

**COUNCIL FOR MEDICAL SCHEMES**  
**2024/25 BUDGET**



## Funding for 2024/25

Description	Line Ref		2022/2023	2023/2024	2024/2025
Goods and services	A1		72 087 715	81 354 847	63 524 840
Compensation of employees	A2		121 354 836	146 744 380	152 635 272
<b>Operating cash expenditure</b>	<b>A</b>		<b>193 442 552</b>	<b>228 099 227</b>	<b>216 160 112</b>
Capital expenditure	B		1 042 300	7 600 000	14 500 000
<b>Total cash requirement (TABLE 2)</b>	<b>C</b>	<b>A + B</b>	<b>194 484 852</b>	<b>235 699 227</b>	<b>230 660 112</b>
Surplus funds	D1		-	(23 636 000)	(11 880 000)
Accreditation fees	E		(6 798 998)	(7 093 658)	(8 997 653)
Registration Fees	F		(534 644)	(423 168)	(466 944)
Interest Received	G		(2 028 234)	(6 849 104)	(3 323 208)
Government grant	H1		(6 272 000)	(6 537 000)	(6 151 000)
Skills grant received	H2			(287 050)	
Other income	I		(286 063)	(302 369)	(316 883)
<b>Total income excluding levies</b>	<b>J</b>	<b>D + E + F + G + H+ I</b>	<b>(15 919 940)</b>	<b>(45 128 349)</b>	<b>(31 135 688)</b>
Income from levies	K	C - J	178 564 912	190 570 878	199 524 424
Total membership	L		4 053 041	4 107 131	4 107 131
Levy amount proposed	M	K / L	R 44,06	R 47,57	R 48,62
Levy amount approved			R 44,06	R 46,40	R 48,58
Levy increase (in Rand) based on approved levy		\	R1,79	R2,34	R2,18
Levy increase (in %) based on approved levy			4,23%	5,31%	4,70%

## Consolidated CMS Budget 2024/25 (per unit)

Consolidated expenditure - Per Programme	Actual outcome (Audited)	Budget	
	2022/23	2023/2024	2024/25
<b>ADMINISTRATION</b>	<b>103 094 146</b>	<b>134 853 486</b>	<b>116 155 486</b>
Office of the CEO and Registrar	6 500 078	9 465 223	8 098 973
Office of the CFO	17 060 078	18 892 510	17 990 089
Information Systems and Knowledge Management	23 509 857	30 607 082	29 675 323
Corporate Services	48 729 872	66 045 274	50 607 800
Council Secretariat	7 294 262	9 843 398	9 783 302
Strategy, Performance and Risk	2 078 163	2 861 530	3 972 081
Regulation	36 973 537	45 693 814	48 747 322
Policy, Research and Monitoring	8 383 754	15 559 620	17 157 065
Member Protection	22 014 288	29 130 777	30 128 158
<b>OPERATING CASH EXPENDITURE</b>	<b>172 543 888</b>	<b>228 099 227</b>	<b>216 160 112</b>
<b>CAPITAL EXPENDITURE</b>	<b>1 271 000</b>	<b>7 600 000</b>	<b>14 500 000</b>
<b>TOTAL CASH REQUIREMENT</b>	<b>173 814 888</b>	<b>235 699 227</b>	<b>230 660 112</b>
SURPLUS FUNDS (NHI related projects & HMI)		-23 636 000	-11 880 000
INSPECTION FEES RECOVERIES	-1 917 878		
ACCREDITATION FEES	-7 130 200	-7 093 658	-8 997 653
REGISTRATION FEES	-455 950	-423 168	-466 944
INTEREST RECEIVED	-5 560 916	-6 849 104	-3 323 208
GOVERNMENT GRANT	-6 272 000	-6 537 000	-6 151 000
OTHER INCOME	-899 218	-302 369	-316 883
SKILLS GRANT RECEIVED		-287 050	
LEVIES ON MEDICAL SCHEMES	-178 865 844	-190 570 878	-199 524 424
<b>TOTAL INCOME</b>	<b>-201 102 005</b>	<b>-235 699 227</b>	<b>-230 660 112</b>
(SURPLUS) / DEFICIT	-28 558 117	-0	0

## CMS Budget 2024/25 (per economic classification)

Per Economic classification	Actual outcome (Audited)	Budget	
	2022/23	2023/2024	2024/2025
<b>Compensation of employees</b>	<b>117 181 894</b>	<b>146 744 380</b>	<b>152 635 272</b>
Salaries and wages	113 641 103	142 382 742	148 155 710
Social contributions	3 540 790	4 361 639	4 479 562
<b>Goods and services</b>	<b>55 361 994</b>	<b>81 354 847</b>	<b>63 524 840</b>
Agency and support / outsourced services	24 800	62 627	89 404
Communication	1 707 586	2 030 109	3 329 465
Computer services	5 566 285	9 587 481	6 034 013
Consultants	3 787 567	9 784 028	11 270 279
Lease payments	11 902 929	15 167 619	9 993 638
Advertising and marketing	1 050 802	700 000	733 600
Audit costs	870 475	1 000 000	1 048 000
Bank charges	62 276	120 156	125 924
Board costs	4 207 339	4 800 000	5 030 400
Legal fees	7 144 954	15 719 738	6 199 700
Non life insurance	297 888	950 203	838 400
Other unclassified expenditure	2 058 126	3 722 735	3 012 289
Printing and publication	627 709	843 295	715 143
Property payments	5 679 428	5 590 313	5 777 422
Staff cost note	3 583 303	5 357 443	3 561 471
Venue and facilities	592 902	1 000 126	656 985
Repairs and maintenance	802 138	687 041	1 124 770
Training and staff development	1 669 005	2 880 729	2 511 045
Travel and subsistence	738 687	1 351 205	1 472 892
<b>OPERATING CASH EXPENDITURE</b>	<b>172 543 888</b>	<b>228 099 227</b>	<b>216 160 112</b>
<b>Capital expenditure</b>	<b>1 271 000</b>	<b>7 600 000</b>	<b>14 500 000</b>
<b>TOTAL CASH REQUIREMENT</b>	<b>173 814 888</b>	<b>235 699 227</b>	<b>230 660 112</b>

## 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 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 business continuity challenges experienced due to unreliable ICT service and multiple system crashes which have a negative impact on CMS business operations. The limited financial and human resources also adversely affect the turnaround time for delivering requisite business solutions.

To alleviate the budgetary pressures, the CMS incorporated an inflationary increase of 4.8% from the prior period in its proposed budget, plus R11.88 million to re-invest in ICT. The R11.88 million is the estimated surplus funds from the 2022/23 year that was calculated at the time of compiling the budget for 2024/25. The ICT re-investment project is a multi-year project that started in the 2023/24 financial year and is envisaged to be completed by the 2026/27 financial year. CMS must generate funding outside the fiscus to fully carry out this project.

The Minister of Health in concurrence with the Minister of Finance approved levy will increase by R2.18 from R46.40 to R48.58 per member per annum, which yields an effective proposed increase of 4.7%. This is 0,1% below the proposed levy increase. The CMS budget has been adjusted accordingly.

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, long service awards, and costs for filling positions as part of the phasing in of the new organisational structure over the MTEF period. The increase in 2024/25 is linked to inflation plus the full impact of the 2023 wage agreement.

### 2. Social contributions

Contributions by employer towards employees' life cover and contributions payable for workmen's compensation to the Compensation Fund is 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. The budget for 2024/25 includes the planned upgrade of the telephone system.

## **5. Computer services**

Payments made for computer services provided by external service providers. These include software license subscriptions, internet solutions and computer-related expenditure. The 2023/24 budget includes ICT re-investment related funding for software licenses.

## **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 the Prescribed Minimum Benefits (PMB); Standardization; Solvency; and Umbrella funds projects. These also include services in the CEO's office; financial system and infrastructure support; Commissioned investigations; Appeal Board and Internal Audit.

## **7. Lease payments**

Renting of building, copiers, and other assets. The reduced amount for rental of office space is due to favourable rental amounts in the market.

## **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, the Auditor-General performs the external audit function.

## **10. Bank charges**

Charges on commercial bank account.

## **11. Board costs**

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

## **12. Legal fees**

The cost incurred for services rendered by attorneys and advocates for labour relations and legal matters. There were more anticipated matters in 2023/24 financial year.

### **13. Non-life insurance**

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

### **14. Other unclassified expenditure**

Stationery, subscriptions, knowledge management subscriptions, bereavements, external storage, copy costs and general expenses. Cost-saving measures are implemented to manage some of these costs.

### **15. Printing and publication**

Costs incurred for printing documents or publications produced for wide distribution inside or outside the organisation e.g. Annual Report, Annual Performance Plan, 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. More measures are being employed to manage temporary staff costs.

### **18. Venue and facilities**

The hiring of external venues and catering-related costs. Cost-saving measures are implemented to manage some of these costs.

### **19. Repairs and maintenance**

Vehicle, Office, and ICT-related repairs and maintenance. The increased budget in 2024/25 is to cater for major vehicle service which is required together with ICT-related expenses.

### **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 concerning the purchasing of assets is classified as capital expenditure and mainly consists of computer equipment, computer software, office equipment, and furniture and fittings.

The increased capital expenditure funding requirement relate to the acquisition of systems urgently required to ensure the CMS is enabled to achieve its strategic objectives. These projects comprise of the Mfiles and BMU System replacement, FSU System replacement; Backup Host servers; Accreditation System Replacement: MCO's and admin, replace Switches and Website revamp.