



29 October 2012

Vote 16 : Health

## 1. Introduction

The Department of Health received a main appropriation of R27.56 billion, which has been adjusted upwards by R500.19 million, resulting in an adjusted appropriation of R28.06 billion. The objective of the Department is provide leadership and coordination of health to promote the health of all people in South Africa through an accessible, caring and high quality health system based on the primary health care approach. The additional allocation is divided into the following programmes:

- **Programme 1: Administration:** received an additional allocation of R45.49 million. This allocation consists of a roll-over of R6.74 million that has been rolled over for Information Technology equipment purchased during the 2011/12 financial year. The Department has further made upwards adjustment of R35.0 million as a result of unforeseeable and unavoidable expenditure to strengthen its oversight, monitoring and support to provincial department who are experiencing institutional, capacity and other challenges. An additional R3.3.75 million has also been requested for higher than expected remuneration increases.
- **Programme 2: Health Planning and System Enablement:** There were no adjustments in this programme, and the budget remains R315.52 million.
- **Programme 3: HIV and AIDS, TB and Maternal, and Child Health:** This programme has been adjusted downwards by R15.0 million from R9.29 billion to the adjusted allocation of R9.28 billion. This R15.0 million has been declared as savings from Khomanani Project, which the official government Aids Campaign. This is concerning, considering the fact that HIV and Aids is one of the key government priorities
- **Programme 4: Primary Health Care Services:** This programme has been adjusted upward due to rollovers amounting to R31.52 million. The roll-overs constitute R29.98 million for Communicable diseases; and R1.54 million for Health Promotion and Nutrition subprogrammes.
- **Programme 5: Hospitals, Tertiary Health Services and Human Resource Development:** This programme has received an additional adjustment of R430.0 million. This upward adjustment consists of two components, which include R49.0 million in rollovers and R381.0 million for unforeseeable/unavoidable expenditure<sup>1</sup>.
- **Programme 6: Health Regulation and Compliance Management:** The allocation of this programme has been adjusted upwards by R8.17 million from the main allocation. The additional adjusted budget is attributed from the compensation of employees, as well as R4.17 million for the Medical Research Council.

<sup>1</sup> This includes R15 million for health and medical services for the Africa Cup of Nations 2013 tournament, R200 million for the Kwa-Zulu Natal Department of Health for the Hospital Revitalisation Grant (20 million) and Health Infrastructure Grant (R180 million), as well as R 166 million for the Free State Department of Health for the Hospital Revitalisation Grant.



**Table 1: Virements and Additional Allocation per programme <sup>2</sup>**

Programme: R'000	Main Appropriation	Roll-overs	Unforeseeable/unavoidable	Virements and shifts	Other adjustments	Adjusted appropriation
1. Administration	357 852	6 741			3 751	403 344
2. National Health Insurance, Health Planning and Systems Enablement	315 521					315 521
3. HIV and AIDS, TB, and Maternal and Child Health	9 292 548					9 277 548
4. Primary Health Care Services	87 420	31 520				118 940
5. Hospital, Tertiary Health Services and Human Resource Development	16 927 870	49 000	381 000			17 357 870
6. Health Regulation and Compliance Management	575 807				8 173	583 980
<b>Total</b>	<b>27 557 018</b>	<b>87 261</b>	<b>381 000</b>	<b>0</b>	<b>11 924</b>	<b>28 057 203</b>

**Note:**

The Department also received R1.84 million donations as follows:

- R10 000 sponsorship to the Psychology Society of South Africa to support the hosting of the International Congress on Psychology.
- R500 000 sponsorship to the Paediatric Cardiac Society in respect of the World Congress on Paediatric Cardiology and Cardiac Surgery in South Africa.
- R1.2 million donations to the International Academy for Design, which is a design award for health promoting lifestyle centres.
- R400 000 donation to TopCo Media for the Top Women's Awards.

**2. Mid-year progress**

The overall performance at the end of the first six months of the 2012/13 financial year shows that the Department is currently on track in achieving its objectives. However, there are programmes that need have failed to meet their mid-year targets and need close monitoring. The following performance is reported:

- The Department has intervened in all the nine provinces in ensuring that they all have financial improvement plans.
- The average length of stay in district hospitals is at 5.2 days compared to the 4.1 days in 2011 (the annual target is 3.8 days).
- TB treatment defaulters are at 5.8 per cent compared to the 7 per cent for the 2011/12 financial year. The Department projects to reduce this number to 5.0 per cent compared to the 6 per cent in 2011.

<sup>2</sup> National Treasury 2012



- The number of new patients put on the antiretroviral treatment per year is below the mid-year benchmark of 50 per cent; as it achieved 124 508 (compared to 251 418 of the same time in 2011) while the annual projection of 2012/13 is 650 000.
- The Department reported some key challenges to its performance relating to expenditure on the Hospital Revitalisation Grant which had spent 25 per cent at the end of the first quarter compared to the target of 28 per cent. However this shows an improvement compared to the same time of the 2011/12 financial year, in which 18 per cent had been spent. The Committee should note that despite the spending challenges of this programme, the Department has requested an additional R366 million for the Hospital Revitalisation Grant in two provinces.
- Other challenges reported by the Department include, amongst others, low measles immunisation coverage (second dose) - few babies were returned to health facilities for the second dose of measles immunisation. In addition, the Department has further indicated that the TB cure rate is projected at 80 per cent while at the end of the first six months the achievement rate was 70.5 per cent.

### 3. Expenditure analysis at the end of the first six months

The Department recorded a total expenditure of 99 per cent of the adjusted appropriation of the 2011/12 financial year allocation. At the end of the first six months of 2012/13, expenditure by the Department was 50.0 per cent or R14.04 billion of the adjusted appropriation of R28.06 billion. The lowest spending programme was the Primary Health Care Services Programme, which had spent 32 per cent at the end of the second quarter. The Programme was adjusted upwards however, resulting in expenditure of 24 per cent of the adjusted budget due to the additional funds. The expenditure of the Department has increased slightly compared to the mid-year expenditure of the 2011/12 financial year, which was R13.024 billion or 50.2 per cent of the main appropriation. The Department's expenditure for the first six months of 2012/13 financial year has increased by R1.017 billion or 7.8 per cent compared to an increase of R2.425 or 22.9 per cent of the previous financial year. The increase in expenditure is a result of growth in the HIV and AIDS conditional Grant and the commencement of the National Health Insurance Grant, as well as nursing colleges. The Department has also indicated that it has made early transfers to its public entities in the year.

### 4. Virements and shifts

This section deals with the movement of funds by the Department in its allocated budget in each programme and allocated budget:

- **Programme 1:** The Department has shifted R5.17 million within programme 1 to programme 2. This is as a result of the reprioritisation of funds for the current year. The funds are shifted from the Goods and services to Programme 1: Machinery and equipment (R170 000) and to Programme 2: Goods and services R5.0 million. Total percentage of virements to other programmes is 1.4 per cent.
- **Programme 2:** an amount of R5.0 million has been defrayed from compensation of employees to programme 1 due to realignment of funds as a result of restructuring in



the Department. Total percentage of virements to other programme is 1.6 per cent of the programme budget.

- **Programme 3:** A movement of R1.319 million has been reported by the Department within programme 3. This shift is as a result of reprioritisation of funds that were originally earmarked for non-governmental organisations that did not meet funding requirements. The funds will now be used for the Paediatric Cardiac Society in respect of the World Congress on Paediatric Cardiology and Cardiac Surgery in South Africa
- **Programme 4:** the total shifting within this programme amounts to R600 000 as a result of reduction on travel and subsistence; this fund has been given to non-profit institutions.
- **Programme 5:** in this programme the Department has reprioritised R1.2 million from Goods and services to non-profit institutions.

## 5. Roll-overs

### 5.1 Administration Programme

Table 2 below indicates that the Administration Programme has been applying for roll-over funds even though it has been under-spending on its budget since the 2010/11 financial year. In 2010/11 and 2011/12, the roll-overs were for IT infrastructure for the Civitas building.

The adjustments to the programme budget in the current year in clued roll-overs amounting to R6.74 million for the purchase of IT equipment. The programme however, reflects mid-year expenditure of 43.5 per cent of its adjusted allocation.

Table 2

Programme	2010/11		2011/12	
	Rollover R'000	Preliminary Exp as a % share of total adjusted programme budget	Rollover R'000	Preliminary Exp as a % share of total adjusted programme budget
Administration	11 000	92.3%	35 500	95.2%

### 5.2 Hospitals, Tertiary Health Services and Human Resource Development programme

Table 3 below indicates that the Hospitals, Tertiary Health Services and Human Resource Development programme under-spent on its budget by 2.7 per cent at the end of the 2011/12 financial year. The programme budget had been adjusted upwards due to roll-overs amounting to R84.500 million for the Hospital Revitalisation Grant (Gauteng: R55.500 million



and Eastern Cape: R29 million); as well as R100 million for infrastructure planning, the infrastructure unit systems support project and public private partnership feasibility studies.

In view of the under-expenditure in the last financial year, and the fact that the programme had spent only 24 per cent of its budget by the end of the second quarter of the 2011/12 financial year, it is important for Parliament to ascertain whether the Department will be able to spend the whole budget.

Table 3

Programme	2011/12		2012/13	
	Rollover R'000	Preliminary Exp as a % share of total adjusted programme budget	Rollover R'000	Prelim Exp as a % share of programme budget
Hospitals, Tertiary Health Services and Human Resource Development	184 500	97.3%	49 000	24.1%

Table 4 below provides additional information with respect to the details of roll-over funds.

Table 4

Trends in Roll-overs 2010 to 2012		
2010/11	2011/12	2012/13
<b>R11.0 million</b> IT infrastructure for Civitas building	<b>R5.5 million</b> IT systems in the Civitas building	<b>R6.741 million</b> Information Technology equipment
<b>R1.2 million</b> World Tuberculosis Day event	<b>R7.5 million</b> Advertising services for Khomanani projects	<b>R1.544 million</b> Health messaging advertisements
<b>R4.424 million</b> H1N1 influenza vaccines	<b>R30.0 million</b> Rental to the Department of Public Works for office accommodation in the Civitas building	<b>R29.976 million</b> Influenza vaccines for distribution to provinces
<b>R3.203 million</b> 2010 World Cup Emergency medical services	<b>R84.5 million</b> Hospital Revitalisation Programme	<b>R9.0 million</b> Master plan and feasibility on Revitalisation of nursing colleges



<b>R12.0 million</b> Improved Hospital Revitalisation Programme Management	<b>R3.814 million</b> Tuberculosis prevalence survey	
<b>R5.0 million</b> Health Technical and Management audits for revitalisation	<b>R100.0 million</b> Infrastructure planning and procurement of health facilities	<b>R40.0 million</b> Infrastructure Unit System Support project
<b>R5.0 million</b> Audits for Primary Health		
<b>R8 million</b> District health information system		

Table 4 above provides a breakdown on applied roll-overs for the period of three since 2010/11 financial year. The Department had total roll-overs of R49.827 million in the 2010/11 adjustments period, which constitute R11.0 million for Programme 1; R5.624 million for Programme 2; R3.203 million for Programme 3 and R30.0 million for Programme 5. In the 2011/12 financial year the Department had rollovers amounting to R231.314 million, which were divided between three programmes namely Programme 1 (R35.5 million); Programme 3 (R11.314 million); and Programme 5 with R184.5 million. In the current financial year, the Department has rollovers amounting to R87.261 million, which is a significant improvement compared to the previous financial years. The concern though is that Programme 1 has had recurring rollovers while under spending on its budget for the last three financial years.

### Issues of Consideration

The Department has declared R15 million “savings” on the Khomanani project, which the official government Aids Campaign. The Department should explain the reason for the under-spending, as well as the impact this will have on the government’s impact on HIV and Aids awareness campaigns.

The Department applied for an additional allocation of R166 million for the Free State Department of Health for the Hospital Revitalisation Grant. The provincial Department however, spent only 91 per cent of the allocation by the end of the 2011/12 financial year. The Committee should request the Department to provide details on additional adjustments to the Hospital Revitalisation Grant as well as reflection on spending particularly in KwaZulu-Natal and Free State as they have been adjusted upwards as a result of unforeseeable/ Unavoidable expenditure. The Department should indicate how the funds will be spent, and whether full expenditure on this grant will be realised at the end of the financial year. The Free-State provincial Department should also report to the relevant select committee on its expenditure plans, service delivery performance and any challenges in spending these funds or delivering the required service.



Although the Department has received a sponsorship on R 500 000 for the Paediatric Cardiac Society in respect of the World Congress on Paediatric Cardiology and Cardiac Surgery in South Africa; Programme 3 also reflects a shift of R500 000 for the same purpose. The Department should indicate how much will be budget for this event in total, and whether the shifted funds will supplement the sponsorship.

Another concern with regard to this shift of funds is that it was done in contravention to section 43 of the PFMA, which states that department may not move funds from the Transfer and subsidies budget to the current payments budget. The Department should clarify how the shift of funds from non-governmental organisation that could not meet requirements will impact on service delivery, as well as the action taken to capacitate the non-governmental organisations. The Department should indicate which Non-Governmental organisations these are and the services they offer to communities.

The Department has consistently rolled over funds in the Administration and Hospitals, Tertiary Health Services and Human Resource Development Programmes even though these programmes have been under-spending on their budgets since the 2010/11 financial years. What guarantee can the Department provide that the Department will spend these budgets, including roll-overs, by the end of the current financial year?

The Department has requested roll-overs amounting to R87.261 million which shows a decline compared to the previous financial year of R231.314 million; however this might result in under-expenditure as this department had spent 99 per of its budget in the 2011/12 financial year, taking into account that the bulk of the country's budget is allocated to Health and Education.

Movement of funds might in some instances be an indication of poor planning, and it is concerning if other funds are defrayed from entities that are implementers of service delivery.

The Department has started with implementation a pilot project on National Health Insurance (NHI) in 2012, and this requires tremendous commitment and efforts in improving hospital infrastructure. This Department should ensure effective and efficient spending on infrastructure to realise success in this government policy.

The Department should elaborate on the R35.0 million adjustments for programme 1 categorised as unforeseeable and/or unavoidable expenditure. Furthermore R381.0 million under the same category for Programme 5 should be clarified to the Committee.