COUNCIL FOR MEDICAL SCHEMES

2025/26 PROPOSED BUDGET

Funding Proposal 2025/26

Table 1 Funding Proposal

Description	2024/2025	2025/26	2026/27	2027/28
Goods and services	63 524 840	61 904 287	63 629 146	65 466 018
Compensation of employees	152 635 272	172 774 972	184 951 910	196 470 751
Operating cash expenditure	**216 160 112**	**234 679 259**	**248 581 056**	**261 936 769**
Capital expenditure	14 500 000	4 000 000	1 837 618	2 946 906
Total cash requirement	**230 660 112**	**238 679 259**	**250 418 674**	**264 883 675**
Surplus funds	(11 880 000)			
Accreditation fees	(8 997 653)	(9 048 718)	(9 048 718)	(9 464 959)
Registration Fees	(466 944)	(335 616)	(466 944)	(488 423)
Interest Received	(3 323 208)	(8 671 956)	(7 346 144)	(7 684 066)
Government grant	(6 151 000)	(6 320 000)	(6 615 000)	(6 919 290)
Other income	(316 883)	(331 776)	(346 376)	(362 309)
Total income excluding levies	**(31 135 688)**	**(24 708 066)**	**(23 823 181)**	**(24 919 047)**
Income from levies	199 524 424	213 971 193	226 595 493	239 964 627
Total membership	4 107 131	4 155 200	4 155 200	4 155 200
Levy amount proposed	R 48,62	R 51,49	R 54,53	R 57,75
Levy amount approved	R 48,58			
Levy increase (in Rand) based on approved levy	R2,18	R2,91	R3,04	R3,22
Levy increase (in %) based on approved levy	4,70%	6,00%	5,90%	5,90%

Consolidated CMS Budget 2025/2026

Table 1 Budget per programme

Programme Nr	Consolidated expenditure - Per Programme	Budget			
		2024/25	2025/2026	2026/27	2027/28
1	**ADMINISTRATION**	**116 155 486**	**128 509 994**	**135 227 074**	**141 865 514**
1.1	Office of the CEO and Registrar	8 098 973	10 674 044	11 402 020	11 877 129
1.2	Office of the CFO	17 990 089	14 720 441	15 687 144	16 556 306
1.3	Information Systems and Knowledge Management	29 675 323	30 021 092	31 208 472	32 232 856
1.4	Corporate Services	50 607 800	62 972 837	66 527 431	70 559 898
1.5	Council Secretariat	9 783 302	10 121 579	10 402 007	10 639 325
2	Strategy, Performance and Risk	3 972 081	2 042 939	2 119 738	2 212 013
3	Regulation	48 747 322	53 761 042	57 295 513	61 023 583
4	Policy,Research and Monitoring	17 157 065	16 979 226	18 069 649	19 007 359
5	Member Protection	30 128 158	33 386 058	35 869 082	37 828 301
	OPERATING CASH EXPENDITURE	**216 160 112**	**234 679 259**	**248 581 056**	**261 936 769**
	Capital expenditure	14 500 000	4 000 000	1 837 618	2 946 906
	TOTAL CASH REQUIREMENT	**230 660 112**	**238 679 259**	**250 418 675**	**264 883 675**

CMS Budget 2025/2026

Table 2 Budget per economic classification

Notes	Per Economic classification	Budget			
		2024/25	2025/2026	2026/27	2027/28
	Compensation of employees	**152 635 272**	**172 774 972**	**184 951 910**	**196 470 751**
1	Salaries and wages	148 155 710	167 783 449	179 618 003	190 808 957
2	Social contributions	4 479 562	4 991 524	5 333 907	5 661 794
	Goods and services	**63 524 840**	**61 904 287**	**63 629 146**	**65 466 018**
3	Agency and support / outsourced services	2 375 414	2 000 414	2 092 433	2 188 685
4	Communication	3 165 109	1 665 109	1 737 704	1 685 204
5	Computer services	6 173 159	6 173 159	6 457 124	6 457 124
6	Consultants	11 359 683	7 753 368	7 388 871	7 312 083
7	Lease payments	9 993 638	13 493 638	14 166 110	14 845 526
8	Advertising and marketing	1 562 206	1 562 206	1 634 067	1 634 067
9	Audit costs	1 048 000	1 048 000	1 096 208	1 146 634
10	Bank charges	125 924	125 924	131 716	131 716
11	Board costs	5 030 400	5 030 400	5 030 400	5 030 400
12	Legal fees	6 199 700	6 199 700	6 484 886	7 104 389
13	Non life insurance	838 400	838 400	876 966	876 966
14	Other unclassified expenditure	3 089 900	3 099 546	3 242 125	3 242 125
15	Printing and publication	715 143	715 143	748 039	748 039
16	Property payments	5 777 422	5 777 422	6 055 351	6 325 915
17	Staff cost note	357 451	357 451	373 893	373 893
18	Venue and facilities	656 985	661 727	692 166	692 166
19	Repairs and maintenance	1 072 370	1 072 370	891 580	891 580
20	Training and staff development	2 511 045	2 761 045	2 888 053	3 138 053
21	Travel and subsistence	1 472 892	1 569 265	1 641 451	1 641 451
	OPERATING CASH EXPENDITURE	**216 160 112**	**234 679 259**	**248 581 056**	**261 936 769**
22	Capital expenditure	14 500 000	4 000 000	1 837 618	2 946 906
	TOTAL CASH REQUIREMENT	**230 660 112**	**238 679 259**	**250 418 675**	**264 883 675**

Notes supporting Table 3

General

The budget has been prepared in terms of the CMS organisational structure thus linking to both the organogram and the draft Annual Performance Plan for 2025/26. 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.

CMS has been experiencing some ICT- related challenges that are threatening business continuity. A capital outlay approximating R82 000 000 over 4 years is required for the ICT system infrastructure, applications, network and integration technological platforms. Over the many years ICT investment has been inadequate, resulting in CMS falling behind by a lot in terms of its technology. CMS being a Regulator of a large industry of Medical Schemes that are driven by highly advanced technological systems; it is therefore crucial that CMS invests in and revamps our own technology to keep up with the high-tech Medical Industry that we regulate.

An investment in the ICT systems has therefore become so critical that an overhaul and revamp of the core CMS systems is required to ensure business continuity and for effective functioning of the organization as a regulator. Also, considering all the changes coming to the health sector in terms of technology and many others; the CMS requires its core technology to be revamped and replaced and this has been prioritized to be implemented on a multi-year plan over a period of 4 years .The CMS will has identified Cloud Migration as a key project for ICT overhaul and has made R4 000 000 provision for the project the 2025/26 budget. It is important to note that this provision is not adequate to meet CMS ICT demands hence additional funding is required for the full investment.

The limited financial and human resources also adversely affect the turnaround time for delivering requisite business solutions. 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 salary related cost of living adjustment, performance bonus and anniversary bonus (long service award).

   A phased approach has been employed in the previous periods in the implementation of the organogram with the filling of vacancies in accordance with the prioritization determined by operational requirements. In the 2025/26 financial year, three new position are budgeted for. The positions are Executive Assistant for Member Protection (Programme 5) and Paralegal (Programme 1 - Legal Unit) and Organisational Design Officer (Programme 1 – HR Unit).

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.

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, Appeal Board, and Internal Audit services, amongst other things.

7. Lease payments

Renting of building, copiers and other assets. These increase as per contractual agreements.

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 employee wellness programmes.

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 capital expenditure funding requirements relate to Cloud Migration from physical CMS Data Centre to ensure that CMS is enabled to achieve its strategic outcome-based goals.