5

Health

Introduction

Provinces predominantly deliver public health services

Public health services, which are delivered predominantly by provincial governments, cater for the health services needs of an estimated 80 per cent of the South African population. Provincial departments provide a range of services, from primary health care (PHC) to tertiary and higher-level care, including emergency services. In the past, local government played a significant role in PHC delivery and financing. This role is set to change, because the National Health Act (2003) clarifies provincial responsibility for PHC by defining municipal health services as a narrow list of environmental health services. In future, the PHC function will be a provincial function, and environmental health services will be the responsibility of district (category C) and metropolitan (category A) municipalities. Provinces also have the option to delegate or assign PHC services to selected municipalities with capacity.

Health care financing has stabilised and shows real growth

Provincial health services are funded from the provincial equitable share as well as specific-purpose conditional grants for tertiary services, hospital revitalisation, and HIV and Aids. After a period of low growth in health expenditure in the late 1990s, provincial health sector financing has stabilised considerably, with real growth averaging around 4,9 per cent a year over the period 2000/01 to 2003/04. Equity in interprovincial financing continues to improve owing to the phasing in of the equitable share formula, conditional grant reforms, and people migrating into more urbanised provinces.

Funding is provided for key programmes and capital increases

The 2004 Budget and medium-term estimates provide for a number of key programmes. Implementation of the HIV and Aids anti-retroviral (ARV) treatment programme started in 2004, and mother-to-child prevention programmes, and voluntary counselling and testing are being rolled out widely. A scarce skills and rural allowance strategy is being implemented to ensure that key staff are recruited and retained. Capital spending, including on the hospital revitalisation programme, is increasing, as 27 large hospital upgrading and replacement projects move into site works. Expenditure on goods and services, which includes key inputs complementary to staff and infrastructure, such as medicines, also continues to stabilise.

The population dependent on public health services is increasing, as are costs

Despite real growth in spending, public health services face a number of key challenges. The population dependent on the public service is growing substantially, because of population growth combined with static private health financing coverage. In addition, as the HIV and Aids epidemic enters its mature phase, an increasing burden is being placed on health services. Increases in the cost of key inputs, such as equipment, which continue to exceed average inflation (CPIX), also constrain the real resources available to the sector.

This chapter:

- reviews provincial health expenditure and budget trends based on preliminary (pre-audited) spending outcomes for the 2003/04 financial year and 2004/05 provincial budgets and three-year estimates of expenditure
- provides an initial analysis of service delivery trends based on newly available information about service utilisation in key service areas, which, in time, will strengthen the ability to analyse expenditure and service delivery trends in more detail, and add to the basis for assessing and planning service delivery.

Expenditure trends

Expenditure increases in 2004/05

Table 5.1 indicates that the preliminary outcome of the nine provincial departments reached R37,7 billion in 2003/04, 0,2 per cent more than the adjusted appropriation for that year. This represents an increase of R4,3 billion (or 12,9 per cent) compared to the 2002/03 financial year.

Table 5.1 Provincial health expenditure, 2003/04[1]

R million	Adjusted appro-priation	Preliminary outcome	Under (+) / over(-) expenditure	%
Eastern Cape	5 119	5 242	-123	-2,4%
Free State	2 592	2 563	29	1,1%
Gauteng	8 166	8 190	-24	-0,3%
KwaZulu-Natal	8 257	8 245	13	0,2%
Limpopo	3 597	3 724	-128	-3,6%
Mpumalanga	2 152	2 007	146	6,8%
Northern Cape	754	833	-79	-10,5%
North West	2 361	2 263	98	4,2%
Western Cape[2]	4 602	4 597	5	0,1%
Total	**37 600**	**37 663**	**-63**	**-0,2%**

1. Includes the primary school nutrition programme.
2. Includes capital works in respect of health voted on public works.
Source: National Treasury provincial database

Overspending and underspending in provinces has been limited

The overall performance against budgets in 2003/04 conceals underspending in Mpumalanga (6,8 per cent of budget not spent) and North West (4,2 per cent of budget not spent). On the other hand, there was overspending in Northern Cape (10,5 per cent), Limpopo (3,6 per cent) and Eastern Cape (2,4 per cent).

Spending on the HIV and Aids grant has improved

Table 5.2 shows expenditure on conditional grants in 2003/04. Spending has improved in recent years as programmes have matured, especially the HIV and Aids grant in all provinces. Spending on the hospital revitalisation grant and hospital management grant was slower than anticipated, as some of these large capital projects have taken longer to get on site than anticipated.

Table 5.2 Provincial conditional grant expenditure, 2003/04

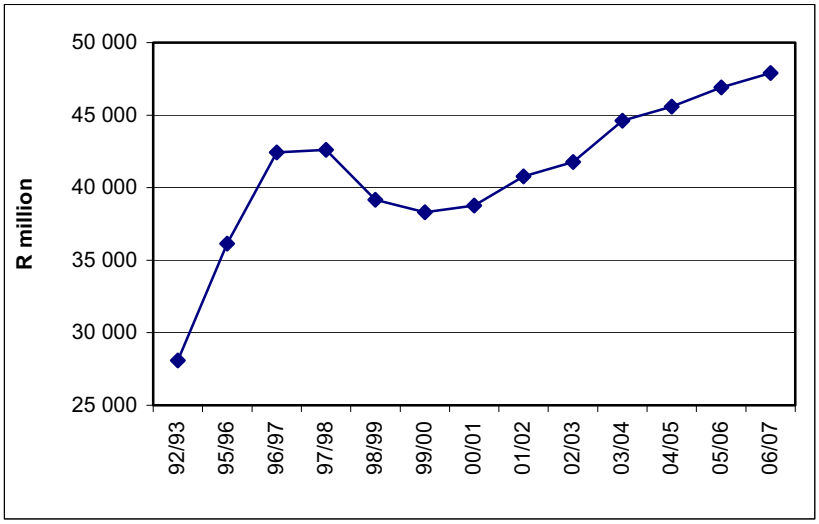
R million	Adjusted appropriation[1]	Provincial roll-overs	Total available	Provincial spending	Under (+) / over(-) expenditure	%
National tertiary services grant	3 995	10	4 004	4 291	-287	-7,2%
Comprehensive HIV and Aids grant	334	17	351	416	-66	-18,7%
Hospital revitalisation grant	718	12	730	552	178	24,3%
Integrated nutrition programme grant[2]	809	16	825	834	-9	-1,1%
Hospital management and quality improvement grant	133	15	148	103	46	30,7%
Hospital construction grant	92	–	92	168	-75	-81,4%
Health professions training and development grant	1 333	14	1 347	1 321	26	1,9%
Medico-Legal	9	–	9	1	8	93,6%
Other	35	–	35	–	35	–
Total	**7 457**	**84**	**7 541**	**7 686**	**-145**	**-1,9%**

1. Division of Revenue Act, 2004, Government Gazettes of 5 December 2003 and 31 March 2004.
2. Includes the primary school nutrition programme.
Source: National Treasury provincial database

Previous fluctuations in spending trends stabilised, with real growth from 2001/02

Figure 5.1 shows trends in total public health spending (national, provincial and local government spending, as well as the national social security funds) in real terms over a decade. This makes it possible to identify roughly three phases. The period from 1992/93 to 1996/97 was marked by very large, real spending increases and significant overspending on budgets, mostly because of strongly rising remuneration following the 1996 wage agreement.

Figure 5.1 Public health expenditure trends in 2004 prices, 1992/93 to 2006/07



From 1998/99, there was a major correction in this trend as provinces had to finance accumulated overspending and strict fiscal discipline was introduced. This led to a reduction in real spending compared to 1996/97. Real growth in expenditure, however, resumed in 2001/02, also allowing for real per capita expenditure growth. Provincial health expenditure also experienced the three phases identified in Figure 5.1.

Table 5.3 indicates that expenditure in nominal terms has increased from R26,0 billion in 2000/01 to R36,9 billion in 2003/04, and is expected to grow to R47,4 million in 2006/07.

Table 5.3 Provincial health expenditure, 2000/01 to 2006/07[1]

R million	2000/01	2001/02 Outcome	2002/03	2003/04 Preliminary outcome	2004/05 Medium-term estimates	2005/06	2006/07
Eastern Cape	3 699	3 808	4 374	5 090	5 410	6 211	6 622
Free State	1 743	1 927	2 165	2 524	2 731	2 972	3 184
Gauteng	5 900	6 792	7 625	8 122	8 731	9 216	9 643
KwaZulu-Natal	5 662	6 913	7 392	8 042	9 036	9 793	10 672
Limpopo	2 431	2 596	3 062	3 608	3 976	4 346	4 734
Mpumalanga	1 087	1 425	1 652	1 953	2 306	2 520	2 836
Northern Cape	459	509	599	817	808	893	970
North West	1 528	1 675	1 974	2 207	2 606	3 004	3 198
Western Cape [2]	3 444	3 708	3 958	4 566	4 946	5 200	5 519
Total	**25 953**	**29 352**	**32 802**	**36 929**	**40 550**	**44 154**	**47 378**

Percentage growth (average annual)	**2000/01 - 2003/04**	**2003/04 - 2004/05**	**2003/04 - 2006/07**	**2000/01 - 2006/07**
Eastern Cape	11,2%	6,3%	9,2%	10,2%
Free State	13,1%	8,2%	8,0%	10,6%
Gauteng	11,2%	7,5%	5,9%	8,5%
KwaZulu-Natal	12,4%	12,4%	9,9%	11,1%
Limpopo	14,1%	10,2%	9,5%	11,8%
Mpumalanga	21,6%	18,1%	13,2%	17,3%
Northern Cape	21,2%	-1,1%	5,9%	13,3%
North West	13,0%	18,1%	13,2%	13,1%
Western Cape	9,9%	8,3%	6,5%	8,2%
Total	**12,5%**	**9,8%**	**8,7%**	**10,6%**

1. Adjusted for the primary school nutrition programme shift to the Department of Education.
2. Includes capital works in respect of health voted on public works.
Source: National Treasury provincial database

Expenditure has increased in real terms

In real terms, as shown in table 5.4, provincial health expenditure has increased by an average annual 4,9 per cent between 2000/01 and 2003/04. 2004/05 sees expenditure increasing by 4,4 per cent in real terms. The real expenditure growth rate reduces somewhat over the medium term to an average annual growth of 3,3 per cent .

Growing funding will be used for key programmes

Real funding levels for provincial departments of health grow by R1,7 billion in 2004/05 and by nearly R4 billion from 2003/04 to 2006/07. These increases will be used especially for:

- the comprehensive HIV and Aids programme, ARV rollout in particular – R300 million, R600 million, and R1 billion over the medium-term expenditure framework (MTEF) period, allocated through a conditional grant
- the scarce skills and rural allowance – R677 million annually from 2004/05
- implementation of the hospital revitalisation programme.

Table 5.4 Provincial health expenditure in real terms, 2000/01 to 2006/07[1]

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
		Outcome		Preliminary outcome	Medium-term estimates		
Eastern Cape	4 802	4 638	4 850	5 354	5 410	5 887	5 984
Free State	2 262	2 346	2 401	2 656	2 731	2 817	2 877
Gauteng	7 660	8 271	8 455	8 545	8 731	8 735	8 713
KwaZulu-Natal	7 351	8 419	8 197	8 460	9 036	9 282	9 643
Limpopo	3 156	3 162	3 395	3 795	3 976	4 120	4 278
Mpumalanga	1 411	1 735	1 832	2 055	2 306	2 388	2 562
Northern Cape	596	619	664	859	808	847	876
North West	1 984	2 040	2 188	2 322	2 606	2 847	2 890
Western Cape [2]	4 471	4 516	4 389	4 804	4 946	4 929	4 987
Total	**33 693**	**35 746**	**36 371**	**38 850**	**40 550**	**41 852**	**42 810**

Percentage growth (average annual)	**2000/01 – 2003/04**	**2003/04 – 2004/05**	**2003/04 – 2006/07**	**2000/01 – 2006/07**
Eastern Cape	3,7%	1,0%	3,8%	3,7%
Free State	5,5%	2,8%	2,7%	4,1%
Gauteng	3,7%	2,2%	0,7%	2,2%
KwaZulu-Natal	4,8%	6,8%	4,5%	4,6%
Limpopo	6,3%	4,8%	4,1%	5,2%
Mpumalanga	13,3%	12,2%	7,6%	10,5%
Northern Cape	13,0%	-6,0%	0,6%	6,6%
North West	5,4%	12,2%	7,6%	6,5%
Western Cape	2,4%	3,0%	1,3%	1,8%
Total	**4,9%**	**4,4%**	**3,3%**	**4,1%**

1. Adjusted for the primary school nutrition programme shift to the Department of Education.
2. Includes capital works in respect of health voted on public works.
Source: National Treasury provincial database

Provinces show different growth rates

There has been a substantial difference in growth rates across provinces. Over the six-year period, Mpumalanga shows average annual real growth of 10,5 per cent , with Limpopo, North West and Northern Cape also showing above average real growth. In Gauteng and Western Cape, projected growth as well as growth over the six-year period is notably below the average. These differences support a narrowing of historical spending gaps between provinces, but present challenges to increase the pace of delivery, given that some provinces underspent in 2003/04.

Equity in interprovincial funding is improving

Equity in interprovincial funding is progressively improving because of several factors, including the phasing in of the equitable share formula, increased spending on health in historically disadvantaged provinces, migration into the urban provinces, and conditional grant reform. Figure 5.2 shows expenditure per capita in real (constant) 2004 rand over a decade. This includes conditional grants. The converging lines show that equity is improving.

Figure 5.2 Per capita expenditure in real terms (2004 prices), 1995/96 to 2006/07

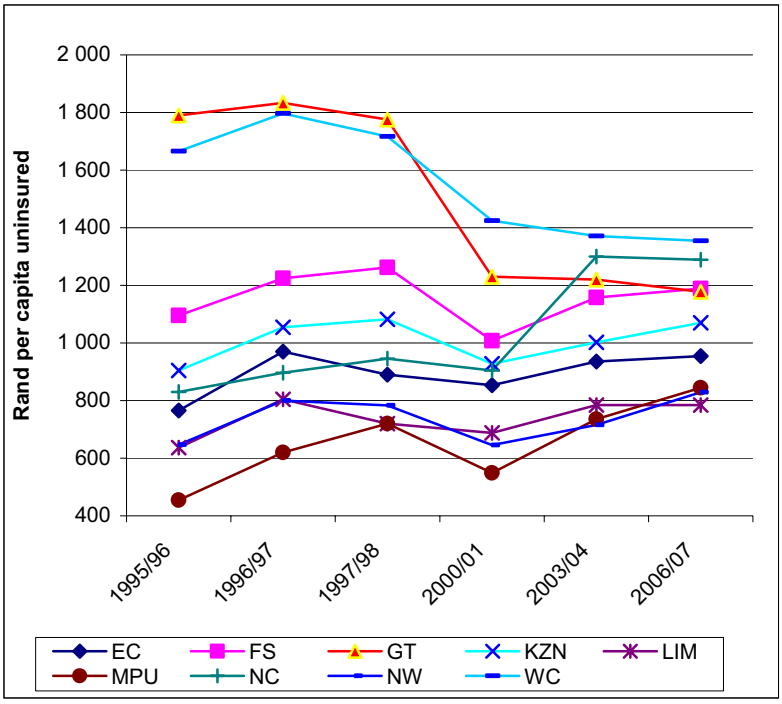


Table 5.5 shows expenditure per capita in 2004/05, including and excluding conditional grants. It is clear from this data that while Limpopo and North West are the lowest funded per capita and Western Cape the highest, the differences continue to narrow. In the past Gauteng occupied first place in terms of per capita expenditure. It drops to fourth by 2006/2007, partly because provincial uninsured populations have been recalculated using 1999 October household survey data, which shows a substantial growth in uninsured migrants into Gauteng.

Table 5.5 Provincial health expenditure per capita, 2004/05

Rand	Including grants	% of weighted average	Excluding grants	% of weighted average
Eastern Cape	899	89%	795	97%
Free State	1 157	114%	895	109%
Gauteng	1 217	120%	854	104%
KwaZulu-Natal	1 030	102%	893	109%
Limpopo	773	76%	711	86%
Mpumalanga	789	78%	711	86%
Northern Cape	1 199	118%	935	114%
North West	771	76%	691	84%
Western Cape	1 383	137%	936	114%
Weighted average	**1 013**	**100%**	**822**	**100%**

Source: National Treasury provincial database and 1999 October household survey

Budget programmes

District health services is the largest programme

The distribution of spending across budget programmes is shown in table 5.6. District health services (which includes primary health care, and HIV and Aids subprogrammes, but also district hospitals, which provide care beyond the primary level) is the biggest programme, absorbing 38,8 per cent of expenditure in 2003/04. This is followed by provincial hospital services, (26,9 per cent of total spending), and central hospital services (16,4 per cent).

Table 5.6 Provincial health expenditure by programme, 2000/01 to 2006/07

R million	2000/01	2001/02 Outcome	2002/03	2003/04 Preliminary outcome	2004/05 Medium-term estimates	2005/06	2006/07	Average annual growth 2000/01–2006/07
Administration	959	1 194	1 247	1 539	1 650	1 744	1 836	11,4%
District health services	10 581	11 633	12 758	14 326	16 285	18 403	20 133	11,3%
Emergency medical services	719	793	907	1 284	1 352	1 479	1 572	13,9%
Provincial hospital services	7 272	7 869	8 769	9 929	10 298	10 968	11 940	8,6%
Central hospital services	4 843	5 026	6 003	6 046	6 308	6 546	6 491	5,0%
Health sciences and training	472	652	774	987	1 203	1 285	1 342	19,0%
Health care support services	370	419	510	675	711	772	847	14,8%
Health facilities management	686	1 698	1 770	2 144	2 767	2 983	3 242	29,5%
Other	52	70	64	-1	-24	-24	-25	-11,2%
Total expenditure	**25 953**	**29 352**	**32 802**	**36 929**	**40 550**	**44 154**	**47 378**	**10,6%**

Source: National Treasury provincial database

There has been real growth in most programmes, except central hospitals

All programmes experienced real growth between 2000/01 and 2003/04, with central hospital services the lowest on 0,4 per cent a year in real terms. The strongest growth is in health facilities management (reflecting increasing infrastructure spending). Emergency medical services have grown, partly because of the provincialisation of the services and the purchase of new ambulances, but also likely because of the misclassification of historical expenditure in converting to the new programme structure. Over the medium term, strong growth is projected in district health services, especially for HIV and Aids, while growth in health facilities management moderates. Central hospital services is projected to decline further in real terms, but this is partly due to two provinces shifting whole hospitals or regional expenditure within hospitals into the provincial hospitals programme.

Economic classification

There has been strong growth in spending on capital, and goods and services since 2000/01

Table 5.7 shows that the key spending trends over the past three years were the increase in capital expenditure as a proportion of total spending, and, in terms of current spending, the continuing decline in the share of compensation of employees expenditure as a percentage of total expenditure in favour of the recovery of spending on goods and services. This reverses the trend of the late 1990s when personnel spending squeezed out other important

complementary inputs, such as medicines, laboratory tests and maintenance. Transfers to municipalities (for the delivery of primary care services) declined between 2000/01 and 2003/04. This maybe related to the shifting of responsibility for primary care to provincial government.

Table 5.7 Provincial health expenditure by economic classification, 2000/01 to 2006/07

R million	2000/01	2001/02 Outcome	2002/03	2003/04 Preliminary outcome	2004/05 Medium-term estimates	2005/06	2006/07	Average annual growth 2000/01–2006/07
Current payments	23 057	25 712	28 926	32 247	35 215	38 131	40 849	10,0%
Of which:								
Compensation of employees	*16 452*	*17 812*	*19 165*	*21 126*	*23 175*	*24 643*	*26 052*	8,0%
Goods and services	*6 590*	*7 886*	*9 713*	*11 074*	*12 033*	*13 481*	*14 789*	14,4%
Transfers and subsidies	1 869	1 792	2 070	2 127	2 267	2 536	2 757	6,7%
Of which:								
Municipalities	*899*	*661*	*709*	*743*	*817*	*893*	*1 055*	2,7%
Payments for capital assets	1 027	1 848	1 805	2 555	3 068	3 487	3 773	24,2%
Of which:								
Buildings and other fixed structures	*395*	*1 230*	*1 028*	*1 416*	*1 792*	*2 066*	*2 169*	32,8%
Machinery and equipment	*630*	*615*	*777*	*1 139*	*1 277*	*1 421*	*1 604*	16,9%
Total	**25 953**	**29 352**	**32 802**	**36 929**	**40 550**	**44 154**	**47 378**	**10,6%**

Source: National Treasury provincial database

Growth in capital spending will remain strong

The relatively faster growth in capital spending and spending on goods and services is projected to continue over the medium term, although at a somewhat slower pace. After growing at very high rates since 2000/01, spending on capital assets is projected to average at approximately 8 per cent a year in real terms to 2006/07.

Compensation of employees

The growth in spending on the compensation of employees has been stable

Since 2000/01, real spending on the compensation of employees has increased by about 1,3 per cent a year. The growth is anticipated to accelerate to about 2 per cent a year over the medium term.

Staff numbers are growing

After significant declines in personnel numbers in the late 1990s and early 2000s, the number of filled posts in provincial health departments increased in 2003/04. While the numbers have been influenced by function shifts (mainly the provincialisation of ambulance services and the formation of the National Health Laboratory Service as a public entity), the increasing number of filled posts and an improvement in the number of scarce professionals in the public service points to the continuing stabilisation of the sector.

There is an increase in staff in key categories

Table 5.8 shows increases in the numbers of selected health professionals between December 2001 and April 2004. This is a positive development and may be partly associated with the introduction of the scarce skills and rural allowances, and stabilising budgets. At the same time, table 5.9 shows some redistribution of staff between provinces, with continuing declines in Western Cape and

Gauteng and gains in the poorer provinces, especially in KwaZulu-Natal.

Table 5.8 Provincial health personnel numbers by category, December 2001 to April 2004

	December 2001	February 2003	April 2004	Change: February 2003 to April 2004
Medical practitioners	7 363	7 694	8 146	452
Medical specialists and registrars	3 807	3 571	3 449	-122
Total doctors	11 170	11 265	11 595	330
Professional nurses	41 063	40 846	42 263	1 417
Radiographers	2 058	2 078	2 043	-35
Pharmacists	1 239	1 256	1 336	80
Dental practitioners	625	568	626	58
Physiotherapists	455	667	725	58
Occupational therapists	399	574	611	37
Dieticians	250	378	404	26
Speech therapists	118	215	240	25
Dental specialists	44	63	33	-30
Total	**57 421**	**57 910**	**59 876**	**1 966**

Source: Vulindlela

The scarce skills and rural allowances enabled wage increases

The scarce skills and rural allowances were signed off in the Bargaining Chamber in November 2003 and implementation was backdated to July 2003. The allowances provide medical doctors, medical and dental specialists, and pharmacists with a wage increase of about 17 per cent , and of about 12 per cent for dental technicians, psychologists, dieticians, occupational therapists, physiotherapists, radiographers and speech therapists.

Table 5.9 Provincial health personnel numbers[1], April 2001 to April 2004

Number	April 2001	April 2002	April 2003	April 2004	Posts per 1 000	Change: April 2002 to April 2004
Eastern Cape	31 077	29 433	28 498	29 818	5,0	385
Free State	15 049	14 463	14 459	14 599	6,2	136
Gauteng	42 817	43 285	42 578	41 589	5,8	-1 696
KwaZulu-Natal	48 811	49 543	49 373	52 112	5,9	2 569
Limpopo	23 843	23 569	23 550	24 934	4,8	1 365
Mpumalanga	11 335	11 242	11 038	11 544	3,9	302
Northern Cape	4 043	4 166	4 178	4 479	6,6	313
North West	15 438	15 623	15 332	16 135	4,8	512
Western Cape	25 139	24 768	23 977	24 048	6,7	-720
Total	**217 552**	**216 092**	**212 983**	**219 258**	**5,5**	**3 166**

1. Filled posts.
Source: Vulindlela

Service delivery trends

This section combines information on expenditure, demand for services, service delivery and outputs to assess progress in the following key areas of delivery:

- primary health care
- hospital services
- emergency services
- programmes dealing with HIV and Aids.

Although some of the data is still preliminary (especially on service demand and service delivery) and will have to be improved on over time, the analysis starts to provide a basis for the assessment of service delivery, including cost-efficiency.

Primary health care

Table 5.10 shows spending on five subprogrammes, which form the core of primary health care. It excludes related but broader subprogrammes for nutrition, HIV and Aids, and district hospitals.

Table 5.10 Provincial primary health care expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Average annual growth 2000/01–2006/07
	Outcome			Preliminary outcome	Medium-term estimates			
District management	724	774	898	888	743	803	852	2,8%
Community health clinics	1 881	2 188	3 473	3 057	3 439	3 830	4 377	15,1%
Community health centres	991	917	803	1 700	1 840	2 009	2 137	13,7%
Community-based services	365	307	212	600	666	726	757	12,9%
Other community services	274	380	243	286	373	396	427	7,7%
Total	**4 234**	**4 565**	**5 629**	**6 531**	**7 061**	**7 764**	**8 550**	**12,4%**
Rand per capita uninsured [1]	115	121	146	152	176	191	206	
Visits (thousands)	81 907	87 571	92 438	95 503				
Expenditure per visit (rand)	51,6	52,1	60,9	68,4				

1. Not covered by private medical insurance.
Source: National Treasury provincial database and district health information system

There have been real increases in per capita expenditure

There has been real growth (about 7,7 per cent a year) in PHC expenditure, leading to an increase in the amount spent per person not covered by private medical insurance (the 'uninsured') between 2000/01 and 2003/04. The period, however, also saw a substantial increase in the number of primary care visits from 81,9 million a year to 95,5 million.

Continued real growth in primary health care spending is expected over the medium term

Over the medium term, expenditure on these subprogrammes is projected to grow somewhat slower (4 per cent), with per capita expenditure projected to rise to R206 per uninsured person in 2006/07.

A comparison of PHC spending between provinces is complicated by the fact that some PHC services may be delivered from district hospitals (not included in table 5.11) and by some incomplete classifications (for example, medicine expenditure associated with

primary care in Limpopo reflected on the provincial medicine trading account has not been reclassified). In addition, using the uninsured population as the user denominator may overstate demand because some uninsured people use private services.

Table 5.11 Provincial primary health care expenditure per capita, 2004/05

	Budget 2004/05 (R million)	Budget per capita	Primary health care visits	Visits per capita (uninsured[1]) 2003	Visits per capita (self-declared)[2]	Cost per visit 2003/04
Eastern Cape	1 200	199	14 414 150	2,4	3,4	69,8
Free State	459	194	5 983 341	2,6	4,6	75,7
Gauteng	1 264	176	12 072 191	1,7	2,7	97,0
KwaZulu-Natal	1 623	185	18 940 469	2,2	3,0	68,6
Limpopo	462	90	14 376 953	2,9	3,6	47,2
Mpumalanga	421	144	6 008 361	2,1	3,6	62,3
Northern Cape	167	246	2 394 854	3,6	4,9	56,2
North West	656	195	8 577 121	2,6	3,9	76,2
Western Cape	809	226	12 735 341	3,6	5,4	59,6
Total	**7 061**		**95 502 781**			
Weighted average		**176**		**2,4**	**3,5**	**68,4**

1. Not covered by private medical insurance.

2. Use of public sector provision as determined by Statistics SA's general household survey.

Per capita spending on primary health care services differs significantly between provinces

Nonetheless, table 5.11 shows that there are large differences between provinces in per capita budgets. This is especially so for Limpopo and Mpumalanga, where spending per capita is significantly below the average R176 in 2004/05. Utilisation rates also differ between provinces, ranging from 3,6 visits per uninsured person in Northern Cape and Western Cape in 2003, to 1,7 and 2,1 in Gauteng and Mpumalanga, respectively. These figures are based on the numbers of uninsured people per province. Utilisation rates based on the self-declared use of public services in the General Household Surveys of Statistics South Africa are higher, but this does not narrow the gaps between the numbers of per capita visits per province.

Costs per visit vary between provinces

Table 5.11 also indicates that there is significant variation within the average cost per visit of R68,40 in 2003/04, ranging from R47,20 in Limpopo to R97,00 in Gauteng. Visits include those at clinics at an average cost of R42,00 in 2003/04, compared to R99,00 at a community health centre.

Some successes in primary health care delivery have been noted

Table 5.12 gives an indication of some successes in primary health care, with immunisation coverage rising to 81 per cent in 2003 and high levels of antenatal clinic usage. The basic infrastructure of PHC facilities, such as water supply, sanitation and electrification of clinics, has improved since the 2000 Facilities Survey. The survey suggests the supply of medicine has also improved significantly, but examination rooms are often not adequate (31 per cent).

Table 5.12 Provincial primary health care outcomes, 2003

	Immuni-sation coverage rate	Antenatal coverage rate	Antenatal visits per covered mother	Tuber-culosis cure rate 2001	Water supply on site	Adequate consulting room	Presence of indicator antibiotic
Eastern Cape	88%	97%	4	47%	96%	39%	88%
Free State	81%	86%	5	64%	100%	80%	97%
Gauteng	73%	105%	3	58%	100%	83%	93%
KwaZulu-Natal	85%	113%	4	37%	96%	46%	99%
Limpopo	84%	99%	4	53%	98%	50%	95%
Mpumalanga	75%	102%	4	50%	100%	24%	96%
Northern Cape	94%	104%	4	47%	97%	79%	95%
North West	72%	87%	4	59%	100%	44%	94%
Western Cape	87%	77%	5	66%	100%	96%	99%
Weighted average	**81%**	**99%**	**4**	**54%**	**98%**	**59%**	**94%**

Source: District health information system and national primary health care survey

Tuberculosis (TB) cure rates are sub-optimal at 54 per cent , with a further 12 per cent completing treatment without a cure being demonstrated. While it is encouraging that the number of people with sexually transmitted diseases (STDs) treated is declining (from an estimated 1,9 million in 2001 to 1,7 million in 2003), the number is extremely high, considering that many cases are managed in the private sector or are asymptomatic.

Table 5.13 Provincial hospital expenditure by category of hospital, 2000/01 to 2006/07

R million	2000/01	2001/02 Outcome	2002/03	2003/04 Preliminary outcome	2004/05 Medium-term estimates	2005/06	2006/07	Average annual growth 2000/01 - 2006/07
District hospitals	6 225	6 807	6 761	7 063	7 888	8 862	9 376	7,1%
General (regional) hospitals	5 769	6 257	6 944	7 469	8 071	8 468	9 297	8,3%
Tuberculosis hospitals	186	205	332	474	419	519	545	19,6%
Psychiatric / mental hospitals	1 102	1 161	1 127	1 443	1 488	1 639	1 736	7,9%
Sub-acute, step-down and chronic medical hospitals	50	54	182	203	119	150	158	21,1%
Dental training hospitals	139	155	154	191	197	187	196	5,9%
Other specialised hospitals	26	32	30	44	46	47	50	11,2%
Central hospital services	3 747	3 957	4 584	4 670	4 803	4 941	4 728	4,0%
Provincial tertiary hospital services	1 096	1 068	1 419	1 376	1 505	1 605	1 763	8,2%
Total expenditure	**18 340**	**19 698**	**21 533**	**22 932**	**24 537**	**26 416**	**27 849**	**7,2%**
Hospital admissions (thousands)	3 693	3 851	3 831	3 806				

Source: National Treasury provincial database

Hospital services

Real growth in hospital services expenditure has been slow

Table 5.13 shows trends in hospital services spending. Expenditure grew slowly from 2000/01 to 2003/04 (by about 0,4 per cent a year in real terms), slower than the growth in hospital admissions or in the uninsured population. A relatively small proportion of the R9 billion additional funding which has gone into the sector since 2000/01 has

gone into recurrent hospital expenditure. The overall slow growth contains fairly rapid growth in some types of hospital spending (TB hospitals and sub-acute, step-down and chronic medical hospitals), with almost no or negative growth in others (central hospital services, provincial tertiary hospital services, district hospitals).

Table 5.14 Provincial hospital expenditure, 2004/05

	Hospitals budgets	Budget per capita	Budget excl. national tertiary services conditional grant
	(R million)	Rand per capita	
Eastern Cape	3 031	504	459
Free State	1 661	704	541
Gauteng	5 716	797	556
KwaZulu-Natal	5 429	619	548
Limpopo	2 373	461	452
Mpumalanga	1 321	452	438
Northern Cape	409	601	539
North West	1 330	394	384
Western Cape	3 266	913	604
Weighted average	**24 536**	**613**	**506**

Source: National Treasury provincial database and October household survey

Per capita spending on hospitals varies between provinces

Table 5.14 shows significant variability between provinces in per capita hospital spending. Spending ranges from R394 in North West to R913 in Western Cape. This divergence, however, is due mainly to the conditional grant funding (for central and tertiary services and training), and when this is removed, per capita hospital spending is much more comparable across provinces.

Table 5.15 Provincial inpatient admissions and costs, 2003/04

	Number of admissions	Admissions per 1 000 uninsured[1]				Expenditure per admission (rand)		
		District	Regional	Tertiary	Total	District	Regional	Tertiary
Eastern Cape	668 681	34	49	–	113			
Free State	235 616	52	39	10	101	2 267	4 530	13 164
Gauteng	815 187	14	51	48	115	2 242	3 243	6 080
KwaZulu-Natal	718 366	36	37	8	83			8 455
Limpopo	335 742	48	14	6	67	3 513	4 386	9 074
Mpumalanga	233 144	48	33	–	81			
Northern Cape	128 430	125	64	–	191	1 579	4 449	
North West	238 150	42	29	–	72	3 113	4 159	
Western Cape	434 181	33	44	37	123	1 792	2 697	8 446
Total	**3 807 497**							
Weighted average		**37**	**39**	**15**	**97**	**2 642**	**3 540**	**7 367**

1. Not covered by private medical insurance.
Source: National Treasury provincial database and National hospital dataset

Public hospitals admitted 3,8 million patients in 2003/04

Table 5.15 shows that public hospitals admitted 3,8 million patients in 2003/04, an admission rate of 97 per 1 000 uninsured people. This data includes day cases and encompasses district hospitals (37 admissions per 1 000 at a cost of R2 642 per admission), regional hospitals (39 per 1 000 at R3 540 per admission) and tertiary hospital admissions (15 per 1 000 at R7 367 per admission). Limpopo has the

lowest hospital admission rates (67 per 1 000) and Northern Cape, where large distances result in higher admission rates, has the highest (191 per 1 000). Gauteng and Western Cape treat many patients in tertiary hospitals, which have higher unit costs, and this accounts for their overall higher levels of hospital expenditure.

Hospitals managed 21 million outpatients and casualty visits in 2003/04

Table 5.16 shows that hospitals managed 21 million outpatients and casualty visits in 2003/04 (or 0,53 per uninsured person). A district outpatient visit costs R238, a regional visit R267 and a tertiary visit R429.

Table 5.16 Provincial outpatient and casualty visits and costs, 2003/04

	Number of visits	Visits per 1 000 uninsured[1]				Expenditure per visit (rand)		
		District	Regional	Tertiary	Total	District	Regional	Tertiary
Eastern Cape	2 130 021	0,16	0,19	–	0,36	–	–	–
Free State	1 384 774	0,21	0,26	0,12	0,59	248	289	746
Gauteng	5 194 510	0,09	0,30	0,34	0,74	265	253	386
KwaZulu-Natal	5 699 490	0,24	0,35	0,06	0,66	–	–	–
Limpopo	1 912 650	0,27	0,07	0,05	0,38	223	281	415
Mpumalanga	853 125	0,16	0,11	–	0,30	–	–	–
Northern Cape	293 172	0,22	0,21	–	0,44	193	364	–
North West	732 450	0,11	0,11	–	0,22	280	261	–
Western Cape	2 753 826	0,16	0,27	0,33	0,78	221	256	498
Total	**20 954 018**							
Weighted average		**0,18**	**0,23**	**0,12**	**0,53**	**238**	**267**	**429**

1. Not covered by private medical insurance.
Source: National Treasury provincial database and National hospital dataset

Emergency medical services

Emergency services spending stabilises over the medium term

Table 5.17 shows that spending on emergency medical services has grown significantly since 2000/01, but will grow moderately over the medium term.

Table 5.17 Provincial emergency medical services expenditure, 2000/01 to 2006/07

R thousand	2000/01	2001/02 Outcome	2002/03	2003/04 Preliminary outcome	2004/05 Medium-term estimates	2005/06	2006/07	Average annual growth 2000/01 - 2006/07
Emergency transport	701 502	772 693	892 780	1 188 457	1 191 871	1 290 818	1 365 222	11,7%
Planned patient transport	17 748	19 934	14 351	95 432	159 989	188 066	206 634	50,5%
Total	**719 250**	**792 627**	**907 131**	**1 283 889**	**1 351 860**	**1 478 884**	**1 571 856**	**13,9%**

1. Ambulances and non-emergency patient transport.
Source: National Treasury provincial database

Table 5.18 shows that in 2003/04 an ambulance trip cost R517 on average. Average utilisation was 73 patients transported per 1 000 people a year (approximately 2,2 million trips), but was close to 100 per 1 000 people in three provinces. Average spending was R33 per uninsured person, ranging from R19 to R58.

Table 5.18 Provincial emergency medical services numbers and costs, 2003/04

	Expenditure 2003/04 (R million)	Expenditure per 1 000 pop. uninsured (Rand)	Patients transported	Patients transported per 1 000 pop. uninsured	Unit cost per patient transported (Rand)
Eastern Cape	194	33	381 948	65	509
Free State	119	51	221 611	95	537
Gauteng	248	35	434 128	61	571
KwaZulu-Natal	272	31	577 163	67	471
Limpopo	95	19	–	14	–
Mpumalanga	47	16	–	–	–
Northern Cape	39	58	79 770	118	491
North West	84	25	–	–	–
Western Cape	186	53	353 269	100	526
Total/weighted average	**1 284**	**33**	**2 047 889**	**73**	**517**

1. Not covered by private medical insurance.
Source: National Treasury provincial database

HIV and Aids

Spending on government's HIV and Aids programmes has increased substantially

Spending on government's HIV and Aids programmes has increased substantially since the initiation of the enhanced response strategy in the 2002 Budget. Table 5.19 shows trends in dedicated programme expenditure, excluding non-ring-fenced funds. Provinces have consistently added equitable share and own funds to increase funding through the HIV and Aids conditional grant.

Table 5.19 Provincial HIV and Aids expenditure, 2000/01 to 2006/07

R million	2000/01	2001/02 Outcome	2002/03	2003/04 Preliminary outcome	2004/05 Medium-term estimates	2005/06	2006/07	Average annual growth 2000/01 - 2006/07
Conditional grant	10	46	246	416	782	1 135	1 567	131,2%
Other	50	34	37	213	431	511	581	50,7%
Total	**60**	**80**	**283**	**630**	**1 212**	**1 646**	**2 148**	**81,6%**

Source: National Treasury provincial database

Substantial services related to prevention and care have been rolled out

The comprehensive HIV and Aids programme has expanded significantly and rolled out substantial services related to prevention and care, including:

- 302 million condoms distributed a year
- mother-to-child prevention services at over 1 652 sites
- voluntary counselling and testing at over 2 582 sites, including 75% of clinics
- ARV treatment commencing in 2004 and at present reaching about 5 363 patients, but with rapid expansion over the next few years
- 892 home- and community-based care projects operational.

Related programmes include life skills education in all schools, and preventive programmes in many targeted sites, including the defence force, the public service, prisons, workplaces, universities and

trucking routes. Some indicators of progress include reductions in rates of STDs, including syphilis, teenage pregnancies and HIV sero-prevalence in the under-20 age cohort.

Conclusion

The period since 2000/01 shows a stabilisation of health budgets, with continuing real growth in overall spending and, in particular, the recovery of capital spending and on key inputs complementary to personnel. Despite limited growth in compensation of employees budgets, personnel numbers have stabilised and even slightly increased, also in certain key categories. Spending on primary health care has increased along with a rising workload. Spending on key programmes, such as HIV and Aids, has grown strongly, and expanded to new areas of service delivery.

Significant challenges, however, continue to face the sector, arising from the impact of HIV and Aids on the disease burden, a growing uninsured population and cost pressures around key inputs.