3

Health

Introduction

Several years of strengthening budgets across government have enabled progress on a range of initiatives critical to public health. These include the extension of basic income protection through social assistance to over eleven million persons, universal primary education, improving progress with secondary education and substantial water supply, electrification and housing construction programmes.

Health spending grows 5,9 per cent annually above inflation

In the health sector, public funding has recovered significantly since the late 1990s. Real per capita funding levels from 2005/06 onwards exceed previous peaks and continue to grow over the period to 2008/09. Health expenditure, considering only provincial and national departments of health, is growing fairly strongly in real terms overall (5,9 per cent annually from 2002/03 to 2008/09) and in real per capita terms (4,8 per cent annually). Including spending on health services by other departments and social security funds, overall expenditure will amount to R58 billion in 2006/07 of which R51,7 billion is by provincial health departments. Funding growth is particularly strong in previously disadvantaged provinces reflecting equity improvements.

Public health expenditure has remained fairly constant at around 3 per cent of GDP. Substantial private health expenditure, mainly via medical schemes, amounting to an estimated R76 billion in 2006/07 pushes total health expenditure to around R135 billion in 2006/07 or 8 per cent of GDP.

Sector better placed to strengthen health services

The strong real growth in health budgets puts the sector in a position to strengthen primary health care services and further mitigate the impact of HIV and Aids. The growing budgets also allow the sector to address its pressing personnel needs. Personnel numbers have recovered by 20 000 over the past two years and are likely to reach new peaks in 2006/07.

Table 3.1 shows an international comparison of public sector health service funding in middle income countries. The level of funding in South Africa is comparable in terms of spending as a proportion of GDP and as a proportion of total government expenditure as well as in terms of the absolute level of funding.

Table 3.1 Health funding comparison with other middle income countries, 2003

Country	Public expenditure on health / GDP	Government expenditure on health as % of total government expenditure	Per capita public expenditure on health (US$)
Colombia	6,4%	20,5%	116
Cuba	6,3%	11,2%	183
Turkey	5,4%	13,9%	184
Poland	4,5%	9,8%	248
Namibia	4,5%	12,4%	101
Argentina	4,3%	14,7%	148
Romania	3,8%	10,9%	100
Brazil	3,4%	10,3%	96
Algeria	3,3%	10,0%	71
Russian Federation	3,3%	9,3%	98
Botswana	3,3%	7,5%	135
South Africa	**3,2%**	**11,7%**	**114**
Iran	3,1%	10,3%	62
Chile	3,0%	12,7%	137
Mexico	2,9%	11,7%	172
Mauritius	2,2%	9,2%	105
Malaysia	2,2%	6,9%	95
Guatemala	2,1%	15,3%	44
Peru	2,1%	10,7%	47
Thailand	2,0%	13,6%	47
Kazakhstan	2,0%	9,0%	42
Venezuela	2,0%	6,4%	65
Ecuador	2,0%	8,7%	42
Total	**3,4%**	**11,0%**	**112**
Median	*3,2%*	*10,3%*	*103*

Source: World Health Report 2006, World Health Organisation

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 the 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.

Key strategies rolled-out over the past few years include:

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

- 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 implementing a national human resource plan (the National HR plan was development and launched in April 2006), developing categories of mid-level health workers such as pharmacy and clinical assistants and developing a community care-giver worker programme as part of the expanded public works programme.
- A programme for comprehensive care management and treatment for HIV and Aids is being expanded. By June 2006, 175 000 patients were on treatment in 193 sites across each of the 53 health districts and 50 000 are on treatment in the private sector.
- Mother-to-child transmission prevention programmes and voluntary counselling and testing programmes also expanded their coverage substantially over the past year.

Further steps to strengthen the health sector over the 2006 MTEF

Building on past priorities, the health sector will be further strengthened by:

- stepping up the hospital revitalisation programme to include more hospitals in the large capital upgrading and rebuilding programme
- increasing access to and improving primary health care services
- increasing the number of professional health workers
- improving the national emergency medical (ambulance) service model so as to shorten response times
- strengthening community care-giver programmes as part of the extended public works programme
- transferring forensic pathology services from the South African Police Service to provincial health departments and strengthening these services.

Efforts are under way to ensure increasing private sector medical cover

Efforts are under way to 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 employee medical scheme and social health insurance.

Revised tax regime for medical scheme contributions took effect 1 March 2006

A revised tax regime for medical scheme contributions and other medical expenses was announced in the 2005 Budget and took effect on 1 March 2006. The purpose of this new regime is to shift the tax benefits in favour of middle and lower-income earners. This new regime introduces monthly monetary caps for tax-free medical scheme contributions (with the caps to be adjusted annually) and increases the threshold for individual tax-deductible medical expenses from 5 to 7,5 per cent of income. Taxpayers 65 years and older will continue to enjoy a full deduction for all medical expenses.

Disease burden

Epidemiologists maintain that South Africa suffers from a triple or quadruple burden of disease. Diseases of development such as communicable diseases co-exist with an expanding problem of chronic diseases and trauma. Some classify HIV and Aids as a fourth category. Table 3.2 shows the top 20 national causes of mortality along with deaths by disease categories as estimated by the Medical Research Council. Recent publications from Statistics South Africa show trends from 1997 to 2004 which notes particular increases in communicable and chronic diseases.

Table 3.2 Cause of death by disease category and specific cause, 2000

Disease category	Number	Top 20 specific causes of death	Number
HIV and AIDS	165 859	HIV and AIDS	165 859
Cardiovascular disease	92 201	Ischemic heart disease	32 919
		Stroke	32 114
		Hypertensive heart disease	14 233
Intentional injuries	38 854	Homicide/violence	32 485
		Suicide	6 370
Unintentional injuries	30 076	Road traffic accidents	18 446
Infectious / parasitic (excluding HIV and AIDS)	57 502	Tuberculosis	29 553
		Diarrhoeal diseases	15 910
		Septicaemia	6 047
Malignant neoplasms (cancers)	41 691	Trachea/bronchi/lung cancer	7 173
		Oesophageal cancer	5 803
Peri-natal conditions	27 361	Low birth weight	11 876
Respiratory disease	23 009	Chronic Obstructive Pulmonary Disease	12 473
		Asthma	6 987
Respiratory infections	22 340	Lower respiratory infections	22 097
Diabetes mellitus	13 157	Diabetes mellitus	13 157
Diseases of digestive system	12 617	Cirrhosis of liver	5 672
Genito-urinary diseases	8 049	Nephritis/nephrosis	7 225
Nervous system disorders	7 160	Protein-energy malnutrition	5 511
Nutritional deficiencies	6 488		
Congenital abnormalities	3 859		
Endocrine and metabolic	2 109		
Maternal conditions	1 875		
Mental disorders	838		
Benign neoplasms	744		
Cot death	491		
Musculo-skeletal diseases	259		
Skin diseases	48		
All causes	**556 587**		

Source: Medical Research Council

Present budgets attempt to respond to the needs of the health sector and deal with the main causes of mortality listed above. In the 2006 budget emphasis is placed on further strengthening primary health care; hospital upgrading and rebuilding; retention and recruitment of professional health workers; improving emergency medical (ambulance) services; and strengthening the community health worker programme.

Budgets continue to respond to the needs of the health sector

Despite these and other interventions in the health sector, as well as other initiatives that improve the quality of life, the mortality rate shows an increasing trend as the HIV and Aids epidemic matures. This is particularly so among adults from 30-50 years. Mortality from chronic diseases is also increasing.

Table 3.3 Mortality trends

Year	Population Register	Statistics South Africa	Actuarial Society ASSA 2003
1997	250 745	316 505	420 900
1998	299 737	365 053	460 410
1999	327 826	380 982	503 247
2000	366 121	413 736	531 291
2001	407 675	452 896	583 365
2002	441 731	499 494	632 561
2003	484 332	552 825	680 585
2004	513 931	567 488	720 654
		(incomplete)	
Change 1997 - 2003 annual	**12,0%**	**9,7%**	**8,3%**

Financing trends

Table 3.4 shows that provincial health spending is expected to increase from R47,1 billion in 2005/06 to R60,6 billion in 2008/09, a growth of 4,1 per cent per year in real terms. Health spending is expected to nearly double from 2002/03 to 2008/09. Compared to expenditure in 2005/06, the 2006/07 budgets of Northern Cape (12,5 per cent), North West (10,6 per cent), Limpopo (9,0 per cent) and Eastern Cape (7,7 per cent) rise strongly in real terms, whereas those of Gauteng (-0,1 per cent) and Free State (-0,4 per cent) decrease slightly.

Health spending is expected to nearly double by 2008/09 compared to 2002/03

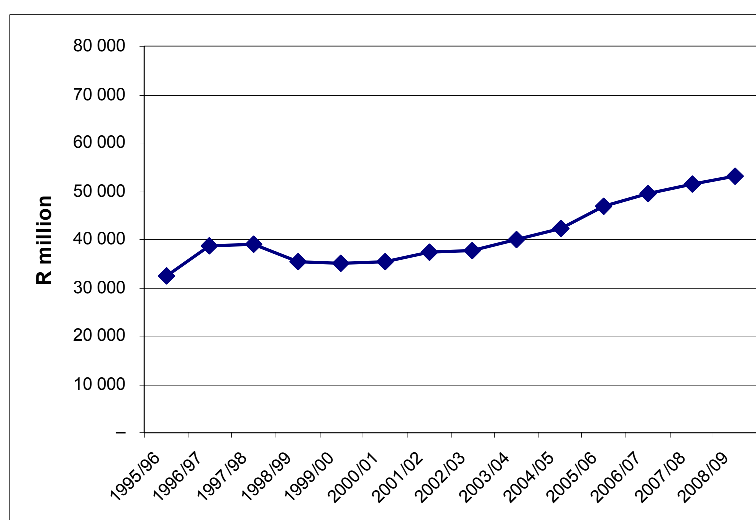
Figure 3.1 (in real 2005/06 prices) shows funding trends over the long term. Real funding increases have amounted to 3,8 per cent per annum. However this figure is slightly distorted by the large wage increases of 1996 and over the period from 1996/97 to 2008/09 real annual increases have averaged 2,7 per cent.

Table 3.4 Provincial health expenditure and budget trends, 2002/03 – 2008/09

R million	2002/03	2003/04 Outcome	2004/05	2005/06 Preliminary outcome	2006/07	2007/08 Medium-term estimates	2008/09	Real annual growth 2002/03–2008/09
Eastern Cape	4 384	5 101	5 192	6 137	6 893	7 658	8 412	6,6%
Free State	2 170	2 509	2 801	3 130	3 250	3 470	3 736	4,7%
Gauteng	7 635	8 139	8 587	9 990	10 404	11 011	11 900	3,0%
KwaZulu-Natal	7 408	8 060	8 970	10 582	11 737	12 796	13 841	6,1%
Limpopo	3 067	3 632	4 174	4 796	5 448	5 912	6 543	8,5%
Mpumalanga	1 657	1 958	2 258	2 672	2 912	3 194	3 520	8,4%
Northern Cape	602	820	840	1 101	1 291	1 401	1 373	9,7%
North West	1 977	2 211	2 597	2 974	3 428	3 778	3 988	7,5%
Western Cape	3 960	4 557	5 179	5 733	6 323	6 774	7 333	6,0%
Total	**32 860**	**36 987**	**40 599**	**47 116**	**51 686**	**55 993**	**60 647**	**5,9%**

Source: National Treasury provincial database

Figure 3.1 Long term provincial health funding trends (real)



Per capita health spending rising

Table 3.5 shows per capita health funding trends over the period 2002/03 to 2008/09 (including conditional grants). Western Cape, at R1 812 per capita health spending, is the highest and has grown at an annual real rate of 5 per cent over this period. All provinces will exceed R1 000 per capita over the MTEF period, with the lowest being North West at R1 153 per capita in 2008/09, despite annual real growth of 6,4 per cent over a seven year period. The highest growth has been in Mpumalanga (7,8 per cent annually) which is recovering strongly and increasing personnel numbers under the leadership of a new management team.

Table 3.5 Per capita health funding trends, 2002/03 – 2008/09

Rand	2002/03	2003/04 Outcome	2004/05	2005/06 Preliminary outcome	2006/07	2007/08 Medium-term estimates	2008/09	Real annual growth 2002/03–2008/09
Eastern Cape	730	828	830	962	1 078	1 188	1 294	5,2%
Free State	927	1 046	1 135	1 243	1 287	1 363	1 455	3,1%
Gauteng	1 153	1 210	1 286	1 499	1 542	1 618	1 735	2,4%
KwaZulu-Natal	883	946	1 032	1 217	1 342	1 451	1 556	5,1%
Limpopo	609	702	804	907	1 025	1 103	1 211	7,2%
Mpumalanga	591	698	796	942	1 021	1 110	1 214	7,8%
Northern Cape	876	1 126	1 113	1 418	1 655	1 781	1 731	7,1%
North West	608	671	773	880	1 007	1 101	1 153	6,4%
Western Cape	1 175	1 329	1 508	1 662	1 812	1 925	2 067	5,0%
Total	**853**	**942**	**1 023**	**1 178**	**1 284**	**1 379**	**1 482**	**4,8%**

Source: National Treasury provincial database

Table 3.6 examines the reported concern that budget growth has largely been in the area of conditional grants and that discretionary expenditure is being squeezed out. It shows that provincial health budgets excluding conditional grants grew reasonably strongly at an annual rate of 6,5 per cent in real terms between 2002/03 and 2008/09. However, the growth is relatively slower in Gauteng (3,4 per cent) and Free State (4,3 per cent).

Table 3.6 Provincial health funding excluding conditional grants, 2002/03 – 2008/09

R million	2002/03	2003/04 Outcome	2004/05	2005/06 Preliminary outcome	2006/07	2007/08 Medium-term estimates	2008/09	Real annual growth 2002/03–2008/09
Eastern Cape	3 966	4 673	4 653	5 280	5 988	6 693	7 404	6,1%
Free State	1 719	1 984	2 180	2 385	2 470	2 661	2 890	4,3%
Gauteng	5 158	5 546	6 061	7 359	7 327	7 693	8 225	3,4%
KwaZulu-Natal	5 838	6 884	7 843	9 282	10 136	10 998	11 835	7,6%
Limpopo	2 784	3 423	3 888	4 400	5 041	5 471	6 104	9,0%
Mpumalanga	1 529	1 794	2 022	2 379	2 612	2 853	3 188	8,1%
Northern Cape	504	705	653	808	752	822	903	5,4%
North West	1 825	2 050	2 350	2 638	2 933	3 278	3 475	6,5%
Western Cape	2 502	2 942	3 520	3 955	4 394	4 803	5 280	8,3%
Total	**25 825**	**30 001**	**33 170**	**38 486**	**41 653**	**45 272**	**49 304**	**6,5%**

Source: National Treasury provincial database

Underspending

The level of underspending in provinces continues to decline along with improved spending capacity. However, underspending persists in Limpopo (R310 million in 2005/06) although the province nevertheless increased expenditure by 14,9 per cent. There were significant improvements in Mpumalanga and North West. Year-on-

year expenditure increases have been strong across the board with a 16,1 per cent increase to R47,1 billion in 2005/06. Changes in spending appear to be related to management capacity. For example a stronger management team in Mpumalanga has turned around the under-spending and filled more than 2 500 posts over two years. This indicates that strengthening management and ensuring stability at the higher echelons bears fruit.

Table 3.7 Health under-spending, 2004/05 and 2005/06

	2004/05				2005/06				Average annual growth
R million	Adjusted appro-priation	Outcome	Under(+)/over(-) expenditure	%	Adjusted appro-priation	Prelimi-nary outcome	Under(+)/over(-) expenditure	%	
Eastern Cape	5 221	5 192	29	0,6%	6 243	6 137	106	1,7%	18,2%
Free State	2 757	2 801	-44	-1,6%	3 127	3 130	-3	-0,1%	11,7%
Gauteng	8 944	8 587	357	4,0%	9 856	9 990	-134	-1,4%	16,3%
KwaZulu-Natal	8 876	8 970	-94	-1,1%	10 451	10 582	-131	-1,3%	18,0%
Limpopo	4 240	4 174	65	1,5%	5 106	4 796	310	6,1%	14,9%
Mpumalanga	2 385	2 258	127	5,3%	2 661	2 672	-11	-0,4%	18,3%
Northern Cape	875	840	35	4,0%	1 043	1 101	-59	-5,6%	31,2%
North West	2 664	2 597	67	2,5%	2 993	2 974	19	0,6%	14,5%
Western Cape	5 166	5 179	-13	-0,3%	5 791	5 733	58	1,0%	10,7%
Total	**41 128**	**40 599**	**530**	**1,3%**	**47 270**	**47 116**	**154**	**0,3%**	**16,1%**

Source: National Treasury provincial database

Table 3.8 Provincial health expenditure by programme, 2002/03 – 2008/09

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth 2002/03–2008/09
R million	Outcome			Preliminary outcome	Medium-term estimates			
Administration	1 267	1 614	1 706	1 652	1 852	1 991	2 130	4,3%
District health services	12 565	14 129	16 095	18 493	20 830	22 686	24 848	7,1%
Emergency medical services	913	1 283	1 341	1 758	2 210	2 414	2 643	14,2%
Provincial hospital services	8 846	9 907	10 426	11 760	12 300	13 128	13 936	3,1%
Central hospital services	6 247	6 360	6 992	8 063	8 008	8 401	8 950	1,5%
Health sciences and training	800	987	1 187	1 495	1 732	1 897	2 051	11,9%
Health care support services	467	631	608	791	844	883	934	7,3%
Health facilities management	1 755	2 076	2 243	3 103	3 910	4 593	5 153	14,4%
Total expenditure	**32 860**	**36 987**	**40 599**	**47 116**	**51 686**	**55 993**	**60 647**	**5,9%**

Source: National Treasury provincial database

Spending by programme

District health services the largest health programme

Table 3.8 shows that the largest budget programme is district health services where spending grows to R24,8 billion in the outer year. Between 2002/03 and 2008/09 expenditure in this programme grows in real terms by an average of 7,1 per cent per year mainly fuelled by strong growth in the primary health care, and the HIV and Aids subprogrammes. Strong growth is also shown in the health facilities management (14,4 per cent) and emergency medical services (14,2 per cent) programmes reflecting increasing attention to

upgrading health facilities (mainly as part of the hospital revitalisation programme and various efforts to strengthen ambulance services). The lowest growth is in the central hospitals services programme (1,5 per cent).

Strong budget growth in key health programmes

Table 3.9 groups subprogrammes to present expenditure by functional area. This shows strong expenditure growth in the areas of health facilities (14,4 per cent real annual growth to R5,2 billion), HIV and Aids (37,8 per cent), primary health care (8,1 per cent) and coroner services (31,9 per cent). However expenditure growth on hospitals is low. The share of the budget dedicated to recurrent hospital services declines from 70,7 per cent in 2000/01 to 53,4 per cent in 2008/09 in line with the policy emphasis on primary health care.

Table 3.9 Expenditure by functional classification, 2002/03 – 2008/09

R million	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth 2002/03–2008/09
		Outcome		Preliminary outcome		Medium-term estimates		
Hospitals	21 536	23 104	24 976	28 102	28 580	30 343	32 421	2,4%
Primary Health Care	5 626	6 478	7 149	8 233	9 468	10 471	11 714	8,1%
HIV and AIDS	330	618	1 147	1 692	2 441	2 734	2 960	37,8%
Health facilities (Capital)	1 755	2 076	2 243	3 103	3 910	4 593	5 153	14,4%
Administration	1 267	1 614	1 706	1 652	1 852	1 991	2 130	4,3%
Emergency medical services	913	1 283	1 341	1 758	2 210	2 414	2 643	14,2%
Health sciences and training	800	987	1 187	1 495	1 732	1 897	2 051	11,9%
Health care support	467	631	608	791	844	883	934	7,3%
Coroner services	66	73	82	117	483	490	454	31,9%
Nutrition	101	122	159	172	167	177	186	5,9%
Total	**32 860**	**36 987**	**40 599**	**47 116**	**51 686**	**55 993**	**60 647**	**5,9%**

Source: National Treasury provincial database

Primary health care

Primary health care strengthened further

Table 3.10 shows that primary health care (PHC) expenditure continues to grow strongly over the medium term. PHC spending is expected to double from 2002/03 to 2008/09 and reflects a shift towards community health.

Table 3.10 Primary health care per subprogramme, 2002/03 – 2008/09

R million	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth 2002/03–2008/09
		Outcome		Preliminary outcome		Medium-term estimates		
District management	936	910	1 025	966	1 029	1 089	1 213	-0,1%
Community health clinics	2 723	3 009	3 300	3 855	4 587	5 106	5 872	8,7%
Community health centres	1 062	1 681	1 796	2 083	2 313	2 610	2 812	12,5%
Community based services	654	592	579	762	948	1 023	1 110	4,4%
Other community services	252	286	449	568	591	643	706	13,5%
Total	**5 626**	**6 478**	**7 149**	**8 233**	**9 468**	**10 471**	**11 714**	**8,1%**

Source: National Treasury provincial database

Visits to primary health care facilities increased rapidly

Output data provided by provinces suggest that increased PHC funding led to improved access to health services. Visits to primary health care facilities have increased from 81,9 million in 2000/01 to 101,8 million in 2005/06 (table 3.11). This brought utilisation rates up to 2,5 visits per capita by each uninsured person (the range starts at 2,1 for Gauteng up to 3,9 for Western Cape), thus bringing the rate closer to the long-term national target of 3,5. Unit costs (all five subprogrammes and local government own funding included) have increased from an average of R64 per visit in 2000/01 to an average of R95 per visit in 2005/06.

Table 3.11 Primary care visits and unit costs, 2000/01 – 2005/06

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Primary care visits						
Eastern Cape	14 339 786	14 383 889	13 746 488	14 503 175	15 312 880	14 618 214
Free State	5 069 882	5 446 065	5 725 472	5 972 199	6 031 495	5 912 089
Gauteng	10 649 014	11 094 574	12 012 319	12 396 325	13 059 604	14 162 418
KwaZulu-Natal	15 315 661	16 908 055	18 000 507	18 948 993	19 428 937	19 789 376
Limpopo	10 984 360	11 748 869	13 680 318	14 381 591	15 253 259	14 862 213
Mpumalanga	3 953 523	5 100 122	5 399 366	6 063 243	6 193 706	6 792 927
Northern Cape	1 931 154	2 010 410	2 124 661	2 420 212	2 332 201	2 175 354
North West	8 237 237	9 039 665	8 892 998	8 768 182	9 668 768	9 822 014
Western Cape	11 426 477	11 839 414	12 856 051	12 877 078	13 593 636	13 623 772
Total	**81 907 093**	**87 571 063**	**92 438 180**	**96 330 998**	**100 874 486**	**101 758 377**
Visits per capita						
Eastern Cape	2,4	2,4	2,3	2,4	2,4	2,3
Free State	2,2	2,3	2,4	2,5	2,4	2,3
Gauteng	1,8	1,8	1,8	1,8	2,0	2,1
KwaZulu-Natal	1,9	2,1	2,1	2,2	2,2	2,3
Limpopo	2,2	2,3	2,7	2,8	2,9	2,8
Mpumalanga	1,5	1,9	1,9	2,2	2,2	2,4
Northern Cape	2,8	2,9	3,1	3,3	3,1	2,8
North West	2,6	2,8	2,7	2,7	2,9	2,9
Western Cape	3,7	3,7	3,8	3,8	4,0	3,9
Total	**2,2**	**2,3**	**2,4**	**2,5**	**2,5**	**2,5**
Cost per visit (nominal prices including local government)						
Eastern Cape	49,2	49,6	70,7	73,8	82,1	93,8
Free State	42,1	38,4	85,1	79,7	76,1	96,5
Gauteng	112,6	119,8	128,4	133,9	133,7	134,1
KwaZulu-Natal	80,3	88,4	80,0	81,9	91,8	104,7
Limpopo	32,0	30,5	46,7	48,3	53,6	66,1
Mpumalanga	39,0	15,5	23,1	61,8	64,3	72,3
Northern Cape	71,3	59,9	55,5	59,0	66,0	93,0
North West	50,9	46,2	56,5	75,9	76,0	86,3
Western Cape	70,2	73,3	71,4	80,1	83,5	92,6
Total	**63,6**	**63,8**	**73,0**	**79,6**	**84,1**	**95,3**

Despite rapidly increasing PHC utilisation, the outcome indicators set out in table 3.12 show mixed evidence of success. While immunisation coverage rates are high, TB cure rates remain low, especially in the Eastern Cape. Several provinces need to strengthen their condom distribution programme given rates that are considerably

lower than that of the Western Cape which has the highest distribution rate of 18,2 condoms per male older than 15 years.

Table 3.12 Selected primary care outcome indicators

	Immunisation coverage rate	TB cure rate	Male condom distribution rate[1]
Eastern Cape	100,0	38,0	10,3
Free State	91,6	60,0	7,4
Gauteng	86,3	–	5,5
KwaZulu-Natal	96,8	–	7,6
Limpopo	94,0	53,6	12,4
Mpumalanga	84,3	55,0	5,8
Northern Cape	100,0	–	5,4
North West	84,3	58,8	6,0
Western Cape	89,7	69,0	18,2

1. Male condoms distributed per male >15 years.

HIV and Aids

Spending on dedicated HIV and Aids programme grows strongly

Table 3.13 shows that expenditure on dedicated programmes for HIV and Aids within provincial health departments has grown strongly from R330 million in 2002/03 to R1,7 billion in 2005/06 and is projected to increase to R3 billion by 2008/09. This reflects a real annual average growth rate of 37,8 per cent over the seven year period. The Comprehensive HIV and Aids grant of over R1,5 billion per year over the medium term makes up a large portion of provincial spending on HIV and Aids.

Table 3.13 HIV and AIDS dedicated programme expenditure, 2002/03 – 2008/09

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth
		Outcome		Preliminary outcome		Medium-term estimates		
R million								2002/03–2008/09
Conditional grant	246	416	773	1 127	1 567	1 646	1 735	32,4%
Other provincial	84	202	374	564	874	1 088	1 225	49,5%
Total Provincial	**330**	**618**	**1 147**	**1 692**	**2 441**	**2 734**	**2 960**	**37,8%**
National	245	343	326	431	410	437	453	5,9%
Total	**575**	**961**	**1 473**	**2 123**	**2 851**	**3 171**	**3 413**	**28,7%**

Source: National Treasury provincial database

Access to HIV-testing and counselling is becoming widespread

Access to HIV-testing and counselling is becoming widespread, condom distribution is increasing and there is some emerging evidence of delayed sexual debut. The treatment component of the comprehensive HIV and Aids plan has been expanded to 192 sites in all 53 health districts and in more than 170 local municipalities in 2005/06, compared to 139 accredited facilities in 2004/05. From the beginning of the programme in April 2004 over 175 000 patients have started therapy. Treatment of opportunistic infections and other forms of support are also provided.

However, various indicators suggest sub-optimal effectiveness of the mother-to-child prevention programme, and new infection rates of

HIV and sexually transmitted diseases are still high. Data from the Department of Health's antenatal survey of 2005 and from Statistics South Africa's 2006 population and mortality estimates demonstrate the profound effect of the disease on health status and outcomes with an estimated five million persons infected and substantial mortality effects.

Coroner services and forensic pathology

Forensic pathology services strengthened at provincial level

On 1 April 2006 the responsibility for forensic pathology services was officially shifted from the South African Police Service to provincial health departments. A new conditional grant was established for a period of five years to build up these services to an acceptable level. Starting in 2006/07 amounts of R525 million, R551 million and R466 million have been allocated in the new conditional grant over the MTEF for this purpose.

Emergency medical services

Gradual implementation of EMS model

Funding for emergency ambulance services is growing soundly and expenditure is budgeted to exceed R2,6 billion by 2008/09. The main factors driving this growth include:

- Implementation of the new national emergency medical services model which aims to bring ambulance response times to less than 15 minutes in urban areas and 45 minutes in rural areas.
- Strengthening of services that are being returned to provinces (many provinces previously delegated these services to local government).
- Institutionalising two person ambulance crews.
- Improving communication systems and control centres.
- The purchasing of new vehicles and information systems.

Table 3.14 Provincial emergency medical services expenditure, 2002/03 – 2008/09

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth 2002/03–2008/09
R million		Outcome		Preliminary outcome		Medium-term estimates		
Emergency transport	905	1 231	1 311	1 684	2 053	2 239	2 449	12,9%
Planned patient transport	8	52	30	74	156	176	195	61,2%
Total	**913**	**1 283**	**1 341**	**1 758**	**2 210**	**2 414**	**2 643**	**14,2%**

Source: National Treasury provincial database

Hospital funding

Continued emphasis on PHC

Hospital funding grew by 2,4 per cent annually in real terms between 2002/03 and 2008/09. This small growth reflects the policy shift towards PHC and preventative care. The growth is mainly within the budgets of TB, psychiatric, specialised and provincial tertiary hospitals.

Table 3.15 Hospital funding, 2002/03 – 2008/09

R million	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth 2002/03–2008/09
		Outcome		Preliminary outcome	Medium-term estimates			
District Hospitals	6 443	6 837	7 558	8 279	8 272	8 814	9 534	2,1%
General (Regional) Hospitals	6 887	7 885	8 256	9 305	9 334	9 951	10 564	2,7%
Tuberculosis Hospitals	379	400	341	425	621	656	697	5,9%
Psychiatric/Mental Hospitals	1 214	1 310	1 482	1 633	1 903	2 043	2 169	5,3%
Sub-acute, Step-down and Chronic Medical Hospitals	182	107	131	159	173	190	202	-2,7%
Dental Training Hospitals	154	169	180	203	211	223	235	2,6%
Other Specialised Hospitals	30	36	37	34	58	66	69	9,6%
Central Hospitals	5 072	5 157	5 583	6 297	6 130	6 433	6 835	0,5%
Provincial Tertiary Hospitals	1 174	1 203	1 409	1 766	1 877	1 968	2 116	5,5%
Total	**21 536**	**23 104**	**24 976**	**28 102**	**28 580**	**30 343**	**32 421**	**2,4%**

Source: National Treasury provincial database

Hospital admissions on the increase

Table 3.16 shows trends in hospital admissions. Several provinces show significant fluctuations suggesting that hospital information systems are still not sufficiently accurate. Eastern Cape's hospital admissions are low (56/1 000) and are highest in Northern Cape, Western Cape and Gauteng.

Table 3.16 Hospital admissions, 2000/01 – 2005/06

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	Change 2005/06
Eastern Cape	517 975	630 476	582 588	571 444	444 510	359 844	-19,0%
Free State	213 022	224 672	220 798	235 616	238 998	251 556	5,3%
Gauteng	826 247	838 168	847 862	815 187	825 611	805 544	-2,4%
KwaZulu-Natal	776 925	778 103	666 609	718 366	761 571	824 855	8,3%
Limpopo	344 717	332 633	338 814	335 742	391 901	393 428	0,4%
Mpumalanga	219 056	213 138	236 677	233 144	264 231	262 154	-0,8%
Northern Cape	114 782	134 696	123 551	128 430	126 973	94 422	-25,6%
North West	237 025	249 341	246 823	238 150	240 184	215 082	-10,5%
Western Cape	444 201	450 778	442 630	434 181	436 150	497 312	14,0%
Total	**3 693 950**	**3 852 004**	**3 706 352**	**3 710 261**	**3 730 129**	**3 704 197**	**-0,7%**
Admissions per 1 000 uninsured							
Eastern Cape	87	104	97	93	71	56	
Free State	92	96	94	98	97	100	
Gauteng	137	135	128	121	124	122	
KwaZulu-Natal	98	96	79	84	88	95	
Limpopo	70	66	67	65	75	75	
Mpumalanga	83	79	84	83	93	92	
Northern Cape	166	194	180	176	168	122	
North West	76	79	76	72	71	64	
Western Cape	144	141	131	127	127	145	
Total	**101**	**103**	**96**	**95**	**94**	**93**	

Table 3.17 shows that hospitals manage approximately 20 million outpatient and casualty visits per year. There is little evidence of growth over the five-year period and the number of visits per capita decline over the period.

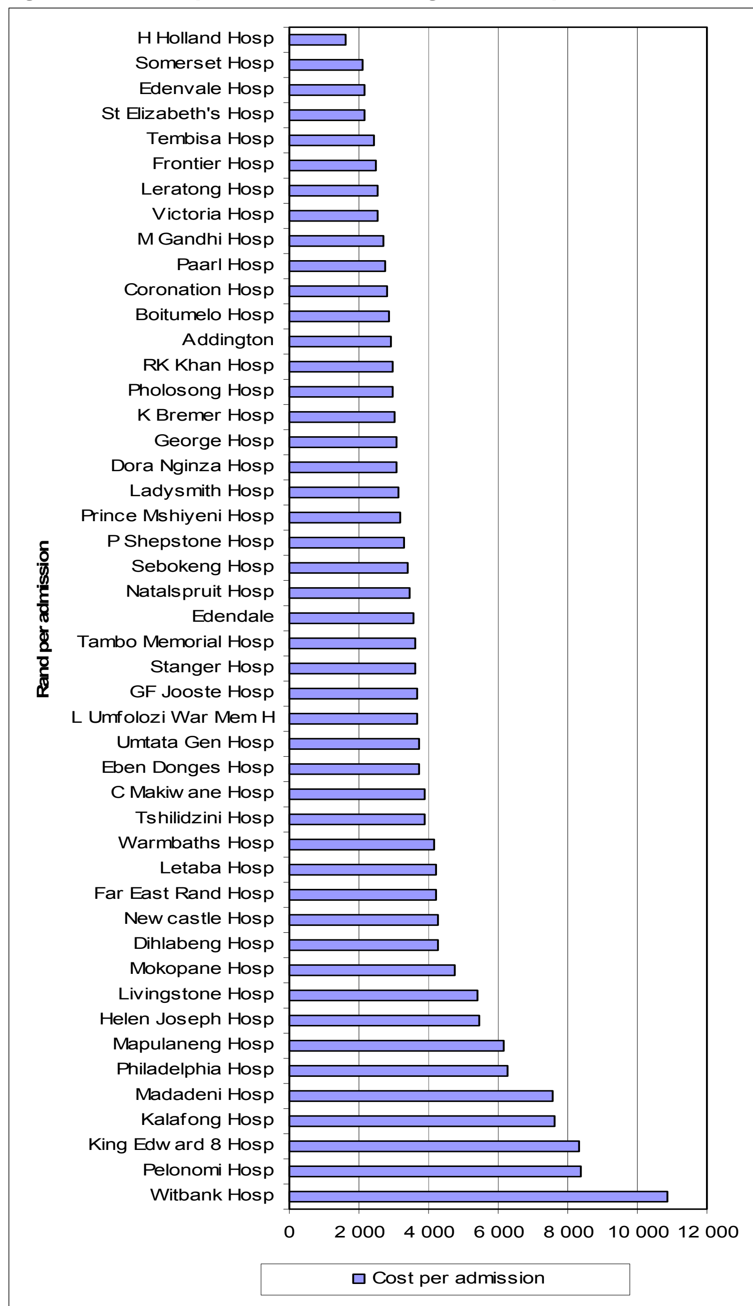
Table 3.17 Hospital outpatients and casualty visits, 2000/01 – 2005/06

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	Change 2005/06
Eastern Cape	2 486 578	2 288 511	2 179 940	2 130 021	2 136 604	2 212 851	3,6%
Free State	1 926 614	2 174 757	2 356 461	1 384 774	1 046 896	1 171 161	11,9%
Gauteng	5 622 231	5 642 366	5 641 576	5 194 510	4 342 814	4 555 539	4,9%
KwaZulu-Natal	4 911 578	5 569 495	6 171 689	5 699 490	5 939 625	4 866 708	-18,1%
Limpopo	1 569 609	1 564 393	1 625 572	1 912 650	1 932 351	1 972 173	2,1%
Mpumalanga	706 248	736 953	767 255	853 125	927 202	949 837	2,4%
Northern Cape	301 580	276 230	286 155	293 172	335 586	247 077	-26,4%
North West	904 464	732 939	702 244	732 450	1 177 935	1 145 166	-2,8%
Western Cape	2 388 912	2 630 712	2 629 173	2 753 826	2 533 868	2 857 795	12,8%
Total	**20 817 815**	**21 616 356**	**22 360 066**	**20 954 018**	**20 372 881**	**19 978 307**	**-1,9%**
Visits per 1 000 uninsured							
Eastern Cape	417	378	363	346	342	348	
Free State	828	927	1 007	577	424	466	
Gauteng	934	908	852	772	650	685	
KwaZulu-Natal	618	684	735	669	683	561	
Limpopo	320	311	323	370	372	374	
Mpumalanga	268	272	274	304	327	336	
Northern Cape	437	398	416	403	445	319	
North West	290	231	216	222	350	339	
Western Cape	775	825	780	803	738	831	
Total	**567**	**576**	**581**	**534**	**513**	**501**	

Source: National Department of Health

Figure 3.2 shows costs per admission across regional hospitals in 2004/05. Models suggest regional hospitals should run at average cost of approximately R4 500 to R5 000 per admission. However, figure 3.2 shows that there are large unexplained variations across hospitals that should be broadly of a similar type. This suggests that some are under-resourced (e.g. less than R3 000 per admission) and others possibly operating at inefficient unit costs (e.g. more than R7 000 per admission). In reality, some of these differences have justifiable reasons such as hospitals providing tertiary services. But in many cases the differences may reflect funding differences or inefficiencies. These discrepancies suggest greater use should be made of performance-based budgeting to better link resources to outputs.

Figure 3.2 Cost per admission in regional hospitals



Health sciences and training

Health science training is stepped up

The health sciences and training programme grows strongly over the MTEF and is budgeted to reach R2,1 billion by 2008/09. Nursing training colleges absorb the largest share of the training budget. Health sciences' training is funded partly through the Health Professions Training and Development grant. Part of this grant is spent in service programmes.

Table 3.18 Health sciences and training programme, 2002/03 – 2008/09

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth
		Outcome		Preliminary outcome	Medium-term estimates			2002/03–2008/09
R million								
Nurse Training Colleges	516	622	772	827	971	1 058	1 136	9,1%
EMS Training Colleges	16	14	15	30	32	33	35	8,7%
Bursaries	109	139	133	180	223	237	253	10,0%
Primary Health Care Training	41	83	65	85	93	100	108	12,4%
Training Other	118	128	201	374	412	468	520	22,4%
Total	**800**	**987**	**1 187**	**1 495**	**1 732**	**1 897**	**2 051**	**11,9%**

Source: National Treasury provincial database

32 282 students in training in various health disciplines

Table 3.19 shows that there are approximately 32 282 students in training in various health disciplines. The majority of these students are in the critical medical, nursing and dental fields.

Table 3.19 Health science students

Number	Total
Medical	8 585
Medical postgraduate registrar	2 477
Dental	1 492
Dental specialist	131
Physiotherapy	1 540
Occupational therapy	1 156
Speech therapy	241
Dietician	380
Registered nurse	11 070
Enrolled nurse	2 876
Nursing auxiliary	624
Pharmacy	1 347
Radiography	127
Optometry	193
Clinical psychologist	43
Total	**32 282**

Source: National Department of Health

Health sector inputs

Personnel

Health personnel numbers recover by 16 000 over two years

Over the past two years health personnel numbers have recovered by 16 000, but are only now approaching past peaks (see figure 3.3). Of these, health professional personnel have increased by approximately 10 000 over the past two years.

Figure 3.3 Trends in health sector employees

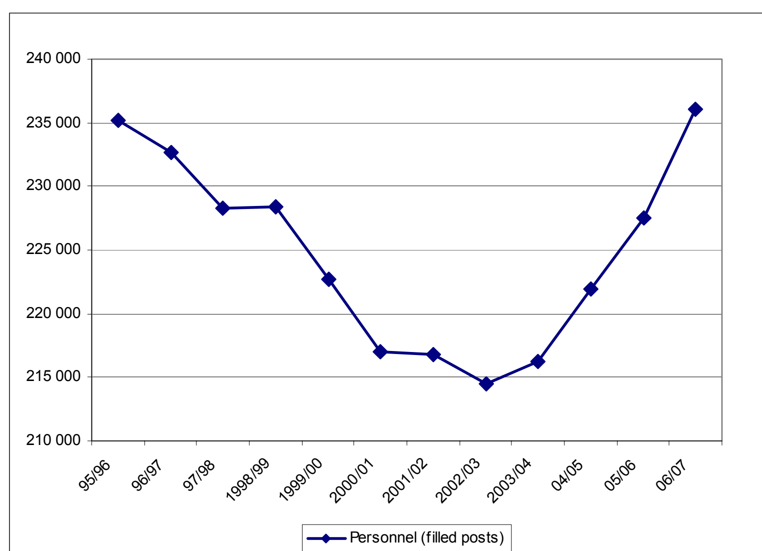


Table 3.20 Trends in health professional numbers (headcounts)

Number	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	Change 2001/02-2006/07	Change annual %
Total medical professionals	10 884	11 029	11 101	11 901	12 278	13 411	2 527	23,2%
Medical practitioners	*7 265*	*7 403*	*7 669*	*8 349*	*8 719*	*9 646*	*2 381*	*32,8%*
Medical specialists	*3 619*	*3 626*	*3 431*	*3 553*	*3 559*	*3 765*	*146*	*4,0%*
Total nurses	97 111	96 972	99 441	102 157	104 458	107 798	10 687	11,0%
Professional nurses	*40 804*	*40 646*	*41 815*	*42 848*	*43 839*	*44 641*	*3 837*	*9,4%*
Nursing assistants	*28 556*	*28 547*	*29 206*	*30 486*	*31 431*	*32 562*	*4 006*	*14,0%*
Staff nurses and pupil nurses	*20 632*	*20 466*	*20 675*	*20 679*	*20 730*	*21 281*	*649*	*3,1%*
Student nurses	*7 119*	*7 314*	*7 746*	*8 145*	*8 458*	*9 314*	*2 195*	*30,8%*
Total dental	839	790	788	845	884	951	112	13,3%
Dentists	*625*	*587*	*596*	*635*	*663*	*725*	*100*	*16,0%*
Other dental	*214*	*203*	*193*	*211*	*221*	*226*	*12*	*5,6%*
Emergency service personnel	3 958	4 504	5 348	6 142	7 193	8 030	4 072	102,9%
Pharmacists	1 325	1 250	1 247	1 438	1 598	1 711	386	29,1%
Radiographer	2 083	2 027	2 035	2 045	2 006	2 251	168	8,1%
Dietician	261	293	380	415	435	517	256	98,1%
Environmental health	545	600	790	829	865	871	326	59,8%
Occupational therapy	427	458	565	588	591	664	237	55,5%
Physiotherapists	473	510	652	713	720	762	289	61,1%
Psychologists	267	270	320	385	406	409	142	53,2%
Other professional	3 735	3 360	3 237	3 794	4 180	2 043	-1 692	-45,3%
Total	**121 908**	**122 061**	**125 902**	**131 251**	**135 615**	**139 418**	**17 510**	**14,4%**

Increase in the number of doctors in rural provinces

Table 3.21 shows trends in public sector medical doctors per 1 000 uninsured population. Over the period 2001/02 to 2005/06 there has been an encouraging increase in the number of medical doctors in Eastern Cape, Limpopo, Mpumalanga and Northern Cape. However the inter-provincial inequalities remain stark.

Table 3.21 Public sector doctors per 1 000 uninsured persons

Number	2001/02	2002/03	2003/04	2004/05	2005/06
Eastern Cape	0,12	0,15	0,15	0,16	0,18
Free State	0,28	0,33	0,32	0,33	0,34
Gauteng	0,48	0,47	0,46	0,47	0,47
KwaZulu-Natal	0,28	0,28	0,26	0,30	0,32
Limpopo	0,10	0,12	0,14	0,16	0,16
Mpumalanga	0,17	0,16	0,18	0,21	0,23
Northern Cape	0,31	0,29	0,34	0,35	0,36
North West	0,14	0,13	0,13	0,15	0,16
Western Cape	0,69	0,65	0,63	0,63	0,67
Total	**0,29**	**0,29**	**0,29**	**0,31**	**0,32**

The recently published World Health Report 2006 provides a wealth of comparative data on health personnel. South Africa's public sector total of 0,32 doctors per 1 000 population is substantially less than the national figure of 0,77, and both are below the international median of 1,37 per 1 000 for middle income countries.

Table 3.22 Doctor distribution in middle income countries

Country	Doctors per 1 000 population
Cuba	5,91
Russian Federation	4,25
Argentina	3,01
Poland	2,47
Mexico	1,98
Republic of Korea	1,57
Median	***1,37***
Turkey	1,35
Brazil	1,15
Algeria	1,13
Chile	1,09
China	1,06
South Africa	**0,77**
Malaysia	0,70
Iran	0,45
Thailand	0,37

Source: World Health Report 2006

Bold steps proposed to build human capital in the health sector

Addressing human resource deficits can undoubtedly contribute to the quality of health services. The recently released national Human Resource Plan of the Department of Health proposes bold steps to increase the supply of health professionals, including substantially increasing the number of doctors in training. The plan also recommends that the number of health personnel be increased by 30 000 over a period of five years.

Infrastructure

Table 3.23 shows that spending on capital continues to grow strongly and is expected to exceed R5,4 billion by 2008/09. The Hospital Revitalisation grant will be R2,0 billion by 2008/09 and will make up approximately 40 per cent of capital spending.

Health capital spending more than double compared to 2002/03

Table 3.23 Health facilities programme and capital expenditure, 2002/03 – 2008/09

R million	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	Real annual growth 2002/03–2008/09
		Outcome		Preliminary outcome		Medium-term estimates		
Health Facilities Management	1 755	2 076	2 243	3 103	3 910	4 593	5 153	14,4%
Capex	2 175	2 428	2 693	3 842	4 315	4 841	5 456	11,5%
Buildings	*1 203*	*1 436*	*1 580*	*1 966*	*2 404*	*2 848*	*3 228*	*12,7%*
Equipment and vehicles	*973*	*992*	*1 113*	*1 877*	*1 911*	*1 993*	*2 227*	*9,8%*

Source: National Treasury provincial database

It is expected that 32 hospitals will be included in the revitalisation programme over the MTEF period. These include large projects such as the upgrading of the Chris Hani Baragwanath Hospital, the building of two new district hospitals in Soweto, completion of the three rural regional hospitals in the Western Cape including upgrading Paarl hospital, two new 250 bed hospitals in KwaMashu, Durban and four replacement hospitals in Limpopo. The large projects are scheduled over a multiple-year period and will not be completed within this MTEF. The massive capital upgrading programme presents a major challenge for government in the areas of supervisory and project management, planning, technical skills, inter-departmental co-ordination and acquiring international best practice designs. Steps are being taken to progressively strengthen programme and project management and address obstacles to delivery.

32 hospitals targeted for revitalisation over the next three years

Private sector financing

Although less than 15 per cent of the population is covered by medical schemes, health expenditure in the private sector exceeds that in the public sector and is estimated at R76 billion in 2006/07, of which about R59 billion will go through medical schemes.

Three key developments occurred over the past year. Cabinet has approved the initiation of a Risk Equalisation Fund (REF) to level the playing field between medical schemes. Schemes will either pay into the REF or be paid out by the REF depending on the age and illness profile of members. An amount of R15 million was allocated in 2006/07 to prepare the REF infrastructure and systems. Implementation is likely to start after consideration of enabling legislation in 2007 or 2008.

The system of tax deductibility for medical expenses by employers and employees was changed as from the 2006/07 tax year. While deductions were previously based only on two-thirds of the contribution fee, increased with income and were not capped, the new system allows for complete (100 per cent) tax deductibility up to a given cap per beneficiary (amounting to R1 600 per month for a family of four).

Government initiated a new medical scheme for government employees (GEMS) in 2006. By mid-2006, GEMS had 10 000 members. Although membership is voluntary, the 2006 Budget contains significant funding which is likely to be used to increase membership among lower income employees.

Research on a new form of low income medical scheme (LIMS) and on social health insurance (SHI) continues.

Conclusion

Public sector health service funding has continued to grow and stabilise over the period under review. There is overall real growth and real per capita growth in expenditure and the positive funding climate has allowed the employment of 16 000 additional health employees over the past two years, of which 10 000 are health professionals. Funding growth is particularly strong in the areas of primary health care, HIV and Aids, infrastructure and emergency health services. Funding for hospitals remains constrained and this is an area that requires attention in the future. Despite funding improvements mortality is increasing and greater attention needs to be placed on effectiveness and outcomes.