

081028
joint budget



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

RESEARCH UNIT

PO Box 15 Cape Town 8000 Republic of South Africa
Tel: 27 (21) 403 8273 Fax: 27 (21) 403 8118
www.parliament.gov.za

AN OVERVIEW OF THE DEPARTMENT OF HEALTH ANNUAL REPORT FOR 2007 AND 2008

24 October 2008

1. Introduction

The aim of the Department of Health is to promote public health through an accessible, caring and effective national health system based on the Primary Health Care approach.¹ Its performance can be evaluated by Parliament at the end of each financial year through the use of annual reports.

The aim of this analysis is to measure the Department's performance against its objectives and targets as outlined in its annual reports and strategic plans for the 2006/07 and 2007/08 financial years. This will also provide an overview of the budget performance and assist the Committee in exercising its oversight mandate and in ensuring the Department's accountability.

2. Programme Performance for the 2006/07 and 2007/08 Financial Years

Administration

The purpose of this programme is to conduct overall management and oversight of the Department's programmes. Administration entails the provision of centralised support services and policy-making by the Minister, Deputy-Minister and Director-General.

Achievements

The Department introduced and amended a number of bills during the period under review. These include Tobacco Products Control and the Health Professions Amendment Bills, Traditional Health Practitioners, Choice on Termination of Pregnancy Amendment Acts and the secondary legislation of the 2003 National Health Act. The Department further improved its communication strategies and produced Annual National Health Plan during the period under review.

Challenges

The Department did not meet its targets in 2008 for medical Schemes Amendment Bill, medical Research Council Amendment Bill and Allied Health Professions Amendment Bill. Furthermore, the Department did not meet its target on the Pharmacy and the Medical Research Council Amendment Bills in 2007, yet there is no reference to these two pieces of legislation in the 2008 annual report. In the 2007/08 financial year, the Department was unable to achieve its target to produce quarterly publications in the South African Medical Journal, Nursing Update and Health and Hygiene; although it managed to produce a number of diverse publications in other print media.

Strategic Health Programmes

The aim of this programme is to coordinate a range of strategic national health programmes through the development of policies and systems; and to manage and fund key programmes.

¹ Department of Health Annual Report 2007/08.



Achievements

The Department has met its set 2008 targets with regard to Maternal Child Women's Health and Nutrition except supporting the implementation of a comprehensive sexual assault care service. It strived to immunise and eliminate diseases that affect children, however the measles vaccine coverage target was not fully met. In the 2007/08 financial year, the Department exceeded its targets in the districts implementation of phase one of the school health policy. This follows its improvement in health care services for school going children by 34 per cent in the 2006/07 financial year.

The Essential Drug List (EDL) was developed, and the Department has made progress towards the review of Primary Health Care and EDL in 2008. Progress was also made regarding the implementation of an Electronic Document Management System (EDMS) by having a fully functional clinical trial database. It exceeded targets in Human Immuno-Virus and Acquired Immune Deficiency Syndrome, Sexually Transmitted Infections and Tuberculosis (HIV and AIDS, STIs & TB) in 2008, irrespective of the shortage of pharmacists.

The Department continues to strive towards curbing the impact of HIV and AIDS. Its 2007 National HIV and Syphilis Antenatal Sero-Prevalence Survey indicate a 1.1 per cent reduction in HIV prevalence from 2006 to 2007. This partially reflects the Department's progress towards fighting HIV and AIDS in the country. The Committee, however, should note that this survey only reflects findings from a sample of women that utilise public antenatal services, thus, excluding a majority of the population.

In line with gender equity, the Department has increased its distribution of the female condom, exceeding its target of 3.5 million to 3.6 million, in the 2007/08 financial year. However, it should be noted that the distribution of these condoms to distribution sites decreased from 340 to 245 sites. This also applied to the decline in the number of male condoms distributed, only 308.5 million was distributed from the target of 425 million.

Ninety two per cent of public health facilities offered Voluntary Counselling and Testing (VCT) services in 2008. SANAC seems to have functioned well in both financial years of holding its multisectoral meetings. About 53 per cent of the health facilities achieved a Turn-Around-Time (TAT) for laboratory specimens of 48 hours or less in 2008, exceeding its 50 per cent target.

TB patients were tested for HIV with the aim of reducing the burden of HIV on these patients. This allowed for the improvement in the surveillance of TB and HIV co-infection. Significant milestones were also reached with regard to ensuring adherence to TB treatment. The Department assisted 98 per cent of the districts to develop supervision and monitoring systems for implementation of TB & HIV care package. Its effort to address the co-morbidity of TB and HIV was enhanced and the TB patients were placed on Directly Observed Treatment (DOT).

Waiting period for provision of wheelchairs was reduced and translation services were extended to ensure that information is available in members of the public's preferred language(s). The Department expanded its cataract surgery project and Low Vision Service (LVS), strengthened Refractive Services



(RS) and provided free healthcare for disabled persons at hospital level. The Department further assessed the implementation and outcome of National Oral Health Strategy (NOHS).

The Department exceeded its targets regarding the implementation of the Mental Health Act (No. 17 of 2002), except for finalisation of the master plan for substance abuse. Trauma services for children to adults were covered and serviced adequately in the 2007. There is no reference to this aspect in the 2008 annual report. Malaria elimination strategy was developed.

Challenges

Maternal, Child and Women's Health and Nutrition could not meet its 50 per cent target of training staff in implementing the Reach Every District (RED) strategy. Adolescent and youth morbidity and mortality was not reduced as envisaged. Monthly maternal and perinatal morbidity and mortality review meetings were not conducted and nutrition framework for people living with HIV and AIDS was not implemented, as envisaged.

Increasing the capacity for in-house reviews of medicines without outsourcing, inspecting and licensing premises of authorised prescribers and for pharmacies is a challenge emanating from an inability to recruit and keep pharmacists to the health services. This is a major challenge that has been highlighted in both financial years. The Department failed to submit the Health Technology (HT) Regulations to Parliament; and did not report on the adoption of the Codex by the National Codex Committee in the 2007/08 financial year. The implementation of the HT maintenance objectives and Management Guidelines was not reported to in 2008. The Committee should try to ascertain the progress made by the Department regarding the implementation of these programmes.

The Department planned to complete guidelines and systems for the registration of the Traditional Medicines, as well as establishing working relationships with a number of international regulatory authorities. The Department did not report on the progress made in these areas.

Co-infection with TB and HIV is a lethal combination that puts a huge burden on the health care system. Curing TB as a way of reducing the disease burden on people living with HIV is desirable. The Department failed to provide a target of 425 million male condoms and have all its public health facilities offering VCT in the 2007/08 financial year. Only 245 million sites distributed female condoms as compared to 340 million target and only 7 per cent sub-districts provided palliative care services compared to 60 per cent target.

The Department could not meet its target of improving TB cure rates in the 2006/7, and it did not have data collection systems in place to measure its performance, so as to compare to its target in 2008. In the 2007/08 financial year, the Department did not achieve its target of having 70 per cent (only 50 per cent was achieved) of district hospitals listed and equipped as 72 hour assessment facilities and the master plan for substance abuse was not finalised as targeted. The Department needs to strengthen collaboration with other countries, as identified in the strategic plan, with regard to malaria control and other communicable diseases.



Health Service Delivery

The purpose of this programme is to support the delivery of health services, primarily in the provincial and local spheres of government.

Achievements

The Department expanded the provision of benefit medical examinations to 138 hospitals and it completed the costing of the district hospital package to be useful for resource allocation. Progress towards the National Health Accounts (NHA) has been made, and National Health Reference Price List (NHRPL) has been developed. Furthermore, the national HIV and AIDS spending assessment was incorporated in the National Health Accounts. An audit of the skills and capacity of health managers was completed and the quality of information for decision making was improved. The Department achieved its target in areas of disaster management, expanding Hospital Revitalisation Programme, and strengthening relations with the private health sector. Progress was made in terms of establishing Occupational Health Units (OHUs) and the Benefit Medical Examinations (BME) is accessible to current and former mine-workers. Monitoring and evaluation systems of the Department have also improved significantly in the 2007/08 financial year.

Challenges

There have been delays in the development of the South African Diagnosis Related Grouper (DRG) pending a decision on the procedure of the code for the country. There have been further delays in conducting the primary health care service and infrastructure audit. The progress seems to be slow in strengthening hospital management and the monitoring of quality of care in hospitals remains a major challenge.

Human Resources

The purpose of this programme is to support the planning, development and management of human resources for health at both the national and provincial spheres of government.

Achievements

The Department established a forum of skilled development facilitators in the health sector. It strengthened, expanded and established bilateral, trilateral and multilateral relations with other countries as far as health issues are concerned. The Department also contributed in donor related activities as planned, in both financial years. In 2007, the Department had a challenge regarding the co-ordination activity of the launch of the NEPAD Accelerated Malaria Control programme for Africa (NAMCA). It appears that the Department has made good strides in 2008 and has met its targets in relation to NAMCA. Signing of agreements for funding and technical cooperation was a major challenge in the 2007. It does not appear to be the case in 2008.

Challenges

Lack of capacity is a major challenge facing the Department, as it impedes on the fulfilment of performance targets set by the Department.



3. Human Resource Management

The Department had a staff complement of 1756 posts in the 2006/07 financial year. The number of post filled was standing at 1291, resulting to the vacancy rate of 26.5 per cent or 465 posts. The highest vacancy rate of 36.1 per cent or 204 post was reported on highly skilled production level. Senior management level reported a vacancy rate of 29.1 per cent or 34 posts, while highly skilled supervision reported 33.3 per cent or 177 posts. Staff complement increased to 1687 posts in the 2007/08 financial year. During this period, the department filled 1304 posts with a vacancy rate 22.7 per cent or 383 posts. Senior management level reported a vacancy rate of 27.7 percent or 26 posts, while highly skilled supervision level reported 28.5 per cent or 145 posts.

4. Financial Information

Budget Overview

The Department was allocated R11.3 billion during 2006/07 financial year.² This budget appropriation was adjusted to R11.5 billion, mainly as a result of roll-overs from the 2005/06 financial year.³ The budget allocation was increased by R1.4 billion to R12.7 billion in 2008. Among other things, this increase was for LoveLife, hospital revitalisation grant, HIV and Aids conditional grants and national tertiary services grant. The 2007/08 budget appropriation was adjusted by R436 million to R13.1 billion during the financial year. The adjustment was due to R385 million roll-overs from 2007, unforeseeable expenditure of R50 million and R1 million for other adjustments. Unforeseeable and unavoidable expenditure was allocated to the Western Cape for higher than anticipated take-up in the HIV and Aids treatment programme. Fund for other adjustments were transferred from the Department of Social Development for printing leaning material for community care givers in ancillary health care.

Programme Budgeting and Expenditure

The Department has four programmes that are instrumental in achieving the overall mandate of the Department. The Departmental budget was allocated to these programmes according to their policy priorities. "Annexure A" lists the Departmental programmes and reflects the manner in which funds were allocated and spent, during 2006/07 and 2007/08 financial years.

The Department under-spent by R115.9 million in 2007 and R328.4 million in 2008 from its adjusted appropriation (annexure A). The programme spending performance reflects under spending of R15.2 million in administration, R73.2 million in strategic health programmes, R52.5 million in health service delivery. Human resource programme overspent by R24.9 million.

The programme spending pattern slightly changed in 2008 with administrative programme overspending by R455 000 and human resources under-spending by R13.8 million. It is important to note that under-spending increased to R225 million strategic health programmes and to R90 million in health service delivery. The Department attributed its under-spending in 2008 to delays in upgrading Johannesburg Forensic Chemistry Laboratory and Civitas building, slow progress on the mortuaries to be built, funds for condoms not spent due to problems with suppliers and funds earmarked for NGOs

² Estimate of National Expenditure (2006)

³ Adjusted Estimate of National Expenditure (2006)



not released in full. Non completion of projects funded through Hospital Revitalisation Conditional Grant and vacant posts in the Health Attaché in Geneva further resulted to the Departmental under-spending.

Economic Classifications

The Departmental expenditure comprises current payments, transfers and subsidies and payments for capital assets. Accordingly, the Department spent the allocated funds as follows during the period under review:

(a) Current Payments

The Department under-spent by R120.3 million from current payments in 2007 the financial year. This was mainly due to the under spending of R115.6 million in goods and services, R8.3 million in compensation of employees and unbudgeted figure of R3.5 million for financial transactions. The current payment under spending increased to R131.2 million in 2008 as a result of R138 million under-spending in goods and services.

(b) Transfers and Subsidies

Transfers and subsidies reported an overspending of R20 million in the 2007 financial year. This was due to R12.7 million not being transferred to provinces, R1.3 million not transferred to universities and technikons and R6.2 million not transferred to non-profit organisations. The 2008 appropriation statement reflects R174.6 under-spending in transfers and subsidies. Fund amounting to R183.9 million were not transferred to provinces and municipalities. Reasons for under-spending in transfers and subsidies could not be ascertained from the annual report, the committee is advised to follow this up with the Department.

(c) Payment for Capital Assets

The under-spending in capital assets amounts to R22.6 million during 2007/08 financial year, as a result of under-spending in both machinery and equipment and building and other fixed structures.

Movement of Funds

The Department had two significant virements in 2007/08 financial year. An amount of R14 million was moved from health service delivery programme to augment the current payments in the administrative programme. Furthermore, R28 million was shifted within HIV and Aids sub-programme. This amount was shifted from good and services to transfer payments and it was transferred to Soul City and South African Aids Vaccine Initiative.

Financial Management

The Department of health received qualified audit opinion for both 2007 and 2008 financial years. The basis for qualification for both years was on Department inability to provide appropriate audit evidence for existence and accuracy of assets. The Department incurred an irregular expenditure of R473 000 in 2007 emanating from procurement of good and services. Information is not provided in the 2008 annual report regarding the action taken against the official(s) responsible for such irregular expenditure. This was also due to irregularities in procuring goods and services. All the cases



resulting to such expenditure are still under investigation. No fraud case was reported during the period under review.

5. Conclusion

This brief entails challenges and successes of the Department for the period under review. It further provides an overview of programmes performed and the manner in which financial resources were utilised. Some issues of concern are highlighted and the committee is advised to follow these issues up with the Department. The Department has continued to strengthen its priority health programmes and continues to strive to improve the quality of health care as it set to do in the previous financial year.

Sources

Adjusted Estimate of National Expenditure, 2006

Adjusted Estimate of National Expenditure, 2007

Department of Health, Annual Report, 2007

Department of Health, Annual Report, 2008

Department of Health Strategic Plan 2008/09 – 2010/11

Estimate of National Expenditure, 2006

Estimate of National Expenditure, 2007

Ganyaza-Twalo, T. 2007. The Analysis of the Department of Health Annual Report for the 2006/07 Financial Year. Parliament of South Africa



Annexure A

Programme Expenditure for the 2006/07 and 2007/08 Financial Years

Budget Appropriation and Expenditure

Programme R' thousand	2006/07 Financial Year			2007/08 Financial Year		
	Adjusted Approp.	Actual Expenditure	(over)/ under spending	Adjusted Approp.	Actual Expenditure	(over)/ under spending
Administration	187,993	172,842	15,151	210,201	210,656	(455)
Strategic health programmes	2,153,570	2,080,370	73,200	3,413,836	3,188,791	225,045
Health service delivery	9,047,327	8,994,867	52,460	9,396,249	9,306,212	90,037
Human Resources	65,103	89,968	(24,865)	70,850	57,075	13,775
Total	11,453,993	11,338,047	115,946	13,091,136	12,762,734	328,402

Source: National Treasury (AENE, 2006 & 2007) and Department of Health (Annual Reports, 2007 & 2008)



Annexure B

Economic Classification Expenditure for the 2006/07 and 2007/08 Financial Years

Expenditure: Economic Classification

Economic Classification R'thousand	2006/07 Financial Year			2007/08 Financial Year		
	Adjusted Approp.	Actual Expend.	(Over)/ under Spending	Adjust. Approp.	Actual Expend.	(Over)/ under spending
Current Payments	778,896	658,561	120,335	860,267	729,036	131,231
Compensation of employees	240,030	231,729	8,301	251,826	258,605	(6,779)
Goods and services	538,866	423,309	115,557	608,441	470,340	138,101
Financial transactions	-	3,523		-	91	(91)
Transfers & Subsidies	10,630,194	10,610,188	20,006	12,186,334	12,011,728	174,606
Provinces & municipalities	10,206,719	10,206,711	8	11,736,678	11,552,732	183,946
Departmental agencies	295,460	282,711	12,749	299,351	301,884	(2,533)
Universities & Technikons	1,250	-	1,250	1,000	400	600
Households	462	699	(237)	18	679	(661)
Non-profit organisations	126,303	120,067	6,236	149,287	156,033	(6,746)
Payments for capital assets	43,903	69,298	(25,395)	44,535	21,970	22,565
Machinery & Equipment	33,029	24,126	8,903	39,801	21,684	18,117
Building and other fixed structure	5,000	265	4,735	4,734	-	4,734
Software & other intangible ass.	5,874	44,907	(39,033)	-	286	(286)
Total	11,452,993	11,338,047	114,946	13,091,136	12,762,734	328,402

Source: National Treasury (AENE, 2006 & 2007) and Department of Health (Annual Reports, 2007 & 2008)