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Subject: Budget Speech: health

Dear Clients

Below the health-related extracts from the Budget Speech (full text attached). I have also copied the Fin24 "Budget in a nutshell" below.

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... Mister Speaker, the consolidated budget of government for next year is R907 billion and over the next three years, we will be spending R2.9 trillion. The fiscal framework makes provision for an increase in spending over the MTEF period amounting to R87 billion. In addition, about R25.6 billion has been identified through savings. So in total, we are able to add R112 billion to the baselines of departmental budgets.

Of these amounts, over half go to provinces and municipalities for education, health, municipal infrastructure and human settlements, reflecting our commitment to sustaining growth in spending on our key priorities. Honourable Speaker, to achieve the outcomes we have set ourselves in education and **health we need better coordination and alignment between national policy imperatives and provincial budgets**. A breakdown in this regard is a recipe for failure. We have to find a mechanism that balances the constitutional responsibility of provinces to determine their budgets with the constitutional entitlement of citizens to education and health services.

...Mister Speaker, in October, the government announced an additional R5.4 billion for spending on our **HIV and Aids** programme to be able to take on more people and improve the effectiveness of our treatment programmes. Taking into account further policy measures to broaden access to those co-infected with **TB and women and children** with CD4 counts lower than 350, a further R3 billion is allocated in this budget. Presently, about 920 000 people are on anti-retroviral treatment. The budget provides for the number to rise to 2.1 million in 2012/13.

In addition, we will continue to broaden the use of public private partnerships in the health sector, in particular to improve our hospital system. The flagship PPP hospital project will be Chris Hani Baragwanath, for which a feasibility study is now complete. In addition, the new George Mkhari and Polokwane academic health complexes are being fast-tracked. Alongside longer term reforms to the financing of health care, a closer partnership between the public and private health care systems is a prerequisite for the introduction of a national health insurance system.

Our total national and provincial health spending is projected to be R105 billion next year.

The economy

- **Economic growth of 2.3% forecast for 2010, increasing to 3.6% by 2012;**
- Unemployment up to 24.3% in 2009;

- The 2010 Fifa World Cup could contribute 0.5% of GDP growth in 2010. To date government has spent R33bn on preparations;
- Inflation should average 6% during 2010/11;
- A budget deficit of 7.3% projected for 2009/10 and 6.2% for 2010/11;
- The deficit should reach 4.1% by 2011/12;
- Government's net loan debt projected to rise to R1.3trn in 2012/13;
- Wage subsidy for young people proposed;
- Infrastructure investment of R845bn over the next three years;
- Government will spend R52bn on public works programmes in the next three years.

Spending

- R12.2bn for social grants;
- R2.7bn on literacy and numeracy;
- R15.1bn on occupation specific dispensations (education, military, prisons);
- R2.2bn on revising SANDF salaries;
- R8.4bn on expanding antiretroviral therapy;
- R2.5bn on increasing labour intensity in public works;
- R1.8bn on clothing/textile incentives;
- R1.8bn on automotive production development;
- R1bn on the criminal justice sector;
- R2.8bn on public transport (as well as road and rail infrastructure);
- R6.7bn on covering the increased cost of providing free basic electricity;
- R2.5bn on municipal infrastructure;
- R1.5bn on the Land Bank to help rural development;
- Old age pension increased by R70/month to R1 080;
- Child support increased by R10/month.

Tax proposals

- Personal tax relief of R6.5bn;
- No more SITE (Standard Tax on Employees);
- Fuel tax increases to total 25.5c/litre;
- Cigarettes will cost R1.24 more per packet;
- Booze up by between 6.5c (for a bottle of beer) to R2.22 (for a bottle of spirits).