4

Health

Introduction

Various measures are being deployed to deal with declining budgets.

This chapter presents the latest published provincial health budgets for the period 2015/16 and 2022/23. These show a slowdown in health spending over the MTEF. The slowdown, following the global recession in 2009, was initially delayed as government followed a counter-cyclical fiscal course by protecting social sector spending. However, continued sluggish economic growth, which exceeded 1 per cent in only one of the past four years, and declining tax revenues negatively affected the growth of the health budget.

To counteract the effects of the muted budget growth, the sector developed various strategies such as limiting personnel numbers, centralising tenders for medicines, prioritising non-negotiable core budget items over non-essential items, prioritising primary health care and temporarily reducing capital expenditure. Over the past years, delays in filling critical posts emerged as a problem in several provinces. Partly to address this problem, especially in relation to statutory posts such as those for interns, the 2019 budget reprioritised R2.8 billion to form a new *human resources capacitation grant.*

Although centralised procurement of medicine has resulted in sizeable savings over recent years, these savings have been partly offset by the

weaker rand which has driven up the cost of imported medicines and medical equipment.

Many challenges continue to face the health sector but there has also been remarkable progress. This includes:

- Improved life expectancy which increased from 57.1 years in 2009 to 64.8 years in 2018[1].
- An infant mortality rate which decreased from 39 per 1000 live births in 2009 to 25 per 1 000 in 2018. In addition, the mortality rate of children under the age of 5 years decreased from 56 to 34 per 1 000 live births.

These achievements are largely attributed to the expansion of the antiretroviral (ARV) treatment programme, better prevention of mother-to-child transmission of HIV and the introduction of new vaccines, such as the pneumococcal and rotavirus vaccines, for children.

Current landscape: policy

The Health Systems Trust reports that South Africa is scoring reasonably well on universal health coverage (UHC), with an overall UHC coverage index score of 66.2 per cent; and that the country also does fairly well on financial protection, with only 1.4 per cent of households spending more than 10 per cent of their expenditure on health.[2,3] Despite this, the roll out of national health insurance (NHI) has been slower than expected, with substantial under-spending of the conditional *national health insurance indirect grant* in 2018/19. The National Health Insurance Policy White Paper was released on 30 June 2017 and the National Health Insurance (NHI) Bill was published for public comment in June 2018. The White Paper sets out government's proposal to introduce a universal health coverage system. Broadly, the NHI aims to pool funds to provide access to good quality, affordable health services for all South Africans based on their health needs and irrespective of their socio-economic status.

The NHI represents a substantial policy shift that will demand a massive reorganisation of the current health care system.

The NHI represents a substantial policy shift that will demand a massive reorganisation of the current health care system. The policy is intended to address health financing through reforms in raising revenue, pooling funds, purchasing and providing health services. With its implementation consistent with the global vision for UHC, it will have implications for the public and the private sectors.

[1] Medical Research Council (2019). Rapid Mortality Surveillance report 2017.
[2] Health Systems Trust. Annual Health Review 2018.
[3] World Health Organisation. World Health Statistics, 2018.

The NDP Vision 2030 aims for everyone to have access to an equal standard of health care, regardless of income, by 2030. The increasing number of people without medical aid coverage shown in Figure 4.1 demonstrates the need for more equitable access to affordable health care cover and wider options for care. The NHI White Paper proposes public financing of a mixed public and private health service delivery platform.

Figure 4.1: Population without medical aid coverage by province, 2013 - 2018

	Eastern Cape	Western Cape	Northern Cape	Free State	KwaZulu-Natal	North West	Gauteng	Mpumalanga	Limpopo
2018	5,857	4,98	1,031	2,422	9,824	3,395	11,157	3,953	5,373
2017	5,8	4,9	1	2,4	9,6	3,2	10,6	3,8	5,3
2016	6,093	4,792	1,009	2,31	9,529	3,184	9,859	3,687	5,214
2015	5,984	4,74	0,974	2,316	9,424	3,152	9,627	3,585	5,174
2014	5,96	4,528	0,941	2,268	9,225	3,111	9,367	3,567	5,109
2013	5,981	4,474	0,929	2,282	9,073	3,039	9,015	3,487	5,025

Source: Statistics South Africa

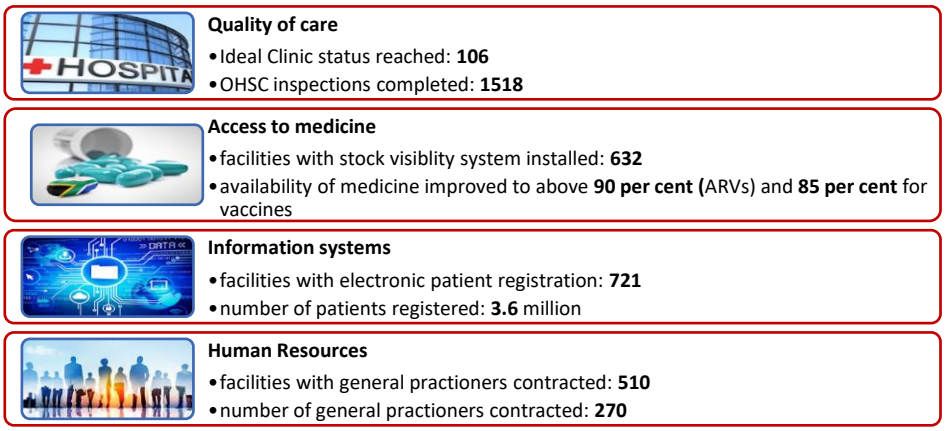
In 2012, eleven pilot districts (OR Tambo, Thabo Mofutsanyane, Tshwane, Vhembe, Amajuba, uMzinyathi, uMgungundlovu, Gert Sibande, Dr Pixley Ka Seme, Kenneth Kaunda and Eden) were chosen to test a number of initiatives to strengthen the health system including:

- Providing information management and systems support.
- Appointing district clinical specialist teams.
- Putting in place school-based primary health care services.
- Rolling out ward-based primary health care outreach teams.
- Strengthening human resources for health.
- Increasing the capacity to manage the NHI by strengthening district health authorities.

The NHI pilots experienced a range of challenges such as inadequate planning, lack of resources, inconsistent communication, a lack of coordination where necessary and insufficient mechanisms to monitor

progress to ensure course correction[4]. In 2017/18, the direct grant to provinces was converted to an indirect grant, with the Department of Health (DoH) taking responsibility for the roll out of the NHI-related programmes in provinces. Some of the areas of progress are shown in Figure 4.2. However, there are widespread views among stakeholder groups that the evolution of NHI is proceeding too slowly and in a way that is not sufficiently clear. This needs attention in the period ahead.

Figure 4.2: Progress in the roll out of NHI-related programmes



Source: Department of Health

Budget and expenditure trends

Provincial health budgets have been under some pressure.

Between 2007/08 and 2012/13, in real *per capita* terms expenditure grew quite strongly. Key pressures on provincial health budgets have been wage costs including Occupation Specific Dispensations (OSDs), HIV/Aids and medical inflation, with personnel numbers in the sector peaking in 2012/13.

Between 2015/16 and 2019/20, there was slight real growth in expenditure, averaging 2 per cent per annum as shown in Table 4.1 below. However, Figure 4.3 shows that this arose mainly from increases in the adjustment budgets, especially in Gauteng, when provincial health departments indicated substantial pressures by midyear.

[4] Evaluation of Phase 1 implementation of interventions in the National Health Insurance (NHI) pilot districts in South Africa, NDOH 10/2017-2018. Final Evaluation Report, 2019.

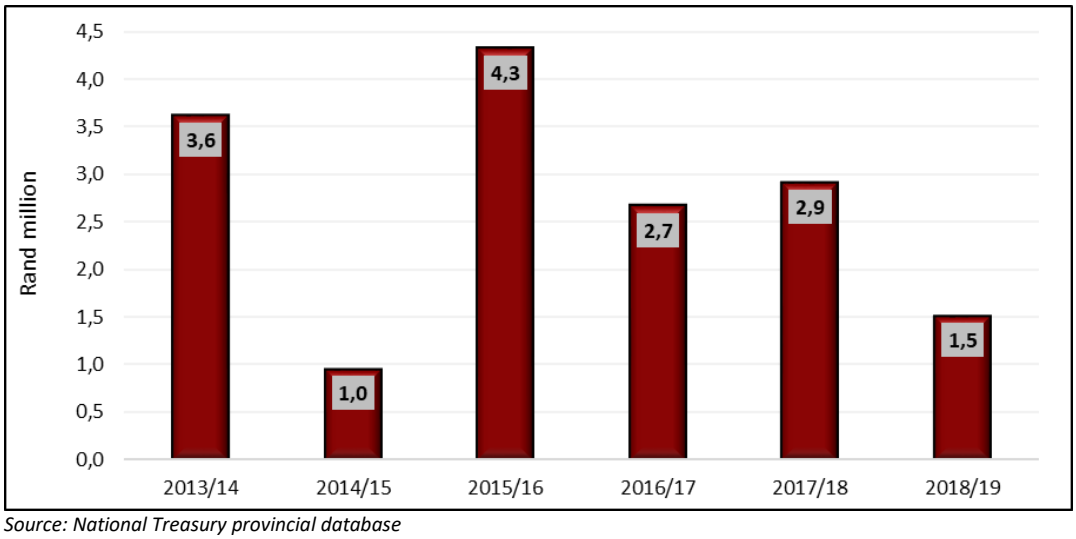
Table 4.1: Provincial expenditure on health by province, 2015/16 - 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		Outcome			Preliminary outcome	Medium-term estimates		
Eastern Cape	18 944	20 506	22 273	24 472	26 233	26 391	27 760	28 935
Free State	8 694	9 077	9 802	10 239	11 074	11 951	12 692	13 326
Gauteng	34 865	37 440	42 013	46 011	50 670	55 728	60 065	63 649
KwaZulu-Natal	34 111	37 026	39 911	42 550	45 232	48 058	50 892	53 394
Limpopo	15 432	17 218	18 387	19 720	20 912	22 143	23 620	24 845
Mpumalanga	10 080	10 580	12 083	13 056	14 259	15 568	16 626	17 496
Northern Cape	4 168	4 369	4 567	4 878	5 184	5 593	5 969	6 254
North West	9 043	9 767	10 303	11 508	12 440	13 197	14 262	15 145
Western Cape	18 737	20 078	21 496	23 044	24 744	26 252	27 811	29 098
Total	**154 074**	**166 062**	**180 836**	**195 477**	**210 750**	**224 881**	**239 695**	**252 141**
Percentage growth (average annual)			**2015/16 - 2019/20**		**2019/20 - 2020/21**		**2019/20 - 2022/23**	
Eastern Cape			8,5%		0,6%		3,3%	
Free State			6,2%		7,9%		6,4%	
Gauteng			9,8%		10,0%		7,9%	
KwaZulu-Natal			7,3%		6,2%		5,7%	
Limpopo			7,9%		5,9%		5,9%	
Mpumalanga			9,1%		9,2%		7,1%	
Northern Cape			5,6%		7,9%		6,5%	
North West			8,3%		6,1%		6,8%	
Western Cape			7,2%		6,1%		5,6%	
Total			**8,1%**		**6,7%**		**6,2%**	

Source: National Treasury provincial database

Between 2015/16 and 2019/20, provincial spending on health grew from R154 billion to R210 billion, an average annual rate of increase of 8.1 per cent. Table 4.1 shows that, over the MTEF, the total health budget is expected to increase by an annual average of 6.2 per cent.

Figure 4.3: Provincial health in-year adjustments, 2013/14 - 2019/20



Source: National Treasury provincial database

Main drivers of budgets and expenditure, and related challenges

A number of factors directly and indirectly influence expenditure patterns in the sector.

Economic growth and population patterns

The impact of population patterns remains the key driver of budgets and expenditure.

Population dynamics (including age, sex, gender and deprivation and socio-economic status) and migration patterns remain one of the biggest drivers of health expenditure. South Africa's population has increased by 12.9 million since 2002 (Table 4.2). During the same period, economic growth has been on a downward trajectory and thus has not been creating jobs for the available workforce. An increasing number of people have therefore become reliant on the public health system.

Table 4.2: Provincial population growth and interprovincial migration, 2002 - 2019

Year	EC	WC	NC	FS	KZN	NW	GP	MP	LIM	RSA
2002	6 290	4 851	1 056	2 724	9 326	3 101	10 048	3 560	4 852	45 808
2003	6 316	4 951	1 066	2 725	9 420	3 141	10 273	3 610	4 907	46 409
2004	6 343	5 051	1 075	2 726	9 517	3 182	10 501	3 661	4 964	47 020
2005	6 371	5 153	1 085	2 728	9 616	3 223	10 731	3 711	5 022	47 640
2006	6 400	5 256	1 095	2 729	9 715	3 266	10 965	3 762	5 081	48 269
2007	6 431	5 360	1 105	2 732	9 816	3 310	11 202	3 814	5 141	48 911
2008	6 460	5 466	1 114	2 735	9 918	3 355	11 446	3 866	5 201	49 561
2009	6 491	5 573	1 124	2 737	10 023	3 401	11 694	3 917	5 262	50 222
2010	6 522	5 682	1 134	2 740	10 129	3 448	11 946	3 970	5 325	50 896
2011	6 554	5 792	1 143	2 744	10 237	3 497	12 202	4 022	5 388	51 579
2012	6 586	5 904	1 153	2 749	10 346	3 547	12 464	4 075	5 452	52 276
2013	6 620	6 017	1 163	2 753	10 457	3 598	12 728	4 128	5 518	52 982
2014	6 656	6 131	1 173	2 758	10 571	3 650	12 996	4 182	5 585	53 702
2015	6 693	6 246	1 182	2 763	10 688	3 703	13 268	4 236	5 654	54 433
2016	6 731	6 362	1 192	2 769	10 807	3 758	13 543	4 290	5 724	55 176
2017	6 499	6 510	1 214	2 866	11 074	3 856	14 278	4 444	5 778	56 519
Net migration (2011-2016)	-326 171	292 372	3 311	-20 913	(62 360)	97 764	981 290	64 003	(143 767)	-
Estimated Net migration (2016-2021)	-324 213	309 729	5 670	-12 860	(53 706)	109 599	1 050 230	73 407	(138 606)	-

Source: General Household Survey 2019

The extent and patterns of interprovincial migration between 2002 and 2019 shown in Table 4.2 compound many of the problems facing the country's public health system, with people moving to provinces with stronger economies, such as Gauteng and the Western Cape, in search of jobs and better health care and education. These migration patterns affect the levels of *per capita* expenditure across the provinces and the quality of care that they are able to provide.

Macroeconomic factors: Exchange rate volatility and inflation

Budgets for and expenditure on most of the sector's core goods and services items have been affected by inflation and exchange rates.

Budgets for and expenditure on most of the sector's core goods and services items such as medicine and medical supplies have been affected by inflation and by varying exchange rates. Figure 4.4 and figure 4.5 show these trends

for the years 2013 to 2017. Medical inflation is normally set at between 2 and 3 percentage points above the consumer price index (CPI).

Figure 4.4: Rand/dollar exchange rate, 2013 - 2017

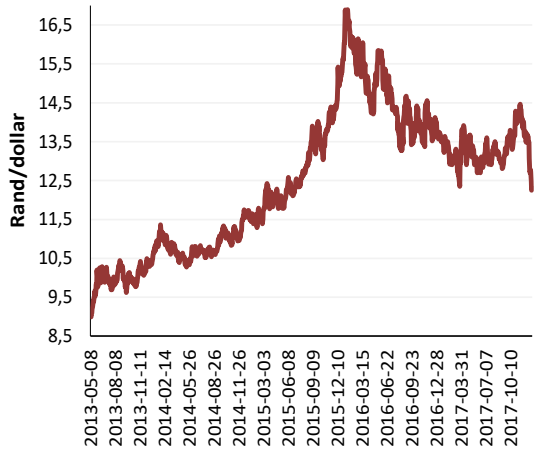
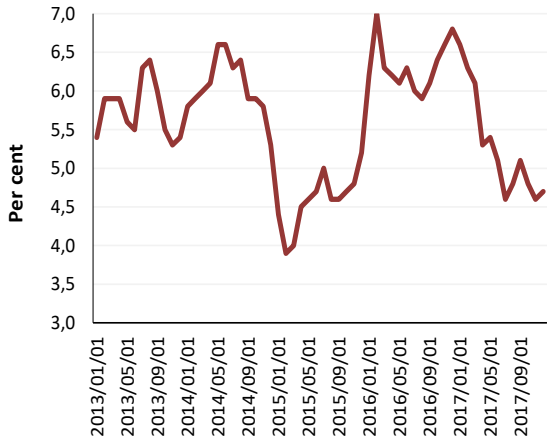


Figure 4.5: Rate of inflation, 2013 - 2017



Source: Statistics South Africa

Although the CPI is not the only factor affecting expenditure on medicine and medical supplies, it seems to strongly correlate with expenditure performance. For example, the lowest rate of inflation in 2015, shown in Figure 4.5 corresponded with the net under-expenditure on medicine and medical supplies shown in Table 4.3. Conversely, high CPI levels correspond with net over-expenditure. Furthermore, some medical equipment, medical supplies and medicines are imported and their prices are therefore vulnerable to fluctuations in the exchange rate.

Table 4.3: Net medicine and medical (over-)/under expenditure, 2012/13 - 2019/20

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Provinces								
Eastern Cape	-525 595	-256 264	-453 747	311 902	-159 792	-236 135	28 110	-37 666
Free State	19 079	45 751	50 858	51 257	-46 912	-125 178	-110 737	43 532
Gauteng	-112 519	-218 773	34 632	274 842	118 534	-57 589	-48 117	24 145
KwaZulu-Natal	-102 646	-152 989	175 578	171 316	-391 924	-292 710	-106 057	-342 537
Limpopo	75 039	192 861	72 071	131 370	-3 882	20 238	122 451	-127 062
Mpumalanga	-202 436	-123 511	-130 842	-63 660	247 909	-126 873	-118 717	-175 822
Northern Cape	-2 478	-25 536	18 811	-8 293	-11 732	-16 019	9 487	-46 132
North West	30 183	-73 596	-42 959	17 147	-139 982	72 836	14 554	54 007
Western Cape	-1 751 483	-1 916 582	-136 815	-80 181	-105 939	13 483	63 070	-36 197
Total	**-2 572 856**	**-2 528 639**	**-412 413**	**805 700**	**-493 720**	**-747 947**	**-145 956**	**-643 732**

Source: National Treasury provincial database

Measures to offset these macroeconomic effects have included:

- A R1 billion allocation to the provinces in 2019/20 to reduce the impact of rand volatility on imported medicine and medical supplies.

- Negotiations by the Office of the Chief Procurement Officer on national transversal contracts for selected goods and services such as pharmaceuticals, ICT and medical equipment and devices. By participating in the contracts, provinces benefit from economies of scale that result in lower contract prices.

Skills shortage

Health facilities need a diverse medical skills and support staff in order to deliver quality health services.

To deliver good quality services, health facilities need a diverse medical skill set and support staff. Until recently, the number of clinical staff was protected and maintained despite constrained budgets. However, it is of concern that in recent years the number of medical specialists has decreased. Table 4.4 shows the number of medical specialists, doctors and professional nurses across provinces. Retention of medical specialist has been a challenge in the public health sector. Between 2017 and 2020, the number of medical specialists in the country decreased by 167 from 4 888 to 4 721. Western Cape and Gauteng have accounted for the largest decline over the same period. KwaZulu-Natal also had difficulties in retaining oncologists which left cancer patients with limited services[5].

Table 4.4: Distribution of critical health skills by province, March 2017 - March 2020

	Specialists					Doctors					Professional Nurses				
Provinces	March 2016	March 2017	March 2018	March 2019	March 2020	March 2016	March 2017	March 2018	March 2019	March 2020	March 2016	March 2017	March 2018	March 2019	March 2020
Eastern Cape	164	173	177	195	218	1 691	1 732	1 885	2 019	2 061	10 273	10 362	10 822	11 156	11 668
Free State	302	281	293	289	292	622	589	654	637	642	2 225	2 177	2 288	2 255	2 156
Gauteng	2 003	1 972	1 938	1 846	1 841	3 423	3 565	3 636	3 604	3 975	12 976	14 079	14 365	14 196	14 535
KwaZulu Natal	742	761	743	830	818	3 738	3 386	3 384	3 588	3 855	16 713	16 889	17 017	17 250	17 188
Mpumalanga	76	78	78	72	72	1 020	1 048	1 073	1 145	1 145	5 233	5 369	5 444	6 090	6 090
Northern Cape	26	19	21	24	40	463	452	462	436	410	1 453	1 436	1 511	1 500	1 553
Limpopo	70	72	63	72	77	1 302	1 295	1 289	1 357	1 373	9 654	9 520	9 259	9 243	9 188
North West	109	107	114	124	150	758	838	935	929	1 034	4 314	4 268	4 494	4 730	5 097
Western Cape	1 492	1 425	1 324	1 240	1 213	1 632	1 527	1 675	1 958	2 234	5 200	5 171	5 298	5 402	5 519
RSA	**4 984**	**4 888**	**4 751**	**4 692**	**4 721**	**14 649**	**14 432**	**14 993**	**15 673**	**16 729**	**68 041**	**69 271**	**70 498**	**71 822**	**72 994**

Source: Vulindlela

Another factor in the skewed distribution of medical specialists is that six of the country's ten central hospitals are in Gauteng and the Western Cape. Other factors underlying the unequal distribution of medical specialists include:

- Their preference for living in the cities where there is access to good schools for their children and to recreational activities.
- Lack of specialised hospitals, such as tertiary hospitals, in some provinces.

[5] South African Human Rights Commission Report, 2017.

Table 4.5 shows that the number of doctors in South Africa and especially in the public sector is below that of other upper-middle income countries such as China, Brazil and Turkey.

Table 4.5: Number of doctors per 10 000 population in South Africa compared with other upper-middle income countries

Country	Year	Per 10,000 (population)	Doctors
South Africa public sector	2019	4,1	19 827
South Africa public sector target	2025	6,2	
South Africa	2017	9,1	51 616
Turkey	2014	17,6	135 616
China	2015	17,9	2 508 408
Brazil	2018	21,5	453 351
Russia	2016	40,1	577 856

Source: World health organisation physician density

Medico-legal claims

Table 4.6 shows that, between 2012/13 and 2019/20, expenditure on medico-legal claims increased substantially from R265 million to R1.7 billion while contingent liabilities[6] grew from R28 billion to R111 billion. Gauteng and KwaZulu-Natal incurred the highest expenditure; with the Eastern Cape, these two provinces accounted for R81 billion or 73 per cent of the total contingent liability. Most of the medico-legal cases resulted from obstetrics and gynaecology, paediatrics, orthopaedic surgery and trauma cases. Generally, provincial budgets for medico-legal payments were conservative or not budgeted for.

Generally, provincial budgets for medico-legal payments were conservative or not budgeted for.

[6] Total medico-legal claims against the state.

Table 4.6: Medico-legal claims – contingent liability as at 31 March 2019

R thousand	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	% Share of 2019/20	Year-on-year increase	% Year-on-year increase
Eastern Cape	8 210 838	13 421 136	16 772 732	24 193 619	32 864 497	36 751 207	33,0%	3 886 710	11,8%
Free State	540 365	940 545	1 306 928	1 842 917	2 874 754	3 429 585	3,1%	554 831	19,3%
Gauteng	10 079 281	13 452 064	17 844 047	21 701 514	19 625 835	21 038 799	18,9%	1 412 964	7,2%
KwaZulu-Natal	6 724 865	9 957 126	10 292 463	16 638 734	20 110 314	23 440 969	21,0%	3 330 655	16,6%
Limpopo	1 196 787	1 606 657	2 115 529	4 874 800	8 265 440	10 327 987	9,3%	2 062 547	25,0%
Mpumalanga	1 459 497	2 366 010	5 242 757	7 472 985	9 451 927	9 457 321	8,5%	5 395	0,1%
Northern Cape	174 111	342 829	1 220 527	1 605 291	2 104 584	1 629 962	1,5%	-474 622	-22,6%
North West	33 881	855 737	1 285 126	1 697 205	1 982 272	5 395 624	4,8%	3 413 352	172,2%
Western Cape	193 395	182 025	135 700	90 350	110 599	33 155	0,0%	-77 444	-70,0%
Total	**28 613 020**	**43 124 129**	**56 215 809**	**80 117 415**	**97 390 222**	**111 504 609**	**100%**	**14 114 388**	**14,5%**

Payment trend on claims against health departments

R thousand	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Growth rates 2012/13 - 2019/20
Eastern Cape	63 359	74 775	74 868	255 561	208 503	423 263	797 434	762 810	42,7%
Free State	440	700	196	1 728	1 560	376	3 600	22 654	75,6%
Gauteng	145 071	181 802	241 085	572 815	751 082	358 230	586 453	501 130	19,4%
KwaZulu-Natal	20 679	97 433	103 536	90 367	251 278	461 919	438 819	180 444	36,3%
Limpopo	8 040	25 022	35 073	9 622	74 830	26 773	7 045	83 571	39,7%
Mpumalanga	13 918	44 080	7 628	15 211	34 255	67 782	39 268	45 534	18,5%
Northern Cape	1 437	10 705	3 828	4 844	823	9 493	3 550	40 735	61,3%
North West	5 502	10 896	13 246	6 422	29 539	33 274	14 450	18 912	19,3%
Western Cape	6 928	23 015	19 272	28 073	38 381	86 984	62 140	60 140	36,2%
Total	**265 374**	**468 428**	**498 732**	**984 643**	**1 390 251**	**1 468 094**	**1 952 759**	**1 715 930**	**30,6%**

Source: National Treasury provincial database

Significant increases in these claims may signal two issues that need attention: deteriorating levels of care at public health facilities and/or that the sector has become a soft target for claims made by patients who are assisted by law firms.

The DoH requested the South African Law Reform Commission to conduct an investigation into medico-legal claims with the aim of finding better ways of dealing with the claims.

The purpose of the Office of Health Standards Compliance, a public entity, is to monitor quality standards in the sector. Provincial capacity to deal with medico-legal claims is receiving attention from provinces. In 2015, the DoH, together with the Minister of Justice, requested the South African Law Reform Commission to conduct an investigation into medico-legal claims with the aim of finding better ways of dealing with such claims. The DoH has also established a central expert medical specialist team to assist provinces with medico-legal matters. Budget 2018 made R25.5 million available over three years for this purpose. The National Prosecuting Authority and the Hawks have taken action against certain legal practitioners who are abusing the system. However, much remains to be done to stabilise medico-legal expenditure.

National Health Laboratory Services

As Table 4.7 shows, between 2015/16 and 2019/20 national health laboratory services expenditure increased from R4.8 billion to R8.7 billion. This expenditure is expected to increase by an annual average of 7.7 per cent over the MTEF.

Table 4.7: Provincial health expenditure on laboratory services by province, 2015/16 - 2022/23

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Average annual growth (nominal)	
					Preliminary Outcome				2015/16 - 2019/20	2019/20 - 2022/23
R million		Outcome				Medium-term estimates				
Eastern Cape	573	505	634	737	826	944	991	992	9,6%	6,3%
Free State	281	255	327	355	447	368	437	445	12,3%	-0,1%
Gauteng	966	875	1 535	2 138	2 563	2 660	3 112	3 461	27,6%	10,5%
KwaZulu-Natal	1 356	1 619	2 044	2 063	2 314	2 290	2 490	2 609	14,3%	4,1%
Limpopo	332	388	478	467	596	519	621	670	15,7%	4,0%
Mpumalanga	329	374	411	495	581	589	744	798	15,3%	11,2%
Northern Cape	112	125	116	101	135	158	191	201	4,9%	14,1%
North West	335	289	312	391	452	535	764	799	7,7%	20,9%
Western Cape	555	557	656	704	767	772	831	876	8,4%	4,5%
Total	**4 839**	**4 986**	**6 514**	**7 451**	**8 681**	**8 835**	**10 181**	**10 851**	**15,7%**	**7,7%**

Source: Vulindlela

Disease burden

Spending on comprehensive HIV/Aids and TB management remained relatively high between 2015/16 and 2019/20. However, as Table 4.8 shows, the impact of other diseases such as diabetes and cerebrovascular diseases increased significantly. TB remained the number one cause of death in the country while HIV fell from number three in 2013 to number five in 2017. The prevalence of diabetes also worsened rapidly, rising from number five in 2013 to number two in 2017. This shows that HIV/Aids was no longer the only disease causing large-scale deaths in the country. Increasingly, chronic diseases are becoming a major cause of death and a range of interventions is needed in this area. These include the tax on sugar-sweetened beverages implemented on 1 April 2018.

Table 4.8: Top ten causes of death, 2013 - 2017

	2013			2014			2015			2017		
Causes of death	Rank	Number	%	Rank	Number	%	Rank	Number	%	Rank	Number	%
TB	1	41 904	8,8%	1	39 495	8,3%	1	33 063	7,2%	1	28 678	6,6%
Diabetes	5	23 133	4,9%	3	23 966	5,0%	2	25 070	5,4%	2	25 336	5,8%
Cerebrovascular diseases	4	23 158	4,9%	2	24 131	5,1%	3	22 879	5,0%	3	22 259	5,1%
Other forms of heart diseases	6	22 189	4,7%	4	22 928	4,8%	4	22 215	4,8%	4	22 098	5,1%
HIV	3	23 825	5,0%	6	22 729	4,8%	5	21 926	4,8%	5	21 439	4,9%
Influenza and pneumonia	2	24 345	5,1%	5	22 813	4,8%	6	20 570	4,5%	7	18 837	4,3%
Hypertensive diseases	7	17 104	3,6%	7	18 319	3,9%	7	19 443	4,2%	6	19 900	4,6%
Other viral diseases	9	14 101	3,0%	9	14 508	3,1%	8	16 097	3,5%	10	12 622	2,9%
diseases	10	12 384	2,6%	10	12 690	2,7%	9	12 667	2,8%	8	13 167	3,0%
Interstinal infectious diseases	8	16 163	3,4%	8	14 795	3,1%	10	12 239	2,7%		51 164	11,8%
causes		257 204	54,0%		258 285	54,4%		254 067	55,1%		198 278	45,7%
All causes		**475 510**	**100,0%**		**474 659**	**100,0%**		**460 236**	**100,0%**		**433 778**	**100,0%**

Source: Statistics South Africa

Governance and financial management

The sector's audit performance has not been good since 2010/11.

As Table 4.9 shows, the sector's audit performance over the nine financial years to 2019/20 has not been good. The Auditor-General has consistently raised financial management and governance, high levels of unpaid invoices, non-compliance with legislative prescripts and instability in leadership as challenges. In some provinces, the audit outcomes have regressed, with only two provincial departments of health receiving unqualified audit opinions in 2018/19 compared with four in 2017/18.

Table 4.9: Health sector audit trends, 2010/11 - 2018/19

Province	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Eastern Cape	Qualified	Qualified	Qualified	Qualified	Qualified	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified
Free State	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Unqualified with findings	Unqualified with findings	Qualified
Gauteng	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Unqualified with findings	Unqualified with findings
KwaZulu-Natal	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified
Limpopo	Disclaimer	Disclaimer	Disclaimer	Qualified	Unqualified with findings	Qualified	Qualified	Qualified	Qualified
Mpumalanga	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified
Northern Cape	Disclaimer	Disclaimer	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified	Qualified
North West	Unqualified with findings	Qualified	Unqualified with findings	Unqualified with findings	Unqualified with findings	Qualified	Qualified	Audit not finalised at legislated	Qualified
Western Cape	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with findings	Unqualified with no findings

Source: National Treasury provincial database

Table 4.10 shows that, overall, the value of unpaid invoices remained relatively unchanged between 2016/17 and 2019/20. However, by the end of 2019/20, there had been noticeable improvements in Gauteng, Limpopo and Mpumalanga.

Table 4.10: Accruals and payables not recognised (unpaid accounts), 2016/17 - 2019/20

R'000	2016/17	2017/18	2018/19	2019/20			Year-on-Year growth
				30 days	More than 30 days	Total	
Eastern Ca	1 914 103	2 324 926	3 304 284	1 331 709	2 476 459	3 808 168	503 884
Free State	375 337	625 410	690 106	333 130	339 162	672 292	(17 814)
Gauteng	7 023 682	6 794 134	4 842 169	2 063 610	2 029 663	4 093 273	(748 896)
KwaZulu-Na	1 306 421	901 094	1 426 926	1 077 922	507 862	1 585 784	158 858
Limpopo	1 099 444	1 093 772	702 732	353 106	37 765	390 871	(311 861)
Mpumalan	794 682	851 071	574 464	229 329	10 497	239 826	(334 638)
Northern C	294 518	448 020	501 160	101 492	402 180	503 672	2 512
North Wes	751 711	812 612	1 198 610	451 781	789 299	1 241 080	42 470
Western Ca	301 119	280 057	347 294	515 282	36 070	551 352	204 058
Total	**13 861 017**	**14 131 096**	**13 587 745**	**6 457 361**	**6 628 957**	**13 086 318**	**(501 427)**

Source: National Treasury provincial database

Spending by programme

The composition of the budget is increasingly in line with the NHI objective of strengthening the health system and service delivery platform at primary healthcare (PHC) facilities. Table 4.11 shows that, between 2015/16 and 2019/20, the district health services' share of provincial health expenditure remained above 45 per cent and is expected to reach 47.4 per cent in 2022/23.

Table 4.11: Provincial expenditure on health by programme, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome				Preliminary Outcome	Medium-term estimates		
Administration	4 310	4 452	4 689	5 127	5 433	5 631	5 718	6 046
District Health Services	70 492	76 964	84 173	90 965	98 578	105 269	113 818	119 407
Emergency Medical	6 025	6 441	7 380	7 668	8 384	8 736	9 271	9 748
Provincial Hospital	29 197	29 251	31 757	34 564	36 427	39 443	41 805	43 486
Central Hospital	29 530	33 736	37 470	40 802	44 720	46 704	49 182	52 544
Health Sciences and	4 514	5 103	4 911	5 059	5 026	5 874	6 723	7 118
Health Care Support	1 491	1 796	1 806	2 283	2 496	2 703	2 942	3 169
Health Facilities	8 513	8 317	8 650	9 010	9 686	10 519	10 237	10 622
Total	**154 074**	**166 062**	**180 836**	**195 477**	**210 750**	**224 881**	**239 695**	**252 141**
Percentage of provincial health expenditure								
Administration	2,8%	2,7%	2,6%	2,6%	2,6%	2,5%	2,4%	2,4%
District Health Services	45,8%	46,3%	46,5%	46,5%	46,8%	46,8%	47,5%	47,4%
Emergency Medical	3,9%	3,9%	4,1%	3,9%	4,0%	3,9%	3,9%	3,9%
Provincial Hospital	19,0%	17,6%	17,6%	17,7%	17,3%	17,5%	17,4%	17,2%
Central Hospital	19,2%	20,3%	20,7%	20,9%	21,2%	20,8%	20,5%	20,8%
Health Sciences and	2,9%	3,1%	2,7%	2,6%	2,4%	2,6%	2,8%	2,8%
Health Care Support	1,0%	1,1%	1,0%	1,2%	1,2%	1,2%	1,2%	1,3%
Health Facilities	5,5%	5,0%	4,8%	4,6%	4,6%	4,7%	4,3%	4,2%
Total	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**	**100,0%**

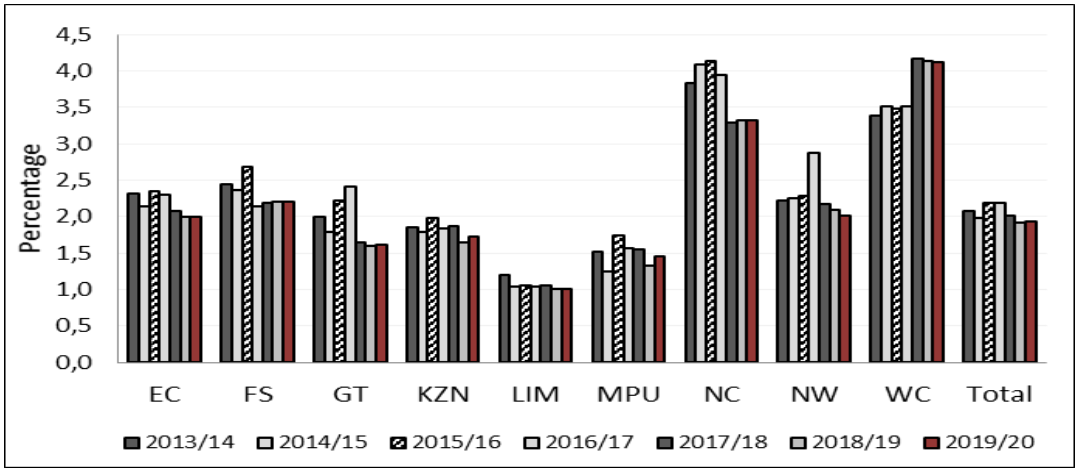
Percentage growth (average annual)	**2015/16 – 2019/20**	**2019/20 – 2020/21**	**2019/20 – 2022/23**
Administration	6,0%	3,6%	3,6%
District Health Services	8,7%	6,8%	6,6%
Emergency Medical	8,6%	4,2%	5,2%
Provincial Hospital	5,7%	8,3%	6,1%
Central Hospital	10,9%	4,4%	5,5%
Health Sciences and	2,7%	16,9%	12,3%
Health Care Support	13,8%	8,3%	8,3%
Health Facilities	3,3%	8,6%	3,1%
Total	**8,1%**	**6,7%**	**6,2%**

Source: National Treasury provincial database

Administration

On average, expenditure on Administration remained above 2 per cent of total expenditure between 2015/16 and 2019/20 and is anticipated to remain at the same level over the MTEF. However, as Figure 4. shows, in the Northern Cape and the Western Cape Administration's percentage was notably higher than the national average. In all the other provinces, this percentage remained below 2.5 per cent.

Figure 4.6: Administration expenditure as a percentage of provinces' total health expenditure, 2013/14 - 2019/20



Source: National Treasury provincial database

The main reason why the Northern Cape and the Western Cape had the highest percentage expenditure on Administration was because of the large number of clerks and cleaners paid under this programme. In other provinces, these categories of personnel are spread across various programmes.

Primary health care

PHC is the country's fastest growing health programme, with annual increases averaging 7.5 per cent between 2015/16 and 2019/20. This growth was in line with the increased number of people on ARV treatment and a general shift towards primary care.

PHC growth was in line with the growing number of people on ARV treatment.

Table 4.12: Provincial expenditure on primary health care by subprogramme, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome				Preliminary Outcome	Medium-term estimates		
District Management	3 578	3 775	3 797	4 137	4 412	4 363	4 608	4 825
Community Health	14 267	15 425	16 645	17 950	18 927	19 581	21 011	21 895
Community Health	7 953	8 726	9 363	10 223	10 926	11 972	12 750	13 404
Community-Based	2 960	3 015	3 590	3 941	4 153	5 033	5 067	5 244
Other Community	1 382	1 520	1 667	1 722	2 025	2 198	2 429	2 548
Nutrition	199	199	202	205	197	285	294	308
Primary Health Care	87	80	90	91	80	123	132	139
Community Health	1 902	1 882	2 245	2 310	2 516	3 596	2 983	3 222
Total	**32 327**	**34 623**	**37 599**	**40 580**	**43 236**	**47 151**	**49 275**	**51 584**
Rand per capita	305	372	438	504	546	579	610	611
PHC[1] as a percentage of	21,0%	20,8%	20,8%	20,8%	20,5%	21,0%	20,6%	20,5%
Percentage growth (average annual)			**2015/16 – 2018/19**		**2019/20 – 2020/21**		**2019/20 – 2022/23**	
District Management			5,4%		-1,1%		3,0%	
Community Health			7,3%		3,5%		5,0%	
Community Health			8,3%		9,6%		7,1%	
Community-Based			8,8%		21,2%		8,1%	
Other Community			10,0%		8,6%		8,0%	
Nutrition			-0,3%		44,3%		15,9%	
Primary Health Care			-1,9%		53,2%		19,9%	
Community Health			7,2%		42,9%		8,6%	
Total			**7,5%**		**9,1%**		**6,1%**	

1. Primary health care.

Source: National Treasury provincial database

A critical component of PHC that has gained considerable attention since 2015/16 is ward-based primary health care outreach teams (WBPHCOTs). These consist of community health workers (CHWs) led by nurses and linked to PHC facilities. The CHWs provide health promotion education; identify those in need of preventive, curative or rehabilitative services and health-related counselling; refer those in need to the relevant PHC facility; and deliver medication to some patients. Expenditure on the community-based services subprogramme grew by an annual average of 8.8 per cent between 2015/16 and 2019/20.

Table 4.13: Community health workers, 2019

Thousand	Headcount	Current stipend (Rands)	% Total headcount
Eastern Cape	4 129	3 000	8,2%
Free State	2 327	2 500	4,6%
Gauteng	6 837	2 500	13,6%
KwaZulu-Natal	10 080	1 936	20,1%
Limpopo	8 388	1 700	16,7%
Mpumalanga	6 120	1 500	12,2%
Northern Cape	1 978	2 500	3,9%
North West	6 568	2 500	13,1%
Western Cape	3 799	2 155	7,6%
Total/Average	**50 226**	**2 255**	**100%**

Source: District health information system

Since 2018/19, the budgets for community health services have been partly incorporated into the *HIV, TB, malaria and community outreach grant*. The aim has been to integrate community health care into the health services provision platform and to harmonise and standardise the work of the WBPHCOTs. Table 4.13 shows that, in 2019, there were 50 226 community health workers in the country, each receiving an average stipend of R2 255. The 2019 budget allocated R1 billion to increase this to a minimum wage of R3 500 per month.

Table 4.14 shows that, between 2015/16 and 2019/20, expenditure on the HIV/Aids programme increased from R13.9 billion to R22.1 billion. The increase partly reflected the introduction of the universal test and treat programme which replaced the CD4 count treatment threshold. Since 2016, all HIV-infected people have been eligible for treatment regardless of their CD4 count.

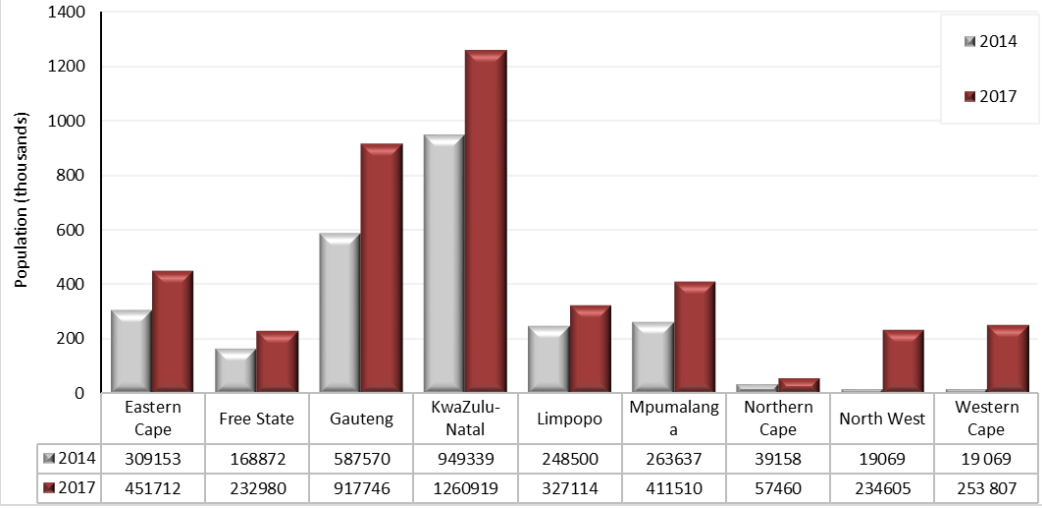
Table 4.14: Provincial expenditure on HIV and AIDS by province, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome				Preliminary Outcome	Medium-term estimates		
Eastern Cape	1 583	1 745	2 046	2 090	2 393	2 667	3 037	3 197
Free State	969	1 028	1 164	1 225	1 273	1 527	1 733	1 827
Gauteng	3 003	3 425	3 890	4 096	4 814	5 495	6 236	6 535
KwaZulu-Natal	3 814	4 499	5 019	5 716	5 942	6 454	7 345	7 734
Limpopo	1 066	1 170	1 354	1 574	1 974	2 179	2 455	2 585
Mpumalanga	936	1 120	1 421	1 889	2 015	2 340	2 643	2 782
Northern Cape	361	419	453	559	482	693	773	810
North West	1 014	1 151	1 291	1 360	1 502	1 641	1 848	1 946
Western Cape	1 209	1 388	1 528	1 608	1 755	1 959	2 217	2 334
Total	**13 955**	**15 945**	**18 166**	**20 116**	**22 149**	**24 956**	**28 288**	**29 749**
Percentage growth (average annual)		**2015/16 - 2019/20**			**2019/20 - 2020/21**		**2019/20 - 2022/23**	
Eastern Cape		10,9%			11,5%		10,1%	
Free State		7,1%			20,0%		12,8%	
Gauteng		12,5%			14,1%		10,7%	
KwaZulu-Natal		11,7%			8,6%		9,2%	
Limpopo		16,7%			10,4%		9,4%	
Mpumalanga		21,1%			16,1%		11,4%	
Northern Cape		7,5%			43,9%		18,9%	
North West		10,3%			9,3%		9,0%	
Western Cape		9,8%			11,6%		10,0%	
Total		**12,2%**			**12,7%**		**10,3%**	

South Africa has the largest HIV/Aids treatment programme in the world.

South Africa has the largest HIV/Aids treatment programme in the world, with the number of people receiving ARVs increasing from 2.6 million in 2014 to 4.9 million in 2019. Figure 4.7 shows that KwaZulu-Natal and Gauteng had the largest numbers of people on ARVs. The increased treatment coverage is believed to have contributed to the increased national life expectancy from 57.1 years in 2009 to 64.8 years in 2018.

Figure 4.7: Number of people on ART, 2014 and 2020



	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape
2014	309153	168872	587570	949339	248500	263637	39158	19069	19 069
2017	451712	232980	917746	1260919	327114	411510	57460	234605	253 807

Source: National Treasury provincial database

Emergency medical services

Table 4.11 shows that expenditure on emergency medical services increased from R6 billion in 2015/16 to R8.3 billion in 2019/20. This was driven mainly by the increase in the petrol price and implementation of danger allowances for paramedics.

Hospital services

As table 4.15 shows, spending on hospital services increased from R90.4 billion in 2015/16 to R122 billion in 2019/20. The increased spending was driven mainly by the cost of personnel, medicines, medical supplies and laboratory services. Expenditure on district hospitals increased from R25.7 billion to R35 billion over the same period, mainly due to the size of wage agreements and the increased cost of medicines and medical supplies.

Table 4.15: Provincial expenditure on hospital services by sub-programme, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20 Preliminary Outcome	2020/21	2021/22	2022/23
	Outcome					Medium-term estimates		
District Hospitals	25 684	27 815	30 101	31 999	35 088	36 081	38 471	40 491
General (Regional) Hospita	21 804	21 601	23 665	25 936	27 410	29 351	30 933	32 085
Tuberculosis Hospitals	1 837	1 770	1 868	1 879	1 832	2 288	2 312	2 420
Psychiatric/Mental Hospita	4 351	4 608	4 842	5 292	5 678	6 063	6 651	6 976
Sub-acute, Step down and Chronic Medical Hospitals	528	558	576	615	664	717	761	802
Dental Training Hospitals	604	633	722	750	748	914	1 041	1 090
Other Specialised Hospitals	74	81	83	92	96	111	107	113
Central Hospitals	19 883	21 807	23 984	26 012	28 191	29 788	31 368	33 646
Provincial Tertiary Hospital	9 647	11 929	13 486	14 790	16 529	16 916	17 814	18 899
Subtotal hospitals	**84 412**	**90 802**	**99 328**	**107 364**	**116 235**	**122 229**	**129 458**	**136 522**
District Hospital Services	2 169	2 418	2 503	2 466	2 422	2 818	3 007	3 194
Provincial Hospital Services	3 033	2 582	2 364	2 455	2 708	2 003	2 160	2 260
Central Hospital Services	752	645	594	705	1 103	858	969	916
Subtotal facilities	**5 954**	**5 646**	**5 461**	**5 626**	**6 233**	**5 679**	**6 136**	**6 370**
Total	**90 366**	**96 448**	**104 789**	**112 990**	**122 468**	**127 908**	**135 593**	**142 892**

Source: National Treasury provincial database

TB remains the leading cause of death in the country, often underpinned by HIV.

TB, often underpinned by HIV, remains the leading cause of death in the country. As Table 4.8 shows, the number of deaths caused by TB fell from 41 904 in 2013 to 33 063 in 2015. However, at approximately R1.8 billion, annual expenditure on TB hospitals remained relatively static during the period. Expenditure on psychiatric/mental hospitals increased from R4.3 billion in 2015/16 to R5.6 billion in 2019/20 and is expected to reach R6 billion in 2021/22. It should be noted that the majority of TB and psychiatric services are not provided in specialised hospitals but in designated wards in general district, regional and tertiary hospitals. Expenditure on central hospital services, which is partly funded by the *national tertiary services grant*, increased from R19.8 billion in 2015/16 to R28.1 billion in 2019/20.

Health Sciences and Training

per cent over the MTEF.

Table 4.16 shows that expenditure on health sciences and training increased from R4.5 billion in 2015/16 to R5 billion in 2019/20 and is expected to grow by an annual average of 12.3 per cent over the MTEF.

Table 4.16: Provincial expenditure on health sciences and training by sub-programme, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome				Preliminary Outcome	Medium-term estimates		
Nurse Training Colleges	2 041	2 148	2 098	2 128	1 975	2 419	2 579	2 719
Emergency Medical Services Training Colleges	121	135	143	142	144	167	178	186
Bursaries	954	1 183	914	951	842	755	1 153	1 192
Primary Health Care Traini	87	80	90	91	80	123	132	139
Training Other	1 311	1 558	1 666	1 746	1 984	2 410	2 682	2 883
Total	**4 514**	**5 103**	**4 911**	**5 059**	**5 026**	**5 874**	**6 723**	**7 118**
Other related:								
Health professions training and	2 375	–	–	20	6 183	22	23	24
Percentage growth (average annual)	**2015/16 - 2019/20**				**2019/20 - 2020/21**		**2019/20 - 2022/23**	
Nurse Training Colleges	-0,8%				22,5%		11,2%	
Emergency Medical Services Training Colleges	4,5%				15,9%		9,0%	
Bursaries	-3,1%				-10,3%		12,3%	
Primary Health Care Training	-1,9%				53,2%		19,9%	
Training Other	10,9%				21,5%		13,3%	
Total	**2,7%**				**16,9%**		**12,3%**	
Other related:					0,0%		0,0%	
Health professions training and development grant	27,0%				-99,6%		-84,3%	

Source: National Treasury provincial database

Expenditure on health sciences and training has been driven largely by changes in the exchange rate and in student uptake. This is because expenses related to students studying abroad are paid in foreign currency. However, in 2016 a directive from the DoH instructed provinces to stop recruiting for the Cuban programme[7]. Expenditure on nursing training colleges fell from R2 billion to R1.9 billion between 2015/16 and 2019/20 but is expected to grow by an annual average of 11.2 per cent over the MTEF.

Health Facilities Management

Table 4.17 shows that expenditure on health facilities management increased from R8.5 billion in 2015/16 to R9.6 billion in 2019/20 and is

[7] A programme devised to train medical students from disadvantaged backgrounds in Cuba to meet the needs of rural and under-served urban areas.

Full operationalisation of new facilities has been a challenge for some provinces

expected to increase by an annual average of 4.3 per cent over the MTEF. It is of concern that budget limitations are leading to cuts in much-needed capital investment in new facilities. Capital spending is being redirected to maintenance and upgrades/replacements, leaving little room for expansion.

Table 4.17: Provincial expenditure on health facilities management by sub-programme, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome				Preliminary Outcome	Medium-term estimates		
Community Health Facilities	1 902	1 882	2 245	2 310	2 516	3 596	2 983	3 222
Emergency Medical Rescue Services	24	25	12	9	33	53	31	37
District Hospital Services	2 169	2 418	2 503	2 466	2 422	2 818	3 007	3 194
Provincial Hospital Services	3 033	2 582	2 364	2 455	2 708	2 003	2 160	2 260
Central Hospital Services	752	645	594	705	1 103	858	969	916
Other Facilities	634	764	932	1 065	904	1 190	1 086	993
Total	**8 513**	**8 317**	**8 650**	**9 010**	**9 686**	**10 519**	**10 237**	**10 622**
Other related:								
Health Facility Revitalisation Component	5 113	1 267	1 455	1 704	21 915	1 981	2 902	3 068
Percentage growth (average annual)	**2015/16 - 2019/20**				**2019/20 - 2020/21**		**2019/20 - 2022/23**	
Community Health Facilities	7,2%				8,9%		8,9%	
Emergency Medical Rescue Services	8,5%				279,3%		53,7%	
District Hospital Services	2,8%				-1,8%		6,8%	
Provincial Hospital Services	-2,8%				10,3%		-4,2%	
Central Hospital Services	10,1%				56,5%		11,2%	
Other Facilities	9,3%				-15,1%		0,7%	
Total	**3,3%**				**7,5%**		**4,3%**	
Other related:	0,0%							
Health Facility Revitalisation Component	43,9%				1185,9%		19,4%	

Source: National Treasury provincial database

Problems affecting health infrastructure include:

- In some provinces, slow progress in filling posts specifically for infrastructure.
- Delays in the procurement process and in project approval.
- Operationalisation of new facilities such as those at the Albert Nzula Hospital in Trompsburg, the Senorita Nhlabathi Hospital in Ladybrand, the De Aar and Upington hospitals, Dr Pixley ka Seme Hospital, Boitumelo Hospital and Brits Hospital.
- Provinces' poor completion of projects leading to delays in their transfer to the asset registers.

Budget and expenditure trends by economic classification

Compensation of employees

As Table 4.18 shows, compensation of employees increased by 7.9 per cent from 2015/16 to R131 billion in 2019/20, due mainly to above-inflation annual salary increases.

Table 4.18: Expenditure on compensation of employees by province, 2015/16 – 2022/23

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
R million	Outcome				Preliminary Outcome	Medium-term estimates		
Eastern Cape	12 562	13 454	14 559	15 981	17 136	18 348	19 352	20 371
Free State	5 539	5 815	6 263	6 679	7 413	7 961	8 431	8 882
Gauteng	20 648	23 290	25 085	26 902	29 204	33 265	36 444	38 175
KwaZulu-Natal	21 793	23 355	24 615	26 336	28 192	30 750	31 912	33 508
Limpopo	11 352	12 218	12 979	14 199	15 231	16 127	17 168	17 993
Mpumalanga	6 102	6 687	7 217	7 663	8 281	9 390	10 007	10 510
Northern Cape	2 151	2 322	2 572	2 864	3 065	3 375	3 598	3 771
North West	5 610	6 051	6 412	7 166	8 046	8 553	8 838	9 263
Western Cape	10 950	11 834	12 660	13 515	14 748	15 793	16 653	17 426
Total	**96 707**	**105 026**	**112 362**	**121 306**	**131 315**	**143 562**	**152 403**	**159 899**
Percentage growth (average annual)		**2015/16 - 2019/20**			**2019/20 - 2020/21**		**2019/20 - 2022/23**	
Eastern Cape		8,1%			7,1%		5,9%	
Free State		7,6%			7,4%		6,2%	
Gauteng		9,1%			13,9%		9,3%	
KwaZulu-Natal		6,6%			9,1%		5,9%	
Limpopo		7,6%			5,9%		5,7%	
Mpumalanga		7,9%			13,4%		8,3%	
Northern Cape		9,3%			10,1%		7,1%	
North West		9,4%			6,3%		4,8%	
Western Cape		7,7%			7,1%		5,7%	
Total		**7,9%**			**9,3%**		**7,9%**	

Source: National Treasury provincial database

Table 4.19 shows that personnel numbers decreased by 8 293 between 2011/12 and 2019/20, partly because provinces filled only critical posts to contain expenditure. It should be noted that it is difficult to distinguish between critical and non-critical posts in the health system because a range of skill sets is required to provide a good service. For example, cleaners play a vital role in ensuring that facilities comply with good hygiene practices which reduce the risk of hospital-acquired infections.

Table 4.19: Health personnel numbers by province, 2011/12 – 2019/20

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Change 2011/12
Eastern Cape	41 230	39 615	38 531	39 471	40 123	39 137	40 461	41 105	41 565	335
Free State	18 821	18 970	19 061	18 291	17 744	17 109	17 256	17 594	20 605	1 784
Gauteng	64 878	61 205	62 784	62 688	65 079	67 655	66 309	64 095	64 546	-332
KwaZulu-Natal	78 716	82 616	72 653	71 867	72 192	69 255	67 962	66 497	65 043	-13 673
Limpopo	38 138	37 120	36 411	37 204	36 830	35 637	34 592	33 384	33 016	-5 122
Mpumalanga	18 573	18 357	19 845	19 447	20 209	20 146	20 379	20 896	20 896	2 323
Northern Cape	6 373	6 475	6 783	6 782	6 814	6 860	6 924	6 840	6 751	378
North West	17 637	18 280	19 391	18 956	17 982	17 393	17 703	17 934	20 343	2 706
Western Cape	30 495	31 144	31 548	31 884	32 018	31 667	32 152	32 973	33 803	3 308
Total	**314 861**	**313 782**	**307 007**	**306 590**	**308 991**	**304 859**	**303 738**	**301 318**	**306 568**	**-8 293**

Source: Vulindlela

Personnel numbers decreased by 8 293 between 2011/12 and 2019/20

In almost all provinces, filling clinical posts does not require approval by the provincial treasury and the Office of the Premier. There has recently been much public and media concern about delays in filling critical posts and, in a number of provinces, the lack of clear processes for addressing critical personnel shortfalls. The distribution of critical health personnel is shown in Table 4.4.

Goods and services

Table 4.20 shows that, between 2015/16 and 2019/20, expenditure on goods and services increased by an annual average of 9.9 per cent, with an expected annual average increase of 5.8 per cent over the MTEF. Between 2015/16 and 2019/20, this item accounted for approximately 29 per cent of total expenditure. In general, the departments protected non-negotiable items such as medicines, medical supplies and laboratory services, with expenditure on medicines increasing from R11.4 billion in 2015/16 to R17.7 billion in 2019/20. The increase was largely due to the roll-out of ARV, with the cost of medical supplies increasing at an annual average rate of 11.4 per cent from R6.7 billion to R10.3 billion.

Table 4.20: Provincial health expenditure on selected goods and services by item, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Average annual growth (nominal)	
	Outcome				Preliminary Outcome	Medium-term estimates			2015/16 - 2019/20	2019/20 - 2022/23
Bursaries: Employees	28	31	35	35	31	45	45	47	2,6%	15,1%
Consultants and professional services: Business and advisory	369	489	750	704	791	879	1 090	1 171	21,1%	13,9%
Infrastructure and planning	35	25	14	20	45	39	136	175	6,5%	57,0%
Laboratory services	4 839	4 986	6 514	7 451	8 681	8 835	10 181	10 851	15,7%	7,7%
Legal costs	705	1 010	528	352	474	201	217	244	-9,5%	-19,8%
Contractors	1 899	1 917	1 986	2 541	2 102	2 484	2 557	2 701	2,6%	8,7%
Agency and support / outsourced	3 187	3 141	3 294	3 160	3 115	3 113	3 163	3 345	-0,6%	2,4%
Inventory: Food and food supplies	734	780	897	933	986	1 142	1 327	1 361	7,7%	11,3%
Inventory: Fuel, oil and gas	474	557	446	525	656	637	698	722	8,5%	3,2%
Inventory: Materials and supplies	127	134	113	123	103	140	126	138	-5,1%	10,2%
Inventory: Medical supplies	6 752	7 110	8 066	9 433	10 399	10 349	10 579	11 631	11,4%	3,8%
Inventory: Medicine	11 388	13 394	15 552	16 583	17 699	19 104	21 454	22 636	11,7%	8,5%
Consumable supplies	1 655	1 817	1 418	1 544	1 554	1 795	1 952	2 029	-1,6%	9,3%
Operating leases	711	710	699	737	903	951	812	775	6,2%	-5,0%
Property payments	6 233	6 663	7 560	8 144	9 917	9 195	9 485	9 975	12,3%	0,2%
Transport provided: Departmental	121	103	124	96	99	95	108	113	-4,9%	4,6%
Travel and subsistence	574	549	527	545	650	718	665	668	3,1%	0,9%
Training and development	133	108	104	138	119	324	337	347	-2,8%	42,9%
Operating payments	147	131	133	177	166	215	256	268	3,2%	17,2%
Total	**40 111**	**43 655**	**48 758**	**53 241**	**58 490**	**60 259**	**65 188**	**69 198**	**9,9%**	**5,8%**

Source: National Treasury provincial database

Payments for capital assets

Expenditure on payments for capital assets increased from R7.7 billion in 2015/16 to R9.4 billion in 2019/20 and is expected to increase by 5.1 per cent over the MTEF.

Table 4.21: Provincial health expenditure on payments for payments for capital assets by province, 2015/16 – 2022/23

R million	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome				Preliminary outcome	Medium-term estimates		
Eastern Cape	1 280	1 278	1 236	1 287	1 445	1 587	1 412	1 198
Free State	621	714	654	686	694	796	792	793
Gauteng	1 481	1 582	1 476	1 572	2 303	2 683	2 691	2 684
KwaZulu-Natal	1 258	1 106	1 593	1 758	2 047	1 686	2 073	2 315
Limpopo	499	422	457	426	397	750	644	834
Mpumalanga	596	509	1 057	1 029	877	1 402	1 162	1 231
Northern Cape	583	395	468	360	196	287	301	316
North West	675	600	641	651	511	491	600	615
Western Cape	747	785	751	1 004	1 000	893	905	1 010
Total	**7 741**	**7 392**	**8 334**	**8 773**	**9 470**	**10 575**	**10 581**	**10 996**
Percentage growth (average annual)			**2015/16 - 2019/20**		**2019/20 - 2020/21**		**2019/20 - 2022/23**	
Eastern Cape			3,1%		9,8%		-6,1%	
Free State			2,8%		14,7%		4,5%	
Gauteng			11,7%		16,5%		5,2%	
KwaZulu-Natal			13,0%		-17,6%		4,2%	
Limpopo			-5,6%		89,1%		28,1%	
Mpumalanga			10,1%		59,9%		12,0%	
Northern Cape			-23,9%		46,2%		17,2%	
North West			-6,7%		-4,0%		6,4%	
Western Cape			7,6%		-10,7%		0,3%	
Total			**5,2%**		**11,7%**		**5,1%**	

Source: National Treasury provincial database

In some provinces, facilities have been built or are under construction without having clearly defined operational budgets.

Health outcomes and service delivery

In recent years, health sector budgets have been under considerable financial strain. However, the data in Table 4.22 suggest this has not had a major impact on key health outcomes such as life expectancy which, across all provinces, increased from 57.1 years in 2009 to 64.8 years in 2018.

Table 4.22: Life expectancy, 2001/06 - 2016/21

Province	2001-2006		2006-2011		2011-2016		2016-2021	
	Male	Female	Male	Female	Male	Female	Male	Female
Eastern Cape	46,7	50,2	48,2	53,6	53,0	59,0	59,6	67,1
Free State	42	45,4	45,4	48,6	50,7	53,6	54,6	61,3
Gauteng	56,1	60,2	58,7	62,2	62,9	66,4	63,8	69,2
KwaZulu-Natal	45,7	50,2	49,2	53,8	54,4	59,4	57,1	63,7
Limpopo	51,5	58,6	55,1	59,8	58,3	62,5	61,8	67,4
Mpumalanga	49	52,5	51,5	55,5	56,9	60,1	60,4	66,2
North West	46,7	49	49,7	53,2	56,6	58,8	57,8	65,2
Northern Cape	50,4	56,1	51,8	56,9	52,9	57,5	59,1	59,1
Western Cape	57,9	63,8	61	65,7	63,7	67,9	65,7	65,7

Source: Statistics South Africa

The improvement in life expectancy is largely attributable to the significant increase in HIV/Aids expenditure discussed in the section of this document dealing with primary health care. The 2016/17 District Health Barometer (DHB) showed that the number of HIV/Aids related deaths, which peaked at 325 241 in 2006, had more than halved to 150 759 by 2016. According to the 2017/18 DHB, deaths associated with TB decreased from 69 918 in 2009 to 29 399 in 2016. Maternal mortality also improved across all provinces during the same period

The child-under-5-years diarrhoea case fatality rate measures diarrhoea deaths in children in this age group as a proportion of diarrhoea separations (admissions) in health facilities for the age group. The 2017/18 DHB showed that, between 2010/11 and 2017/18, this fatality rate fell from 7 per cent to 2 per cent. For the same age group over the same period, the number of in-facility deaths from acute malnutrition fell from 1 605 to 831.

Medium-term outlook

National Health Insurance (NHI)

The NHI fund will purchase personal healthcare services on behalf of all South Africans. This will be realised through the establishment of a fully functional administrative structure which will include a governance function. The fund will be the strategic purchaser of accreditation and risk mitigation systems, health technology assessments and systems for monitoring and evaluation. Additional resources will be mobilised to generate revenue for the NHI fund through the introduction of mandatory prepayment[8] in the latter phases of implementation.

Primary health care

The role of CHWs is critical for improving the country's district health system and PHC. They are not intended to replace mainstream health professionals but to complement them and to reduce human resources pressures. The validity of this approach is supported by the observed decline in the number of PHC visits. This suggests that the outreach service is having an impact, with people not having to travel long distances to collect their medicines. The roll out of the Centralised Chronic Medicines Dispensing and Distribution (CCMDD) system is also helping to reduce congestion in hospitals. In the sectoral bargaining chamber, the Minister of Health agreed

[8] Mandatory prepayment means compulsory payment for health services before they are needed in accordance with income levels. National Health Insurance Bill (2019).

to a minimum wage of R3 500 for CHWs and a component for community-based care has been included in the HIV grant.

The Presidential Health Compact (2018) and the Joint Health Action Plan

In October 2018, a Presidential Health Summit was convened to diagnose and propose solutions to the continuing problems that hamper progress towards a unified, people-centred and responsive health system that leaves no one behind. The summit led to the development of the Presidential Health Compact, an agreement consented to by government and by key stakeholders whose work affects the health system. The compact consists of nine thematic pillars including the need to augment human resources for health; ensure improved access to medicines, vaccines and other medical products; improve the efficiency of public sector financial management systems and processes; and strengthen governance and leadership within the sector.

On the issue of strengthening financial management and improving efficiencies, priorities emphasised by the compact include addressing wastage and corruption in the sector; dealing with the high level of unpaid invoices; distributing budgetary resources equitably across national, provincial and district levels; improving revenue management; and the need for strengthening collaboration between the National Treasury, the DoH and provincial treasuries. Subsequently, the health sector together with 'Team Finance" (National Treasury and the provincial treasuries) initiated the Joint Health Action Plan to assist the sector to devise accrual intervention strategies; better align procurement plans with approved budgets and cash flow projections; and address procurement, supply chain, medico-legal and infrastructure issues. The plan is expected to be fully implemented from 2020/21.

Conclusion

The health sector has been under considerable strain in recent years due to a range of external and internal factors including population growth, migration patterns, a weak economic environment, tight fiscal constraints and poor governance and financial management. The sector has nevertheless performed well in reducing child mortality and improving life expectancy; and, despite the growth in population, real *per capita* expenditure in the sector has also improved.

Emerging structural issues that need to be addressed include the declining number of clinicians and medical specialists and the increasing number of

medico-legal cases. These issues are highly interdependent, with the decline in the number of clinicians and medical specialists contributing to the marked escalation in medico-legal cases.[9]

The move towards NHI is intended to eliminate the large disparities in access to health care services in the public and private sectors and address legacy challenges.

[9] South African Law Reform Commission, (2017). Issue Paper 33. Project 141 Medico-Legal Claims