3

Health

Introduction

Annual spending on public health services has been growing in step changes above inflation since 2002/03. Strong growth in health spending is sustained over the MTEF period and will reach R500 per uninsured family per month by 2009/10.

Strong real growth in health spending is beginning to show results

Government's efforts to increase the number of professional health personnel through policy interventions such as the scarce skills and rural allowance strategy are beginning to yield positive results. Health personnel employed in the public sector have increased by 31 710 (14,5 per cent) since 2004. This should contribute to reduced workloads, leading to better patient care and improved health outcomes.

Additional resources have been channelled towards upgrading health facilities and equipment. Health capital expenditure has trebled over the last six years. The hospital revitalisation programme has increased from R718 million in 2003/04 to R1,5 billion in 2006/07, facilitating the refurbishment and rehabilitation of 40 hospitals across the nine provinces.

Spending on medicines, consumables and other non-personnel non-capital areas has also kept pace with rising demands. Construction of clinics closer to where people live and the prioritisation of primary health care delivery have contributed to a welcomed increase in the number of patient visits to these centres.

South Africa is running one of the most well developed HIV and AIDS treatment programmes. By the end of 2007/08, close to 300 000 patients will be on Aids treatment. The new national strategic plan on HIV and AIDS will provide further impetus to this programme, alongside expanding prevention programmes, increasing excess to voluntary counselling and testing and undertaking research.

Multi-drug resistant and extreme drug resistant TB present big challenges ahead for the sector

While the health sector has achieved these important milestones, there are challenges in the period ahead. These include an escalating burden of disease and the emergence of multidrug-resistant tuberculosis (MDR-TB) and extreme drug resistant tuberculosis XDR-TB).

This chapter presents the latest financial and performance information of the public sector health system, which is predominantly located in the provincial sphere. Specifically, the chapter:

- gives a snapshot of financing in the health sector
- describes recent policy initiatives and interventions
- gives an overview of mortality trends in South Africa
- looks at the spending outcome in 2006/07
- gives an overview of budgets and expenditure trends, with details of spending by programme and functional classification
- looks at funding trends and interprovincial equity.

Snapshot of financing in the health sector

Spending on health services comprises approximately 8,5 per cent of GDP in South Africa in 2007/08. The majority of this (5 per cent of GDP) is in the private sector as the country has a large and sophisticated private health care system. (See figure 3.1.)

Figure 3.1: Health spending as a proportion of GDP

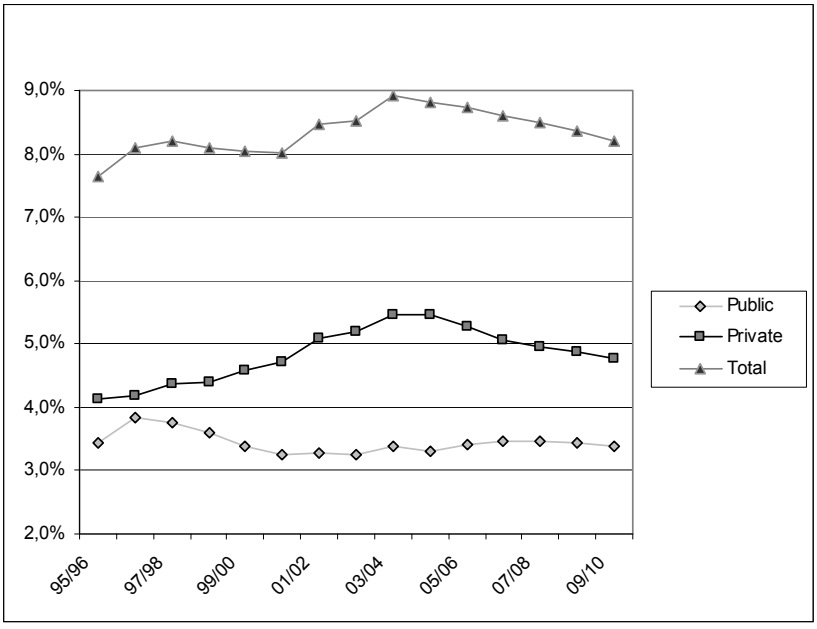


Table 3.1 shows that, measured as a proportion of GDP or share of total government spending, public sector health spending in South Africa continues to be comparable with similar middle income countries. However, when private health care spending is included, South Africa is ranked third among similar middle income countries.

Table 3.1 Health funding: comparison with middle income countries, 2004

Country	Government expenditure on health as a % of GDP	Per capita government expenditure on health at average exchange rate (US$)	General government expenditure on health as a % of total government expenditure	Total expenditure on health as % of Gross domestic product
Colombia	6,7%	145	20,9%	7,8%
Cuba	5,5%	202	11,2%	6,3%
Poland	4,3%	282	10,0%	6,2%
Namibia	4,7%	131	13,5%	6,8%
Argentina	4,3%	174	15,1%	9,6%
Brazil	4,8%	157	14,2%	8,8%
Russian Federation	3,7%	150	9,8%	6,0%
Botswana	4,0%	207	10,5%	6,4%
South Africa	**3,5%**	**158**	**10,8%**	**8,6%**
Iran	3,2%	75	10,9%	6,6%
Chile	2,9%	169	13,1%	6,1%
Mexico	3,0%	197	12,9%	6,5%
Saudi Arabia	3,0%	315	9,9%	3,9%
Korea	2,9%	405	10,2%	5,6%
Mauritius	2,4%	122	9,8%	4,3%
Egypt	2,3%	25	7,9%	6,1%
Malaysia	2,2%	106	7,5%	3,8%
Thailand	2,3%	57	11,2%	3,5%
China	1,8%	27	10,1%	4,7%
Singapore	1,3%	321	6,2%	3,7%
India	0,9%	5	2,9%	5,0%

Source: World Health Report 2006, World Health Organisation

Recent policy initiatives and interventions

Recent policy and budgeting interventions are beginning to show positive impact

Over the past few years, a number of notable interventions have been instituted with the aim of improving access to health services:

- Primary care services have expanded significantly with 20 million more patient visits annually than five years ago.
- The number of health personnel employed in the public sector has increased by 15 417 over the past year and by 31 710 since 2004. The scarce skills and rural allowance strategy has contributed to this and resulted in the recruitment of a further 3 253 doctors, 13 202 nurses, 5 433 ambulance personnel and 531 pharmacists since 2002.
- By March 2007, the comprehensive HIV and AIDS programme had 264 423 patients on treatment at 313 sites across 53 health districts, compared to 143 434 patients treated one year earlier. This is in addition to the persons treated in the private sector and by non-governmental organisations (NGOs). Mother-to-child transmission prevention programmes and voluntary counselling

and testing programmes also expanded coverage over the last year and are now available in almost all public sector facilities.

- 40 hospitals have been rehabilitated through the hospital revitalisation programme since 2004/05, with two currently on retention.

South Africans starting to show a disease profile similar to developed countries

Despite these interventions, the health sector remains under pressure. The burden of disease has been growing, particularly due to HIV and AIDS, tuberculosis (TB) and other chronic diseases, such as hypertension, heart disease and diabetes. The growth in the number of cases of TB and in the spread of multi- and extreme drug resistance (MDR and XDR) requires substantial escalation in the national TB emergency plan.

Studies by the Medical Research Council show that the majority of the South African population is gradually showing a disease profile similar to that of developed countries. Diseases associated with unhealthy lifestyles – lack of exercise, bad eating habits, smoking and excessive drinking of alcohol - are contributing to the overall burden of disease.

SAHRC enquiry into public health care services concluded in June 2007

The South African Human Rights Commission (SAHRC) concluded its enquiry into public health care services in June 2007. Preliminary findings include variances in standards among facilities visited. Some facilities in rural areas were found to be well managed and maintained, and the hospital revitalisation programme was found to have had a significant impact on facilities.

Improved access to quality health services, steps to improve the quality of health services, and interventions to reduce the burden of disease remain focal areas for government. The period ahead should see further strengthening of the health sector through the following initiatives:

- Recruitment of 30 000 additional health professionals over the next five years, as per the sector plan. This will be done through creating and funding additional posts, better pay packages for health professionals, and more nursing students.
- Continued phasing in of the national strategic plan for HIV and AIDS.
- Acceleration of the hospital revitalisation programme, which could be facilitated through innovative funding mechanisms such as public private partnerships and joint funding arrangements between provinces and national government.
- Strengthening of emergency medical services with the view to shortening response time.
- Improvement of forensic pathology services, which have been shifted from the South African Police Service to provinces and are funded through an earmarked grant allocation.

Mortality trends in South Africa

Mortality trends

Although recent data from Statistics South Africa and the Medical Research Council suggest that mortality trends continue to rise steadily, the rate of increase is starting to decline. These statistics must be viewed against the backdrop of an increasing population and improvement of the registration of deaths.

Table 3.2 Mortality trends, 1997– 2005

Year	Deaths	Deaths as % of total population	Deaths as % of uninsured population
1997	316 507	0,8%	0,9%
1998	365 053	0,9%	1,0%
1999	380 982	0,9%	1,1%
2000	414 531	1,0%	1,2%
2001	453 404	1,0%	1,2%
2002	499 925	1,1%	1,3%
2003	553 718	1,2%	1,4%
2004	572 350	1,2%	1,4%
2005	591 213	1,3%	1,5%

Source: Statistics South Africa

Spending outcome in 2006/07

Collectively, provinces overspent their health budgets by R379 million or 0,7 per cent of adjusted health budgets in 2006/07. As table 3.3 shows, Free State, Gauteng, Limpopo and Northern Cape overspent their budgets, while the rest show underspending.

The overspending is mainly in non-personnel non-capital expenditure (R870 million), which includes drugs and medicine, and the underspending is in capital expenditure (R343 million). These patterns of over-expenditure and under-expenditure are good initial indicators of spending pressures and areas where capacity might be lacking.

Table 3.3 Provincial health expenditure as at 31 March 2007

R million	Adjusted budget	Prelimi-nary outcome	Prelimi-nary outcome as % of adjusted budget	Over(-) /under	% over(-) / under adjusted budget	% share of health to total provincia l expendit	% share of health to total social services	2005/06 audited outcome	Year-on-year growth 2005/06-2006/07
Eastern Cape	7 337	7 257	98,9%	80	1,1	26,8%	34,6%	6 137	18,2%
Free State	3 369	3 461	102,7%	-92	-2,7	28,2%	37,5%	3 130	10,6%
Gauteng	10 748	11 115	103,4%	-366	-3,4	32,1%	46,8%	9 990	11,3%
KwaZulu-Natal	11 819	11 664	98,7%	155	1,3	31,5%	40,4%	10 582	10,2%
Limpopo	5 554	5 832	105,0%	-278	-5,0	24,4%	33,2%	4 796	21,6%
Mpumalanga	3 032	3 013	99,4%	19	0,6	24,0%	31,9%	2 672	12,8%
Northern Cape	1 316	1 407	106,9%	-91	-6,9	30,8%	43,1%	1 101	27,8%
North West	3 616	3 479	96,2%	137	3,8	23,2%	33,0%	2 974	17,0%
Western Cape	6 476	6 420	99,1%	57	0,9	34,0%	45,7%	5 733	12,0%
Total	**53 269**	**53 648**	**100,7%**	**-379**	**-0,7%**	**28,9%**	**39,0%**	**47 116**	**13,9%**

Source: National Treasury provincial database

Spending on conditional grants has been fairly strong, with particularly significant spending improvement on the HIV/AIDS grant. (See table 3.4). There is still underspending on the hospital revitalisation grant (R142 million). The underspending on the new forensic pathology grant (R270 million) is due to delays in tendering for capital projects and in recruiting personnel.

Table 3.4 Spending on health conditional grants, 2006/07

R million	Division of Revenue Act, 2006	Gazettes	Provincial rollovers	Total available allocation	Provincial actual payments	% actual payments of total available	Prelimi-nary over(-) /under
National tertiary services grant	4 981	–	1	4 982	4 961	99,6%	21
Health professions training and development grant	1 520	–	18	1 538	1 529	99,4%	10
Hospital revitalisation grant	1 439	88	228	1 755	1 613	91,9%	142
Comprehensive HIV and AIDS grant	1 567	49	13	1 630	1 701	104,4%	-71
Forensic pathology services grant	525	37	55	617	347	56,3%	270

Source: National Treasury provincial database

Budgets and expenditure trends

Public health spending grows in line with health care needs

Consistent with government's vision to improve access to quality health services, table 3.5 shows that spending on public health care by provinces increased by 13,2 per cent annually, from just under R37 billion in 2003/04 to R53,6 billion in 2006/07. To improve the sector's performance even further, total health spending is budgeted to grow by 9,6 per cent annually by 2009/10. By 2009/10, spending is expected to be nearly double what it was in 2003/04.

Table 3.5 Provincial health expenditure and budget trends, 2003/04 – 2009/10

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
		Outcome		Preliminary outcome	Medium-term estimates		
R million							
Eastern Cape	5 101	5 192	6 137	7 257	8 143	8 953	9 356
Free State	2 509	2 801	3 130	3 461	3 643	4 061	4 547
Gauteng	8 139	8 587	9 990	11 115	12 052	12 762	14 219
KwaZulu-Natal	8 060	8 970	10 582	11 664	13 413	14 364	15 780
Limpopo	3 632	4 174	4 796	5 832	6 096	6 914	7 716
Mpumalanga	1 958	2 258	2 672	3 013	3 595	4 132	4 662
Northern Cape	820	840	1 101	1 407	1 460	1 641	1 851
North West	2 211	2 597	2 974	3 479	3 755	4 170	4 639
Western Cape	4 557	5 179	5 733	6 420	7 095	7 942	8 412
Total	**36 987**	**40 599**	**47 116**	**53 648**	**59 252**	**64 939**	**71 182**
Percentage growth (average annual)			**2003/04 – 2006/07**			**2007/08 – 2009/10**	
Eastern Cape			12,5%			7,2%	
Free State			11,3%			11,7%	
Gauteng			10,9%			8,6%	
KwaZulu-Natal			13,1%			8,5%	
Limpopo			17,1%			12,5%	
Mpumalanga			15,4%			13,9%	
Northern Cape			19,7%			12,6%	
North West			16,3%			11,2%	
Western Cape			12,1%			8,9%	
Total			**13,2%**			**9,6%**	

Source: National Treasury provincial database

Budget and expenditure trends by economic classification

Table 3.6 shows that at 53,6 per cent of spending in 2006/07, compensation of employees continues to make up the largest share of total provincial health spending. However, due to large investments in medicines, equipment, clinic building programmes and hospital revitalisation, the share of spending on goods and services, and capital assets grew sharply to reach 33,5 and 8,7 per cent respectively.

Table 3.6 Provincial health expenditure by economic classification, 2003/04 – 2009/10

R million	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
		Outcome		Preliminary outcome	Medium-term estimates		
Current payments	32 208	35 505	40 456	46 703	51 590	56 809	62 237
of which:							
Compensation of employees	*20 983*	*23 398*	*25 481*	*28 740*	*32 876*	*35 795*	*39 091*
Goods and services	*11 173*	*12 088*	*14 954*	*17 952*	*18 714*	*21 014*	*23 147*
Other current payments	52	19	21	11	–	–	–
Transfers and subsidies	2 351	2 400	2 815	2 260	2 165	2 159	2 282
Payments for capital assets	2 428	2 693	3 844	4 685	5 496	5 971	6 662
Total	**36 987**	**40 599**	**47 116**	**53 648**	**59 252**	**64 939**	**71 182**
Percentage of total							
Current payments	87,1%	87,5%	85,9%	87,1%	87,1%	87,5%	87,4%
of which:							
Compensation of employees	*56,7%*	*57,6%*	*54,1%*	*53,6%*	*55,5%*	*55,1%*	*54,9%*
Goods and services	*30,2%*	*29,8%*	*31,7%*	*33,5%*	*31,6%*	*32,4%*	*32,5%*
Transfers and subsidies	6,4%	5,9%	6,0%	4,2%	3,7%	3,3%	3,2%
Payments for capital assets	6,6%	6,6%	8,2%	8,7%	9,3%	9,2%	9,4%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**
Percentage growth (average annual)			**2003/04 – 2006/07**			**2007/08 – 2009/10**	
Current payments			13,2%			9,8%	
of which:							
Compensation of employees			*11,1%*			*9,0%*	
Goods and services			*17,1%*			*11,2%*	
Transfers and subsidies			*-1,3%*			*2,7%*	
Payments for capital assets			24,5%			10,1%	
Total			**13,2%**			**9,6%**	

Source: National Treasury provincial database

Compensation of employees

By 31 March 2007, compensation of employees was R8 billion higher than in 2003/04. The large increase has been mainly to finance the strategy to recruit and retain health professionals, particularly in rural areas.

The public health sector employed 249 597 people at a total cost of R28,7 billion as at 31 March 2007. Health personnel numbers have grown by 31 710 over the past three years. Personnel numbers decreased in the late 1990s following unsustainable wage growth, but started to grow again from 2002/03.

Growing numbers of professional workers will strengthen the sector

Table 3.7 shows that of the 249 597 employed, 146 727 were health professionals. It is clear that the growing personnel numbers were across all categories of health professionals. Doctors employed in the public service have increased by 3 253, nurses by 13 202, ambulance workers by 5 433 and pharmacists by 531.

Table 3.7 Trends in health professional numbers (headcount), 2001/02 – 2006/07

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2001/02 - 2006/07 increase
Medical practitioners	*7 261*	*7 611*	*7 793*	*8 861*	*9 603*	*10 080*	*2 819*
Medical specialists	*3 619*	*3 565*	*3 319*	*3 630*	*3 711*	*4 053*	*434*
Total doctors	10 880	11 176	11 112	12 491	13 314	14 133	3 253
Professional nurses	*28 556*	*28 542*	*29 584*	*30 859*	*31 923*	*33 460*	*4 904*
Nursing assistants	*40 804*	*40 863*	*42 130*	*43 647*	*44 245*	*45 626*	*4 822*
Staff nurses and pupil nurses	*20 632*	*20 316*	*20 707*	*20 580*	*20 866*	*21 538*	*906*
Student nurses	*7 119*	*7 763*	*7 845*	*8 083*	*8 944*	*9 689*	*2 570*
Total nurses	97 111	97 484	100 266	103 169	105 978	110 313	13 202
Dentists, dental therapy, oral hygiene	970	877	946	1 021	1 088	1 117	147
Ambulance personnel	3 958	4 790	5 898	6 349	7 840	9 391	5 433
Pharmacists	1 325	1 266	1 332	1 642	1 755	1 856	531
Pharmacy assistants	355	345	322	368	409	534	179
Radiographers	2 266	2 254	2 217	2 241	2 295	2 307	41
Dieticians	261	381	401	440	515	555	294
Environmental health	545	794	811	892	883	880	335
Health sciences, medical technicians and researchers	2 936	2 298	2 415	3 014	3 287	3 234	298
Occupational therapists	427	569	617	613	672	742	315
Optometrists	28	27	32	49	52	75	47
Physiotherapists	473	661	719	739	790	857	384
Psychologists	267	272	347	398	406	426	159
Speech and hearing therapists	131	216	239	266	283	307	176
Total	**121 933**	**123 410**	**127 674**	**133 692**	**139 567**	**146 727**	**24 794**

Source: Vulindlela personnel provincial database

Personnel spending to peak at R39 billion 2009/10

Spending on compensation of employees is budgeted to grow by 9 per cent annually, from R32,9 billion in 2007/08 to R39,1 billion by 2009/10. The increased budgets will enable the health sector to meet its current personnel commitments and to fill additional administrative and professional posts. To sustain the turnaround in employment growth started in recent years, the sector plans to recruit a further 30 000 employees by filling 6 000 posts annually over the next five years. This should reduce the workload of health professionals and improve the quality of services.

While there is a strong perception of huge personnel overloading throughout the sector, workload data do not necessarily support this at primary health care level. Table 3.8 examines the reported number of patients treated per day by a doctor or nurse at the primary care clinic level. Doctors in Eastern Cape and nurses in Mpumalanga and KwaZulu-Natal appear to have a high workload, but this is not the case in all provinces.

Table 3.8 Primary health care work load per province, 2006/07

	Doctor clinical work load PHC	Nurse clinical work load PHC
Eastern Cape	45	29
Free State	15	34
Gauteng	30	29
KwaZulu-Natal	23	39
Limpopo	16	24
Mpumalanga	24	41
Northern Cape	18	34
North West	12	32
Western Cape	23	31
Average	23	33

A doctor in Eastern Cape sees 45 patients per day.
Source: District health information systems and provincial reporting

Goods and services

Expenditure on complimentary health inputs grows three times faster than CPIX

Goods and services reflect spending on medicines, medical and surgical consumables, maintenance, laboratory services and patient food. This category of spending grew 17,1 per cent annually, from R11,2 billion in 2003/04 to R18 billion by 2006/07 and is budgeted to grow 11,2 per cent annually to R23,1 billion by 2009/10.

Payments for capital assets

Capital budgets grew 24,5 per cent annually from R2,4 billion in 2003/04 to R4,7 billion in 2006/07. This is mainly due to more investments in hospital revitalisation, capital investment in forensic pathology services, and the rollout of the national emergency medical services.

Health spending by programme

Increased spending on primary health care and HIV and AIDS

Table 3.9 shows that *District health services* is the largest programme, with spending expected to double from R14,1 billion in 2003/04 to R29,2 billion by 2009/10. This rate of growth is driven mainly by increased spending on primary health care, and HIV and AIDS. To mitigate the impact of HIV and AIDS and to provide for the faster uptake in treatment of HIV and AIDS patients, an additional R1,7 billion was allocated in the 2007 Budget, which explains the faster growth.

Table 3.9 Provincial health expenditure by programme, 2003/04 – 2009/10

R million	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
		Outcome		Preliminary outcome	Medium-term estimates		
Administration	1 614	1 707	1 642	1 927	2 144	2 370	2 620
District health services	14 129	16 094	18 497	21 076	24 328	26 646	29 216
Emergency medical services	1 283	1 341	1 758	2 059	2 590	2 869	3 238
Provincial hospital services	9 907	10 426	11 696	13 055	14 038	15 843	17 111
Central hospital services	6 360	6 992	8 134	8 726	8 629	8 817	9 729
Health sciences and training	987	1 187	1 495	1 710	2 040	2 240	2 416
Health care support services	631	608	791	844	857	884	965
Health facilities management	2 076	2 243	3 103	4 251	4 626	5 270	5 889
Total	**36 987**	**40 599**	**47 116**	**53 648**	**59 252**	**64 939**	**71 182**
Percentage of total							
Administration	4,4%	4,2%	3,5%	3,6%	3,6%	3,7%	3,7%
District health services	38,2%	39,6%	39,3%	39,3%	41,1%	41,0%	41,0%
Emergency medical services	3,5%	3,3%	3,7%	3,8%	4,4%	4,4%	4,5%
Provincial hospital services	26,8%	25,7%	24,8%	24,3%	23,7%	24,4%	24,0%
Central hospital services	17,2%	17,2%	17,3%	16,3%	14,6%	13,6%	13,7%
Health sciences and training	2,7%	2,9%	3,2%	3,2%	3,4%	3,4%	3,4%
Health care support services	1,7%	1,5%	1,7%	1,6%	1,4%	1,4%	1,4%
Health facilities management	5,6%	5,5%	6,6%	7,9%	7,8%	8,1%	8,3%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

Source: National Treasury provincial database

Health spending by functional classification

Spending on hospitals is rising

Tables 3.10 shows that there is strong real spending growth in *HIV and AIDS* (29,9 per cent), *Health facilities management* (13,8 per cent), *Emergency medical services* (11,6 per cent) and *Primary health care* (8,0 per cent). Spending on hospitals is beginning to improve and averages 4,0 per cent real annual growth over the period.

Table 3.10 Provincial health expenditure by functional classification, 2003/04 – 2009/10

R million	2003/04	2004/05 Outcome	2005/06	2006/07 Preliminary outcome	2007/08 Medium-term estimates	2008/09	2009/10	Real annual growth 2003/04– 2009/10
Hospitals	23 105	24 976	28 132	30 912	32 438	35 124	38 108	4,0%
Primary health care	6 478	7 148	8 214	9 064	11 042	12 307	13 452	8,0%
HIV and AIDS	618	1 147	1 692	2 375	2 879	3 250	3 878	29,9%
Health facilities (Capital)	2 076	2 243	3 103	4 251	4 626	5 270	5 889	13,8%
Administration	1 614	1 707	1 642	1 927	2 144	2 370	2 620	3,7%
Emergency medical services	1 283	1 341	1 758	2 059	2 590	2 869	3 238	11,6%
Health sciences and training	987	1 187	1 495	1 710	2 040	2 240	2 416	11,0%
Health care support	631	608	791	844	857	884	965	2,7%
Coroner services	73	82	117	336	451	428	410	27,5%
Nutrition	122	159	172	170	185	196	206	4,4%
Total	**36 987**	**40 599**	**47 116**	**53 648**	**59 252**	**64 939**	**71 182**	**6,7%**

Source: National Treasury provincial database

Public hospitals

Hospitals funding grew by 10.2 per cent annually, from R23,1 billion in 2003/04 to R30,9 billion in 2006/07 and is budgeted to grow 7,2 per cent annually to R38,1 billion in 2009/10. Growth in spending varies for different hospital types. Spending on TB hospitals has increased from R499 million to R858 million to address the increases in cases of multi-drug resistant TB.

Spending on provincial tertiary and general (regional) hospitals grew significantly as specialist services are built up outside the metropolitan areas. By contrast, expenditure growth for central hospitals is low, but the picture is somewhat distorted as Western Cape reclassified parts of its central hospital expenditure as regional. Despite this, the large central hospitals show a recurring cycle of under-budgeting and over-expenditure.

Table 3.11 Hospital funding, 2003/04 – 2009/10

R million	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Real annual growth 2003/04– 2009/10
		Outcome		Preliminary outcome	Medium-term estimates			
District hospitals	6 837	7 558	8 302	9 131	9 771	10 464	11 269	4,0%
General (Regional) hospitals	7 885	8 256	9 240	10 336	10 746	12 364	13 443	4,6%
Tuberculosis hospitals	400	341	425	499	794	825	858	8,6%
Psychiatric/Mental hospitals	1 310	1 482	1 635	1 767	1 997	2 130	2 262	4,8%
Sub-acute, step-down and chronic medical hospitals	107	131	159	161	148	159	171	3,4%
Dental training hospitals	169	180	203	209	227	237	242	1,5%
Other specialised hospitals	36	37	34	83	126	128	136	19,4%
Central hospitals	5 122	5 545	6 297	6 654	6 520	6 426	7 032	0,8%
Provincial tertiary hospitals	1 238	1 448	1 837	2 072	2 109	2 391	2 697	8,9%
Total	**23 105**	**24 976**	**28 132**	**30 912**	**32 438**	**35 124**	**38 108**	**4,0%**

Source: National Treasury provincial database

Table 3.12 shows trends in hospital admissions. Despite the strong perception to the contrary, there is little evidence from routine hospital statistics that hospital volumes are increasing.

Table 3.12 Hospital admissions, 2000/01 – 2006/07

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
District	1 624 425	1 593 010	1 524 585	1 513 924	1 529 946	1 600 115	1 439 544
Regional	1 388 042	1 545 566	1 487 031	1 518 548	1 463 930	1 507 511	1 327 711
Central and tertiary	568 585	603 677	612 556	599 796	610 344	572 943	698 518
Total	**3 581 052**	**3 742 253**	**3 624 172**	**3 632 268**	**3 604 220**	**3 680 569**	**3 465 773**

Reclassification in Eastern Cape for 2006/07 accounts for changes between regional and central.
Source: District health information systems, provincial and national departments of health reporting

Primary health care

Table 3.13 shows that spending on primary health care continues to grow sharply over the next three years. By 2010, primary health care spending will be more than double what it was in 2003/04, showing real annual growth of 8 per cent.

Primary health care remain the backbone of the health system

Table 3.13 Primary health care per subprogramme, 2003/04 – 2009/10

R million	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Real annual growth 2003/04– 2009/10
		Outcome		Preliminary outcome	Medium-term estimates			
District management	910	1 025	963	983	1 140	1 201	1 270	1,1%
Community health clinics	3 009	3 299	3 868	4 056	5 372	6 260	7 036	10,2%
Community health centres	1 681	1 796	2 060	2 346	2 738	2 924	3 114	6,0%
Community based services	592	579	762	1 040	1 106	1 181	1 271	8,7%
Other community services	286	449	562	639	686	741	760	12,6%
Total	**6 478**	**7 148**	**8 214**	**9 064**	**11 042**	**12 307**	**13 452**	**8,0%**

Source: National Treasury provincial database

Levelling off in numbers of primary health care visits

Despite the rising funding for primary health care spending, numbers of visits have levelled off at 101 million over the past two years. Before this, access improved considerably, with an increase of 20 million visits annually since the late 1990s. This may suggest that demand is levelling off as access has improved. At 2,2 visits per uninsured person, visits to primary health care facilities are slightly low in Gauteng and KwaZulu-Natal and highest in Western Cape at 3,7.

Table 3.14 Primary health care visits per province, 2006/07

	PHC total headcount	Expenditure per PHC headcount	Utilisation rate- PHC	Utilisation rate for under 5 year olds - PHC	Supervision rate
Eastern Cape	15 437 641	63	2,4	4,0	78,0%
Free State	7 688 691	89	3,0	4,1	64,0%
Gauteng	14 961 820	108	2,2	3,3	65,0%
KwaZulu-Natal	18 703 020	72	2,2	4,1	100,0%
Limpopo	14 063 129	208	2,7	5,6	100,0%
Mpumalanga	6 923 114	72	2,4	4,1	40,0%
Northern Cape	8 029 057	89	2,3	4,1	73,0%
North West	2 267 522	65	3,0	4,0	45,0%
Western Cape	13 126 182	69	3,7	4,8	34,0%
Target 2006/07	–	78	3,5	5,0	*100,0%*
Total	**101 200 176**	91	2,5	4,3	**66,6%**

Source: District health information systems and provincial reporting.

Funding in the poorest districts has improved substantially since 2001/02, with many districts doubling spending on primary health care in real terms. Table 3.15 shows that despite the rise in spending there are some health districts with per capita expenditure of less than R200 per year in 2006/07 compared to the national average of R256.

Table 3.15 Health districts with expenditure of less than R 200 per capita per annum

District	District Council	Province	Primary health care expenditure per capita
Metseding	DC46	Gauteng	149
Siyanda	DC8	Northern Cape	150
Great Sekhukhune	DC47	Limpopo	161
Amajuba	DC25	KwaZulu-Natal	175
Gert Sibande	DC30	Mpumalanga	180
Ehlanzeni	DC32	Mpumalanga	187
Lejweleputswa	DC18	Free State	189
Capricorn	DC35	Limpopo	194
Uthukela	DC23	KwaZulu-Natal	195
Nkangala	DC31	Mpumalanga	195
Sedibeng	DC42	Gauteng	196
O.R.Tambo	DC15	Eastern Cape	199
National average			**256**

Source: Health Systems Trust

HIV and AIDS

Large increase in budget for treatment of HIV and Aids

Table 3.16 shows that spending on HIV and AIDS grew sharply from R618 million in 2003/04 to R2,4 billion in 2006/07 and is budgeted to grow to R3,9 billion by 2009/10. A large part of the HIV and AIDS programme is funded through conditional transfers, which grew from R416 million in 2003/04 to R1,7 billion in 2006/07. These transfers are budgeted to more than double to R2,7 billion by 2009/10.

Table 3.16 HIV and AIDS dedicated programme expenditure, 2003/04 – 2009/10

R million	2003/04	2004/05 Outcome	2005/06	2006/07 Preliminary outcome	2007/08 Medium-term estimates	2008/09	2009/10	Real annual growth 2003/04–2009/10
Conditional grant	416	773	1 127	1 701	1 946	2 235	2 676	30,4%
Other provincial funding	202	374	564	675	934	1 015	1 202	28,8%
Total provincial	**618**	**1 147**	**1 692**	**2 375**	**2 879**	**3 250**	**3 878**	**29,9%**
National	343	372	362	410	467	493	520	2,6%
Total	**961**	**1 519**	**2 053**	**2 785**	**3 347**	**3 743**	**4 399**	**23,3%**

Source: National Treasury provincial database

The large growth in the budget is to expand coverage of HIV and Aids treatment programmes over the next three years. It is expected that a further 100 000 patients will be on treatment in 2007/08, and this number is set to rise to over 600 000 patients by 2009/10. The increase in patients on ARV treatment reflects ongoing rollout as sites are accredited and testing, counselling, human resource and laboratory infrastructure are put in place. There has also been a rapid increase in numbers of HIV, CD4 and viral load tests performed by the National Health Laboratory Service. HIV and AIDS programmes will continue

to strengthen under the new national strategic plan, alongside an expansion of prevention programmes.

Figure 3.2 Cumulative number of persons on AIDS treatment

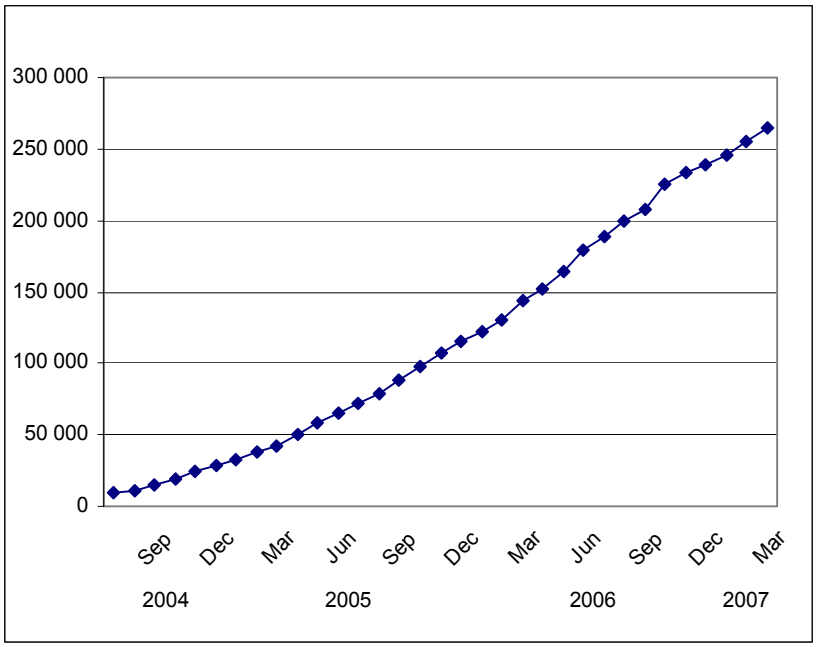


Table 3.17 HIV, TB performance indicators, 2006/07

	ART service points registered	ART patients total registered	Nevirapine antinatal clients uptake %	Nevirapine new born uptake %	ARV drug stock-out %	New smear positive PTB cure rate %	TB treatment interrup-tion rate %	Male condom distribu-tion rate
Eastern Cape	49	28 382	33,0	100,0	–	47,0	7,4	10,0
Free State	17	10 386	40,0	63,0	19,1	57,0	7,6	6,0
Gauteng	43	74 942	73,0	100,0	6,2	68,0	6,3	5,0
KwaZulu-Natal	67	73 641	70,0	53,0	14,7	27,0	10,8	7,0
Limpopo	37	2 818	59,0	90,0	10,1	63,0	8,8	14,0
Mpumalanga	18	14 132	66,0	79,0	3,0	31,0	7,9	10,0
Northern Cape	12	28 375	67,0	82,0	2,6	51,0	11,5	6,0
North West	20	5 650	46,0	57,0	1,9	55,0	8,5	8,0
Western Cape	50	26 097	71,0	72,0	–	71,0	11,0	35,0
Target for 2006/07 annual performance plan	–	–	*100,0*	*70,0*	–	*60,0*	*10,0*	*11,0*
SA (totals and estimated average)	**313**	**264 423**	**62,5**	**76,6**	**5,8**	**53,0**	**9,0**	**11,2**

Source: District health information systems and provincial reporting.

Table 3.17 shows key HIV and AIDS, and TB performance indicators. Although most health centres have Nevirapine to prevent HIV

transmission from mothers to babies, only 62,5 per cent of tested clients who required Nevirapine received it. The cure rate for TB is low at 53 per cent and only 24,5 per cent of clients with sexually transmitted infections have partners treated. Male condom distribution rates are low in several provinces, with condom uptake in five provinces showing men using fewer than 10 condoms per year.

Emergency medical services

More funds going into emergency medical services

As part of rolling out the emergency medical services (EMS) model, government plans to invest an additional R863 million in emergency services over the next three years. Table 3.18 shows that by 2010, spending on emergency medical services is set to be three times the levels of spending in 2003/04. By 2009/10, spending will be R3,2 billion. The focus over the next three years is to:

- shorten response times to medical emergencies
- expand and improve communication and information systems
- improve training for basic emergency assistants
- replace older vehicles and provide air ambulances
- have all services in place for the 2010 FIFA World Cup.

Table 3.18 Emergency medical service budget, 2003/04 – 2009/10

R million	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Eastern Cape	194	125	219	322	381	419	440
Free State	117	124	146	165	189	210	266
Gauteng	248	278	329	296	502	610	680
KwaZulu-Natal	272	306	421	474	554	557	668
Limpopo	95	106	116	204	231	271	309
Mpumalanga	47	69	106	109	146	168	200
Northern Cape	39	53	73	106	100	111	122
North West	85	83	92	106	142	148	155
Western Cape	186	198	256	278	345	375	397
Total	**1 283**	**1 342**	**1 758**	**2 059**	**2 590**	**2 869**	**3 238**
Percentage growth (average annual)		**2003/04– 2006/07**				**2007/08– 2009/10**	
Eastern Cape		18,3%				7,4%	
Free State		12,1%				18,7%	
Gauteng		6,1%				16,4%	
KwaZulu-Natal		20,3%				9,8%	
Limpopo		29,0%				15,6%	
Mpumalanga		32,5%				17,2%	
Northern Cape		39,5%				10,7%	
North West		7,7%				4,5%	
Western Cape		14,3%				7,3%	
Total		**17,1%**				**11,8%**	

Source: National Treasury provincial database

Health facilities

Investment in health facilities doubles in three years

The *Health facilities* programme provides for the construction, rehabilitation and maintenance of clinics and hospitals. The hospital facilities budget grew from R2,1 billion in 2003/04 to R4,3 billion in 2006/07 and is budgeted to grow 12,8 per cent annually to reach R5,9 billion by 2009/10.

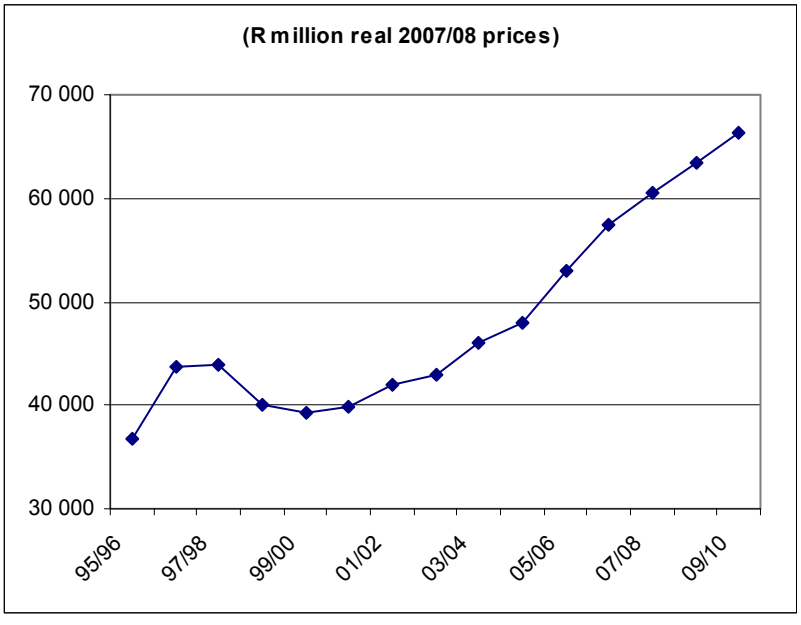
The hospital revitalisation programme (HRP)

Health infrastructure spending is growing rapidly, by about 27,5 per cent per year over the past three years. The hospital revitalisation programme is growing even faster (33,2 per cent per year), becoming a major part of capital funding and constituting 50 per cent of the *Health facilit*ies programme by 2009/10. An additional R1 billion was added to the baseline allocations of the grant in the 2007 Budget and R900 million in the 2006 Budget. The grant doubles from R1,3 billion in 2005/06 to R2,6 billion in 2009/10.

The hospital revitalisation programme was started in 2002. This involves the physical upgrading or replacement of entire hospitals with sub-components for medical equipment, hospital management and quality improvement.

- The programme currently has 26 hospitals with contractors on site and a further 22 hospitals in various stages of planning and procurement.
- Hospital projects which anticipate significant spending in 2007/08 include Frontier and St. Lucy's (Eastern Cape), Boitumelo and Pelonomi (Free State), Chris Hani and Zola (Gauteng), King George and Hlabisa (KwaZulu-Natal), Lethaba and Thabamoopo (Limpopo), Ermelo and Rob Ferreira (Mpumalanga), Psychiatric Hospital (Northern Cape), Moses Khotane and Vryburg (North West) and Paarl and Worcester (Western Cape).
- A number of issues in the HRP are being reviewed including: how to improve funding predictability; clarification of roles, such as when projects are co-funded; and the possibility of increasing the number of projects undertaken through PPPs.

Figure 3.3 Long-term health funding trends (real)



Interprovincial equity

Long-term funding trends are shown in figure 3.3 and per capita trends in figure 3.4. Real per capita health spending reaches new peaks in the MTEF period ahead. By 2009/10, public sector health spending will amount to around R500 per month per uninsured family.

Figure 3.4: Health funding trends per capita uninsured (real)[1]

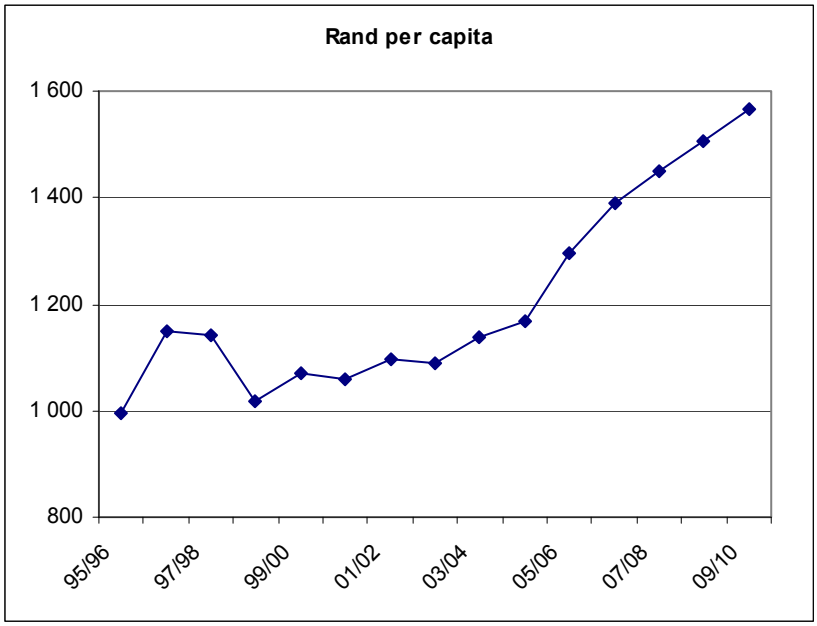


Table 3.19 shows per capita spending per province (including conditional grants). Real per capita spending growth amounts to 5,3 per cent annually over the period.

Table 3.19 Per capita health funding trends per province, 2003/04 – 2009/10

Rand	2003/04	2004/05 Outcome	2005/06	2006/07 Preliminary outcome	2007/08 Medium-term estimates	2008/09	2009/10	Real annual growth 2003/04–2009/10
Eastern Cape	851	827	955	1 142	1 290	1 407	1 458	4,6%
Free State	1 069	1 133	1 238	1 307	1 395	1 543	1 713	3,5%
Gauteng	1 218	1 284	1 496	1 605	1 681	1 765	1 951	3,5%
KwaZulu-Natal	967	1 029	1 211	1 366	1 508	1 602	1 746	5,6%
Limpopo	728	803	915	1 038	1 195	1 344	1 488	7,8%
Mpumalanga	715	798	944	1 066	1 162	1 325	1 483	8,0%
Northern Cape	1 144	1 103	1 415	1 792	1 571	1 752	1 960	4,6%
North West	686	772	878	1 041	1 226	1 351	1 490	8,9%
Western Cape	1 340	1 505	1 670	1 766	1 933	2 146	2 255	4,3%
Average	**969**	**1 028**	**1 191**	**1 347**	**1 440**	**1 582**	**1 727**	**5,3%**

Expenditure and budgets for provincial departments of health expressed per capita of uninsured population
Source: National Treasury provincial database and Statistics South Africa

[1] Expenditure and budgets for provincial departments of health expressed per capita uninsured population in constant 2007/08 prices.

Modernisation of tertiary services

Additional allocations of R100 million, R400 million and R350 million were added to the baseline national tertiary services grant in the 2007 Budget. Interpreting changes to budgets of central hospitals is complicated by Western Cape's reclassification of part of its central hospitals as regional hospitals. Overall, the *Central hospitals* programme increases by R228 million in 2007/08, but declines by R133 million in 2008/09 compared with the baseline.

Table 3.20 Budget trends in tertiary services, 2003/04 – 2009/10

Rand Million	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
					Medium-term estimates		
National tertiary services grant	3 995	4 273	4 709	4 981	5 321	5 882	6 286
Grant as % of programme	62,8%	61,1%	57,8%	57,6%	61,7%	66,7%	64,6%
Central baseline	6 358	6 992	8 134	8 172	8 401	8 950	9 398
Central hospital budget	6 358	6 992	8 134	8 726	8 629	8 817	9 729
Change from baseline	–	–	–	554	228	-133	331
Addition to the National teriary services grant	–	–	–	–	100	400	350
Western Cape reduction from baseline(mainly reclassification)	–	–	–	–	-70	-661	-701

Source: National Treasury provincial database

Conclusion

The policy priorities underpinning the growth in the health budgets put the sector in a better position to improve access to quality services. The growth in the health budget is particularly strong in the areas of HIV and AIDS, primary health care, emergency medical services and infrastructure. The sector's human resource strategy is bearing fruit and is to be stepped up in the years ahead further to reduce the shortage of scarce health professionals. These gains are visible in increasing numbers of health personnel, numbers of persons on AIDS treatment, shorter ambulance response times and many facilities undergoing capital improvements. Funding for public health services will reach a level of R500 per family per month by 2009/10.

With growing budgets, increasing numbers of health professionals and rising investment in facilities and equipment, the health sector is well-prepared to cope with the rising burden of disease.