TAC/ALP statements on the Minister of Finance's 2008/9 Budget

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Brief TAC analysis of the budget

Adila Hassim of the ALP on why government must switch to needs-based budgeting for health-care

Brief TAC analysis of the budget with respect to HIV and Health

Minister of Finance, Trevor Manuel, delivered the 2008/9 budget yesterday. Here is a brief analysis of the budget so far as it deals with health and HIV.

Firstly, there will be a steady increase in the amount of money earmarked for dedicated HIV/AIDS services through the HIV/AIDS conditional grants: a total of R2,1 billion of additional funding for HIV/AIDS will be allocated through the Medium Term Expenditure Framework from 2008-2011. This will bring the total annual expenditure for HIV/AIDS services by the departments of health, education and social development to over R6.5 billion by 2010/2011.

These additional funds "should allow 500,000 more people access to treatment in addition to the 418,000 already on treatment, as well as increasing the numbers of people tested and expanding a range of prevention programmes." (Manuel, Budget Speech, 20 February 2008)

While we welcome additional funds for HIV/AIDS services, the 2010/2011 Medium Term Expenditure Estimate of R6,5 billion is far short of the R11.3 to R13.3 billion total annual spending for HIV needed by 2010/2011 as estimated in the Costing Annexure of the National Strategic Plan.

(NSP). Furthermore the rough total of 918,000 people accessing antiretroviral treatment by 2010/2011 given in the budget speech is significantly less than the 1.23-1.37 million people that the NSP's Costing Annexure estimates will be enrolled on treatment programmes by 2010/2011 (based on the target of 80% antiretroviral treatment coverage). This means that the 918,000 people accounted for in today's budget comprise only 52% (as opposed to the NSP target of 80%) of the estimated 1.7 million people who will need antiretroviral treatment by 2011. The NSP treatment target must be met, therefore the shortfall will have to be made up primarily from provincial budgets and, to a lesser extent, donor grants.

There are a number of other important allocations to health services:

- In general spending on health services is expected to grow at a rate of 10% over the next three years.
- There will be an enlargement of the Hospitals Revitalisation Grant: a total increase of R2 billion of additional funds will be allocated to improving the infrastructure of existing hospitals and covering the costs of constructing 33 new hospitals.
- The budget provides additional funds to take account of the cost of the 2007 public service salary agreement as well as occupation specific salary dispensations. R10 million has been earmarked to formulate a plan to recapitalise the nursing colleges. Improved salary conditions and training is expected to contribute to lower vacancy rates in the public health system; 25,000 posts are expected to be filled by 2010.
- Funding for tertiary and central hospitals has been prioritised; the national tertiary services grant will receive an additional R1.08 billion over the next three years for the modernisation of tertiary services. Surely now, there is no reason now for the Western Cape Department of Health to cut services at Groote Schuur and Tygerberg hospitals?
- A total of R39 milion has been earmarked for improving TB control and management over the next three years. This is wholly insufficient. The City of New York had to spend in over a billion dollars to deal with a much smaller drug-resistant TB epidemic nearly two decades ago.
- "The [National Health Laboratory Services] will adopt new technology platforms, automating many of the processes and investigating alternative methods to improve current diagnostic methods" in order to strengthen national labratory systems. "Furthermore a national TB reference laboratory costing R20 million will be completed and is expected to become operational in the second half of 2008. A new laboratory information system will be implemented in KwaZulu-Natal in 2008, which will result in additional benefits such as service level monitoring and programme management information for TB, antiretroviral treatment and cervical [cancer] screening." (National Medium Term Expenditure Estimate)
- A total of 165 new CD4 labs will become operational between 2008/09 and 2010/2011.

Sources:
Budget Speech: http://www.treasury.gov.za/documents/national%20budget/2008/speech/speech.pdf
Budget Review: http://www.treasury.gov.za/documents/national%20budget/2008/review/Default.aspx
National Medium Term Expenditure Estimate (Health):
http://www.treasury.gov.za/documents/national%20budget/2008/ene/14%20health.pdf

[END OF TAC BUDGET ANALYSIS]

Government must adopt *needs-based* budgeting

By Adila Hassim, published in Business Day, 20 February 2008

IN LAST year?s budget speech, Finance Minister Trevor Manuel chose as his theme the intrinsic worth of all human beings. He asked ?whether we have done enough to give practical effect in SA today to our shared humanity. Have we acted in a manner that shows that human life has equal worth? Or do we still live in a society where the shadow of history dominates over the opportunities of an open society??

These questions should open every budget speech and shape every budget determination, including health. In a country in which health status depends on purchasing power, it would seem that worth depends on income ? not equality.

A founding value of the constitution is that human life has equal worth. The constitution says our society should be governed in a manner that gives full effect to its founding values. When it comes to budgeting, this requires the state to adopt a methodology aimed at the gradual transformation of power imbalances and an allocation of resources so the circumstances of those most in need are addressed.

While the constitution cannot dictate the minutiae of resource allocation, the broad principles of budgeting are not beyond its scrutiny. Similarly, while the Constitutional Court has made it clear it cannot intervene in narrow policy (and hence budgetary) choices, it can determine whether the broad dictates of the constitution are being respected. Thus, for example, the Western Cape government was ordered to ensure that its housing policy took into account those in ?desperate need?; the national health department was ordered to provide drugs to pregnant women; and the court declared that limiting access to social security to citizens only is unconstitutional.

The broad principles embedded in the constitution?s wording of socioeconomic rights apply equally to the right to health. Most importantly, the constitution proclaims that the progressive realisation of the right to health is a duty of the state. The court?s interpretation of these rights requires that law and policy at least address the needs of the most desperate, is balanced and flexible, is capable of facilitating the realisation of the right, and that is does so expeditiously. This is to be done within ?available resources?. A prior exercise of costing is necessary to determine what resources are needed to deliver a particular health plan, so that plans are driven by health needs rather than what a random pot of money allows.

The problem is there is no evident link between health planning and budgets. The budget process determines what health needs are met, rather than health needs determining the budget. An example of needs-based budgeting is the National Strategic Plan for HIV/ AIDS and STIs 2007- 11. This plan was developed first and then costed at R45bn on the basis of the achievement of 80% of its targets. Yet the current medium-term expenditure framework has allocated only R14bn to HIV/AIDS.

The problem is that if the health budget is out of sync with the health needs of our population, then there is no prospect of progressively realising the right to health. Therefore, for health planning to be ?reasonable? in terms of the constitution, it must be needs-based. This means it should at least be based on disease-burden, epidemiology, disaggregated health status, population size and an assessment of the resources needed to manage the health services. All of this could be quantified and then costed.

Once the state has determined the size of the need, it will be better able to develop an essential package of health services that can be delivered to those who most need it. The development of an essential package is legally required by the National Health Act. The responsibility for its determination lies with the health minister. But five years after the act was passed, the definition of an essential package is wholly elusive.

If the government is unwilling to define essential health services based on the health needs of SA , how are we going to narrow the yawning chasm in health status so that the equal worth of all people is respected?

Surely it is uncontroversial to state we need to establish a baseline of need in order to plan properly? Apparently not. At the public health hearings held by the Human Rights Commission last year, Health Minister Manto Tshabalala-Msimang asked whether ?we need to get into an exercise, which will be very expensive and costly, of determining for all these areas and others the extent and the resource requirements of the backlogs, in order to determine a needs-based budget for the realisation of the rights in the constitution??

The minister misunderstands the constitutional imperative. As a result, while the cost of healthcare escalates rapidly in the private sector, the quality of care deteriorates in the public sector, leaving people with the unenviable choice of coughing up or coughing.

So, returning to Manuel, our tip for today?s budget is to ask whether we are acting in a manner that respects that human life has equal worth.

Hassim is the head of litigation services at the AIDS Law Project.

[END OF HASSIM ARTICLE]

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