

Report of the Select Committee on Health and Social Services on Budget Vote 18: the Annual Performance Plan of the Department of Health, Dated, 31 May 2022

The Select Committee on Health and Social Services (hereafter, the Committee), having considered and deliberated on Budget Vote 18 and the 2022/23 Annual Performance Plan (APP) of the Department of Health (hereafter, the Department) on 17 May 2022, reports as follows:

1. INTRODUCTION

Section 5(2) of the Constitution of South Africa and Section 27(4) of the Public Finance Management Act (No.1 of 1999) set out the role of Parliamentary Committees in conducting oversight over the Executive. As part of conducting Parliamentary oversight, Committees have the constitutional mandate to scrutinise and approve the budgets of the Executive. In this regard, the Committee considered the Annual Performance Plan (APP) and budget allocation of the Department.

This report summarises a presentation received from the Department on the APP and Budget for the 2022/23 financial year and allocations over the Medium-Term Expenditure Framework (MTEF) period. The report entails the deliberations, observations and recommendations made by the Committee relating to Budget Vote 18.

2. NATIONAL DEPARTMENT OF HEALTH ANNUAL PERFORMANCE AND BUDGET (2022/23)

2.1. Background

The Department aims to improve the health of all South Africans through the provision of services geared at promoting healthy lifestyles and, preventing illness and disease; and by focusing on access, equity, efficiency, quality and sustainability.

Over the MTEF, the Department intends to continue tackling the coronavirus (COVID-19) pandemic, by focusing on strengthening the vaccination strategy and, preparing for, and responding to future waves of COVID-19. Further, the Department intends to focus on preparing for the implementation of the proposed National Health Insurance (NHI), preventing and treating communicable and non-communicable diseases, investing in health infrastructure, supporting tertiary health care services in provinces, and developing the health workforce.

2.2. Policy Priorities for 2022/23 Financial Year

The policy priorities of the Department are aligned with Section 27(1)(a) of the Constitution of the Republic of South Africa. The Constitution gives effect to the right of everyone to have access to *health care services, including reproductive health care*. In addition, the policy priorities of the Department are in line with the aspirations of the National Development Plan (NDP): Vision 2030, Medium Term Strategic Framework (MTSF), United Nations (UN) Sustainable Development Goals (SDGs), African Union (AU) Agenda 2063, and 2022 State of the Nation Address (SONA). The strategic priorities, which are spelled out in Table 1, include the following:

- Increased average of male and female life expectancy to 70 years;
- Significantly reduced prevalence of non-communicable chronic diseases;
- Completed health system reforms; and
- Achieved universal health coverage.

The planned National Health Commission is aimed at preventing and reducing the burden of communicable diseases. The Department envisages a number of health system reforms, including improved health facility planning, an improved Health Management Information System, and improved quality of care.

Table 1: Department of Health 5-Year Strategic Goals

MTSF PRIORITY 3: EDUCATION, SKILLS AND HEALTH

Impact Statements	Outcomes
A. Life expectancy of South Africans improved to 66.6 years by 2024, and 70 years by 2030	1. Maternal, Child, Infant and neonatal mortalities reduced.
	2. HIV incidence among youth reduced.
	3. 90:90:90 targets for HIV AIDS achieved by 2020 and 95:95:95 targets by 2024/25.
	4. Significant progress made towards ending TB by 2035 through improving treatment/cure.
	5. Premature mortality from non-communicable diseases reduced by 10%.
B. Universal Health Coverage for all South Africans progressively achieved and all citizens protected from the catastrophic financial impact of seeking health care by 2030	6. An equitable budgeting system progressively implemented and fragmentation reduced.
	7. Resources are available to managers and frontline providers, with flexibility to manage it according to their local needs.
	8. Financial management strengthened in the health sector.
	9. Management of medico-legal cases in the health system strengthened.
	10. Package of services available to the population is expanded on the basis of cost-effectiveness and equity.
	11. Integrated services delivered according to the referral policy, at the most appropriate level, to ensure continuity of care.
	12. Quality and safety of care improved.
	13. Staff equitably distributed and have right skills and attitudes.
	14. Community participation promoted to ensure health system responsiveness and effective management of their health needs.
	15. Environmental Health strengthened by contributing to improved quality of water, sanitation, waste management and food services.
	16. Financing and Delivery of infrastructure projects improved.
	17. Adaptive learning and decision making is improved through use of strategic information and evidence.
	18. Information systems are responsive to local needs to enhance data use and improve quality of care.

2.3. Annual Performance Plan (APP) Key Indicators

Some of the key indicators in the Department of Health's 2022/23 APP are listed by Programme.

2.3.1 Programme 1: Administration

The purpose of the Administration programme is to provide support (human resources development and management, labour relations, information communication technology, property management, security services, legal services, supply chain management and financial management) services to the Department. The key Department plans for the 2022/23 financial year are:

- Attain an unqualified audit opinion at national level, and achieve improvements in audit outcomes with no significant matters for six Provincial departments.
- Develop legislation to manage medico-legal claims.
- Use a medico-legal claims case management system in the remaining participating provinces.
- Place on social media, approximately 100 health promotion messages to reduce premature mortality due to non-communicable diseases.
- Meet equity targets regarding the percentage of women in Senior Management Service, percentage of youth appointed, and percentage of people with disabilities appointed.

2.3.2 Programme 2: National Health Insurance (NHI)

The purpose of the NHI programme is to improve access to quality health services through the development and implementation of policies to achieve universal health coverage and health financing reform. Under Programme 2, the Department plans to achieve the following:

- Attend public hearings on the NHI Bill.
- Register 5.5 million patients, for them to receive medicines through the centralised chronic medicine dispensing and distribution (CCMDD).
- Fill 70 % of funded posts in the NHI organogram.

2.3.3 Programme 3: Communicable and Non-Communicable Diseases

The purpose of the programme is to develop and support the implementation of national policies, guidelines, norms and standards and the achievement of targets for the national response needed to decrease morbidity and mortality associated with communicable diseases (HIV, TB, malaria, influenza and others) and non-communicable diseases (mental health, cancer, hypertension, diabetes and others). This programme is also responsible for developing strategies and implementing programmes that reduce maternal and child mortality. Under Programme 3, the targets for the 2022/23 financial year include the following:

- Three indicators deal with reducing the morbidity and mortality due to COVID-19 for different age groups - Percentage of age group vaccinated (at least one dose):
 - Vaccinate 75 % of adults aged 50 years and older;
 - Vaccinate 65 % of adults aged 35 - 49 years; and
 - Vaccinate 37.5 % of young people aged 12 – 34 years.
- New indicator: Offer HIV Self-Screening (HIVSS) at 200 facilities.
- New indicator: Pilot men's health services at 10 facilities.
- Have 2 000 (previous year 1 600) PHC facilities with youth zones.
- Find and treat 221 900 people for TB.
- Schistosomiasis (or Bilharzia) prevention – Mass Drug Implementation Plan in place.
- Admit 75 new State patients into designated psychiatric hospitals.
- Obtain 75% or more on the food service policy assessments at 100 additional hospitals.
- Table a National Mental Health Policy Framework at the National Health Committee (NHC).
- Develop and publish an updated Strategy for the prevention and control of obesity.
- Develop and publish progress reports on the implementation of each provincial plan on the National Strategic Plan (NSP) for non-communicable diseases.

2.3.4 Programme 4: Primary Health Care (PHC)

The purpose of the PHC service programme is to develop and oversee the implementation of legislation, policies, systems, and norms and standards for a uniform well-functioning district health system, including emergency and environmental health services. The targets for Programme 4 for the 2022/23 financial year include the following:

- Release the evaluation report on the review of the District Health System Policy framework for 2014 – 2019.
- Test District Health Management Offices (DHMOs) Guidelines in 18 districts.
- Have 2 700 PHC facilities with Ward Based Outreach teams.
- Ensure that 25 ports of entry are compliant with international health regulations (IHR) based on self-assessments.
- Assess 26 metropolitan and district municipalities for adherence to environmental norms and standards.
- Trace 350 000 clients lost to follow-up for treatment.

2.3.5 Programme 5: Hospital Systems

The purpose of this programme is to develop national policy on hospital services and responsibilities by level of care; provide clear guidelines for referral and improved communication; develop detailed hospital plans; facilitate quality improvement for hospitals; and ensure that planning of health infrastructure meets the health needs of the country. The targets for 2022/23 under Programme 5 include the following:

- Review and publish for comments, regulations relating to designation/classification of hospitals.
- Construct or revitalise 40 facilities.
- Construct or revitalise 21 hospitals.
- Maintain, repair and /or refurbish 120 public health facilities.

2.3.6 Programme 6: Health Systems Governance and Human Resources

The purpose of this programme is threefold, namely:

- To achieve integrated health systems planning, monitoring and evaluation and research.
- To develop and monitor the implementation of health workforce policies and ensure effective health workforce planning, development and management in the national health system, as well as alignment of academic medical centres with health workforce programmes and training of health professionals.
- To conduct oversight over public entities and statutory health professional councils, and ensure compliance through applicable legislative prescripts.

Targets under Programme 6 for the 2022/23 financial year include the following:

- New indicator: Make two entity (South African Medical Research Council (SAMRC) and Office of Health Standards and Compliance (OHSC)) Board appointment recommendations prior to the expiry of the term of office
- New indicator: Produce the Statutory Health Professionals Councils and Public Entities governance report bi-annually.
- New indicator: Support nine nursing colleges to develop training plans for nurse/ midwife specialists.
- Produce a revised set of health research priorities.
- New indicator: Develop performance dashboards for national, provincial and district levels.
- New indicator: Finalise and present the community service policy review report with recommendations to the Technical NHC.
- Extend the utilisation and functionality of Human Resource Information System (HRIS) for Human Resources for Health (HRH) planning.

2.4. Budget Analysis (2022/23)

2.4.1. Consolidated Health Budget 2022/23

The public health budget spans across the national department, its entities and the provincial departments of health. The consolidated budget for 2022/23 totals R259.0 billion, up from R248.8 billion in the previous financial year. Table 2 provides a breakdown of the 2020/21 budget, by functional and economical classification.

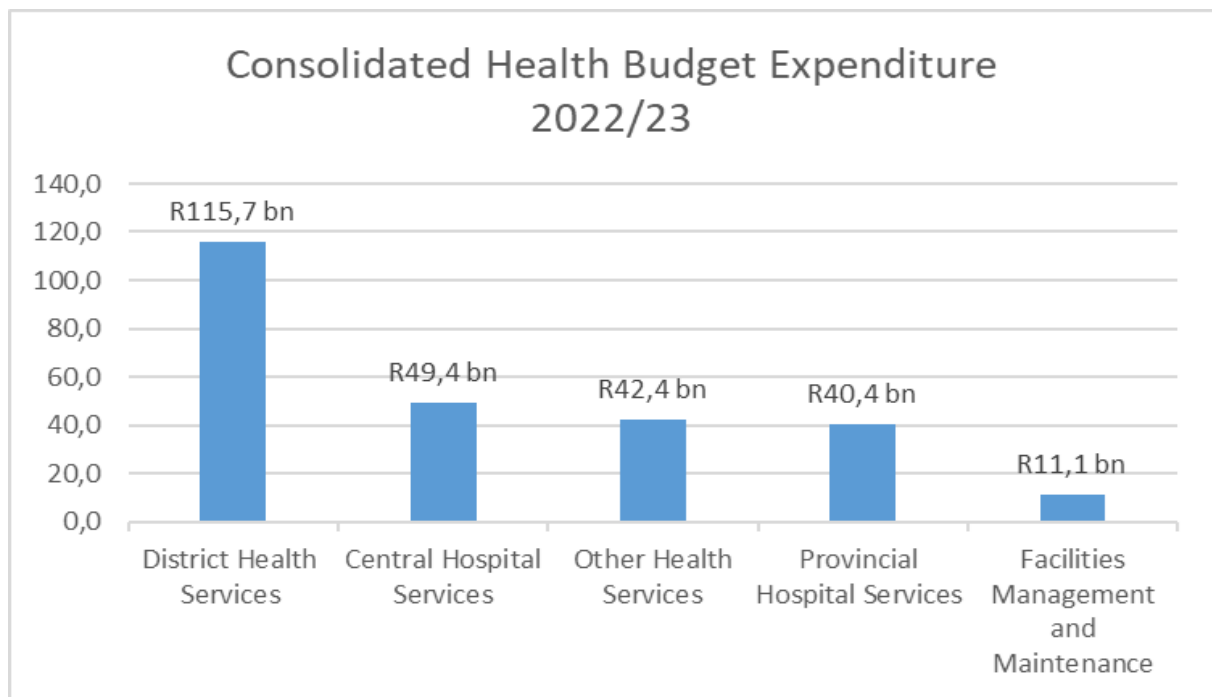
Table 2: Consolidated Spending by Functional and Economic Classification, 2022/23

R billion	Compensation of Employees		Goods and Services		Capital spending and transfers		Current transfers and subsidies		Interest Payments		Total R
	R	%	R	%	R	%	R	%	R	%	
Consolidated Health	159.6	61.6	78.9	30.5	14.1	5.4	6.4	2.5	0.0	0.0	259.0

SA Total Expenditure	682.5	31.6	284.4	13.2	183.8	8.5	658.2	30.5	310.8	14.4	2 157.3
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- A significant segment of the consolidated health expenditure, 61.6%, is dedicated to Compensation of Employees (CoE), which totals R159.6 billion, up from R150.7 billion.
- Consolidated health expenditure on Goods and Services totals R78.9 billion, down from R80.1 billion, which constitutes 30.5% of overall health expenditure.
- Consolidated health expenditure also makes provision for R14.1 billion (5.4%) allocated to Capital spending and transfers, and R6.4 billion (up from 5.8 billion in the previous year) for Current transfers and subsidies (2.5%).
- There is no allocation for Interest Payments. However, given that provinces are known to run high levels of accruals, this is likely not accurate and suppliers are probably charging interest for late payment.

Figure 1: Consolidated Health Budget Expenditure



As can be seen in Figure 1, District Health Services receives R115.7 billion (44.7%), the largest proportion of the consolidated health budget.

This is followed by Central Hospital Services, which receives R49.4 billion (19.1%), Other Health Services R42.4 billion (16.4%) and Provincial Hospital Services receives R40.4 billion (15.6%). Facilities Management and Maintenance Receives R11.1 billion (4.3%).

2.4.2. National Department of Health Budget 2022/23

The Department receives R64.5 billion in 2022/23, a decrease from R65.4 billion in 2021/22. This represents a decrease of 1.3% in nominal terms (5.6% in real terms). This reduction is the result of the once-off allocations for the COVID-19 response in 2021/22 and baseline reductions effected over the 2021 MTEF period.

Table 3: NDoH Budget Summary

Programme	Budget		Nominal Increase / Decrease in 2022/23	Real Increase / Decrease in 2022/23	Nominal Percent change in 2022/23	Real Percent change in 2022/23
	R million	2021/22				
Programme 1: Administration	828,7	781,7	- 47,0	- 80,7	-5,7 per cent	-9,7 per cent
Programme 2: National Health Insurance	1 032,1	1 527,4	495,3	429,5	48,0 per cent	41,6 per cent
Programme 3: Communicable and Non-communicable Diseases	35 750,6	26 913,1	- 8 837,5	- 9 996,4	-24,7 per cent	-28,0 per cent
Programme 4: Primary Health Care	250,1	5 150,2	4 900,1	4 678,3	1959,3 per cent	1870,6 per cent
Programme 5: Hospital Systems	21 114,1	22 639,1	1 525,0	550,1	7,2 per cent	2,6 per cent
Programme 6: Health System Governance and Human Resources	6 433,1	7 519,4	1 086,3	762,5	16,9 per cent	11,9 per cent
TOTAL	65 408,8	64 531,0	- 877,8	- 3 656,6	-1,3 per cent	-5,6 per cent

The two largest programmes, namely Programme 3: *Communicable and Non-Communicable Diseases* (R26.9 billion) and Programme 5: *Hospital Systems* (R22.6 billion), jointly constitute 76.8% (down from 86.3%) of the total budget allocation. It is important to note that Programme 3: Communicable and non-communicable Diseases funded the COVID-19 response, its budget declines from 54.7% (R35.8 billion) to 41.7% (R26.9 billion).

Programme 4: *Primary Health Care Services*, increases dramatically growing from being the smallest budget programme, constituting less than half a percent (0.38%) in the previous financial year to being allocated an additional almost R5 billion to now being allocated R5.2 billion (8% of the budget). The smallest budget item is now Programme 1: *Administration*, which declines from R828.7 million to R781.7 million to constitute 1.2% of the total budget.

Economic classification

In terms of economic classification, the bulk of the Department's budget (R58.3 billion or 90.4%) consists of transfers and subsidies. This figure includes R56.3 billion to provinces and municipalities, R189.0 million to Non-Profit Organisations (NPOs), and R1.9 billion to departmental agencies and accounts.

- Current payments constitute a total value of R4.8 billion, which represents 8.2% of the total budget allocation.
- Compensation of employees declines from R898.8 million, to R787.3 million, representing a 12.4% decrease.
- Most of the current expenditure (R4.0 billion) is allocated to Goods and Services, constituting approximately 83.5% of the total current payments.
- The largest share of expenditure goes to Inventory: Medicine R4.1 billion.
- Expenditure items that also receive a large share of the Goods and Services budget are Contractors at R590.1 million; Consultants: Business and advisory services at R300.1 million; Operating leases at R127.2 million and Travel and subsistence at R133.9 million.
- Capital assets is allocated R1.4 billion. Buildings and other fixed structures are allocated R1.1 billion, and Machinery and Equipment is allocated R345.5 million.

Programme Analysis

Programme 1 (Administration): The programme's budget decreases by 5.7% in nominal terms (and decreases by 9.7% in real terms) from R828.7 million in 2021/22 to R781.7 million in 2022/23. The largest sub-programme is *Corporate Services*, of which the allocation decreases by 8.1% in nominal terms and by 12.0% in real terms. Financial Management is the only sub-programme allocation that increases, from R161.3 million to R174.7 million, representing a 8.3% increase in nominal terms and 3.6% increase in real terms.

In terms of economic classification, 97.7% of the budget is allocated to Current payments. Compensation of employees amounts to R245.7 million, down from R250.1 million in the previous financial year (a 1.8% decline in nominal terms). R518.2 million is allocated to Goods and services. This includes R123.8 million for Operating leases, R52.4 for Property payments and R47.5 million for Travel and Subsistence (S&T).

Programme 2 (National Health Insurance): The Programme's budget increases by 48.0% in nominal terms (i.e. 41.6% in real terms), due to the shift of mental health and oncology conditional grant allocations from the Communicable and Non-Communicable Diseases programme to this sub-programme.

R779.3 million is allocated for Current payments, of which R734.0 million is for Goods and Services. R547.3 million or 70.2% of this budget is spent on Contractors. In terms of Transfers and Subsidies, R693.7 million is transferred to Provinces and Municipalities. R54.4 million is allocated to payments for Capital Assets.

Programme 3 (Communicable and Non-communicable Diseases): This programme experiences a decrease due to the shifting of mental health and oncology component of the conditional grant allocations to Programme 2. The bulk of Programme 3's budget, that is, 91.3%, is allocated to the *HIV, AIDS and STIs* sub-programme, amounting to R24.6 billion in 2022/23. This represents a nominal decrease of 12.8% (a decline of 16.5% in real terms). The HIV programme is a major priority of the Department, and it is concerning to see a decline in real terms in this programme.

The *Communicable Diseases* sub-programme allocation decreases by 70.9% (72.1% in real terms) compared to the previous financial year, but experiences an increase compared to prior years, due to COVID-19 interventions and represent 8 % of this programmes budget. It declines from R7.4 billion to R2.2 billion in nominal terms. The remaining six sub-programmes combined receive less than 1% of the programme's budget. This includes the *Tuberculosis Management; Women's Maternal and Reproductive Health; Child, Youth and School Health; Non-communicable Diseases (NCDs)* and the *Health Promotion and Nutrition* sub-programmes.

Programme 4 (Primary Health Care): This Programme's budget increases nearly 20-fold in nominal terms from R250.1 million to R5.2 billion. The *District Health Services* sub-programme increases dramatically from R19 million in the previous year, to R4.9 billion in 2022/23. This is due to the shift of the district health component of the district health programmes grant to this sub-programme from the Programme 3: *Communicable and Non-communicable Diseases*.

Emergency Medical Services and Trauma increases by 6.3% in nominal terms (or 1.8% in real terms) from R7.9 million in 2021/22 to R8.4 million in 2022/23.

Programme 5 (Hospital Systems): The total budget for Programme 5 grows from R21.1 billion in the 2021/22 financial year to R22.7 billion in 2022/23. The budget for this programme increases by 7.1% in nominal terms and by 2.5% in real terms.

The 2022/23 allocation to the *Health Facilities Infrastructure Management* sub-programme increases by 12.6% in nominal terms from R7.4 billion in 2021/22 to R8.3 billion in 2022/23, which is an increase of 7.7% in real terms. The *Hospital Systems* sub-programme increases by R595.6 million from R13.7 billion in 2021/22 to R14.3 billion in 2022/23, representing nominal increase of 4.3% and a 0.2% decline in real terms. 93.2% of programme funding is transferred to provinces via the NTSG and HFRG.

Programme 6 (Health Systems Governance and Human Resources): The programme increases by 16.9% in nominal terms and by 11.9% in real terms, from R6.4 billion to R7.5 billion in 2022/23.

Two sub-programmes dominate expenditure under Programme 6. The *Human Resources for Health* sub-programme which receives R5.5 billion, which is an increase of 26.6% in nominal terms from the previous financial year's total of R4.3 billion. This represents a real increase of

21.1%. The *Public Entities Management* sub-programme, receives R1.95 billion, decreasing by 3.4% in nominal terms (i.e. 7.5% decrease in real terms) from the previous year's allocation of R2.02 billion.

The Nursing Services sub-programme increases by 3.2% in nominal terms from R9.4 million to R9.7 million in 2021/22, a decline of 1.3% in real terms.

3. PROVINCIAL DEPARTMENTS OF HEALTH PLANS (2022/23)

3.1 Background

Provincial departments receive their budget allocations, which comprises of an Equitable Share (ES) and Conditional Grants (CGs) from the National Treasury. They are expected to supplement the national transfers with the collection of provincial own receipt. Provincial equitable share is an unconditional transfer designed to assist in delivery of basic services and assigned functions. Conditional grants are additional transfers from national government with conditions to address national priorities, programmes or policy imperatives. Provinces and municipalities are responsible for the provision of services such as education, health, social development, housing, roads, electricity and water, and municipal infrastructure services. Thus, the division of revenue provides equitable shares to provinces and local government to enable them to meet their basic service obligations and conditional grants are provided to enable them to improve and expand services.

3.2 Equitable Share and Conditional Grants to Provinces

Sections 214 and 227 of the Constitution require that an equitable share of nationally raised revenue be allocated to provincial government to provide basic services and perform its allocated functions. The equitable share is an unconditional transfer to provinces and constitutes their main source of revenue. Due to their limited revenue-raising abilities, provinces receive 41.2% of nationally raised revenue over the medium term. In addition, they receive conditional grants to help them fulfil their mandates. Transfers to provinces account for over 95% of provincial revenue.

Table 4 shows the national transfers to provinces for the 2022 MTEF period announced in the 2021 MTBPS and changes that were effected after it was tabled, both to the equitable share and conditional grants¹. Table 6 outlines the equitable share and conditional grants to provinces for 2022/23. It should be noted that the focus is on provinces hence the exclusion of allocations to municipalities.

Table 4: Total transfers to provinces in the form of equitable share and conditional grants, 2022/23 and estimates for 2023/24 and 2024/25

PROVINCE	R' 000		
	2022/23	2023/24	2024/25
Eastern Cape	72 230	69 779	71 841
Free State	31 107	30 108	31 108
Gauteng	120 041	116 263	120 759
KwaZulu-Natal	114 509	110 785	114 372
Limpopo	64 055	62 073	64 127
Mpumalanga	45 961	44 595	46 220
Northern Cape	14 942	14 434	14 894
North West	39 540	38 297	39 701
Western Cape	58 367	56 810	58 991
Total (Equitable share)	560 756	543 149	562 018
Conditional grants	121 782	124 161	128 138
Total (including conditional grants)	682 539	667 310	690 156

Source: DoRA 2022

¹ DoRA (2022)

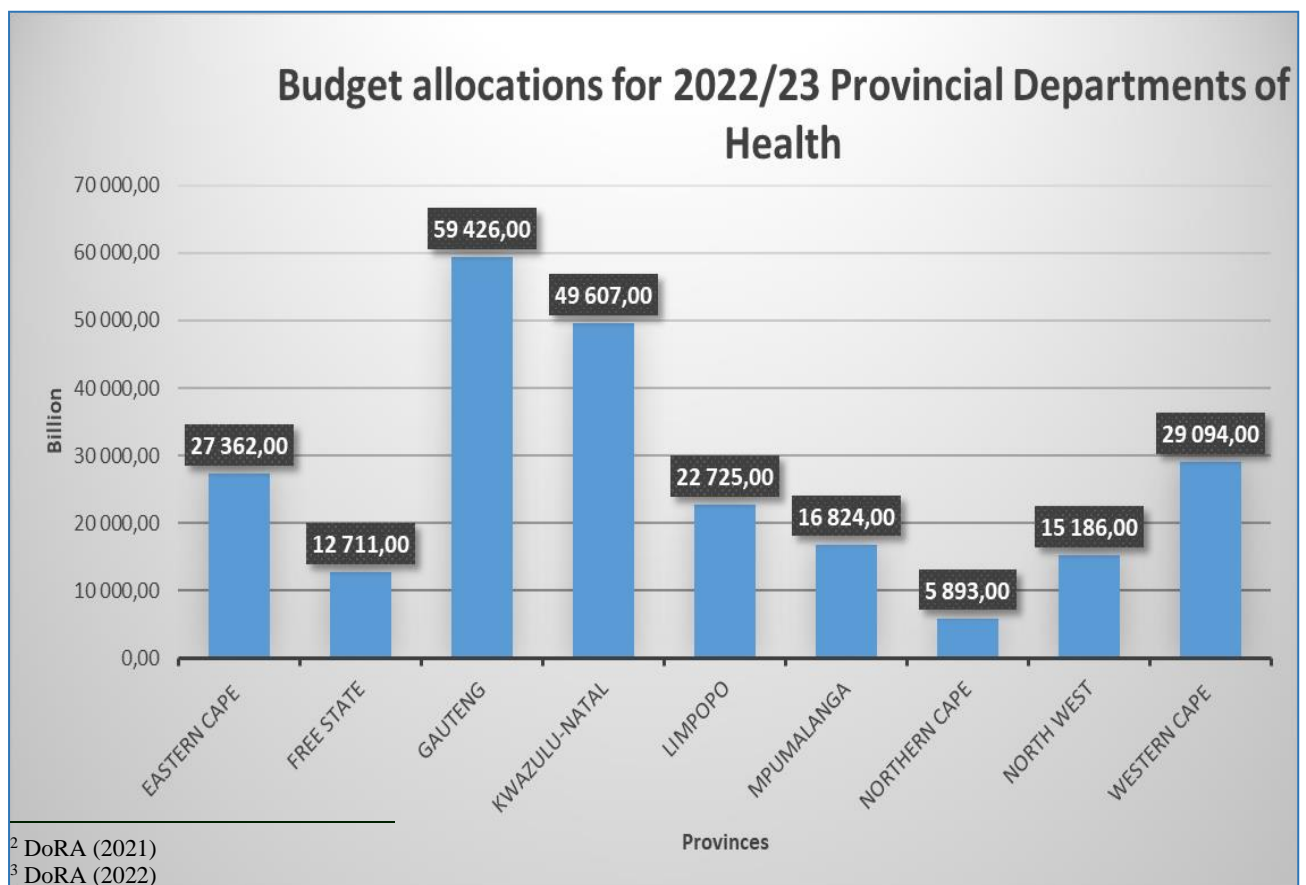
According to the DoRA 2022, national transfers to provinces increased from R661 billion in 2021/22² to R682.5 billion in 2022/23³. Over the MTEF period, provincial transfers will grow at an average annual rate of 1.4 per cent to R690.2 billion in 2024/25⁴. Of this amount, a total of R560.8 billion is allocated to the provincial equitable share and R121.8 billion to conditional grants⁵, which includes an unallocated amount of R471 million for the provincial disaster response grant and the provincial emergency housing grant⁶. It should be noted that the 2023/24 and 2024/25 financial years do not have the unallocated budget. That is why the total allocation in 2022/23 financial year is a bit higher than the 2023/24 financial year.

As can be seen in Table 4, the revenue allocation differs among the nine (9) provinces. Gauteng, the smallest province in size by far, yet the most densely populated, receives the largest proportion of the Provincial Equitable Share to the value of R120.0 billion, followed by KwaZulu-Natal, province with the largest population, to the value of R114.5 billion for 2022/23 financial year. The Northern Cape receives the smallest, as it has the smallest number of people living in the Province, receives a share of only R14.9 billion for 2022/23 financial year. The Eastern Cape Province, which has been consistently receiving the third largest share of revenue, receives an allocation of R72.2 billion. Provinces that receive a minimal amount of resources are the Free State, North West and Mpumalanga to the value of R31.1 billion, R39.5, and R45.9 billion for the 2022/23 financial year, respectively. Whereas the Western Cape Province receives a share of R58.3 billion for the 2022/23 financial year.

3.3 Provincial Health Departments Budget Allocations

Provincial Departments of Health are responsible for the management of the provincial health budget and delivering all provincial health services. They are also able to adapt national policy to the needs of that province. Figure 2 provides budget allocations for the Provincial Health Departments for the 2022/23 financial year.

Figure 2: Appropriations for Health provincial departments 2022/23



² DoRA (2021)

³ DoRA (2022)

⁴ Ibid

⁵ Ibid

⁶ Ibid

Source: Estimate of Provincial Revenue and Expenditure (2022), Adapted from each province EPRE 2022.

As Figure 2 indicates, Gauteng Department of Health receives the largest share of budget to the value of R59.426 billion, followed by the KwaZulu-Natal Department of Health to the value of R49.607 billion for 2022/23 financial year. The Western Cape Department of Health receives an allocation of R29.094 billion and the Eastern Cape Department of Health receives an allocation of R27.362 billion for 2022/23 financial year. The Limpopo Department of Health receives a budget share of R22.725 billion. The Mpumalanga, North West, Free State, and Northern Cape received budget shares of R16.824 billion, R15.186 billion, R12.711 billion, and R5.893 billion for 2022/23 financial year, respectively.

3.4 Conditional Grants Direct Allocations

Table 5 provides a breakdown of the Conditional Grants, Direct allocations.

In terms of direct grants, the Department administers R56.3 billion in 2022/23.

Table 5: Conditional Grants Direct Allocations 2022/23

DIRECT CONDITIONAL GRANTS TO PROVINCES	R MILLION
Schedule 4, Part A	
National Tertiary Services Grant	14 306.1
Schedule 5, Part A	
District Health Programmes Grant	29 023.1
Health Facility Revitalisation Grant	6 779.6
Human Resources and Training Grant	5 449.1
National Health Insurance	693.8
Total	56 251.7

Source: Treasury (2022c) Division of Revenue pp. 42, 46 & 51, adapted. Discrepancies may arise due to rounding

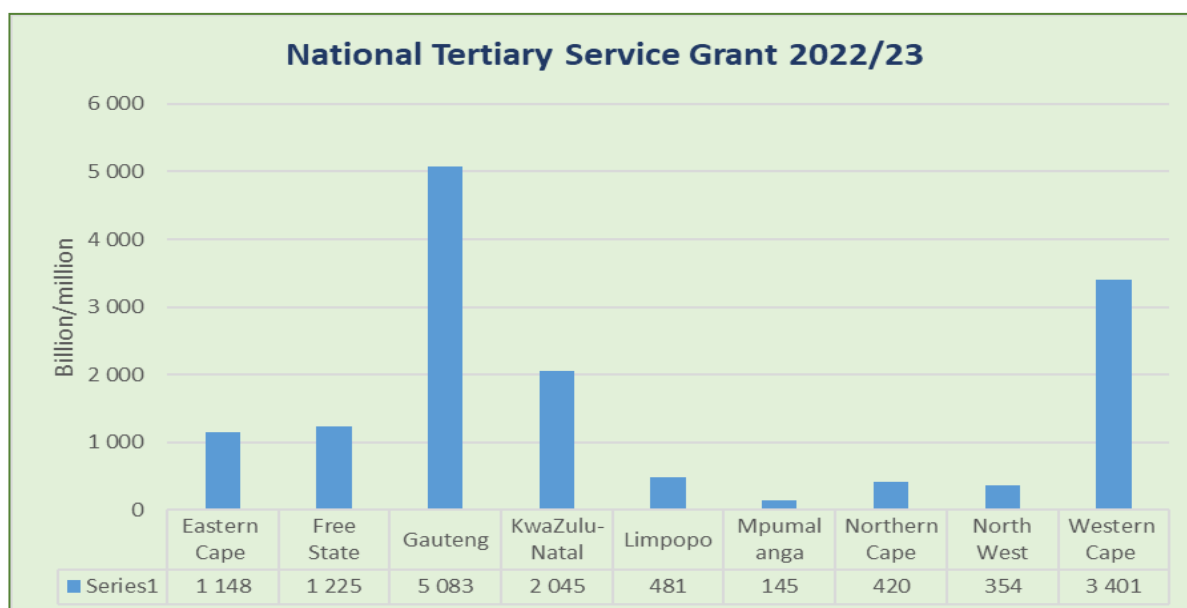
The largest grant is the *District Health Programmes Grant*, which receives R29.1 billion, followed by the *National Tertiary Services Grant (NTSG)* with R14.3 billion, and the *Health Facility Revitalisation Grant* with R6.8 billion.

3.4.1 National Tertiary Services Grant

The purpose of the National Tertiary Service Grant is to ensure the provision of tertiary health services in South Africa; to compensate tertiary facilities for the additional costs associated with the provision of these services.

The National Tertiary Service Grant receives an allocation of R14.306 billion for 2022/23 financial year.

Figure 3: National Tertiary Service Grant 2022/23



Source: Treasury (2022). Division of Revenue Bill [B6-2022], Adapted

Of the total budget allocated to this Grant, Gauteng receives the largest share of R5.083 billion, followed by the Western Cape at R3.401 billion for the 2022/23 financial year. KwaZulu-Natal receives the third largest share to the value of R2.045 billion. Free State and Eastern Cape receive a share of R1.225 billion and R1.148 billion in 2022/23 financial year, respectively. The smallest share is received by Mpumalanga to the value of only R145.3 million for the same period.

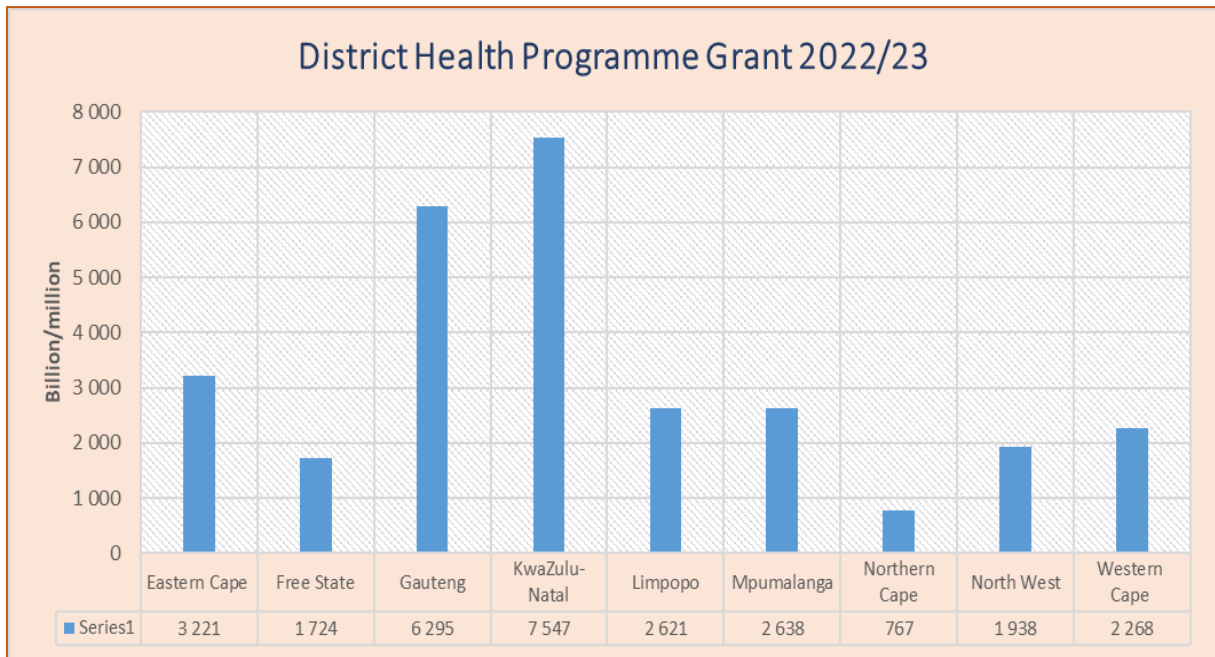
3.4.2 District Health Programme Grant

The purpose of the District Health Programme Grant is to enable the health sector to develop and implement an effective response to HIV and AIDS and tuberculosis (TB). In addition, it is to do the following:

- Ensure provision of quality community outreach services through Ward Based Primary Health Care Outreach Teams;
- Ensure improvement of efficiencies of the Ward Based Primary Health Care Outreach Teams programme by harmonising and standardising services and strengthening performance monitoring;
- Enable the health sector to develop and implement an effective response to support the effective implementation of the National Strategic Plan on Malaria Elimination 2019 – 2023;
- Enable the health sector to prevent cervical cancer by making available Human Papillomavirus vaccinations for grade seven school girls in all public and special schools and progressive integration of Human Papillomavirus into the integrated school health programme; and
- Enable the health sector to rollout COVID-19 vaccine.

The District Health Programme Grant receives a budget of R29.023 billion for the 2022/23 financial year. Figure 4 outlines budget allocations per Provincial Health Departments.

Figure 4: District Health Programme Grant



Source: Treasury (2022). Division of Revenue Bill [B6-2022], Adapted

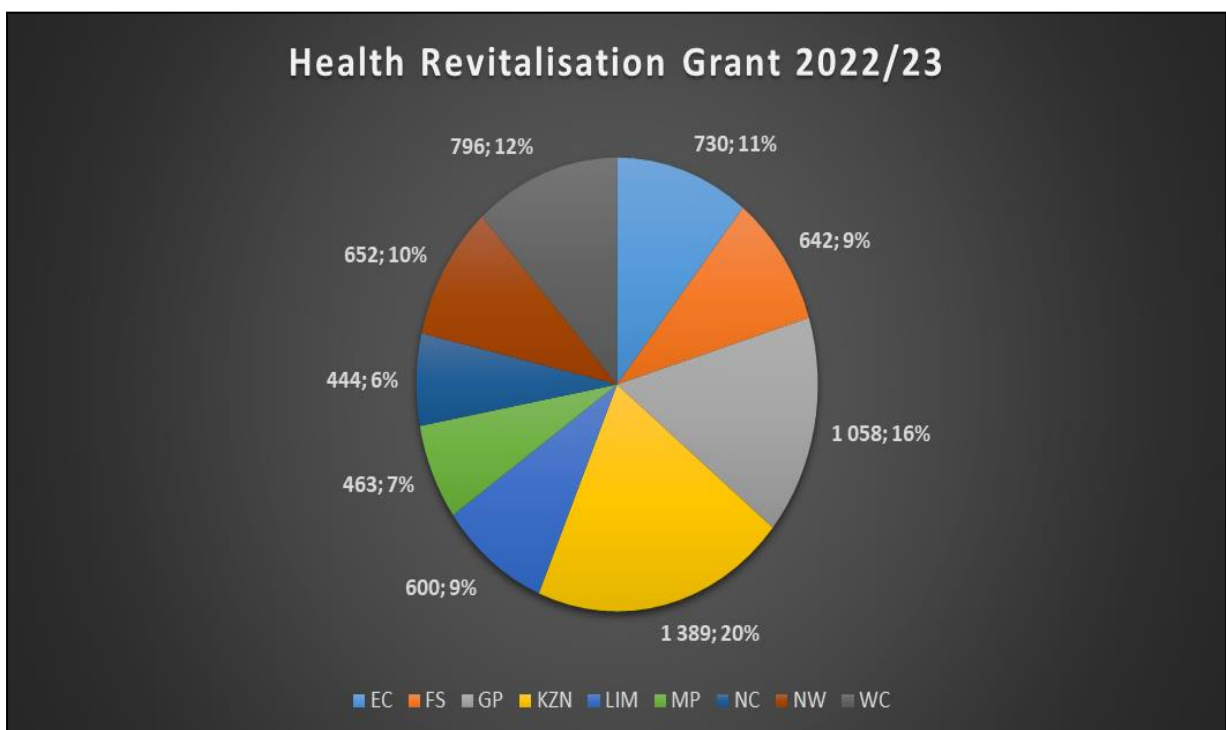
Of the total budget of R29.023 billion allocated to this Grant for 2022/23 financial year, the largest share is allocated to KwaZulu-Natal to the tune of R7.547 billion. Followed by Gauteng and Eastern Cape to the value of R6.295 billion and R3.221 billion, respectively. Mpumalanga and Western Cape receive a share that is just above R2 billion each. Whereas Northern Cape and North West received a share below R2 billion. The smallest share goes to the Northern Cape to the value of just R767 million for the 2022/23 financial year.

3.4.3 Health Revitalisation Grant

The purpose of the Health Revitalisation Grant is to help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organisational development systems and quality assurance; to enhance capacity to deliver health infrastructure; and to accelerate the fulfilment of the requirements of occupational health and safety.

This Grant receives an allocation of R6.779 billion for the 2022/23 financial year. Figure 5 illustrates the budget share per Provincial Health Department.

Figure 5: Health Revitalisation Grant



Source: Treasury (2022). Division of Revenue Bill [B6-2022], Adapted

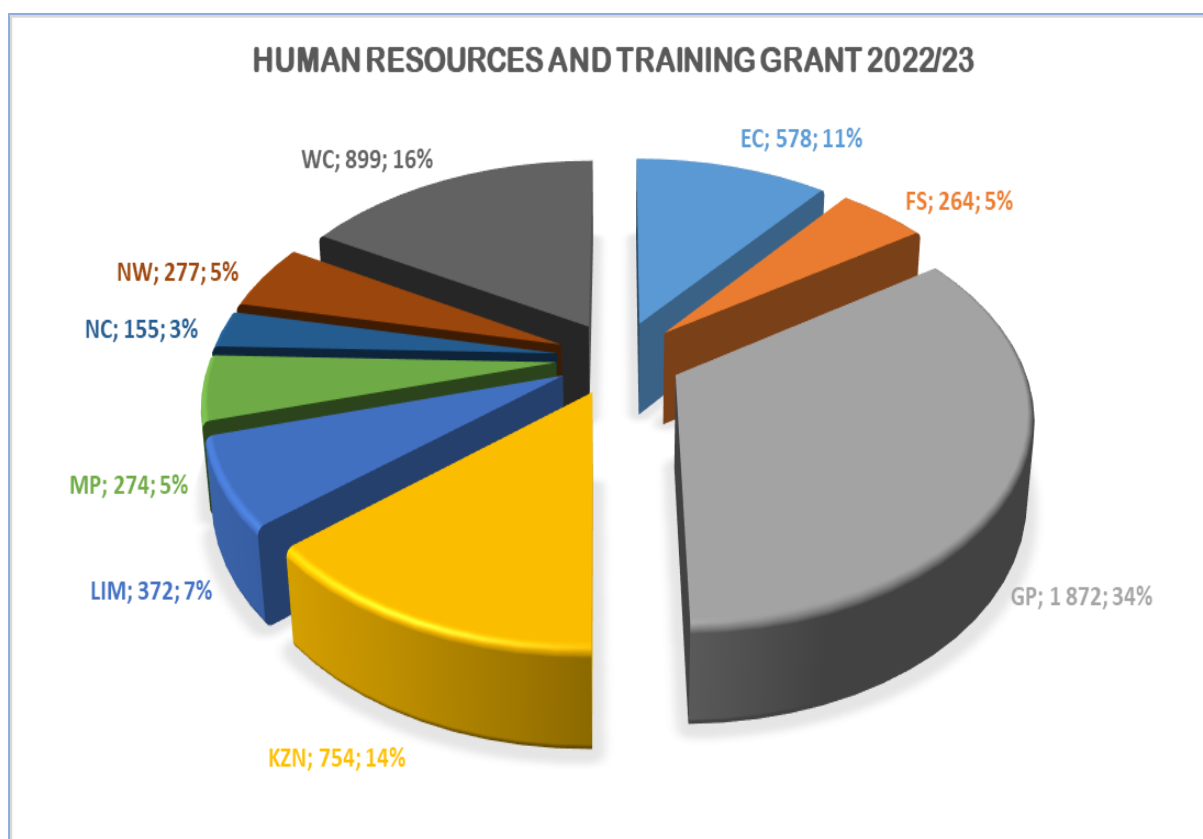
As Figure 5 illustrates, KwaZulu-Natal receives the largest share of the Health Revitalisation Grant to the value of R1.389 billion or 20 per cent of the total budget. Gauteng receives the second largest share to the value of R1.058 billion or 16 per cent of the total budget allocated to this Grant. Northern Cape receives the smallest share of R444 million or 6 per cent of the total budget.

3.4.4 Human Resources and Training Grant

The purpose of this Grant is to appoint statutory positions in the health sector for systematic realisation of the human resources for health strategy and the phase-in of National Health Insurance; support provinces to fund service costs associated with clinical training and supervision of health science trainees on the public service platform.

The Human Resources and Training Grant receives an allocation of R5.444 billion for the 2022/23 financial year.

Figure 6: Human Resources and Training Grant



Source: Treasury (2022). Division of Revenue Bill [B6-2022], Adapted

As illustrated by Figure 6, Gauteng consumes 34 per cent or R1.872 billion for the 2022/23 financial year. Western Cape receives the second largest share of 16 per cent or R899 million for the 2022/23 financial year. The smallest share of 3 per cent of the total budget is allocated to the Northern Cape, which is only R277 million.

3.4.5 National Health Insurance Grant

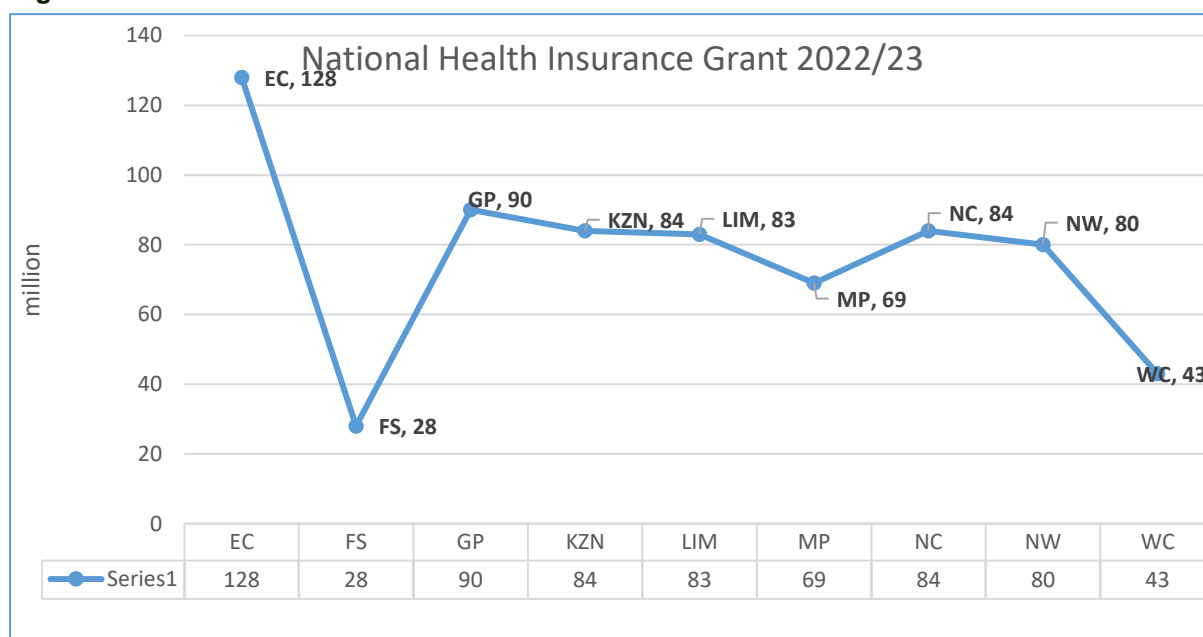
The purpose of the National Health Insurance Grant is to expand the healthcare service benefits through the strategic purchasing of services from healthcare providers. In addition, the Grant is meant to:

- Expand the alternative models for the dispensing and distribution of chronic medication;

- Develop and roll-out new health information systems in preparation for the NHI;
- Enable the health sector to address the deficiencies in the primary health care facilities systematically to yield fast results through the implementation of the Ideal Clinic programme; and
- Expand the healthcare service benefits through the strategic purchasing of services from healthcare providers.

The National Health Insurance Grant receives a budget allocation of R693.7 million for the 2022/23 financial year.

Figure 7: National Health Insurance



Source: Treasury (2022). Division of Revenue Bill [B6-2022], Adapted

As illustrated by Figure 7, the largest share of the total budget is allocated to Eastern Cape to the value of R128.4 million during the 2022/23 financial year. The second largest share of R90.3 million is allocated to Gauteng. The smallest share of the total budget is allocated to the Free State to the tune of only R28 million for the 2022/23 financial year.

3.4.6 National Health Insurance Indirect Grant

The *National Health Insurance Indirect Grant* is allocated R2.2 billion for the 2022/23 financial year (as shown in Table 6).

Table 6: Conditional Grants Indirect Allocations 2022/23

Conditional Grants Indirect Allocations	R million
Schedule 6, Part A	
National Health Insurance Indirect Grant	2 209.1
Total	2 209.1

4. COMMITTEE OBSERVATIONS

Mental health care:

- The Committee noted with concern the increase in mental health cases, while the capacity of institutions remained low.
- The Committee observed that the performance estimate for the Mental Health Policy Framework was reported as not applicable and asked whether the Department had finalised the framework or it was still under review.

- The Committee enquired about the number of new hospitals being planned for over the medium-term, considering the backlog of forensic and psychiatric evaluations for state patients in detention centres waiting on hospital admissions.

Communicable and non-communicable diseases:

- The Committee noted with concern that vital programmes such as the HIV and TB programmes were not given the attention that they deserve which might result in a regression in their control and prevention as the Department was focusing on COVID-19. Further, the Committee asked about the Department's cancer campaign and how it had been affected by the COVID-19 pandemic.
- The Committee was concerned about the scourge of TB in the country and wanted to know whether the Department had explored inter-sectoral collaborations with the Department of Mineral Resources (in the mining sector) and the Department of Correctional Services (in correctional centres) to address this challenge.
- The Committee asked about the number of patients on TB and HIV treatment that were lost to follow-up and how the causal factors could be addressed beyond community participation.

COVID-19 interventions:

- The Committee enquired about the interventions in place to realise the 60% target for COVID-19 vaccination of people in the 12 to 34-year age group, considering the low up-take by young people.
- The Committee questioned whether there was a long-term strategy in place to invest in vaccine development and how the Department was supporting vaccine development in the African continent.

Health infrastructure:

- The Committee noted with concern the infrastructure backlogs within the health sector and wanted to know how these will be addressed.
- The Committee was concerned about the closure of Charlotte Maxeke Academic Hospital and wanted to know what the Department was doing to mitigate the impact of its closure on other healthcare facilities and the restoration of oncology services.

Medico-legal cases:

- The Committee expressed concern about the significant increase in medico-legal claims, especially in the Eastern Cape, as reported by the AGSA and wanted to know what the Department was doing to address this, as these costs depletes provincial departments' budgets.
- The Committee wanted more information about the state of the medico-legal case management system.
- The Committee sought clarity on the development of a legislation for the management of medico-legal cases, and whether there was a regulatory framework in place for the appointment of legal teams to deal with these claims.

Funding for policy priorities:

- The Committee noted with concern that there was no costing of the NHI and further indicated that even the Minister of Finance did not indicate any NHI allocation in his budget speech.
- The Committee asked the Department to share information about the 70% funded filled posts on the NHI programme and its spending of the NHI grant.
- The Committee observed that the budget for primary health care had increased and questioned whether the programme had been adequately capacitated in terms of human resources to deliver services.
- The Committee was concerned about the allocation for mental health and oncology services.
- The Committee wanted to know the implication of the allocation for CoE.

Human resources for health:

- The Committee noted with concern the high vacancy rates for health professionals – (10 800) nurses and (1 339) doctors – and wanted to know the Department’s plans to eradicate these vacant posts. In addition, the Committee wanted to know how the Department plans to retain critical skills in the public health sector.
- The Committee asked how the Department was supporting the Nelson Mandela/ Fidel Castro Cuban programme and what the impact of the programme was on health skills development in the country.
- The Committee was concerned about the time it takes to place medical interns and registrars, and wanted to know what the Department intends to do to remedy this.
- The Committee asked the Department to intervene by absorbing community health workers into the system and their recruitment for nursing training.

Health system strengthening:

- The Committee wanted to know the lessons learnt from the COVID-19 pandemic to improve the public health care system.
- The Committee enquired about the impact of health care treatment of undocumented immigrants on the planning and budgeting of the Department.
- The Committee was concerned about the devastation caused by recent disasters (in KwaZulu-Natal in particular) and wanted to know how the Department is assisting in that regard.
- The Committee raised concern about recent reports of security breaches at health facilities, and wanted to know what the Departments intends to do to strengthen safety and security of health personnel and patients.
- The Committee wanted to know more about the rollout of the health patients registration system.

Child and maternal health:

- The Committee was also concerned about the increase in severe malnutrition and wanted to know the strategies in place to combat malnutrition and whether a collaborative approach was being followed – working with the Department of Social Development and the Department of Basic Education. The Committee enquired about the plans put in place to change the trajectory of the increase in maternal mortality rates.

Sexual and reproductive health:

- The Committee was concerned that termination of pregnancies was not accessible in some provinces, including the Eastern Cape and wanted to know what the Department was doing to resolve the matter.
- The Committee asked for a progress report on the victims of forced sterilisation and whether the Department had contacted those affected and services offered to them. The Committee was concerned about the Department’s slow pace in addressing this issue.

5. COMMITTEE RECOMMENDATIONS

The Committee recommends that the Minister of Health should consider the following:

- *Mental health services:* The Department should prioritise mental health services. Further, the Department should provide the Committee with an update on the review of the Mental Health Policy Framework (2013-2020), to ensure that mental health care services are optimally rendered and monitored.
- *Severe malnutrition:* The Department should consider a collaborative approach (working with the Department of Social Development and Department of Basic Education) to address severe malnutrition.
- *Response to COVID-19:* The Department should furnish the Committee with its plan to realise the 60% target for COVID-19 vaccination of young people in the age group 12 to 34 years.

- *Community health workers:* The Department should provide the Committee with a progress report on the implementation of the National Community Health Care Worker Policy in ensuring the integration of community health workers.
- *Improving the quality of health care:* The Department should increase emphasis on other vital programmes such as HIV, TB and cancer, to prevent a regression in their control and prevention, and present the catch-up plan to the Committee.
- *Health infrastructure:* The Department should furnish the Committee with an action plan aimed at addressing infrastructure backlogs and existing gaps.
- *Medico-legal claims:* The Department should provide the Committee with a detailed report on the management of medico-legal claims and how it is assisting provincial departments in this regard.
- *Primary health care:* In view of the increased budget for primary health care, the Department should ensure that the programme is fully capacitated to ensure improved delivery of quality health care services.
- *Conditional grants:* The Department should submit a report to the Committee on conditional grant spending, particularly the NHI grant.
- *Human Resources for Health:* The Department should provide a progress report to the Committee on the implementation of the Human Resources for Health Strategy and Plan 2019-2024. In addition, the Department should ensure that vacancies are filled timeously. Further, the Department should provide a progress report on the training of nurses and the reopening of nursing colleges to the Committee.
- *Health care services delivery:* The Department should furnish the Committee with a detailed report on the issue of forced sterilisation.

6. CONCLUSION

The Department of Health should respond to the Committee recommendations as soon as possible or on the day the report is adopted by the House.

Report to be considered.