

Vote 16

Health

	2004/05 To be appropriated	2005/06	2006/07
MTEF allocations	R 8 787 865 000	R 9 626 237 000	R10 457 912 000
Statutory amounts	-	-	-
Responsible Minister	Minister of Health		
Administering Department	Department of Health		
Accounting Officer	Director-General of Health		

Aim

The aim of the Department of Health is to promote the health of all people in South Africa through a caring and effective national health system based on the primary health care approach.

Programme purpose and measurable objectives

Programme 1: Administration

Purpose: Provide for the overall management of the department, and provide strategic planning, legislative and communication services, and centralised administrative support.

Programme 2: Strategic Health Programmes

Purpose: Co-ordinate a range of strategic national health programmes through the development of policies, systems and monitoring; and manage and fund key programmes.

Measurable objectives:

- Continuously strengthen policies and programmes for: HIV and Aids prevention, treatment and care, sexually transmitted diseases; tuberculosis; child health; reproductive and women's health; occupational and environmental health; and nutrition.
- Ensure that all medicines used are safe and affordable, and that essential medicines are available at all times in the public health sector.
- Monitor and evaluate health trends, through relevant research and epidemiological surveillance, to ensure that national health policies and programmatic interventions are having their desired impact.
- Support the development of the district health system as the vehicle for delivering primary health care services.

Programme 3: Health Service Delivery

Purpose: Support the delivery of services, primarily in the provincial and local spheres of government.

Measurable objectives:

- Promote the effective delivery of health services through the provision of disease prevention and control measures, hospital services, and environmental and occupational health services.
- Co-ordinate and support the development of a sustainable network of hospitals – completely upgrading or replacing prioritised hospitals over the MTEF – to provide appropriate health care.
- Strengthen and assist provinces to implement a comprehensive national health human resources plan that will ensure an equitable distribution of health professionals.

Strategic overview and key policy developments: 2000/01 – 2006/07

The South African health sector faces a huge and perhaps unprecedented challenge, given the complex and unique mix of conditions and diseases it confronts. As evidenced in a range of recent studies of patterns of illness, health and death, the sector needs to deal with the coexistence of :

- diseases of poverty (infectious diseases, maternal, perinatal and nutrition-related conditions)
- chronic conditions related to smoking, obesity and hypertension
- relatively high levels of trauma and injuries
- the high prevalence of HIV and Aids and TB.

There has been significant expansion and improvement of health services since 1994 and there are numerous initiatives under way to achieve improved health status for all South Africans. These include new laws, investments in infrastructure, improved access to services, enhanced prevention efforts and advances in nutrition and the availability of medicine.

Legislation

The National Health Bill (2003) has been passed by Parliament and will be promulgated in the near future. This Bill will replace the National Health Act of 1997, providing the framework for governance of the public health sector including the relationship between national, provincial and local governments in health service delivery. Specifically, it provides the framework for the establishment of a district health system. The Mental Health Care Act (17 of 2002) provides a new, more rights-based framework for the care of patients with mental health problems.

Primary health care

Access to primary health care has been boosted significantly since 1994 through improvement in primary health care infrastructure, with 701 new clinics constructed in rural and newly urbanised areas, the upgrading of 2 298 facilities, and the removal of user charges. Immunisation coverage has increased from 63 per cent in 1998 to 72 per cent in 2002, and has been rewarded by impressive decreases in targeted diseases such as measles. Antenatal coverage exceeds 90 per cent. The Integrated Management of Child Illness initiative is bringing improvements in the care provided to children. Surveys also reflect an improvement in services.

Improvements in malaria control, partly through the innovative multi-national Lubombo Spatial Development Initiative (with Mozambique and Swaziland), have succeeded in substantially lowering malaria cases (from 27 035 in 1996 to 11 676 in 2003) and bringing deaths to very low levels (from 163 in 1996 to 91 in 2003). A total of 3 777 cases of cholera were reported in 2003, but outbreaks were well controlled, with 40 fatalities. Improvements in TB care are confronted by increasing numbers of cases, as the HIV and Aids epidemic becomes progressively more visible (from 92 380 new TB cases in 1996 to 182 690 in 2002).

The range of health initiatives around specific diseases is supported by improvements in housing, education, water supply and electrification, which help to address many basic poverty-related health conditions. Recent legislative changes around food fortification will help to provide important minerals (zinc and iron) and vitamins (vitamin A, riboflavin, thiamine, vitamin B6, niacin and folic acid) in basic staple foods such as maize and wheat flour, to improve nutritional status. Progress in tobacco control has been recognised internationally.

Hospital services

Various measures are in place to improve hospital services. There has been significant progress in implementing the Hospital Revitalisation programme, associated with substantially increased budget allocations. Twenty-seven large capital projects are under way. A number of large infrastructure projects, such as the Inkosi Albert Luthuli Hospital in Durban and the Nelson Mandela Hospital in Umtata, have been completed and commissioned. Work on the Pretoria Academic Hospital will be completed during 2004.

Tertiary health services, which deal with the various sub-specialities such as cardiology or renal dialysis, are largely financed through the National Tertiary Services Grant. This conditional grant to provinces, which significantly restructured national financing for tertiary services, was introduced in 2002/03. It funds services in 27 hospitals in all provinces, ensuring more equitable funding of higher-level services. A long-term plan for funding and delivering tertiary care, the Modernisation of Tertiary Services project, is being developed.

Steps are being taken to improve the quality of hospital services, with an increasing number of hospitals entering accreditation programmes and new quality inspection authorities to be established in terms of the National Health Bill. All maternal deaths are closely investigated as part of the maternal death surveillance and enquiry process.

HIV and Aids

Cabinet approval in 2003 of the Comprehensive HIV and Aids Care, Management and Treatment Operational Plan, providing for the rollout of antiretroviral treatment at public facilities, extends government's HIV and Aids treatment efforts significantly and provides for a comprehensive and well-balanced HIV and Aids response. It builds on earlier strategies, such as the mother-to-child prevention programme, which is now widely in place, and on a range of other prevention and care programmes. Voluntary counselling and testing has become widely available, at approximately 2 000 sites. South Africa, through the Medical Research Council, is also conducting a number of leading vaccine development research programmes together with international partners.

Indications of success with prevention programmes include: the rising use of condoms, demonstrated in national behavioural surveys; a reducing proportion of infected adolescents in the under-20 age group; and significant reductions in syphilis, a key marker of sexually transmitted infection. However, prevalence rates among 20 to 30 year-olds are high, and require a renewed prevention focus.

Nutrition

On 1 April 2004, the primary school nutrition component of the Integrated Nutrition Programme and associated budgets move to the Department of Education. Given that the locus of delivery of the programme is schools, placing responsibility for it in education departments will enable increased reliance on school administration and governance systems and improved monitoring of implementation. Key aspects of the Integrated Nutrition Programme, such as nutritional support for malnourished children in clinics and patients with illnesses such as TB, remain the responsibility of the health departments and will initially continue to be funded through a conditional grant to provinces.

Personnel

The 2003 Budget made provision for a broader and improved dispensation of rural allowances, to attract health professionals to rural areas and to increase remuneration for scarce health professional skills. The details of these measures have recently been finalised in the Bargaining Chamber.

Community service for health professionals was expanded in 2003 to include allied health professionals such as clinical psychologists and various therapists. It is envisaged that nurses will be included from 2005. To address critical areas of need and to expand the pool of health workers, mid-level workers have been trained in some areas, notably pharmacy assistants, and areas such as physician assistants are being considered.

Medicines

Progress is being made to improve the supply and availability of affordable medicines. The newly established Medicines Pricing Committee has investigated international practices and draft regulations to make medicines more affordable, especially in the private health sector, were published. A new pharmaco-economic directorate has been established to improve intelligence on medicine pricing. Components dealing with the licensing of pharmacies are being strengthened. Important progress has been made, in association with the pharmaceutical industry, in making antiretroviral medicines more affordable and accessible. A recent survey found that the Essential Drug Programme was widely implemented, with 86 per cent of essential drugs found in facilities, 90 per cent of medicines prescribed being from the Essential Drug List, and 97 per cent of facilities having copies of the standard treatment guideline booklets, compared to 59 per cent in previous surveys.

Broader health financing initiatives

The Department of Public Service and Administration has led a project to investigate broadening access to medical scheme cover among civil servants, as only about half are currently covered. The objectives are to widen access, to attempt to negotiate discounts through bulk purchasing, and, given the potential size of the scheme, to use innovative contractual, reimbursement and other arrangements. A variety of alternatives, including a dedicated closed medical scheme for public service employees, is being considered.

Following on a range of earlier investigations, the potential development of a social health insurance system for South Africa was reviewed as part of the work of the Committee of Inquiry into a Comprehensive Social Security System. The Department of Health has since provided Cabinet with a response to the proposals of the committee. Consultations in government are continuing, while a number of technical teams are examining more detailed aspects such as risk equalisation and subsidy frameworks.

Expenditure estimates

Table 16.1: Health

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	Revised			
R thousand	2000/01	2001/02	2002/03	2003/04		2004/05	2005/06	2006/07
1 Administration	70 443	78 009	92 904	106 999	88 260	118 716	132 421	139 725
2 Strategic Health Programmes	510 270	628 783	804 731	1 188 097	1 126 654	1 629 430	1 997 711	2 373 038
3 Health Service Delivery	5 574 193	5 517 129	6 161 553	6 549 979	6 480 836	7 039 719	7 496 105	7 945 149
Total	6 154 906	6 223 921	7 059 188	7 845 075	7 695 750	8 787 865	9 626 237	10 457 912
Change to 2003 Budget Estimate				(541 445)	(690 770)	(452 279)	(278 546)	

	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
Economic classification								
Current payments	458 062	462 332	457 393	689 885	605 160	698 402	685 070	737 749
Compensation of employees	141 117	156 506	167 578	192 150	182 150	192 862	201 107	219 911
Goods and services	316 945	305 659	289 216	497 735	423 010	505 540	483 963	517 838
Interest and rent on land	–	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	167	599	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–
Transfers and subsidies to:	5 679 039	5 738 013	6 580 921	7 124 031	7 059 431	8 053 356	8 917 814	9 698 081
Provinces and municipalities	5 518 393	5 472 274	6 300 159	6 746 870	6 746 870	7 655 272	8 486 478	9 228 894
Departmental agencies and accounts	129 779	194 093	200 069	197 164	190 564	220 404	233 539	261 021
Universities and technikons	–	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–	–
Non-profit institutions	25 201	39 839	35 923	58 487	58 487	45 136	55 001	58 302
Households	5 666	31 807	44 770	121 510	63 510	132 544	142 796	149 864
Payments for capital assets	17 805	23 576	20 874	31 159	31 159	36 107	23 353	22 082
Buildings and other fixed structures	–	2 640	7 769	72	72	9 600	–	–
Machinery and equipment	12 403	12 824	11 128	21 240	21 240	16 724	15 627	15 786
Cultivated assets	–	–	–	–	–	–	–	–
Software and other intangible assets	5 402	8 112	1 977	9 847	9 847	9 783	7 726	6 296
Land and subsoil assets	–	–	–	–	–	–	–	–
Total	6 154 906	6 223 921	7 059 188	7 845 075	7 695 750	8 787 865	9 626 237	10 457 912

Expenditure trends

Transfers and subsidies comprise more than 90,0 per cent of the expenditure of the Department of Health, which is dominated by large health conditional grants to provinces and grants to various statutory councils and non-governmental organisations. Funding for the Primary School Nutrition Programme has been shifted to the Department of Education from 1 April 2004, and to ensure inter-year comparability historical expenditure outcomes have also been adjusted for the shift. Average annual growth over the period 2000/01 to 2003/04 is 8,4 per cent and is expected to increase somewhat to 10,1 per cent per year between 2003/04 and 2006/07. These rates reflect significant and ongoing real growth since 2000/01. Most of the growth derives from increased allocations to the HIV/Aids and TB subprogramme in *Strategic Health Programmes*.

Compensation of employees has grown steadily since 2000/01, as the total staff complement increased from 1 388 in 2000/01 to 1 486 in 2003/04. Capital transfers, unlike in the 2003 ENE, are contained within transfers and not as part of capital expenditure.

The main baseline adjustments included in the 2004 Budget are for:

- increased allocations to fund the implementation of the Comprehensive HIV and Aids Care, Management and Treatment Operational Plan (Additional allocations over the MTEF period are R300,0 million in 2004/05, R600,0 million in 2005/06 and R1,0 billion in 2006/07 for

provinces, via the HIV/Aids conditional grant, and R73,0 million, R48,0 million and R51,0 million for the national department.)

- upgrading the building of the Medical Bureau for Occupational Diseases (R9,6 million in 2004/05)
- new pharmaceutical functions (such as the pricing committee and licensing) and national pharmaceutical aspects of the implementation of the Comprehensive HIV and Aids Care, Management and Treatment Operational Plan (R4,4 million per year)
- eliminating backlogs in assistive devices (such as wheelchairs and hearing aids) and strengthening the radiation control service (R13,0 million in 2004/05).

Departmental receipts

The department generates revenue, which is deposited into the National Revenue Fund, from the sale of special drugs, chemistry analysis, the recovery of contractual/non-contractual departmental debts and other administrative sources. The State Vaccine Institute was converted into a public-private partnership in 2003, which resulted in a decrease of revenue collection from vaccine sales. The department projects reduced annual income between 2004/05 and 2006/07 due to the establishment of the Medicine Regulatory Authority (Medicines Control Council) as a public entity, entailing decreased revenue from medicine registrations and chemistry analysis.

Table 16.2: Departmental receipts

	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Tax receipts	-	-	-	-	-	-	-
Sales of goods and services produced by department (excl capital assets)	7 963	9 690	7 010	5 351	1 659	1 758	1 864
Sales of scrap, waste, arms and other used current goods (excl capital assets)	-	-	-	-	-	-	-
Transfers received	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-
Interest, dividends and rent on land	119	93	38	51	54	57	61
Sales of capital assets	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	438	742	1 062	1 182	622	659	699
Total departmental receipts	8 520	10 525	8 110	6 584	2 335	2 474	2 624

Programme 1: Administration

The *Administration* programme conducts the overall management of the department. Activities include policy-making by the offices of the Minister, Deputy Minister and Director-General, and the provision of centralised support services, including strategic planning, legal, financial, communication, and human resource services to the department.

Expenditure estimates

Table 16.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Minister ¹	525	630	691	747	791	831	872
Deputy Minister ²	–	–	–	607	643	675	709
Management	3 382	4 850	4 966	7 426	12 921	13 312	14 061
Corporate Services	66 536	72 529	87 247	98 219	104 361	117 603	124 083
Total	70 443	78 009	92 904	106 999	118 716	132 421	139 725
Change to 2003 Budget Estimate				72	9 813	214	

1 Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

2 Payable as from 1 April 2003. Salary: R485 412. Car allowance: R121 353.

Economic classification

	65 675	70 280	83 500	98 254	103 630	126 146	135 745
Current payments							
Compensation of employees	31 814	38 788	45 564	56 190	59 561	62 908	67 607
Goods and services	33 861	31 325	37 337	42 064	44 069	63 238	68 138
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	167	599	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
Transfers and subsidies to:	102	124	146	180	191	201	216
Provinces and municipalities	102	124	146	180	191	201	216
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
Payments for capital assets	4 666	7 605	9 258	8 565	14 895	6 074	3 764
Buildings and other fixed structures	–	2 640	7 769	72	9 600	–	–
Machinery and equipment	2 935	1 281	1 489	3 387	1 596	2 484	2 165
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	1 731	3 684	–	5 106	3 699	3 590	1 599
Land and subsoil assets	–	–	–	–	–	–	–
Of which: Capitalised compensation	–	–	–	–	–	–	–
Total	70 443	78 009	92 904	106 999	118 716	132 421	139 725

Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	102	124	146	180	191	201	216
Regional Services Council levies	102	124	146	180	191	201	216
Total	102	124	146	180	191	201	216

Expenditure trends

The programme has shown significant growth, which continues over the medium term. The growth is explained primarily by increased allocations to the Corporate Services and Management subprogrammes, which saw expenditure on compensation of employees grow strongly. This is due

to growing average remuneration per employee and to filling posts to meet additional governance and administration requirements. These follow from the implementation of the Public Finance Management Act (1 of 1999) (PFMA), the Skills Development Act (97 of 1998), and the Employment Equity Act (55 of 1998), among others. Units such as internal audit have been considerably strengthened. During 2002/03 a deputy minister was appointed.

Payment for capital assets increases in 2004/05 when R9,6 million is budgeted for upgrading the building of the Medical Bureau for Occupational Diseases.

Programme 2: Strategic Health Programmes

Strategic Health Programmes co-ordinates a range of strategic national health programmes by developing policies, systems, management, funding and monitoring for key programmes. Activities include: co-ordinating the district health system; liaising with the international health community and co-ordinating health services in the SADC region; co-ordinating the national health information system and research prioritisation; and developing norms and standards. Programmes include maternal, child and youth health, and mental health; administering the national HIV and Aids/STIs and TB programmes; and regulating the procurement of pharmaceutical supplies to ensure that essential drugs are affordable and available.

Expenditure estimates

Table 16.4: Strategic Health Programmes

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
District Health Systems	3 589	2 486	2 476	3 233	2 820	2 958	3 806	
International Health Liaison	20 531	35 760	31 376	46 840	41 662	49 133	54 774	
South African Development Community	1 751	1 976	2 361	–	–	–	–	
Health Monitoring and Evaluation	121 464	145 374	161 831	183 592	176 019	187 365	209 102	
Maternal, Child and Women's Health	142 186	103 708	103 177	132 301	135 746	148 286	28 928	
Medicines Regulatory Affairs	15 105	15 843	21 330	23 012	23 491	25 112	26 442	
Mental Health and Substance Abuse	4 649	6 032	4 972	6 221	6 989	7 408	7 827	
HIV/Aids and Tuberculosis	181 148	265 839	459 951	766 288	1 212 168	1 545 344	2 008 369	
Pharmaceutical Policy and Planning	11 016	49 180	17 257	23 937	27 702	29 102	30 607	
Medical Schemes	8 831	2 585	–	2 673	2 833	3 003	3 183	
Total	510 270	628 783	804 731	1 188 097	1 629 430	1 997 711	2 373 038	
Change to 2003 Budget Estimate				(605 591)	(481 539)	(281 353)		

Economic classification

Current payments	273 372	277 282	282 730	472 609	479 140	458 938	496 731
Compensation of employees	45 692	49 218	63 805	72 236	80 136	84 668	96 096
Goods and services	227 680	228 064	218 925	400 373	399 004	374 270	400 635
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Transfers and subsidies to:	234 266	345 836	519 848	711 328	1 143 111	1 533 770	1 871 001
Provinces and municipalities	86 856	124 447	281 502	430 826	894 086	1 258 771	1 567 522
Departmental agencies and accounts	117 779	150 093	158 458	159 655	157 525	168 629	192 226
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	24 315	39 839	35 518	57 847	44 380	54 123	57 371
Households	5 316	31 457	44 370	63 000	47 120	52 247	53 882
Payments for capital assets	2 632	5 665	2 153	4 160	7 179	5 003	5 306
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	927	4 129	1 258	2 205	3 908	2 628	2 897
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	1 705	1 536	895	1 955	3 271	2 375	2 409
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
Total	510 270	628 783	804 731	1 188 097	1 629 430	1 997 711	2 373 038

Details of transfer payments and subsidies:

Provinces and municipalities							
Provincial Revenue Funds							
Current	86 710	124 289	281 298	430 596	893 830	1 258 500	1 567 214
Integrated Nutrition Programme ¹	69 891	69 891	71 089	97 040	112 218	123 392	-
HIV/Aids conditional grant	16 819	54 398	210 209	333 556	781 612	1 135 108	1 567 214
Municipalities							
Current	146	158	204	230	256	271	308
Regional Services Council levies	146	158	204	230	256	271	308
Departmental agencies and accounts							
Current	117 779	150 093	158 458	159 655	157 525	168 629	192 226
Medical Research Council	108 661	127 221	145 498	156 695	154 388	165 304	188 702
National Health Laboratory Services (cancer register)	287	287	287	287	304	322	341
South African National Aids Council	-	20 000	10 000	-	-	-	-
Medical Scheme Council	8 831	2 585	2 673	2 673	2 833	3 003	3 183
Non-profit institutions							
Current	24 315	39 839	35 518	57 847	44 380	54 123	57 371
South African Vaccine Producers	4 000	4 052	-	-	-	-	-
Maternal Child and Women's Health: Non-Governmental Organisations	150	-	310	350	700	722	1 145
HIV/Aids: Non-governmental Organisations	5 000	5 001	31 331	53 817	40 250	49 745	52 730
Government Aids Action Plan	14 013	29 808	-	-	-	-	-
Mental Health: Non-governmental organisations	1 052	778	1 047	750	300	358	-
SACENDU	-	-	130	130	130	130	138
South African Federation for Mental Health	100	200	200	200	200	200	212
Tuberculosis: Non-governmental organisations	-	-	2 500	2 600	2 800	2 968	3 146

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
Households (Social benefits)							
Current	3 316	3 487	12 370	15 000	-	-	-
Poverty Relief	3 316	3 487	12 370	15 000	-	-	-
Households (Other transfers to households)							
Current	2 000	27 970	32 000	48 000	47 120	52 247	53 882
Health System Trust	2 000	2 970	2 000	2 000	2 120	2 247	2 382
South African Aids Vaccine Initiative	-	-	5 000	10 000	10 000	10 000	10 600
Life Line	-	-	-	11 000	12 000	15 000	15 900
Health System Trust: Love Life	-	25 000	25 000	25 000	23 000	25 000	25 000
Total	234 266	345 836	519 848	711 328	1 143 111	1 533 770	1 871 001

¹ The Primary School Nutrition Programme was shifted to Department of Education

Expenditure trends

The doubling of expenditure on *Strategic Health Programmes* between 2000/01 and 2003/04 is explained by increased allocations for fighting HIV and Aids over the period and an upward adjustment to the funding of the Integrated Nutrition Programme in 2003/04. Funding for the Primary School Nutrition Programme has been removed from the Maternal, Child and Women's Health subprogramme in all years, given the shift of the programme to the Department of Education. HIV and Aids funding, however, continues to grow strongly over the medium term, with funding for the HIV/Aids and Tuberculosis subprogramme increasing from R766,3 million in 2003/04 to R2,0 billion in 2006/07, reflecting additional funding for the Comprehensive HIV and Aids Care, Management and Treatment Operational Plan.

Nutrition programmes which remain with the health departments will be funded from a smaller grant for an intermediate period, after which funding is to be channelled through the provincial equitable share.

The SADC directorate has been merged with the International Health Liaison subprogramme. In 2003/04 it contained a once-off R5,0 million expenditure to fund a regional conference of the World Health Organisation. The Health Monitoring and Evaluation subprogramme includes funding for the Medical Research Council. A large once-off expenditure in 2003/04 of R14,0 million was for the Demographic and Health Survey. The Pharmaceutical Policy and Planning subprogramme grows strongly over the period, with the establishment and strengthening of the Licensing and Pricing Committee functions. Funding for the Medical Schemes Council has decreased substantially since 2000/01, since it is now largely funded through its own revenue sources.

Service delivery objectives and indicators

Recent outputs

HIV and Aids

The Comprehensive HIV and Aids Care, Management and Treatment Operational Plan has been developed and approved by Cabinet. This will significantly extend treatment for HIV and Aids in public sector facilities. The national department will co-ordinate this major government initiative, with delivery through provincial health facilities.

The mother-to-child transmission prevention programme has been extended to over 650 sites and the post-exposure prophylaxis programme for victims of sexual abuse is rolling out with three provinces having close to full coverage. Voluntary counselling and testing is now available at 2 000 sites. It is estimated that approximately 466 home-based care projects exist countrywide and that half of these receive government support through the HIV/Aids conditional grant. HIV and Aids prevention programmes are being extended through programmes such as Trucking Against Aids, the Commuters Aids project, the Traditional Leaders Aids programme and Men in Partnership against Aids.

In 2002/3 the Department of Health purchased and distributed 2,5 million female condoms at a cost of R18,5 million. This is up from the 1,3 million purchased and distributed in the previous financial year. In addition, the number of sites at which female condoms are distributed has increased to 200, from 114 in the previous financial year. The male condom programme is much larger and the department purchased and distributed 358 million male condoms at a cost of R104,0 million in 2002/2003. This is up from the 267 million condoms purchased and distributed in 2001/02. In 2003/04 provision was made to purchase 400 million male condoms.

Tuberculosis

Despite various improvements in the TB control programme – such as an electronic register, decreased waiting time for test results, high coverage with Directly Observed Treatment Short Course (DOTS) – both cure and completion rates are sub-optimal, at 54,0 per cent and 65,0 per cent respectively. This may reflect pressures on services due to HIV infection, which increases susceptibility to TB. The number of new TB cases has risen from 92 380 in 1996 to 182 690 in 2002. A national surveillance study showed resistant strains in 1,7 per cent of new cases and 6,6 per cent of previous cases returning for treatment.

Maternal, child and women's health

Immunisation coverage has increased to 74,0 per cent, with no measles deaths since 1999, and neonatal tetanus and polio having been eliminated. The Integrated Management of Childhood Illnesses (IMCI) programme is becoming more widespread, with 5 385 health workers trained in 1 488 facilities. A facility survey of child care in seven provinces indicated improved diagnosis and management by IMCI trained health workers. The adolescent-friendly clinic initiative is becoming more widespread. In 2002, 4,5 million children received school meals in 15 650 schools.

A confidential inquiry into maternal deaths was undertaken to investigate causes of maternal deaths to implement corrective measures to reduce preventable mortality. This has led to improved case records, training and procedural guidelines for maternity services. Sixty-one hospitals have been accredited as 'baby friendly', which means they are particularly supportive of breast-feeding, rooming-in and improving nursing care.

Medium-term output targets

Strategic Health Programmes

Measurable objectives:

- Continuously strengthen policies and programmes for: HIV and Aids prevention, treatment and care, sexually transmitted diseases; tuberculosis; child health; reproductive and women's health; occupational and environmental health; and nutrition.
- Ensure that all medicines used are safe and affordable, and that essential medicines are available at all times in the public health sector.
- Monitor and evaluate health trends, through relevant research and epidemiological surveillance, to ensure that national health policies and programmatic interventions are having their desired impact.
- Support the development of the district health system as the vehicle for delivering primary health care services.

Subprogramme	Outputs	Measure/Indicator	Target
District Health Systems	Functional health districts nationally	Number of health districts that provide the full primary health care package of services Number of health districts with health plans using national planning guidelines	35 out of 53 by 2004/05 45 out of 53 by 2005/06 53 out of 53 by 2004/05
Health Monitoring and Evaluation	Functional national health information system Co-ordinating, supporting and conducting research and monitoring and evaluation activities Implement strategies to improve quality of care	Percentage of births registered Percentage of deaths registered Percentage of hospitals implementing telemedicine programme 'Health indicator update' and 'Key health statistics' published Report on antenatal HIV survey published Final report on demographic and health survey 2003 published, disseminated and used Annual reports on confidential inquiry into maternal deaths published Annual report on screening of blood donors for HIV Report on national behavioural surveillance study (every 2 years) Develop the national complaints centre into a national call centre User-friendly service norms and standards for public consumption developed for various levels of care Develop standards for regional hospitals	40% by 2004/05 60% by 2005/06 80% by 2004/05 90% by 2005/06 10% by 2004/05 25% by 2005/06 Quarterly April each year Report published by December 2004 April each year April each year April every second year February 2006 November 2005 for primary care services 2005
Maternal, Child and Women's Health	Reduce infant, child and youth morbidity and mortality Improve youth and adolescent health	Number of districts with immunisation coverage of less than 80% Percentage of districts implementing Integrated Management of Child Illnesses Percentage of 'baby friendly' maternity facilities Percentage of health facilities implementing youth-friendly services	Reduce to 25% by 2004/05 15% by 2005/06 100% by 2004/05 24% by 2004/05 32% by 2006/07 25% by 2004/05 50% by 2006/07

Subprogramme	Outputs	Measure/Indicator	Target
	Reduce maternal morbidity and mortality	Reports from the confidential inquiry into maternal deaths and plans for intervention Percentage of health facilities authorised to provide termination of pregnancy services which actually do provide them	Interim report and plan by December 2004 45% by 2004/05 60% by 2005/06
Mental Health and Substance Abuse	Increase integration of mental health services into health care Implement strategies to reduce substance abuse Implementation of the Mental Health Care Act Improve quality of care in mental health services	Percentage of districts that have integrated mental health into health services Percentage of alcoholic beverage bottles with a health warning Percentage of provinces with functional mental health review boards Percent of hospitals that meet minimum quality standards	20% by 2004/05 60% by 2005/06 60% by 2004/05 80% by 2005/06 20% by 2004/05 40% by 2005/06 20% by 2004/05 60% by 2006/07
HIV/Aids and Tuberculosis	Improved strategies to deal with the HIV and AIDS epidemic Assist districts to develop supervision and monitoring systems for community DOTS Ensure good quality of TB laboratory services Support each province to develop a plan to reduce treatment interruption	Percentage of public health facilities offering voluntary counselling and testing Number of male condoms distributed Number of female condoms distributed Proportion of health facilities that offer mother-to-child transmission prevention services Percentage of new smear-positive tuberculosis cases cured at the first attempt Proportion of health districts with turnaround time of 48 hours or less Percentage of new smear-positive TB cases interrupting treatment (interruption rate)	90% by 2004/05 100% by 2005/06 400 million in 2004/05 425 million in 2005/06 2,9 million in 2004/05 4 million in 2006/07 60% by 2004/05 80% by 2005/06 65% by 2004/05 75% by 2005/06 85% by 2006/07 100% 10% by 2004/05 4% by 2006/07
Pharmaceutical Policy and Planning	Strategies to improve pharmaceutical procurement, management and use	Percentage of new pharmacies and persons dispensing that are licensed Percentage of essential drugs out of stock in health (facilities)	Private: 100% by 2004/05 Public: 50% by 2004/05 and 100% by 2005/06 20% by 2004/05 8% by 2006/07

Programme 3: Health Service Delivery

Health Service Delivery supports the delivery of health services, primarily in the provincial and local spheres of government, partly through the control and transfer of large conditional grants. Core functions include: aspects of disease prevention and control; developing and implementing policies and norms and standards for hospital services and for human resources for the health sector; ensuring a sound framework for environmental health; and supporting labour relations and industrial bargaining for the sector.

Expenditure estimates

Table 16.5: Health Service Delivery

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Disease Prevention and Control	51 273	91 333	217 487	188 013	200 118	191 423	202 685
Hospital Services	5 455 550	5 360 623	5 885 086	6 291 730	6 785 036	7 248 774	7 683 581
Human Resources	8 419	9 988	6 789	6 651	7 328	7 768	8 187
Non-Personal Health Services	57 937	53 204	51 157	61 815	44 538	45 279	47 673
Health and Welfare Bargaining Sector Negotiations	1 014	1 981	1 034	1 770	2 699	2 861	3 023
Total	5 574 193	5 517 129	6 161 553	6 549 979	7 039 719	7 496 105	7 945 149
Change to 2003 Budget Estimate				64 074	19 447	2 593	

Economic classification

Current payments	119 015	114 770	91 163	119 022	115 632	99 986	105 273
Compensation of employees	63 611	68 500	58 209	63 724	53 165	53 531	56 208
Goods and services	55 404	46 270	32 954	55 298	62 467	46 455	49 065
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
Transfers and subsidies to:	5 444 671	5 392 053	6 060 927	6 412 523	6 910 054	7 383 843	7 826 864
Provinces and municipalities	5 431 435	5 347 703	6 018 511	6 315 864	6 760 995	7 227 506	7 661 156
Departmental agencies and accounts	12 000	44 000	41 611	37 509	62 879	64 910	68 795
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	886	-	405	640	756	878	931
Households	350	350	400	58 510	85 424	90 549	95 982
Payments for capital assets	10 507	10 306	9 463	18 434	14 033	12 276	13 012
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	8 541	7 414	8 381	15 648	11 220	10 515	10 724
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	1 966	2 892	1 082	2 786	2 813	1 761	2 288
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
Total	5 574 193	5 517 129	6 161 553	6 549 979	7 039 719	7 496 105	7 945 149

Details of transfer payments and subsidies:

Provinces and municipalities							
Provincial Revenue Funds							
Current	4 565 040	4 693 684	5 299 325	5 505 677	5 848 969	6 199 908	6 480 692
Health Professional Training & Development	1 174 000	1 234 090	1 299 248	1 333 499	1 434 132	1 520 180	1 520 180
National Tertiary Services	3 391 040	3 459 594	3 727 077	3 994 774	4 273 005	4 529 386	4 801 149
Hospital Management and Quality Improvement	-	-	126 000	133 404	141 832	150 342	159 363
Medico Legal	-	-	-	9 000	-	-	-
Cholera epidemic: KwaZulu-Natal	-	-	147 000	-	-	-	-
Malaria and cholera prevention	-	-	-	35 000	-	-	-

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Capital	866 191	653 800	719 000	809 984	911 856	1 027 427	1 180 284
Hospital Revitalisation	423 139	500 000	649 000	717 628	911 856	1 027 427	1 180 284
Durban Academic Hospital	331 200	103 800	-	-	-	-	-
Hospital Construction: Pretoria Academic	-	50 000	70 000	92 356	-	-	-
Hospital Construction: Umtata hospital	111 852	-	-	-	-	-	-
Municipalities							
Current	204	219	186	203	170	171	180
Regional Services Council levies	204	219	186	203	170	171	180
Departmental agencies and accounts (Social security funds)							
Current	12 000	11 000	6 500	8 805	9 000	10 000	10 600
Compensation fund	12 000	11 000	6 500	8 805	9 000	10 000	10 600
Departmental agencies and accounts							
Current	-	-	35 111	28 704	53 879	54 910	58 195
Malaria Lebombo Spatial Development Initiative	-	-	5 000	5 000	5 000	-	-
National Health Laboratory Services	-	-	30 111	23 704	48 879	54 910	58 195
Capital	-	33 000	-	-	-	-	-
National Health Laboratory Services	-	33 000	-	-	-	-	-
Non-profit institutions							
Current	886	-	405	640	756	878	931
Health Promotion: Non-governmental organisations	886	-	405	600	700	800	848
Environmental health	-	-	-	40	56	78	83
Households (Social benefits)							
Current	-	-	-	58 000	85 000	90 100	95 506
Medico Legal	-	-	-	58 000	85 000	90 100	95 506
Households (Other transfers to households)							
Current	350	350	400	510	424	449	476
Council for the Blind	350	350	400	510	424	449	476
Total	5 444 671	5 392 053	6 060 927	6 412 523	6 910 054	7 383 843	7 826 864

Expenditure trends

Health Service Delivery grows moderately in real terms in 2004/05 and over the medium term. The main growth is related to the transfer of medico-legal services (to support the function shift of forensic mortuaries from the Department of Safety and Security to the Department of Health) and in the Hospital Revitalisation programme. The latter sees rapid growth over the medium term, to exceed R1,0 billion per year by 2005/06, to substantially improve the national hospital stock.

The Disease Prevention and Control subprogramme contained a large once-off transfer of R147,0 million for cholera expenditure in 2002/03. Other increases in this subprogramme are to assist in clearing backlogs in assistive devices, such as wheelchairs, with R13,0 million each in 2003/04 and 2004/05 being allocated to this. This subprogramme also contains a small part of the funding of the National Health Laboratory Service, which became a public entity in the 2002/03 financial year and is thus shown as a transfer payment from that time onwards. Funding for the Lubombo malaria initiative (at R5,0 million per year), and for equipment renewal in the forensic chemistry laboratories (at R8,0 million in 2004/05 and R8,0 million in 2005/06), approved in the 2003 budget, is contained in this subprogramme.

The Hospital Services subprogramme is dominated by the large conditional grants to provinces. These have been reconfigured with the introduction of the new National Tertiary Services Grant and Health Professions Training and Development Grant in 2002/03. The Health Professions Training and Development Grant is retained at a constant level in the outer year of the MTEF, given that it will be extensively reviewed and reformed over the next one to two years.

The Non-Personal Health Services subprogramme contains the relatively small Compensation Fund for ex-miners and funds for health promotion, environmental health and the Medical Bureau for Occupational Diseases.

Service delivery outputs and indicators

Recent outputs

Disease prevention and control

The incorporation of 234 government laboratories functioning under a variety of government bodies into a focused public entity, the National Health Laboratory Service under the executive authority of the Minister of Health, has been completed. The transfer of ambulance services from local government to the provinces has taken place in eight provinces, and regulations for pre-hospital emergency care have been passed. Six of the seven blood transfusion services have been incorporated to form the new South African National Blood Transfusion Service. The transfer of mortuaries from the Department of Safety and Security to provincial health departments (previously approved by Cabinet) has proceeded more slowly than anticipated. Some funds have been transferred to provinces to revalidate the cost estimates of capital upgrading and to build capacity to manage the transfer.

Hospital services

Significant progress is being made with the Hospital Revitalisation programme. Twenty-seven large hospital projects are under way. Two large, modern hospitals funded by separate construction grants, the Nelson Mandela hospital in Umtata and the Inkosi Albert Luthuli hospital in Durban, have been opened. Upgrading of the Pretoria Academic hospital will be completed in 2004. The Inkosi Albert Luthuli tertiary hospital in Durban has generated international interest given its innovative use of public-private partnerships in equipping and operating the hospital.

A system for monitoring service outputs in each specialist unit in hospitals receiving the National Tertiary Services Grant is in place and has been used to conduct a review of the grant. Progress has also been made on the Modernisation of Tertiary Services project to determine future scenarios for tertiary service provision. Information from these sources will be used to review funding on this grant in preparation for the 2005 Budget.

Human resources

Research was conducted to develop an improved rural allowance system to attract particular professional groups to practise in rural areas, and a scarce skills strategy has been developed to increase the remuneration of categories of health professionals, who are difficult to retain in the public sector. Agreement on this has now been concluded in the Bargaining Chamber and implementation will proceed.

Community service, namely mandatory one-year government service after internship or graduation, for a range of new professional groups such as physiotherapists, occupational therapists and psychologists, was initiated in 2003. This has brought increased access to services in many areas which have never been able to offer such services.

Medium-term output targets

Health Service Delivery

Measurable objectives:

- Promote the effective delivery of health services through the provision of disease prevention and control measures, hospital services, and environmental and occupational health services.
- Co-ordinate and support the development of a sustainable network of hospitals – completely upgrading or replacing prioritised hospitals over the MTEF – to provide appropriate health care.
- Strengthen and assist provinces to implement a comprehensive national health human resources plan that will ensure an equitable distribution of health professionals.

Subprogramme	Output	Measure/Indicator	Target
Disease Prevention and Control	Expand the cataract surgery project	Number of operations per million	950 by 2004/05 1 000 by 2005/6
	Strengthen prevention of intentional and unintentional injuries	Trans-sectoral prevention strategy for road traffic accidents developed and implemented	Plan finalised by 2004/05 Implemented in 4 provinces by 2005/06
	Implementation of water fluoridation	Number of front-runners who supply fluoridated water	2 projects by 2004/05 6 by 2006/07
	Implementation of national oral health strategy	Percentage of provinces and districts implementing the oral health strategy	All provinces
Hospital Services	Authority delegated to hospital managers by end 2005/06	Number of provinces with effective management delegations at hospital level	6 by 2004/05 9 by 2005/06
	Effective Hospital Revitalisation programme extended to 81 hospitals by end 2006/07	Percentage of all hospitals accepted onto the revitalisation programme	12% by 2004/05 21% by 2006/07
		Percentage of revitalisation hospitals implementing hospital management and health technology audit components	100% by 2004/05
	Effective facility and equipment maintenance systems in provinces by end 2006/07	Number of provinces implementing equipment asset management systems in hospitals	3 by 2004/05 9 by 2006/07
	Improve the effectiveness of emergency medical services	Number of provincial business cases approved by national Department of Health and implemented by provinces	All provinces
Strengthen the development of disaster management strategies	Number of provinces adopting and implementing nationally agreed disaster management policy	All 9 provinces by 2004/05	
Human Resources	Develop and implement strategies to strengthen human resources (HR) for health	National HR planning norms developed	March 2005
		Number of health districts with an HR plan based on the national guidelines	35 out of 53 by 2004/05 45 out of 53 by 2005/06
		Number of provinces with an HR plan based on the national HR plan	6 by 2004/05 9 by 2005/06

Subprogramme	Output	Measure/Indicator	Target
		Scopes of practice for mid-level workers and other health professionals developed	2006 for health professionals 2007 for mid-level workers
		Implementation of national framework for community health workers monitored and reports published	March 2005
		Traditional health practitioner council established	March 2005
		Implementation of national recruitment and retention strategy	2005
		Number of health workers trained to implement antiretroviral rollout plan	2 585 by 2004/05 6 233 by 2005/06
		Community service for nurses implemented	January 2006
Non-Personal Health Services	Expanding occupational health services	Number of provinces implementing the national strategy for occupational health	All provinces by 2004/05
		Number of provinces that have assessed health risks on mines with specific reference to TB	7 provinces by 2004/05
		Number of medical benefit examinations done	28 000 by 2004/05 32 000 by 2006/07
	Expanding health promotion services	Percentage of schools implementing the health-promoting schools initiative	15% by 2004/05 30% by 2006/07
		Number of provinces that implement the 5 priority health promotion campaigns (nutrition; substance abuse; tobacco use; healthy environment; risks)	6 provinces by 2004/05 9 provinces by 2005/06

Public entities reporting to the Minister

Medical Research Council

The Medical Research Council (MRC) undertakes scientific research on clinical and health systems issues. Core funding is through the Department of Health with the allocations from government being determined as part of the overall Science vote under control of the Minister of Arts, Culture, Science and Technology, advised by the National Council for Innovation. Funding from the Science vote will amount to R154,4 million in 2004/05, and total revenue is anticipated to be R304,1 million, demonstrating the council's success in attracting research funding from other sources. There is close co-operation with the Department of Health in setting research priorities. A critical task is research into a vaccine against the strain of HIV that affects sub-Saharan Africa. Science vote funding for the council grew by an average annual 13,0 per cent between 2000/01 and 2003/04, but moderates to an annual average 6,4 per cent between 2003/04 and 2006/07.

Table 16.6 Summary of revenue and expenses for the Medical Research Council

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R Thousand	2000/01	2001/02	2002/03	2003/04			
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	765	14 179	18 860	19 894	18 062	18 105	18 142
Sale of goods and services other than capital assets	765	1 795	468	500	540	583	620
<i>Of which:</i>							
Admin fees	765	1 795	468	500	540	583	620
Interest	-	-	-	-	-	-	-
Other non-tax revenue	-	12 384	18 392	19 394	17 522	17 522	17 522
Transfers received	164 080	214 356	243 175	262 695	286 018	310 659	337 535
Sale of capital assets	564	-	123	-	-	-	-
Total revenue	165 409	228 535	262 158	282 589	304 080	328 764	355 677
Expenses							
Current expense	141 388	186 558	197 430	219 239	231 180	251 114	272 937
Compensation of employees	77 877	93 145	107 570	119 995	128 994	139 314	149 762
Use of goods and services	58 307	86 066	77 284	86 224	89 166	98 780	110 155
Depreciation	5 176	7 323	12 537	13 000	13 000	13 000	13 000
Interest, dividends and rent on land	28	24	39	20	20	20	20
Interest	28	24	39	20	20	20	20
Rent on land	-	-	-	-	-	-	-
Transfers and subsidies	29 510	40 927	56 834	61 781	67 900	72 650	77 740
Total expenses	170 898	227 485	254 264	281 020	299 080	323 764	350 677
Surplus / (Deficit)	(5 489)	1 050	7 894	1 569	5 000	5 000	5 000
Cash flow summary							
Adjust surplus / (deficit) for accrual transactions	(4 698)	25 079	16 510	39 978	36 494	36 494	36 494
Operating surplus / (deficit) before changes in working capital	(10 187)	26 129	24 404	41 547	41 494	41 494	41 494
Changes in working capital	36 461	10 150	45 523	31 000	31 000	31 000	31 000
Cash flow from operating activities	26 274	36 279	69 927	72 547	72 494	72 494	72 494
<i>Of which: Transfers from government</i>	171 352	224 326	275 532	292 494	310 994	328 181	355 057
Cash flow from investing activities	(34 222)	(36 877)	(67 774)	(70 000)	(70 000)	(70 000)	(70 000)
Cash flow from financing activities	63	(132)	31	6	6	6	6
Net increase / (decrease) in cash and cash equivalents	(7 885)	(730)	2 184	2 553	2 500	2 500	2 500

Data provided by the Medical Research Council

National Health Laboratory Services

The National Health Laboratory Service Act (37 of 2000) came into operation in May 2001. The entity is now fully operational as the legislated preferred provider of laboratory services to public health facilities. The National Health Laboratory Service's major source of funding will be the sale of analytical laboratory services to users such as provincial departments of health, but it continues to receive a transfer from the national department, which will amount to R48,9 million in 2004/05. Given the transition to a single public entity, the entity's first financial statements have been prepared for a period of 18 months ending March 2003.

Medical Schemes Council

The Medical Schemes Council regulates the private medical scheme industry in terms of the Medical Schemes Act (131 of 1998), and is funded mainly through levies on the industry in terms of the Council for Medical Schemes Levies Act (58 of 2000). In addition, it receives a small transfer from the department, increasing from R1,4 million in 2002/03 to R3,0 million in 2005/06.

Table 16.7 Summary of revenue and expenses for the Medical Schemes Council

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2003/04	2004/05	2005/06
R Thousand							
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	6 325	25 566	29 296	26 251	31 723	33 851	36 619
Sale of goods and services other than capital assets	6 325	24 740	26 818	25 251	27 778	30 554	33 609
<i>Of which:</i>							
Admin fees	6 325	24 740	26 818	25 251	27 778	30 554	33 609
Interest	-	-	-	-	-	-	-
Other non-tax revenue	-	826	2 478	1 000	3 945	3 297	3 010
Transfers received	8 831	1 517	1 068	1 400	2 833	3 003	3 183
Sale of capital assets	-	-	-	-	-	-	-
Total revenue	15 156	27 083	30 364	27 651	34 556	36 854	39 802
Expenses							
Current expense	8 979	18 965	33 092	33 970	34 556	36 854	39 802
Compensation of employees	4 218	9 980	18 373	17 959	19 036	20 369	21 998
Use of goods and services	3 815	7 116	11 711	13 228	12 538	13 290	14 353
Depreciation	286	705	1 361	1 176	1 247	1 321	1 427
Interest, dividends and rent on land	660	1 164	1 647	1 607	1 735	1 874	2 024
Interest	660	1 164	1 647	1 607	1 735	1 874	2 024
Rent on land	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	8 979	18 965	33 092	33 970	34 556	36 854	39 802
Surplus / (Deficit)	6 177	8 118	(2 728)	(6 319)	-	-	-
Cash flow summary							
Adjust surplus / (deficit) for accrual transactions	30	705	1 361	(924)	(1 553)	(1 759)	(1 961)
Operating surplus / (deficit) before changes in working capital	6 207	8 823	(1 367)	(7 243)	(1 553)	(1 759)	(1 961)
Changes in working capital	1 088	1 757	(3 031)	-	-	-	-
Cash flow from operating activities	7 295	10 580	(4 398)	(7 243)	(1 553)	(1 759)	(1 961)
<i>Of which: Transfers from government</i>	<i>8 831</i>	<i>1 517</i>	<i>1 068</i>	<i>1 400</i>	<i>2 833</i>	<i>3 003</i>	<i>3 183</i>
Cash flow from investing activities	2 974	(1 275)	(1 440)	-	-	-	-
Cash flow from financing activities	(37)	(1 422)	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	10 232	7 883	(5 838)	(7 243)	(1 553)	(1 759)	(1 961)

Data provided by the Council for Medical Schemes

Mines and Works Compensation Fund

The Compensation Commissioner for Occupational Diseases is responsible for the payment of benefits to miners and ex-miners who have been certified to be suffering from lung-related diseases because of working conditions. The Mines and Works Compensation Fund derives funding from levies (Mine Account, Works Account, Research Account, State Account) collected from controlled mines and works, as well as appropriations from Parliament. Payments to

beneficiaries are made in terms of the Occupational Diseases in Mines and Works Act (78 of 1973).

Table 16.8 Summary of revenue and expenses for the Mines and Works Compensation Fund

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R Thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Revenue							
Tax revenue	-	-	-	-	171 955	180 255	186 355
Non-tax revenue	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers received	12 012	11 007	8 576	8 500	9 000	10 000	10 500
Total revenue	12 012	11 007	8 576	8 500	180 955	190 255	196 855
Expenses							
Current expenses	8 322	11 803	5 526	8 735	123 159	116 199	110 960
<i>Compensation of employees</i>	-	-	-	-	-	-	-
<i>Goods and services</i>	-	-	-	-	-	-	-
<i>Transfer payments and subsidies</i>	8 322	11 803	5 526	8 735	123 159	116 199	110 960
<i>Other expenditure</i>	-	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-	-
<i>Transfer payments</i>	-	-	-	-	-	-	-
<i>Fixed assets</i>	-	-	-	-	-	-	-
<i>Land and subsoil assets</i>	-	-	-	-	-	-	-
Total Expenses	8 322	11 803	5 526	8 735	123 159	116 199	110 960
Surplus / (Deficit)	3 690	(796)	3 050	(235)	57 796	74 056	85 895

Data provided by the Mines and Works Compensation Fund

Annexure

Vote 16: Health

Table 16.9: Summary of expenditure trends and estimates per programme

Table 16.10: Summary of expenditure trends and estimates per economic classification

Table 16.11: Summary of personnel numbers and compensation of employees

Table 16.12: Summary of expenditure on training

Table 16.13: Summary of information and communications technology expenditure

Table 16.14: Summary of conditional grants to provinces

Table 16.15: Summary of official development assistance expenditure

Table 16.16: Summary of expenditure on infrastructure

Table 16.9: Summary of expenditure trends and estimates per programme

	Expenditure outcome			Medium-term expenditure estimate			
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03	Main appropriation 2003/04	Adjusted appropriation 2004/05	Revised estimate 2005/06	2006/07
R thousand							
1 Administration	70 443	78 009	92 904	106 927	106 999	88 260	139 725
2 Strategic Health Programmes	510 270	628 783	804 731	1 082 068	1 188 097	1 126 654	2 373 038
3 Health Service Delivery	5 574 193	5 517 129	6 161 553	6 485 905	6 549 979	6 480 836	7 945 149
Total	6 154 906	6 223 921	7 059 188	7 674 900	7 845 075	7 695 750	10 457 912
Change to 2003 Budget Estimate					(541 445)	(690 770)	(278 546)

Table 16.10: Summary of expenditure trends and estimates per economic classification

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2004/05	2005/06	2006/07
Current payments										
Compensation of employees	141 117	156 506	167 578	191 544	606	192 150	182 150	192 862	201 107	219 911
- Salaries and wages	126 295	136 637	149 490	174 747	606	175 353	165 353	177 282	184 597	200 986
- Social contributions	14 822	19 869	18 088	16 797	-	16 797	16 797	15 580	16 510	18 925
Goods and services	316 945	305 659	289 216	389 735	108 000	497 735	423 010	505 540	483 963	517 838
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-	-	-	-
- Rent on land	-	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	167	599	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-	-	-
Total current payments	458 062	462 332	457 393	581 279	108 606	689 885	605 160	698 402	685 070	737 749
Transfers and subsidies to:										
Provinces and municipalities	5 518 393	5 472 274	6 300 159	6 702 870	44 000	6 746 870	6 746 870	7 655 272	8 486 478	9 228 894
- Provinces	5 517 941	5 471 773	6 299 623	6 702 257	44 000	6 746 257	6 746 257	7 654 655	8 485 835	9 228 190
- Provincial Revenue Funds	5 517 941	5 471 773	6 299 623	6 702 257	44 000	6 746 257	6 746 257	7 654 655	8 485 835	9 228 190
- Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
- Municipalities	452	501	536	613	-	613	613	617	643	704
- Municipalities	452	501	536	613	-	613	613	617	643	704
- Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	129 779	194 093	200 069	197 164	-	197 164	190 564	220 404	233 539	261 021
- Social security funds	12 000	11 000	6 500	8 805	-	8 805	8 805	9 000	10 000	10 600
- Departmental agencies (non-business entities)	117 779	183 093	193 569	188 359	-	188 359	181 759	211 404	223 539	250 421

Table 16.10: Summary of expenditure trends and estimates per economic classification (continued)

	Expenditure outcome				Medium-term expenditure estimate					
	Audited	Audited	Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03							
R thousand										
Universities and technicians	-	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	-
- Public corporations	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-
- Private enterprises	-	-	-	-	-	-	-	-	-	-
- Subsidies on production	-	-	-	-	-	-	-	-	-	-
- Other transfers	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	25 201	39 839	35 923	47 920	10 567	58 487	58 487	45 136	55 001	58 302
Households	5 666	31 807	44 770	115 510	6 000	121 510	63 510	132 544	142 796	149 864
- Social benefits	3 316	3 487	12 370	67 000	6 000	73 000	15 000	85 000	90 100	95 506
- Other transfers to households	2 350	28 320	32 400	48 510	-	48 510	48 510	47 544	52 696	54 358
Total transfers and subsidies	5 679 039	5 738 013	6 580 921	7 063 464	60 567	7 124 031	7 059 431	8 053 356	8 917 814	9 698 081
Payments on capital assets										
Buildings and other fixed structures	-	2 640	7 769	-	72	72	72	9 600	-	-
- Buildings	-	2 640	7 769	-	72	72	72	9 600	-	-
- Other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	12 403	12 824	11 128	20 310	930	21 240	21 240	16 724	15 627	15 786
- Transport equipment	-	-	-	-	-	-	-	-	-	-
- Other machinery and equipment	12 403	12 824	11 128	20 310	930	21 240	21 240	16 724	15 627	15 786

Table 16.10: Summary of expenditure trends and estimates per economic classification (continued)

	Expenditure outcome				Revised estimate	Medium-term expenditure estimate		
	Audited		Preliminary outcome	Adjusted appropriation		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
Cultivated assets	-	-	-	-	-	-	-	
Software and other intangible assets	5 402	8 112	1 977	9 847	9 783	7 726	6 296	
Land and subsoil assets	-	-	-	-	-	-	-	
Of which: Capitalised compensation	-	-	-	-	-	-	-	
Total payments on capital assets	17 805	23 576	20 874	30 157	36 107	23 353	22 082	
Total	6 154 906	6 223 921	7 059 188	7 674 900	8 787 865	9 626 237	10 457 912	

Table 16.11: Summary of personnel numbers and compensation of employees¹

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	337	390	390	319	328
2 Strategic Health Programmes	427	351	351	471	485
3 Health Service Delivery	624	735	735	696	629
Total	1 388	1 476	1 476	1 486	1 442
Total compensation of employees (R thousand)	141 117	156 506	167 578	192 150	192 862
Unit cost (R thousand)	101.7	106.0	113.5	129.3	133.7

¹ Full-time equivalent

Table 16.12: Summary of expenditure on training

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate			
	Audited		Preliminary outcome			2003/04	2004/05		
	2000/01	2001/02	2001/02	2002/03			2004/05	2005/06	2006/07
R thousand									
1 Administration	267	630	1 616	562	596	629	664		
2 Strategic Health Programmes	207	513	704	718	799	845	891		
3 Health Service Delivery	244	670	1 231	636	674	718	757		
Total	718	1 813	3 551	1 916	2 069	2 192	2 312		

Table 16.13: Summary of information and communications technology expenditure

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate			
	Audited		Preliminary outcome			2003/04	2004/05		
	2000/01	2001/02	2001/02	2002/03			2004/05	2005/06	2006/07
R thousand									
1 Administration									
Technology	-	1 573	1 813	2 122	1 560	1 700	1 272		
IT services	-	1 373	1 555	614	480	484	377		
2 Strategic Health Programmes									
Technology	-	200	258	1 508	1 080	1 216	895		
IT services	-	395	205	2 033	1 368	1 600	993		
3 Health Service Delivery									
Technology	-	395	205	527	308	275	85		
IT services	-	-	-	1 506	1 060	1 325	908		
Total									
	-	102	85	654	957	614	343		
Technology	-	102	85	243	159	147	46		
IT services	-	-	-	411	798	467	297		
Total	-	2 070	2 103	4 809	3 885	3 914	2 608		

Table 16.14: Summary of conditional grants to provinces¹

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
	2000/01	2001/02	2002/03		2004/05	2005/06	2006/07
R thousand							
2 Strategic Health Programmes							
Maternal, Child and Women's Health							
Integrated Nutrition Programme	69 891	69 891	71 089	97 040	112 218	123 392	-
HIV/Aids and Tuberculosis							
HIV/Aids	16 819	54 398	210 209	333 556	781 612	1 135 108	1 567 214
3 Health Service Delivery							
Hospital Services							
Hospital Revitalisation	423 139	500 000	649 000	717 628	911 856	1 027 427	1 180 284
Hospital Construction	443 052	153 800	70 000	92 356	-	-	-
Health Professional Training and Development	1 174 000	1 234 090	1 299 248	1 333 499	1 434 132	1 520 180	1 520 180
National Tertiary Services Grant	3 391 040	3 459 594	3 727 077	3 994 774	4 273 005	4 529 386	4 801 149
Hospital Management Improvement Grant	-	-	126 000	133 404	141 832	150 342	159 363
Disease Prevention Control							
Cholera Epidemic: KwaZulu-Natal	-	-	147 000	-	-	-	-
Medico Legal	-	-	-	9 000	-	-	-
Total	5 517 941	5 471 773	6 299 623	6 711 257	7 654 655	8 485 835	9 228 190

¹ Detail provided in the Division of Revenue Act, 2004.

Table 16.15: Summary of official development assistance expenditure

Donor	Programme / project name	Cash or Kind	Expenditure outcome			Medium-term expenditure estimate		
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
R thousand								
European Union	Public health sector support programme		-	-	53 721	-	-	-
Flemish government	Provisioning and maintenance of assistive devices		-	-	421	-	-	-
Total			-	-	54 142	-	-	-

Table 16.16: Summary of expenditure on infrastructure

	Projects									
	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			Long-term planning		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Small project groups	-	2 640	7 769	72	9 600	-	-	-	-	-
Infrastructure transfers	866 191	686 800	749 111	833 688	936 192	1 058 223	1 212 928	-	-	-
Total	866 191	689 440	756 880	833 760	945 792	1 058 223	1 212 928	-	-	-