

## *NHI funding proposals 'due out by February'*

THE Treasury expects to publish its delayed discussion document on financing options for National Health Insurance (NHI) before next year's February budget, according to its head of public finance Andrew Donaldson. The document is of keen interest to taxpayers, who may well find themselves handing a greater proportion of their earnings back to the South African Revenue Service to supplement the government's direct funding of the scheme. Publication of the discussion document was initially planned for the end of April this year, but it is understood officials were given more time to broaden the scope of their analysis. Speaking at the release of the medium-term budget policy statement in parliament yesterday, Finance Minister Pravin Gordhan said "lots of excellent work" had been done on potential financing mechanisms for the NHI. However, he did not provide details. The Treasury has previously said it is considering a payroll tax, higher value-added tax, or a surcharge on income tax. Despite the constrained fiscal environment facing the government, the statement made it clear that providing health services remains a priority. Many sectors have been forced to make savings, but provincial health departments were spared as the effect on service delivery would have been too great, said Treasury chief director for health and social development Mark Blecher. The adjusted budget sees R1.3bn shaved off total non-interest government expenditure in the current fiscal year, bringing it down to R878.7bn. This leaves the projected budget for the next two years unchanged at R953bn and R1.03-trillion respectively. But the Department of Health's R27.56bn budget for this year is increased by R500m, of which R366m is earmarked for conditional grants for infrastructure. The statement said funding for HIV/AIDS programmes would be increased in next year's budget to compensate for the withdrawal of support from the US President's emergency plan for AIDS relief (Pepfar). In addition, more funds will be provided to improve the detection of tuberculosis with more Gene-Xpert machines. Blecher said the government's planned increase of allocations for HIV/AIDS programmes in next year's budget would enable provincial health departments to take over the funding of Pepfar-supported non-governmental organisations (NGOs). This was important for NGOs that provided treatment to HIV carriers in parts of the country where communities had no ready access to government clinics. But the Department of Health is expected to make better use of its money, along with the rest of the government. The statement said "given the constrained fiscal environment, the health sector has to seek greater efficiency and improve financial management, with particular emphasis on critical inputs such as medicines and medical supplies". Growth in the number of health personnel was expected to slow, after increasing by 50 000 over the past four years to 313 000, said Blecher. The growth in personnel included 3 000 doctors, 18 000 nurses and 2 000 pharmacists and pharmacy assistants.

*Tamar Kahn: Business Day, 26 October 2012*