# NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO. 2554**

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**(INTERNAL QUESTION PAPER NO. 27)**

**Ms H Ismail (DA) to ask the Minister of Health:**

(1) Whether, noting that many entities are spending a huge percentage of their budgets on leasing, while such funds could be more appropriately used to reach key performance indicators and targets, his department will consider liaising with the Department of Public Works and Infrastructure to assist in utilising unused buildings in order to decrease the total amount spent on leasing; if so, what are the relevant details; if not,

(2) whether his department has any other solutions to address the specified issue, so that budgets can be adequately used to fulfil their mandate and effectively reach targets; if not, what is the position in this regard; if so, what are the relevant details;

(3) what (a) criterion was used to decide and/or establish which hospitals were going to receive the major portion of the health budget in each province, (b) was the budget supposed to be used for and (c) were the time frames that the budgets were allocated for? **NW3064E**

**REPLY:**

1. The Department will consider liaising with the Department of Public Works and Infrastructure to assist in utilising unused buildings in order to decrease the total amount spent by Heath Entities on leasing building on request by entities, noting the following details with regard to each of the entities falling under the mandate of Health:
2. **National Health Laboratory Service (NHLS):** NHLS is only leasing offices for the regional offices in Eastern Cape, Free State, Gauteng, North West, Limpopo, and Mpumalanga. The Forensic Chemistry Laboratories are also leasing buildings in Gauteng, Western Cape and Durban. The NHLS is currently engaging the Department of Public Works for the transfer of ownership of the buildings occupied by the Forensic Chemistry Laboratories in Johannesburg and Pretoria. Furthermore, the NHLS is also considering the buying of property. All other NHLS activities and laboratories are in public or university facilities.
3. **Council for Medical Schemes (CMS):** CMS spent 8% of its budget on the current lease building in Pretoria for the 2021/2022 financial year. The CMS has already initiated a process of soliciting advice from the NDPW in respect to compliance with Government Immovable Asset Management Act (GIAMA) and NDPW Space Planning Norms and Standards which will guide CMS office accommodation procurement.
4. **South African Health Products Regulatory Authority (SAHPRA):** SAHPRA budget allocated to office rentals amount to 5.8% for 2021/22 and 5.5% for the 2022/23 financial year.
5. **South African Medical Research Council (SAMRC):** The SAMRC owns most of its properties in Parow, Delft, Durban and Pretoria. The leasing of research sites near primary health care clinics and hospitals ensures the SAMRC’s ability to conduct relevant research in communities where they don’t own property. Where there is open space in their buildings or on their properties they enter into lease agreements, and income received is used to supplement funding for the operations. Most of the research sites are externally funded, have a finite period and will not be economical for SAMRC to own these properties which may not be used beyond the research period.
6. **Office of Health Standards Compliance (OHSC):** The OHSC is currently in a five-year lease agreement which will expire at the end of October 2023. The office lease payments make up 9% of the 2022/23 budget. During this September 2022, the OHSC will commence with evaluating options for office premises to be considered when the current lease agreement expires. Amongst the options, the OHSC will also evaluate the possibility of engaging the Department of Public Works and Infrastructure for suitable office premises, in the event that such premises are available.
7. The department’s first option is always to request the Department of Public Works and Infrastructure (DPWI) as the landlord of all government departments to allocate government owned buildings to cover the department’s property needs as this is cost effective. The Department is however reliant on the availability of these buildings as guided by the DPWI.
8. Budget allocation is normally awarded based on their historic budgets which considers the following:

* Population serviced
* Disease profile
* Level of services offered (district, regional, tertiary, and central)
* Bed capacity of the hospital
* Head count of the hospital
* Staff employed and proposed new appointments

The usage of the budget in within the hospital is divided into the following:

* Compensation of employees
* Goods and services
* Maintenance
* Equipment

END.