

BUDGET AND EXPENDITURE MONITORING FORUM

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Founding members: ALP, CAPRISA, DENOSA, ECHO, Equal Education, Free State AIDS Coalition, HST, NEHAWU, PSAM, Southern African HIV Clinicians Society, TAC

10 September 2009

Mr Pravin Gordhan
Minister of Finance
Private Bag X115
PRETORIA 0001

Per fax: (012) 323 3262 and (021) 461 2934

Dear Minister Gordhan

CONCERN ABOUT CERTAIN BUDGETING PRACTICES WITH REGARD TO THE PUBLIC HEALTH SYSTEM

We write as a forum of organisations concerned about the provision of health care in the country and particularly the provision of health care services to HIV-positive people. The founding members of the forum are the AIDS Law Project (ALP), Centre for the AIDS Programme of Research in South Africa (CAPRISA), Democratic Nursing Organisation of South Africa (DENOSA), Enhancing Children's HIV Outcomes (ECHO), Equal Education, Free State AIDS Coalition, Health Systems Trust (HST), National Education Health and Allied Workers Union (NEHAWU), Public Service Accountability Monitor (PSAM), Southern African HIV Clinicians Society and the Treatment Action Campaign (TAC).

This letter describes several concerns we have about the impact of current budgeting practices on the rights of people to have access to health care services.

In the last financial year, several budget related decisions were taken which we believe led to violations of the Constitution, the National Health Act (NHA) and the Public Finance Management Act (PFMA). One of these was the moratorium on the initiation of new patients onto antiretroviral (ARV) treatment in the Free State that began in November 2008 and continued through March 2009. We estimate that at least 30 lives a day were lost as a result of the moratorium on ARV initiation, not taking into account cutbacks for other services as well.

We therefore are distressed that at the Free State Health Summit that was held from 16-17 July, representatives of the Free State Department of Health announced that, due to financial constraints, it is expected that a new moratorium on initiating patients onto ARV treatment would be implemented in September 2009, unless additional funds were made available from National Treasury.¹ We have received several reports, which, anecdotally, reveal that the health system is under considerable strain as a result of a lack of sufficient financial resources and administrative competency. We also note that, while we understand that the flawed implementation of the occupation specific dispensation for nurses (OSD) has significantly contributed to over-expenditures in provincial health department budgets, these over-expenditures should not significantly impact programmes funded primarily through conditional grant allocations, such as HIV treatment and prevention programmes.

The latest reliable estimate of the number of people on ARV treatment in the public health system is

¹ Pleasingly, in a meeting on 8 September between the MEC for Health and members of the Free State AIDS Coalition, the MEC gave assurance that there would be no moratorium.

about 450,000 as of July 2008. About 770,000 people eligible for treatment, according to current guidelines, were untreated at that time.² The HIV & AIDS and STIs Strategic Plan 2007 – 2011 (NSP) anticipates a need of approximately 700,000 people to be on treatment in the public sector by the end of the current financial year. Our calculations of the quantities of medicines to be purchased in the current public ARV tender allows for a nearly sufficient amount of medicines to meet this target. It also provides for much needed improvements, specifically the addition of tenofovir and abacavir to treatment regimens.

However, we have learnt that the quantities of medicines provided for in the tender are not being purchased, particularly in relation to these new medicines. This can only mean that far fewer people are accessing treatment than are provided for in the tender and in the funds made available through the Comprehensive HIV and AIDS Grant (HIV Conditional Grant).

As we wish to assist National Treasury in ensuring the obligations of the NSP are met, we have the following requests, which we believe would assist in this objective:

- That expenditure of the HIV Conditional Grant must be monitored to ensure funds are being utilised in an appropriate manner. While, HIV programmes will see somewhat increased human resource expenditures due to the OSD, we believe National Treasury must ensure that conditional grant funds are not utilised to pay health worker costs outside of the health worker requirements of the individual HIV programmes.
- The HIV Conditional Grant must be topped up over the MTEF period in November to ensure there are sufficient funds available to purchase the volumes provided for on the ARV tender as well as to cover the other costs budgeted for in the provincial business plans for the HIV Conditional Grant.
- The effect of the OSD must be taken into account and National Treasury must review provincial health budgets to ensure that sufficient funds have been allocated to the provincial departments of health to meet these costs.
- National Treasury must begin a process of ensuring that the national and provincial health budgets are developed according to evidence-based targets, rather than unsupported estimates from previous financial years. Failing to do so will inevitably lead to budget shortfalls as demand outstrips budgeted targets – as has been seen in the Free State as well as other provinces.
- We believe, based on what we have observed over the past number of years, that the implementation of health services, such as ARV treatment, has been hampered by managerial concerns that over-expenditures on health services are more dangerous than an under-delivery of health services. Performance must be rewarded rather than an ability to remain within budget for certain programmes in the health sector.

Our forum looks forward to working with you in the months ahead to ensure the development of health budgets that will create realistic expenditure estimates, based on the best evidence available. This will improve health outcomes and curtail unforeseen over-expenditure on health-care.

Sincerely

Vuyiseka Dubula

² Adam MA and Johnson L. 2009. *Estimation of adult antiretroviral treatment coverage in South Africa. SAMJ. September 2009, Vol. 99, No. 9.* Note that the latest estimate of 743,000 on treatment by the Department of Health includes data from some provinces that report cumulative number of people on treatment and is for this and other reasons unreliable.

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