

Vote 16

Health

	2005/06 To be appropriated			2006/07	2007/08
MTEF allocations of which:	R9 825 237 000			R10 658 412 000	R11 184 809 000
	<i>Current payments</i>	<i>Transfers</i>	<i>Capital payments</i>		
	R699 810 000	R9 097 514 000	R27 913 000		
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 objective

Programme 1: Administration

Purpose: Provide overall management for the department, as well as 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 developing policies and systems and through monitoring. Manage and fund key programmes.

Measurable objective: Strengthen policies and programmes for communicable diseases (including for HIV and Aids prevention and care, sexually transmitted infections and tuberculosis) and for maternal, child and women's health and nutrition. Ensure that all medicines are safe and affordable and that essential medicines are available at all times in the public health sector.

Programme 3: Health Service Delivery

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

Measurable objective: Strengthen the delivery of primary health care through the district health system. Revitalise hospital services through upgrading or replacing hospitals and through quality and management improvements.

Programme 4: Human Resources

Purpose: Develop and assist provinces to implement a comprehensive long-term national human resources plan which will ensure an equitable distribution of health human resources.

Measurable objective: Effective representation of the Department of Health's interests in the Health and Welfare Bargaining Council. Development and implementation of a comprehensive human resource plan for the country.

Strategic overview and key policy developments: 2001/02 – 2007/08

The Department of Health faces several key strategic challenges. Access to services need to expand, particularly for primary health care. Government's health programmes - including those for maternal and child health, infectious diseases (especially HIV and Aids), and against chronic diseases and trauma - need continuous strengthening to improve mortality and morbidity indicators. Quality of care needs to be improved. Key inputs need strengthening, including human resources, infrastructure and equipment, and other complementary inputs like medicines and maintenance. Achieving these will require a focus on efficiencies and funding.

The priorities of the national health system for the next five years include improving governance and the management and quality of care. Primary health care, emergency medical services, and hospital service delivery systems will be strengthened, also through improved disease management. Prevention will be boosted through promoting healthy lifestyles. Support services will be improved, including: human resources planning, development and management; planning; budgeting; and monitoring and evaluation. Attention will also be given to preparing and implementing legislation, and advancing international relations.

HIV and Aids and sexually transmitted infections

The year 2004 marked the first year of the implementation of the operational plan for comprehensive HIV and Aids care, management and treatment. The focus was on designating at least one treatment point in each of the 53 health districts across the country, each consisting of a network of local health facilities. In this first year, provinces identified 113 facilities and 28 786 patients across the country were receiving treatment.

In 2003/04, the department developed guidelines for people living with HIV and Aids, tuberculosis and other chronic debilitating conditions. Other aspects of the programme were strengthened, including expanding condom distribution to 360 million in 2004/05, increasing the availability of voluntary counselling and testing to 2 582 sites, and rolling out mother-to-child prevention programmes to 1 652 sites.

The Khomanani mass communication campaign has been very visible and will be built on in the next two years. The focus has been on specific remembrance activities, including World Aids day, a men's march and a range of radio and television campaigns.

The 2003 antenatal survey suggests a prevalence rate of 27,9 per cent, which is still very high, but levelling off. Several prevention and behavioural indicators show improvements, including increased condom usage, declining infection rates in younger age groups, and declining teenage pregnancy rates. However, mortality levels are rising as the epidemic enters its mature phase.

Nutrition

The primary school nutrition programme was transferred to the Department of Education in April 2004. The Department of Health has retained the integrated nutrition programme.

The department developed guidelines for nutritional supplementation for people living with HIV and Aids.

Primary healthcare services

The National Health Act (2003) changes the legislative dispensation for primary healthcare services: local government is responsible for a narrowly defined set of environmental health services and provinces have responsibility for all other aspects of primary health care. Funds for this will be included in the provincial equitable share formula in 2005. Provinces may choose to delegate primary healthcare services to local governments. The department developed a standard service level agreement to better regulate the transfer of funds to municipalities, and it is being used by all provinces.

Hospital services

The programme to revitalise hospitals is now in its third year and 30 hospitals were in the programme in 2004/05. The programme addresses infrastructure, organisational development, health technology, emergency medical services, and quality of care. It will need to run over an extended period of time, with additional hospitals being added (based on approved business plans) until all public hospitals and their supporting networks are revitalised. The first ten major projects will be completed over the next year, and a number of new projects will begin in 2005/06 with the total number of projects rising to 59 over the MTEF period.

A major research project on the modernisation of specialist-led tertiary and regional hospital services has been completed.

Human resources

The target for 2005/06 to 2007/08 is the finalisation and implementation of a national health human resources plan. The timeframe for finalisation of the plan is March 2005. The plan will give direction to human resources planning to ensure that health human resources are developed and distributed equitably. It will also help provinces to comply with the National Health Act (2003), which requires the production of human resources plans by both the provincial departments of health and the national department.

In an effort to recruit and retain health workers, the department has instituted a system of scarce skills and rural allowances, and is responsible for the placement of seven categories of community service professionals (recent graduates doing one year's compulsory service). An expanded community health worker programme has been launched to strengthen community and home-based care. Community health workers provide basic preventive, first aid and other services in line with the Expanded Public Works Programme (EPWP). A mid-level worker programme in a range of categories has been initiated to strengthen service delivery. Mid-level workers are sub-professionals, such as pharmacy assistants and physiotherapy assistants, who help professionals with routine and more basic services.

Medicines

Medicine pricing regulations issued in terms of the Medicines and Related Substances Control Amendment Act (1997) were gazetted. These address the relatively high prices paid by South Africans for medicines, put in place a clear and transparent system of medicine pricing, and tackle a range of problems and perverse incentives. Technical and administrative support was provided by the pricing committee, established by the minister in terms of the Act. Single exit prices for pharmaceutical companies have been successfully implemented, but aspects of the regulations have been the subject of legal challenges.

To strengthen the rational use of medicines, the primary healthcare standard treatment guidelines and essential drug list was reviewed and launched during 2004. Norms, standards and generic standard operating procedures for pharmaceutical service delivery were developed and distributed

to provincial departments of health, correctional services and the military health service, and are being implemented.

Two centres for monitoring the safety of antiretroviral treatment for AIDS have been established.

Legislation

The National Health Act (2003) became law in July 2004. This Act will be the primary piece of health legislation and will provide the framework for governance of the health sector, including the relationship between national, provincial and local governments.

The Mental Health Care Act (2002) provides a rights-based framework for the care of patients with mental health problems. The related regulations have been developed and translated into all official languages, and will be promulgated during 2005/06.

Broader health financing initiatives

The potential development of a social health insurance system for the unemployed and the tax status of medical aid contributions received extensive policy attention. Technical teams on risk equalisation and subsidy frameworks are undertaking further work, and a proposal on the former was recently presented.

Expenditure estimates

Table 16.1: Health

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05				
1. Administration	76 107	89 134	88 333	124 174	124 174	136 572	139 115	147 204
2. Strategic Health Programmes	469 682	780 272	895 468	1 479 490	1 420 223	1 772 931	2 126 161	2 231 341
3. Health Service Delivery	5 626 983	6 148 222	6 627 109	7 167 400	7 122 894	7 855 499	8 323 243	8 732 943
4. Human Resources	51 149	41 560	61 321	47 336	47 336	60 235	69 893	73 321
Total	6 223 921	7 059 188	7 672 231	8 818 400	8 714 627	9 825 237	10 658 412	11 184 809
Change to 2004 Budget estimate				30 535	(73 238)	199 000	200 500	204 001
Economic classification								
Current payments	462 332	457 393	581 499	707 867	648 600	699 810	765 269	808 777
Compensation of employees	156 506	167 578	179 368	190 830	186 563	209 119	222 368	233 286
Goods and services	305 659	289 216	402 131	517 037	462 037	490 691	542 901	575 491
<i>of which:</i>								
<i>Consultants and contractors</i>	132 297	69 074	85 328	38 897	38 897	37 732	40 118	42 033
<i>Travel and subsistence</i>	41 076	44 509	51 984	77 388	77 388	75 458	79 231	83 193
<i>Communication</i>	15 030	15 860	16 713	14 118	14 118	14 760	15 415	16 185
<i>Inventory</i>	17 279	16 379	26 208	34 174	34 174	28 363	28 261	29 674
<i>Advertising</i>	7 344	35 831	2 468	89 347	89 347	27 651	28 233	29 143
<i>Condoms</i>	35 428	70 875	115 000	132 000	132 000	135 000	143 280	150 594
Financial transactions in assets and liabilities	167	599	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05				
Transfers and subsidies to:	5 738 013	6 580 921	7 070 420	8 072 100	8 027 594	9 097 514	9 870 101	10 351 838
Provinces and municipalities	5 472 274	6 300 159	6 746 370	7 655 272	7 655 272	8 666 478	9 408 829	9 870 277
Departmental agencies and accounts	194 093	200 069	222 649	305 410	260 904	317 639	342 547	358 449
Non-profit institutions	39 839	35 923	46 391	45 136	45 136	54 701	58 367	61 286
Households	31 807	44 770	55 010	66 282	66 282	58 696	60 358	61 826
Payments for capital assets	23 576	20 874	20 312	38 433	38 433	27 913	23 042	24 194
Buildings and other fixed structures	2 640	7 769	72	9 600	9 600	2 700	–	–
Machinery and equipment	13 074	11 128	16 114	19 050	19 050	17 926	17 711	18 507
Software and other intangible assets	7 862	1 977	4 126	9 783	9 783	7 287	5 331	5 687
Total	6 223 921	7 059 188	7 672 231	8 818 400	8 714 627	9 825 237	10 658 412	11 184 809

Expenditure trends

The programme structure this year includes a new programme, *Programme 4: Human Resources*, which consolidates various departmental responsibilities for human resources. This reflects an increased focus on human resources planning for the health sector. A number of subprogrammes have been rearranged between programmes in line with the department's new structure.

Transfers to provinces and other institutions account for most of the department's expenditure, averaging 92,6 per cent of expenditure over the medium term. Transfers and subsidies will amount to R9,1 billion in 2005/06, of which R8,7 billion will flow to provinces as conditional grants. The main conditional grants are the national tertiary services grant, the health professions training and development grant and the comprehensive HIV and Aids grant. Expenditure on the department's core budget will amount to R727,7 million in 2005/06.

The period 2001/02 to 2004/05 saw large real growth in departmental expenditure, in particular because of the more than five-fold increase in spending on dedicated HIV and Aids programmes (in *Programme 2: Strategic Health Programmes*). Expenditure is expected to continue to grow steadily, rising from R8,8 billion in 2004/05 to R11,2 billion in 2007/08, an annual average growth rate of 8,2 per cent.

The main additional allocations in the 2005 Budget are:

- an increase of R180 million per year in the national tertiary services grant to strengthen specialist hospital services
- an allocation of R12 million, R13 million and R14 million over the next three years to fund health promotion activities (R8 million for each year is specifically earmarked for Soul City)
- increases of R7,0 million, R7,5 million and R10,0 million over the next three years to fund the implementation of the new structure of the department and to strengthen the management of conditional grants.

Departmental receipts

The department generates revenue (which is deposited into the National Revenue Fund) from the sale of special drugs, recovery of contractual and non-contractual departmental debts and from

other administrative sources. The State Vaccine Institute was converted into a PPP during the 2003/04 financial year, which resulted in a decrease of revenue collection from vaccine sales. The Medicines and Related Substances Control Act (1965), as amended, led to the establishment of the Medicines Regulatory Authority as a juristic person. In terms of this Act, revenue collected as a result of an application to register new medicines must accrue to the new Medicine Regulatory Authority, thus further reducing receipts.

Table 16.2: Departmental receipts

R thousand	Receipts outcome			Adjusted appropriation	Medium-term receipts estimate		
	Audited	Audited	Preliminary		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04				
Sales of goods and services produced by department	9 690	7 010	5 351	12 555	8 939	8 950	8 947
Sales of scrap, waste and other used current goods	–	–	–	11	15	16	17
Interest, dividends and rent on land	93	38	51	92	111	118	125
Financial transactions in assets and liabilities	742	1 062	1 182	4 870	4 883	5 175	5 487
Total	10 525	8 110	6 584	17 528	13 948	14 259	14 576

Programme 1: Administration

Administration 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. The *Corporate Services* subprogramme includes transversal functions such as corporate finance, human resources, logistical services, office support, IT, internal audit, and legal services.

Expenditure estimates

Table 16.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04				
R thousand							
Minister ¹	630	691	746	791	843	898	942
Deputy Minister ²	–	–	644	643	685	730	766
Management	4 850	4 966	7 001	12 921	16 543	17 638	18 525
Corporate Services	70 627	83 477	79 942	109 819	118 501	119 849	126 971
Total	76 107	89 134	88 333	124 174	136 572	139 115	147 204
Change to 2004 Budget estimate				5 458	4 151	(610)	493

¹ Payable as from 1 April 2004. Salary: R633 061. Car allowance: R158 265.

² Payable as from 1 April 2004. Salary: R514 537. Car allowance: R128 634.

Economic classification

	68 628	79 730	83 797	109 191	127 409	135 121	143 009
Current payments							
Compensation of employees	36 581	43 454	45 482	55 294	60 099	62 466	65 604
Goods and services	31 880	35 677	38 315	53 897	67 310	72 655	77 405
of which:							
Consultants and contractors	3 019	5 886	6 180	5 025	5 227	5 488	5 763
Travel and subsistence	4 007	1 914	11 124	16 329	16 655	17 488	18 362
Communication	6 134	6 363	9 052	7 248	7 393	7 763	8 151
Inventory	2 380	2 718	2 771	4 356	4 443	4 665	4 898
Financial transactions in assets and liabilities	167	599	–	–	–	–	–

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Transfers and subsidies to:	124	146	180	191	181	196	206
Provinces and municipalities	124	146	180	191	181	196	206
Payments for capital assets	7 355	9 258	4 356	14 792	8 982	3 798	3 989
Buildings and other fixed structures	2 640	7 769	72	9 600	2 700	–	–
Machinery and equipment	1 281	1 489	3 207	1 493	2 784	2 285	2 310
Software and other intangible assets	3 434	–	1 077	3 699	3 498	1 513	1 679
Total	76 107	89 134	88 333	124 174	136 572	139 115	147 204

Expenditure trends

Expenditure is expected to continue to grow, rising from R124,2 million in 2004/05 to R147,2 million in 2007/08, an annual average increase of 5,8 per cent. This follows average annual growth of 17,7 per cent between 2001/02 and 2004/05, which mainly went to compensation of employees and goods and services, and to strengthening the internal audit unit, among others. Future growth will help strengthen conditional grant management, the minister's office and legal services.

There was a one-off capital expenditure increase in 2004/05 when R9,6 million was budgeted for upgrading the Medical Bureau for Occupational Diseases building in Johannesburg.

Programme 2: Strategic Health Programmes

Strategic Health Programmes co-ordinates a range of strategic national health programmes through developing policies and systems and through monitoring, and manages and funds key programmes. Five subprogrammes previously in this programme (*District Health Systems*, *International Health Liaison*, *Health Monitoring and Evaluation*, *Mental Health and Substance Abuse* and *Medical Schemes*) have been shifted to *Programme 3: Health Service Delivery* programme, and *Communicable Diseases* is a new subprogramme.

Strategic Health Programmes now has five subprogrammes to deal with its key policy areas:

- *Maternal, Child and Women's Health and Nutrition* formulates and monitors policies, guidelines, norms and standards for maternal child, youth and women's health and nutrition.
- *Medicines Regulatory Affairs* supports the Medicines Control Council, and ensures that medicines meet approved specifications and standards.
- *HIV and Aids* develops policy and administers the national HIV and Aids and STI programmes, including co-ordinating the integrated plan for HIV and Aids and the conditional grant.
- *Pharmaceutical Policy and Planning* regulates and co-ordinates the procurement of pharmaceutical supplies to ensure that essential drugs are affordable and available, promotes rational drug use by consumers and healthcare workers, and administers legislation on food safety and related matters.
- *Communicable Diseases* is responsible for the control of infectious diseases, including tuberculosis, and several occupational health functions, including the Medical Bureau for Occupational Diseases and the Compensation Commission for Occupational Diseases.

Expenditure estimates

Table 16.4: Strategic Health Programmes

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Maternal, Child and Women's Health and Nutrition	103 708	103 177	122 490	142 884	148 417	27 093	28 819
Medicines Regulatory Affairs	15 843	20 330	25 807	23 491	20 994	24 443	25 671
HIV and Aids	264 820	454 588	686 230	1 235 329	1 531 165	2 001 920	2 101 717
Pharmaceutical Policy and Planning	50 688	18 823	17 980	27 385	24 636	23 263	24 432
Communicable Diseases	34 623	183 354	42 961	50 401	47 719	49 442	50 702
Total	469 682	780 272	895 468	1 479 490	1 772 931	2 126 161	2 231 341
Change to 2004 Budget estimate				(149 940)	(224 780)	(246 877)	(260 349)
Economic classification							
Current payments	243 616	251 806	358 020	442 534	394 927	433 465	456 784
Compensation of employees	44 223	50 633	55 392	73 882	70 973	77 018	80 887
Goods and services	199 393	201 173	302 628	368 652	323 954	356 447	375 897
<i>of which:</i>							
Consultants and contractors	112 571	33 845	72 398	18 142	18 505	19 430	20 402
Travel and subsistence	15 701	21 217	29 140	45 101	46 003	48 303	50 718
Inventory	35 428	70 875	115 000	132 000	135 000	143 280	150 594
Advertising	6 102	34 824	892	80 700	20 000	20 000	20 500
Computer services	10 164	5 431	8 556	7 755	8 143	8 550	8 977
Transfers and subsidies to:	222 795	526 513	536 422	1 029 544	1 372 859	1 686 829	1 768 396
Provinces and municipalities	124 447	428 502	430 826	894 086	1 258 724	1 567 423	1 645 794
Departmental agencies and accounts	31 000	21 500	8 000	34 000	5 000	5 100	4 130
Non-profit institutions	38 861	34 141	45 096	43 420	53 135	56 806	59 647
Households	28 487	42 370	52 500	58 038	56 000	57 500	58 825
Payments for capital assets	3 271	1 953	1 026	7 412	5 145	5 867	6 161
Machinery and equipment	1 735	1 058	763	4 141	2 920	3 818	4 010
Software and other intangible assets	1 536	895	263	3 271	2 225	2 049	2 151
Total	469 682	780 272	895 468	1 479 490	1 772 931	2 126 161	2 231 341
Details of transfers and subsidies:							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	124 289	428 298	430 596	893 830	1 258 500	1 567 214	1 645 575
Integrated Nutrition Programme	69 891	71 089	97 040	112 218	123 392	–	–
HIV and Aids grant	54 398	210 209	333 556	781 612	1 135 108	1 567 214	1 645 575
Cholera epidemic: KwaZulu-Natal	–	147 000	–	–	–	–	–
Municipalities							
Municipal bank accounts							
Current	158	204	230	256	224	209	219
Regional Services Council levies	158	204	230	256	224	209	219
Subtotal provinces and municipalities	124 447	428 502	430 826	894 086	1 258 724	1 567 423	1 645 794

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05			
Departmental agencies and accounts							
Social security funds							
Current	11 000	6 500	3 000	9 000	5 000	5 100	4 130
Compensation fund	11 000	6 500	3 000	9 000	5 000	5 100	4 130
Current	20 000	15 000	5 000	25 000	-	-	-
National Health Laboratory Services (cancer register)	-	-	-	20 000	-	-	-
South African National Aids Council	20 000	10 000	-	-	-	-	-
MRC Malaria Lubombo Spatial Development Initiative	-	5 000	5 000	5 000	-	-	-
Total departmental agencies and accounts	31 000	21 500	8 000	34 000	5 000	5 100	4 130
Non-profit institutions							
Current	38 861	34 141	45 096	43 420	53 135	56 806	59 647
South African Vaccine Producers	4 052	-	-	-	-	-	-
Maternal Child and Women's Health: Non-Governmental Organisations	-	310	350	370	422	930	977
HIV and Aids: Non-Governmental Organisations	5 001	31 331	43 378	40 250	49 745	52 730	55 367
Government Aids Action Plan	29 808	-	-	-	-	-	-
Tuberculosis: Non-Governmental Organisations	-	2 500	1 368	2 800	2 968	3 146	3 303
Total non-profit institutions	38 861	34 141	45 096	43 420	53 135	56 806	59 647
Households							
Social benefits							
Current	3 487	12 370	6 500	7 138	-	-	-
Poverty Relief	3 487	12 370	6 500	7 138	-	-	-
Other transfers							
Current	25 000	30 000	46 000	50 900	56 000	57 500	58 825
South African AIDS Vaccine Initiative	-	5 000	10 000	10 000	10 000	10 600	11 130
LifeLine	-	-	11 000	12 000	15 000	15 900	16 695
LoveLife	25 000	25 000	25 000	23 000	23 000	23 000	23 000
Soul City	-	-	-	5 900	8 000	8 000	8 000
Total households	28 487	42 370	52 500	58 038	56 000	57 500	58 825

Expenditure trends

Spending on *Strategic Health Programmes* has more than tripled since 2001/02, primarily because of the very rapid increase in the comprehensive HIV and Aids conditional grant from R54,4 million in 2001/02 to R781,6 million in 2004/05. Other HIV and Aids-related expenditures include transfers to NGOs, the South African Aids Vaccine Initiative, Lifeline, loveLife and the South African National Aids Council.

The comprehensive HIV and Aids conditional grant (which funds the operational plan for comprehensive HIV and Aids care, management and treatment) will again double over the medium term (to R1,6 billion in 2007/08) as the plan reaches full implementation. This contributes to the continued strong growth on *Strategic Health Programmes* by an average annual 14,7 per cent over the medium term.

In the *Maternal, Child and Women's Health* subprogramme, the primary school nutrition programme was moved to the Department of Education in 2004/05 with historical numbers

adjusted to reflect this function shift. The remaining portion of the integrated nutrition programme is funded from a smaller grant, which will be integrated into the provincial equitable share allocations from 2006/07.

The *Pharmaceutical Policy and Planning* subprogramme grew in 2004/05, with the establishment and strengthening of the licensing function and the pricing committee function. A large one-off payment in 2001/02 relates to improvements in the MEDSAS system (an information system for medicine stores dealing with procurement and distribution).

Communicable Diseases is a new subprogramme, but historical expenditure has been adjusted in line with the new classification. Included in expenditure on *Communicable Diseases* is a one-off transfer in 2002/03 for combating cholera.

Service delivery objectives and indicators

Recent output

HIV and Aids

Condom distribution has increased from 270 million male condoms in 2002/03 to 302 million in 2003/04, and over 360 million in 2004/05 (over 30 million a month). The distribution of female condoms has increased from 1,3 million in 2001/02 to 2,6 million in 2004/05. Studies indicate that the use of condoms has increased among young people, suggesting that sexual behaviour in this group may be changing. The current target for 2005/06 is to buy and distribute 425 million male condoms and 3 million female condoms.

By the end of 2004/05, 3 369 healthcare facilities were providing voluntary counselling and testing (VCT), mainly at the primary healthcare level, a 100 per cent increase from 1 500 in 2002/03. In 2005/06 there should be 5 000 healthcare facilities providing VCT. In 2003/04, 1 652 facilities implemented the prevention of mother-to-child transmission programme, a significant increase from 540 in 2002/03. The policy is that all primary healthcare facilities should offer VCT by March 2006, and the prevention of mother-to-child transmission programme by March 2006.

A key focus area for the MTEF period is consolidating and expanding the comprehensive HIV and Aids programme, including providing antiretroviral treatment safely to people who qualify for it. Currently, 51 of the 53 health districts have at least one service point which provides the programme, with 28 786 people on treatment.

Activities in 2003/04 to strengthen STI management included recruiting and training co-ordinators, commissioning a drug resistance study, and working with the private health sector.

A range of guidelines were launched for people living with HIV and Aids.

The TB control programme has enjoyed limited success, partly due to its relationship with HIV infection, which substantially increases susceptibility to TB. The cure rate is 53,8 per cent, below the target of 85,0 per cent. Also of concern is the increasing rate of multi-drug resistant TB, estimated to be 1,6 per cent in 2002. Treatment through direct supervision, known as directly observed treatment (DOTS), is widespread: more than 99 per cent of clients are directly supervised when they take their tablets.

Maternal, child and women's health and nutrition

Key outputs to improve maternal and women's health include: the confidential inquiry into maternal deaths (a national process of reviewing causes of all maternal deaths); cervical and breast cancer awareness and screening; and programmes to reduce rape and other violence against women. Since the implementation of the Choice on Termination of Pregnancy Act (1996),

approximately 40 000 women safely terminate pregnancies annually. Other outputs include the provision of post-exposure prophylaxis for survivors of sexual assaults, and victim empowerment programmes.

Obstetric care has been strengthened through implementing maternity care guidelines, standardising maternity case records, improving the use of quality assurance tools, implementing the perinatal problem identification programme, and programmes for the continuing professional development of doctors and midwives providing reproductive health services.

Full immunisation coverage of 82 per cent for one-year-old infants was achieved nationally in 2003/04. Provincial variations still exist, with predominantly rural provinces registering lower coverage.

The strategy for the integrated management of childhood illness (IMCI) has been strengthened, with more than 7 000 health workers trained in case management to date. The training guidelines have been revised and expanded. The target for the MTEF period is that 80 per cent of districts should provide IMCI by 2007/08.

Key strategies to improve the nutritional status of the population included: making nutritional supplements available to people living with HIV and Aids; the baby-friendly hospital initiative; strengthening the food fortification programme through a monitoring system; and publishing the South African food-based dietary guidelines.

Selected medium-term output targets

Strategic Health Programmes

Measurable objective: Strengthen policies and programmes for communicable diseases (including for HIV and Aids prevention and care, sexually transmitted infections and tuberculosis) and for maternal, child and women's health and nutrition. Ensure that all medicines are safe and affordable and that essential medicines are available at all times in the public health sector.

Subprogramme	Output	Indicator	Target
Maternal, Child and Women's Health and Nutrition	Reduce infant, child and youth morbidity and mortality	Percentage of districts with immunisation coverage of less than 80%	20% in 2006/07
		Percentage of districts implementing integrated management of child illnesses	40% in 2005/06
	Improve youth and adolescent health Reduce maternal morbidity and mortality	Percentage of hospitals offering baby-friendly maternity facilities	28% in 2005/06
		Percentage of health facilities implementing youth friendly services	30% in 2005/06
HIV and Aids	Improved interventions to deal with the HIV and Aids epidemic	Percentage of health departments and hospitals implementing recommendations from the Saving Mothers, Saving Babies reports	70% in 2005/06
		Percentage of public health facilities offering voluntary counselling and testing	100% in 2005/06
		Number of male condoms distributed	425 million in 2005/06
		Number of female condoms distributed	3,5 million in 2005/06
	Assist districts to develop supervision and monitoring systems for community direct observed treatment (DOTS) Good quality TB laboratory services	Percentage of health facilities that offer mother-to child transmission prevention services	80% in 2005/06
		Percentage of new smear-positive TB cases cured at the first attempt	65% in 2005/06
	Percentage of health districts with turnaround time of 48 hours or less	100% in 2005/06	

Subprogramme	Output	Indicator	Target
Pharmaceutical Policy and Planning	Strategies to improve pharmaceutical procurement management and use	Percentage of new pharmacies and people dispensing licensed	100% private and 80% public in 2005/06
	Monitor the procurement and supply of all antiretrovirals for the comprehensive HIV and Aids management and treatment plan	Percentage of stock-outs of medicines on the essential drug list Percentage of stock-outs of medicines at any level of the supply chain	0% in 2005/06 0% 2005/06
Communicable Diseases	Strengthen malaria control	Affected provinces implementing the recommendations of the Roll Back Malaria survey	KwaZulu-Natal, Limpopo and Mpumalanga by 2005/06
	Expanding occupational health services	Number of medical benefit examinations done at the Medical Bureau for Occupational Diseases to assess compensatable disability	32 000 06/07

Programme 3: Health Service Delivery

Health Service Delivery supports the delivery of health services, primarily in the provincial and local spheres of government.

The programme has been significantly restructured. It now contains several subprogrammes previously in *Programme 2: Strategic Health Programmes*. Those moved from programme 2 are: *Health Information, Research and Evaluation, Primary Health Care, District Health and Development*. Two new subprogrammes (*Health Economics* and *Non-Communicable Diseases*) have been created. The former *Mental Health and Substance Abuse* subprogramme is now part of *Communicable Diseases* and the former *Medical Schemes* subprogramme is now included in *Health Economics*. The *Human Resources* subprogramme has shifted to *Programme 4: Human Resources Planning, Development and Management*.

There are now six subprogrammes:

- *Non-Communicable Diseases* establishes guidelines on the prevention, management and treatment of a range of chronic diseases, disability, the diseases of older people and oral health. The subprogramme is also responsible for: transferring mortuaries from the South African Police Service to provincial health departments; developing a national forensic pathology service; rationalising blood transfusion services; and liaising with the National Health Laboratory Service, including the National Institute of Communicable Diseases and the National Centre for Occupational Diseases.
- *Hospital Services* deals with policy on the provision and management of hospital services, health technology, and emergency medical services. It is also responsible for the large conditional grants for hospital services.
- *Health Economics* is a new subprogramme dealing with health economics research, medical schemes, social health insurance and PPPs.
- *Health Information, Research and Evaluation* deals with the development and maintenance of a national information system, and commissions and co-ordinates research. The subprogramme does disease surveillance and epidemiological analysis, and monitors and evaluates health programmes. It develops norms, standards and other mechanisms for improving the quality of healthcare services, and provides oversight of the activities of the Medical Research Council.
- *Primary Health Care, District Health and Development* promotes and co-ordinates the development of the district health system, monitors the implementation of primary healthcare

and activities related to the integrated sustainable rural development programme and the urban renewal programme. It also includes health promotion and environmental health.

- *Office of Standards Compliance* deals with quality assurance, licensing and the certificates of need required in terms of the new National Health Act (2003) when licensing health facilities. Radiation control is also located here.

Expenditure estimates

Table 16.5: Health Service Delivery

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Non-Communicable Diseases	96 647	78 975	126 159	164 742	194 873	205 311	215 593
Hospital Services	5 353 121	5 877 093	6 279 289	6 771 229	7 422 587	7 857 003	8 242 667
Health Economics	5 480	6 443	7 244	7 649	14 947	15 877	16 371
Health Information, Research and Evaluation	146 494	159 958	184 028	192 811	187 214	204 978	215 299
PHC, District Health and Development	9 803	11 028	13 561	17 816	21 403	25 141	27 330
Office of Standards Compliance	15 438	14 725	16 828	13 153	14 475	14 933	15 683
Total	5 626 983	6 148 222	6 627 109	7 167 400	7 855 499	8 323 243	8 732 943
Change to 2004 Budget estimate				127 681	359 394	378 094	390 537

Economic classification

Current payments	99 534	84 945	78 986	109 125	118 173	127 719	136 632
Compensation of employees	61 552	61 641	65 645	47 202	64 511	67 643	71 062
Goods and services	37 982	23 304	13 341	61 923	53 662	60 076	65 570
of which:							
Consultants and contractors	14 905	27 498	4 638	14 030	10 500	11 000	11 550
Travel and subsistence	17 744	17 925	8 268	12 633	11 000	11 550	12 128
Inventory	12 921	11 572	21 792	28 098	22 000	22 000	23 100
Transfers and subsidies to:	5 515 094	6 054 262	6 533 818	7 042 365	7 724 425	8 183 031	8 583 190
Provinces and municipalities	5 347 703	5 871 511	6 315 364	6 760 995	7 407 524	7 841 165	8 224 231
Departmental agencies and accounts	163 093	178 569	214 649	271 410	312 639	337 447	354 319
Non-profit institutions	978	1 782	1 295	1 716	1 566	1 561	1 639
Households	3 320	2 400	2 510	8 244	2 696	2 858	3 001
Payments for capital assets	12 355	9 015	14 305	15 910	12 901	12 493	13 121
Machinery and equipment	9 463	7 933	11 519	13 097	11 540	10 964	11 515
Software and other intangible assets	2 892	1 082	2 786	2 813	1 361	1 529	1 606
Total	5 626 983	6 148 222	6 627 109	7 167 400	7 855 499	8 323 243	8 732 943

Details of transfers and subsidies:

Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	4 693 684	5 152 325	5 505 177	5 848 969	6 379 908	6 660 692	6 984 726
Health Professions Training & Development	1 234 090	1 299 248	1 333 499	1 434 132	1 520 180	1 520 180	1 596 189
National Tertiary Services	3 459 594	3 727 077	3 994 774	4 273 005	4 709 386	4 981 149	5 221 206
Hospital Management and Quality Improvement	–	126 000	133 404	141 832	150 342	159 363	167 331
Medico-Legal	–	–	9 000	–	–	–	–
Malaria and cholera prevention	–	–	34 500	–	–	–	–

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04	2004/05			
Capital	653 800	719 000	809 984	911 856	1 027 427	1 180 284	1 239 298
Hospital Revitalisation	500 000	649 000	717 628	911 856	1 027 427	1 180 284	1 239 298
Durban Academic Hospital	103 800	–	–	–	–	–	–
Hospital Construction: Pretoria Academic	50 000	70 000	92 356	–	–	–	–
Municipalities							
Municipal bank accounts							
Current	219	186	203	170	189	189	207
Regional Services Council levies	219	186	203	170	189	189	207
Subtotal provinces and municipalities	5 347 703	5 871 511	6 315 364	6 760 995	7 407 524	7 841 165	8 224 231
Departmental agencies and accounts							
Current	130 093	178 569	214 649	271 410	312 639	337 447	354 319
National Health Laboratory Services	–	30 111	48 494	52 879	54 910	58 195	61 105
Medical Research Council	127 221	145 498	163 195	167 888	164 304	180 222	189 233
National Health Laboratory Services (cancer register)	287	287	287	304	322	341	358
Council for Medical Schemes	2 585	2 673	2 673	2 833	3 003	3 183	3 342
Medico Legal	–	–	–	47 506	90 100	95 506	100 281
Capital	33 000	–	–	–	–	–	–
National Health Laboratory Services	33 000	–	–	–	–	–	–
Subtotal departmental agencies and accounts	163 093	178 569	214 649	271 410	312 639	337 447	354 319
Non-profit institutions							
Current	978	1 782	1 295	1 716	1 566	1 561	1 639
Health Promotion: Non-Governmental Organisations	–	405	521	700	800	848	890
Environmental Health	–	–	–	56	78	83	87
Mental Health: Non-Governmental Organisations	778	1 047	444	630	358	280	294
South African Community Epidemiology Network on Drug Use	–	130	130	130	130	138	145
South African Federation for Mental Health	200	200	200	200	200	212	223
Subtotal non-profit institutions	978	1 782	1 295	1 716	1 566	1 561	1 639
Households							
Other transfers							
Current	3 320	2 400	2 510	8 244	2 696	2 858	3 001
Council for the Blind	350	400	510	424	449	476	500
Health Systems Trust	2 970	2 000	2 000	7 820	2 247	2 382	2 501
Subtotal households	3 320	2 400	2 510	8 244	2 696	2 858	3 001
Total	5 515 094	6 054 262	6 533 818	7 042 365	7 724 425	8 183 031	8 583 190

Expenditure trends

The structure of *Health Services Delivery* has been significantly changed, as detailed in the description of the programme. Most of the expenditure is in the *Hospital Services* subprogramme, which consists mainly of conditional grants to provinces, which fund tertiary health services, the training of medical professionals and the hospital revitalisation grant.

The most significant growth in the programme has been on the hospital revitalisation grant, which doubled between 2001/02 and 2005/06. Expenditure on the programme as a whole remains strong, growing to an expected R8,7 billion in 2007/08, an annual average increase over the medium term of 6,8 per cent. The increases in funding for the *Health Economics* subprogramme over the next three years will fund the department's health economics activities, including those related to conditional grants, developing the social health insurance policy, and establishing a PPP unit.

The National Health Laboratory Service became a public entity in October 2001, and transfers to it include funds going towards the National Institute of Communicable Diseases and the National Institute of Occupational Health.

Service delivery outputs and indicators

Recent outputs

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 SAPS to provincial health departments has proceeded more slowly than anticipated because of concerns around facility backlogs. Significant progress has been made in detailed national and provincial planning to receive the function. A small amount of funds was transferred to provinces to revalidate the cost estimates of capital upgrading and to build capacity to manage the transfer. R33 million was transferred to SAPS to initiate the capital upgrading process.

Significant progress has been made with hospital revitalisation. In 2003/04, two new hospitals were completed in Colesburg and Calvinia in the Northern Cape. Thirty hospitals were part of the revitalisation programme in 2004/05, of which ten will be completed by 2005/06.

Improvements in hospital management were also facilitated during 2003/04 through national guidelines for hospital governance (which are being used by hospitals in the revitalisation programme), a policy on decentralising hospital management, and national regulations for hospital boards. To improve financial management, 46 hospitals are using cost centre accounting, and another tender was awarded to support cost centre accounting in more hospitals. Partnerships and twinning with UK and French hospitals are part of the process of building the capacity of hospital managers.

A recent national survey of clinics provided useful information on primary healthcare infrastructure. Of 3 560 clinics in the country, 27 per cent have no municipal water connection, 11 per cent no electricity, 13 per cent no municipal sewerage connection and 9 per cent no telephones. Most of these are in the Eastern Cape, KwaZulu-Natal and Mpumalanga. For clinics to provide quality care it is essential that they have access to these services.

Selected medium-term output targets

Health Service Delivery

Measurable objectives: Strengthen the delivery of primary health care through the district health system. Revitalise hospital services through upgrading or replacing hospitals and through quality and management improvements.

Subprogramme	Measurable objectives	Indicator	Target
Non-Communicable Diseases	Expand the cataract surgery project	Number of operations per million	1 200 in 2005/06
	Scale up epidemic preparedness and response	Implementation of policy guidelines by provinces	In all 9 provinces in 2005/06
	Implement Mental Health Care Act (2002)	Number of provinces with functional mental health review boards	40% in 2005/06

Subprogramme	Measurable objectives	Indicator	Target
Hospital Services	Authority delegated to hospital managers	Number of provinces with hospital management delegated effectively	All provinces in 2005/06
	Effective hospital revitalisation programme	Percentage of hospitals accepted onto the revitalisation programme	12% in 2005/06
		Percentage of revitalisation hospitals implementing hospital management and health technology audit components	100% in 2005/06
	Effective facility and equipment maintenance systems in provinces	Number of provinces implementing facility and equipment management and maintenance systems	6 in 2005/06
	Improved effectiveness of emergency medical (ambulance) services	Number of provinces in which business plans for ambulance service improvement have been approved and implemented	All provinces by 2005/06
Strengthen the development of disaster management strategies	Number of provinces adopting and implementing nationally agreed disaster management policy	All provinces by 2005/06	
Primary Health Care, District Health and Development	Functional health districts nationally	Percentage of health sub-districts that provide the full primary healthcare package of services	70% in 2005/06
		Percentage of health districts with health plans using national planning guidelines	80% in 2005/06
		Primary health care supervisory rate	60% in 2005/06
Office of Standards Compliance	Implementation of strategies to improve quality of care	Develop the national complaints centre into a national call centre	February 2006
		Develop standards for regional hospitals	By 2005
		Support provinces to set up offices to monitor compliance with norms and standards, and inspectorates for health establishments	4 provinces in 2005/06
		Set up a national adverse event reporting system in each province	In 6 provinces by 2005/06

Programme 4: Human Resources

Human Resources Planning, Development and Management is in the department's budget for the first time, because the department aims to increase its focus on human resources. It supports the planning, development and management of human resources for health at both the national and provincial levels. It also includes activities to co-ordinate international health relations, including donor support.

There are three subprogrammes:

- *Human Resources* is responsible for developing human resources policies and norms and standards, and for ensuring the efficient management of Department of Health employees.
- *Bargaining Council and Employee relations* provides the resources and expertise for bargaining with employee organisations in the national Public Health and Welfare Sectoral Bargaining Council.
- *International Health Liaison* liaises with the international health community, manages participation in international organisations, co-ordinates regional health co-operation with members of SADC, and identifies and co-ordinates donor and foreign assistance resources. The SADC subprogramme has been incorporated in this subprogramme.

Expenditure estimates

Table 16.6: Human Resources

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Human Resources	9 988	6 789	6 923	7 328	9 400	9 599	9 599
Bargaining Council and Employee Relations	3 415	1 034	2 687	4 446	6 984	8 190	9 001
International Health Liaison	35 759	31 376	51 711	35 562	43 851	52 104	54 721
South African Countries Development Community	1 987	2 361	–	–	–	–	–
Total	51 149	41 560	61 321	47 336	60 235	69 893	73 321
Change to 2004 Budget estimate				47 336	60 235	69 893	73 321
Economic classification							
Current payments	50 554	40 912	60 696	47 017	59 301	68 964	72 352
Compensation of employees	14 150	11 850	12 849	14 452	13 536	15 241	15 733
Goods and services	36 404	29 062	47 847	32 565	45 765	53 723	56 619
<i>of which:</i>							
Consultants and contractors	1 802	1 845	2 112	1 700	3 500	4 200	4 318
Travel and subsistence	3 624	3 453	3 452	3 325	1 800	1 890	1 985
Communication	1 602	1 633	1 743	2 000	2 400	2 520	2 646
Inventory	1 978	2 089	1 645	1 720	1 920	1 596	1 676
Transfers and subsidies to:	–	–	–	–	49	45	46
Provinces and municipalities	–	–	–	–	49	45	46
Payments for capital assets	595	648	625	319	885	884	923
Machinery and equipment	595	648	625	319	682	644	672
Software and other intangible assets	–	–	–	–	203	240	251
Total	51 149	41 560	61 321	47 336	60 235	69 893	73 321

Expenditure trends

Human Resources is a new programme, consolidating human resources-related functions from other programmes as well as international liaison functions. Historical expenditure has been reclassified for this structure change.

Expenditure increases rapidly over the medium term (by an average annual 15,7 per cent to R73,3 million in 2007/08) to strengthen human resources policy development and implementation, as well as international liaison.

Service delivery outputs and indicators

Recent outputs

The department's scarce skills and rural allowance policy began to be applied in July 2003. Its impact will be assessed before the end of 2004/05.

The department's expanded community health worker (CHW) programme is intended to strengthen community and home-based care. A new policy on CHWs has been adopted. There are currently several categories of specialist CHWs in the health system, doing home-based care, TB treatment support, voluntary counselling and testing, among others. It is better to have more broadly trained CHWs, who can perform multiple functions. Attention is being given to developing standardised training programmes, accreditation systems, qualifications and career paths into other health sector posts. Rates for stipends have been proposed.

A programme to support the development of mid-level workers such as pharmacy and physiotherapy assistants is under way. It has received support from professional councils and is in the process of implementation.

Community service for a range of professional groups, such as physiotherapists, occupational therapists and psychologists, was initiated in 2003. This has helped to provide health services to areas that have not been able to offer such services before. There are approximately 1 072 doctors, 344 pharmacists, 336 environmental health officers, 292 physiotherapists, and 214 radiographers and other categories of health professionals performing community service each year

To regulate the recruitment of South African health professionals by other countries, the department assisted in the development of a code of ethical recruitment for members of the Commonwealth. A total of 1 658 foreign health professionals sought employment with the department during 2003/04. In addition, the department processed 47 intern and community service applications from foreign health professionals, 201 work permits, 96 applications for permanent residence and 594 applications for letters of endorsement for examination, registration and deployment purposes. The department has revised its foreign recruitment and employment policy and has developed a database on foreign employees.

Selected medium-term output targets

Human Resources

Measurable objective: Effective representation of the Department of Health's interests in the Health and Welfare Bargaining Council. Development and implementation of a comprehensive human resource plan for the country.

Subprogramme	Measurable objective	Indicator	Target
Human Resources	Development and implementation of long-term national health human resources plan	Strategies to implement national human resources plan developed	April 2006
		Provincial human resources plans aligned to national plan	April 2006
		District human resources plans aligned to revised provincial plans	April 2007
	Strengthening of mid-level worker programme	Scope of practice for mid-level workers developed	Developed for 80% of categories by April 2006
		Community service for nurses implemented	July 2005
	Review and expansion of community service	General review of community service for all health workers completed	July 2006
		Number of health workers trained	6 233 by April 2006
	Training for expansion of comprehensive HIV and Aids plan	Community health worker qualification framework and regulation implemented	April 2006
Community health worker programme strengthened	New organogram fully implemented	April 2006	
Strengthened management of the national department of health			

Public entities reporting to the minister

Medical Research Council

The Medical Research Council (MRC) undertakes scientific research on clinical issues, health systems and public health. The MRC is the largest research body of its kind in South Africa. Its critical tasks include research to support strengthening the health system and the implementation of the comprehensive HIV and Aids programme, and co-ordinating the South African Aids Vaccine Initiative. The MRC is also an active participant in the malaria research lead programme (into finding a vaccine against malaria), and the tuberculosis lead programme.

The MRC's recent achievements include: developing and sustaining a health research infrastructure; successfully integrating public health research with basic and clinical research; and establishing a major research centre in Hlabisa, in rural KwaZulu-Natal - the Welcome Africa Centre for Population Studies and Reproductive Health. This is a joint project with the universities of Natal and Durban-Westville.

The MRC's work has had a significant impact on public health, including recent changes to the policy regulating smoking in public and the consumption of alcohol, and research contributions that culminated in the establishment of the HIV antenatal surveillance system and new substance-abuse surveillance systems. Ongoing projects contribute to constant improvements in public health surveillance, especially of malaria, TB, HIV and STDs, injuries and death.

Although the council is on the health vote, its budget allocations from government are determined in the Department of Science and Technology as part of the science vote. About 50 per cent of the council's revenue, on average, will be generated from commercial research services to both the public and private sector. Funding from government will amount to R164,3 million, R180,2 million and R189,2 million over the MTEF period.

Table 16.7: Financial summary for the Medical Research Council (MRC)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	101 532	116 646	150 076	181 056	192 700	202 967	216 873
Sale of goods and services other than capital assets	90 162	100 136	130 980	162 056	173 000	182 767	195 673
Interest	10 459	16 023	17 432	18 000	18 500	19 000	20 000
Other non-tax revenue	911	487	1 664	1 000	1 200	1 200	1 200
Transfers received	127 221	145 498	156 695	167 888	164 304	180 222	189 233
Sale of capital assets	-	123	54	-	-	-	-
Total revenue	228 753	262 267	306 825	348 944	357 004	383 189	406 106
Expenses							
Current expense	186 777	200 982	231 585	277 505	286 965	307 432	325 938
Compensation of employees	93 145	107 571	124 585	141 000	149 460	158 427	167 933
Goods and services	86 284	80 833	96 964	125 500	125 500	136 000	145 000
Depreciation	7 324	12 538	10 024	11 000	12 000	13 000	13 000
Interest	24	40	12	5	5	5	5
Transfers and subsidies	40 927	55 539	61 722	65 425	69 351	73 512	77 923
Total expenses	227 704	256 521	293 307	342 930	356 316	380 944	403 861
Surplus / (Deficit)	1 049	5 746	13 518	6 014	688	2 245	2 245

Data provided by the Medical Research Council

National Health Laboratory Service

The National Health Laboratory Service (NHLS) was established in October 2001, in accordance with the National Health Laboratory Service Act (2000), to form a single public health laboratory service.

The NHLS is a national network of integrated pathology laboratories using common laboratory management systems and transport networks. There are approximately 250 laboratories in the NHLS, employing about 3 500 people. Their activities comprise diagnostic laboratory services, research, teaching and training, and producing serums for anti-snake venom and reagents. All laboratories provide laboratory diagnostic services to the national and provincial departments of health, provincial hospitals, local authorities and medical practitioners.

Renovations are near completion at the head office to house the microbiological services and parasitology services previously located at the South African Institute of Medical Research. A state of the art HIV and Aids laboratory is also near completion. Substantial progress has been made in establishing national laboratory infrastructure to support the rollout of the comprehensive HIV and Aids programme with CD4 counts to be available at 38 laboratory sites and viral load testing at 14. The upgrading of the highly infectious diseases laboratory is close to completion.

In the period ahead the NHLS aims to: build scarce skills through active recruiting, training and retention; continue to improve quality through laboratory accreditation and quality assurance; improve IT systems; improve cash flow by reducing debtor days to 55 and charging interest on late payments.

The NHLS's major source of revenue is the sale of analytical laboratory services to users such as provincial departments of health. This is expected to amount to R1,1 billion, R1,4 billion and R1,5 billion over the MTEF period. The National Institute for Communicable Diseases and the National Institute for Occupational Diseases form part of the NHLS, and receive transfer payments of R30,8 million and R24,1 million respectively in 2005/06.

Table 16.8: Financial summary for the National Health Laboratory Service (NHLS)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2004/05	2005/06	2006/07
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	–	958 809	900 809	1 058 374	1 154 625	1 494 668	1 584 636
Pathology Services	–	944 541	885 865	998 883	1 100 499	1 439 203	1 525 476
Interest	–	7 367	70	3 600	2 100	2 256	2 753
Other non-tax revenue	–	6 901	14 874	55 891	52 026	53 209	56 407
Transfers received	–	30 111	48 494	52 879	54 910	58 195	61 105
Total revenue	–	988 920	949 303	1 111 253	1 209 535	1 552 863	1 645 741
Expenses							
Current expense	–	1 204 722	960 946	1 107 097	1 199 271	1 541 860	1 632 314
Compensation of employees	–	489 971	559 358	617 770	657 571	843 792	885 981
Goods and services	–	701 902	386 665	466 906	512 027	661 043	699 308
Depreciation	–	12 849	14 923	22 421	29 673	37 025	47 025
Total expenses	–	1 204 722	960 946	1 107 097	1 199 271	1 541 860	1 632 314
Surplus / (Deficit)	–	(215 802)	(11 643)	4 156	10 264	11 003	13 427
BALANCE SHEET SUMMARY							
Carrying value of assets	–	130 058	147 357	224 853	232 860	227 559	220 729
Long-term investments	–	4	–	–	–	–	–
Inventory	–	24 836	14 585	14 379	11 735	12 674	13 688
Receivables and prepayments	–	158 420	193 385	200 939	214 443	240 465	242 960
Cash and cash equivalents	–	40 277	89 471	20 808	9 132	37 564	50 170
Total assets	–	353 595	444 798	460 979	468 170	518 262	527 547
Capital and reserves	–	(67 210)	(69 391)	(65 235)	(54 971)	(43 968)	(30 541)
Post retirement benefits	–	253 526	254 504	255 339	255 219	254 395	253 571
Trade and other payables	–	119 460	176 262	183 825	175 654	195 304	187 473
Provisions	–	47 819	83 423	87 050	92 268	112 531	117 043
Total equity and liabilities	–	353 595	444 798	460 979	468 170	518 262	527 547

Data provided by the National Health Laboratory Service

Council for Medical Schemes

The Council for Medical Schemes, established in terms of the Medical Schemes Act (1998) regulates and supervises the private medical scheme industry. There are more than 160 medical schemes, with a total annual contribution flow of about R35 billion servicing approximately 7 million subscribers.

The council has focused on creating a policy and business environment conducive to the fair treatment of the beneficiaries of medical schemes. Both the Department of Health and the Department of Public Service and Administration drew on the expertise of the Office of the Registrar in the development of key policies around the Risk Equalisation Fund, and the proposals for setting up a restricted medical scheme for public servants. In tandem with the development of government's HIV and Aids policy, the prescribed minimum benefits were expanded to include the provisions for antiretroviral therapy.

Over the next few years, the council intends to focus efforts on improving the extent of protection for beneficiaries of medical schemes, promoting better public understanding of medical schemes, continuously improving internal operations, and enforcing a culture of compliance with the Medical Schemes Act (1998), as well as becoming a key member of the regional health insurance committee.

The council is funded mainly through levies on the industry in terms of the Council for Medical Schemes Levies Act (2000). In addition, it receives a small transfer from the department, increasing from R3,0 million in 2005/06 to R3,3 million in 2007/08.

Table 16.9: Financial summary for the Council for Medical Schemes

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	25 565	29 297	29 998	28 606	30 008	31 478	33 052
Interest	826	2 478	1 478	1 500	1 575	1 654	1 736
Other non-tax revenue	24 739	26 819	28 520	27 106	28 433	29 824	31 316
Transfers received	1 517	1 068	1 125	2 833	3 003	3 183	3 342
Total revenue	27 082	30 365	31 123	31 439	33 011	34 661	36 394
Expenses							
Current expense							
Compensation of employees	9 980	18 373	18 896	19 812	20 802	22 050	23 373
Goods and services	6 953	11 695	12 586	13 638	14 188	15 039	15 942
Depreciation	705	1 377	1 264	1 361	1 429	1 515	1 605
Interest	1 164	1 647	1 555	1 730	1 924	2 040	2 162
Total expenses	18 802	33 092	34 301	36 541	38 343	40 644	43 082
Surplus / (Deficit)	8 280	(2 727)	(3 178)	(5 102)	(5 332)	(5 983)	(6 688)

Data provided by the Council for Medical Schemes

Mines and Works Compensation Fund

The Compensation Commissioner for Occupational Diseases (CCOD), established in terms of the Occupational Diseases in Mines and Works Act (1973), as amended, is responsible for the payment of benefits to miners and ex-miners who have been certified to be suffering from lung-related diseases contracted as a result of working conditions.

Three types of accounts are administered by the CCOD:

- mines and works account, funded through levies collected from mines in terms of section 62 of the Occupational Diseases in Mines and Works Act (1973)
- state account, funded by monies appropriated by Parliament annually in terms of section 69 of the Act for compensating individuals who performed risky work while employed in state mines
- research account, funded through levies collected from mines in terms of section 73 of the Act.

Before the enactment of the Occupational Diseases in Mines and Works Act (1973) in 1973, mines had not contributed to any compensation fund. Many of these mines have since closed and government makes an annual contribution to the fund to compensate people who worked on these mines. Transfers received from government amount to R5,0 million for 2005/06 and decrease to R4,1 million in 2007/08.

The CCOD was incorporated into the department in 2004. A process of rationalising the various compensation funds has been initiated by the Department of Labour.

The data presented in the table below provides only cash information extracted from the entity's cash flow statement, and excludes all accrual transactions, like provisions and depreciation. This makes the data compatible with national government's data, for the purposes of preparing the consolidated national, provincial and social security presentations of government accounts in the Budget Review.

Table 16.10: Cash flow summary for the Mines and Works Compensation Fund

	Audited	Audited	Preliminary	Estimated	Medium-term estimate		
					outcome	outcome	
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
CONVERTED CASH FLOW STATEMENT							
Revenue							
Non-tax revenue	212 280	146 350	90 841	171 955	180 255	186 355	186 355
Transfers received	11 000	6 500	3 000	9 000	5 000	5 100	4 130
Total revenue	223 280	152 850	93 841	180 955	185 255	191 455	190 485
Expenses							
Transfer payments to households	290 041	78 829	92 541	175 000	180 000	188 500	187 500
Total Expenses	290 041	78 829	92 541	175 000	180 000	188 500	187 500
Surplus / (Deficit)	(66 761)	74 021	1 300	5 955	5 255	2 955	2 985

Data provided by the Mines and Works Compensation Fund

Annexure

Vote 16: Health

Table 16.A: Summary of expenditure trends and estimates per programme and economic classification

Table 16.B: Summary of personnel numbers and compensation of employees per programme

Table 16.C: Summary of expenditure on training per programme

Table 16.D: Summary of information and communications technology expenditure per programme

Table 16.E: Summary of conditional grants and indirect grants to provinces and local government

Table 16.F: Summary of official development assistance expenditure

Table 16.G: Summary of expenditure on infrastructure

Table 16.A: Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Preliminary outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2003/04			2004/05			
1. Administration	105 035	105 107	88 333	112 153	12 021	124 174	124 174
2. Strategic Health Programmes	1 040 228	1 141 257	895 468	1 450 352	29 138	1 479 490	1 420 223
3. Health Service Delivery	6 477 484	6 539 105	6 627 109	7 171 024	(3 624)	7 167 400	7 122 894
4. Human Resources	52 153	59 606	61 321	54 336	(7 000)	47 336	47 336
Total	7 674 900	7 845 075	7 672 231	8 787 865	30 535	8 818 400	8 714 627
Economic classification							
Current payments	581 279	689 885	581 499	698 402	9 465	707 867	648 600
Compensation of employees	191 544	192 150	179 368	192 862	(2 032)	190 830	186 563
Goods and services	389 735	497 735	402 131	505 540	11 497	517 037	462 037
Transfers and subsidies	7 063 464	7 124 031	7 070 420	8 053 356	18 744	8 072 100	8 027 594
Provinces	6 702 257	6 746 257	6 745 757	7 654 655	–	7 654 655	7 654 655
Municipalities	613	613	613	617	–	617	617
Departmental agencies and accounts	197 164	197 164	222 649	305 404	6	305 410	260 904
Non-profit institutions	47 920	58 487	46 391	45 136	–	45 136	45 136
Households	115 510	121 510	55 010	47 544	18 738	66 282	66 282
Payments for capital assets	30 157	31 159	20 312	36 107	2 326	38 433	38 433
Buildings and other fixed structures	–	72	72	9 600	–	9 600	9 600
<i>Buildings</i>	–	72	72	9 600	–	9 600	9 600
Machinery and equipment	20 310	21 240	16 114	16 724	2 326	19 050	19 050
<i>Other machinery and equipment</i>	20 310	21 240	16 114	16 724	2 326	19 050	19 050
Software and intangible assets	9 847	9 847	4 126	9 783	–	9 783	9 783
Total	7 674 900	7 845 075	7 672 231	8 787 865	30 535	8 818 400	8 714 627

Table 16.B: Summary of personnel numbers and compensation of employees per programme¹

Programme	2001/02	2002/03	2003/04	2004/05	2005/06
1. Administration	390	390	319	328	372
2. Strategic Health Programmes	351	351	471	485	426
3. Health Service Delivery	735	735	696	629	585
4. Human Resources	–	–	–	–	148
Total	1 476	1 476	1 486	1 442	1 531
Total personnel cost (R thousand)	156 506	167 578	179 368	190 830	209 119
Unit cost (R thousand)	106	114	121	132	137

¹ Budgeted full-time equivalent**Table 16.C: Summary of expenditure on training per programme**

Programme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
1. Administration	630	1 616	562	596	629	664	697
2. Strategic Health Programmes	513	704	718	799	845	891	936
3. Health Service Delivery	670	1 231	636	674	718	757	795
Total	1 813	3 551	1 916	2 069	2 192	2 312	2 428

Table 16.D: Summary of information and communications technology expenditure per programme

R thousand	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted appropriation	2005/06	2006/07	2007/08
	2001/02	2002/03	outcome 2003/04				
1. Administration	1 573	1 813	2 122	1 560	1 700	1 272	1 336
Technology	1 373	1 555	614	480	484	377	396
IT services	200	258	1 508	1 080	1 216	895	940
2. Strategic Health Programmes	395	205	2 033	1 368	1 600	993	1 042
Technology	395	205	527	308	275	85	89
IT services	–	–	1 506	1 060	1 325	908	953
3. Health Service Delivery	102	85	654	957	614	343	360
Technology	102	85	243	159	147	46	48
IT services	–	–	411	798	467	297	312
4. Human Resources	–	–	–	–	877	884	923
Technology	–	–	–	–	500	442	600
IT services	–	–	–	–	377	442	323
Total	2 070	2 103	4 809	3 885	4 791	3 492	3 661

Table 16.E: Summary of conditional grants and indirect grants to provinces and local government (municipalities)¹

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
Conditional grants to provinces							
2. Strategic Health Programmes							
Maternal, Child and Women's Health							
Integrated Nutrition Programme Grant	69 891	71 089	97 040	112 218	123 392	–	–
2. Strategic Health Programmes							
HIV and Aids							
Comprehensive HIV and Aids Grant	54 398	210 209	333 556	781 612	1 135 108	1 567 214	1 645 575
3. Health Service Delivery							
Hospital Services							
Hospital Revitalisation Grant	500 000	649 000	717 628	911 856	1 027 427	1 180 284	1 239 298
3. Health Service Delivery							
Hospital Services							
Hospital Construction	153 800	70 000	92 356	–	–	–	–
3. Health Service Delivery							
Hospital Services							
Health Professions Training and Development Grant	1 234 090	1 299 248	1 333 499	1 434 132	1 520 180	1 520 180	1 596 189
3. Health Service Delivery							
Hospital Services							
National Tertiary Services Grant	3 459 594	3 727 077	3 994 774	4 273 005	4 709 386	4 981 149	5 221 206
3. Health Service Delivery							
Hospital Services							
Hospital Management and Quality Improvement Grant	–	126 000	133 404	141 832	150 342	159 363	167 331
2. Strategic Health Programmes							
Communicable Diseases							
Cholera Epidemic KZN	–	147 000	–	–	–	–	–
2. Strategic Health Programmes							
Non-Communicable Diseases							
Medico-Legal	–	–	9 000	–	–	–	–
3. Health Service Delivery							
Hospital Services							
Malaria and cholera prevention	–	–	34 500	–	–	–	–
Total	5 471 773	6 299 623	6 745 757	7 654 655	8 665 835	9 408 190	9 869 599

¹ Detail provided in the Division of Revenue Act (2005).

Table 16.F: Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Outcome				Medium-term expenditure estimate		
			2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
R thousand									
Foreign									
European Union	Public health sector support programme	Cash	-	53 721	-	-	-	-	-
Flanders Government	Provisioning and maintenance of assistive devices	Kind	-	421	-	-	-	-	-
Total			-	54 142	-	-	-	-	-

Table 16.G: Summary of expenditure on infrastructure

Projects	Description	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			
		Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08	
R thousand									
Small project groups									
Medical Bureau for Occupational Diseases	Upgrading of building	2 640	7 769	72	9 600	-	-	-	
Infrastructure transfers									
Eastern Cape hospital revitalisation									
Frontier	230 bed to a 400 bed	-	11 300	1 846	13 887	35 500	25 000	22 500	
St. Elizabeth's	280 bed to a 410 bed	-	-	7 887	15 254	19 000	15 000	8 000	
Mary Theresa	177 bed to a 248 bed	-	-	33 673	81 783	41 750	750	-	
Rietvlei	241 bed revitalisation	-	-	18 932	14 564	20 050	12 000	5 000	
St. Lucy's	319 bed revitalisation	-	-	-	-	26 000	55 000	91 000	
Free State hospital revitalisation									
Boitumelo	340 bed revitalisation	-	1 200	9 265	65 737	25 681	30 681	20 638	
Pelonomi	710 bed revitalisation	-	-	9 672	11 169	30 500	35 800	35 000	
National Hospital	200 bed to a 467 bed	-	-	-	-	40 000	40 000	40 000	
Bethlehem (Dhilabaneng)	152 bed to a 217 bed	-	-	-	-	13 000	40 000	30 000	
Gauteng hospital revitalisation									
Mamelodi	90 bed to a 250 bed	-	-	7 394	40 000	51 929	80 814	-	
Zola	250 bed revitalisation	-	-	-	-	28 000	33 500	16 500	
Johannesburg South	Complex revitalised	-	-	34 195	42 626	-	-	-	
Lilian Ngoyi	250 bed revitalisation	-	-	-	-	7 000	44 000	27 000	
Lenasia South	200 bed revitalisation	-	-	-	-	6 000	30 000	26 400	
Natalspruit	784 bed revitalisation	-	-	1 345	15 000	-	17 000	50 000	
Chris Hani	2888 bed revitalisation	-	-	-	-	-	-	60 000	
Sebokeng	823 bed revitalisation	-	-	-	-	-	-	14 000	
Dr Y Dadoo	151 bed to a 255	-	-	-	-	-	-	5 000	
KwaZulu-Natal hospital revitalisation									
King George V	1014 bed revitalisation	-	45 891	26 291	67 186	132 662	118 227	36 098	
Ngwelezane / Lower Umfolozi	880 bed revitalisation	-	-	10 844	12 779	45 934	85 147	57 382	
Dr Pixley Seme	Construction of a 250 bed hospital	-	-	-	17 322	20 000	35 000	35 000	

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Projects	Description	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
		Audited	Audited	Preliminary outcome		2005/06	2006/07	2007/08
R thousand		2001/02	2002/03	2003/04	2004/05			
Limpopo hospital revitalization		-	-	-	-	-	-	-
Lebowakgomo	109 bed to a 241 bed	-	42 000	18 810	19 301	3 500	-	-
Jane Furse	252 bed revitalisation	-	-	19 143	56 357	20 800	-	-
Dilokong	252 bed revitalisation	-	-	31 449	26 048	56 800	-	-
Nkhensani	313 bed to a 363 bed	-	-	15 894	7 900	36 300	20 800	-
Maphuta Malatjie	182 bed revitalisation	-	-	-	-	55 000	6 500	-
Letaba	271 bed to a 400 bed	-	-	-	-	-	60 000	40 600
Mokopane	139 bed revitalisation	-	-	-	-	15 000	55 600	-
Mapulaneng	326 bed revitalisation	-	-	-	-	-	5 000	40 000
Tintswalo	424 bed revitalisation	-	-	-	-	-	10 000	76 000
Warmbath	127 bed revitalisation	-	-	-	-	-	5 000	18 000
WF Knobel	194 bed to a 222 bed	-	-	-	-	-	-	15 000
Mpumalanga hospital revitalisation		-	-	-	-	-	-	-
Piet Retief	250 bed revitalisation	-	38 939	35 031	37 725	-	-	-
New Nelspruit	Construction of 600 bed hospital	-	-	-	-	10 000	20 000	45 000
Themba	588 bed revitalisation	-	-	5 424	5 236	12 835	19 253	-
Rob Ferreira	301 bed revitalisation	-	-	4 647	20 281	21 932	32 898	-
Ermelo	204 bed to a 735 bed	-	-	-	4 050	28 000	40 000	51 000
Philadelphia	528 bed to a 873 bed	-	-	-	-	-	12 000	40 000
Bethal	233 bed revitalisation	-	-	-	-	-	1 000	15 000
Northern Cape hospital revitalisation		-	-	-	-	-	-	-
Colesburg	30 bed to a 35 bed	-	250	16 939	10 600	-	-	-
Calvinia	35 bed revitalisation	-	-	10 930	10 600	-	-	-
Psychiatric (West End)	107 bed to a 310 bed	-	-	-	35 100	30 000	30 000	20 000
New Kimberley	551 bed to a 800 bed	-	-	-	-	-	60 000	120 000
Barkly West	30 bed to a 55 bed	-	-	-	-	12 000	23 000	-
Upington (Gordonia)	143 bed to a 231 bed	-	-	-	1 200	20 000	35 000	55 000
De Aar	51 bed to a 190 bed	-	-	-	-	17 000	70 000	70 000
Postmasburg	40 bed to a 55 bed	-	-	-	-	-	-	3 000
North West hospital revitalisation		-	-	-	-	-	-	-
Moretelesti / George Stegmann	652 bed revitalisation	-	-	-	50 000	50 000	50 000	50 000
Swartruggens	8 bed to a 38 bed	-	-	16 857	19 300	-	-	-
Vryburg	67 bed to a 120 bed	-	-	-	38 500	30 000	45 000	15 000
Brits	68 bed to a 175 bed	-	-	-	-	15 000	35 000	35 000
Tshwaragano	250 bed revitalisation	-	-	-	-	20 000	35 000	45 000
Western Cape hospital revitalisation		-	-	-	-	-	-	-
Vredenburg	56 bed to a 80 bed	-	-	8 948	38 798	13 574	-	-
George	200 bed to a 265 bed	-	-	20 831	38 981	14 712	-	-
Worcester (Eben Donges)	213 bed to a 315 bed	-	18 900	33 430	75 195	37 245	37 245	-
Paarl	234 bed to a 326 bed	-	-	-	-	49 010	65 269	62 683
Khayelitsha	Construction of 230 bed hospital	-	-	-	-	11 000	49 000	56 000
Mitchells Plain	Construction of 230 bed hospital	-	-	-	-	11 000	49 000	56 000
Victoria	140 bed to a 230 bed	-	-	-	-	-	11 000	49 000
Other hospitals	Rehabilitation	-	543 697	166 857	19 378	-	-	-
Total		2 640	709 946	566 606	921 456	1 133 714	1 580 484	1 556 801

