



BRIEFING TO THE PORTFOLIO COMMITTEE ON DEPARTMENT OF HEALTH

9 October 2013

For an Equitable Sharing of National Revenue

PRESENTATION OUTLINE

- Introduction
- Departmental Analysis
 - Overview of the Department of Health Strategic Plans
 - Overview of the Department of Health Performance Plans
 - Health Budget
 - Spending Patterns
 - AG Findings
- FFC Recommendations

INTRODUCTION

- Health sector accounts for about 4 % of gross domestic product (GDP) in year 2012/13 and in 2013/14 it is expected to go down to 3.9%
 - The figure is below 5% of GDP which is what WHO recommends countries to spend
- **Mandate** of the Department of Health is to provide a framework for a structured uniform health system

OVERVIEW OF DEPARTMENT OF HEALTH STRATEGIC PLANS

- Health is government's second priority on the outcomes-based delivery model - Healthy life for all South Africans
- Outcome seeks to achieve four strategic outputs:
 - Increase in life expectancy i.e. Life expectancy to 70 years by 2030
 - Reduction in maternal and child mortality rates i.e. from 310/1000 to 270/1000 and child mortality from 42/1000 to 38/1000 in 2014
 - Combating HIV/AIDS and decreasing burden of disease from TB and
 - Strengthening health system effectiveness i.e. strengthening the PHC, improvements on health infrastructure and human resources as well as financing through NHI

OVERVIEW OF DEPARTMENT OF HEALTH PERFORMANCE (1) R7

- SA's health outcomes are poor despite SA spending being on par with its peer countries
- Challenges related to institutional failure and inconsistent provincial budget performance
- The health system faces a quadruple burden of disease in HIV/AIDS and TB, the high child maternal and child mortality, the non communicable diseases and violence as well as injuries
 - Increasing maternal mortality and peri- natal mortality (due to HIV/AIDS)
 - infrastructural negligence i.e. poor management of facilities and infrastructure including lack of transport in emergency situations

Slide 5

R7

Same comment as in previous slide

Ramosm, 2013/10/04

OVERVIEW OF DEPARTMENT OF HEALTH PERFORMANCE (2)

Health indicator	MDG goals	SA performance against MDG target	SA outcomes target
Maternal mortality	38/1000	310/1000	270/1000 - 2014
Infant mortality	18/ 1000	40/ 1000	38/1000 – 2014
Under 5 mortality	20 or 21/ 1000	56/1000	
Life expectancy	70 years (males and females)	54 males 59 females	70 years - 2030



DEPARTMENTAL BUDGET ANALYSIS

Briefing to the Portfolio Committee on Mineral Resources

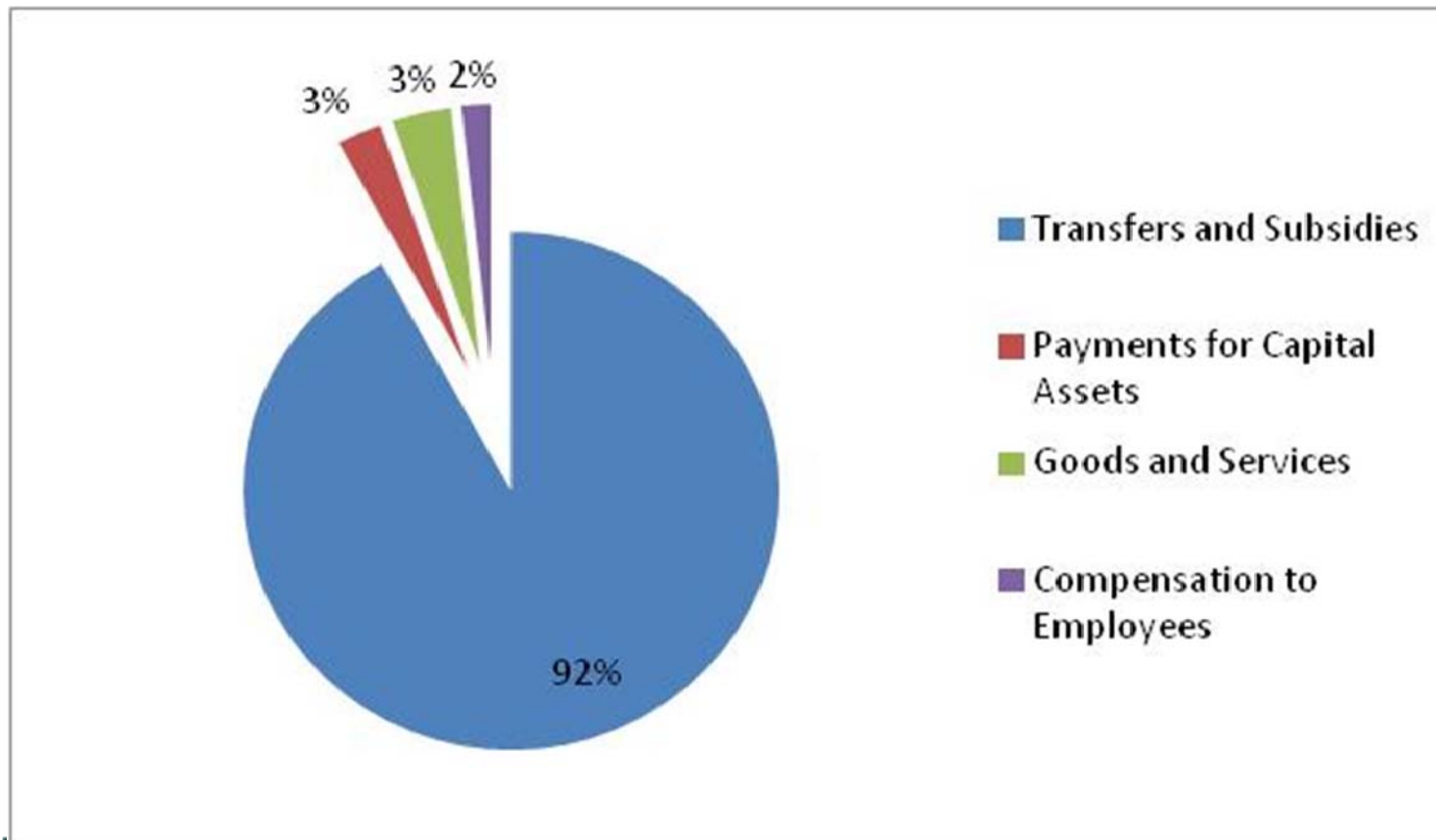
BUDGET AND PROGRAMMES OF MINERAL RESOURCES

- Total Budget – R30.7 billion – 2013/14
- **Programme 1** – Administration – R411.0 million
 - Overall management of the department and centralised support services
- **Programme 2** – National Health Insurance, Health Planning and Systems Enablement– R491.9 million
 - Health financing reform, integrated health system planning
- **Programme 3** – HIV/AIDS, TB and Maternal and Child health– R11.029 billion
 - Coordinate and fund health programmes for HIV/AIDS, TB, maternal and child health
- **Programme 4** – Primary Health Care Services- R109.4 million
 - Develop and oversee legislation and policies , norms and standards for a uniform district health system

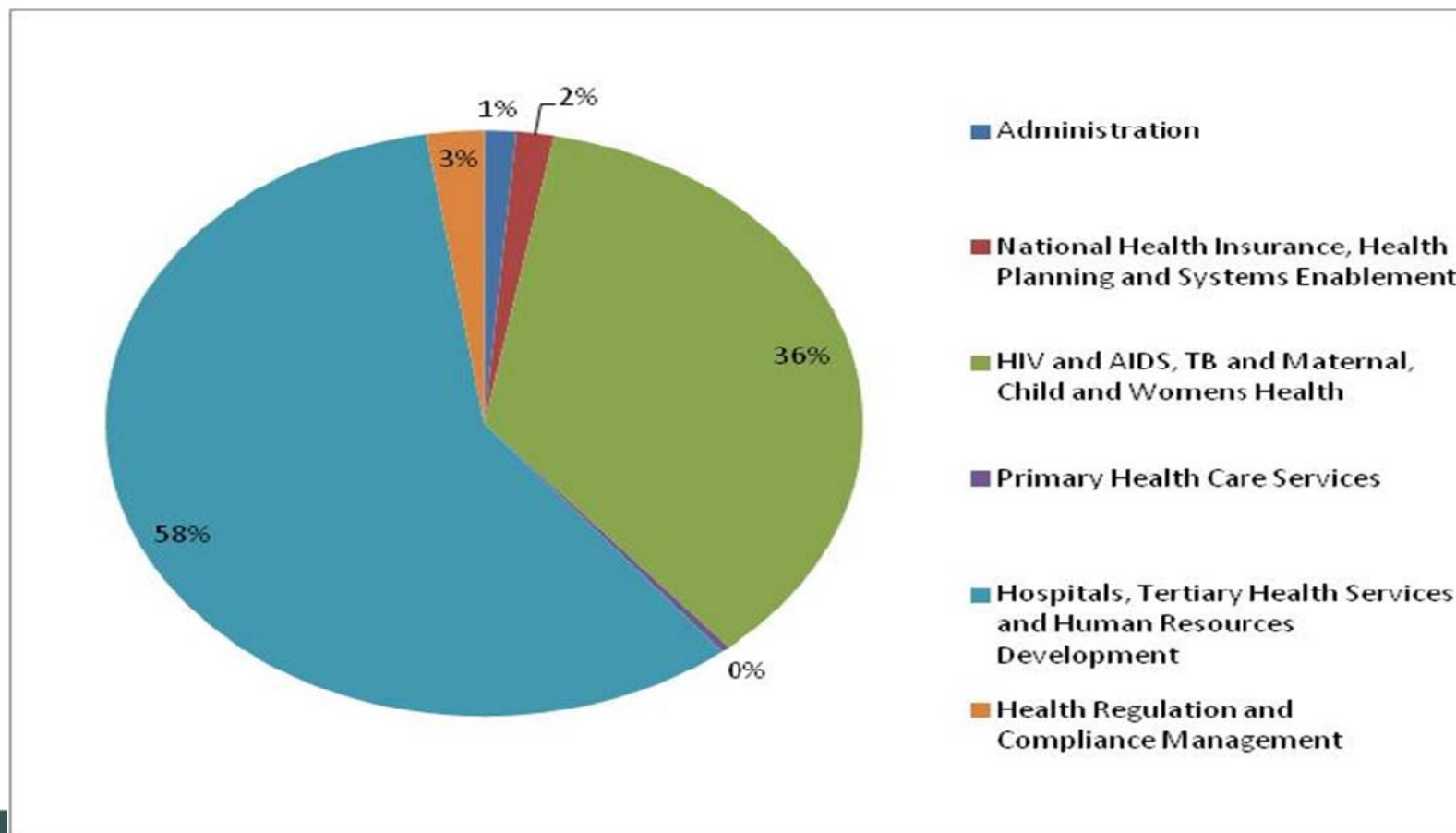
BUDGET AND PROGRAMMES OF DEPARTMENT OF HEALTH

- **Programme 5** – Hospitals , Tertiary Health Services and Human Resource Development – R17 911.2 billion
 - Develop policies for hospital and emergency medical services including aligning academic medical centres with workforce programmes
- **Programme 6**– Health Regulation and Compliance Management– R754.1 million
 - Regulate the procurement of medicines and promote accountability and compliance

BUDGET COMPOSITION ACROSS PROGRAMMES – 2013/14



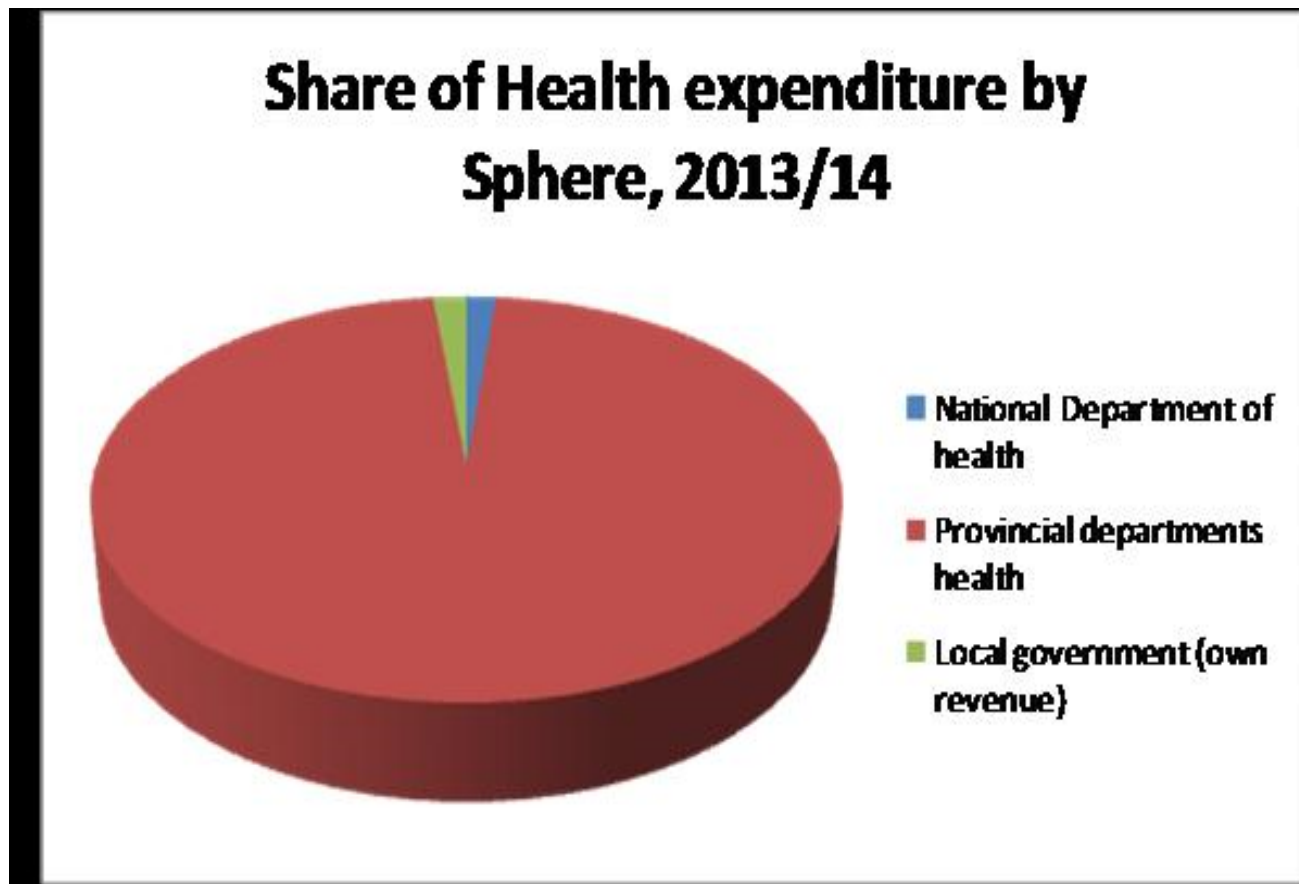
EXPENDITURE COMPOSITION BY ECONOMIC CLASSIFICATIONS – 2013/14



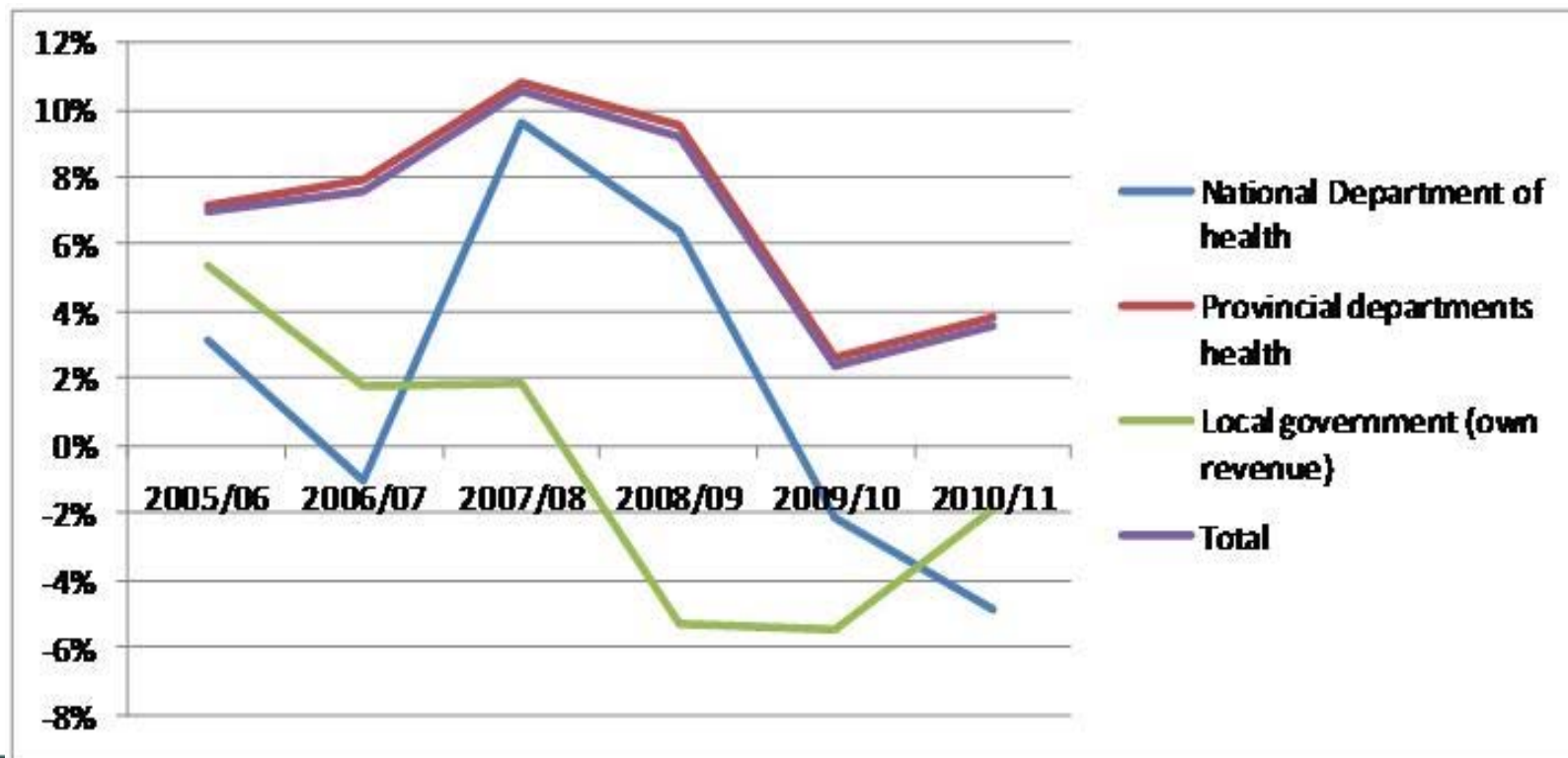
BUDGET ANALYSIS

- 92% of budget = transfers and subsidies
 - Provinces and Municipalities
 - Higher education institutions
- Compensation of employees at 2%
- Budget driven by Programme 3 and 5 – HIV/AIDS and Hospitals , Tertiary services and HR – 94%

SHARE OF HEALTH EXPENDITURE BY SPHERE– 2013/14



REAL GROWTH RATES IN HEALTH EXPENDITURE



EXPENDITURE ANALYSIS

- Aggregate spending performance for six programs is 99.25% in both years 2011/12 and 2012/13.
- Slight under-spending in two programs namely:
 - health regulation and compliance, attributed to delay in setting up the Office of Standards Compliance
 - Primary Health Care program (from 97% in 2011/12 to 95% in 2012/13).
Attributable to late delivery of influenza vaccines
- For provinces over expenditure has been reported in the EC, LP, GP and NC in 2011/12.
 - Reflection of disparities in performances and on capacity to spend .

CONDITIONAL GRANT ANALYSIS

2008/09 – 2012/13 (1)

	2008/09	2009/10	2010/11	2011/12	2012/13
Comprehensive HIV and Aids	98.9	98.4	97.9	97.9	99.1
Africa Cup of Nations 2013: medical services	-	-	-	-	57.4
Health professions training and development*	97.0	102.0	98.7	102.0	99.6
Health Infrastructure grant*	-	-	-	93.0	94.4
Health facility revitalisation	82.4	73.0	75.8	92.1	80.9
National health insurance	-	-	-	-	52.0
National tertiary services*	98.5	102.0	99.3	99.6	98.9
Nursing colleges and schools	-	-	-	-	72.4

CONDITIONAL GRANT ANALYSIS (2)

- The overall aggregate spending on all health CG is 90
 - Indirect grants have a higher spending performance than direct grants
 - Under expenditure is minute
- Insufficient spending data especially on the new grants
 - No reporting for two consecutive years after grant introduced
 - Tendency to merge underperform grants even without underlying performance data
- There is a serious under-spending of the National Health Insurance Grants
 - No audited financial performance of the NHI grant has been recorded for 2012 and year 2013
 - MTEF allocations for the grant are 2013/14 -R291 million, 14/15- R420 million and 15/16 - R444 million

PROVINCIAL HEALTH EXPENDITURE

Province	2011/2012			2012/2013		
	Adjusted Budget R'thousand	Revised Estimate R'thousand	Expenditure (%)	Adjusted Budget R'thousand	Expenditure R'thousand	Expenditure (%)
Eastern Cape	14812568	15590424	105.25%	15734550	15565088	98.92%
Free State	6930347	6876358	99.22%	7759316	7583503	97.73%
Gauteng	23386833	24331338	104.04%	27191594	26962071	99.16%
Kwa-Zulu Natal	23724509	23566262	99.33%	27290930	27396495	100.39%
Limpopo	11671685	11921917	102.14%	12808523	12821349	100.10%
Mpumalanga	7345486	7300271	99.38%	7649290	7499644	98.04%
Northern Cape	3011355	3064534	101.77%	3247233	3167024	97.53%
North West	6413544	6413544	100.00%	7083691	7020900	99.11%
Western Cape	13428910	13429652	100.01%	14743832	14592612	98.97%
Total	110725237	112494300	101.60%	123508959	122608686	99.27%

AUDITOR-GENERAL FINDINGS

- The National department had financially unqualified report with findings for 2011/12 than in previous where it was a qualified report
- Six provinces (EC, FS,GP,KZN,MP and NW) has qualified reports including the previous year with WC (financially qualified report with findings)
- Two provinces (LP and NC) had disclaimers even in the previous year
- The AG raised a number of issues:
 - Concern of inability of sector departments to demonstrate improvements; leadership instability, staff not held accountable for poor performance
 - Qualification on reports is mainly due to capital assets, unauthorized and wasteful expenditure, asset registers being inadequately maintained and reconciled, poor internal controls

AUDITOR-GENERAL FINDINGS

- Key findings relating to service delivery:
 - HIV/AIDS Grant - weaknesses identified in reporting on reliable data which will impact on allocations to the beneficiaries of ART
 - Hospital Revitalization Grant - poor performance due to contractors delaying completion of projects , additional costs incurred to correct substandard work, infrastructure needs not correctly identified, project implementation plans not including deliverables and data used to prepare reports not supported by evidence
 - Medical waste - expired medicines not appropriately disposed including medical waste
 - Emergency Medical Services - low response time, ambulances and rescue vehicles not available including staff in some instances and inadequate availability of communication centre

DEPARTMENTAL CHALLENGES

- A concern on audit outcomes reports where provinces have qualified and disclaimer reports
- Non compliance with supply chain management procedures
- Poor health outcomes despite SA's spending relative to its peer countries
 - SA health outcomes way below MDG targets
- Discrepancies in provincial spending which is translated into disparities in district funding



- Policy uncertainty and spending discrepancies on HHI will negatively impact the roll out of the NHI



FFC RECOMMENDATIONS

Briefing to the Portfolio Committee on Mineral Resources

RECENT FFC RECOMMENDATIONS & SUBMISSION

- Government should extend its ongoing efforts to reform health fiscal frameworks by taking into account the burden of disease giving rise to budget pressures, to cover:
 - With respect to MDG 6 (AIDS) and the massive impact on maternal mortality and child mortality, it is important to emphasise a need to protect programmes such as those for combating HIV/AIDS from being underfunding or re-prioritised downwards.
 - Review of funding for HIV/AIDS, opportunistic and other infectious diseases through a regular review of usage costs for chronic disease services in HIV/AIDS, TB, maternal and child health to inform resource allocations in public sector health care system
- The FFC has on many occasions recommended for development of norms and standard for funding and delivery on health
 - Office of health standard compliance is a welcome development

RECENT FFC RECOMMENDATIONS SUBMISSION

- Changes and consolidation of conditional grants into single Health Infrastructure conditional grants –
- The FFC noted with concerns the practice of consolidating and separating CG without addressing underlying causes of poor performance
 - consolidation is symptomatic of poor performance and needs to be accompanied by interventions to address underlying drivers of poor performance and improvement in accountability.



THANK YOU.

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