



NORTHERN CAPE PROVINCE

Department of Health

**PROVINCIAL BUDGET
&
EXPENDITURE REVIEW
2001/02 – 2007/08**





Vision

Health service excellence for all.

Mission

Empowered by the Peoples' Contract, we are committed to provide quality health care services; we will promote a healthy society in which we care for one another and take responsibility for our health; our caring, multi-skilled professionals will integrate comprehensive services, using evidence-based care-strategies and partnerships to maximise efficiencies for the benefit of all.





KEY STRATEGIC PRIORITY AREAS

- Improve governance and management of District Health Service
- Execute programmes that responds to the health needs and aspirations of the community
- Reduce mortality and morbidity rates
- Repositioning of the District Health service to adequately respond to the health challenges at local level.
- Revitalisation and modernisation of hospitals
- Modernisation and re-alignment of financial management systems





KEY STRATEGIC PRIORITY AREAS

- Provide appropriate health infrastructure in line with service packages of facilities
- Revolutionize Emergency Medical Services
- Rejuvenate community health through comprehensive care, treatment and management of HIV and AIDS
- Establish a comprehensive, professional clinical and pathology forensic services
- Strategic human capital management for health care excellence
- Improve health care through information and communication technology.





BUDGET CHALLENGES

- Rising lab costs
- SA National Blood Services – costs on new testing model
- Rising fuel price
- Medical inflation – exceeds CPIX by 6% on average
- Implementation of Mental Health Act
- Implementation of Pharmacy Act
- Increased burden of disease – increased patient load
- Maintenance of equipment and facilities





POLICY PRIORITIES

- Adequate and appropriate pharmaceuticals based on the EDL.
- 24-hour clinic services – 50km radius hosp.
- 2-crew ambulance service.
- Emergency air service.
- Emergency care equipment.
- Nursing, doctor and care practitioners.
- Health technology.





NC Health Budget

Funding Source	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
1 Equitable Share	430,213	488,062	579,730	644,150	680,805	718,313	751,184
2 Conditonal Grants	78,743	110,152	179,146	229,905	260,498	442,103	488,477
3 Adjustment Estimate (1+2)	508,956	598,214	758,876	874,055	941,303	1,160,416	1,239,661
4 Roll-Overs	7,905	1,903	14,062	54,434	-	-	-
5 Actual Budget (3-4)	501,051	596,311	744,814	819,621	941,303	1,160,416	1,239,661
6 % Growth - Equitable Share		13.4%	18.8%	11.1%	5.7%	5.5%	4.6%
7 % Growth - Conditonal Grants		39.9%	62.6%	28.3%	13.3%	69.7%	10.5%
8 % Growth - Adjustment Estimate		17.5%	26.9%	15.2%	7.7%	23.3%	6.8%
9 % Growth - Actual Budget		19.0%	24.9%	10.0%	14.8%	23.3%	6.8%

Expenditure	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
10 Equitable Share	438,652	498,151	699,084	642,161	680,805	718,313	751,184
11 Conditional Grants	78,743	109,700	132,830	193,136	260,498	442,103	488,477
12 Total Expenditure (10+11)	517,395	607,851	831,914	835,297	941,303	1,160,416	1,239,661
13 % Growth - Equitable Share		13.6%	40.3%	-8.1%	6.0%	5.5%	4.6%
14 % Growth - Conditonal Grants		39.3%	21.1%	45.4%	34.9%	69.7%	10.5%

Deficit / Surplus	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
3 Adjustment Estimate (1+2)	508,956	598,214	758,876	874,055	941,303	1,160,416	1,239,661
12 Total Expenditure (10+11)	517,395	607,851	831,914	835,297	941,303	1,160,416	1,239,661
15 Deficit / Surplus (3-12)	-8,439	-9,637	-73,038	38,758	-	-	-





NC Health Budget

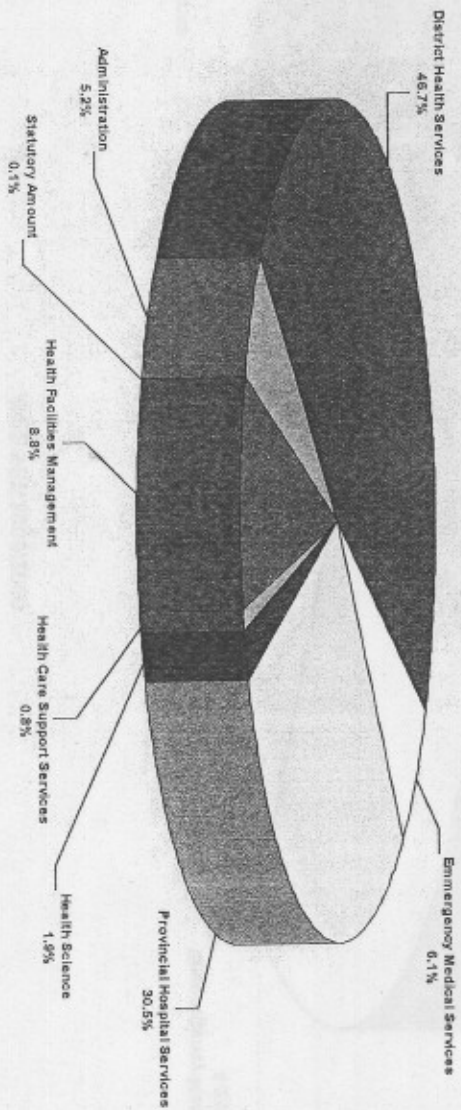
- Equitable budget growth averages 9.8% from 2001/02 to 2007/08.
- Included in the equitable share allocations from 2002/03 were the committed amounts on scarce skills and rural allowances.
- Conditional grants growth averages 36.8% from 2001/02 to 2007/08.
- The equitable share growth still lacks behind health service delivery challenges.
- Growth in conditional grants is more dramatic, however these are ring fenced funds.
- Per capita allocation is high in the Northern Cape, however, the calculation includes capital amounts earmarked mainly for construction of hospitals.
- The Northern Cape Department of Health is faced with the challenges of vast distances, lack of appropriate resources and the rising increase in the burden of disease.





Programme Distribution

BUDGET 2004/2008

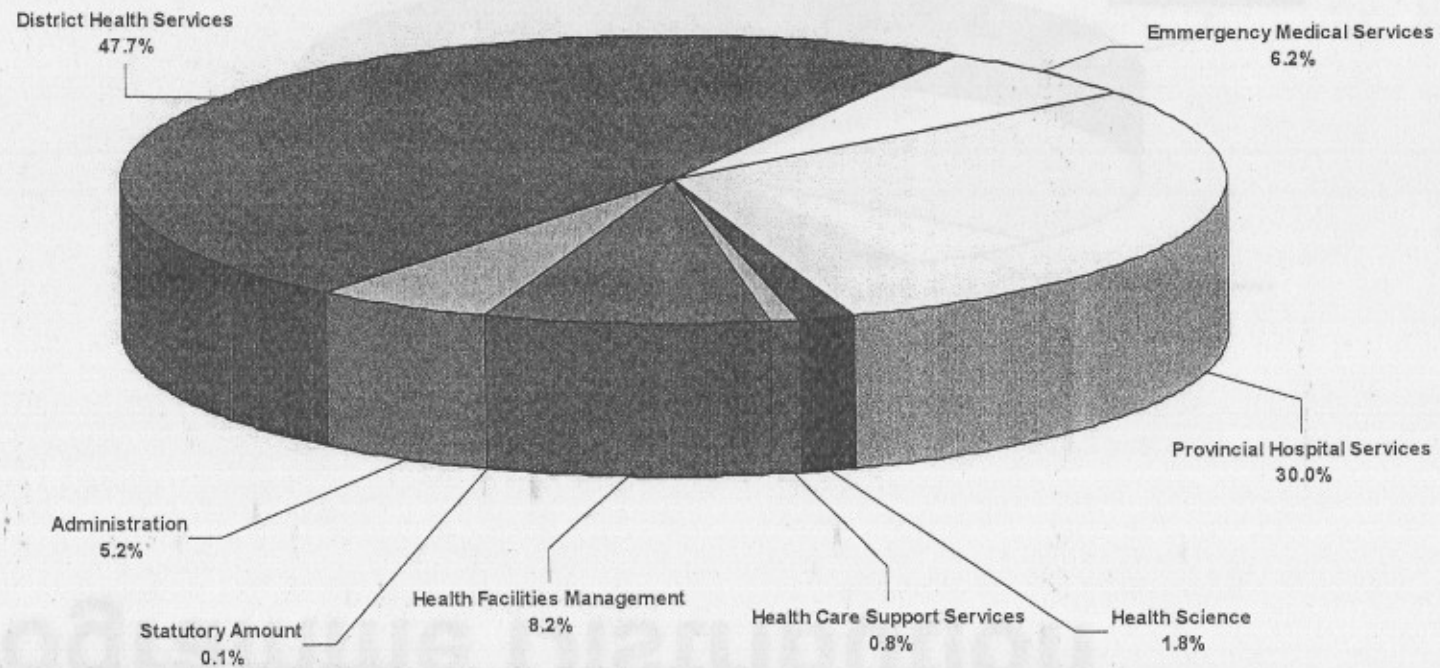


Programme Distribution



Programme Distribution

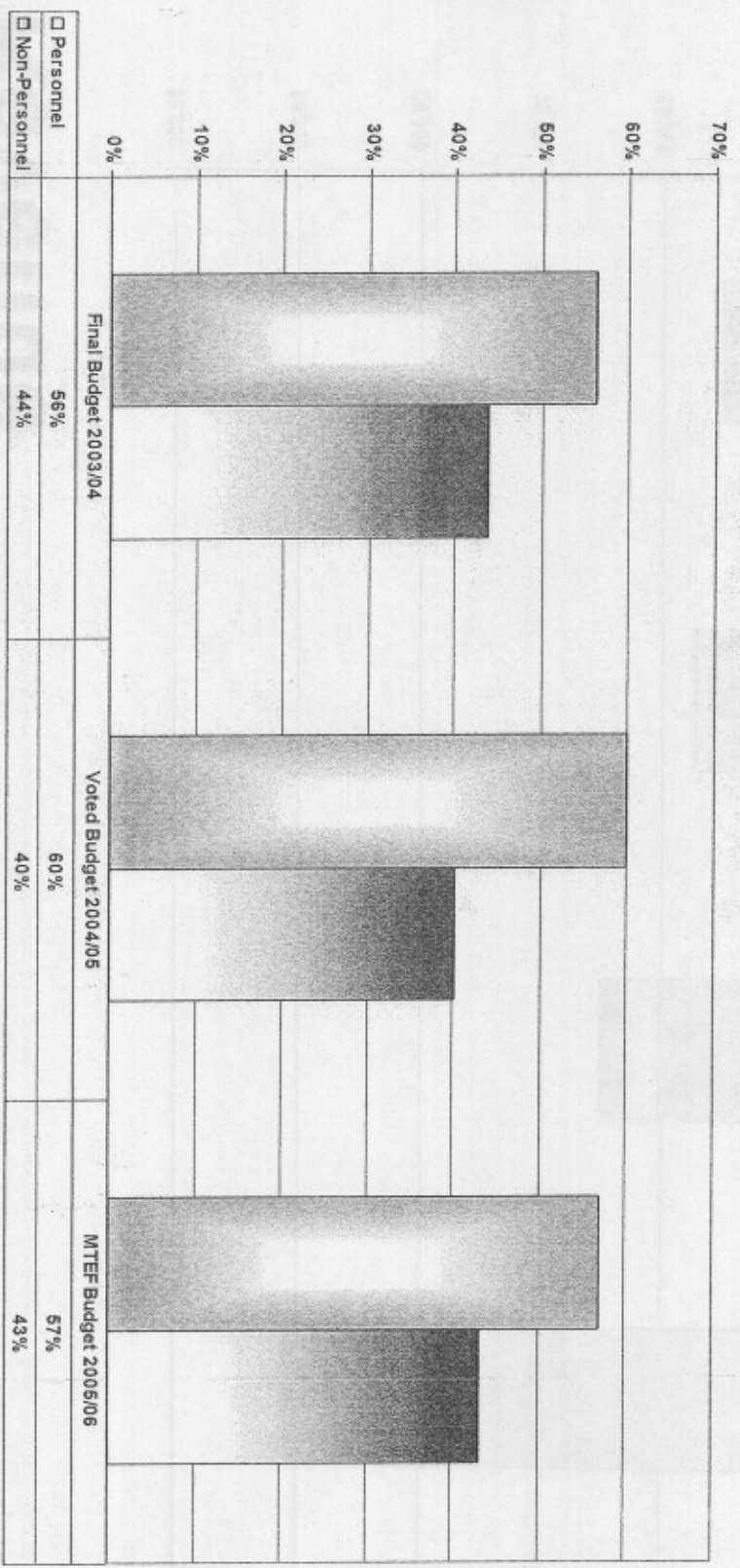
BUDGET 2005/2006





Personnel vs Non-Personnel

Personnel vs Non-Personnel





Revenue





Revenue

- The Department continues to enjoy year on year increase in revenue.
- This can be attributed to the following:
 - Private preference beds in facilities.
 - Improved management of the billing systems.
 - Annual review of hospital tariffs.
 - The impact of revitalised hospitals.





2004/05 Budget Outcomes

Programme	Final Budget 2004/2005	Actual Expenditure 2004/2005	Variance	2005/2006	2006/2007	2007/2008
R'000						
Administration	50,166	49,912	254	53,672	57,701	61,200
District Health Services	354,401	340,866	13,535	422,681	472,799	500,560
Emergency Medical Services	53,473	53,386	87	66,136	68,727	71,483
Provincial Hospital Services	245,669	244,905	764	281,333	300,355	319,362
Health Sciences	18,957	17,079	1,878	26,239	20,789	21,868
Health Care Support Services	42,860	59,219	-16,359	6,598	7,188	7,664
Health Facilities Management	108,529	69,930	38,599	84,644	232,857	257,524
Statutory Amount	784	725	59	766	815	907
Total	874,839	836,022	38,817	942,069	1,161,231	1,240,568





2004/05 Budget Outcomes

- Department managed to come within budget despite the challenges as highlighted.
- The shortage of financial resources to implement critical policies remains a challenge.





Programme Expenditure

Programme	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Average Annual Growth
	Outcome			Preliminary Outcome	Medium-term Estimates			2001/02 - 2007/08
R'000								
Administration	28,536	32,775	56,966	49,912	53,672	57,701	61,200	16.2%
District Health Services	251,396	266,343	327,842	340,866	422,681	472,799	500,560	12.5%
Emergency Medical Services	37,643	37,239	39,187	53,386	66,136	68,727	71,483	12.0%
Provincial Hospital Services	172,591	228,723	261,626	244,905	281,333	300,355	319,362	11.4%
Health Sciences	6,586	8,018	11,109	17,079	26,239	20,789	21,868	25.3%
Health Care Support Services	3,880	10,205	101,812	59,219	6,598	7,188	7,664	157.6%
Health Facilities Management	16,763	24,548	33,372	69,930	84,644	232,857	257,524	66.4%
Total	517,395	607,851	831,914	835,297	941,303	1,160,416	1,239,661	16.3%





Programme Expenditure

- The growth in Health Sciences is due to the increase in intake of nursing students from 40 to 300 students.
- Health Care Support Services is being used as a provincial depot.
- Health Facilities Management growth is mainly because of the increasing allocation on the Hospital Revitalisation Grant.





Conditional Grants Performance - 2004/05

CONDITIONAL GRANTS ANALYSIS 2004/2005					
Grant Name	Allocation	Received	Expenditure	Variance	% Spent
R'000					
National Tertiary Services	35,109	35,109	35,109	-	100
Health Professional Training & Development	34,444	34,444	34,444	-	100
Hospital Management & Quality Improvement	14,770	12,148	14,770	-2,622	122
Hospital Revitalization	79,154	79,154	58,246	20,908	74
Comprehensive HIV & AIDS	31,881	31,881	27,293	4,588	86
Integrated Nutrition Programme	6,037	6,037	6,037	-	100
Drouht Relief	6,000	6,000	6,000	-	100
Medico-legal Mortuaries	935	935	935	-	100
Provincial Infrastructure	21,575	21,575	10,302	11,273	48
Total	229,905	227,283	193,136	34,147	85





Conditional Grants Performance - 2004/05

- Under-spending mainly on capital conditional grants.
- Below are the challenges:
 - Delays with the tendering process (e.g. advertisement, adjudication and awarding of contracts)
 - Lack of appropriate skills and capacity in the province.
 - The revision of the designs to include the requirements of the Health and Pharmaceutical Acts.
 - Lack of business principles by contractors resulting in cash flow problems and delays in completion of contracts.
 - No reference bench marks of design exist nationally on the Mental Health facility as no new facility has been built in more than the last two decades.
 - The availability of material in the rural areas poses a challenge for the timely completion of projects.





Conditional Grants Performance - 2004/05

- Remedial Measures
- Formal establishment of the Departmental project office to maintain pressure on implementation process rendered by other government agencies.
- Appoint appropriate technical assistance to render advice for the management of cash flow, the resources and time management.
- Delegation of the tender processes to the Departments as part of their Supply Chain Management.
- Capacity of contractors to be categorised into their appropriate levels of capacity.





Primary Health Care

Programme	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	Outcome			Preliminary Outcome	Medium-term Estimates		
R'000							
District Management	14,076	13,494	13,979	15,490	17,156	18,457	19,655
Community Health Clinics	51,233	47,723	57,040	57,977	91,631	99,197	105,602
Community Health Centres	26,409	28,294	39,577	43,411	66,481	71,065	75,015
Community Based Services		1,080	1,628	1,210	1,900	2,000	2,100
Other Community Services	20,850	19,557	22,316	26,371	22,582	24,186	25,647
Total	112,568	110,148	134,540	144,459	199,750	214,905	228,019





Primary Health Care

- The Department continues to promote preventative care.
- Primary health care services through clinics and community health centres receive the bulk of the provincial budget.
- Primary health care funding makes up more than 35% of the provincial budget.





HIV & AIDS

Programme	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
	Outcome			Preliminary Outcome	Medium-term Estimates		
R'000							
Conditional Grants	4,665	7,657	11,268	27,293	48,050	68,603	72,033
Other	2,656	2,709	3,196	3,649	4,389	4,696	5,024
Total	7,321	10,366	14,464	30,942	52,439	73,299	77,057





HIV & AIDS

- The national conditional grant remains the main source of funding for HIV & AIDS.
- Discussions taking place between the Department and Provincial Treasury on the need for the province to contribute.





Hospital Revitalisation Projects

Completion Schedule				
District	2004/05	2005/06	2006/07	2007/08
Karoo	Colesberg			
Namakwa	Calvinia			
Frances Baard				Mental Health
Karoo				De Aar
Pixly Ka Seme				Upington
Frances Baard			Barkly West	





Hospital Revitalisation Projects

- Number of hospitals completed on the programme – 2
- Four projects are currently on going.
- Each completed hospital should have achieved modernized infrastructure, up to date equipment, improved management systems and quality assurance systems.

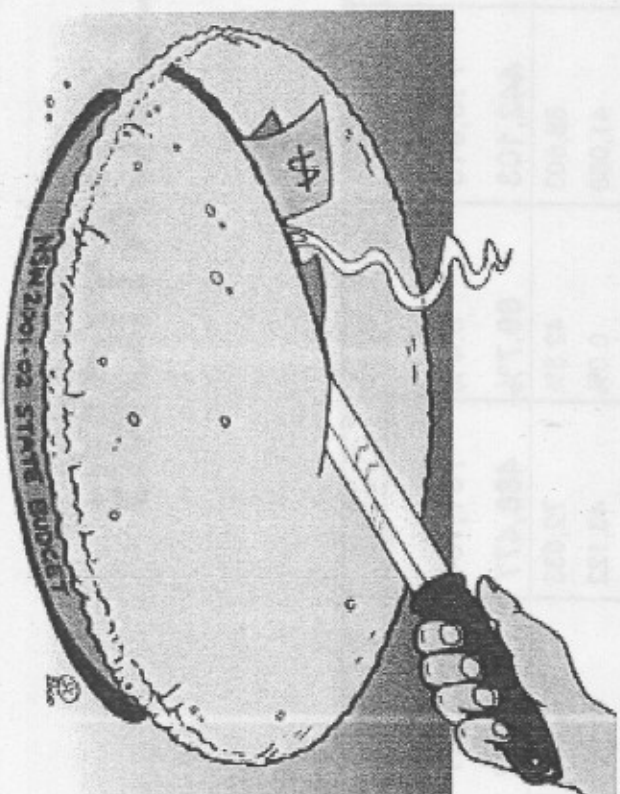




Equitable Share

VS

Conditional Grant





BASELINE MTEF ALLOCATIONS

2006/07 - 2008/09

R'000	2005/06	2006/07	% Increase	2007/08	2008/09
Equitable share	681,571	718,313	5.4%	751,184	803,767
Conditional grants	260,498	442,103	69.7%	488,477	488,477
Comprehensive HIV & AIDS	48,050	68,603	42.8%	72,033	72,033
Health professions training & development	41,069	41,069	0.0%	43,122	43,122
Hospital management & quality improvement	10,083	10,688	6.0%	11,223	11,223
Hospital revitalisation	69,651	217,464	212.2%	234,960	234,960
National tertiary services	76,353	92,286	20.9%	107,975	107,975
Integrated Nutrition Programme	3,299		-100.0%		
Provincial infrastructure	11,993	11,993	0.0%	19,164	19,164
Sub-total	942,069	1,160,416	23.2%	1,239,661	1,292,244
Statutory amount	766	815	6.4%	907	970
TOTAL	942,835	1,161,231	23.2%	1,240,568	1,293,214

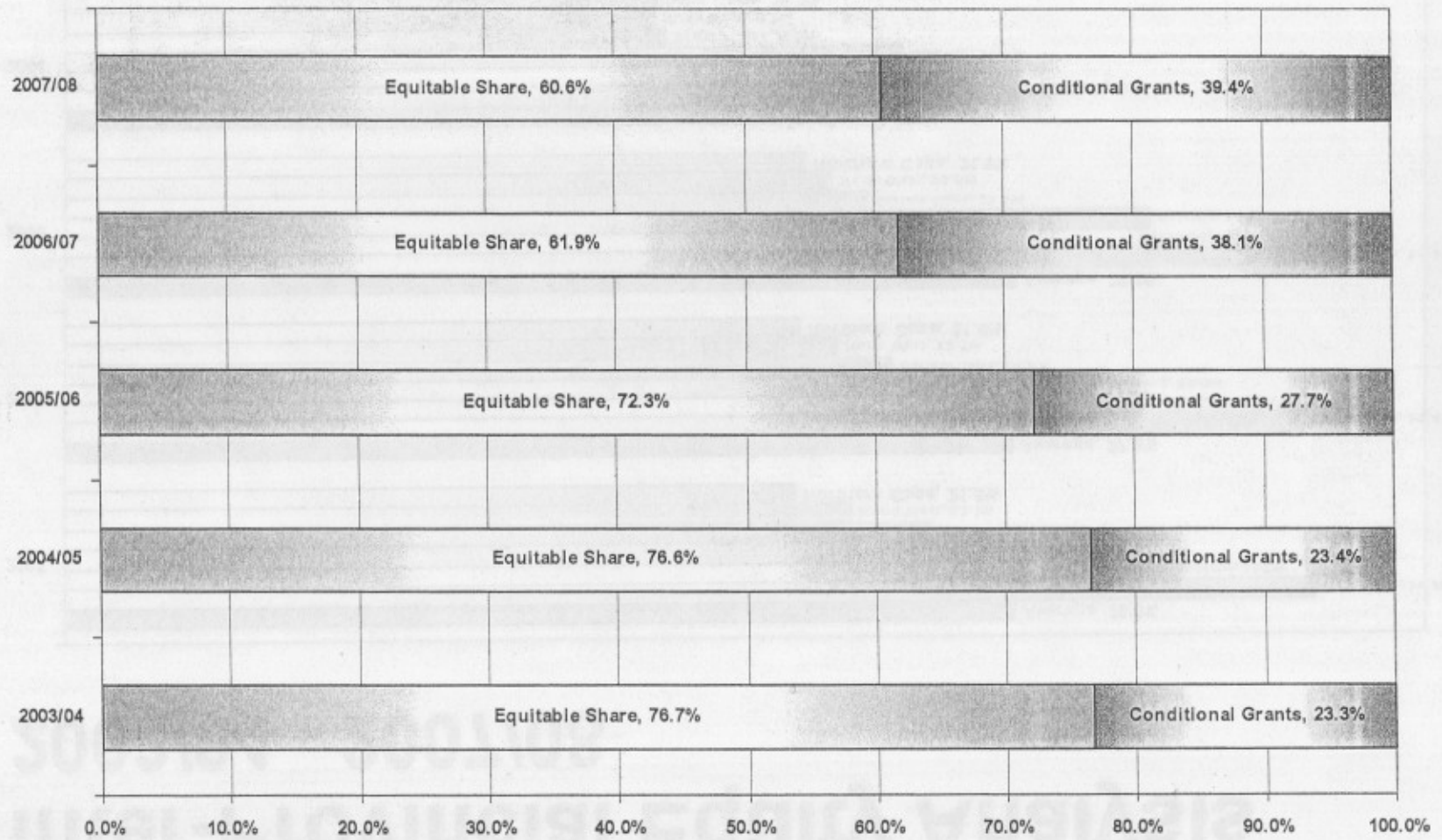
Note: 7% increment for 2008/09 on equitable share and statutory amount.

No increment on conditional grants.



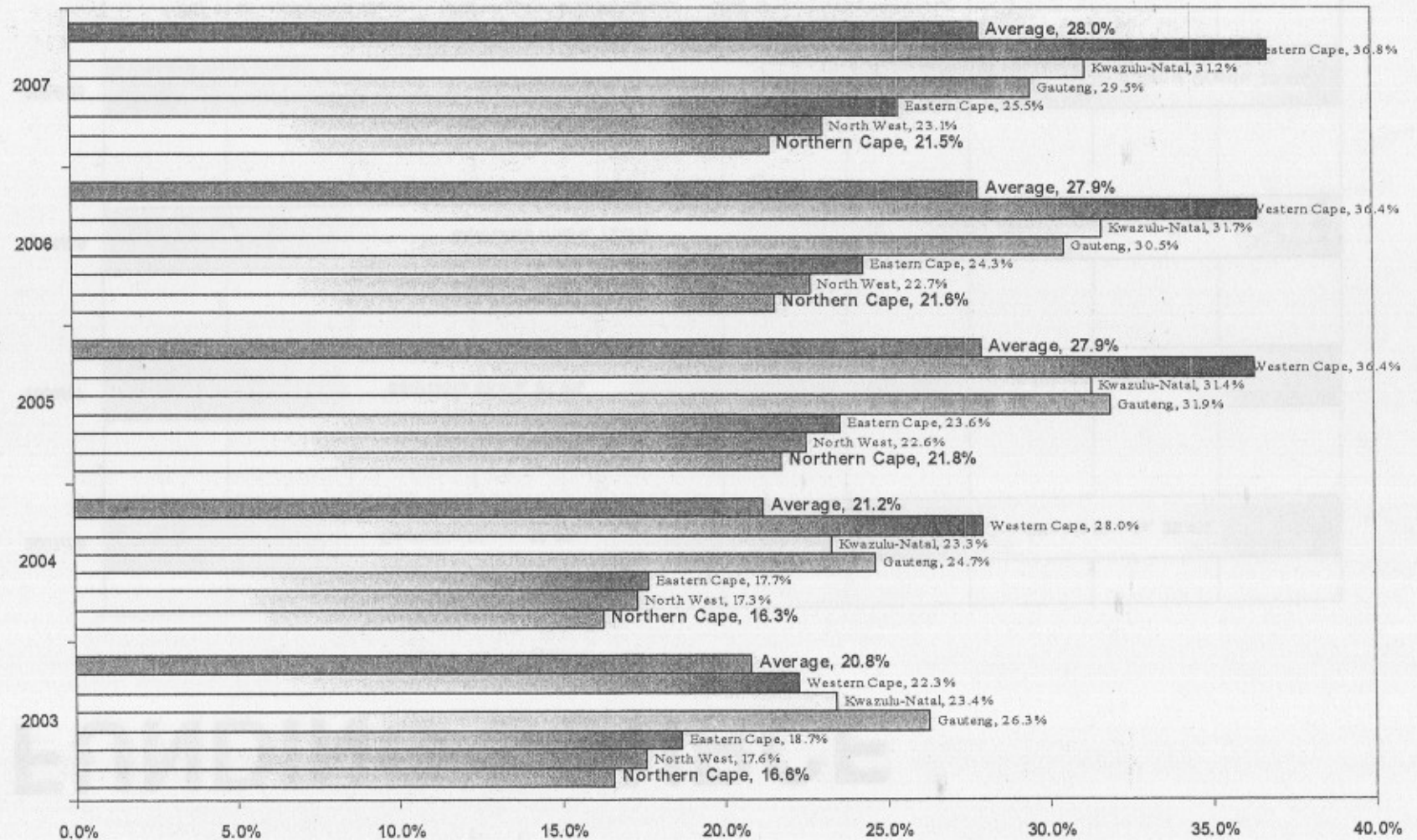


FUNDING SOURCE





Inter-Provincial Equity Analysis 2003/04 - 2007/08





Thank You

