3

Health

Introduction

Population growth and the escalating burden of disease, together with stagnating private medical insurance cover, are putting increasing pressure on the public health system. This chapter shows that public sector funding has been responding to these pressures.

2005/06 health budgets see strong growth

Provincial health budgets for 2005/06 continue the trend of recent years, with significant real expenditure increases projected for most provinces. This represents the fifth consecutive year of real funding increases. In 2005/06, overall provincial health budgets grow by 13,1 per cent (or 8,6 per cent in real terms) to R45,9 billion from the R40,6 billion estimated final expenditure for 2004/05. There are, however, differences between provinces: KwaZulu-Natal, Limpopo, Eastern Cape and Northern Cape show significant growth, while Gauteng's per capita health budget declines in real terms.

There is budget growth in some areas

Key baseline adjustments in the 2005 MTEF include: funding increased provincial responsibility for primary health care (R200 million in 2005/06, R300 million in 2006/07 and R400 million in 2007/08); and funding high level hospital services through an increase of R180 million per year in the national tertiary services grant. These baseline increases come on top of already strong growth in provincial health budgets, particularly for dedicated HIV and Aids funding, which doubles from R1,2 billion in 2004/05 to R2,4 billion over the MTEF. There was also growth in expenditure on upgrading and improving health facilities, which is projected to increase from R1,7 billion in 2001/02 to R4,0 billion in 2007/08.

This chapter:

- provides an overview of health funding in the public sector context
- reviews key policy and sectoral developments
- examines overall expenditure trends
- focuses on expenditure and service delivery trends in key service delivery areas, and

- focuses briefly on aspects of personnel in the sector.

The public sector context: Total health funding in South Africa

There are big differentials between private and public spending

Funding for health services in South Africa was estimated at approximately R114 billion in 2004/05, which amounts to 8,2 per cent of gross domestic product (GDP). While public funding constitutes substantially less than half of total health expenditure (41,5 per cent), it funds services to almost 85 per cent of the population. Nearly 60 per cent of health funding goes towards funding private health care for the wealthiest 15 per cent of the population. This translates into a significant difference in per capita spending between those covered by the private sector and those covered by the public sector. These differences raise a number of equity issues.

Table 3.1 Funding flows for health services, 2004/05

Financing intermediary	R million	Percentage	% GDP
Public	47 500	41,5%	3,4%
Private	66 038	57,7%	4,7%
Donors and NGOs	947	0,8%	0,1%
Total	**114 485**	**100,0%**	**8,2%**

Source: National Treasury provincial database and research

High disease burdens and cost pressures put South Africa's public health expenditure in the middle range of comparable developing countries

South Africa's total health expenditure as a proportion of GDP is high relative to other comparable countries, second only to Argentina in the countries listed in table 3.2. However, in the same context, public sector expenditure is only slightly above average. This is largely because of the apparent high input costs of South Africa's big private health sector and the growing disease burden associated with the HIV and Aids epidemic. The skewed distribution of funding, high disease burdens and input costs present huge health service challenges, even with comparatively high overall levels of health expenditure.

Provincial health departments are responsible for delivering the bulk of public health services

In 2004/05, nearly 85 per cent of public sector health funding (R40,3 billion) flowed through provincial health departments, which are responsible for delivering the bulk of public health services. Local government plays an important role in delivering clinic services in some provinces. With the promulgation of the National Health Act (2003), local government's role as provider of primary health care services will decline. The Act clarifies that, with the exception of explicitly defined environmental health services, provinces are responsible for funding primary health care. National department spending is relatively small, as its key responsibilities are policy development and monitoring rather than actual service delivery.

Table 3.2 Public sector funding for health services in middle income countries

Country	Population 2001 (thousands)	Public health expenditure as percentage of GDP	Total health expenditure as percentage of GDP	GDP/cap $	Percentage publicly financed
Cuba	11 271	6,1%	6,8%	2 638	89,2%
Argentina	37 981	5,1%	9,5%	7 156	53,4%
Namibia	1 961	4,6%	6,7%	1 637	69,3%
Poland	38 622	4,4%	6,1%	4 742	71,9%
Botswana	1 770	4,4%	6,6%	2 884	66,2%
Russia	144 082	3,7%	5,4%	2 118	68,2%
Columbia	43 526	3,6%	5,5%	1 910	65,7%
Turkey	70 318	3,6%	5,0%	2 169	71,0%
South Africa	**44 759**	**3,4%**	**8,2%**	**2 584**	**41,5%**
Brazil	176 257	3,2%	7,6%	2 910	41,6%
Chile	15 401	3,1%	7,0%	4 318	44,0%
Algeria	31 266	3,1%	4,1%	1 789	75,0%
Iran	68 070	2,7%	6,3%	5 546	43,5%
Mexico	101 965	2,7%	6,1%	6 069	44,3%
Venezuela	24 631	2,7%	4,7%	4 967	57,4%
South Korea	47 430	2,7%	6,0%	8 859	44,4%
Thailand	62 193	2,1%	3,7%	1 846	57,1%
Egypt	70 507	1,9%	3,9%	1 154	48,9%
Philippines	78 580	1,5%	3,3%	939	45,2%
Malaysia	22 632	1,5%	2,5%	4 082	58,8%

Source: Adapted from WHO World Health Report, 2003

Table 3.3 Public sector financing intermediaries, 2004/05

R million		Percentage of GDP
National Department of Health (less conditional grants)	1 047	0,1%
Provincial departments of health and works (including conditional grants; less transfers to local government)	40 343	2,9%
Department of Defence	1 306	0,1%
Department of Correctional Services	173	0,0%
Higher education	880	0,1%
Local government health services (including provincial transfers)	2 100	0,1%
Workmen's Compensation Fund (COIDA)	1 322	0,1%
Road Accident Fund	329	0,0%
Total public sector	**47 500**	**3,4%**

Source: National Treasury provincial database and research

Private medical scheme contributions grow, but the number of beneficiaries remains stable

Summarised information on medical scheme expenditure is shown in table 3.4. Private sector medical expenditure has been growing substantially faster than public sector medical expenditure. Contributions to medical schemes grew by 12,5 per cent in 2003, which is well above inflation. The number of beneficiaries covered, however, remained flat at roughly 15 per cent of the population, implying that expenditure growth is due to increasing costs of services. Private hospital expenditure increased by 15,8 per cent and administration costs by 10,5 per cent in 2003. Another factor was growth in reserves which, in line with regulatory requirements, grew to R13,8 billion, giving solvency levels of around 28,4 per cent. With the required solvency levels achieved, expenditure growth was

anticipated to slow in 2004. However, the inclusion of 25 chronic conditions and anti-retroviral treatment into the prescribed minimum benefits may continue to increase expenditure. Average monthly contributions per member for an average family of 2,5 members will exceed R1 600 in 2005/06. The challenge for increasing coverage is to offer affordable and acceptable lower cost schemes.

Table 3.4 Medical scheme expenditure

	2000	2001	2002	2003	Change 2002 to 2003
Beneficiaries	7 004 636	7 025 262	6 963 189	6 924 686	-0,6%
Members		*2 740 572*	*2 762 266*	*2 802 815*	*1,5%*
% population covered	*16,0%*	*15,7%*	*15,3%*	*14,9%*	
Pensioner ratio	*6,3*	*5,9*	*5,9*	*6,3*	
Beneficiary: member		*2,6*	*2,5*	*2,5*	
Gross contribution income (R million)	30 864	37 097	43 238	48 636	12,5%
Gross contributions per beneficiary per month	*367*	*440*	*517*	*585*	*13,2%*
Gross contributions per member per month (R)		*1 128*	*1 304*	*1 446*	*10,9%*
Benefits and non-health expenditure (R million)	31 130	36 252	41 531	45 078	8,5%
Benefit payments (R million)	*27 154*	*30 871*	*35 645*	*38 697*	*8,6%*
Private hospitals (R million)	*8 260*	*8 880*	*11 472*	*13 283*	*15,8%*
Medicines	*7 311*	*8 195*	*8 656*	*8 618*	*-0,4%*
Specialists	*5 306*	*6 026*	*7 067*	*7 605*	*7,6%*
General practitioners	*2 294*	*2 647*	*3 024*	*2 955*	*-2,3%*
Non-health expenditure (R million)	*3 976*	*5 381*	*5 886*	*6 381*	*8,4%*
of which: Administration fees (R million)	*2 499*	*3 575*	*4 131*	*4 564*	*10,5%*
Operating surplus	-1 041	170	1 099	2 355	114,3%
Investment income	1 230	1 278	1 416	1 869	32,0%
Net profit (includes investment income)	190	1 448	2 465	4 390	78,1%
Accumulated funds (R million)	6 100	6 988	9 529	13 806	44,9%
Solvency	*19,8%*	*18,8%*	*22,0%*	*28,4%*	*29,1%*

Source: Annual reports of Registrar of Medical Schemes

Key policy and sectoral developments

The National Health Act sets the framework for health services delivery

The National Health Act (2003) came into effect in May 2005, except for sections dealing with health establishments (including the certificate of need) and the control of blood products. The Act sets the framework for health service delivery in the country, formalises the governance framework for the public health system and provides the legal basis for the district health system. It also regulates key areas of health service delivery such as rights and obligations of users, national health research and the certification and inspection of health establishments.

A more human rights based approach to mental health is evident

The Mental Health Care Act (2002), which provides for a more human rights based approach to mental health care, is currently being implemented.

Various campaigns promote healthy lifestyles

Policies to promote healthy lifestyles through campaigns to reduce and control chronic diseases such as diabetes and hypertension, including health education, screening, tobacco control and regulations on labelling of alcoholic beverages have also received attention.

The pricing of medicines is being regulated

Tighter regulation of private sector medicine pricing was implemented in 2004. Medicine pricing regulations established a set of single exit prices from pharmaceutical manufacturers. However, the setting of dispensing fees for pharmacists is still being contested in court.

Efforts are under way to ensure increasing private sector medical cover

Efforts are under way to curb medical price inflation, ensure stability in the private health financing sector and to ensure increasing private sector medical cover. These include proposals for low cost medical schemes, introducing risk equalisation between medical funds so that higher risk groups are not excluded, and introducing a government employees medical scheme and social health insurance. A discussion document on the tax treatment of medical expenses and medical scheme contributions is being finalised.

Key strategies are being rolled out for building human resources in the sector and treating Aids

Key strategies rolled out over the last year include:

- A scarce skills and rural allowance strategy was implemented to address skills shortages in the sector, especially in rural areas. Other initiatives for building human resources in the sector include developing a national human resource plan, developing categories of mid-level health workers such as pharmacists and medical assistants, and developing a community health worker programme as part of the expanded public works programme.
- A programme for public sector treatment of Aids with antiretroviral medicines is being rolled out. By March 2005, 42 367 patients were on treatment and at least one treatment site has been accredited in each of the 53 health districts.
- Mother-to-child transmission prevention programmes and voluntary counselling and testing programmes also expanded their coverage substantially over the past year.

There have been reductions in the incidence of malaria and cholera

The significant reductions in malaria seem to be partly because of expanded responses, such as in the Lebombo area, as well as lower rainfall. Reductions in cholera over the past year are due to improved outbreak response activities and improving water and sanitation services.

Proposals for modernising tertiary services have been submitted

The health sector has developed in-depth proposals for increasing access to quality tertiary health services through the modernisation of tertiary services project. The proposals will be evaluated in greater detail during the 2006 budget process. They will also build on the large number of hospital upgrading projects already initiated through the hospital revitalisation programme, which aims to improve and modernise health infrastructure and equipment.

Provincial expenditure and budget trends

Overall expenditure trends

Strong real growth continues over the medium term

Table 3.5 shows that total provincial health spending grew at an average annual rate of 11,4 per cent (4,6 per cent in real terms) from 2001/02 to 2004/05. This cycle of recovery follows a period of stagnation between 1996/97 and 1999/00. The trend continues over the medium term, with total provincial health budgets projected to grow to R53,2 billion in 2007/08, or at an average annual rate of 9,5 per cent (4,3 per cent in real terms) between 2004/05 and 2007/08.

Table 3.5 Provincial health expenditure, 2001/02 to 2007/08[1]

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
		Outcome		Preliminary outcome	Medium-term estimates		
R million							
Eastern Cape	3 808	4 374	5 090	5 173	6 088	6 618	7 218
Free State	1 927	2 165	2 503	2 797	3 076	3 315	3 522
Gauteng	6 792	7 625	8 129	8 597	9 258	9 900	10 355
KwaZulu-Natal	6 913	7 392	8 042	8 950	10 379	11 467	12 347
Limpopo	2 596	3 062	3 627	4 196	5 046	5 299	5 552
Mpumalanga	1 425	1 652	1 953	2 263	2 481	2 878	3 055
Northern Cape	509	599	817	832	942	1 161	1 241
North West	1 675	1 973	2 207	2 595	2 894	3 198	3 433
Western Cape	3 703	3 951	4 547	5 172	5 743	6 134	6 488
Total	**29 347**	**32 794**	**36 916**	**40 575**	**45 905**	**49 969**	**53 211**
Percentage growth (average annual)	**2001/02 – 2004/05**		**2004/05 – 2005/06**		**2004/05 – 2007/08**		**2001/02 – 2007/08**
Eastern Cape	10,7%		17,7%		11,7%		11,2%
Free State	13,2%		10,0%		8,0%		10,6%
Gauteng	8,2%		7,7%		6,4%		7,3%
KwaZulu-Natal	9,0%		16,0%		11,3%		10,2%
Limpopo	17,3%		20,3%		9,8%		13,5%
Mpumalanga	16,7%		9,6%		10,5%		13,6%
Northern Cape	17,8%		13,2%		14,2%		16,0%
North West	15,7%		11,5%		9,8%		12,7%
Western Cape	11,8%		11,0%		7,8%		9,8%
Total	**11,4%**		**13,1%**		**9,5%**		**10,4%**

1. Adjusted for the school nutrition programme shift to the Department of Education.
Source: National Treasury provincial database

Real growth to 2004/05 differs from province to province

Between 2001/02 and 2004/05, real growth was particularly strong in Northern Cape, Mpumalanga, North West and Limpopo. This shows that basic health services in these four provinces were significantly strengthened. In Eastern Cape, Gauteng and KwaZulu-Natal, expenditure growth lagged the other provinces, with Gauteng and KwaZulu-Natal seeing annual growth at around only 2 per cent in real terms.

Eastern Cape, KwaZulu-Natal and Western Cape see particularly strong growth

The medium term sees real growth in all provinces. Growth is above 6 per cent in real terms per year in Eastern Cape, KwaZulu-Natal, and Northern Cape. Northern Cape has become the best per capita funded health department, with a small population but vast distances to cover.

The relatively sharp growth in Eastern Cape budget is from a low base, with expenditure in 2004/05 R83 million higher than in 2003/04. The historically best-funded provinces (Free State, Gauteng and Western Cape) lag the other provinces, with average annual real growth below 3 per cent up to 2007/08.

Provincial budgets increase by R5,4 billion in 2005/06

Provincial health budgets increase by 13,1 per cent from 2004/05, reaching R45,9 billion in 2005/06. All provinces see real growth of more than 5 per cent, except Gauteng, which sees real growth of 3,3 per cent.

KwaZulu-Natal now has the biggest provincial health budget

KwaZulu-Natal now has the biggest provincial health budget, having surpassed Gauteng in 2004/05. The province shows particularly significant growth in its clinic budget, which grows by 11,7 per cent to R1,1 billion. There is further growth in HIV and Aids programmes, TB hospitals and hospital facility upgrading.

The increase in Limpopo's budgets helps to close the spending gap

The Limpopo health budget grows by 20,3 per cent to build and improve services. This results in per capita spending increasing to R983 per uninsured person in 2005/06, which is substantially higher than 2001/02 levels. Its budget provides for improved medicine supplies, health facilities upgrading and better clinic services. These are positive developments in achieving inter-provincial equity.

Spending stabilises in Western Cape

Western Cape's budget has real increases exceeding R300 million. These are for strengthening clinic and community health centres, as well as the function shift of primary health care services from local government in non-metropolitan areas. Central hospital budgets have been increased, following an increase in the national tertiary services grant.

Strongest growth in spending is on health facilities, clinics, and goods and services

Table 3.6 shows the growth of provincial budgets for selected inputs and programmes for 2005/06. The continued recovery of capital spending is clear, with health facilities spending increasing by more than 40 per cent, and high real growth in spending on clinics and goods and services.

Table 3.6 Budget increases in selected areas, 2005/06

	Compensation of employees	Goods and services	Health facilities programme	Clinics	Central hospitals
Eastern Cape	2,6%	41,9%	56,3%	9,4%	
Free State	17,2%	-3,3%	126,6%	-35,6%	8,1%
Gauteng	9,1%	1,6%	-1,9%	46,2%	-0,7%
KwaZulu-Natal	15,5%	11,7%	71,0%	11,7%	8,7%
Limpopo	11,2%	38,0%	70,2%	11,6%	17,3%
Mpumalanga	10,8%	7,9%	37,4%	28,0%	0,1%
Northern Cape	15,9%	-0,1%	31,9%	17,4%	
North West	5,6%	19,7%	31,9%	36,8%	
Western Cape	11,9%	8,6%	-0,9%	19,6%	7,2%
Weighted average	**10,8%**	**12,9%**	**40,8%**	**15,3%**	**4,2%**

Source: National Treasury provincial database

2004/05 budget outcomes

There was some underspending in 2004/05

Although there was slight overspending in two provinces in 2004/05, table 3.7 indicates total underspending of R554 million or 1,3 per cent of adjusted budgets. Mpumalanga and North West underspent their budgets for two consecutive years, but are nonetheless spending significantly more in real terms. Underspending in Gauteng in 2004/05 largely reflects difficulties in the capital works and hospital revitalisation programme.

Table 3.7 Provincial health expenditure, 2003/04 and 2004/05

	2003/04[1]				2004/05			
R million	Adjusted appro-priation	Outcome	Under(+)/over(-) expenditure	%	Adjusted appro-priation	Prelimi-nary outcome	Under(+)/over(-) expenditure	%
Eastern Cape	5 112	5 243	-131	-2,6%	5 221	5 173	48	0,9%
Free State	2 592	2 542	50	1,9%	2 757	2 797	-40	-1,4%
Gauteng	8 166	8 196	-30	-0,4%	8 944	8 597	347	3,9%
KwaZulu-Natal	8 257	8 245	13	0,2%	8 876	8 950	-74	-0,8%
Limpopo	3 597	3 744	-147	-4,1%	4 240	4 196	44	1,0%
Mpumalanga	2 152	2 006	146	6,8%	2 385	2 263	122	5,1%
Northern Cape	760	833	-73	-9,6%	875	832	43	4,9%
North West	2 361	2 263	98	4,2%	2 664	2 595	70	2,6%
Western Cape	4 602	4 578	24	0,5%	5 166	5 172	-6	-0,1%
Total	**37 599**	**37 650**	**-50**	**-0,1%**	**41 128**	**40 575**	**554**	**1,3%**

1. Includes school nutrition programme.

Source: National Treasury provincial database

Conditional grants

Provinces' preliminary projections on conditional grant expenditure suggest that expenditure on the HIV and Aids grant continues to increase, while there has been underspending on the hospital revitalisation and integrated nutrition programme grants.

Table 3.8 Provincial conditional grant expenditure, 2004/05

R million	Adjusted appro-priation[1]	Provincial roll-overs	Total available	Provincial spending	Under (+) / over(-) expenditure	%
National tertiary services grant	4 273	4	4 277	4 214	64	1,5%
Comprehensive HIV and Aids grant	732	13	746	770	-24	-3,3%
Hospital revitalisation grant	734	171	905	680	225	24,9%
Integrated nutrition programme grant	107	18	125	97	28	22,6%
Hospital management and quality improvement grant	117	23	140	135	4	3,2%
Health professions training and development grant	1 434	3	1 437	1 381	56	3,9%
Other	–	35	35	18	17	48,1%
Total	**7 397**	**267**	**7 664**	**7 294**	**370**	**4,8%**

1. Division of Revenue Act, 2005.

Source: National Treasury provincial database

A review of activity in the specialist centres delivering tertiary health services revealed some mismatches in workload and funding, compared to the original research on which the grant was based. Output data from the past two years' performance reporting suggest that the original study underestimated workload in three provinces. As a result, an extra R180 million per year was added to the national tertiary services grant (NTSG) in the 2005/06 budget, to augment tertiary service funding in Western Cape, Northern Cape and Limpopo.

Ways of improving the functioning of some grants are being considered

During 2005/06, further research on the four hospital grants is being undertaken to evaluate their performance and to improve targeting. One objective of the research on the NTSG is to examine the options presented by the Department of Health's proposals for modernising tertiary services. Research will also be undertaken to re-conceptualise the health professions training and development grant, the only grant which has not been substantially reviewed in recent budget cycles. Ways of improving the functioning of the hospital revitalisation grant will be considered as will the future of the hospital management and quality improvement grant. From 2006/07, the integrated nutrition grant will be phased into the provincial equitable share. The grant's largest component, the primary school nutrition programme, was shifted to the education sector in 2004/05, and renamed the National School Nutrition Programme.

Provincial equity

There is real per capita forward growth of about 2,5 per cent per year

All provinces, except for Gauteng and KwaZulu-Natal, experienced real per capita expenditure growth over the last three years. Per capita spending recovers strongly in KwaZulu-Natal over the medium term but continues to be sluggish in Gauteng. All other provinces again see significant real per capita growth over the MTEF.

Table 3.9 Trends in per capita expenditure (Rand per capita uninsured)

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	Outcome			Preliminary outcome	Medium-term estimates		
Rand							
Eastern Cape	669	755	890	873	1 023	1 106	1 200
Free State	848	941	1 100	1 193	1 305	1 398	1 477
Gauteng	1 040	1 142	1 159	1 179	1 230	1 274	1 292
KwaZulu-Natal	846	890	953	1 017	1 159	1 258	1 331
Limpopo	549	632	745	829	983	1 019	1 054
Mpumalanga	533	600	699	774	832	946	985
Northern Cape	769	891	1 236	1 238	1 405	1 735	1 858
North West	529	617	680	767	842	915	966
Western Cape	1 128	1 167	1 304	1 433	1 554	1 622	1 676
Weighted average	**788**	**863**	**958**	**1 014**	**1 128**	**1 206**	**1 262**

Source: National Treasury provincial database; General Household Survey 2002 and 2003. Forward population projections assume some continuation of the shifts shown between the 1996 and 2001 censuses

Provincial disparity in per capita spending continues

Table 3.9 shows that provincial health expenditure per uninsured person increased from R788 in 2001/02 to R1 014 in 2004/05. It is budgeted to grow further to R1 262 by 2007/08. Expenditure

differentials still exist across provinces because of conditional grants and differing budget choices. Western Cape, Northern Cape, Free State and KwaZulu-Natal have the highest levels of public health expenditure per capita.

Mpumalanga and North-West have the lowest per capita spend

Mpumalanga and North West have the lowest per capita budgets and as suggested by recent underspending, may have limited ability to absorb additional allocations (see 2003/04 under-expenditure in table 3.7). However, a positive development is that their expenditure has grown by over 8 per cent per year in real terms over the past three years. Gauteng, which once had the highest expenditure per capita, now shows stagnation in per capita spending, and a decline when excluding conditional grants from the analysis. With the exception of Gauteng, the gap between provinces has been shrinking, with per capita spending in North West set to grow from 46,9 per cent of that in the Western Cape in 2001/02 to 57,7 per cent in 2007/08. Similar significant closing of the gap was also evident in Limpopo, Mpumalanga and Eastern Cape.

Programme expenditure

All programmes show real growth except the central hospitals programme

Between 2001/02 and 2004/05, all provincial health programmes showed real growth except for central hospital services, which declined by an average annual real rate of 0,3 per cent. This is in line with national policy to improve access and support lower levels of care.

Table 3.10 Provincial health expenditure by programme, 2001/02 to 2007/08

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Average annual growth
		Outcome		Preliminary outcome	Medium-term estimates			2001/02– 2007/08
R million								
Administration	1 213	1 256	1 597	1 757	1 789	1 816	1 954	8,3%
District health services	11 443	12 591	14 071	15 978	18 096	19 976	21 358	11,0%
Emergency medical services	793	907	1 285	1 340	1 679	1 784	1 888	15,6%
Provincial hospital services	7 367	8 826	9 963	10 484	11 420	12 144	12 990	9,9%
Central hospital services	5 791	6 210	6 325	6 938	7 233	7 795	8 175	5,9%
Health sciences and training	653	775	988	1 200	1 564	1 651	1 761	18,0%
Health care support services	419	490	625	650	954	995	1 092	17,3%
Health facilities management	1 691	1 763	2 061	2 270	3 195	3 836	4 022	15,5%
Internal charges	-22	-24	–	-42	-24	-26	-28	3,9%
Total expenditure	**29 347**	**32 794**	**36 916**	**40 575**	**45 905**	**49 969**	**53 211**	**10,4%**

Source: National Treasury provincial database

The district health services programme sees consistent growth

The district health services programme grew by about 5 per cent per year in real terms up to 2004/05, and is projected to continue growing at this rate for the next three years. These allocations reflect stronger primary health care services, increased funding for provinces to

progressively take responsibility for primary health care previously funded by local government, and stronger HIV and Aids programmes.

More funding is to go to emergency services

The emergency medical services programme grows by 25,4 per cent in 2005/06, reflecting the progressive strengthening of emergency ambulance services nationally. Expenditure growth on this programme moderates somewhat in the outer years of the MTEF, compared to growth in recent years.

Health facilities management, health sciences and training, and health care support services see rapid expenditure growth

The most rapid growth over the next three years is in health facilities management, health sciences and training, and health care support services. Health facilities management grows by more than 20 per cent over the three years from 2004/05, as part of a sustained programme to improve health facilities and make health infrastructure more attractive and acceptable to users. The increase in health sciences and training of about 14 per cent per year is largely due to reclassification, with some provinces including the health professions training and development conditional grant here. The increase in health care support services is due largely to provision for substantially increased medicines expenditure in Limpopo.

By grouping subprogrammes into functional areas, table 3.11 presents a different way of presenting data. While primary health care (including HIV and Aids and nutrition) grows by 18,6 per cent in 2005/06, hospital budgets grow by 7,2 per cent. The share of hospital services drops from 67,4 per cent to 56,4 per cent over the seven-year period, while primary health care expenditure grows from 16,4 per cent to 23,5 per cent.

Table 3.11 Expenditure by functional classification, 2001/02 to 2007/08

R million	2001/02	2002/03 Outcome	2003/04	2004/05 Preliminary outcome	2005/06 Medium-term estimates	2006/07	2007/08	Average annual growth 2001/02–2007/08
Hospitals	19 777	21 571	23 134	24 668	26 390	28 348	30 027	7,2%
PHC (including HIV/AIDS and nutrition)	4 824	6 056	7 225	8 732	10 359	11 566	12 496	17,2%
Facilities (Capital)	1 691	1 763	2 061	2 270	3 195	3 836	4 022	15,5%
Administration	1 213	1 256	1 597	1 757	1 789	1 816	1 954	8,3%
Emergency medical services	793	907	1 285	1 340	1 679	1 784	1 888	15,6%
Health sciences and training	653	775	988	1 200	1 564	1 651	1 761	18,0%
Health care support	419	490	625	650	954	995	1 092	17,3%
Internal charges	-22	-24	–	-42	-24	-26	-28	3,9%
Total	**29 347**	**32 794**	**36 916**	**40 575**	**45 905**	**49 969**	**53 211**	**10,4%**

Source: National Treasury provincial database

Key service delivery areas: Spending and outputs

Data need to be improved for analysis and allocation of resources

This section reviews non-financial service delivery information alongside financial data to get a more complete picture of sectoral performance, and to inform future budgets. Although there have been some positive developments, there is clearly insufficient progress with

making reliable information on service delivery in the health sector available. Developments include using the district health information system to record primary health care and hospital performance, as well as the use of more standardised indicators in provincial plans and annual reports. Data need to be further refined and the quality improved so they can be used for analysis and resource allocation. Research capacity should also be improved so that data can be used for planning and policy purposes.

Primary health care

Public health care spending increases by 14,7 per cent in 2005/06

Primary health care expenditure discussed here and shown in table 3.12 excludes spending on HIV and Aids, nutrition and coroner subprogrammes. Defined in this way, primary health care expenditure increases by R1,1 billion or 14,7 per cent in 2005/06, with significant increases in almost all the subprogrammes. Part of this increase is because extra funds were allocated to address the additional responsibilities of provinces, and the corresponding reduced responsibilities of local government, in line with the National Health Act (2003). Amounts of R200 million, R300 million and R400 million were allocated to provinces to fund primary health care that was previously the responsibility of non-metropolitan municipalities. Nonetheless, the primary health care budget growth is strong, even when the function shift is discounted, averaging 10 per cent per year over the medium term.

Table 3.12 Primary health care per subprogramme

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	Outcome			Preliminary outcome	Medium-term estimates		
Rand							
District management	802	936	910	988	1 161	1 254	1 336
Community health clinics	2 212	3 055	2 997	3 520	4 058	4 493	4 828
Community health centres	892	809	1 681	1 760	2 061	2 238	2 400
Community based services	271	595	600	671	725	778	840
Other community services	380	243	286	422	439	505	537
Total	**4 558**	**5 638**	**6 475**	**7 362**	**8 445**	**9 268**	**9 942**

Source: National Treasury provincial database

Growth in per capita primary health care spending is substantial

Primary health care expenditure rises to R207 per uninsured person in 2005/06 or to R254 if the HIV and Aids, and nutrition programmes are included. This is a substantial increase from R121 per capita in 2001/02. There has been a sizeable annual growth in primary health care funding of 7,6 per cent (or R3,1 billion). The dramatic increase is partly due to shifting expenditure away from hospital cost centres to primary health care.

The wide discrepancy between provinces in per capita spend on primary health care continues

A recent discussion paper commissioned by the Department of Health suggested a target funding level of around R300 per capita. This amount would be linked to per capita utilisation rates of around 3,85 visits per uninsured person per year, which is significantly above the current national average of 2,4. Table 3.13 shows significant primary health care expenditure growth across most provinces. There are still, however, large disparities among the provinces.

Table 3.13 Primary health care per capita spending trends

	2003/04	2004/05	2005/06	
		Projected	Budget	Increase
Eastern Cape	171	197	217	10,4%
Free State	196	218	230	5,7%
Gauteng	166	170	182	7,0%
KwaZulu-Natal	150	183	201	9,8%
Limpopo	136	170	187	10,1%
Mpumalanga	115	118	152	28,8%
Northern Cape	200	231	298	28,9%
North West	192	196	238	21,5%
Western Cape	215	225	274	21,5%
Total	**165**	**184**	**207**	**12,8%**

Source: National Treasury provincial database and demographic projections

Table 3.14 Primary health care outputs and unit costs

PHC visits	2001/02	2002/03	2003/04
Eastern Cape	14 383 889	13 746 488	14 414 150
Free State	5 446 065	5 725 472	5 983 341
Gauteng	11 094 574	12 012 319	12 072 191
KwaZulu-Natal	16 908 055	18 000 507	18 940 469
Limpopo	11 748 869	13 680 318	14 376 953
Mpumalanga	5 100 122	5 399 366	6 008 361
Northern Cape	2 010 410	2 124 661	2 394 854
North West	9 039 665	8 892 998	8 577 121
Western Cape	11 839 414	12 856 051	12 735 341
Total	**87 571 063**	**92 438 180**	**95 502 781**
PHC visits per capita			
Eastern Cape	2,5	2,3	2,4
Free State	2,4	2,5	2,6
Gauteng	1,7	1,8	1,7
KwaZulu-Natal	2,0	2,1	2,2
Limpopo	2,4	2,7	2,9
Mpumalanga	1,9	1,9	2,1
Northern Cape	3,0	3,1	3,6
North West	2,8	2,7	2,6
Western Cape	3,6	3,8	3,6
Total	**2,3**	**2,4**	**2,4**
Cost per visit			
Eastern Cape	45,8	66,4	69,8
Free State	39,2	80,5	76,1
Gauteng	81,9	90,8	97,1
KwaZulu-Natal	75,5	67,0	68,6
Limpopo	29,3	45,6	47,2
Mpumalanga	10,0	17,5	54,9
Northern Cape	56,3	64,7	56,2
North West	43,6	53,6	74,3
Western Cape	53,5	51,8	59,6
Total	**52,5**	**61,3**	**67,8**

Source: National Treasury provincial database

There has been significant improvement in access to primary health care

Table 3.14 shows that total patient visits increased from 87,6 million in 2001/02 to 95,5 million in 2003/04. This shows that much of the increased expenditure going to primary health care has been used for improving access and use. By 2003/04, average use figures were around 2,4 visits per uninsured person per year, exceeding 3,0 in Western Cape and Northern Cape. This is a great increase from the rate of around 1,5 visits per capita a decade earlier. Visit rates are lowest in Mpumalanga and Gauteng.

Table 3.15 Provincial hospital expenditure by category of hospital, 2001/02 to 2007/08

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Average annual growth
	Outcome			Preliminary outcome	Medium-term estimates			
R million								2001/02–2007/08
District hospitals	6 619	6 535	6 846	7 666	7 737	8 410	8 862	5,0%
General (regional) hospitals	6 354	6 910	7 940	7 934	8 760	9 305	9 976	7,8%
Tuberculosis hospitals	205	332	400	424	556	608	652	21,3%
Psychiatric / mental hospitals	1 161	1 217	1 310	1 456	1 666	1 764	1 870	8,3%
Sub-acute, step-down and chronic medical hospitals	54	182	107	102	199	211	222	26,5%
Dental training hospitals	155	154	169	197	194	204	215	5,6%
Other specialised hospitals	32	30	36	46	46	51	54	9,2%
Central hospital services	4 355	5 036	5 122	5 255	5 577	5 929	6 212	6,1%
Provincial tertiary hospital services	841	1 174	1 203	1 321	1 655	1 865	1 963	15,2%
Total expenditure	**19 777**	**21 571**	**23 134**	**24 401**	**26 390**	**28 348**	**30 027**	**7,2%**
Percentage share								
District hospitals	33,5%	30,3%	29,6%	31,4%	29,3%	29,7%	29,5%	
General (regional) hospitals	32,1%	32,0%	34,3%	32,5%	33,2%	32,8%	33,2%	
Tuberculosis hospitals	1,0%	1,5%	1,7%	1,7%	2,1%	2,1%	2,2%	
Psychiatric / mental hospitals	5,9%	5,6%	5,7%	6,0%	6,3%	6,2%	6,2%	
Sub-acute, step-down and chronic medical hospitals	0,3%	0,8%	0,5%	0,4%	0,8%	0,7%	0,7%	
Dental training hospitals	0,8%	0,7%	0,7%	0,8%	0,7%	0,7%	0,7%	
Other specialised hospitals	0,2%	0,1%	0,2%	0,2%	0,2%	0,2%	0,2%	
Central hospital services	22,0%	23,3%	22,1%	21,5%	21,1%	20,9%	20,7%	
Provincial tertiary hospital services	4,3%	5,4%	5,2%	5,4%	6,3%	6,6%	6,5%	
Total expenditure	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	
Hospital admissions (thousands)	3 851	3 831	3 806					

Source: National Treasury provincial database

Hospital services

Regional hospitals take up most hospital expenditure

Table 3.15 shows that regional hospitals consume most hospital expenditure, at 33 per cent. The focus on regional hospital expenditure is likely to continue as regional hospitals become

specialised enough to provide quality care, and at the same time be close enough to be accessible to communities.

Increased hospital budgets will be necessary in the future

Compared to primary health care funding, hospital expenditure has been virtually constant over this period and has declined in real per capita terms. This applies particularly to the large central hospitals. At the same time, the proportion of patients admitted for HIV and Aids related illnesses has increased significantly as demonstrated in a range of hospital surveys. Hospitals appear to have dealt with this increased pressure within a constant real funding envelope, by raising thresholds for admission and reducing length of stay. While efficiency gains have been and continue to be necessary, some increases in future hospital budgets will be necessary for improving quality and making sure that they remain accessible.

Table 3.16 Hospital outputs and unit cost trends (real 2004 prices)

	2001/02	2002/03	2003/04
Admission per 1000 persons uninsured			
District	40,9	37,6	36,7
Regional	40,9	38,5	38,6
Tertiary	16,0	15,8	15,3
Total	**97,8**	**91,9**	**90,5**
Cost per admission (Rand)			
District	2 878	2 531	2 771
Regional	3 419	3 489	3 713
Tertiary	7 181	8 172	7 684
Out Patients (OPD) visits per capita (including trauma and emergency)			
District	0,20	0,18	0,18
Regional	0,24	0,27	0,23
Tertiary	0,13	0,12	0,12
Total	**0,56**	**0,57**	**0,53**
Cost per OPD visit (Rand)			
District	239	216	249
Regional	275	280	282
Tertiary	425	470	447

Source: District health information system and National Treasury provincial database

Table 3.17 Health service incidents for a population of 1 000 persons uninsured (2004/05 prices)

	Number	% of incidents	Unit cost	Total Rand thousand
Primary care visits	2 387	79,5%	71	169
District hospital outpatients	179	6,0%	249	45
Regional hospital outpatients	231	7,7%	282	65
Tertiary hospital outpatients	116	3,9%	447	52
District hospital admissions	37	1,2%	2 771	102
Regional hospital admissions	39	1,3%	3 713	143
Tertiary hospital admissions	15	0,5%	7 684	117
Total	**3 004**	**100,0%**	**231**	**692**

Source: District health information system and National Treasury provincial database

Table 3.16 shows trends in hospital use and unit costs, illustrating how unit costs rise in line with the level of care. Table 3.17 shows how, for an average population of 1 000 uninsured persons, health sector costs are derived for a particular mix of use of care at different levels and unit costs.

Emergency services

Funding for emergency medical services grows strongly in 2005/06 to R1,7 billion. This is in keeping with national ambulance targets, which include two-person ambulances (a driver and a person to take care of patients), vehicle replacement and improved communication systems.

Table 3.18 Provincial emergency medical services expenditure, 2001/02 to 2007/08[1]

R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Average annual growth
	Outcome			Preliminary outcome	Medium-term estimates			
Emergency transport	772 693	898 666	1 186 660	1 194 312	1 491 732	1 556 013	1 639 318	13,4%
Planned patient transport	19 934	8 465	98 808	145 218	187 584	227 715	248 665	52,3%
Total	**792 627**	**907 131**	**1 285 468**	**1 339 530**	**1 679 316**	**1 783 728**	**1 887 983**	**15,6%**

1. Ambulances and non-emergency patient transport.

Source: National Treasury provincial database

Ambulances transported about 2,4 million patients in 2004/05, ranging from a high of 141 per 1 000 in Northern Cape to a low of 14 per 1 000 in Limpopo. Unit costs vary between R193 and R1 457 per patient transported. Some of this variability is probably due to problems in provincial information systems. However, other factors like population density and the associated impact of distances and variation in ambulance service and staffing models also affect this.

Table 3.19 Projected outputs and unit costs for emergency ambulance services, 2004/05

	Expenditure (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	74	12,5	381 948	64	193
Free State	114	48,4	172 668	74	658
Gauteng	278	38,1	434 128	60	640
KwaZulu-Natal	296	33,7	577 163	66	513
Limpopo	106	20,8	72 465	14	1 457
Mpumalanga	68	23,4	136 266	47	501
Northern Cape	51	76,3	95 072	141	539
North West	78	23,2	108 168	32	725
Western Cape	198	54,8	413 758	115	478
Total[1]	**1 263**	**31,6**	**2 391 636**	**60**	**528**

1. Total for emergency transport differs from table 3.18 due to Mpumalanga reclassification.

Source: National Treasury provincial database

HIV and Aids

The period under review has seen a widespread rollout of several aspects of government's comprehensive response to HIV and Aids. Provinces have budgeted R1,7 billion in 2005/06 for specific interventions. Aids treatment programmes were initiated in all 53 health districts in 2004, with around 42 367 persons on treatment by December 2004. Funding in this MTEF allows for around 150 000 persons on treatment and will be upwardly revised further as the programme rolls out.

By December 2004, 42 367 persons were on antiretroviral treatment programmes

Table 3.20 Provincial HIV and Aids expenditure, 2001/02 to 2007/08

R million	2001/02	2002/03 Outcome	2003/04	2004/05 Preliminary outcome	2005/06 Medium-term estimates	2006/07	2007/08	Average annual growth
Conditional grant	37	288	402	770	1 135	1 567	1 646	88,1%
Other	43	-5	216	411	609	650	825	63,8%
Total	**80**	**283**	**618**	**1 181**	**1 744**	**2 218**	**2 471**	**77,2%**

Source: National Treasury provincial database

For HIV and Aids prevention programmes, progress in 2004 has included the extension of mother-to-child prevention programmes to 1 652 sites and making voluntary counselling and testing available at 3 369 sites. While there is not much evidence of people delaying their first sexual encounter or reducing the number of partners, surveys suggest significant improvements in condom usage. (See table 3.21).

Table 3.21 HIV prevention programme indicators

	1998	2002	2003	2004
Male condoms distributed (million)	150	294	302	360
% 15-24 who used condom at last sex		57,1% male 46.1% female	57% male 48% female	
Public facilities offering Voluntary counselling and testing (VCT)		427	2 582	3 369
Persons pre-counselled with VCT		412 696	690 537	
% persons 15-24 with STD symptoms in past 12 months			8,1% male 14,1% female	
Mother-to-child prevention sites (PMTCT)			540	1 652
% facilities offering PMTCT		20%	52%	
First sex <15 years	8,5% female	25,3% male 6% female	13% male 7% female	

Sources: Medical Research Council, Reproductive Health Research Unit, National Youth Risk Behaviour Survey

Health facilities

Increasing investment in health facilities has been a significant feature of recent health budgets and budgets for this programme will amount to R3,1 billion in 2005/06. Table 3.22 shows that several large projects are nearly finished, while hospitals recently completed in Colesberg and Calvinia have received acclaim as attractive and impressive new district hospitals.

Table 3.22 Revitalisation hospitals close to completion

	2004/05	2005/06	2006/07
Eastern Cape		Mary Theresa	
Limpopo	Lebowakgomo	Jane Furse Dilokong	
Mpumalanga	Piet Retief		
Northern Cape	Colesberg Calvinia		
North West	Swartruggens		
Western Cape		George Vredenberg	Worcester (Eben Donges)

Source: National Department of Health

A programme of additional hospital revitalisation projects has been developed. However, several aspects of the programme need strengthening. In particular, provincial departments of health need to submit high quality project business and implementation plans timeously for approval by the national department. Other initiatives include strengthening the national programme unit in the national department and supporting provincial departments through the infrastructure development improvement programme.

Key health sector inputs

Table 3.23 shows trends in provincial expenditure by economic classification. Expenditure on complementary inputs shown as goods and services (such as medicines, laboratory services, maintenance and patient food) grew at an average annual rate of 13,8 per cent over the period under review.

Table 3.23 Provincial health expenditure by economic classification, 2001/02 to 2007/08

R million	2001/02	2002/03 Outcome	2003/04	2004/05 Preliminary outcome	2005/06 Medium-term estimates	2006/07	2007/08	Average annual growth 2001/02–2007/08
Current payments	25 341	28 422	31 593	35 459	39 500	42 920	45 854	10,4%
Of which:								
Compensation of employees	*17 762*	*19 022*	*20 854*	*23 311*	*25 826*	*27 809*	*29 442*	8,8%
Goods and services	*7 575*	*9 397*	*10 737*	*12 115*	*13 674*	*15 112*	*16 412*	13,8%
Transfers and subsidies	2 136	2 539	2 821	2 491	2 904	2 914	3 080	6,3%
Municipalities	*754*	*829*	*835*	*1 012*	*1 100*	*1 015*	*1 066*	5,9%
Payments for capital assets	1 870	1 834	2 502	2 625	3 501	4 135	4 277	14,8%
Of which:								
Buildings and other fixed structures	*1 230*	*1 025*	*1 428*	*1 430*	*2 111*	*2 546*	*2 641*	13,6%
Machinery and equipment	*637*	*808*	*1 073*	*1 186*	*1 378*	*1 586*	*1 632*	17,0%
Total	**29 347**	**32 794**	**36 916**	**40 575**	**45 905**	**49 969**	**53 211**	**10,4%**

Source: National Treasury provincial database

Capital spending has increased notably, with equipment expenditure (including vehicles) at around R1,7 billion from 2004/05 to 2007/08. Transfers to municipalities remain at around R1 billion per year over the medium term. This shows that many provinces have chosen to continue to delegate primary health care services to municipalities for the present.

Personnel

Table 3.24 shows trends in filled posts in provincial health departments. Over the past year, filled posts have increased by 3 581. This is an encouraging trend of stabilisation, although increases in Mpumalanga appear to be due at least in part to the combining of the health and social services departments. Gauteng and Western Cape seem to be losing personnel.

Table 3.24 Personnel numbers - filled posts

	April 2001	April 2002	January / February 2003	April 2004	February 2005	Change April 2004 - February 2005	Employees per 1 000 population
Eastern Cape	31 077	29 433	28 498	29 818	30 509	691	5,2
Free State	15 049	14 463	14 459	14 599	14 706	107	6,3
Gauteng	42 817	43 285	42 578	41 589	41 057	-532	5,6
KwaZulu-Natal	48 811	49 543	49 373	52 112	52 655	543	6
Limpopo	23 843	23 569	23 550	24 934	26 115	1 181	5,2
Mpumalanga	11 335	11 242	11 038	11 544	13 286	1 742	4,5
Northern Cape	4 043	4 166	4 178	4 479	4 531	52	6,7
North West	15 438	15 623	15 332	16 135	16 521	386	4,9
Western Cape	25 139	24 768	23 977	24 048	23 459	-589	6,5
Total	**217 552**	**216 092**	**212 983**	**219 258**	**222 839**	**3 581**	**5,6**

Source: Vulindlela

Table 3.25 shows that average wages have increased significantly in 2004/05, from R96 434 to R105 458. It is not entirely clear why the unit cost increase has been so large, but bargaining chamber agreements have typically exceeded CPIX, especially when pay progression is considered. Also, several provinces have started the scarce skills and rural allowances and paid once-off back payments only this year. Additional payment for nurses for public holiday work and increased pay for emergency ambulance workers have also contributed to this scenario. The case of Western Cape, which has seen a reduction of personnel numbers despite a significant increase in personnel expenditure, is noteworthy.

The scarce skills and rural allowance was only started this year in some provinces

Table 3.25 Average salaries

	2001/02	2002/03	2003/04	2004/05
Eastern Cape	80 297	85 994	96 952	106 923
Free State	83 810	95 102	102 815	112 101
Gauteng	85 011	90 999	100 744	107 896
KwaZulu-Natal	84 786	89 330	90 908	101 750
Limpopo	73 299	82 771	97 874	102 763
Mpumalanga	71 882	77 934	89 752	96 130
Northern Cape	78 793	87 910	95 503	104 722
North West	74 618	82 455	91 568	95 646
Western Cape	90 027	97 252	101 154	118 093
Weighted average	**81 971**	**88 667**	**96 434**	**105 458**

Source: Vulindlela and National Treasury provincial database

The scarce skills allowance strategy was anticipated to attract and retain more professional personnel

Although professional personnel numbers are rising slightly and there seems to be more stability in the sector, the increase in numbers is not as high as was hoped for when the scarce skills allowance strategy was implemented. However, the number of pharmacists has increased from 1 256 to 1 607 (27,9 per cent). Table 3.26 shows that the number of dieticians (15,1 per cent), speech therapists (18,6 per cent) and physiotherapists (9,1 per cent) has also increased.

Table 3.26 Trends in scarce health professionals

	December 2001	February 2003	April 2004	February 2005	Change February 2003 to February 2005	Percentage change
Doctors	11 170	11 265	11 595	11 135	-130	-1,2%
Medical practitioners	*7 363*	*7 694*	*8 146*	*8 008*	*314*	*4,1%*
Medical specialists and registrars	*3 807*	*3 571*	*3 449*	*3 127*	*-444*	*-12,4%*
Professional nurse	41 063	40 846	42 263	43 060	2 214	5,4%
Radiographer	2 058	2 078	2 043	2 076	-2	-0,1%
Pharmacists	1 239	1 256	1 336	1 607	351	27,9%
Dental practitioners	625	568	626	585	17	3,0%
Physiotherapists	455	667	725	728	61	9,1%
Occupational therapist	399	574	611	606	32	5,6%
Dieticians	250	378	404	435	57	15,1%
Speech therapist	118	215	240	255	40	18,6%
Dental specialists	44	63	33	28	-35	-55,6%
Total	**57 421**	**57 910**	**59 876**	**60 515**	**2 605**	**4,5%**

Source: Vulindlela

Trends in scarce health professionals

While the number of doctors and dentists has not increased, there has been some redistribution among provinces. This is possibly linked to the rural allowance strategy. Mpumalanga has gained doctors by 13,3 per cent, Eastern Cape by 9,5 per cent and North West by 8 per cent.

Table 3.27 Number of doctors per province

	April 2003	April 2004	February 2005	Percentage	Doctors per 100 000 uninsured persons 2004/05
Eastern Cape	894	959	984	9,5%	17
Free State	767	699	761	-0,8%	32
Gauteng	3 212	3 153	3 057	-4,9%	42
KwaZulu-Natal	2 348	2 504	2 380	1,4%	27
Limpopo	707	770	730	3,4%	14
Mpumalanga	492	577	554	13,3%	19
Northern Cape	259	258	255	-1,9%	38
North West	405	487	440	8,0%	13
Western Cape	2 181	2 188	1 974	-9,2%	55
Total	**11 265**	**11 595**	**11 135**	**-1,2%**	**28**

Source: Vulindlela

While there is progress, the lack of skilled personnel in rural provinces remains a problem, as table 3.28 shows. Availability of personnel such as medical specialists varies substantially across provinces.

Table 3.28 Distribution of personnel per 100 000 uninsured population, 2004/05

	EC	FS	GT	KZN	LIM	MPU	NC	NW	WC
Medical officer	*14,6*	*19,0*	*24,7*	*21,8*	*13,0*	*18,3*	*35,7*	*12,1*	*31,6*
Medical specialist and registrar	*2,0*	*13,5*	*17,3*	*5,3*	*1,4*	*0,6*	*2,2*	*0,9*	*23,1*
Doctors	16,6	32,5	42,0	27,1	14,4	18,9	37,9	13,0	54,7
Professional nurse	107,5	148,3	105,4	106,6	110,8	93,2	141,3	89,9	105,9
Radiographer	4,1	7,8	7,8	4,4	2,2	2,8	6,5	2,6	10,1
Pharmacist	3,4	4,4	3,7	4,2	2,8	3,9	5,4	3,1	7,3
Dental practitioner	0,9	2,0	2,3	0,6	1,1	1,7	2,2	1,4	2,7
Physiotherapist	0,8	2,4	2,0	2,2	1,3	1,9	2,2	1,3	2,9
Occupational therapist	0,5	2,6	1,8	1,1	1,7	2,2	2,2	1,0	2,4
Dietician	0,6	1,7	1,4	0,6	1,0	1,5	1,9	1,2	1,3
Total	**151,3**	**234,7**	**209,3**	**174,6**	**150,5**	**146,0**	**239,2**	**127,0**	**242,8**

Source: Vulindlela and National Treasury demographic projections

Overall, although there is some positive redistribution and accumulation of skills, personnel expenditure in 2004/05 increased considerably more than filled post numbers. Where possible, future increases in personnel budgets should be directed to filling additional posts and lowering unit workloads, with salary increases being cautiously applied.

Laboratory services

Laboratory services for the health sector have largely been consolidated under a public entity, the National Health Laboratory Service (NHLS). The NHLS has a budget of around R1,2 billion in 2005/06, most of which is from revenue from tests performed for provincial health departments. Over the past year, the NHLS has

Laboratory services have been consolidated under the National Health Laboratory Service

considerably expanded its capacity for supporting the HIV and Aids programme, including through CD4 and viral load testing. The NHLS also houses a number of expert centres including the National Institute of Communicable Diseases and the National Institute of Occupational Health.

Conclusion

The 2005 Budget is the fifth successive budget providing for real per capita growth in health sector funding, with 2005/06 showing 8,6 per cent real growth in the consolidated budget of provinces. Strengthening primary health care and implementing the district health system is a particular feature of this budget. There is also continued emphasis on expanding programmes to counter HIV and Aids, and to upgrade and revitalise health infrastructure. Ambulance budgets and budgets for important complementary inputs (goods and services) continue to improve. There has been an improvement in recruiting and retaining skilled personnel in several categories and in the inter-provincial distribution of doctors.

Publishing and disseminating sectoral health information is poor and continues to hinder both analysis and budgeting.

The number of voluntary counselling and testing, and mother-to-child prevention programmes seems to have increased over the past year. While use of primary care seemed to increase strongly to 2003/04, the data available suggest a levelling off in 2004/05. Low rates of TB cure are also of concern.

Recurrent hospital budgets have received minimal increases over recent years. Limited changes to hospital admission rates in the face of an increasing workload from HIV, suggest that thresholds for patient admission are rising and crowding out is occurring. It is likely that hospital budgets will need to be a focus in the 2006/07 budget, possibly through the modernisation of tertiary and regional services project.