

Vote 7

Health

R thousand	2018/19			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	42 345 686	42 545 194		199 508
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	42 347 664	42 547 172		199 508
<i>of which:</i>				
Current payments	39 695 959	39 652 711	(43 248)	
Transfers and subsidies	982 961	976 399	(6 562)	
Payments for capital assets	1 668 744	1 918 017		249 273
Payments for financial assets	-	45		45
Responsible MEC	MEC for Health			
Administering department	Health			
Accounting Officer	Head: Health			

1. Vision and mission

Vision

The vision of the Department of Health is: *Optimal health for all persons in KwaZulu-Natal.*

Mission statement

The department's mission statement is: *To develop and implement a sustainable, co-ordinated, integrated and comprehensive health system at all levels, based on the primary health care approach through the district health system, to ensure universal access to health care.*

2. Strategic objectives

Strategic policy direction: Directly linked with the NDP 2030 with the main focus on improving the health and well-being of the population and strengthening the health system effectiveness.

The department's strategic goals, each comprising a number of strategic objectives and sub-outcomes, have been aligned with the NDP 2030, the MTSF 2014-2019, the PGDP 2030 and National Health sector priorities. The overarching goal remains "Increasing the life expectancy of all South Africans". The strategic goals for 2015-2019 are:

- Strengthen health system effectiveness.
- Reduce and manage the burden of disease.
- Universal health coverage.
- Strengthen human resources for health.
- Improved quality of health care.

3. Summary of adjusted estimates for the 2018/19 financial year

The main appropriation of the Department of Health was R42.348 billion in 2018/19. During the year, the department received additional funding of R199.508 million, increasing the budget to R42.547 billion.

¹ At the time of going to print, the proclamation determining the 2018 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2018/19 EPRE

The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Virement between programmes:* Virement was undertaken between programmes as follows:
 - Savings amounting to R120.871 million were identified in Programme 4: Provincial Hospital Services against *Compensation of employees* attributed to the temporary allocation of R154 million that was to be surrendered to the Provincial Revenue Fund as part of the 2018/19 budget cuts, as well as difficulty in filling OSD posts. However, these cuts were withdrawn during 2018/19 in line with a Provincial Executive Council decision. These savings were utilised as follows:
 - R61.871 million was moved to Programme 2: District Health Services under *Goods and services* to cater for pressures arising from the increased cost of security services contracts.
 - R59 million was moved to Programme 3: Emergency Medical Services with R20.847 million allocated to *Compensation of employees* to cater for higher than budgeted Emergency Medical Services (EMS) staff overtime payments. A further R38.087 million was allocated to *Goods and services* to cover the higher costs of EMS vehicle maintenance and repair costs and R66 000 was allocated to *Interest and rent on land* to cater for interest on a delay in settling a labour dispute.
 - Savings of R21.914 million were identified in Programme 6: Health Sciences and Training, mainly against *Compensation of employees* (R17.967 million) and *Goods and services* (R3.435 million). The savings against *Compensation of employees* were attributed to delays in finalising the business strategy for down-scaling nurses' training due to budget cuts, with posts unable to be filled until the issue is resolved. The delays are due to guidance being sought from the National Department of Health (NDOH) in this regard. The savings in *Goods and services* were largely as a result of cost-cutting on travel and subsistence costs related to the training and development of staff. There were also minor savings of R150 000 against *Transfers and subsidies to: Households* due to lower staff exit costs than expected and R362 000 against *Machinery and equipment* due to over-budgeting for the purchase of training equipment, such as teaching aids (paramedic dummy models). Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted, neither does the reduction in capital require Legislature approval as the net impact on capital for the Vote as a whole is an increase. All of these savings were moved to Programme 2 against *Goods and services* to cater for pressures arising from the increased cost of security services contracts.
 - In Programme 7: Health Care Support Services, savings of R10 million were identified under *Compensation of employees* (R7.269 million) as a result of delays in the filling of laundry services posts related to slow internal recruitment processes and *Goods and services* (R2.731 million) due to delays in receipt of final approval for the incorporation of the Provincial Pharmaceutical Supply Depot (PPSD) into the departmental books in this financial year. This was received in late October 2018. These savings were moved to Programme 2 against *Goods and services* to cater for pressures arising from the increased cost of security services contracts.
 - In addition to the above, extensive virements were undertaken between sub-programmes and economic classifications within programmes, and these are discussed in detail in Section 4. Where necessary, approval for the increase in *Compensation of employees* and transfer payments was received from Provincial Treasury. Where Legislature approval is required for the reduction to a transfer or capital, this is highlighted in the various sections below.
- *Other adjustments:* The budget was increased by R199.508 million, allocated to the Health Facility Revitalisation grant from the National Disaster Relief Fund *via* National Treasury for storm damage repairs. The funding is for repairs at 14 hospitals and clinics damaged in the storms that mainly affected eThekweni on 10 October 2017. The funding was allocated to Programme 8: Health Facilities Management and against *Buildings and other fixed structures*.

Tables 7.1 and 7.2 reflect a summary of the 2018/19 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 7: Health*.

Table 7.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
1. Administration	811 207	-	-	-	-	-	811 207
2. District Health Services	20 825 714	-	-	93 785	-	93 785	20 919 499
3. Emergency Medical Services	1 415 686	-	-	59 000	-	59 000	1 474 686
4. Provincial Hospital Services	11 232 418	-	-	(120 871)	-	(120 871)	11 111 547
5. Central Hospital Services	4 955 993	-	-	-	-	-	4 955 993
6. Health Sciences and Training	1 264 350	-	-	(21 914)	-	(21 914)	1 242 436
7. Health Care Support Services	313 640	-	-	(10 000)	-	(10 000)	303 640
8. Health Facilities Management	1 528 656	-	-	-	199 508	199 508	1 728 164
Total	42 347 664	-	-	-	199 508	199 508	42 547 172
Amount to be voted							199 508

Table 7.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
Current payments	39 695 959	-	-	(43 248)	-	(43 248)	39 652 711
Compensation of employees	26 178 626	-	-	488 003	-	488 003	26 666 629
Goods and services	13 516 936	-	-	(534 996)	-	(534 996)	12 981 940
Interest and rent on land	397	-	-	3 745	-	3 745	4 142
Transfers and subsidies to:	982 961	-	-	(6 562)	-	(6 562)	976 399
Provinces and municipalities	219 734	-	-	(498)	-	(498)	219 236
Departmental agencies and accounts	21 067	-	-	-	-	-	21 067
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	54 870	-	-	10 356	-	10 356	65 226
Households	687 290	-	-	(16 420)	-	(16 420)	670 870
Payments for capital assets	1 668 744	-	-	49 765	199 508	249 273	1 918 017
Buildings and other fixed structures	963 192	-	-	99 699	199 508	299 207	1 262 399
Machinery and equipment	705 552	-	-	(49 934)	-	(49 934)	655 618
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	45	-	45	45
Total	42 347 664	-	-	-	199 508	199 508	42 547 172
Amount to be voted							199 508

4. Changes to programme purposes and service delivery measures

The department did not change the purpose of any of its programmes. However, there have been some minor changes to service delivery measures to align the targets originally published in the 2018/19 *EPRE* with the department's APP, which was published after the *EPRE*.

4.1 Programme 1: Administration

The objectives of Programme 1: Administration are the provision of overall strategic leadership, co-ordination and management of activities toward the achievement of optimal health status of all the communities in the province, as well as the administration of the department in line with good governance practice. The programme also includes the formulation of policies and strategies in line with national and provincial priorities.

Tables 7.3 and 7.4 summarise the 2018/19 adjusted appropriation of Programme 1 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in no change to the main appropriation, are provided in the paragraphs below the tables.

Table 7.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	23 285			(900)			(900)	22 385
2. Management	787 922			900			900	788 822
Total	811 207	-	-	-	-	-	-	811 207
Amount to be voted								-

Table 7.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	764 167	-	-	(9 081)	-	-	(9 081)	755 086
Compensation of employees	419 446			(7 627)			(7 627)	411 819
Goods and services	344 721			(1 476)			(1 476)	343 245
Interest and rent on land				22			22	22
Transfers and subsidies to:	7 705	-	-	(500)	-	-	(500)	7 205
Provinces and municipalities	3 695			(500)			(500)	3 195
Departmental agencies and accounts	1						-	1
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	4 009						-	4 009
Payments for capital assets	39 335	-	-	9 581	-	-	9 581	48 916
Buildings and other fixed structures							-	-
Machinery and equipment	39 335			9 581			9 581	48 916
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	811 207	-	-	-	-	-	-	811 207
Amount to be voted								-

Virements – Programme 1: Administration

Virements were undertaken within the programme and between sub-programmes, as follows:

- Savings of R7.627 million were identified against *Compensation of employees* as a result of vacant non OSD posts, which could not be filled due to no carry-through funding in the outer years.
- Savings of R1.476 million were identified against *Goods and services*, attributable to cost-cutting on communication costs by increasing the usage of video conferencing.
- Savings of R500 000 were identified against *Transfers and subsidies to: Provinces and municipalities*, attributable to delays in placing orders for new vehicles, hence there were lower motor vehicle licence costs. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted, but is paid on the receipt of an invoice.

These savings of R9.603 million were moved within the programme, with R9.581 million moved to *Machinery and equipment* to make provision for 2017/18 carry-over costs for IT equipment, (mainly file servers). The remaining R22 000 was moved to *Interest and rent on land* to address unexpected pressures related to interest on overdue accounts. The movement of R900 000 from the Office of the MEC sub-programme to the Management sub-programme is savings related to the planned purchase of a motor vehicle that will no longer take place, moved within *Machinery and equipment* to provide for IT equipment.

All these virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 1: Administration

Table 7.5 shows the service delivery information for Programme 1. Note that one measure in this programme is annual in nature and is only reported on after the closure of the financial year. All measures align with the targets published in the 2018/19 APP.

Table 7.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
To conduct the strategic management and overall administration of the Dept. of Health	• Audit opinion from the Auditor-General	Unqualified	Annual	
	• Percentage of hospitals with broadband access	58.3%	60.3%	
	• Percentage of fixed PHC facilities with broadband access	26.9%	23.7%	

4.2 Programme 2: District Health Services

The purpose of the programme is to render primary health care services and district hospital services. The main aims of the nine sub-programmes remain unchanged from the *EPRE*. Tables 7.6 and 7.7 summarise the 2018/19 adjusted appropriation of Programme 2 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R93.785 million, are provided in the paragraphs following the tables.

Table 7.6 : Programme 2: District Health Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. District Management	304 880			(1 929)			(1 929)	302 951
2. Community Health Clinics	4 324 275			40 909			40 909	4 365 184
3. Community Health Centres	1 784 568			4 074			4 074	1 788 642
4. Community Based Services	419 637			2 830			2 830	422 467
5. Other Community Services	1 168 674			31 994			31 994	1 200 668
6. HIV and AIDS	5 677 225						-	5 677 225
7. Nutrition	51 569			(4 455)			(4 455)	47 114
8. Coroner Services	246 794			(90)			(90)	246 704
9. District Hospital	6 848 092			20 452			20 452	6 868 544
Total	20 825 714	-	-	93 785	-	-	93 785	20 919 499
Amount to be voted								93 785

Table 7.7 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	20 118 237	-	-	131 655	-	-	131 655	20 249 892
Compensation of employees	12 396 711			717 088			717 088	13 113 799
Goods and services	7 721 133			(587 188)			(587 188)	7 133 945
Interest and rent on land	393			1 755			1 755	2 148
Transfers and subsidies to:	455 387	-	-	(11 475)	-	-	(11 475)	443 912
Provinces and municipalities	213 394						-	213 394
Departmental agencies and accounts	45			(16)			(16)	29
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	49 701			(939)			(939)	48 762
Households	192 247			(10 520)			(10 520)	181 727
Payments for capital assets	252 090	-	-	(26 440)	-	-	(26 440)	225 650
Buildings and other fixed structures							-	-
Machinery and equipment	252 090			(26 440)			(26 440)	225 650
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets				45			45	45
Total	20 825 714	-	-	93 785	-	-	93 785	20 919 499
Amount to be voted								93 785

Virement – Programme 2: District Health Services: R93.785 million

This programme received a net increase of R93.785 million as a result of virements from Programmes 4, 6 and 7, largely allocated to the Community Health Clinics, Other Community Services and District Hospital sub-programmes. These virements exclude movements within the Comprehensive HIV, AIDS and TB grant, which are discussed separately. The movements in equitable share funding to and within this programme are as follows:

Vote 7: Health

- The net increase of R93.785 million from other programmes was allocated to *Goods and services* to cater for pressures arising from higher than expected costs of new security services contracts. This funding was moved from:
 - Programme 4, with savings of R61.871 million identified against *Compensation of employees* due to the previously mentioned reallocation of funds that were temporarily placed under this programme in order to be surrendered to the Provincial Revenue Fund as part of the budget cuts, which were later withdrawn.
 - Programme 6, with R21.914 million in savings against *Compensation of employees* (R17.967 million), *Goods and services* (R3.435 million), *Transfers and subsidies to: Households* (R150 000) and *Machinery and equipment* (R362 000). The savings against *Compensation of employees* were attributed to delays in finalising the business strategy for down-scaling nurses' training due to budget cuts, with posts unable to be filled until the issue is resolved. The delays are due to guidance being sought from the NDOH in this regard. The savings in *Goods and services* were largely as a result of cost-cutting on travel and subsistence costs related to the training and development of staff. The minor savings against *Transfers and subsidies to: Households* were due to lower staff exit costs than expected and the savings under *Machinery and equipment* were due to over-budgeting for the purchase of training equipment, such as teaching aids.
 - Programme 7, where savings of R10 million were identified against *Compensation of employees* (R7.269 million) and *Goods and services* (R2.731 million) arising from delays in filling laundry services posts, as well as delays in the incorporation of the PPSD into the department's books.

In addition to the funding moved into the programme, there was also movement within the programme with savings identified as follows:

- *Transfers and subsidies to: Departmental agencies and accounts* was reduced by R16 000 due to over budgeting for TV licences and *Transfers and subsidies to: Households* was reduced by R11.068 million, attributed to lower than expected staff exit costs. Note that these reductions in transfers do not require Legislature approval as the transfers were not gazetted.
- Due to delays in the placement of orders for the acquisition of pool and mobile clinics replacement vehicles, savings of R30.476 million were identified against *Machinery and equipment*. Note that the reduction in capital does not require Legislature approval as the capital budget for the Vote as a whole is increased.

These savings were moved as follows:

- *Compensation of employees* was increased by R5.143 million to cover projected under-budgeting in clinics due to the correction of linking of staff under the Community Health Clinics sub-programme.
- *Goods and services* was increased by R34.616 million to assist in the pressures arising from the increased cost of security services contracts.
- *Interest and rent on land* increased by R1.755 million in respect of interest on overdue accounts.
- *Transfers and subsidies to: Non-profit institutions* was increased by R1 000 to address minor pressure related to under-budgeting.
- *Payments for financial assets* was increased by R45 000 for the unanticipated write-off of thefts and losses.

The Comprehensive HIV, AIDS and TB grant business plan was revised as per a directive from the NDOH resulting in the following virements within the grant:

- Savings amounting to R715.589 million were identified under *Goods and services*, mainly against medicines due to low spending in-year for ARVs as a result of high stock levels at institutions. Of this amount, R711.945 million was moved to *Compensation of employees*, with R500 million being in compliance with an instruction from NDOH during the annual benchmark exercise to address under-funding of filled posts within the Comprehensive HIV, AIDS and TB grant, and the balance was for pressures resulting from the implementation of the stipend increase agreement to comply with

minimum wage requirements for community care-givers (CCG) under the grant. The balance of the savings against *Goods and services* were moved to *Machinery and equipment* (R3.644 million) to address under-budgeting for motor vehicles.

- *Transfers and subsidies to: Non-profit institutions* was over budgeted by R940 000 for institutions providing HIV and AIDS services. Part of the savings were moved to *Transfers and subsidies to: Households* (R548 000) for staff exit costs that were higher than expected and the balance of R392 000 was moved to *Machinery and equipment* to address under-budgeting, as mentioned.

All these virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

Legislature approval is required for the decrease in *Transfers and subsidies to: Non-profit institutions* providing HIV and AIDS services.

Service delivery measures – Programme 2: District Health Services

Table 7.8 shows the revised service delivery information for Programme 2. The department revised one measure to align it with the target published in the 2018/19 APP. The department amended the description of one measure, and this is indicated in bold italics. Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year.

Table 7.8 : Service delivery measures – Programme 2: District Health Services

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. District Health Services				
To provide facilities for patients to be treated at PHC level	• Ideal clinic status rate	87%	Annual	
	• PHC utilisation rate (annualised)	2.6	2.6	
	• Complaint resolution within 25 working days rate (PHC)	96%	96.2%	
2. District Hospitals				
Rendering hospital service at general practitioner level	• Hospital achieved 75% and more on National Core Standards self-assessment rate (District Hospitals)	39%	80%	
	• Average length of stay – total	5.6 days	5.4 days	
	• Inpatient bed utilisation rate – total	60.2%	59.8%	
	• Expenditure per patient day equivalent	R2 452	R2 677	R2 542
	• Complaint resolution within 25 working days rate	94%	87.7%	
3. HIV and AIDS, TB and STI control				
Rendering primary health care service in respect of HIV and AIDS, TB and STI control	• ART client remain on ART end of month - total	1 313 804	1 311 076	
	• TB/HIV co-infected clients on ART rate	95%	87.9%	
	• HIV test done - total	2 982 771	1 787 429	
	• Male condoms distributed	199 500 000	54 458 864	
	• Medical male circumcision – total	140 038	99 128	
		1 106 974 cum		
	• <i>TB 5 years and older start on treatment rate</i>	90%	108.3%	
	• TB client treatment success rate	87.6%	74.9%	
	• TB client lost to follow up rate	5%	5.7%	
	• TB client death rate	5%	Annual	
	• TB MDR treatment success rate	60%	Annual	
4. Maternal, child and women's health				
Rendering a comprehensive and integrated maternal, child and women health at primary health care level	• Antenatal 1 st visit before 20 weeks rate	71%	72.9%	
	• Mother postnatal visit within 6 days rate	75%	79.5%	
	• Antenatal client start on ART rate	97%	Annual	
	• Infant 1 st PCR test positive around 10 weeks rate	0.8%	0.7%	
	• Immunisation under 1 year coverage (annualised)	80%	91.8%	
	• Measles 2 nd dose coverage (annualised)	80%	79.9%	
	• Diarrhoea case fatality under 5 years rate	2%	2.2%	
	• Pneumonia case fatality under 5 years rate	2.6%	2.8%	
	• Severe acute malnutrition case fatality under 5 years rate	6.5%	6.3%	
	• School Grade 1 learners screened	85 525	17 193	

Table 7.8 : Service delivery measures – Programme 2: District Health Services

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
	<ul style="list-style-type: none"> School Grade 8 learners screened Delivery in 10 to 19 years in facility rate Couple year protection rate (international) Cervical cancer screening coverage 30 years and older HPV 1st dose HPV 2nd dose Vitamin A 12-59 months coverage Maternal mortality in facility ratio (annualised) Neonatal death in facility rate 	55 506	8 209	
		22%	18.1%	
		35%	61.1%	
		82%	87.2%	
		84 150	Annual	
		84 150	Annual	
		60%	72.8%	
		100/100 000	Annual	
		11.5/1 000	Annual	
5. Disease prevention and control				
Rendering preventive and promotive health services	<ul style="list-style-type: none"> Cataract surgery rate Malaria case fatality rate 	944.5/ 1 mil	978/1 mil	
		0.6%	0.9%	

4.3 Programme 3: Emergency Medical Services

The purpose of Programme 3 is to render pre-hospital emergency medical services, including inter-hospital transfers and planned patient transport.

Tables 7.9 and 7.10 reflect a summary of the 2018/19 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an increase of R59 million to the main appropriation, are provided in the paragraphs following the tables.

Table 7.9 : Programme 3: Emergency Medical Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Emergency Services	1 299 438			34 000			34 000	1 333 438
2. Planned Patient Transport	116 248			25 000			25 000	141 248
Total	1 415 686	-	-	59 000	-	-	59 000	1 474 686
Amount to be voted								59 000

Table 7.10 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 329 375	-	-	70 022	-	-	70 022	1 399 397
Compensation of employees	962 392			20 847			20 847	983 239
Goods and services	366 983			49 109			49 109	416 092
Interest and rent on land				66			66	66
Transfers and subsidies to:	5 311	-	-	(22)	-	-	(22)	5 289
Provinces and municipalities	2 645							2 645
Departmental agencies and accounts	2							2
Higher education institutions								-
Foreign governments and international organisations								-
Public corporations and private enterprises								-
Non-profit institutions								-
Households	2 664			(22)			(22)	2 642
Payments for capital assets	81 000	-	-	(11 000)	-	-	(11 000)	70 000
Buildings and other fixed structures								-
Machinery and equipment	81 000			(11 000)			(11 000)	70 000
Heritage assets								-
Specialised military assets								-
Biological assets								-
Land and subsoil assets								-
Software and other intangible assets								-
Payments for financial assets								-
Total	1 415 686	-	-	59 000	-	-	59 000	1 474 686
Amount to be voted								59 000

Virement – Programme 3: Emergency Medical Services: R59 million

A total of R59 million was moved to both sub-programmes in this programme from savings against *Compensation of employees* in Programme 4. These savings were due to the previously mentioned temporary allocation of the budget identified for budget cuts, which did not materialise, as well as the difficulty in filling OSD posts including oncologists, psychiatrists, urologists, etc. This funding was allocated as follows:

- *Compensation of employees* was increased by R20.847 million, largely in the Emergency Services sub-programme to address pressures resulting from the payment of overtime for EMS staff.
- *Goods and services* was increased by R38.087 million to cover higher than expected EMS vehicle maintenance and repair costs, impacting on both sub-programmes.
- *Interest and rent on land* was increased by R66 000 to cater for interest on a delay in settling a labour dispute.

In addition to the funding moved into the programme, there was also movement within the programme with savings identified as follows:

- *Machinery and equipment* was reduced by R11 million due to delays in placement of orders for planned patient transport. Note that the reduction in capital does not require Legislature approval as capital for the Vote as a whole shows a net increase.
- *Transfers and subsidies to: Households* was reduced by R22 000 due to over-budgeting for staff exit costs. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted.
- These savings of R11.022 million were moved within the Planned Patient Transport sub-programme to *Goods and services* for the previously mentioned higher than expected EMS vehicle maintenance and repair costs.

All these virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

Service delivery measures – Programme 3: Emergency Medical Services

Table 7.11 shows the service delivery information for Programme 3. There are no changes in targets from the information provided in the *EPRE*.

Table 7.11 : Service delivery measures – Programme 3: Emergency Medical Services

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
Emergency Medical Services				
Rendering emergency medical services including ambulance services, special operations, communications and air ambulance services	• EMS P1 urban response under 15 minutes rate	23%	34.9%	
	• EMS P1 rural response under 40 minutes rate	38%	37.2%	
	• EMS inter-facility transfer rate	46%	39.9%	

4.4 Programme 4: Provincial Hospital Services

The purpose of this programme is the delivery of hospital services which are accessible, appropriate and effective and the provision of general specialist services including a specialised rehabilitation service, and a platform for training health professionals and research.

Tables 7.12 and 7.13 summarise the 2018/19 adjusted appropriation of Programme 4 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R120.871 million, are provided in the paragraphs following the tables.

Table 7.12 : Programme 4: Provincial Hospital Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. General (Regional) Hospitals	9 028 560			(90 177)			(90 177)	8 938 383
2. Tuberculosis Hospitals	832 736			(41 692)			(41 692)	791 044
3. Psychiatric-Mental Hospitals	929 156			13 998			13 998	943 154
4. Sub-acute, Step-down and Chronic Medical Hospitals	418 476			-			-	418 476
5. Dental Training Hospital	23 490			(3 000)			(3 000)	20 490
Total	11 232 418	-	-	(120 871)	-	-	(120 871)	11 111 547
Amount to be voted							(120 871)	(120 871)

Table 7.13 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	10 889 835	-	-	(147 544)	-	-	(147 544)	10 742 291
Compensation of employees	8 417 039			(209 237)			(209 237)	8 207 802
Goods and services	2 472 792			59 803			59 803	2 532 595
Interest and rent on land	4			1 890			1 890	1 894
Transfers and subsidies to:	225 447	-	-	6 648	-	-	6 648	232 095
Provinces and municipalities				2			2	2
Departmental agencies and accounts	88			32			32	120
Higher education institutions				-			-	-
Foreign governments and international organisations				-			-	-
Public corporations and private enterprises				-			-	-
Non-profit institutions	5 169			11 295			11 295	16 464
Households	220 190			(4 681)			(4 681)	215 509
Payments for capital assets	117 136	-	-	20 025	-	-	20 025	137 161
Buildings and other fixed structures				-			-	-
Machinery and equipment	117 136			20 025			20 025	137 161
Heritage assets				-			-	-
Specialised military assets				-			-	-
Biological assets				-			-	-
Land and subsoil assets				-			-	-
Software and other intangible assets				-			-	-
Payments for financial assets								
Total	11 232 418	-	-	(120 871)	-	-	(120 871)	11 111 547
Amount to be voted							(120 871)	(120 871)

Virement – Programme 4: Provincial Hospital Services: (R120.871 million)

A total of R120.871 million was moved from this programme to Programme 2 (R61.871 million) and Programme 3 (R59 million). The bulk of the savings were from the General (Regional) Hospitals sub-programme, with smaller contributions from three other sub-programmes, as follows:

- *Compensation of employees* was reduced by R209.237 million due to the previously mentioned temporary allocation against the General (Regional) Hospitals sub-programme of the budget identified for budget cuts which did not materialise and the difficulty in filling OSD posts including oncologists, psychiatrists, urologists, etc., at prioritised facilities, such as Madadeni and Ngwelezane Hospitals, among others. Of this amount, R120.871 million was moved to other programmes as follows:
 - R61.871 million was moved to *Goods and services* in Programme 2 to cover the projected shortfall in the property payments budget resulting from the previously mentioned increase in the security services contract prices.
 - R59 million was moved to Programme 3 against *Compensation of employees* (R20.847 million) to address pressures from overtime payments for EMS staff, to *Goods and services* (R38.087 million) to cover higher than expected EMS vehicle maintenance and repair costs, as well as *Interest and rent on land* (R66 000) to cater for interest on a delay in settling a labour dispute.
- The balance of R88.366 million against *Compensation of employees*, supplemented by savings of R4.681 million against *Transfers and subsidies to: Households* (the reduction is permissible as the transfer was not gazetted) due to over-budgeting for staff exit costs, were moved within the programme. The total of R93.047 million was moved as follows:
 - *Goods and services* was increased by R59.803 million due to the increased cost of security services and the clearing of backlog for medical supplies (implants and prosthetics).
 - R1.890 million was allocated to *Interest and rent on land* to address pressure from unanticipated interest on over-due accounts.

- o R2 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for unanticipated costs for the renewal of public driving permits.
- o R32 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* to address under-budgeted TV licences.
- o R11.295 million was moved to *Transfers and subsidies to: Non-profit institutions* to address a shortfall in the transfer budget due to delays in the provincialisation of the Siloah TB Hospital.
- o R20.025 million was added to *Machinery and equipment* to address the pressures from carry-over costs of diagnostic x-ray units from 2017/18.

All these virements are permissible in terms of the PFMA and Treasury Regulations, and Treasury approval for the increase in transfers for non-profit institutions was given.

Service delivery measures – Programme 4: Provincial Hospital Services

Table 7.14 shows the revised service delivery information for Programme 4. The department revised one measure to align it with the target published in the 2018/19 APP. Note that two measures in this programme are annual in nature and are only reported on after the closure of the financial year.

Table 7.14 : Service delivery measures – Programme 4: Provincial Hospital Services

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. General (Regional) Hospitals				
Rendering of hospital services at a general specialist level and a platform for training of health workers and research	• Hospital achieved 75% and more on National Core Standards self-assessment rate	46.2%	91.7%	
	• Average length of stay – total	5.6 days	6.3 days	
	• Inpatient bed utilisation rate – total	75.2%	76.6%	
	• Expenditure per PDE	R3 377	R3 171	
	• Complaints resolution within 25 working days rate	95%	82.4%	
2. Specialised TB Hospitals				
Rendering of hospital services at a specialist TB level	• Hospital achieved 75% and more on National Core Standards self-assessment rate	40%	100%	
	• Inpatient bed utilisation rate – total	56.2%	39%	
	• Expenditure per PDE	R2 932	R5 806	
	• Complaints resolution within 25 working days rate	96.5%	92%	
3. Specialised Psychiatric Hospitals				
Rendering of hospital services at a specialist psychiatric level	• Hospital achieved 75% and more on National Core Standards self-assessment rate	33%	75%	
	• Inpatient bed utilisation rate – total	72.1%	73%	
	• Expenditure per PDE	R1 311	R1 432	
	• Complaints resolution within 25 working days rate	90.6%	100%	
4. Chronic/ Sub-Acute Hospitals				
Rendering of hospital services at a specialist chronic/ sub-acute level	• Hospital achieved 75% and more on National Core Standards self-assessment rate	100%	100%	
	• Inpatient bed utilisation rate – total	65.6%	53%	
	• Expenditure per PDE	R2 727	R3 137	
	• Complaints resolution within 25 working days rate	100%	95%	
5. Oral and Dental Training Centre				
Rendering of hospital services at a specialist dental level	• No. of dentures issued per annum	250	Annual	300
	• No. of Oral Hygienists and Dental Therapists trained per annum	40	Annual	

4.5 Programme 5: Central Hospital Services

The main purpose of this programme is to provide tertiary health services and to create a platform for training of health workers. Tables 7.15 and 7.16 reflect a summary of the 2018/19 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. The main adjustments, which resulted in no change to the main appropriation, are explained below the tables.

Table 7.15 : Programme 5: Central Hospital Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Central Hospital Services	2 402 978			21 700			21 700	2 424 678
2. Provincial Tertiary Hospital Services	2 553 015			(21 700)			(21 700)	2 531 315
Total	4 955 993	-	-	-	-	-	-	4 955 993
Amount to be voted								-

Table 7.16 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	4 805 919	-	-	10 924	-	-	10 924	4 816 843
Compensation of employees	2 843 834			(15 688)			(15 688)	2 828 146
Goods and services	1 962 085			26 602			26 602	1 988 687
Interest and rent on land				10			10	10
Transfers and subsidies to:	27 715	-	-	(924)	-	-	(924)	26 791
Provinces and municipalities								-
Departmental agencies and accounts	63			(16)			(16)	47
Higher education institutions								-
Foreign governments and international organisations								-
Public corporations and private enterprises								-
Non-profit institutions								-
Households	27 652			(908)			(908)	26 744
Payments for capital assets	122 359	-	-	(10 000)	-	-	(10 000)	112 359
Buildings and other fixed structures								-
Machinery and equipment	122 359			(10 000)			(10 000)	112 359
Heritage assets								-
Specialised military assets								-
Biological assets								-
Land and subsoil assets								-
Software and other intangible assets								-
Payments for financial assets								-
Total	4 955 993	-	-	-	-	-	-	4 955 993
Amount to be voted								-

Virement – Programme 5: Central Hospital Services

The department undertook virements within the programme affecting both sub-programmes, resulting in no change to the main appropriation. These virements exclude movements within the National Tertiary Services grant which are discussed separately. Note that the movement between the two sub-programmes relates to the movement (discussed below) from *Machinery and equipment* (equitable share) and *Compensation of employees* (National Tertiary Services grant) to *Goods and services*. The movements in equitable share funding within this programme and between the two sub-programmes are as follows:

- Savings of R688 000 were identified under *Compensation of employees* resulting from the previously mentioned difficulties in attracting applications for OSD posts, such as oncologists, neurosurgeons, etc., at prioritised facilities.
- Savings of R16 000 were identified against *Transfers and subsidies to: Departmental agencies and accounts* related to over-budgeting for TV licences. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted.
- *Machinery and equipment* was reduced by R10 million due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for Health Technology Services (HTS), largely impacted by the recently reported invasions/hostage taking in the Natalia building where the Treasury/Health Intervention team is based. Note that the reduction in capital does not require Legislature approval as capital for the Vote as a whole shows a net increase.

These savings of R10.704 million were moved within the programme as follows:

- R9.602 million was moved to *Goods and services* to address pressure resulting from the clearing of backlog payments from 2017/18, as identified by the Treasury/Health Intervention team for surgical implants and prosthetics.
- R10 000 was moved to *Interest and rent on land* to address pressure from interest on over-due accounts.
- R1.092 million was moved to *Transfers and subsidies to: Households* to address pressures from medico-legal claims.

As mentioned, the National Tertiary Services grant was revised as a result of assessing spending trends in various hospitals, such as Ngwelezane, King Edward VIII and Inkosi Albert Luthuli Central Hospitals resulting in the following virements within the grant:

- Saving of R15 million were identified under *Compensation of employees* resulting from the previously mentioned difficulties in attracting applications for OSD posts, such as oncologists, neurosurgeons, etc., at prioritised facilities.
- Savings of R2 million were identified under *Transfers and subsidies to: Households* due to over-budgeting for staff exit costs.
- These savings of R17 million were allocated to *Goods and services* to address pressures against medical supplies attributed to carry-over costs from 2017/18.

All these virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 5: Central Hospital Services

Table 7.17 shows the revised service delivery information for Programme 5. All measures and targets are fully aligned with the targets published in the 2018/19 APP.

Table 7.17 : Service delivery measures – Programme 5: Central Hospital Services

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. Tertiary Hospitals				
To provide tertiary health services and create a platform for the training of health workers	• Hospital achieved 75% and more on National Core Standards self-assessment rate	66%	100%	
	• Average length of stay – total	9.4 days	8 days	
	• Inpatient bed utilisation rate – total	75%	70.5%	
	• Expenditure per PDE	R4 029	R4 012	
	• Complaints resolution within 25 working days rate	97%	93.8%	
2. Central Hospitals				
Rendering of a highly specialised medical health and quaternary service on a national basis and a platform for the training of health workers and research	• Hospital achieved 75% and more on National Core Standards self-assessment rate	100%	0%	
	• Average length of stay – total	8.8 days	8.8 days	
	• Inpatient bed utilisation rate – total	66.8%	68.2%	
	• Expenditure per PDE	R8 373	R9 534	
	• Complaints resolution within 25 working days rate	95.9%	100%	

4.6 Programme 6: Health Sciences and Training

The purpose of this programme is to render training and development opportunities for actual and potential employees of the department. The objectives of the five sub-programmes remain unchanged from the EPRE.

Tables 7.18 and 7.19 summarise the 2018/19 adjusted appropriation of Programme 6: Health Sciences and Training, according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in an overall decrease of R21.914 million to the main appropriation, are provided in the paragraphs below the tables.

Table 7.18 : Programme 6: Health Sciences and Training

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Nursing Training Colleges	293 908			(27 416)			(27 416)	266 492
2. EMS Training Colleges	19 127			(50)			(50)	19 077
3. Bursaries	265 492			(1 473)			(1 473)	264 019
4. Primary Health Care Training	59 100			(1 747)			(1 747)	57 353
5. Training Other	626 723			8 772			8 772	635 495
Total	1 264 350	-	-	(21 914)	-	-	(21 914)	1 242 436
Amount to be voted								(21 914)

Table 7.19 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	994 094	-	-	(21 402)	-	(21 402)	972 692
Compensation of employees	918 016			(17 967)		(17 967)	900 049
Goods and services	76 078			(3 435)		(3 435)	72 643
Interest and rent on land						-	-
Transfers and subsidies to:	260 659	-	-	(150)	-	(150)	260 509
Provinces and municipalities						-	-
Departmental agencies and accounts	20 868					-	20 868
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	239 791			(150)		(150)	239 641
Payments for capital assets	9 597	-	-	(362)	-	(362)	9 235
Buildings and other fixed structures						-	-
Machinery and equipment	9 597			(362)		(362)	9 235
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	1 264 350	-	-	(21 914)	-	(21 914)	1 242 436
Amount to be voted							(21 914)

Virement – Programme 6: Health Sciences and Training: (R21.914 million)

There were virements within the programme between sub-programmes and economic categories, as well as movements to other programmes, which resulted in a net reduction of R21.914 million in the main appropriation for this programme. The bulk of the savings were against the Nursing Training College sub-programme, and savings of R8.772 million were moved to the Training Other sub-programme to close the funding gap for the increased intake of medical interns. The net savings of R21.914 million in this programme, which were moved to Programme 2 against *Goods and services* to cater for pressures arising from the increased cost of security services contracts, are as follows:

- *Compensation of employees* was reduced by R17.967 million, with savings due to delays in finalising the business strategy for down-scaling nurses' training due to budget cuts, with posts unable to be filled until the issue is resolved. The delays are due to guidance being sought from NDOH in this regard.
- There were savings of R3.435 million under *Goods and services* due to cost-cutting on travelling costs related to the training and development of staff.
- *Transfers and subsidies to: Households* was decreased by R150 000 resulting from lower staff exit costs than expected. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted.
- R362 000 was reduced from *Machinery and equipment* due to over-budgeting for the purchase of training equipment, such as training aids. Note that the reduction in capital does not require Legislature approval as the capital budget for the Vote shows a net increase.

All these virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 6: Health Sciences and Training

Table 7.20 shows the service delivery information for Programme 6 which is fully aligned with the 2018/19 APP. Note that both measures in this programme are annual in nature.

Table 7.20 : Service delivery measures – Programme 6: Health Sciences and Training

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. Bursaries				
Provision of bursaries for health science training programmes at undergraduate and postgraduate levels.	• No. of bursaries awarded for first year medicine students	30	Annual	
Target group includes actual and potential employees	• No. of bursaries awarded for first year nursing students	150	Annual	

4.7 Programme 7: Health Care Support Services

The purpose of this programme is to manage the supply of pharmaceuticals and medical sundries to hospitals, community health centres, clinics and local authorities. The programme is also responsible for the provision of laundry services to hospitals, care and rehabilitation centres and certain local authorities, as well as provision of specialised orthotic and prosthetic services to hospitals and clinics.

Tables 7.21 and 7.22 summarise the 2018/19 adjusted appropriation of Programme 7 according to sub-programme and economic classification. Details of the main adjustments within the programme, which resulted in a net decrease of R10 million from the main appropriation, are provided in the paragraphs following the tables.

Table 7.21 : Programme 7: Health Care Support Services

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Medicine Trading Account	73 477			(14 000)		(14 000)	59 477
2. Laundry Services	185 396			(3 000)		(3 000)	182 396
3. Orthotic and Prosthetic Services	54 767			7 000		7 000	61 767
Total	313 640	-	-	(10 000)	-	(10 000)	303 640
Amount to be voted							(10 000)

Table 7.22 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	298 086	-	-	(10 716)	-	(10 716)	287 370
Compensation of employees	162 692			(7 269)		(7 269)	155 423
Goods and services	135 394			(3 449)		(3 449)	131 945
Interest and rent on land				2		2	2
Transfers and subsidies to:	737	-	-	(139)	-	(139)	598
Provinces and municipalities							-
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	737			(139)		(139)	598
Payments for capital assets	14 817	-	-	855	-	855	15 672
Buildings and other fixed structures							-
Machinery and equipment	14 817			855		855	15 672
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	313 640	-	-	(10 000)	-	(10 000)	303 640
Amount to be voted							(10 000)

Virement – Programme 7: Health Care Support Services: (R10 million)

There were virements within the programme between sub-programmes and economic categories, as well as a movement to Programme 2, which resulted in a net reduction of R10 million in the main appropriation for this programme. A total of R10.857 million in savings were identified across a number of categories, as follows:

- Savings of R7.269 million were identified in respect of *Compensation of employees*, largely against the Laundry Services sub-programme related to slow internal recruitment processes in filling laundry posts due to the lack of carry-through funding in the outer years of the MTEF.
- Savings of R3.449 million were identified against *Goods and services* due to delays in the incorporation of the PPSD into the department's books.
- Savings of R139 000 were identified against *Transfers and subsidies to: Households* as staff exit costs were lower than expected. Note that this reduction in a transfer does not require Legislature approval as the transfer was not gazetted.

These savings were moved as follows:

- R10 million was moved from the programme to Programme 2 against *Goods and services* to address pressures emanating from the increased security services costs at various facilities.
- R2 000 was moved within the programme to *Interest and rent on land* to address pressure from interest on over-due accounts.
- R855 000 was moved to *Machinery and equipment* within the programme to make provision for the procurement of security equipment (CCTV system) at the PPSD.

All these virements are permissible in terms of the PFMA and Treasury Regulations.

Service delivery measures – Programme 7: Health Care Support Services

Table 7.23 shows the service delivery information for Programme 7.

Note that all measures in this programme are annual in nature and are only reported on at the end of the financial year. All measures align with the targets published in the 2018/19 APP.

Table 7.23 : Service delivery measures – Programme 7: Health Care Support Services

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. Medicine Trading Account				
Render pharmaceutical services to the dept. Manage the supply of pharmaceuticals and medical sundries to hospitals, Community Health Centres and local authorities	• Percentage of pharmacies that obtained A and B grading on inspection	95.8%	Annual	
	• No. of facilities implementing the CCMD program	717	Annual	
	• No. of patients enrolled on CCMD programme (cumulative)	1 350 000	Annual	
2. Laundry Services				
Render laundry services to hospitals, care and rehabilitation centres and certain local authorities	• Percentage of facilities reporting clean linen stock outs	1.4%	Annual	

4.8 Programme 8: Health Facilities Management

The main purpose of this programme is the facilities management of community health clinics, community health centres, district hospitals, emergency medical services facilities, provincial hospitals, central and tertiary hospitals, as well as all other buildings and structures. The main objectives of the sub-programmes remain unchanged from the *EPRE*.

Tables 7.24 and 7.25 summarise the 2018/19 adjusted appropriation of Programme 8 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in a net increase of R199.508 million to the main appropriation, are provided in the paragraphs below the tables.

Table 7.24 : Programme 8: Health Facilities Management

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts		
1. Community Health Facilities	153 121			(22 258)		(22 258)	130 863
2. District Hospital Services	246 538			(20 952)	15 000	(5 952)	240 586
3. Emergency Medical Services				750		750	750
4. Provincial Hospital Services	831 872			(5 081)	99 058	93 977	925 849
5. Central Hospital Services	87 628			(8 156)	85 450	77 294	164 922
6. Other Facilities	209 497			55 697		55 697	265 194
Total	1 528 656	-	-	-	-	199 508	1 728 164
Amount to be voted							199 508

Table 7.25 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	496 246	-	-	(67 106)	-	-	(67 106)	429 140
Compensation of employees	58 496	-	-	7 856	-	-	7 856	66 352
Goods and services	437 750	-	-	(74 962)	-	-	(74 962)	362 788
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Payments for capital assets	1 032 410	-	-	67 106	-	199 508	266 614	1 299 024
Buildings and other fixed structures	963 192	-	-	99 699	-	199 508	299 207	1 262 399
Machinery and equipment	69 218	-	-	(32 593)	-	-	(32 593)	36 625
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 528 656	-	-	-	-	199 508	199 508	1 728 164
Amount to be voted								199 508

Virements – Programme 8: Health Facilities Management

There were virements within the programme between sub-programmes and economic categories, which resulted in no change in the main appropriation for this programme.

Due to pressures within *Buildings and other fixed structures*, related to pressures in projects funded by the Health Facility Revitalisation grant, such as the Dr. Pixley ka Isaka Seme Memorial Hospital (PKSH) and the Townhill Hospital office block project, the department reprioritised funding totaling R107.555 million within the grant, with the bulk of this movement to the Other Facilities sub-programme, as follows:

- Funding totaling R80.190 million allocated to maintenance projects against *Goods and services* was identified as savings, largely due to delays in finalising the department's annual maintenance plan. A significant number of maintenance projects require external expertise (servicing plant and equipment) and the procurement process was slow in securing service providers.
- *Machinery and equipment* was reduced by R27.365 million, largely as a result of savings against medical equipment due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for HTS, which was impacted by the recently reported invasions/hostage taking in the Natalia building where the Treasury/Health Intervention team is based.

These savings of R107.555 million were allocated within the programme as follows:

- R99.699 million was allocated to *Buildings and other fixed structures*, related to pressures in the projects mentioned above.
- R7.856 million was allocated to *Compensation of employees* to fund projected over-spending due to under-budgeting for the above-budget wage agreement, as well as the earlier than expected appointment of infrastructure professionals, such as architects.

In addition, savings were identified within the equitable share budget in the programme, as follows:

- *Machinery and equipment* was reduced by R5.228 million, as a result of savings against medical equipment, largely due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for HTS, as mentioned. Note that the reduction in capital does not require Legislature approval as the capital budget for the Vote as a whole shows a net increase,
- These savings of R5.228 million were moved within the programme to *Goods and services* to address under-budgeting for travel and subsistence costs.

All these virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

Other adjustments – Programme 8: Health Facilities Management: R199.508 million

In the 2018/19 EPRE, the department received specifically and exclusively allocated funding, with R50.450 million allocated for repairs at 14 hospitals and clinics damaged in the storms that mainly affected eThekweni on 10 October 2017. This funding was allocated to *Buildings and other fixed structures* as bridging funding pending a claim made by the province to the National Disaster Relief Fund in this regard. Subsequently, a decision was made that the department could retain this funding. The department has now been allocated additional funding of R199.508 million from the National Disaster Relief Fund via National Treasury, which was allocated to the Health Facility Revitalisation grant, with the entire amount allocated against *Buildings and other fixed structures*, and against the District Hospital Services, Provincial Hospital Services and Central Hospital Services sub-programmes.

Service delivery measures – Programme 8: Health Facilities Management

Table 7.26 shows the revised service delivery information for Programme 8. Note that both measures in this programme are annual in nature and are only reported on at the end of the financial year. The measures and targets fully align with the 2018/19 APP.

Table 7.26 : Service delivery measures – Programme 8: Health Facilities Management

Outputs	Performance indicators	Performance targets		
		2018/19 Original target	2018/19 Mid-year actual	2018/19 Revised target
1. Health Facilities Management				
Provision of new health facilities and the refurbishment, upgrading and maintenance of existing facilities	<ul style="list-style-type: none"> No. of health facilities that have undergone major and minor refurbishment in NHI pilot district No. of health facilities that have undergone major and minor refurbishment outside NHI pilot district (excluding facilities in NHI pilot district) 	148	Annual	
		464	Annual	

5. Specifically and exclusively appropriated allocations

Table 7.27 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants, which are also specifically and exclusively appropriated funds, are not included here, as they are discussed in Section 8 below. There were no changes in the specifically and exclusively allocated funding, apart from shifts within the funding, as explained below the table.

Note that the additional funding of R199.508 million allocated from National Treasury for storm damage repairs is also specifically and exclusively allocated funding because it is included in the Health Facility Revitalisation grant, as mentioned.

Table 7.27 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog 1: Improving infrastructure support	25 265						-	25 265
2. Prog 1: Treasury/Health assistance plan	38 756						-	38 756
3. Prog 2: Municipal clinics	213 394						-	213 394
4. NHLS fee-for-service pressures	348 872						-	348 872
Prog 2: NHLS fee-for-service pressures	196 628						-	196 628
Prog 4: NHLS fee-for-service pressures	118 536						-	118 536
Prog 5: NHLS fee-for-service pressures	33 708						-	33 708
5. Exchange rate pressures - medicine, equipment and supplies	1 648 372	-	-	-	-	-	-	1 648 372
Prog 2: Medicine, equipment and supplies	774 948				92 319		92 319	867 267
Prog 4: Medicine, equipment and supplies	407 461				76 000		76 000	483 461
Prog 5: Medicine, equipment and supplies	235 186				62 458		62 458	297 644
Prog 8: Medicine, equipment and supplies	230 777				(230 777)		(230 777)	-
6. Prog 8: Disaster relief - Flooding of 10 October 2017	50 450						-	50 450
Total	2 325 109	-	-	-	-	-	-	2 325 109
Amount to be voted								-

Shifts: The medical equipment budget was decentralised from Programme 8 to Programmes 2, 4 and 5 in the 2018/19 EPRE. However, this was not reflected as such in the KZN Appropriation Act, and this is now corrected. This does not impact on any other tables, and the purpose of the funds remains unchanged.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donation and sponsorships in excess of R100 000 during the current financial year.

7. Infrastructure

Table 7.28 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall increase of R212.101 million, are given below the table.

Table 7.28 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	728 588	-	-	(158 097)	-	199 508	41 411	769 999
Maintenance and repair: Current	339 329			(75 307)			(75 307)	264 022
Upgrades and additions: Capital	374 451			(200 854)			(200 854)	173 597
Refurbishment and rehabilitation: Capital	14 808			118 064		199 508	317 572	332 380
New infrastructure assets: Capital	573 933			182 489			182 489	756 422
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for financial assets	-						-	-
Infrastructure: Leases	98 421			(4 655)			(4 655)	93 766
Non infrastructure	405 829			(7 144)			(7 144)	398 685
Capital infrastructure	963 192	-	-	99 699	-	199 508	299 207	1 262 399
Current infrastructure	437 750	-	-	(79 962)	-	-	(79 962)	357 788
Total	1 806 771	-	-	12 593	-	199 508	212 101	2 018 872
Amount to be voted								212 101

Note:

1. *Non infrastructure* is a stand-alone item, and is therefore excluded from *Capital infrastructure* and *Current infrastructure*, but it is included in the overall total

- **Virement:** The department undertook the following virements affecting the infrastructure allocation, resulting in a net increase of R12.593 million:
 - *Maintenance and repair: Current* was reduced by R75.307 million to accommodate capital building projects already committed under *Refurbishment and rehabilitation: Capital* and *New infrastructure assets: Capital*. These savings were largely due to slow progress caused by delayed contracts against maintenance. These include maintenance contracts for fixtures such as boilers, lifts, mortuary equipment, etc.
 - *Upgrades and additions: Capital* was reduced by R200.854 million because of slow progress on the Hlabisa Hospital out patients' department upgrades project, and savings were moved to *New infrastructure assets: Capital* and *Refurbishment and rehabilitation: Capital*. The slow progress was caused by disruptions related to community demands for greater involvement in the contract.

Refurbishment and rehabilitation: Capital was increased by R118.064 million due to carry-over costs from 2017/18 related to the Addington Hospital core block project, as well as repairs to storm damaged facilities in eThekwin on 10 October 2017. Savings moved from *Maintenance and repair: Current* and *Upgrades and additions: Capital*,
 - *New infrastructure assets: Capital* was increased by R182.489 million due to pressures against the PKSH and the Townhill Hospital office park projects, with funding moved from *Maintenance and repair: Current* and *Upgrades and additions: Capital*, as well as *Machinery and equipment* as a result of savings against medical equipment due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for HTS, as mentioned.
 - *Infrastructure: Leases* decreased by R4.655 million due to the lease for the Medical Chambers building not being renewed as staff have been moved to the Capital Towers building (also known as Trizon Towers), for which the lease was already budgeted for. These savings were moved within infrastructure to *Non-infrastructure* to address pressures due to under-budgeting for the wage agreement, as well as the earlier than expected appointment of infrastructure professionals.
 - *Non-infrastructure* decreased by R7.144 million due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for HTS, mitigated by funding allocated for under-budgeting for *Compensation of employees* in the Infrastructure Development unit within Programme 8, as mentioned.

- *Other adjustments:* An additional R199.508 million was allocated from the National Disaster Relief Fund via National Treasury against *Refurbishment and rehabilitation: Capital* for repairs at 14 hospitals and clinics damaged in the storms that mainly affected eThekweni on 10 October 2017, such as King Edward VIII and Clairwood Hospitals.

8. Conditional grants

Tables 7.29 and 7.30 provide a summary of changes to conditional grants.

Details of the main adjustments, which resulted in a net increase of R199.508 million, are given in the paragraphs following the tables.

Table 7.29 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. District Health Services	5 746 383	-	-	-	-	-	-	5 746 383
Comprehensive HIV, AIDS and TB grant	5 677 225							5 677 225
Human Papillomavirus Vaccine grant	44 976							44 976
Social Sector EPWP Incentive Grant for Provinces	24 182							24 182
3. Emergency Medical Services	-	-	-	-	-	-	-	-
4. Provincial Hospital Services	351 197	-	-	-	-	-	-	351 197
Health Professions Training and Development grant	351 197							351 197
5. Central Hospital Services	1 794 649	-	-	-	-	-	-	1 794 649
National Tertiary Services grant	1 794 649							1 794 649
8. Health Facilities Management	1 211 376	-	-	-	-	199 508	199 508	1 410 884
Health Facility Revitalisation grant	1 202 480					199 508	199 508	1 401 988
EPWP Integrated Grant for Provinces	8 896					-	-	8 896
Total	9 103 605	-	-	-	-	199 508	199 508	9 303 113
Amount to be voted								199 508

Table 7.30 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	7 973 992	-	-	(73 978)	-	-	(73 978)	7 900 014
Compensation of employees	2 886 897			704 801			704 801	3 591 698
Goods and services	5 087 095			(778 779)			(778 779)	4 308 316
Interest and rent on land	-							-
Transfers and subsidies to:	137 511	-	-	(2 392)	-	-	(2 392)	135 119
Provinces and municipalities	115 000							115 000
Departmental agencies and accounts								-
Higher education institutions								-
Foreign governments and international organisations								-
Public corporations and private enterprises								-
Non-profit institutions	11 821			(940)			(940)	10 881
Households	10 690			(1 452)			(1 452)	9 238
Payments for capital assets	992 102	-	-	76 370	-	199 508	275 878	1 267 980
Buildings and other fixed structures	814 748			99 699		199 508	299 207	1 113 955
Machinery and equipment	177 354			(23 329)			(23 329)	154 025
Heritage assets								-
Specialised military assets								-
Biological assets								-
Land and subsoil assets								-
Software and other intangible assets								-
Payments for financial assets								-
Total	9 103 605	-	-	-	-	199 508	199 508	9 303 113
Amount to be voted								199 508

- *Virement:* The department undertook a number of virements within the various grants, hence these movements are not visible in Table 7.29. Note that these movements are included in the movements already discussed at programme level. Table 7.30 shows a summary of the movements and these are discussed per grant below:
 - o The virements in the Comprehensive HIV, AIDS and TB grant within Programme 2 at economic classification level were direct results of the revision of the grant business plan, as well as the recommendations from the benchmark exercise with NDOH, which could not be effected in time to be included in the 2018/19 EPRE. These movements were as follows:
 - *Goods and services* was reduced by R715.589 million. Of this amount, R500 million was moved to *Compensation of employees*, in keeping with the previously mentioned recommendation of

NDOH that this amount be moved from *Goods and services* to *Compensation of employees* to make provision for unfunded filled posts. The savings were possible due to high stock levels of medicines (particularly ARVs).

- R211.945 million, also from the above-mentioned savings from *Goods and services*, were moved to *Compensation of employees* to provide for the stipend increase of CCGs, in line with the promulgated minimum wage increase.
- A further R3.644 million in savings from *Goods and services* were moved to *Machinery and equipment*. These movements from various items, mainly from laboratory services, medicine, advertising and contractors, were to align with the revised business plan, as per a directive from the NDOH.
- *Transfers and subsidies to: Non-profit institutions* was over-budgeted by R940 000. Of this, R548 000 was moved to *Transfers and subsidies to: Households* to address higher than expected staff exit costs and the balance of R392 000 was moved to *Machinery and equipment*, as mentioned above.
- o The virements within the National Tertiary Services grant were as follows:
 - Savings of R15 million were identified under *Compensation of employees* resulting from the previously mentioned difficulties in attracting applications for OSD posts, such as oncologists, neurosurgeons, etc., at prioritised facilities.
 - Savings of R2 million were identified under *Transfers and subsidies to: Households* due to over-budgeting for staff exit costs.
 - These savings of R17 million were allocated to *Goods and services* to address pressures against medical supplies attributed to carry-over costs from 2017/18.
- o There were movements within the Health Facility Revitalisation grant, due to the need to realign the budget to the spending pressures within various projects, as follows:
 - R80.190 million from *Goods and services* was identified as savings, largely due to slow progress caused by delayed contracts against maintenance.
 - R27.365 million from *Machinery and equipment* was attributable to delays on the finalisation of the medical equipment plan for completed facilities, such as the Queen Nandi Memorial and Stanger Hospitals.

These savings of R107.555 million were moved within the grant as follows:

 - R99.699 million was moved to *Buildings and other fixed structures* mainly for pressures in the PKSH project.
 - R7.856 million was moved to *Compensation of employees* to cater for under-budgeting for this category.
- *Other adjustments:* The increase of R199.508 million is an additional allocation from the National Disaster Relief Fund via National Treasury in terms of the costs of repairing 14 hospital and clinics damaged in the storms of 10 October 2017, as mentioned.

9. Transfers and subsidies

Table 7.31 shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall decrease of R6.562 million in the transfers and subsidies allocation, are provided in the paragraphs after the tables.

Table 7.31 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	7 705	-	-	(500)	-	(500)	7 205
Provinces and municipalities	3 695	-	-	(500)	-	(500)	3 195
Motor vehicle licences	3 695	-	-	(500)	-	(500)	3 195
Departmental agencies and accounts	1	-	-	-	-	-	1
SABC - TV licences	1	-	-	-	-	-	1
Households	4 009	-	-	-	-	-	4 009
Staff exit costs	4 009	-	-	-	-	-	4 009
2. District Health Services	455 387	-	-	(11 475)	-	(11 475)	443 912
Provinces and municipalities	213 394	-	-	-	-	-	213 394
Municipal clinics	213 394	-	-	-	-	-	213 394
Departmental agencies and accounts	45	-	-	(16)	-	(16)	29
SABC - TV licences	45	-	-	(16)	-	(16)	29
Non-profit institutions	49 701	-	-	(939)	-	(939)	48 762
Non-profit institutions	49 701	-	-	(939)	-	(939)	48 762
Households	192 247	-	-	(10 520)	-	(10 520)	181 727
Staff exit costs	67 247	-	-	(10 520)	-	(10 520)	56 727
Medico-legal claims	125 000	-	-	-	-	-	125 000
3. Emergency Medical Services	5 311	-	-	(22)	-	(22)	5 289
Provinces and municipalities	2 645	-	-	-	-	-	2 645
Motor vehicle licences	2 645	-	-	-	-	-	2 645
Departmental agencies and accounts	2	-	-	-	-	-	2
SABC - TV licences	2	-	-	-	-	-	2
Households	2 664	-	-	(22)	-	(22)	2 642
Staff exit costs	1 683	-	-	(22)	-	(22)	1 661
Medico-legal claims	981	-	-	-	-	-	981
4. Provincial Hospital Services	225 447	-	-	6 648	-	6 648	232 095
Provinces and municipalities	-	-	-	2	-	2	2
Motor vehicle licences	-	-	-	2	-	2	2
Departmental agencies and accounts	88	-	-	32	-	32	120
TV and radio licences	88	-	-	32	-	32	120
Non-profit institutions	5 169	-	-	11 295	-	11 295	16 464
Non-profit institutions	5 169	-	-	11 295	-	11 295	16 464
Households	220 190	-	-	(4 681)	-	(4 681)	215 509
Staff exit costs	31 190	-	-	(4 681)	-	(4 681)	26 509
Medico-legal claims	189 000	-	-	-	-	-	189 000
5. Central Hospital Services	27 715	-	-	(924)	-	(924)	26 791
Departmental agencies and accounts	63	-	-	(16)	-	(16)	47
SABC - TV licences	63	-	-	(16)	-	(16)	47
Households	27 652	-	-	(908)	-	(908)	26 744
Staff exit costs	12 652	-	-	(2 000)	-	(2 000)	10 652
Medico-legal claims	15 000	-	-	1 092	-	1 092	16 092
6. Health Sciences and Training	260 659	-	-	(150)	-	(150)	260 509
Departmental agencies and accounts	20 868	-	-	-	-	-	20 868
HWSETA	20 868	-	-	-	-	-	20 868
Households	239 791	-	-	(150)	-	(150)	239 641
Staff exit costs	2 234	-	-	(150)	-	(150)	2 084
Bursaries	237 557	-	-	-	-	-	237 557
7. Health Care Support Services	737	-	-	(139)	-	(139)	598
Households	737	-	-	(139)	-	(139)	598
Staff exit costs	737	-	-	(139)	-	(139)	598
8. Health Facilities Management	-	-	-	-	-	-	-
Total	982 961	-	-	(6 562)	-	(6 562)	976 399
Amount to be voted							(6 562)

- *Virement*: The department undertook the following virements affecting transfers and subsidies:

- o Programme 1: Administration:

- *Provinces and municipalities* was reduced by R500 000, attributable to delays in placing orders for new vehicles, hence lower motor vehicle licensing costs. The funding was moved within the programme to *Machinery and equipment*.

- o Programme 2: District Health Services:

- *Departmental agencies and accounts* was reduced by R16 000 due to over-budgeting for TV licences. The funding was moved within the programme to *Goods and services*.
- *Non-profit institutions* was reduced by R939 000 due to over-budgeting. Part of the savings were moved to *Households* (R548 000) within the Comprehensive HIV, AIDS and TB grant for staff exit costs that were higher than expected and the balance to *Machinery and equipment* to address under-budgeting.

- The net reduction of R10.520 million under *Households* is attributable to lower than expected staff exit costs of R11.068 million under the equitable share, moved to *Goods and services* to assist in the pressures arising from the increased cost of security services contracts. This was offset by savings of R548 000 from within the Comprehensive HIV, AIDS and TB grant against *Non-profit institutions* due to over-budgeting. These savings were moved to *Households* for staff exit costs within the grant that were higher than expected.

Legislature approval is required for the decrease in *Non-profit institutions* relating to HIV and AIDS institutions.

- o Programme 3: Emergency Medical Services:
 - *Households* was reduced by R22 000 due to over-budgeting for staff exit costs. The savings were moved within Programme 3, to *Goods and services* to address pressures in respect of higher than expected EMS vehicle maintenance and repair costs.
- o Programme 4: Provincial Hospital Services:

Transfers and subsidies were increased by R6.648 million mainly from the previously mentioned savings under *Compensation of employees*, as follows:

 - R2 000 was moved to *Provinces and municipalities* for unanticipated costs for the renewal of public driving permits.
 - R32 000 was moved to *Departmental agencies and accounts* to address under-budgeted TV licences.
 - R11.295 million was moved to *Non-profit institutions* to address delays in the provincialisation of Siloah TB Hospital. The savings were moved from *Compensation of employees* within the programme due to the previously mentioned temporary allocation of the budget identified for budget cuts which did not materialise and the difficulty in the filling of OSD posts including oncologists, psychiatrists, urologists, etc., at prioritised facilities.
 - *Households* was reduced by R4.681 million (the reduction is permissible as the transfer was not gazetted) due to over-budgeting for staff exit costs, were moved within the programme to *Goods and services* to address the increased cost of security services and the clearing of backlog for medical supplies (implants and prosthetics).
- o Programme 5: Central Hospital Services:
 - Savings of R16 000 from *Departmental agencies and accounts* were due to over-budgeted TV licences, moved to *Goods and services* to address pressure resulting from the clearing of backlog payments for surgical implants and prosthetics.
 - There was a net reduction of R908 000 under *Households* related to savings of R2 million, which were identified against *Households* due to lower staff exit costs within the National Tertiary Services grant, and were moved to *Goods and services* to address pressure resulting from the clearing of backlog payments for surgical implants and prosthetics. This was offset by an amount of R1.092 million, which was moved to this category within the equitable share, to address pressures from medico-legal claims. The savings were due to the slow implementation of the department's procurement plan and minimal impact of the intervention plan for Health Technology Services, largely impacted by the recently reported invasions/hostage taking in the Natalia building where the Treasury/Health Intervention team is based.
- o Programme 6: Health Sciences and Training:
 - *Households* was reduced by R150 000 resulting from lower staff exit costs than expected, and the savings were moved to partly address pressures under *Goods and services* in Programme 2.
- o Programme 7: Health Care Support Services:
 - *Households* was reduced by R139 000 due to lower staff exit costs than expected, and this was moved to partly address pressures under *Goods and services* in Programme 2.

10. Transfers to local government

Table 7.32 shows the details of transfers to local government. It is noted that the amount against *Provinces and municipalities* in Table 7.31 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. There were no changes to this category. The funds reflected in Table 7.32 relate to payments to the eThekweni Metro for municipal clinics, and these funds are specifically and exclusively appropriated, as set out in Table 7.27. There are no changes to the main appropriation.

Table 7.32 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
A	KZN2000 eThekweni	213 394	-	-	-	-	213 394
Total		213 394	-	-	-	-	213 394
Amount to be voted							-

11. Actual payments and revised spending projections for the rest of 2018/19

Tables 7.33 and 7.34 reflect actual payments as at the end of September 2018, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2017/18 Audited outcome.

Table 7.33 : Actual payments and revised spending projections by programme

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	October 2018 - March 2019	October 2018 - March 2019	Projected actual	
			% of budget	% of budget			
1. Administration	836 655	811 207	461 282	56.9	349 925	43.1	811 207
2. District Health Services	19 226 776	20 919 499	10 284 119	49.2	10 887 633	52.0	21 171 752
3. Emergency Medical Services	1 377 577	1 474 686	721 098	48.9	753 588	51.1	1 474 686
4. Provincial Hospital Services	10 639 211	11 111 547	5 601 529	50.4	5 630 889	50.7	11 232 418
5. Central Hospital Services	4 864 123	4 955 993	2 516 405	50.8	2 548 032	51.4	5 064 437
6. Health Sciences and Training	1 246 050	1 242 436	597 950	48.1	666 400	53.6	1 264 350
7. Health Care Support Services	198 202	303 640	240 605	79.2	63 035	20.8	303 640
8. Health Facilities Management	1 522 727	1 728 164	765 720	44.3	962 444	55.7	1 728 164
Total	39 911 321	42 547 172	21 188 708	49.8	21 861 946	51.4	43 050 654

Table 7.34 : Actual payments and revised spending projections by economic classification

R thousand	2017/18 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2018 - September 2018	October 2018 - March 2019	October 2018 - March 2019	Projected actual	
			% of budget	% of budget			
Current payments	36 961 386	39 652 711	19 904 651	50.2	20 163 467	50.9	40 068 118
Compensation of employees	24 614 793	26 666 629	13 049 649	48.9	13 605 688	51.0	26 655 337
Goods and services	12 343 292	12 981 940	6 850 964	52.8	6 557 675	50.5	13 408 639
Interest and rent on land	3 301	4 142	4 038	97.5	104	2.5	4 142
Transfers and subsidies to:	1 248 707	976 399	557 771	57.1	571 703	58.6	1 129 474
Provinces and municipalities	225 674	219 236	47 216	21.5	172 020	78.5	219 236
Departmental agencies and accounts	19 280	21 067	20 964	99.5	54	0.3	21 018
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	141 396	65 226	36 941	56.6	39 577	60.7	76 518
Households	862 357	670 870	452 650	67.5	360 052	53.7	812 702
Payments for capital assets	1 592 882	1 918 017	726 241	37.9	1 126 776	58.7	1 853 017
Buildings and other fixed structures	1 069 333	1 262 399	519 358	41.1	743 041	58.9	1 262 399
Machinery and equipment	523 549	655 618	206 883	31.6	383 735	58.5	590 618
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	108 346	45	45	100.0	-	-	45
Total	39 911 321	42 547 172	21 188 708	49.8	21 861 946	51.4	43 050 654

The department spent 49.8 per cent of its Adjusted appropriation in the first six months, which is largely on track, despite the additional funding of R199.508 million. The projections for the second half of the year include the R199.508 million allocated to *Buildings and other fixed structures* in Programme 8. Despite the additional funding and various virements, the department has projected significant over-spending of R503.482 million, mainly because the pressures for the storm damage repairs were not fully included in the mid-year projections. Also to be noted is that all departments projecting over-spending at mid-year have been instructed by the Provincial Executive Council to prepare a cost-containment plan to ensure that year-end spending remains within the adjusted appropriation, and this will be implemented over the remaining five months of 2018/19, in conjunction with the joint Health/Treasury Intervention team already in place to assist the department in identifying areas of savings and cost-cutting.

The main source of the projected over-spending is *Goods and services* where there is pressure against the National Health Laboratory Services fee-for-service payments due to the previously mentioned poor savings from gate-keeping. There is also pressure on agency and support/outsourced services related to the higher than expected costs of the public-private partnership at the Inkosi Albert Luthuli Central Hospital due to under-budgeting related to VAT. In addition, property payment costs are projected to over-spend as a result of new contracts for security and cleaning services being more expensive than was initially expected. Although funding was moved to address this pressure, available savings could not address it fully. There is also pressure against medical supplies due to carry-over costs from 2017/18.

Also projected to over-spend is *Transfers and subsidies to: Households*, mainly due to medico-legal claims and staff exit costs, which are demand driven and difficult to predict.

Table 7.A : Summary by economic classification : Health

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	39 695 959	-	-	(43 248)	-	-	(43 248)	39 652 711
Compensation of employees	26 178 626	-	-	488 003	-	-	488 003	26 666 629
Salaries and wages	22 798 387	-	-	551 023	-	-	551 023	23 349 410
Social contributions	3 380 239	-	-	(63 020)	-	-	(63 020)	3 317 219
Goods and services	13 516 936	-	-	(534 996)	-	-	(534 996)	12 981 940
Administrative fees	2 485	-	-	641	-	-	641	3 126
Advertising	47 099	-	-	(25 599)	-	-	(25 599)	21 500
Minor assets	48 614	-	-	(3 075)	-	-	(3 075)	45 539
Audit cost: External	22 260	-	-	-	-	-	-	22 260
Bursaries: Employees	2 585	-	-	726	-	-	726	3 311
Catering: Departmental activities	5 777	-	-	(3 561)	-	-	(3 561)	2 216
Communication (G&S)	113 301	-	-	(3 633)	-	-	(3 633)	109 668
Computer services	163 678	-	-	3 029	-	-	3 029	166 707
Cons. & prof serv: Business and advisory services	32 378	-	-	(234)	-	-	(234)	32 144
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	2 067 884	-	-	(95 091)	-	-	(95 091)	1 972 793
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	37 509	-	-	12 425	-	-	12 425	49 934
Contractors	176 004	-	-	18 713	-	-	18 713	194 717
Agency and support / outsourced services	1 149 431	-	-	(49 664)	-	-	(49 664)	1 099 767
Entertainment	8	-	-	2	-	-	2	10
Fleet services (incl gov't motor transport)	365 014	-	-	48 399	-	-	48 399	413 413
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	35 810	-	-	(1 271)	-	-	(1 271)	34 539
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	128 232	-	-	2 477	-	-	2 477	130 709
Inventory: Fuel, oil and gas	85 520	-	-	2 216	-	-	2 216	87 736
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	17 876	-	-	(1 536)	-	-	(1 536)	16 340
Inventory: Medical supplies	1 670 800	-	-	109 521	-	-	109 521	1 780 321
Inventory: Medicine	4 563 348	-	-	(643 152)	-	-	(643 152)	3 920 196
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	202 841	-	-	(10 154)	-	-	(10 154)	192 687
Consumable supplies	133 970	-	-	(6 431)	-	-	(6 431)	127 539
Consumable: Stationery, printing and office supplies	99 613	-	-	(12 176)	-	-	(12 176)	87 437
Operating leases	152 709	-	-	(6 899)	-	-	(6 899)	145 810
Property payments	1 980 143	-	-	135 288	-	-	135 288	2 115 431
Transport provided: Departmental activity	78 588	-	-	(270)	-	-	(270)	78 318
Travel and subsistence	78 415	-	-	(28)	-	-	(28)	78 387
Training and development	20 133	-	-	(281)	-	-	(281)	19 852
Operating payments	33 000	-	-	(4 847)	-	-	(4 847)	28 153
Venues and facilities	1 911	-	-	(555)	-	-	(555)	1 356
Rental and hiring	-	-	-	24	-	-	24	24
Interest and rent on land	397	-	-	3 745	-	-	3 745	4 142
Interest	397	-	-	3 745	-	-	3 745	4 142
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	982 961	-	-	(6 562)	-	-	(6 562)	976 399
Provinces and municipalities	219 734	-	-	(498)	-	-	(498)	219 236
Provinces	6 340	-	-	(498)	-	-	(498)	5 842
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	6 340	-	-	(498)	-	-	(498)	5 842
Municipalities	213 394	-	-	-	-	-	-	213 394
Municipalities	213 394	-	-	-	-	-	-	213 394
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	21 067	-	-	-	-	-	-	21 067
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	21 067	-	-	-	-	-	-	21 067
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	54 870	-	-	10 356	-	-	10 356	65 226
Households	687 290	-	-	(16 420)	-	-	(16 420)	670 870
Social benefits	119 752	-	-	(17 512)	-	-	(17 512)	102 240
Other transfers to households	567 538	-	-	1 092	-	-	1 092	568 630
Payments for capital assets	1 668 744	-	-	49 765	-	199 508	249 273	1 918 017
Buildings and other fixed structures	963 192	-	-	99 699	-	199 508	299 207	1 262 399
Buildings	963 192	-	-	97 768	-	199 508	297 276	1 260 468
Other fixed structures	-	-	-	1 931	-	-	1 931	1 931
Machinery and equipment	705 552	-	-	(49 934)	-	-	(49 934)	655 618
Transport equipment	215 508	-	-	(51 192)	-	-	(51 192)	164 316
Other machinery and equipment	490 044	-	-	1 258	-	-	1 258	491 302
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	45	-	-	45	45
Total	42 347 664	-	-	-	-	199 508	199 508	42 547 172
Amount to be voted								199 508