

# TAC analysis of Treasury's medium-term adjustments to Health budgets

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Created 2008/11/18 - 2:09pm

18 November, 2008 - 14:09 ? moderator

TAC calls for further clarification of Finance Minister Trevor Manuel's medium-term budget adjustments (released 21 October 2008, passed by National Assembly 23 October). While TAC welcomes the additional R300 million for prevention of mother-to-child transmission (PMTCT) and antiretroviral (ARV) treatment, we disagree that decisions around weak social spending, health education and laboratory services were transparent.

TAC is concerned about the budget adjustments in light of South Africa's high inflation rates, which are eroding critical health response allocations. TAC is also alarmed by the large allocations which appear to prioritise Eskom and the World Cup over basic healthcare services. TAC demands high-level accountability in explaining the previous Ministry's overspends. Although TAC is still awaiting details of this, the recent ARV shortage in Free State points to mounting evidence of Minister Tshabalala-Msimang's legacy of incompetence.

## **Health indicators ? belated progress on HIV, crisis in TB.**

In terms of the mid-year health performance indicators included in the Medium Term Budget Policy Statement, TAC applauds the 200,000 new entrants to the ARV treatment programme over the past twelve months. Whether this represents people in the programme or on treatment itself, however, must be clarified. If the latter is the case, this would be roughly 20% above the National Strategic Plan (NSP 2007-11) target for the period in question. As such, further information is needed regarding which targets are and are not being met. These need to be linked to the National Strategic Plan (NSP) on HIV/AIDS.

TAC is extremely troubled by a 23% increased tuberculosis (TB) defaulter rate, and the worsening TB cure rate, as compared to 2007/8. The increase in multi-drug resistant (MDR) and extremely drug resistant (XDR) TB cases over this last six months are even more concerning. Although these significant increases may be due to the piloting of improved diagnostics, South Africa's DR TB rates are excessively high. Spending on TB care must be prioritized and rationalised among the provinces. A recent budget analysis of the Eastern Cape Department of Health (by the Public Service Accountability Monitor) found that budget allocations for TB hospitals fell 23% this year.

## **Additional spending and the MTEF budget ? ARV spending welcomed.**

Given that the NSP target for new ART provision for next year is 285,000 and the rollout of dual therapy PMTCT has been slow, the R300m increased PMTCT and ARV allocation is very encouraging. This additional funding represents a 4.5% real increase (taking inflation into account) from the original allocation. This means that overall, the comprehensive HIV and AIDS grant will increase 34.3% in real terms this financial year compared to last. This compares with the 16.6% increase the previous year, and demonstrates government's improved commitment to fulfilling the mandate of the NSP.

## **Disappointment in reduced funding for HIV prevention.**

However, TAC denounces the decreasing allocations for HIV prevention programmes. The rollover for the HIV life

skills education grant was 5.2% short of covering inflation this financial year, and funds overall therefore decreased by 4% compared to 2007/08. This decreasing trend is set to continue, as HIV and AIDS NGOs also receive insubstantial real allocations (1.4% for 2008/09).

### **Lack of transparency in LoveLife and health lab services allocations.**

Meanwhile, LoveLife received massive additional allocations this year and last (33.9% and 42.2% respectively, adjusted for inflation). As such, there needs to be greater transparency and accountability regarding why this choice was made and on which model of cost-effectiveness it was based.

This is particularly the case in light of the underfunding of national health laboratory services. These services are critical to HIV and TB testing and yet dangerously under-resourced. Despite the R13 million upward adjustment for these, there will in fact be a 9% real decrease in funding this year compared to last. Moreover, a further 7% decrease is scheduled for 2009/10. This is happening in the context of Eskom receiving its R50 billion loan and the FIFA World Cup stadium being propped up with a further R1.4 billion.

### **Social spending ? traded off?**

TAC was also disappointed by the budgeting amendments to social grant spending. For example, the R20 per month increases, as highlighted in parliament on 23 October, take pensions from R940 to R960. This 4.3% increase is far below the food and other inflation rates witnessed in recent months, as well as the Treasury's 7.1% CPI estimate for 2008.

Furthermore, the additional R500m requested for social transfers is clearly not enough, and does not address the longer term need to tackle inequality, unemployment and poor healthcare. Whilst the Treasury no doubt wishes to assure markets that so-called 'populist' calls for redistribution will not get in the way of fiscal austerity, it should also consider a staged approach, as well as the likely effects of the economic slowdown on the poor.

### **The legacy of former Health Minister Tshabalala-Msimang**

With this in mind, it is essential that members of the Health Ministry be held responsible for the R450 million overspend. This is because the overspend was not approved in a democratic way, but also because TAC awaits the results of the provincial audit which Minister Hogan mentioned in the National Assembly on 23 October. Here, Minister Hogan said she was 'not exactly sure' of the details of the expected overspends. TAC, like Minister Hogan, would like to know who is ultimately responsible, and whether they will be held to account.

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