

COUNCIL FOR MEDICAL SCHEMES
2023/24 PROPOSED BUDGET



Funding Proposal 2023/24

Description	Line Ref		2019/2020 Budget	2020/2021 Budget	2021/2022 Budget	2022/2023 Budget	2023/2024 Budget
Goods and services	A1		64 084 222	63 473 528	72 477 099	72 087 715	67 148 169
Compensation of employees	A2		120 594 550	114 649 748	113 072 984	121 354 836	136 497 335
Operating cash expenditure	A		184 678 773	178 123 276	185 550 083	193 442 552	203 645 504
Capital expenditure	B		3 627 192	900 000	1 000 000	1 042 300	2 500 000
Total cash requirement	C	A + B	188 305 965	179 023 276	186 550 083	194 484 852	206 145 504
Surplus funds (NHI related projects & HMI)	D1		(1 916 667)	-	-	-	-
Inspection fees (recovery)	D2		(9 321 895)	(102 302)	(102 302)	-	-
Accreditation fees	E		(9 536 067)	(6 779 733)	(6 779 733)	(6 798 998)	(7 093 658)
Registration Fees	F		(422 959)	(512 947)	(512 947)	(534 644)	(423 168)
Interest Received	G		(4 995 730)	(1 945 922)	(1 945 922)	(2 028 234)	(3 171 000)
Government grant	H1		(5 987 000)	(6 530 000)	(6 181 000)	(6 272 000)	(6 537 000)
Other income	I		(789 606)	(274 454)	(274 454)	(286 063)	(302 369)
Total income excluding levies	J	D + E + F + G + H+ I	(32 969 924)	(16 145 358)	(15 796 358)	(15 919 940)	(17 527 195)
Income from levies	K	C - J	155 336 041	162 877 918	170 753 725	178 564 912	188 618 309
Total membership	L		4 016 708	4 030 619	4 039 705	4 053 041	4 065 747
Levy amount proposed	M	K / L	R 38,67	R 40,41	R 42,27	R 44,06	R 47,57
Levy amount approved			R 38,67	R 40,41	R 42,27	R 44,06	R 46,39
Levy increase (in Rand) based on approved levy			R 2,54	R 1,74	R 1,86	R1,79	R2,34
Levy increase (in %) based on approved levy			7,03%	4,49%	4,60%	4,23%	5,30%

Consolidated CMS Budget 2023/2024

Programme Nr	Consolidated expenditure - Per Programme	Actual outcome (Audited)	Budget	
		2021/22	2022/2023	2023/2024
1	ADMINISTRATION	103 693 237	111 444 327	115 848 012
1.1	Office of the CEO and Registrar	10 870 013	9 619 925	9 723 643
1.2	Office of the CFO	17 121 245	15 637 465	16 133 815
1.3	Information Systems and Knowledge Management	22 480 823	25 757 024	28 537 083
1.4	Corporate Services	46 544 435	50 756 797	51 738 459
1.5	Council Secretariat	6 676 720	9 673 116	9 715 012
2	Strategy, Performance and Risk	1 961 319	5 653 402	2 735 379
3	Regulation	33 035 251	40 908 218	43 328 535
4	Policy, Research and Monitoring	6 692 067	9 695 713	12 909 865
5	Member Protection	16 323 939	25 740 892	28 823 715
	OPERATING CASH EXPENDITURE	161 705 812	193 442 552	203 645 505
CAPEX	CAPITAL EXPENDITURE	1 000 000	1 042 300	2 500 000
	TOTAL CASH REQUIREMENT	162 705 812	194 484 852	206 145 505

CMS Budget 2023/2024

Notes	Per Economic classification	Actual outcome (Audited)	Budget	
		2021/22	2022/2023	2023/2024
	Compensation of employees	106 298 554	121 354 836	136 497 335
1	Salaries and wages	102 503 417	117 277 719	132 235 697
2	Social contributions	3 795 137	4 077 118	4 261 639
	Goods and services	55 407 258	72 087 716	67 148 170
3	Agency and support / outsourced services	17 859	86 097	86 692
4	Communication	2 607 051	3 184 720	3 322 200
5	Computer services	4 160 270	4 988 423	5 208 911
6	Consultants	8 163 072	13 243 557	11 575 851
7	Lease payments	12 089 912	15 319 748	15 127 619
8	Advertising and marketing	425 291	1 823 551	700 000
9	Audit costs	829 024	1 000 000	1 000 000
10	Bank charges	55 060	115 070	120 156
11	Board costs	4 325 620	5 715 216	4 800 000
12	Legal fees	9 362 210	7 909 756	6 907 776
13	Non life insurance	784 820	632 451	800 000
14	Other unclassified expenditure	2 467 969	3 433 357	3 423 312
15	Printing and publication	463 987	1 145 052	529 755
16	Property payments	5 235 046	5 474 992	5 758 813
17	Staff cost note	2 829 915	3 119 072	3 142 477
18	Venue and facilities	14 123	766 683	628 426
19	Repairs and maintenance	414 110	1 031 204	1 046 235
20	Training and staff development	1 015 886	1 824 205	1 712 695
21	Travel and subsistence	146 034	1 274 560	1 257 251
	OPERATING CASH EXPENDITURE	161 705 812	193 442 552	203 645 505
22	Capital expenditure	1 000 000	1 042 300	2 500 000
	TOTAL CASH REQUIREMENT	162 705 812	194 484 852	206 145 505

Notes supporting Table 3

General

The budget has been prepared in terms of the new CMS organisational structure thus linking to both the organogram and the draft Annual Performance Plan. The budget is based on National Treasury Guidelines for costing and budgeting for compensation of employees.

It is important to highlight that the proposed budget is not sufficient to cater for all of CMS business requirements. There have been ICT-related challenges threatening business continuity. The limited financial and human resources also adversely affect the turnaround time for delivering requisite business solutions.

The CMS is seeking assistance from the National Department of Health to alleviate the budgetary pressures related to ICT challenges.

The CMS will continue to manage costs and spend prudently to achieve its mandate moving into the next financial year.

1. Salaries and wages

Compensation of employees includes remuneration in cash. Specifically included are salaries and anniversary bonus (long service award) and costs for filling of positions as part of the phasing in of the new organisational structure over the MTEF period.

2. Social contributions

Contributions by employer towards employees' life cover and contributions payable for workmen's compensation to the Compensation Fund are included under this line item.

3. Agency and support / outsourced services

Transcription services for appeal board hearings, strategic planning meetings, Council meetings and labour relations matters.

4. Communication

Communication refers to costs incurred for communication through a variety of communication mediums, including telephone, fax, courier, and printing.

5. Computer services

Payments made for computer services provided by external service providers. These include software license subscriptions, internet solutions, and computer-related expenditures.

The R1 extra funding will contribute to the support of the systems urgently required by ICT to ensure the CMS is enabled to achieve its strategic outcome-based goals. These projects comprise Customer Relation Management, Annual/Quarterly Returns; Auditor approval; Online Administrator Accreditation, Remote Administrator Inspection, and Microsoft Cloud Backup/Recovery systems.

6. Consultants

Consulting services refer to the appointment by the organisation of a professional person(s) to provide technical and specialist services or to assist with the design and implementation of projects/programs for the achievement of a specific organisational objective. Maintaining these skills in-house is not necessary since they are required on a once-off or temporary basis.

The services required for the forthcoming financial year are in respect of Commissioned Inspections; Prescribed Minimum Benefits (PMB), Standardization, Solvency projects; Appeal Board, and Internal Audit services, amongst other things.

7. Lease payments

Renting of building, copiers and other assets.

8. Advertising and marketing

Included within this item is the media monitoring contract, advertising costs as well as social media advertising costs.

9. Audit costs

In line with Section 188 of the Constitution of South Africa Section 188, The Auditor-General performs the external audit function.

10. Bank charges

Charges on commercial bank account (ABSA).

11. Board costs

All payments related to the functions of the board. This includes remuneration of Council and sub-committees of Council.

12. Legal fees

Cost incurred for services rendered by attorneys and advocates for labour relations and legal matters.

13. Non-life insurance

Non-life insurance claims represent the claim due under contracts in respect of non-life insurance, that is, the amount that insurance enterprises are obliged to pay in settlement of injuries or damages suffered by persons or goods (including fixed assets).

14. Other unclassified expenditure

Stationery, subscriptions, knowledge management subscriptions, bereavements, external storage, copy costs and general expenses.

15. Printing and publication

Costs incurred for printing documents or publications produced for wide distribution inside or outside the organisation, for example, Annual Reports, Annual Performance Plans, brochures, pamphlets, and posters.

16. Property payments

This item provides for all payments related to contractual obligations contributing to the functionality of the CMS building, namely cleaning, security and municipal services.

17. Staff cost note

Costs relating to staff (temporary or permanent) that are not classified under compensation of employees (salaries and wages; social contributions). These costs include inter alia recruitment and relocation, temp services, and employee wellness.

18. Venue and facilities

Venue and catering related costs.

19. Repairs and maintenance

Vehicle, Office and ICT related repairs and maintenance.

20. Training and staff development

The cost of training staff for development and improved efficiency. This cost includes materials, manuals, cost of external trainers as well as conference costs where applicable.

21. Travel and subsistence

Travel and subsistence are normal business-related travel expenses as well the reimbursement of travel expenses within or outside South Africa for business purposes.

22. Capital expenditure

Expenditure in respect of the purchasing of assets is classified as capital expenditure and mainly consists of computer equipment, computer software, office equipment and furniture and fittings.

The CMS increased capital expenditure funding requirements relate to the acquisition of systems urgently required by IT to ensure the CMS is enabled to achieve its strategic outcome-based goals. These projects comprise the Customer Relation Management, Annual/Quarterly Returns; Auditor approval; Online Administrator Accreditation, Remote Administrator Inspection and Microsoft Cloud Backup/Recovery systems.