

Vote 7

Health

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	36 576 815	37 037 098		460 283
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	36 578 637	37 039 000		460 363
<i>of which:</i>				
Current payments	34 374 587	34 777 645		403 058
Transfers and subsidies	734 473	845 421		110 948
Payments for capital assets	1 361 970	1 308 327	(53 643)	
Payments for financial assets	107 607	107 607		
Responsible MEC	MEC for Health			
Administering department	Health			
Accounting Officer	Head: Health			

1. Vision and mission

Vision

The vision of the Department of Health is: *Optimal health for all persons in KwaZulu-Natal.*

Mission

The department's mission statement is: *To develop and implement a sustainable, co-ordinated, integrated and comprehensive health system at all levels, based on the primary health care approach through the district health system, to ensure universal access to health care.*

2. Strategic objectives

Strategic policy direction: Directly linked with the National Development Plan (NDP) 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 NDP 2030, the MTSF 2014-2019, the PGDP 2030 and National Health sector priorities. The overarching goal remains "Increasing the life expectancy of all South Africans". The strategic goals for 2015-2019 are:

- Strengthen health system effectiveness.
- Reduce and manage the burden of disease.
- Universal health coverage.
- Strengthen human resources for health.
- Improved quality of health care.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Department of Health was R36.579 billion in 2016/17. During the year, the department received an additional allocation totalling R460.363 million.

The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Roll-overs:* The department received a roll-over of R6.363 million in respect of the National Health Insurance (NHI) conditional grant, which will be used to pay for an electronic queuing system and internet connectivity for all clinics in NHI districts. This was allocated to Programme 2 against *Goods and services* (R1.270 million) and *Machinery and equipment* (R5.093 million).
- *Virement between programmes:* One virement was undertaken between programmes, with R65 million moving from Programme 8: Health Facilities Management to Programme 6: Health Sciences and Training. The savings are largely attributable to more complex maintenance projects being behind schedule. These projects require technical assistance from the department's Infrastructure Development unit and need to be administered by head office SCM, as the technical nature of the projects is above institution delegations, for example, the relaying of a sewer line. The funding was moved to offset pressure on the Cuban Doctors' programme.

In addition to the above, extensive virements were undertaken between sub-programmes and economic classifications within programmes, as part of the department's cost-containment plan to remain within budget, and these are discussed in detail in Section 4 below. Where applicable, approval for the various increases in *Compensation of employees*, as well as transfer payments for the eThekweni Metro (municipal clinics) and the Cuban Doctors' programme was received from Provincial Treasury. Legislature approval is required for the reduction in capital for the vote as a whole.

- *Shifts:* Some shifts were undertaken, but these are only within Infrastructure, as well as the Comprehensive HIV, AIDS and TB conditional grant to correct a misalignment in the 2016/17 EPRE and with the grant's business plan, respectively, and hence, are not visible at summary level.
- *Other adjustments:* The department's budget allocation was increased by a net amount of R454 million, as explained below:
 - R350 million was allocated to Programme 2 (R168 million), Programme 4 (R77 million) and Programme 5 (R105 million) against *Goods and services* to address pressures on imported medicines, medical supplies and equipment resulting from the deterioration of the Rand:Dollar exchange rate.
 - R100 million was allocated to *Compensation of employees*, with R50 million each to Programmes 2 and 6, to fully fund the shortfall from the above-budget 2016 wage adjustment. Departments budgeted at 7.2 per cent, while the settlement amount was 7.6 per cent, leaving a gap of 0.4 per cent unfunded. No funding was provided from National Treasury in this regard and funding was made available from within provincial resources.
 - R4 million was allocated by the National Department of Health for the NHI conditional grant, against *Goods and services* (R400 000) and *Machinery and equipment* (R3.600 million) in Programme 2. The purpose of these funds is to help strengthen Health Information Systems, which is a necessary step for the success of the NHI Disease Related Grouping reimbursement model.

Tables 7.1 and 7.2 below reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 7: Health*.

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	839 035	-	-	-	-	-	-	839 035
2. District Health Services	17 370 402	6 363	-	-	-	222 000	228 363	17 598 765
3. Emergency Medical Services	1 199 775	-	-	-	-	-	-	1 199 775
4. Provincial Hospital Services	9 723 434	-	-	-	-	77 000	77 000	9 800 434
5. Central Hospital Services	4 435 839	-	-	-	-	105 000	105 000	4 540 839
6. Health Sciences and Training	1 100 150	-	-	65 000	-	50 000	115 000	1 215 150
7. Health Care Support Services	326 487	-	-	-	-	-	-	326 487
8. Health Facilities Management	1 583 515	-	-	(65 000)	-	-	(65 000)	1 518 515
Total	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
Amount to be voted								460 363
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								36 931 393

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	34 374 587	1 270	-	(48 612)	-	450 400	403 058	34 777 645
Compensation of employees	23 096 722	-	-	289 925	-	100 000	389 925	23 486 647
Goods and services	11 277 865	1 270	-	(339 667)	-	350 400	12 003	11 289 868
Interest and rent on land	-	-	-	1 130	-	-	1 130	1 130
Transfers and subsidies to:	734 473	-	-	110 948	-	-	110 948	845 421
Provinces and municipalities	174 707	-	-	52 838	-	-	52 838	227 545
Departmental agencies and accounts	20 025	-	-	15	-	-	15	20 040
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	203 313	-	-	-	-	-	-	203 313
Households	336 428	-	-	58 095	-	-	58 095	394 523
Payments for capital assets	1 361 970	5 093	-	(62 336)	-	3 600	(53 643)	1 308 327
Buildings and other fixed structures	896 221	-	-	4 275	-	-	4 275	900 496
Machinery and equipment	465 749	5 093	-	(66 611)	-	3 600	(57 918)	407 831
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	107 607	-	-	-	-	-	-	107 607
Total	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
Amount to be voted								460 363
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								36 931 393

4. Changes to programme purposes and service delivery measures

The department did not change the purpose of any of its programmes. However, there have been some changes to service delivery measures to align the targets originally published in the 2016/17 *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 the 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 summarise the 2016/17 adjusted appropriation of Programme 1 according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in no change to the main appropriation, are provided in the paragraphs below 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		
1. Office of the MEC	19 634						-	19 634
2. Management	819 401						-	819 401
Total	839 035	-	-	-	-	-	-	839 035
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								731 428

Table 7.4 : 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	695 434	-	-	22 205	-	-	22 205	717 639
Compensation of employees	356 418			15 105			15 105	371 523
Goods and services	339 016			7 000			7 000	346 016
Interest and rent on land				100			100	100
Transfers and subsidies to:	6 519	-	-	(100)	-	-	(100)	6 419
Provinces and municipalities	3 359						-	3 359
Departmental agencies and accounts	1			(1)			(1)	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	3 159			(99)			(99)	3 060
Payments for capital assets	29 475	-	-	(22 105)	-	-	(22 105)	7 370
Buildings and other fixed structures							-	-
Machinery and equipment	29 475			(22 105)			(22 105)	7 370
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	107 607						-	107 607
Total	839 035	-	-	-	-	-	-	839 035
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								731 428

Virements – Programme 1: Administration

The following virements were undertaken within the programme and within the various sub-programmes and are therefore not evident in Table 7.3:

- *Machinery and equipment* was reduced by R22.105 million due to funding originally intended for equipment related to the development of a video conferencing facility intended to reduce travelling costs, which has been delayed due to lengthy SCM processes. The funding will now be utilised to address IT costs in respect of minor assets for the facility. This reduction of capital requires Legislature approval.
- *Transfers and subsidies to: Departmental agencies and accounts*, as well as *Transfers and subsidies to: Households* were reduced due to over-budgeting for TV licences (R1 000) and staff exit costs (R99 000), respectively. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.
- *Compensation of employees* was increased by R15.105 million to provide for the higher than anticipated uptake in housing allowances (carry-through costs from the 2015 wage agreement) and pay progression. The increase in *Compensation of employees* has received Provincial Treasury approval.
- *Goods and services* increased by R7 million to provide for pressures against business advisory services, which was under-budgeted, including PILIR costs.
- *Interest and rent on land* was increased by R100 000 due to unbudgeted interest on overdue accounts, including Telkom, as well as water and lights.

Service delivery measures – Programme 1: Administration

Table 7.5 shows the revised service delivery information for Programme 1. Note that one measure in this programme is annual in nature and is only reported on after the closure of the financial year. The department revised two measures to align with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised.

Table 7.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To conduct the strategic management and overall administration of the Dept. of Health	• Audit opinion from the Auditor-General	Unqualified	annual	
	• Percentage hospitals with broadband access	100%	47.1%	50%
	• Percentage fixed PHC facilities with broadband access	55%	19.7%	50%

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 summarise the 2016/17 adjusted appropriation of Programme 2 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R228.363 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		
1. District Management	289 975	6 363		(4 000)		4 000	6 363	296 338
2. Community Health Clinics	3 880 589					63 000	63 000	3 943 589
3. Community Health Centres	1 564 694			(35 000)			(35 000)	1 529 694
4. Community-Based Services	40 000					60 000	60 000	100 000
5. Other Community Services	1 177 971			(25 000)		50 000	25 000	1 202 971
6. HIV and AIDS	4 244 243						-	4 244 243
7. Nutrition	55 000			(6 000)			(6 000)	49 000
8. Coroner Services	192 428						-	192 428
9. District Hospitals	5 925 502			70 000		45 000	115 000	6 040 502
Total	17 370 402	6 363	-	-	-	222 000	228 363	17 598 765
Amount to be voted								228 363

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	16 842 647	1 270	-	(42 574)	-	218 400	177 096	17 019 743
Compensation of employees	11 229 114			30 000		50 000	80 000	11 309 114
Goods and services	5 613 533	1 270		(73 334)		168 400	96 336	5 709 869
Interest and rent on land				760			760	760
Transfers and subsidies to:	397 062	-	-	48 996	-	-	48 996	446 058
Provinces and municipalities	169 048			52 738			52 738	221 786
Departmental agencies and accounts	41			(6)			(6)	35
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	170 213						-	170 213
Households	57 760			(3 736)			(3 736)	54 024
Payments for capital assets	130 693	5 093	-	(6 422)	-	3 600	2 271	132 964
Buildings and other fixed structures							-	-
Machinery and equipment	130 693	5 093		(6 422)		3 600	2 271	132 964
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	17 370 402	6 363	-	-	-	222 000	228 363	17 598 765
Amount to be voted								228 363

Roll-overs – Programme 2: District Health Services: R6.363 million

An amount of R6.363 million was allocated against the sub-programme: District Management, with R5.093 million allocated to *Machinery and equipment* and R1.270 million to *Goods and services* for the National Treasury approved roll-over of committed, but unspent funding from 2015/16 against the NHI conditional grant. The funding will be used to pay for an electronic queuing system and internet connectivity for all clinics in NHI districts.

Virement – Programme 2: District Health Services

There were no virements to or from this programme, but there were a number of movements within the programme between economic category, which accounts for the movement across sub-programmes. It is noted that the increase in the sub-programme: District Hospitals was largely due to National Health Laboratory Services (NHLS) and medicine payments in the other sub-programmes, which will be deferred to April 2017, in an effort to remain within budget in 2016/17. The resultant savings were largely moved to address pressures in *Compensation of employees*, etc., as mentioned below.

With regard to economic classification, savings of R83.498 million were identified as follows:

- R73.334 million was identified against *Goods and services*, being March 2017 NHLS and medicine payments, which will be deferred to April 2017, in an effort to remain within the budget in 2016/17.
- R6 000 was identified against *Transfers and subsidies to: Departmental agencies and accounts* due to over-budgeting for TV licences. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.
- R3.736 million from savings under *Transfers and subsidies to: Households* in respect of staff exit costs, as the department is anticipating a reduction in resignations due to the moratorium on the filling of vacant posts.
- Enforced savings of R6.422 million were identified against *Machinery and equipment* resulting from a decision to put on hold the procurement of replacement vehicles, to remain within budget.

These savings were moved within the programme as follows:

- R30 million was moved to *Compensation of employees* mainly to provide for pressures attributed to the carry-through costs for the increased uptake in the housing allowance, which formed part of the 2015 wage agreement, as well as the 2016/17 pay progression. This increase in *Compensation of employees* has received Provincial Treasury approval.
- R760 000 was moved to *Interest and rent on land* to address unbudgeted interest on overdue accounts such as electricity and medical gas.
- R52.738 million was moved to *Transfers and subsidies to: Provinces and municipalities* to offset pressures arising from 2015/16 commitments in respect of municipal clinics in the eThekweni Metro being payable in 2016/17. This increase in a transfer received Provincial Treasury approval.

These virements account for the adjustments across sub-programmes and are in accordance with Treasury Regulations.

Other adjustments – Programme 2: District Health Services: R222 million

The allocation to Programme 2 was increased by R222 million as follows:

- R50 million was allocated to *Compensation of employees* against the Other Community Services sub-programme to provide for pressures from the above-budget wage adjustment in 2016.
- R168 million was allocated to *Goods and services* in the Community Health Clinics (R63 million), Community Based Services (R60 million) and District Hospitals (R45 million) sub-programmes to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds are specifically and exclusively appropriated for this purpose.

- R4 million was allocated to the District Management sub-programme being additional funding from the National Department of Health for the NHI conditional grant, with R400 000 allocated to *Goods and services* and R3.600 million to *Machinery and equipment* to help strengthen Health Information Systems.

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 six measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised. The descriptions of some measures have been revised as indicated in bold italics. Note also that a number of performance measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

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

Outputs		Performance indicators	Performance targets				
			2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target		
1. Clinics and Community Health Centres							
To provide facilities for patients to be treated at PHC level	<ul style="list-style-type: none">No. of districts piloting NHI interventionsEstablished NHI Consultation ForumPercentage of fixed PHC facilities scoring above 70% on the Ideal Clinic DashboardClient Satisfaction Survey Rate (PHC)Client Satisfaction Rate (PHC)Outreach household registration visit coverage (annualised)No. of districts with fully fledged District Clinical Specialist TeamsPHC utilisation rate (annualised)Complaint resolution rateComplaint resolution within 25 working days rate		3	n/a	n/a		
		Established		n/a	n/a		
		40%	40.4%				
		100%	70.5%				
		85%	Annual				
		30%	10.5%	25%			
		2	-				
		3	2.7				
		85%	85.4%				
		95%	93.9%				
2. District Hospitals							
Rendering hospital service at district level	<ul style="list-style-type: none">National core standards self-assessment rateQuality improvement plan after self-assessment ratePercentage of hospitals compliant with all extreme and vital measures of the national core standardsClient satisfaction survey rateClient satisfaction rateAverage length of stay – totalInpatient bed utilisation rate – totalExpenditure per patient day equivalentComplaints resolution rateComplaint resolution within 25 working days rate		100%	63%			
			100%	63%			
		21%	16.7%				
		100%	100%				
		95%	Annual	90%			
		6 days	5.6 days				
		65.8%	58.2%				
		R1 947	R2 224				
		80%	80.9%				
		95%	92.8%				
		3. HIV and AIDS, TB and STI control					
		Rendering primary health care service in respect of HIV and AIDS, TB and STI control	<ul style="list-style-type: none">Adults remaining on ART – totalTotal children (under 15 years) remaining on ART – totalTB / HIV co-infected clients on ART rateClient tested for HIV (including ANC)TB symptom 5 years and older screened <i>in facility</i> rateMale condom distribution coverage (annualised)Medical male circumcision performed – totalTB client treatment success rateTB client lost to follow up rateTB client death rateTB MDR confirmed treatment initiation rateTB MDR treatment success rate		1 205 438	1 036 536	
	68 286			53 717			
	90%			87.4%			
	2 659 268			1 452 205			
	35%			71%			
	81			50.8	61.8		
	1 096 604 cum			595 794 cum	793 528 cum		
	86%			87.3%			
	3.4%			3.8%			
	3.5%			annual			
	70%			annual			
	60%			annual	62.5%		
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">Antenatal 1st visit before 20 weeks rateMother postnatal visit within 6 days rateAntenatal client initiated on ART rateInfant 1st PCR test positive around 10 weeks rateImmunisation coverage under 1 year (annualised)Measles 2nd dose coverage (annualised)DTaP-IPV/Hib 3 - Measles 1st dose drop-out rateChild under 5 years diarrhoea case fatality rate		62.6%	68.3%			
			82%	63.5%			
			97%	Annual			
			>1%	1.5%			
			92%	82.4%			
			90%	99.5%			
			6%	32%			
			2.5%	1.9%	2.8%		

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	<ul style="list-style-type: none"> Child under 5 years pneumonia case fatality rate Child under 5 years severe acute malnutrition case fatality rate School Grade 1 learners screening coverage (annualised) School Grade 8 learners screening coverage (annualised) Couple year protection rate (annualised) Cervical cancer screening coverage (annualised) Human papillomavirus vaccine 1st dose coverage Human papillomavirus vaccine 2nd dose coverage Vitamin A dose 12-59 months coverage (annualised) Infant exclusively breastfed at HepB 3rd dose rate Maternal mortality in facility ratio (annualised) Neonatal death in facility rate 	3% 8% 25% 20% 60% 75% 85% 85% 65% 60% 115/ 100 000 9.3/ 1000	2.1% 7.3% 16% 11.1% 50.7% 81.1% Annual Annual 63.6% 53.9% annual annual	55%
5. Disease prevention and control				
Rendering preventive and promotive health services	<ul style="list-style-type: none"> Clients screened for hypertension Clients screened for diabetes Clients screened for mental health Cataract surgery rate (annualised) Malaria case fatality rate 	7 980 052 5 127 276 100 000 1 154/ 1 mil < 0.5%	5 097 400 4 835 084 2 627 746 195/1 mil 1.4%	

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 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no increase to the main budget, are provided in the paragraphs following the tables.

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		
1. Emergency Services	1 131 508			(27 000)			(27 000)	1 104 508
2. Planned Patient Transport	68 267			27 000			27 000	95 267
Total	1 199 775	-	-	-	-	-	-	1 199 775
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	1 143 802	-	-	31 266	-	-	31 266	1 175 068
Compensation of employees	842 003						-	842 003
Goods and services	301 799			31 206			31 206	333 005
Interest and rent on land				60			60	60
Transfers and subsidies to:	4 392	-	-	-	-	-	-	4 392
Provinces and municipalities	2 300						-	2 300
Departmental agencies and accounts	2			(2)			(2)	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 090			2			2	2 092
Payments for capital assets	51 581	-	-	(31 266)	-	-	(31 266)	20 315
Buildings and other fixed structures							-	-
Machinery and equipment	51 581			(31 266)			(31 266)	20 315
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 199 775	-	-	-	-	-	-	1 199 775
Amount to be voted								

Virement – Programme 3: Emergency Medical Services

Virements were undertaken within the programme and economic classifications, with R27 million moving from the Emergency Services sub-programme to the Planned Patient Transport sub-programme, to correct over- and under-budgeting in the *EPRE* between sub-programmes. The movements are as follows:

- *Machinery and equipment* was reduced by R31.266 million as part of the departmental cost-containment plan to remain within budget. The procurement of Emergency Medical Services vehicles have been put on hold in 2016/17. This reduction of capital requires Legislature approval.
- The bulk of these funds were moved to *Goods and services* (R31.206 million) to address pressures resulting from increased fuel costs.
- The balance of R60 000 was moved to *Interest and rent on land* to address unbudgeted interest on overdue accounts, such as electricity and medical gas.
- In addition to the above, *Transfers and subsidies to: Departmental agencies and accounts* was reduced by R2 000 due to over-budgeting for TV licences, with the funding moved to *Transfers and subsidies to: Households* to address staff exit cost pressures. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.

Service delivery measures – Programme 3: Emergency Medical Services

Table 7.11 shows the service delivery information for Programme 3. There are no changes in targets.

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

Table 7.11: Service delivery measures – Programme 3: Emergency medical services				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 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	6%	4.4%	
	• EMS P1 rural response under 40 minutes rate	34%	34.7%	
	• EMS inter-facility transfer rate	40%	31.2%	

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 a platform for training health professionals and research.

Tables 7.12 and 7.13 summarise the 2016/17 adjusted appropriation of Programme 4 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R77 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		
1. General (Regional) Hospitals	7 668 159			58 000		74 000	132 000	7 800 159
2. Tuberculosis Hospitals	793 589			(39 000)			(39 000)	754 589
3. Psychiatric-Mental Hospitals	845 859			(11 000)			(11 000)	834 859
4. Sub-acute, Step-down and Chronic Medical Hospitals	395 897			(8 000)		3 000	(5 000)	390 897
5. Dental Training Hospital	19 930						-	19 930
Total	9 723 434	-	-	-	-	77 000	77 000	9 800 434
Amount to be voted								77 000

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	9 636 201	-	-	(1 250)	-	77 000	75 750	9 711 951
Compensation of employees	7 334 492			149 000			149 000	7 483 492
Goods and services	2 301 709			(150 460)		77 000	(73 460)	2 228 249
Interest and rent on land				210			210	210
Transfers and subsidies to:	62 233	-	-	50	-	-	50	62 283
Provinces and municipalities				100			100	100
Departmental agencies and accounts	82			(1)			(1)	81
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	33 100						-	33 100
Households	29 051			(49)			(49)	29 002
Payments for capital assets	25 000	-	-	1 200	-	-	1 200	26 200
Buildings and other fixed structures							-	-
Machinery and equipment	25 000			1 200			1 200	26 200
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	9 723 434	-	-	-	-	77 000	77 000	9 800 434
Amount to be voted								77 000

Virement – Programme 4: Provincial Hospital Services

There were no virements to or from this programme, however, there were a number of movements within the programme between sub-programmes and economic classifications. The increase in the sub-programme: General (Regional) Hospitals is largely due to NHLS and medicine payments in the other sub-programmes, which will be deferred to April 2017, in an effort to remain within the budget in 2016/17. The funding was largely moved to address pressures against *Compensation of employees* attributed to the carry-through costs for the increased uptake in the housing allowance, as mentioned previously.

The virements undertaken per economic classification were mainly as follows:

- R150.460 million was identified against *Goods and services*, being the NHLS payments for March 2017, deferred to April 2017.
- Also reduced was *Transfers and subsidies to: Departmental agencies and accounts* (R1 000), as well as *Transfers and subsidies to: Households* (R49 000) because of over-budgeting for TV licences and staff exit costs, respectively. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.

This funding was moved as follows:

- R149 million was moved to *Compensation of employees* to partly fund the increased uptake of the housing allowance and pay progression, as previously mentioned. Also included in the increase to *Compensation of employees* was the General (Regional) Hospitals sub-programme, where the increase was to address pressures following reprioritisation from this sub-programme in the 2016/17 EPRE to fund pressures on medicines and medical supplies. This increase in *Compensation of employees* has received Provincial Treasury approval.
- *Machinery and equipment* was increased by R1.200 million to fund the procurement of essential critical medical equipment under the Psychiatric Mental Hospitals sub-programme.
- *Interest and rent on land* was increased by R210 000 to address unbudgeted interest on overdue accounts, such as electricity, medical gas and accounts for surgical implants.
- *Transfers and subsidies to: Provinces and municipalities* was increased by R100 000 to address pressures related to motor vehicle licences.

Other adjustments – Programme 4: Provincial Hospital Services: R77 million

This programme was allocated an additional R77 million against *Goods and services* in the General (Regional) Hospitals sub-programme (R74 million) and the Sub-acute, Step-down and Chronic Medical Hospitals sub-programme (R3 million) to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds are specifically and exclusively appropriated for this purpose.

Service delivery measures – Programme 4: Provincial Hospital Services

Table 7.14 below shows the revised service delivery information for Programme 4. The department revised some measures to align them with the targets published in the 2016/17 APP. Note also that three performance measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

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

Outputs		Performance indicators	Performance targets		
			2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. General (Regional) Hospitals					
Rendering of hospital services at a general specialist level and a platform for training of health workers and research	• National core standards self-assessment rate	100%	84.6%		
	• Quality improvement plan after self-assessment rate	100%	54.5%		
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	23%	27.3%	25%	
	• Client satisfaction survey rate	100%	100%		
	• Client satisfaction rate	89%	Annual		
	• Average length of stay – total	6.5 days	6.3 days		
	• Inpatient bed utilisation rate – total	70.7%	73.6%		
	• Expenditure per PDE	R2 822	R3 087		
	• Complaints resolution rate	86%	72%		
	• Complaints resolution within 25 working days rate	97.5%	96.6%		
2. Specialised Hospitals					
Rendering of hospital services at a specialist level including TB, psychiatric, oral and dental, step-down and chronic	• National core standards self-assessment rate	100%	57.9%		
	• Quality improvement plan after self-assessment rate	100%	27.3%		
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	33%	-	22%	
	• Client satisfaction survey rate	100%	68.4%		
	• Client satisfaction rate	89%	Annual	72%	
	• Average length of stay - total	39.1 days	n/a	n/a	
	• Inpatient bed utilisation rate - total	63%	n/a	n/a	
	• Expenditure per PDE	R1 582	n/a	n/a	
	• Complaints resolution rate	55.5%	44.8%	83.2%	
	• Complaints resolution within 25 working days rate	92%	88.5%	94.4%	

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 reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R105 million, are given in the paragraphs below the tables.

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		
1. Central Hospital Services	2 333 471					28 000	28 000	2 361 471
2. Provincial Tertiary Hospital Services	2 102 368					77 000	77 000	2 179 368
Total	4 435 839	-	-	-	-	105 000	105 000	4 540 839
Amount to be voted								105 000

Table 7.16 : 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	4 419 576	-	-	(2 000)	-	105 000	4 522 576
Compensation of employees	2 407 673			101 000		101 000	2 508 673
Goods and services	2 011 903			(103 000)		105 000	2 013 903
Interest and rent on land						-	-
Transfers and subsidies to:	10 763	-	-	2 000	-	-	12 763
Provinces and municipalities						-	-
Departmental agencies and accounts	57			25		25	82
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	10 706			1 975		1 975	12 681
Payments for capital assets	5 500	-	-	-	-	-	5 500
Buildings and other fixed structures						-	-
Machinery and equipment	5 500					-	5 500
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	4 435 839	-	-	-	-	105 000	4 540 839
Amount to be voted							105 000

Virement – Programme 5: Central Hospital Services

Virements were undertaken within this programme and within the two sub-programmes, with no net effect to the budget of either of the two sub-programmes, as follows:

- Savings of R103 million were identified against *Goods and services* resulting from the planned deferment of NHLS and Inkosi Albert Luthuli Central Hospital (IALCH) PPP payments from March 2017 to April 2017 under *Goods and services*.
- R101 million was moved to partly fund the shortfall under *Compensation of employees* due to the previously mentioned increased uptake in the housing allowance and pay progression, as well as the carry-through costs of the critical specialist posts that were filled in 2015/16. The increase in *Compensation of employees* has received Provincial Treasury approval.
- R25 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* to address under-budgeting for TV licences.
- R1.975 million was moved to *Transfers and subsidies to: Households* to address staff exit costs (leave gratuity) spending pressures.

Other adjustments – Programme 5: Central Hospital Services: R105 million

A total of R105 million was allocated to *Goods and services* in Programme 5, with R28 million allocated to the Central Hospital Services sub-programme and R77 million to the Provincial Tertiary Hospital Services sub-programme, to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds are specifically and exclusively appropriated for this purpose.

Service delivery measures – Programme 5: Central Hospital Services

Table 7.17 shows the revised service delivery information for Programme 5.

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 two measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised.

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Tertiary Hospitals				
To provide tertiary health services and create a platform for the training of health workers	• National core standards self-assessment rate	100%	66.7%	
	• Quality improvement plan after self-assessment rate	100%	-	
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	66%	-	33%
	• Client satisfaction survey rate	100%	100%	
	• Client satisfaction rate	96%	Annual	
	• Average length of stay – total	7.7 days	7.9 days	
	• Inpatient bed utilisation rate – total	78.9%	79.9%	
	• Expenditure per PDE	R4 780	R3 286	R2 894
	• Complaints resolution rate	85%	72%	
	• Complaints resolution within 25 working days rate	100%	96.8%	
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	• National core standards self-assessment rate	100%	100%	
	• Quality improvement plan after self-assessment rate	100%	-	
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	100%	-	
	• Client satisfaction survey rate	100%	-	
	• Client satisfaction rate	96%	Annual	
	• Average length of stay – total	8.5 days	8.8 days	
	• Inpatient bed utilisation rate – total	67.1%	66.3%	
	• Expenditure per PDE	R8 173	R9 401	
	• Complaints resolution rate	80%	85%	
	• Complaints resolution within 25 working days rate	96.5%	100%	

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 summarises the 2016/17 adjusted appropriation of Programme 6: Health Sciences and Training, according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in an increase of R115 million to the main appropriation, are provided in the paragraphs below 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	Other adjustments	
1. Nursing Training Colleges	280 382			1 100		1 100	281 482
2. EMS Training Colleges	18 176			1 000		1 000	19 176
3. Bursaries	255 910			65 100		65 100	321 010
4. Primary Health Care Training	38 530			2 700		2 700	41 230
5. Training Other	507 152			(4 900)		50 000	552 252
Total	1 100 150	-	-	65 000	-	50 000	1 215 150
Amount to be voted							115 000

Table 7.19 : 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	842 326	-	-	7 979	-	50 000	900 305
Compensation of employees	776 000			5 000		50 000	831 000
Goods and services	66 326			2 979			69 305
Interest and rent on land						-	-
Transfers and subsidies to:	252 824	-	-	60 002	-	-	312 826
Provinces and municipalities						-	-
Departmental agencies and accounts	19 842					-	19 842
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	232 982			60 002		60 002	292 984
Payments for capital assets	5 000	-	-	(2 981)	-	-	2 019
Buildings and other fixed structures						-	-
Machinery and equipment	5 000			(2 981)		(2 981)	2 019
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	1 100 150	-	-	65 000	-	50 000	1 215 150
Amount to be voted							115 000

Virement – Programme 6: Health Sciences and Training: R65 million

A total of R65 million was moved to this programme from Programme 8: Health Facilities Management, and allocated to the sub-programme: Bursaries, to address pressures from the carry-through costs of the increase in the number of Cuban Doctors' programme intake in 2015/16, as well as the increased cost of the Cuban Doctors' programme due to the weakening Rand:Dollar exchange rate. There were also numerous smaller movements within the programme and between economic classifications, mainly to address pressures in *Compensation of employees*, which was under-budgeted. These account for the net movements between sub-programmes, as follows:

- R60 million was allocated to *Transfers and subsidies to: Households* to offset the above-mentioned pressure on the Cuban Doctors' programme. This increase in *Transfers and subsidies to: Households* was approved by Provincial Treasury.
- R5 million was allocated to *Compensation of employees* across all sub-programmes (except Training Other) to fund the previously mentioned carry-through cost of the increased uptake in the housing allowance and pay progression. This increase in *Compensation of employees* has received Provincial Treasury approval.
- *Machinery and equipment* was reduced by R2.981 million as part of the departmental cost-containment plan to remain within budget. The procurement of college vehicles will be put on hold in 2016/17. This reduction of capital requires Legislature approval. This funding was moved within the programme, with R2.979 million moved to *Goods and services* to cover the negative effects of the weakening Rand:Dollar exchange rate on travelling and subsistence costs of the students under the Cuban Doctors' programme. The balance of R2 000 was moved to *Transfers and subsidies to: Households* to address pressures in the Cuban Doctors' programme.

Other adjustments – Programme 6: Health Sciences and Training: R50 million

A total of R50 million was allocated to Programme 6 against *Compensation of employees* in the Training Other sub-programme, to address pressures from the above-budget 2016 wage adjustment.

Service delivery measures – Programme 6: Health Sciences and Training

Table 7.20 shows the service delivery information for Programme 6. Note that all measures in this programme are annual in nature and are only reported on at the end of the financial year. The department revised both measures to align with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised.

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

Table 7.20: Service delivery measures – Programme 6: Health Sciences and Training				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Bursaries				
Provision of bursaries for health science training programmes at undergraduate and postgraduate levels. Target group includes actual and potential employees	• No. of bursaries awarded for first year medicine students	50	annual	10 Cuban 50 RSA
	• No. of bursaries awarded for first year nursing students	450	annual	225

4.7 Programme 7: Health Care Support Services

The purpose of this programme is to manage the supply of pharmaceuticals and medical sundries to hospitals, community health centres, clinics and local authorities. The programme also is responsible for the provision of laundry services to hospitals, care and rehabilitation centres and certain local authorities, as well as provision of specialised orthotic and prosthetic services to hospitals and clinics.

Tables 7.21 and 7.22 summarise the 2016/17 adjusted appropriation of Programme 7: Health Care Support Services according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in no change to the main appropriation, are provided in the paragraphs following the tables.

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		
1. Laundry Services	281 884			(2 000)			(2 000)	279 884
2. Orthotic and Prosthetic Services	44 603			2 000			2 000	46 603
Total	326 487	-	-	-	-	-	-	326 487
Amount to be voted								

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	317 307	-	-	(5 000)	-	-	(5 000)	312 307
Compensation of employees	106 900			(9 000)			(9 000)	97 900
Goods and services	210 407			4 000			4 000	214 407
Interest and rent on land							-	-
Transfers and subsidies to:	680	-	-	-	-	-	-	680
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	680						-	680
Payments for capital assets	8 500	-	-	5 000	-	-	5 000	13 500
Buildings and other fixed structures							-	-
Machinery and equipment	8 500			5 000			5 000	13 500
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	326 487	-	-	-	-	-	-	326 487
Amount to be voted								

Virement – Programme 7: Health Support Services

The virement within this programme and between the Laundry Services and Orthotic and Prosthetic Services sub-programmes, was due to the following:

- Enforced savings of R9 million were identified under *Compensation of employees*, due to a decision to put on hold the filling of Laundry Services posts under this programme to remain within budget.
- R4 million was redirected to *Goods and services* to cover the gap brought about by increased fuel and oil costs.
- R5 million was allocated to *Machinery and equipment* for the procurement of Orthotic and Prosthetic Services critical equipment.

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.

Tables 7.23 and 7.24 summarise the 2016/17 adjusted appropriation of Programme 8 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in a reduction of R65 million to the main appropriation, are provided in the paragraphs below 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		
1. Community Health Facilities	133 293			16 637			16 637	149 930
2. District Hospital Services	365 010			(208 226)			(208 226)	156 784
3. Provincial Hospital Services	840 970			60 103			60 103	901 073
4. Central Hospital Services	76 043			(22 508)			(22 508)	53 535
5. Other Facilities	168 199			88 994			88 994	257 193
Total	1 583 515	-	-	(65 000)	-	-	(65 000)	1 518 515
Amount to be voted								(65 000)

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	477 294	-	-	(59 238)	-	-	(59 238)	418 056
Compensation of employees	44 122			(1 180)			(1 180)	42 942
Goods and services	433 172			(58 058)			(58 058)	375 114
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	1 106 221	-	-	(5 762)	-	-	(5 762)	1 100 459
Buildings and other fixed structures	896 221			4 275			4 275	900 496
Machinery and equipment	210 000			(10 037)			(10 037)	199 963
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-						-	-
Total	1 583 515	-	-	(65 000)	-	-	(65 000)	1 518 515
Amount to be voted								(65 000)

Virement – Programme 8: Health Facilities Management: (R65 million)

This programme was reduced by R65 million, with the funding moving to Programme 6: Health Sciences and Training to address pressures from the carry-through costs of the increase in the number of Cuban Doctors' programme intake in 2015/16, as well as the increased cost of the Cuban Doctors' programme due to the weakening Rand:Dollar exchange rate. The savings were largely against

Maintenance and repairs in the sub-programme: District Hospital Services, with the bulk of the funding moved within the category to other sub-programmes. The virements undertaken from and within Programme 8 account for the movements between sub-programmes, as follows:

- R58.058 million in projected savings from *Goods and services* was attributable to more complex maintenance projects being behind schedule. These projects require technical assistance from the department's Infrastructure Development unit and need to be administered by head office SCM, as the technical nature of the projects is above institution delegations, for example, the relaying of a sewer line.
- The reduction in *Machinery and equipment* of R10.037 million is attributable to the Health Technology Services unit being behind on the planned equipment replacement programme due to lengthy SCM processes. Note that the reduction in *Machinery and equipment* requires Legislature approval.
- The savings of R1.180 million against *Compensation of employees* were due to difficulty in filling Health Facility Revitalisation grant posts, with no suitable candidates applying. This is being addressed by readvertising with planned appointments in the fourth quarter.
- Apart from the above-mentioned movement of R65 million to Programme 6, the balance of the savings of R4.275 million was moved to *Buildings and other fixed structures*, to address commitments from 2015/16, including projects for the Dr Pixley ka Seme new Regional Hospital, Stanger new Neo-Natal unit and Ngwelezane Hospital new 192 surgical wards.

Service delivery measures – Programme 8: Health Facilities Management

Table 7.25 shows the revised service delivery information for Programme 8.

Note that all measures in this programme are annual in nature and are only reported on at the end of the financial year. There are no changes to performance measures or targets.

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

Table 7.25 : Service delivery measures – Programme 6: Health facilities management				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Health Facilities Management				
Provision of new health facilities and the refurbishment, upgrading and maintenance of existing facilities	• No. of health facilities that have undergone major and minor refurbishment	8	annual	
	• Establish SLAs with DOPW (and any other implementing agents)	1	annual	

5. Specifically and exclusively appropriated allocations

Table 7.26 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in section 8 below.

Details of the main adjustments, which resulted in an overall increase of R402.738 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the tables.

Table 7.26 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog 1: Improving infrastructure support	22 743						-	22 743
2. Prog 2: Municipal clinics	169 048			52 738			52 738	221 786
3. Prog 7: Hospital linen	80 000						-	80 000
4. NHLS fee-for-service pressures	310 497	-	-	-	-	-	-	310 497
Prog 2: NHLS fee-for-service pressures	175 000						-	175 000
Prog 4: NHLS fee-for-service pressures	105 497						-	105 497
Prog 5: NHLS fee-for-service pressures	30 000						-	30 000
5. Exchange rate pressures - medicine, equipment and supplies	785 695	-	-	-	-	350 000	350 000	1 135 695
Prog 2: Medicine, equipment and supplies	369 378					168 000	168 000	537 378
Prog 4: Medicine, equipment and supplies	194 216					77 000	77 000	271 216
Prog 5: Medicine, equipment and supplies	112 101					105 000	105 000	217 101
Prog 8: Medicine, equipment and supplies	110 000						-	110 000
Total	1 367 983	-	-	52 738	-	350 000	402 738	1 770 721
Amount to be voted								402 738

- **Virement:** Funds appropriated for Municipal clinics were increased by R52.738 million to cover the 2015/16 carry over-expenditure which was not paid due to over-spending against the overall baseline. As the funding that was specifically and exclusively appropriated for this purpose in 2015/16 was absorbed by spending pressures, the department had to find the funding in 2016/17 to increase the allocation accordingly. These funds were moved within Programme 2 from *Goods and services, Transfers and subsidies to: Departmental agencies and accounts, Transfers and subsidies to: Households and Machinery and equipment*, as discussed previously. The increase in a transfer was approved by Provincial Treasury, while the decrease in capital needs Legislature approval.
- **Other adjustments:** The department received additional funding of R350 million, to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds were allocated to Programmes 2, 4 and 5 against *Goods and services*, and are specifically and exclusively appropriated for this purpose.

6. Gifts, donations and sponsorships

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

7. Infrastructure

Table 7.27 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R63.820 million, are provided in the paragraphs following the tables.

Note that there was an erroneous amount depicted against the Main appropriation in the equivalent table in the *EPRE*, which resulted in an over-statement of *Capital infrastructure* by R10 million in this table only (not affecting any other tables). This is now corrected as discussed under *Shifts* below the table.

Table 7.27 : 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	955 355	-	-	(109 292)	(10 000)	-	(119 292)	836 063
Maintenance and repair: Current	440 294			(58 058)	(10 000)		(68 058)	372 236
Upgrades and additions: Capital	360 261			26 245			26 245	386 506
Refurbishment and rehabilitation: Capital	154 800			(77 479)			(77 479)	77 321
New infrastructure assets: Capital	581 160			45 472	10 000		55 472	636 632
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	1 096 221	-	-	(5 762)	10 000	-	4 238	1 100 459
Current infrastructure	440 294	-	-	(58 058)	(10 000)	-	(68 058)	372 236
Total	1 536 515	-	-	(63 820)	-	-	(63 820)	1 472 695
Amount to be voted								(63 820)

- **Virement:** The department undertook the following virements affecting the infrastructure categories:
 - *Maintenance and repair: Current* was reduced by R58.058 million attributable to more complex maintenance projects being behind schedule. As mentioned, these projects require technical assistance from the department's Infrastructure Development unit and to be administered by head office SCM, as the technical nature of these projects is above the institution delegations. This funding was moved from Programme 8 to Programme 6 to address pressures in the Cuban Doctors' programme.
 - The increase of R26.245 million against *Upgrades and additions: Capital* is to address pressures against the Lower Umfolozi War Memorial Hospital alterations and additions to existing hospital, Port Shepstone Provincial Hospital new multi-departmental core block and Ex-Boys Model School major repairs and renovations to buildings (head office administration extension).
 - *Refurbishment and rehabilitation: Capital* was reduced by R77.479 million due to a misallocation of funding in the *EPRE*, as the department's final Annual Implementation Plan was only provided after the *EPRE* was concluded for 2016/17. Part of the funding (R5.762 million) was moved to Programme 6 to address pressures in the Cuban Doctors' programme, while R26.245 million was moved to *Upgrades and additions: Capital*, as mentioned above. A further R45.472 million was moved to *New infrastructure assets: Capital*, as discussed below.
 - The increase of R45.472 million against *New infrastructure assets: Capital* was due to faster than expected progress made on projects which include the Dr. Pixley ka Seme Hospital, the Ngwelezane Hospital new 192 bed ward block and the Stanger Hospital new labour and neo-natal wards.
- **Shifts:** The department moved an amount of R10 million which was erroneously depicted in the equivalent table in the *EPRE* against *Maintenance and repair: Current* to *New infrastructure assets: Capital*, as mentioned previously. There is no change in purpose for this funding and no other table was affected.

8. Conditional grants

Tables 7.28 and 7.29 provide a summary of changes to conditional grants.

Details of the main adjustments, which resulted in a net increase of R10.363 million in the conditional grant allocation, is given in the paragraph following the tables.

Note that there was an erroneous amount depicted against the Main appropriation in the equivalent table to Table 7.29 in the *EPRE*, which resulted in the incorrect reflection of the various economic categories in this table only (not affecting any other tables). This is now corrected as discussed under *Shifts* below the table.

Table 7.28 : 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		
1. Prog. 2: District Health Services	4 272 326	6 363	-	-	-	4 000	10 363	4 282 689
National Health Insurance grant	15 083	6 363				4 000	10 363	25 446
Comprehensive HIV, AIDS and TB grant	4 244 243						-	4 244 243
Social Sector EPWP Incentive Grant for Provinces	13 000						-	13 000
2. Prog. 4: Provincial Hospital Services	312 377	-	-	-	-	-	-	312 377
Health Professions Training and Development grant	312 377						-	312 377
3. Prog. 5: Central Hospital Services	1 596 286	-	-	-	-	-	-	1 596 286
National Tertiary Services grant	1 596 286						-	1 596 286
4. Prog. 8: Health Facilities Management	1 121 815	-	-	-	-	-	-	1 114 693
Health Facility Revitalisation grant	1 114 693						-	1 114 693
EPWP Integrated Grant for Provinces	7 122						-	7 122
Total	7 302 804	6 363	-	-	-	4 000	10 363	7 313 167
Amount to be voted								10 363

Table 7.29 : 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	6 451 573	1 270	-	(115 257)	(25 508)	400	(139 095)	6 312 478
Compensation of employees	3 319 815			(33 000)	175 534		142 534	3 462 349
Goods and services	3 131 758	1 270		(82 257)	(201 042)	400	(281 629)	2 850 129
Interest and rent on land							-	-
Transfers and subsidies to:	91 020	-	-	551	12 846	-	13 397	104 417
Provinces and municipalities	70 000				10 000		10 000	80 000
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	11 507				1 167		1 167	12 674
Households	9 513			551	1 679		2 230	11 743
Payments for capital assets	760 211	5 093	-	114 706	12 662	3 600	136 061	896 272
Buildings and other fixed structures	731 455			81 572			81 572	813 027
Machinery and equipment	28 756	5 093		33 134	12 662	3 600	54 489	83 245
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	7 302 804	6 363	-	-	-	4 000	10 363	7 313 167
Amount to be voted							10 363	

- *Roll-overs*: An amount of R6.363 million was rolled over from 2015/16 in respect of the NHI conditional grant in Programme 2, with R5.093 million allocated to *Machinery and equipment* and R1.270 million to *Goods and services* for the roll-over of committed, but unspent funding from 2015/16 against the NHI conditional grant. Note that this is a provincial roll-over as the funds were not paid back to the National Revenue Fund.
- *Virement*: The department undertook the following virements at an economic classification level within the various grants, which are permissible in terms of the grant business plans:
 - Comprehensive HIV, AIDS and TB grant:
 - *Compensation of employees* was reduced by R28 million, attributable to the slow pace in the filling of nursing and data capturers posts under the grant.
 - *Goods and services* was increased by R15.730 million due to a decision to prioritise the NHLS payments under the grant with pressures being experienced due to increased HIV and AIDS monitoring tests that need to be paid under the grant.
 - *Transfers and subsidies to: Households* was increased by R1.270 million due to staff exit costs being higher than budgeted.
 - *Machinery and equipment* was increased by R11 million to make provision for four HIV and AIDS/STI/TB (HAST) vehicles to provide mainly Male Medical Circumcision (MMC) services. These vehicles were ordered late in 2015/16 but paid for in 2016/17.
 - Health Facility Revitalisation grant:
 - *Compensation of employees* was reduced by R5 million due to the inability of the department to attract suitably qualified professional staff. The department has written to National Health for assistance, in reviewing the salary ranges relating to the posts.
 - *Goods and services* was reduced by R95.797 million as a result of more complex maintenance projects being behind schedule. This is because the projects require technical assistance from the department's Infrastructure Development unit and need to be administered by head office SCM, as the technical nature of the projects is above institution delegations.

- *Buildings and other fixed structures* was increased by R81.572 million to address commitments from 2015/16 and faster than expected progress on projects, including the Dr Pixley ka Seme new Regional Hospital, Stanger new Neo-Natal unit and Ngwelezane Hospital new 192 surgical wards, among others.
- *Machinery and equipment* was increased by R19.225 million to address committed expenditure to meet NDOH ideal clinic requirements from 2015/16, as well as to address the backlog in the delivery and commissioning of equipment by the Independent Development Trust, such as ward beds and operating theatre equipment.
- o National Tertiary Services grant:
 - *Goods and services* was reduced by R2.190 million due to a revision of the business plan, with the funding moved to *Machinery and equipment*.
 - *Transfers and subsidies to: Households* was decreased by R719 000 due to staff exit costs being less than budgeted and moved to *Machinery and equipment*.
 - *Machinery and equipment* was increased by R2.909 million to procure critical medical equipment in line with the revised business plan.
- *Shifts:* After the 2016/17 *EPRE* was published, the Comprehensive HIV, AIDS and TB business plan was finalised with some misalignment of funding at economic classification level to the *EPRE* tables. In addition, there was a further amendment to the plan at mid-year, exacerbating the misalignment. The movement involves a reduction of *Goods and services* by R201.042 million, and moved as follows:
 - o R175.534 million was moved to *Compensation of employees*.
 - o R10 million was moved to *Transfers and subsidies to: Provinces and municipalities*.
 - o R1.167 million was moved to *Transfers and subsidies to: Non-profit institutions*.
 - o R1.679 million was moved to *Transfers and subsidies to: Households*.
 - o R12.662 million was moved to *Machinery and equipment*.

All the movements in this regard form part of this process, and there is no change in purpose for this funding, and no other tables are affected.

- *Other adjustments:* R4 million was allocated by the National Department of Health for the NHI conditional grant, with R3.600 million allocated against *Machinery and equipment*, and the balance of R400 000 allocated to *Goods and services*, to help strengthen Health Information Systems.

9. Transfers and subsidies

Table 7.30 below shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall increase of R110.948 million in the transfers and subsidies allocation, are provided in the paragraphs above and below the tables.

- *Virement:* The following virements totalling R110.948 million affected transfers and subsidies:
 - o In Programme 1, *Departmental agencies and accounts* and *Households* were reduced due to over-budgeting for TV licences and staff exit costs, respectively. This funding was moved within the programme to *Interest and rent on land* to address unbudgeted interest on overdue accounts.

Table 7.30 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	6 519	-	-	(100)	-	-	(100)	6 419
Provinces and municipalities	3 359	-	-	-	-	-	-	3 359
Motor vehicle licences	3 359	-	-	-	-	-	-	3 359
Departmental agencies and accounts	1	-	-	(1)	-	-	(1)	-
SABC - TV licences	1	-	-	(1)	-	-	(1)	-
Households	3 159	-	-	(99)	-	-	(99)	3 060
Social benefits - Staff exit costs	3 159	-	-	(99)	-	-	(99)	3 060
2. District Health Services	397 062	-	-	48 996	-	-	48 996	446 058
Provinces and municipalities	169 048	-	-	52 738	-	-	52 738	221 786
Municipal clinics	169 048	-	-	52 738	-	-	52 738	221 786
Departmental agencies and accounts	41	-	-	(6)	-	-	(6)	35
SABC - TV licences	41	-	-	(6)	-	-	(6)	35
Non-profit institutions	170 213	-	-	-	-	-	-	170 213
Non-profit institutions	170 213	-	-	-	-	-	-	170 213
Households	57 760	-	-	(3 736)	-	-	(3 736)	54 024
Social benefits - Staff exit costs	57 760	-	-	(3 736)	-	-	(3 736)	54 024
3. Emergency Medical Services	4 392	-	-	-	-	-	-	4 392
Provinces and municipalities	2 300	-	-	-	-	-	-	2 300
Motor vehicle licences	2 300	-	-	-	-	-	-	2 300
Departmental agencies and accounts	2	-	-	(2)	-	-	(2)	-
SABC - TV licences	2	-	-	(2)	-	-	(2)	-
Households	2 090	-	-	2	-	-	2	2 092
Social benefits - Staff exit costs	1 654	-	-	2	-	-	2	1 656
Other transfers to households	436	-	-	-	-	-	-	436
4. Provincial Hospital Services	62 233	-	-	50	-	-	50	62 283
Provinces and municipalities	-	-	-	100	-	-	100	100
Motor vehicle licences	-	-	-	100	-	-	100	100
Departmental agencies and accounts	82	-	-	(1)	-	-	(1)	81
SABC - TV licences	82	-	-	(1)	-	-	(1)	81
Non-profit institutions	33 100	-	-	-	-	-	-	33 100
Non-profit institutions	33 100	-	-	-	-	-	-	33 100
Households	29 051	-	-	(49)	-	-	(49)	29 002
Social benefits - Staff exit costs	29 051	-	-	(49)	-	-	(49)	29 002
5. Central Hospital Services	10 763	-	-	2 000	-	-	2 000	12 763
Departmental agencies and accounts	57	-	-	25	-	-	25	82
SABC - TV licences	57	-	-	25	-	-	25	82
Households	10 706	-	-	1 975	-	-	1 975	12 681
Social benefits - Staff exit costs	10 706	-	-	1 975	-	-	1 975	12 681
6. Health Sciences and Training	252 824	-	-	60 002	-	-	60 002	312 826
Departmental agencies and accounts	19 842	-	-	-	-	-	-	19 842
HWSETA	19 842	-	-	-	-	-	-	19 842
Households	232 982	-	-	60 002	-	-	60 002	292 984
Social benefits - Staff exit costs	2 982	-	-	-	-	-	-	2 982
Bursaries	230 000	-	-	60 002	-	-	60 002	290 002
7. Health Care Support Services	680	-	-	-	-	-	-	680
Households	680	-	-	-	-	-	-	680
8. Health Facilities Management	-	-	-	-	-	-	-	-
Total	734 473	-	-	110 948	-	-	110 948	845 421
Amount to be voted								110 948

- *Virement*: continued:

- o In Programme 1, *Departmental agencies and accounts* and *Households* were reduced due to over-budgeting for TV licences and staff exit costs, respectively. This funding was moved within the programme to *Interest and rent on land* to address unbudgeted interest on overdue accounts.
- o In Programme 2, funding of R52.738 million was allocated to *Provinces and municipalities* to provide for commitments from 2015/16 in respect of municipal clinics. This increase in a transfer received Provincial Treasury approval. The savings were moved from within Programme 2 as follows:
 - Savings of R6 000 were identified against *Departmental agencies and accounts* mainly due to over-budgeting for TV licences.
 - Savings of R3.736 million were identified against *Households* due to the anticipated reduction in resignations and staff exit costs because of the moratorium in filling posts.

- The balance of R48.996 million was moved from *Goods and services* (R42.574 million), being NHLS and medicine payments deferred to April 2017, as well as *Machinery and equipment* (R6.422 million) due to a decision to put on hold the procurement of vehicles, to remain within budget.
- o In Programme 3, *Departmental agencies and accounts* was reduced by R2 000 due to over-budgeting for TV licences. This amount was moved within the programme to *Households* to address pressures related to staff exit costs.
- o In Programme 4, *Departmental agencies and accounts* (R1 000), as well as *Households* (R49 000) were reduced because of over-budgeting for TV licences and staff exit costs, respectively. The funding was moved to *Provinces and municipalities* to address pressures related to motor vehicle licences. The balance of R50 000 allocated to *Provinces and municipalities* was moved from *Goods and services*, also for pressures related to motor vehicle licences.
- o In Programme 5, R2 million was moved from *Goods and services*, with R25 000 moved to *Departmental agencies and accounts* to address under-budgeting for TV licences. A further R1.975 million was moved to *Households* to address staff exit costs pressures.
- o In Programme 6, R60.002 million was allocated to *Households*, with R60 million from Programme 8 and R2 000 from within Programme 6 (*Machinery and equipment*), to offset the pressures in the Cuban Doctors' programme from the carry-through costs of the increase in intake in 2015/16.

All the above virements are permissible in terms of the PFMA and Treasury Regulations, with the increase in transfer in Programme 6 receiving Provincial Treasury approval.

10. Transfers to public entities

The department does not transfer funds to any public entity.

11. Transfers to local government

Table 7.31 below shows the details of transfers to local government. It is noted that the amount against *Provinces and municipalities* in Table 7.30 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. Details of the main adjustments, which resulted in an overall increase of R52.738 million, are provided in the paragraphs following the tables.

Table 7.31 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	169 048	-	-	52 738	-	-	52 738	221 786
Total	169 048	-	-	52 738	-	-	52 738	221 786
Amount to be voted								52 738

- *Virement*: The department increased transfers to local government by R52.738 million due to expenditure that was carried over from 2015/16 in respect of municipal clinics. Provincial Treasury approval was given for the increase in *Transfers and subsidies*.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 7.32 and 7.33 reflect actual payments as at the end of September 2016, 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 2015/16 Audited outcome.

Table 7.32 : Actual payments and revised spending projections by programme

	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '16 - March 2017		Projected actual
R thousand			% of budget		% of budget		
1. Administration	846 622	839 035	1 263 471	150.6	(424 436)	(50.6)	839 035
2. District Health Services	16 007 896	17 598 765	8 639 561	49.1	9 067 220	51.5	17 706 781
3. Emergency Medical Services	1 174 378	1 199 775	615 887	51.3	583 888	48.7	1 199 775
4. Provincial Hospital Services	9 214 364	9 800 434	4 915 870	50.2	5 065 564	51.7	9 981 434
5. Central Hospital Services	4 124 929	4 540 839	2 272 416	50.0	2 334 423	51.4	4 606 839
6. Health Sciences and Training	1 058 822	1 215 150	754 203	62.1	460 947	37.9	1 215 150
7. Health Care Support Services	166 095	326 487	157 516	48.2	168 971	51.8	326 487
8. Health Facilities Management	1 517 618	1 518 515	755 414	49.7	763 101	50.3	1 518 515
Total	34 110 724	37 039 000	19 374 338	52.3	18 019 678	48.7	37 394 016

Table 7.33 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '16 - March 2017		Projected actual
R thousand			% of budget		% of budget		
Current payments	31 899 939	34 777 645	17 986 071	51.7	16 921 574	48.7	34 907 645
Compensation of employees	21 793 160	23 486 647	11 727 469	49.9	11 779 178	50.2	23 506 647
Goods and services	10 105 233	11 289 868	6 257 766	55.4	5 142 102	45.5	11 399 868
Interest and rent on land	1 546	1 130	836	74.0	294	26.0	1 130
Transfers and subsidies to:	843 093	845 421	652 377	77.2	412 044	48.7	1 064 421
Provinces and municipalities	133 330	227 545	78 135	34.3	149 410	65.7	227 545
Departmental agencies and accounts	19 009	20 040	19 999	99.8	41	0.2	20 040
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	10	-	-	-	-	-	-
Non-profit institutions	213 402	203 313	102 181	50.3	101 132	49.7	203 313
Households	477 342	394 523	452 062	114.6	161 461	40.9	613 523
Payments for capital assets	1 257 629	1 308 327	628 267	48.0	686 060	52.4	1 314 327
Buildings and other fixed structures	1 052 053	900 496	518 658	57.6	381 838	42.4	900 496
Machinery and equipment	205 576	407 831	109 609	26.9	304 222	74.6	413 831
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	110 063	107 607	107 623	100.0	-	-	107 623
Total	34 110 724	37 039 000	19 374 338	52.3	18 019 678	48.7	37 394 016

The department spent 52.3 per cent of its adjusted appropriation in the first six months, which is quite high taking into account that the adjusted budget includes additional funding of R454 million. The projections for the second half of the year include the R100 million allocated to *Compensation of employees* across all programmes for the above-budget 2016 wage adjustment. Also included is the R350 million in respect of additional funding for exchange rate pressures, allocated to Programmes 2, 4 and 5 against *Goods and services* and *Machinery and equipment*. In addition, the R4 million in additional funding and the roll-over of R6.363 million in respect of the NHI conditional grant are included in the projections. Despite the additional funding and various virements, the department has projected significant over-spending of R355.016 million, as discussed in more detail below. Also to be noted is that the department has prepared a cost-containment plan to ensure that year-end spending remains within the adjusted appropriation, and this will be implemented over the remaining five months of 2016/17. In addition, Provincial Treasury will deploy a team to assist the department in identifying areas of savings and cost-cutting.

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

- Programme 1 spending was at 150.6 per cent, well ahead of the 50 per cent benchmark. The over-spending was mainly attributed to payments made for NHLS while invoice verification was undertaken per facility. This spending should have been allocated to Programmes 2, 4 and 5, and the department has projected to correct this in the third and fourth quarters, hence the negative projections in respect of Programme 1. In addition, the programme is under pressure due to carry-through costs of the increase in the housing allowance due to an increased uptake of the allowance following the increase in 2015/16. The programme is projecting a balanced budget at year-end.

- Programme 2 was largely on track at mid-year, but is projecting to over-spend by year-end by R108.016 million and this relates to pressures against *Compensation of employees* caused by the previously mentioned unanticipated increase in the uptake of the housing allowance, as well as the anticipated filling of HIV and AIDS related posts. There are also pressures in *Goods and services*, mainly against NHLS fee-for-service payments due to commitments from 2015/16, as well as property payments affected by higher than inflation increases in respect of water, electricity, security and cleaning service costs. There are also pressures from *Transfers and subsidies to: Households* due to medico-legal claims.
- Programme 4 is on track at mid-year, but projecting to over-spend by year-end by R181 million largely due to pressures against *Compensation of employees* caused by the previously mentioned unanticipated increase in the housing allowance. Exacerbating this pressure was an outstanding payment from 2015/16 in respect of the Joint Medical Establishment (JME), which is an arrangement with the University of KwaZulu-Natal (UKZN) for registrar and specialist medical training. *Goods and services* is also under pressure due to the higher than expected NHLS fee-for-service costs, the effect of the weakening Rand on medicine and medical supplies, as well as above inflation increases in food prices and municipal services costs. As with Programme 2, there is pressure due to medico-legal claims, which were not budgeted for.
- Although on track, Programme 5 is projecting to over-spend by R66 million at year-end, largely against *Compensation of employees* caused by the previously mentioned increase in the housing allowance. There is also pressure against *Goods and services*, mainly due to 2015/16 commitments for the NHLS, as well as pressure due to medico-legal claims, which were not budgeted for.

With regard to spending at economic classification level:

- *Compensation of employees* was on track at mid-year at 49.9 per cent, but is projected to over-spend by R20 million, attributed to the previously mentioned increase in the housing allowance, and the accrual of the JME costs from 2015/16. It is noted that the department has received R100 million in additional funding, which fully compensates for the above-budget 2016 wage adjustment.
- *Goods and services* spending was higher than the 50 per cent benchmark at 55.4 per cent mainly due to carry-over payments for IT services and the Revenue Enhancement project, as well as increased contract prices for water, electricity, security and cleaning services. There was also pressure related to the progressive weakening of the Rand in respect of medicine and medical supplies. These pressures are difficult to forecast and are dependant on market forces, and also contribute to projected year-end over-spending of R110 million in the category. It is noted that an additional R350 million has been allocated for the exchange rate pressures. In addition to the above pressures, the department is anticipating pressure from the NHLS fee-for-service costs, which are proving to be more expensive than budgeted for.
- *Interest and rent on land* spending was at 74 per cent, significantly higher than the 50 per cent benchmark, but is expected to end the year with a balanced budget.
- Spending on *Transfers and subsidies to: Provinces and municipalities* was low at 34.3 per cent at mid-year. This is because the department is behind on payments and this will be corrected in the third quarter. The delay is due to a disagreement between the department and the eThekweni Metro on targets and the linking of staff. A balanced budget is projected for year-end.
- *Transfers and subsidies to: Departmental agencies and accounts* spending was at 99.8 per cent at mid-year due to the HWSETA skills development levy, which has already been paid.
- *Transfers and subsidies to: Non-profit institutions* was on track at mid-year at 50.3 per cent and a balanced budget is projected at year-end.
- *Transfers and subsidies to: Households* was high at mid-year, with spending at 114.6 per cent of the adjusted budget mainly due to medico-legal claims and staff exit costs, which are demand driven and difficult to predict. The projected year-end over-spending of R219 million is largely due to carry-through of these pressures.

- *Buildings and other fixed structures* was at 57.6 per cent of the adjusted allocation due to commitments and late receipt of invoices from 2015/16. A balanced budget is projected at year-end.
- *Machinery and equipment* was below the 50 per cent benchmark at mid-year, at 26.9 per cent because of the slow pace in the non-medical and medical equipment procurement processes, as well as the slow pace in the delivery of new laundry vehicles and delays in the procurement processes for IT equipment relating to the Revenue Enhancement project. Year-end pressure of R6 million is due to a drive to address an accumulated backlog in the replacement of critical machinery and equipment, including vaccine fridges, resuscitation equipment, etc. The department has also identified the need to procure four HAST vehicles to provide mainly MMC services, resuscitation machines at CHCs, as well as procurement of medical equipment for the ideal clinic programme.

Table 7.A : Summary by economic classification : Health

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	34 374 587	1 270	-	(48 612)	-	450 400	403 058	34 777 645
Compensation of employees	23 096 722	-	-	289 925	-	100 000	389 925	23 486 647
Salaries and wages	20 174 448	-	-	281 813	-	100 000	381 813	20 556 261
Social contributions	2 922 274	-	-	8 112	-	-	8 112	2 930 386
Goods and services	11 277 865	1 270	-	(339 667)	-	350 400	12 003	11 289 868
Administrative fees	292	-	-	2 256	-	-	2 256	2 548
Advertising	49 824	-	-	(36 159)	-	-	(36 159)	13 665
Assets less than capitalisation threshold	75 524	-	-	(15 185)	-	-	(15 185)	60 339
Audit cost: External	20 000	-	-	-	-	-	-	20 000
Bursaries: Employees	3 885	-	-	(1 656)	-	-	(1 656)	2 229
Catering: Departmental activities	6 581	-	-	(1 013)	-	-	(1 013)	5 568
Communication (G&S)	103 494	-	-	4 559	-	-	4 559	108 053
Computer services	176 415	-	-	(5 149)	-	-	(5 149)	171 266
Cons & prof serv: Business and advisory services	50 483	-	-	16 957	-	-	16 957	67 440
Cons & prof serv: Infras and planning	2 000	-	-	(2 000)	-	-	(2 000)	-
Cons & prof serv: Laboratory services	1 630 542	-	-	(20 413)	-	-	(20 413)	1 610 129
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	12 251	-	-	10 453	-	-	10 453	22 704
Contractors	288 767	-	-	(86 311)	-	-	(86 311)	202 456
Agency and support / outsourced services	1 192 588	-	-	(12 769)	-	-	(12 769)	1 179 819
Entertainment	7	-	-	1	-	-	1	8
Fleet services (incl. govt motor transport)	272 643	-	-	38 132	-	-	38 132	310 775
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	25 830	-	-	(9 419)	-	-	(9 419)	16 411
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	132 825	-	-	(3 560)	-	-	(3 560)	129 265
Inventory: Fuel, oil and gas	126 346	-	-	20 953	-	-	20 953	147 299
Inventory: Learner and teacher support material	160	-	-	867	-	-	867	1 027
Inventory: Materials and supplies	15 405	-	-	2 340	-	-	2 340	17 745
Inventory: Medical supplies	1 563 950	-	-	(137 451)	-	87 000	(50 451)	1 513 499
Inventory: Medicine	3 117 878	-	-	(155 025)	-	263 000	107 975	3 225 853
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	1 454	-	-	(147)	-	-	(147)	1 307
Consumable supplies	439 549	-	-	(5 447)	-	-	(5 447)	434 102
Consumable: Stationery, printing and office supplies	98 908	120	-	(14 142)	-	-	(14 022)	84 886
Operating leases	136 823	-	-	24 221	-	-	24 221	161 044
Property payments	1 494 074	-	-	81 216	-	-	81 216	1 575 290
Transport provided: Departmental activity	83 280	-	-	(2 970)	-	-	(2 970)	80 310
Travel and subsistence	92 336	-	-	(15 299)	-	-	(15 299)	77 037
Training and development	24 613	1 150	-	(5 394)	-	400	(3 844)	20 769
Operating payments	33 463	-	-	(11 368)	-	-	(11 368)	22 095
Venues and facilities	5 672	-	-	(746)	-	-	(746)	4 926
Rental and hiring	3	-	-	1	-	-	1	4
Interest and rent on land	-	-	-	1 130	-	-	1 130	1 130
Interest	-	-	-	1 130	-	-	1 130	1 130
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	734 473	-	-	110 948	-	-	110 948	845 421
Provinces and municipalities	174 707	-	-	52 838	-	-	52 838	227 545
Provinces	5 659	-	-	100	-	-	100	5 759
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	5 659	-	-	100	-	-	100	5 759
Municipalities	169 048	-	-	52 738	-	-	52 738	221 786
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	169 048	-	-	52 738	-	-	52 738	221 786
Departmental agencies and accounts	20 025	-	-	15	-	-	15	20 040
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	20 025	-	-	15	-	-	15	20 040
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	203 313	-	-	-	-	-	-	203 313
Households	336 428	-	-	58 095	-	-	58 095	394 523
Social benefits	105 992	-	-	(2 417)	-	-	(2 417)	103 575
Other transfers to households	230 436	-	-	60 512	-	-	60 512	290 948
Payments for capital assets	1 361 970	5 093	-	(62 336)	-	3 600	(53 643)	1 308 327
Buildings and other fixed structures	896 221	-	-	4 275	-	-	4 275	900 496
Buildings	896 221	-	-	4 275	-	-	4 275	900 496
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	465 749	5 093	-	(66 611)	-	3 600	(57 918)	407 831
Transport equipment	127 437	-	-	(7 391)	-	-	(7 391)	120 046
Other machinery and equipment	338 312	5 093	-	(59 220)	-	3 600	(50 527)	287 785
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	107 607	-	-	-	-	-	-	107 607
Total	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
Amount to be voted								460 363
of which: Unauth. Exp. (1st charge) not available for spending	(107 607)							(107 607)
Baseline available for spending after first charge	36 471 030							36 931 393