



A Brief Analysis of the Consolidated Government, Health and HIV/AIDS Expenditures:

A Message for 2016 International AIDS Conference

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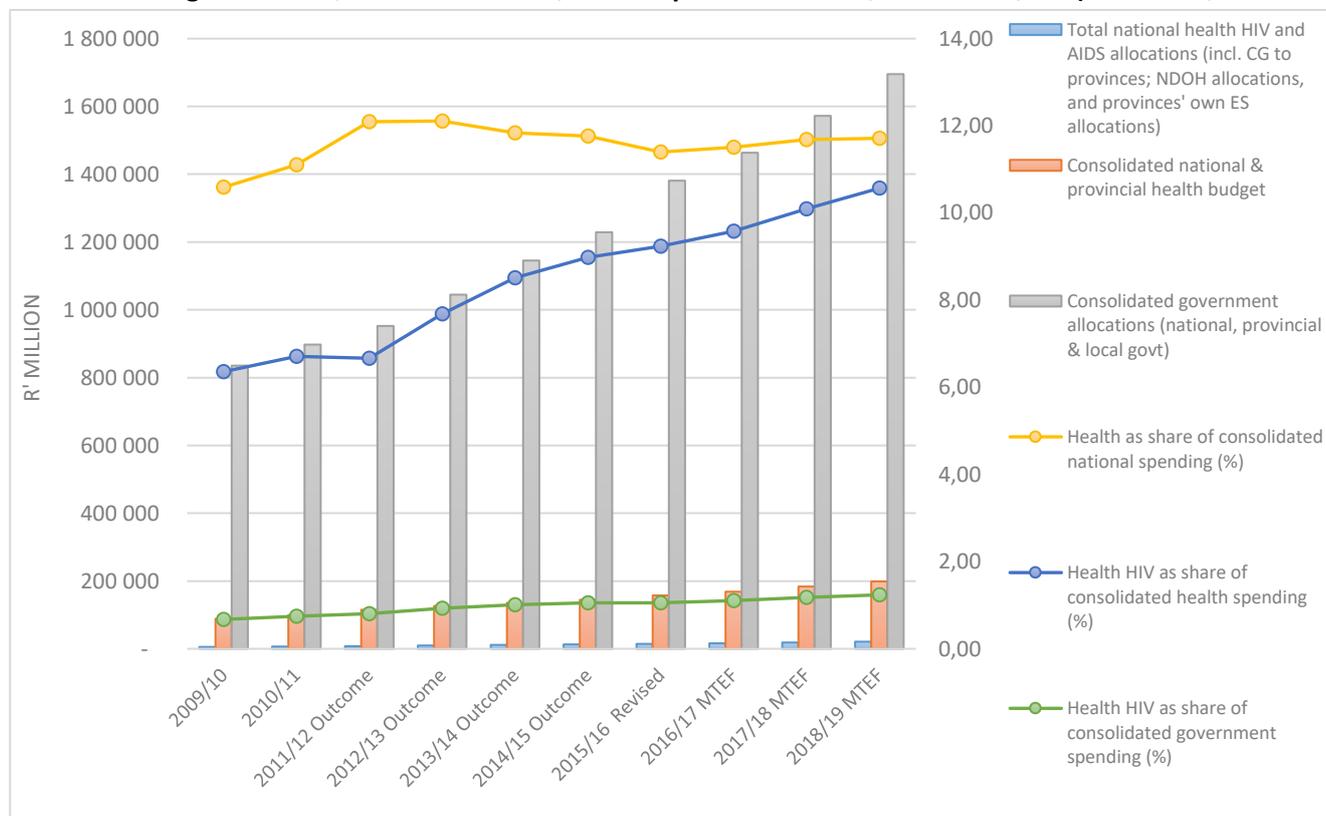
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The Consolidated Government Budgets and Spending Review

The South African Government (SAG) has since 2012/13 spent more than R4.5 trillion on public policy including education, health and social development programmes. An analysis of seven years (2012/13 – 2018/19) of the total government's consolidated nominal budget and expenditure data shows a positive trend in allocations having recorded an allocation of R1.5 trillion (US \$107 billion) in 2016/17, which is a 50 per cent increase from R1 trillion allocated in 2012/13. This is projected to increase further by 13 per cent in nominal terms to R1.7 trillion in 2018/19.

Consolidated government, health and HIV/AIDS expenditure 2009/10 – 2018/19 (R' million, nominal)



Source: National Treasury, Budget 2016; National Treasury, 2015 Adjusted Estimates of National Expenditure; Provincial Treasuries, 2016 Estimates of Provincial Revenue and Expenditure. CEGAA calculations.

The figure above depicts the increasing consolidated government spending, consolidated health spending and the national health consolidated HIV/AIDS expenditure (2012/13 – 2018/19). Some of the other departments also have HIV/AIDS programmes and spending, but only the health department's contributions are shown in the figure.

The figure shows that the consolidated health and national HIV/AIDS expenditures are increasing over the years. Consolidated health expenditure has seen a gradual increase from R135.6 billion in 2013/14 to R168.3 billion in 2016/17 (7.4 per cent annual average increase), whilst HIV/AIDS expenditure in the health sector alone rose from R11.5 billion to R16.1 billion over the same period (13.6 per cent annual average increase). Over the medium term, the consolidated health expenditure is expected to increase to R198.6 billion in 2018/19 whilst HIV/AIDS spending is expected to increase to R21 billion in the same year. In real terms, i.e. when the figures are adjusted for inflation, both the consolidated health expenditure and the health HIV/AIDS expenditure grew by 5 per cent and 13 per cent respectively in the medium term, indicating commendable and serious government commitment to fight HIV/AIDS in South Africa. However additional monitoring efforts are needed at the service delivery level to ensure that quality services are provided.

Retrospectively, in October 2015 Former Minister of Finance Nhlanhla Nene indicated in this Medium Term Budget Policy Statement (MTBPS) Speech in Parliament that "if we do not achieve growth, revenue will not increase. If revenue does not increase, expenditure cannot be expanded." Budget 2016 indicated that the economic growth outlook has deteriorated, after the 2015 Budget had anticipated GDP growth of 2 per cent for 2015, but growth reached only 1.3 per cent. The 2016 Budget (Budget Review, 2016) has revised the economic growth outlook for 2016 downward to 0.9 per cent. It is quite important for one to understand the economic growth issues to better understand the trends in budget allocations, especially when looking at the shares of health and HIV/AIDS resources in the overall government expenditure funded from the constrained national revenue. The real growth in health and HIV/AIDS spending is commendable given the slow economic growth.

On the other hand, on average, the consolidated health expenditure accounts for 11.7 per cent of the total government expenditure in the medium term (2016/17 to 2018/19), whilst HIV/AIDS expenditure constitutes a 1 per cent average of the total government expenditure in the same period. Thus, South Africa has failed to meet its commitment to allocate at least 15 per cent of its total government expenditure to health spending, as stipulated in the Abuja Declaration. The country needs to find innovative mechanisms to raise more health funding in order to supplement its available revenue.

With the recent HIV/AIDS statistics (UNAIDS, 2015) showing a large number (7 million) of South Africans living with HIV, and a continuing high number of new infections per year (340 000 in 2014), the SAG has, as of July 2016, already enrolled more than 3,5 million people on anti-retroviral therapy which will continue to increase with the recent adoption of the WHO Guidelines of Test and Treat of all HIV-positive persons, supported by an increasing budget from the domestic fiscus (UNAIDS, May 2016). This was echoed by the Minister of Health Aaron Motsoaledi in his 2016/17 budget speech to Parliament, emphasising that the policy of Test and Treat will be rolled out from September 2016. More discussions of this were made at the 2016 International AIDS Conference, receiving a warm welcome by scientists and civil society. The effort to control the HIV/AIDS epidemic has been getting increasing support from the National Treasury and the National Department of Health, with the HIV/AIDS budget

increasing as a share in the consolidated health expenditure from 7.7 per cent in 2012/13 to 9.6 per cent in 2016/17. This share is expected to increase further to 10.6 per cent in 2018/19.

As government's commitment to treat HIV and prevent its transmission in South Africa grows, a close eye needs to be placed on other priority spending areas such as primary health care to ensure that HIV/AIDS investments also benefit the general population by strengthening the health system generally and addressing health care delivery challenges which are not unique to HIV/AIDS. Additional resources are needed to ensure that current government and donor investments on HIV/AIDS in South Africa and elsewhere are sustained, to increase access to HIV/AIDS prevention, treatment and care and support services. Given the increasing funding for HIV/AIDS which needs to be sustained, both financial and non-financial indicators need to be monitored to identify challenges, take corrective actions, and achieve desired results. Government systems also need to be further strengthened, including financial management and information management systems.
