TO: MEDIA  
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DEPARTMENT OF HEALTH SAYS: “NO MORATORIUM ON CLINICAL POSTS”

Constant efforts by the KwaZulu-Natal Department of Health to explain its budget over-expenditure last financial year have been met with a rather eccentric reception from the media.

The Department has for the past years indicated to the provincial Treasury the need to review the department’s annual budget allocation. This has been largely as a result of pressures the Department finds itself under when the budget allocation is not reviewed.

The Department’s expenditure for the 2007/08 financial year amounted to **R14.959 billion**, exceeding the **R13.925 billion** budget for the financial year by **R1.034 billion**.

The expenditure was accounted as follows;

- The Department over-spent **R730 million in compensation of employees** and **R637 million in goods and services**. Close to **R1 billion** was spent on adjusting the salaries of nurses in accordance with the Occupation Specific Dispensation (OSD) following the Public Sector Strike and the agreement reached for salary adjustments that came into effect from 1 July 2007.

- Only **R237 million** was allocated to the Department for the implementation of OSD. The Department eventually spent a total amount of R678 million, resulting in over-expenditure of **R441m**. An audit was subsequently completed where cases of over-payment amounting to **R28 million** were identified. The amounts over-paid are currently being recovered in accordance with the Public Service Regulations. An additional amount of **R14 million** was transferred to Non-Governmental Organisations (government subsidized Hospitals and facilities) for payment of OSD to qualifying nurses.

- The Department received an amount of **R220 million** for the additional salary adjustment of 1.5%, which eventually totaled **R298 million** and resulted in under-funding of **R78 million**. No additional funding was received to cover the other additional benefits.
• **R84.1 million on Overtime**, **R139.8 million on Home Owners allowance** and **R53 million on Service Bonuses**. The Department spent **R45.9 million on Medical Aid** mainly as a result of more staff members joining the Government Employees Medical Scheme which was not anticipated.

• An amount of R20 million received for the filling of posts of nurses in 2007/08, which translated to 250 nurses at an average cost of R80 000 per annum. An amount of R300 million was re-allocated from the compensation of employees draft budget to Goods and Services as part of the recommendations from the 2007/08 draft budget reviews by the Treasury.

• The Department budgeted for a total of 81,614 patients registered on Anti-Retroviral Treatment by 31 March 2008, from 73,641 as at 31 March 2007. The actual number of patients on treatment by the 31 March 2008 amounted to **146,537**. This resulted in over-spending of **R154 million in ART**.

• **Medicines R154.5 million** mainly as a result of the increase in opportunistic infections related to HIV and AIDS and the implementation of the TB crisis management to combat Multi Drug Resistant /Extreme Drug Resistant Tuberculosis.

• Furthermore, the Department could not restrict certain critical healthcare programmes due to their nature (e.g. the Anti-Retroviral Treatment Programme, the Prevention of Mother To Child Transmission Programme, the TB Crisis Management Plan, The Mother, Child and Women’s Health Programme, Emergency Medical Services and other critical treatment and care programmes). The suspension of these programmes would have had serious effects on patient treatment outcomes and may have resulted in increased future costs of treatment and care.

• **Surgical and medical sundries R42.6 million** mainly due to the increase in the number of patients presenting themselves to Health Institutions for treatments, the increase in the number of victims of Trauma and price increases. This also led to **over-spending of R4 million** in spending on intravenous feeds.

• **R17.9 million on blood products** mainly as a result of price increases and the increase in the number of patients requiring blood transfusion.

• **R54.2 million** to provide nutritional support to patients on ART and TB treatment.

• **R8 million in patients catering** due to increases in the number of patients hospitalised and in food prices.

• **R12.9 million on the transportation of patients and corpses** due to increases in fuel costs and changes in the disease burden.

• **R43.1 million on security services** mainly as a result of services which had to be procured during the Public Sector Strike to enhance the security of patients and staff. This also led to over-spending of **R26.1 million** on budget allocation for Private Medical Services and **R26.7 million on Nursing Agencies**.

• **R17.9 million on the maintenance of the ageing EMRS vehicle fleet** and **R16.2 million on the maintenance of Departmental vehicles**. A further **R13.6 million** was spent on **ambulance stations** due to the decentralisation of EMRS.
which required that bases be established in Districts to improve our response times.

- R25.6 million on the leasing of office buildings due to increased requirements for office accommodation.
- R44 million on SITA information services and the maintenance of computer systems.

During the 2007/08 Second Quarter Medium Term Expenditure Committee hearings attended by Provincial and National Treasury, the Department highlighted the budget pressures that had been identified. A letter was sent to the Provincial Treasury during October 2007 highlighting some of the areas of need. The same information was also presented to the KwaZulu-Natal Finance and Economic Development Committee, which resolved that Provincial Treasury meet with the Department to look into the budget pressures and assist with funding.

During October 2007, the Department immediately commenced with measures to contain spending, resulting in a number of circulars being sent to all institutions highlighting various measures being put in place. Amongst these measures was the putting a moratorium on the recruitment of staff in general with an exclusion on the appointment of clinical staff (nurses, doctors, pharmacists, etc).

We wish to reiterate to our Human Resource Managers in Hospitals that the moratorium of recruitment excludes clinical staff and necessary motivations must be submitted for filling of these posts before officers are brought into the country and province to commence with their duties.

The circular instructs managers of institutions to fill and submit for approval certain documentation motivating for the appointment of clinical staff. We are firm and continue to assert that we need to consider the broader picture in allocating resources taking into consideration the broader needs of districts rather than focusing on each institution. This is because the vacancy and occupation rates differ by area and institutions.

We assure our people that the department will NEVER compromise the quality of health care delivery as this is a constitutionally guaranteed right. Our staff must not panic as all steps are being taken to ensure that there is no disruption of services and we urge them to work with us in addressing these challenges.

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