within 25 working days rate	70%	98.6%	
	• Mental health admission rate	1.4%	1%	
	• % of hospitals that have conducted gap assessments for compliance against National Core Standards	100%	-	
	• Proportion of hospitals assessed as compliant with the extreme measures of National Core Standards	Est. baseline	-	23%
• Patient satisfaction rate	80%	Annual		
Specialised Hospitals				
Rendering of hospital services at a specialist level including TB, psychiatric, oral and dental, step-down and chronic	• Inpatient Bed utilisation rate	64.1%	66.6%	Est. baseline
	• Expenditure per patient day equivalent (PDE)	R 1 217	R1 326	Est. baseline
	• Complaint resolution within 25 working days rate	65%	87.9%	Est. baseline
	• Mental health admission rate	2.8%	-	n/a
	• % of hospitals that conducted gap assessments for compliance against the National Core Standards	100%	13%	Est. baseline
	• Proportion of hospitals assessed as compliant with the extreme measures of National Core Standards	22%	-	Est. baseline
	• Patient satisfaction rate	Est. baseline	Annual	

4.5 Programme 5: Central Hospital Services

The main purpose of this programme is to provide tertiary health services and to create a platform for training of health workers.

Tables 7.15 and 7.16 below reflect a summary of the 2014/15 adjusted appropriation of Programme 5: Central Hospital Services, summarised according to sub-programme and economic classification.

There is no change to this programme’s budget.

Table 7.15: Programme 5: Central Hospital Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Central Hospital Services	888 645						-	888 645
Provincial Tertiary Hospital Services	2 190 747						-	2 190 747
Total	3 079 392	-	-	-	-	-	-	3 079 392
Amount to be voted								-

Table 7.16: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	3 053 388	-	-	-	-	-	3 053 388
Compensation of employees	1 619 167						1 619 167
Goods and services	1 434 221						1 434 221
Interest and rent on land							-
Transfers and subsidies to:	5 004	-	-	-	-	-	5 004
Provinces and municipalities	4						4
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	5 000						5 000
Payments for capital assets	21 000	-	-	-	-	-	21 000
Buildings and other fixed structures							-
Machinery and equipment	21 000						21 000
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	3 079 392	-	-	-	-	-	3 079 392
Amount to be voted							-

Service delivery measures – Programme 5: Central Hospital Services

Table 7.17 shows the revised service delivery information for Programme 5. Note that two measures in this programme are annual in nature and are only reported on at the end of the financial year.

The department revised the targets for four measures to align those contained in the 2014/15 EPRE with the targets published in the 2014/15 APP.

Table 7.17: Service delivery measures – Programme 5: Central Hospital Services

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
1. Tertiary Hospitals				
To provide tertiary health services and create a platform for the training of health workers	• Average length of stay	9.3 Days	10.1 days	
	• Inpatient bed utilisation rate	75%	87.1%	
	• Expenditure per patient day equivalent (PDE)	R4 803	R4 123	R4 841
	• Complaints resolution within 25 working days rate	90%	100%	
	• Mental health admission rate	1.6%	1%	
	• Percentage of hospitals that have conducted gap assessments for compliance against the National Core Standards	100%	-	
	• Proportion of hospitals assessed as compliant with the extreme measures of National Core Standards	0%	-	50%
	• Patient satisfaction rate	90%	Annual	
2. Central Hospitals				
Rendering of a highly specialised medical health and quaternary service on a national basis and a platform for the training of health workers and research	• Average length of stay	7.8 Days	8.4 days	
	• Inpatient Bed utilisation rate	71.9%	71.1%	
	• Expenditure per patient day equivalent (PDE)	R3 003	R11 441	R3 083
	• Complaints resolution within 25 working days rate	85%	100%	
	• Mental health admission rate	0%	0%	
	• Percentage of hospitals that have conducted gap assessments for compliance against the National Core Standards	100%	-	
	• Proportion of hospitals assessed as compliant with the extreme measures of National Core Standards	50%	-	100%
	• Patient satisfaction rate	90%	Annual	

4.6 Programme 6: Health Sciences and Training

The purpose of this programme is to render training and development opportunities for actual and potential employees of the department.

Tables 7.18 and 7.19 below reflect a summary of the 2014/15 adjusted appropriation of Programme 6: Health Sciences and Training, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R33 000, are provided in the paragraphs following the tables.

Table 7.18: Programme 6: Health Sciences and Training

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Nursing Training Colleges	302 768				(12)	(12)	302 756
EMS Training Colleges	7 570				(21)	(21)	7 549
Bursaries	216 950					-	216 950
Primary Health Care Training	52 172					-	52 172
Training Other	471 940					-	471 940
Total	1 051 400	-	-	-	(33)	(33)	1 051 367
Amount to be voted							(33)

Table 7.19: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	824 702	-	-	-	-	-	824 702
Compensation of employees	766 143					-	766 143
Goods and services	58 559					-	58 559
Interest and rent on land						-	-
Transfers and subsidies to:	220 698	-	-	-	(33)	(33)	220 665
Provinces and municipalities	48				(33)	(33)	15
Departmental agencies and accounts	13 000					-	13 000
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	207 650					-	207 650
Payments for capital assets	6 000	-	-	-	-	-	6 000
Buildings and other fixed structures						-	-
Machinery and equipment	6 000					-	6 000
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	1 051 400	-	-	-	(33)	(33)	1 051 367
Amount to be voted							(33)

Shifts – Programme 6: Health Sciences and Training: (R33 000)

An amount of R33 000 was moved from *Transfers and subsidies to: Provinces and municipalities* in the Nursing Training Colleges (R12 000) and EMS Training Colleges (R21 000) sub-programmes relating to the previously mentioned centralisation of licensing of vehicles under the same category in Programme 1. The purpose of the funds remains unchanged.

Service delivery measures – Programme 6: Health Sciences and Training

Table 7.20 shows the revised service delivery information for Programme 6.

Note that the measures in this programme are annual in nature and are only reported on at the end of the financial year. One measure has been changed to align the *EPRE* with the APP.

Table 7.20: Service delivery measures – Programme 6: Health Sciences and Training

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2012/1 Revised target
1. Nursing Training Colleges				
Training of nurses at under-graduate, and post-basic level. Target group includes actual and potential employees	• Basic professional nurse students graduating	1 400	Annual	800
2. Bursaries				
Provision of bursaries for health science training programmes at undergraduate and postgraduate levels. Target group includes actual and potential employees	• Proportion of bursary holders permanently employed	Establish baseline	Annual	

4.7 Programme 7: Health Care Support Services

The aim of this programme is to house a number of centralised services including:

- The provincial Medical Supply Centre, which manages the supply of pharmaceuticals and medical sundries to hospitals, community health centres, clinics and local authorities, via the Medicine Trading Account.
- Provision of laundry services to hospitals, care and rehabilitation centres and certain local authorities.
- Provision of specialised orthotic and prosthetic services to hospitals and clinics.

Tables 7.21 and 7.22 below summarise the 2014/15 adjusted appropriation of Programme 7: Health Care Support Services according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R25 000, are given in the paragraphs below.

Table 7.21: Programme 7: Health Care Support Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Medicine Trading Account								
Laundry Services	104 578			7 885	(24)	7 861	112 439	
Orthotic and Prosthetic Services	36 381			(7 885)	(1)	(7 886)	28 495	
Total	140 959	-	-	-	(25)	(25)	140 934	
Amount to be voted								(25)

Table 7.22: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	132 685	-	-	-	-	-	132 685	
Compensation of employees	89 900						89 900	
Goods and services	42 785						42 785	
Interest and rent on land								
Transfers and subsidies to:	674	-	-	-	(25)	(25)	649	
Provinces and municipalities	124				(25)	(25)	99	
Departmental agencies and accounts								
Higher education institutions								
Foreign governments and international organisations								
Public corporations and private enterprises								
Non-profit institutions								
Households	550						550	
Payments for capital assets	7 600	-	-	-	-	-	7 600	
Buildings and other fixed structures								
Machinery and equipment	7 600						7 600	
Heritage assets								
Specialised military assets								
Biological assets								
Land and subsoil assets								
Software and other intangible assets								
Payments for financial assets								
Total	140 959	-	-	-	(25)	(25)	140 934	
Amount to be voted								(25)

Virement: Programme 7: Health Care Support Services

Savings of R7.885 million were moved within the programme and *Goods and services*, from the Orthotic and Prosthetic Services sub-programme to the Laundry Services sub-programme. The savings were due to delays in the finalisation of the orthopaedic artificial limbs contract, and will be used to offset pressures in the Laundry Services sub-programme related to the outsourcing of laundry services.

Shifts: Programme 7: Health Care Support Services: (R25 000)

The movement of R25 000 from *Transfers and subsidies to: Provinces and municipalities* and the sub-programmes: Laundry Services (R24 000) and Orthotic and Prosthetic Services (R1 000), relates to the previously mentioned centralisation of licensing of vehicles under the same category in Programme 1.

4.8 Programme 8: Health Facilities Management

The main purpose of this programme is the facilities management of community health clinics, community health centres, district hospitals, emergency medical services facilities, provincial hospitals, central and tertiary hospitals, as well as all other buildings and structures.

The main activities of the programme are to provide new health facilities, and rehabilitate, upgrade and maintain existing facilities. This includes the provision of additional primary health care facilities, to ensure improved access to health services in under-served areas of the province, as well as the provision of major medical equipment.

Tables 7.23 and 7.24 below summarise the 2014/15 adjusted appropriation of Programme 8 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R201.190 million, are provided in the paragraphs following the tables.

Table 7.23: Programme 8: Health Facilities Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Community Health Facilities	266 614					40 872	40 872	307 486
District Hospital Services	461 884					78 810	78 810	540 694
Emergency Medical Services	1 737			(1 043)			(1 043)	694
Provincial Hospital Services	607 395			(69 274)		1 190	(68 084)	539 311
Central Hospital Services	12 230			1 132		5 000	6 132	18 362
Other Facilities	129 497			69 185		75 318	144 503	274 000
Total	1 479 357	-	-	-	-	201 190	201 190	1 680 547
Amount to be voted								201 190

Table 7.24: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	169 774	-	-	158 505	-	-	158 505	328 279
Compensation of employees	7 581			17 508			17 508	25 089
Goods and services	162 193			140 997			140 997	303 190
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	14	-	-	14	14
Provinces and municipalities								
Departmental agencies and accounts								
Higher education institutions								
Foreign governments and international organisations								
Public corporations and private enterprises								
Non-profit institutions								
Households				14			14	14
Payments for capital assets	1 309 583	-	-	(158 519)	-	201 190	42 671	1 352 254
Buildings and other fixed structures	1 249 773			(181 108)		201 190	20 082	1 269 855
Machinery and equipment	59 810			22 589			22 589	82 399
Heritage assets								
Specialised military assets								
Biological assets								
Land and subsoil assets								
Software and other intangible assets								
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 479 357	-	-	-	-	201 190	201 190	1 680 547
Amount to be voted								201 190

Virement – Programme 8: Health Facilities Management

The department moved funding within Programme 8 and across various sub-programmes as follows:

- R181.108 million was identified as enforced savings to stay within budget, as well as due to SCM reforms undertaken by the department (centralising the processing of all infrastructure payments), which will result in some under-spending at year-end and reprioritisation from *Payments for capital assets* to *Current payments* to address backlogs in maintenance and repairs in line with a plan to focus more on existing assets. The department thus moved funding within the programme from *Buildings and other fixed structures* to the following;
 - R17.508 million to *Compensation of employees* to accommodate the expenditure relating to stipends for extended public contract workers paid from the EPWP Integrated Grant for Provinces, which has exhausted the grant allocation, and equitable share is now funding the shortfall as per the original approved plans.
 - R140.997 million to *Goods and services*, as the original allocation was not sufficient to cover the department's maintenance requirements.
 - R14 000 to *Transfers and subsidies to: Households*, for staff exit costs not budgeted for.
 - R22.589 million to *Machinery and equipment* to ensure that equipment replacement is budgeted for, and for the commissioning of equipment for projects which have been newly constructed.

Note that Treasury approval was granted for the increase in Compensation of employees, while Legislature approval is required for the reduction in *Buildings and other fixed structures*.

Other adjustments – Programme 8: Health Facilities Management: R201.190 million

The following additional funding was allocated to the department against various sub-programmes:

- An amount of R200 million was added to *Buildings and other fixed structures*, being funding allocated to the department by the National Department of Health and was taken from the indirect National Health grant and allocated to the province as a direct grant. The funding was to alleviate the pressures of projects which were committed before the start of the financial year, with the budget being insufficient to cover the costs associated with the construction. There are also projects which are progressing faster than anticipated, namely Ngwelezane Hospital (upgrade of electrical system), KwaZulu Central Provincial Laundry, the completion of P Block at RK Khan Hospital and the Ndumo clinic (additional consulting rooms, EMS base etc), among others.
- R1.190 million was allocated to *Buildings and other fixed structures* and sub-programme: Provincial Hospital Services. This funding was received from the sale of the McCord debtors' book and was agreed to be allocated back to the department for various infrastructure changes that needed to be made at the hospital to convert it to a specialist eye hospital.

Service delivery measures – Programme 8: Health Facilities Management

Table 7.25 shows the revised service delivery information for Programme 8. The measures in the *EPRE* are fully aligned with the APP.

Table 7.25: Service delivery measures – Programme 8: Health Facilities Management

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2012/14 Revised target
1. Health Facilities Management				
Provision of new health facilities and the refurbishment, upgrading and maintenance of existing facilities	• Proportion of Programme 8 budget spent on maintenance (preventative and scheduled)	11%	14.4%	
	• No. of districts spending more than 90% of maintenance budget	11	11	

5. Gifts, donations and sponsorships

The department is not envisaging any gifts, donation and sponsorships in excess of R100 000 during the current financial year.

6. Infrastructure

Table 7.26 summarises infrastructure payments per main category.

Details of the main adjustments, which resulted in an overall increase of R91.079 million, are given in the paragraphs below the table.

Table 7.26: Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	1 159 753	-	-	(87 508)	-	201 190	113 682	1 273 435
Maintenance and repair: Current	232 193			70 997			70 997	303 190
Upgrades and additions: Capital	758 765			(158 505)		108 985	(49 520)	709 245
Refurbishment and rehabilitation: Capital	168 795					92 205	92 205	261 000
New infrastructure assets: Capital	382 023			(22 603)			(22 603)	359 420
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital								
Infrastructure transfers: Current								
Infrastructure: Payments for fin assets								
Infrastructure: Leases								
Capital infrastructure	1 309 583	-	-	(181 108)	-	201 190	20 082	1 329 665
Current infrastructure	232 193	-	-	70 997	-	-	70 997	303 190
Total	1 541 776	-	-	(110 111)	-	201 190	91 079	1 632 855
Amount to be voted								91 079

- *Virement*: R158.505 million was moved from *Upgrades and additions: Capital* and R22.603 million from *New infrastructure assets: Capital* to *Maintenance and repairs: Current* and other categories within Programme 8 related to infrastructure delivery to provide for additional expenditure in maintenance costs. This movement also addresses an incorrect reporting against the various infrastructure categories, initially tabled in the 2014/15 *EPRE*.
- *Other adjustments*: The infrastructure budget was increased by R201.190 million, due to an amount of R200 million received for the Health Facilities Revitalisation grant to alleviate the pressures of projects which were committed before the start of the financial year, with the budget being insufficient to cover the costs associated with the construction. There are also projects which are progressing faster than anticipated. A further amount of R1.190 million was received from the sale of the McCord debtors' book and was agreed to be allocated back to the department for various infrastructure changes that needed to be made at the hospital to convert it to a specialist eye hospital. These funds were allocated as follows:
 - o R108.985 million to *Upgrades and additions: Capital* to address expected pressures for the Ngwelezane Hospital upgrade of electrical system and the Ndumo clinic (additional consulting rooms, EMS base etc.), among others.
 - o R95.205 million to *Refurbishments and rehabilitation: Capital* for the KwaZulu Central Provincial Laundry and the completion of P Block at RK Khan Hospital, among others.

7. Conditional grants

Tables 7.27 and 7.28 provide a summary of changes to conditional grants.

The department received additional funding totalling R205.848 million, as explained in the paragraphs below the tables.

Table 7.27: Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. District Health Services	3 274 573	5 848	-	-	-	-	5 848	3 280 421
Comprehensive HIV and AIDS grant	3 257 992						-	3 257 992
National Health Insurance grant	14 000	5 848					5 848	19 848
Social Sector EPWP Incentive Grant to Provinces	2 581						-	2 581
4. Provincial Hospital Services	292 837	-	-	-	-	-	-	292 837
Health Prof. Training and Development grant	292 837						-	292 837
5. Central Hospital Services	1 496 427	-	-	-	-	-	-	1 496 427
National Tertiary Services grant	1 496 427						-	1 496 427
8. Health Facilities Management	1 165 049	-	-	-	-	200 000	200 000	1 365 049
Health Facility Revitalisation grant	1 162 469					200 000	200 000	1 362 469
EPWP Integrated Grant for Provinces	2 580						-	2 580
Total	6 228 886	5 848	-	-	-	200 000	205 848	6 434 734
Amount to be voted								205 848

Table 7.28: Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	5 036 532	1 400	-	(1 700)	-	-	(300)	5 036 232
Compensation of employees	3 007 352			5 122			5 122	3 012 474
Goods and services	2 029 180	1 400		(6 822)			(5 422)	2 023 758
Interest and rent on land							-	-
Transfers and subsidies to:	78 411	-	-	1 700	-	-	1 700	80 111
Provinces and municipalities	47 000			3 000			3 000	50 000
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	25 370			(3 000)			(3 000)	22 370
Households	6 041			1 700			1 700	7 741
Payments for capital assets	1 113 943	4 448	-	-	-	200 000	204 448	1 318 391
Buildings and other fixed structures	912 508					200 000	200 000	1 112 508
Machinery and equipment	201 435	4 448					4 448	205 883
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	6 228 886	5 848	-	-	-	200 000	205 848	6 434 734
Amount to be voted								205 848

- *Roll-overs*: The department received a roll-over of R5.848 million in respect of the NHI conditional grant and allocated to *Goods and services* (R1.400 million) and *Machinery and equipment* (R4.448 million). This will be used to pay for the development of a patient record system, with orders placed in 2013/14, but only delivered in 2014/15.
- *Virement*: The department moved savings within the Comprehensive HIV and AIDS conditional grant and between various economic categories as follows:
 - o R3 million was over-allocated to *Transfers and subsidies to: Non-profit institutions* in the 2014/15 EPRE. This is now moved to *Transfers and subsidies to: Provinces and municipalities* to address HIV and AIDS pressures in municipal clinics in eThekweni and uMhlatuze.
 - o Savings of R6.822 million were identified against *Goods and services* due to ARV medication being sourced by the National Department of Health through donor funding, and these were moved to *Compensation of employees* (R5.122 million) and *Transfers and subsidies to: Households* (R1.700 million) to address pressures for voluntary counselling and testing staff and staff exit costs, respectively.
- *Other adjustments*: The department's conditional grant budget was increased by R200 million, allocated to the Hospital Revitalisation grant against *Buildings and other fixed structures* in

Programme 8, to assist with infrastructure pressures, mainly caused by acceleration in projects including the Ngwelezane Hospital (upgrade of electrical system), KwaZulu Central Regional Laundry, the completion of P Block at RK Khan Hospital, as well as the Ndumo clinic (additional consulting rooms, EMS base etc.).

8. Transfers and subsidies

Table 7.29 summarises transfers and subsidies per programme. Details of the main adjustments, which resulted in an overall increase of R1.714 million, are given in the paragraphs below the table:

Table 7.29: Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement				
1. Administration	3 061	-	-	-	1 569	-	1 569	4 630
Provinces and municipalities	60	-	-	-	1 569	-	1 569	1 629
Motor vehicle licences	60				1 569		1 569	1 629
Departmental agencies and accounts	1	-	-	-	-	-	-	1
TV and radio licences	1							1
Households	3 000	-	-	-	-	-	-	3 000
Social benefit - Post retirement benefit	3 000							3 000
2. District Health Services	391 617	-	-	3 664	(1 041)	-	2 623	394 240
Provinces and municipalities	134 838	-	-	20 009	(1 041)	-	18 968	153 806
Motor vehicle licences	2 238				(1 041)		(1 041)	1 197
Municipal clinics	132 600			20 009			20 009	152 609
Departmental agencies and accounts	32	-	-	-	-	-	-	32
TV and radio licences	32							32
Non-profit institutions	220 147	-	-	(18 045)	-	-	(18 045)	202 102
Non-profit institutions	220 147			(18 045)			(18 045)	202 102
Households	36 600	-	-	1 700	-	-	1 700	38 300
Social benefit - Post retirement benefit	36 600			1 700			1 700	38 300
3. Emergency Medical Services	4 340	-	-	-	-	-	-	4 340
Provinces and municipalities	2 040	-	-	-	-	-	-	2 040
Motor vehicle licences	2 040							2 040
Households	2 300	-	-	-	-	-	-	2 300
Social benefit	1 368							1 368
Other transfers to households	932							932
4. Provincial Hospital Services	67 085	-	-	(1 964)	(470)	-	(2 434)	64 651
Provinces and municipalities	549	-	-	-	(470)	-	(470)	79
Motor vehicle licences	549				(470)		(470)	79
Departmental agencies and accounts	36	-	-	-	-	-	-	36
TV and radio licences	36							36
Non-profit institutions	30 500	-	-	(1 964)	-	-	(1 964)	28 536
Non-profit institutions	30 500			(1 964)			(1 964)	28 536
Households	36 000	-	-	-	-	-	-	36 000
Social benefit - Post retirement benefit	36 000							36 000
5. Central Hospital Services	5 004	-	-	-	-	-	-	5 004
Provinces and municipalities	4	-	-	-	-	-	-	4
Motor vehicle licences	4							4
Households	5 000	-	-	-	-	-	-	5 000
Social benefit - Post retirement benefit	4 790							4 790
Social benefit - Claims against the state	210							210
6. Health Sciences and Training	220 698	-	-	-	(33)	-	(33)	220 665
Provinces and municipalities	48	-	-	-	(33)	-	(33)	15
Motor vehicle licences	48				(33)		(33)	15
Departmental agencies and accounts	13 000	-	-	-	-	-	-	13 000
HWSETA	13 000							13 000
Households	207 650	-	-	-	-	-	-	207 650
Bursaries	205 650							205 650
Social benefit - Post retirement benefit	2 000							2 000
7. Health Care Support Services	674	-	-	-	(25)	-	(25)	649
Provinces and municipalities	124	-	-	-	(25)	-	(25)	99
Motor vehicle licences	124				(25)		(25)	99
Households	550	-	-	-	-	-	-	550
Social benefit - Post retirement benefit	550							550
8. Health Facilities Management	-	-	-	14	-	-	14	14
Households	-	-	-	14	-	-	14	14
Social benefit - Post retirement benefit	-			14			14	14
Total	692 479	-	-	1 714	-	-	1 714	694 193
Amount to be voted								1 714

- *Virement*: The department undertook the following virements affecting transfers and subsidies:
 - In Programme 2, funding of R20.009 million was allocated to *Provinces and municipalities* to provide for the carry-over costs of the municipal clinics from 2013/14. This increase in a transfer was approved by Treasury. The savings were moved mainly within Programme 2 as follows:
 - Savings of R9.522 million against *Non-profit institutions* due to the unallocated funds that were to be utilised for further funding of the NPIs were moved to provide for the above-mentioned pressure on municipal clinics.
 - A further R1.964 million was allocated to Programme 2 from Programme 4 (*Non-profit institutions*). These were also funds earmarked for further negotiations with the NPIs, also to be utilised to provide for the carry-over expenditure related to municipal clinics.
 - Savings of R8.523 million were identified against *Non-profit institutions* from the transfer payment to McCord Hospital due to an over-estimation of trade creditors. This funding was ring-fenced for this purpose but is no longer required. Treasury approval has been given for this change in purpose.
 - Also in Programme 2, *Non-profit institutions* was reduced by R18.045 million due to:
 - The previously mentioned savings of R9.522 million, relating to unallocated funds that were to be utilised for further funding of the NPIs, were moved to provide for the above mentioned pressure on municipal clinics.
 - The above-mentioned savings of R8.523 million due to an over-estimation of the budget for trade creditors following the purchase of the McCord hospital. This funding was ring-fenced for this purpose and Treasury approval has been given for this change in purpose.
 - In Programme 4, *Non-profit institutions* was reduced by R1.964 million. This was due to the previously mentioned funds earmarked for further negotiations with the NPIs, to be utilised to provide for the carry-over expenditure for municipal clinics in Programme 2.
 - In Programme 8, an amount of R14 000 was allocated to *Households* for unbudgeted staff exit costs. The funding was moved from *Buildings and other fixed structures* due to enforced savings to remain within budget, as previously mentioned.
- *Shifts*: Due to the centralisation of licensing of motor vehicles against Programme 1, funding totalling R1.569 million was moved within *Provinces and municipalities* from Programmes 2, 4, 6, and 7. There is no change in the purpose of these funds.

9. Transfers to local government

Table 7.30 shows the details of transfers to local government. It is noted that the amount against *Provinces and municipalities* reflected in Table 7.29 above to cater for motor vehicle licences is excluded from Table 7.30, as these funds will not be transferred to any municipality.

Details of the main adjustments, which resulted in an overall increase of R20.009 million in respect of transfers to municipalities, are provided in the paragraphs after the table below.

Table 7.30: Summary of transfers to local government (Municipal Clinics)

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation		
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments	
A	KZN2000 eThekweni	109 000	-	-	20 009	-	-	20 009	129 009
Total: uThungulu Municipalities		23 600	-	-	-	-	-	-	23 600
B	KZN282 uMhlatuze	23 600	-	-	-	-	-	-	23 600
Total		132 600	-	-	20 009	-	-	20 009	152 609
Amount to be voted									<u>20 009</u>

- *Virement*: The department identified savings against *Transfers and subsidies to: Non-profit institutions* due to the decision to redirect unallocated funding, earmarked for further negotiation with NPIs. This funding was moved within Programme 2 to address pressures in *Transfers and subsidies to: Provinces and municipalities*, to offset pressures due to carry-over expenditure from 2013/14 related to municipal clinics in eThekweni.

10. Actual payments and revised spending projections for the rest of 2014/15

Tables 7.31 and 7.32 reflect actual payments as at the end of September 2014, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2013/14 audited outcome.

Spending for the first half of the year was largely on track, with 50.7 per cent of the budget spent by mid-year. This is mirrored across most programmes and *Compensation of employees*.

Table 7.31 Actual payments and revised spending projections by programme

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
1. Administration	449 603	581 140	453 394	78.0	127 746	22.0	581 140
2. District Health Services	11 994 843	14 726 806	7 234 945	49.1	7 491 861	50.9	14 726 806
3. Emergency Medical Services	955 048	1 073 438	535 460	49.9	537 978	50.1	1 073 438
4. Provincial Hospital Services	7 907 451	8 785 841	4 478 644	51.0	4 307 197	49.0	8 785 841
5. Central Hospital Services	2 764 028	3 079 392	1 682 320	54.6	1 397 072	45.4	3 079 392
6. Health Sciences and Training	930 793	1 051 367	442 264	42.1	609 103	57.9	1 051 367
7. Health Care Support Services	15 170	140 934	59 598	42.3	81 336	57.7	140 934
8. Health Facilities Management	2 373 597	1 680 547	892 395	53.1	788 152	46.9	1 680 547
Total	27 390 533	31 119 465	15 779 020	50.7	15 340 445	49.3	31 119 465

Table 7.32: Actual payments and revised spending projections by economic classification

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
Current payments	24 746 845	28 780 978	14 642 514	50.9	14 137 974	49.1	28 780 488
Compensation of employees	16 886 346	20 211 032	10 017 209	49.6	10 193 823	50.4	20 211 032
Goods and services	7 860 499	8 569 946	4 625 213	54.0	3 944 151	46.0	8 569 364
Interest and rent on land	-	-	92	-	-	-	92
Transfers and subsidies to:	486 764	694 193	345 438	49.8	348 837	50.3	694 275
Provinces and municipalities	26 330	157 672	84 348	53.5	73 324	46.5	157 672
Departmental agencies and accounts	25 351	13 069	15 858	121.3	(2 789)	(21.3)	13 069
Higher education institutions	57	-	16	-	-	-	16
Foreign governments and international organisations	-	-	66	-	-	-	66
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	277 586	230 638	113 073	49.0	117 565	51.0	230 638
Households	157 440	292 814	132 077	45.1	160 737	54.9	292 814
Payments for capital assets	2 156 924	1 644 294	790 660	48.1	853 634	51.9	1 644 294
Buildings and other fixed structures	1 662 936	1 269 855	659 500	51.9	610 355	48.1	1 269 855
Machinery and equipment	493 988	374 439	131 160	35.0	243 279	65.0	374 439
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	-	-	408	-	-	-	408
Total	27 390 533	31 119 465	15 779 020	50.7	15 340 445	49.3	31 119 465

The department spent 50.7 per cent of its adjusted appropriation in the first six months, which is largely on track when compared to the 50 per cent straight-line benchmark at mid-year. The department is projecting to spend 49.3 per cent of the adjusted appropriation in the second half of the year. The projections for the second half of the year include the R200 million additional funding allocated for the Health Facilities Revitalisation grant, as mentioned previously. Note that the department has projected

significant over-spending during the first six months but, as previously mentioned, has now prepared a cost containment plan to ensure that spending remains within the adjusted appropriation.

The programmes that significantly deviated from the 50 per cent benchmark are as follows:

- Programme 1 spending was 78 per cent, well ahead of the 50 per cent benchmark. The over-spending is mainly attributed to carry-over payments from 2013/14 for communications, SITA costs, forensic investigations, the costs of outsourcing disciplinary investigations, and events.
- Programme 5 was ahead of projections at 54.6 per cent, mainly as a result of pressures from a carry-over payment from 2013/14 for the PPP at the Inkosi Albert Luthuli Central Hospital, as well as higher than expected costs for medical supplies, blood products, surgical implants, medicines and medico-legal payments. Note that the PPP carry-over from 2013/14 was to minimise over-spending in that year.
- With regard to Programme 6, mid-year spending was slow at 42.1 per cent, relating mainly due to payments for the Cuban Doctors' programme, projected for September 2014, but only paid in October 2014.
- Programme 7 was significantly below target at 42.3 per cent. This is mainly caused by forced savings against *Compensation of employees* in the Orthotic and Prosthetic Services sub-programmes, where vacant posts will not be filled. The department also reports that additional expenditure is expected later in the year for the need to outsource laundry services due to delays with the completion of the KwaZulu Central Provincial laundry housed at Prince Mshiyeni Memorial Hospital. The department also reported that delays in processing journals from Programme 4 to Programme 7 for outsourced laundry services contributed to the slow spending.

With regard to spending at economic classification level:

- The rate of spending against *Goods and services* was higher than the 50 per cent benchmark at 54 per cent due to pressure in respect of equitable share *Goods and services* expenditure, mainly as a result of carry-over expenditure of R592 million from 2013/14. Items included in the carry-over costs included medicine, medical supplies, medical waste, medical gas, etc.
- Spending on *Transfers and subsidies to: Provinces and municipalities* was high at 53.5 per cent at mid-year. This is attributed to the carry-over expenditure for municipal clinics from 2013/14, as mentioned previously.
- The category *Transfers and subsidies to: Households* was slow at mid-year, with spending at 45.1 per cent of the adjusted allocation. This was largely due to fact that most bursary payments for Cuban doctors' programme were not paid in September, as mentioned above.
- *Machinery and equipment* was also below the 50 per cent benchmark at mid-year, at 35 per cent because of a late start of SCM processes. The department is projecting to catch up on this slow start and expects to fully spend the budget because of the need to replace faulty and dysfunctional equipment (critical medical equipment such as autoclaves).

Although the department is projecting a balanced budget at the end of the year, there are still some minor categories showing projected over-spending including *Interest and rent on land*, *Transfers and subsidies to: Higher education institutions* and *Foreign governments and international organisations*, as well as *Payments for financial assets*. The department will address these through post Adjustments virements in the coming months, as part of the ongoing cost containment plan.