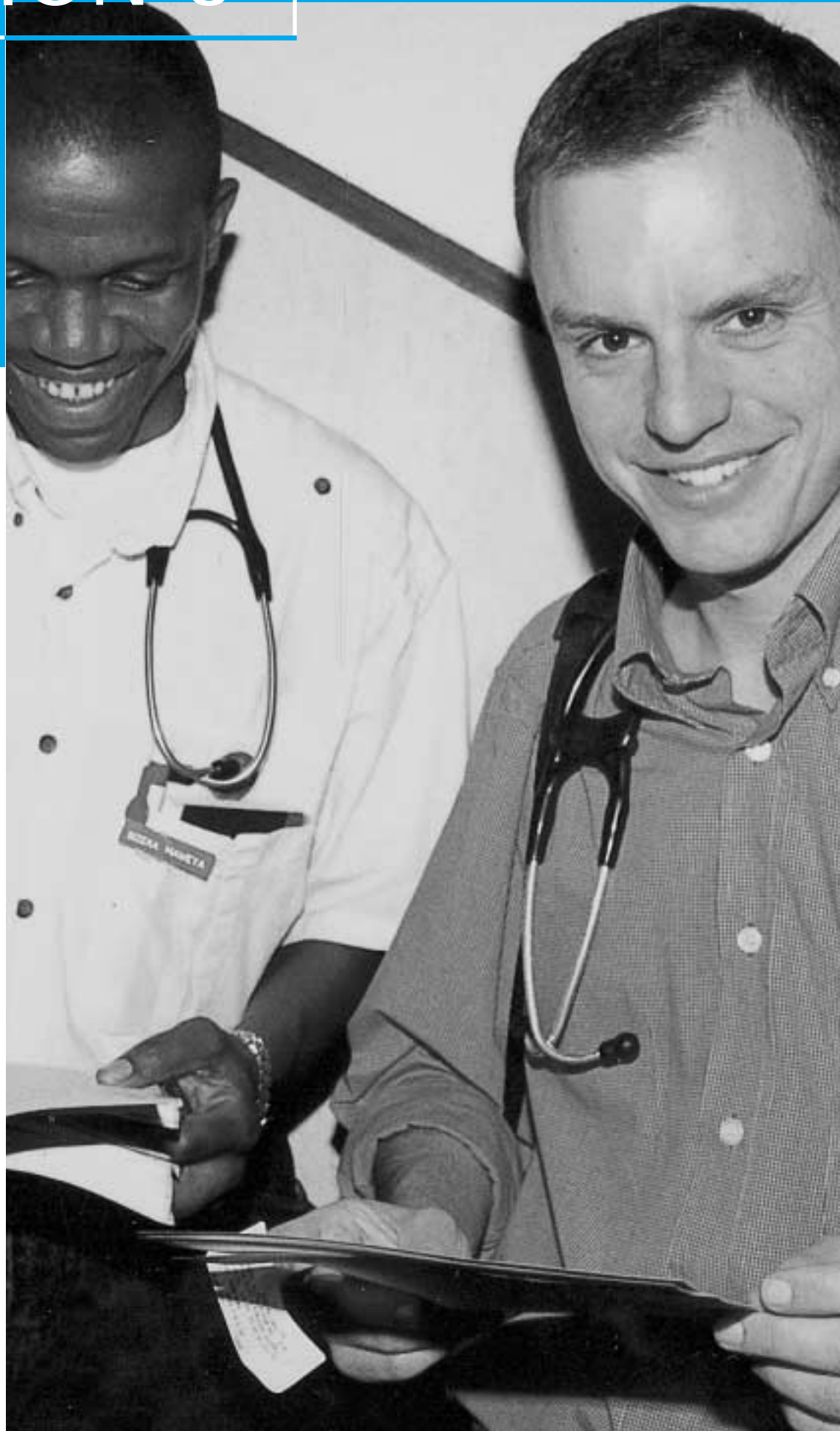


SECTION 3



Finance

Financial Report

Overview of health financing

The financing of the health system is complicated and segmented, with flows of funds in national, provincial and local government and in the private sector. The table below is an attempt to quantify the financial flows in the South African health sector.

	R Million
National Department of Health	6 776
Less Conditional Grants	6 037
Total available funds for NDOH	739
Provincial funding	26 479*
Funds controlled by Health MINMEC	27 218
Other Government Departments	4 157*
Local Government	1 185**
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Total estimated public sector health funding	R32 560
Total estimated private sector health funding	R39 600**
Total estimated health sector funding	R72 160



* Budget as quoted in the Budget Review 2001.

** A study by the Department of Health, using national health accounting methodology, indicated that in 1998/9 the private sector and local government spent R996-million and R33,3-billion respectively. If these amounts are adjusted for 2000/2001 values, they produce the above estimates.

Structure of Department of Health Budget

The national Department of Health is funded "to promote the health of all people in South Africa through a caring and effective national health system based on the primary health care approach".

In line with this description of the purpose of the Department, the Budget has been divided into three programmes: Administration, Strategic Health Programmes and Health Service Delivery. In addition to these three programmes, there are two major categories: Specified Items and Conditional Grants.

Financial Report

BUDGET ALLOCATIONS AND ACTUAL EXPENDITURE 2000/1

	Budget R'000	Suppl & Adj Budget R'000	Total Budget R'000	Actual Expenditure R'000	Balance R'000
Programme 1	65 948	17 261	83 209	71 740	11 469
Programme 2	270 569	96 106	366 675	307 197	59 478
Programme 3	118 693	28 833	147 526	143 347	4 179
Specified items	140 211	1 863	142 074	115 978	26 096
Sub Total :					
(excl Conditional Grants)	595 421	144 063	739 484	638 262	101 222
Conditional grants	5 734 230	302 746	6 036 976	6 030 461	6 515
Total:	6 329 651	446 809	6 776 460	6 668 723	107 737

Programme 1: Administration

The programme refers to activities related to overall management of the Department. Sub-programmes and activities include policy formulation by the Offices of the Minister and the Director-General and the provision of transversal support services — such as legal services, financial services and human resource support — to the Department. In 2000/1 for the first time the Fixed Capital Budget was also accommodated in this programme.

The table shows that the “operational” side of Programme 1 spent 96,8% of the allocated amount, while underspending on the fixed capital item amounted to R 9,165 million. This is due to the fact that the allocation included provision for construction of a new building to house some functions of the Cluster for Non-Personal Health Services. However, there is a possibility that these functions may be transferred to the Department of Labour. It was decided not to proceed until this matter has been clarified.

Programme 1: BUDGET ALLOCATION AND ACTUAL EXPENDITURE 2000/1

	Budget R'000	Suppl & Adj Budget R'000	Total Budget R'000	Actual Expenditure R'000	Balance R'000
Minister, Management, Corporate Services	64 050	7 844	71 894	69 590	2 304
Fixed Capital (land, buildings)	1 898	9 417	11 315	2 150	9 165
Total: Programme 1	65 948	17 261	83 209	71 740	11 469

Programme 2: Strategic Health Programmes

The branch for Strategic Health Programmes incorporates a large number of sub-programmes that play a developmental role in relation to key public health interventions. It accommodates the Cluster for HIV/AIDS, STIs and TB, which includes the Government Aids Action Plan (GAAP). Collectively these account for more than half of the programme's budget.

Programme 2: BUDGET ALLOCATION AND ACTUAL EXPENDITURE 2000/1

	Budget R'000	Suppl & Adj Budget R'000	Total Budget R'000	Actual Expenditure R'000	Balance R'000
District Health Systems	2 694	1 490	4 184	3 589	595
International Health Liaison	29 859	(4 144)	25 715	20 531	5 184
Southern African Development Community	1 721	120	1 841	1 751	90
Health Monitoring and Evaluation	20 170	39	20 209	12 803	7 406
Maternal Child & Women's Health	19 310	59 753	79 063	64 978	14 085
Medicines Regulatory Affairs	9 999	4 942	14 941	15 105	(164)
Mental Health and Substance Abuse	5 915	151	6 066	4 849	1 217
HIV/AIDS and STI's	71 861	10 689	82 550	65 177	17 373
Government AIDs Action Plan (GAAP)	93 556	15 450	109 006	96 546	12 460
Tuberculosis	1 676	(100)	1 576	2 407	(831)
Pharmaceutical Policy and Planning	11 167	1 526	12 693	10 630	2 063
Medical Schemes	2 641	6 190	8 831	8 831	0
Total: Programme 2	270 569	96 106	366 675	307 197	59 478

