Making political gain out of poverty:

The government and the health budget

Critical Health

The South African budget for the 1992/93 financial year, presented by Barend du Plessis in March this year, was hailed as a socially responsible budget. Representatives from health and other organisations, across the political spectrum, expressed approval at the amounts of money made available for social services, including health care. This response was so positive that one could be forgiven for expecting some tangible improvements in the public health sector during the current financial year.

"Considerable Increase"

du Plessis, in his budget speech, stressed the need to "promote economic growth and job creation on the one hand and the meaningful distribution of incomes and opportunities on the other". He said, "in the case of key services such as education, health and housing, significantly higher sums are being spent than last year". He announced that R9,9 billion had been set aside for health services and claimed that this "is a considerable increase of 22% on the 1991/92 financial year".

The mainstream media and the traditional health establishment merely echoed du Plessis. The Star uncritically agreed that "the budget continued the government's recent policy of channelling more resources in the direction of socio-economic development". Dr. Hanekom, secretary general of Masa (the Medical Association of South Africa), said that he "trusted this expenditure will contribute towards improved access to health care for ... the population not being catered for by the current system".

This praise for the budget was not confined to these circles. It was, somewhat surprisingly, repeated by representatives of progressive organisations. David Green, a spokesperson for the Health

INITIAL RESPONSES

Spending to help relieve country's greatest needs

Relief, increase health c...

Masa welcomes 22pc rise for health services

R1,65-bn for housing, R9,9-bn for health

Big slices for SAP, health and education

Pensioners get R1-bn 'bonus'

AND NOW FOR SOMETHING COMPLETELY DIFFERENT ...

'CALLOUS INDIFFERENCE' as State halts support for haemophiliacs

A bleeding shame

The 1992 budget: more social spending

THE CITIZEN Tuesday 14 April 1992

Hospital ICU crisis 'leading to ethical dilemma'

TPA appeals to patients to give notice

Natal budget 'below needs'

No room for sick in ov...

Plans for ac... hospitals' s...

Wednesday 29 April 1992

Health cost go up by an average 12 p...

Govt is doing too li... late about AIDS — official

Nurses' concer... state hospital

Unity Forum (forerunner to the recently launched South African Health and Social Services Organisation - SAHSSO), said the increase in allocation to the department of health was a positive step, because more money will be available for the government's primary health care programme.

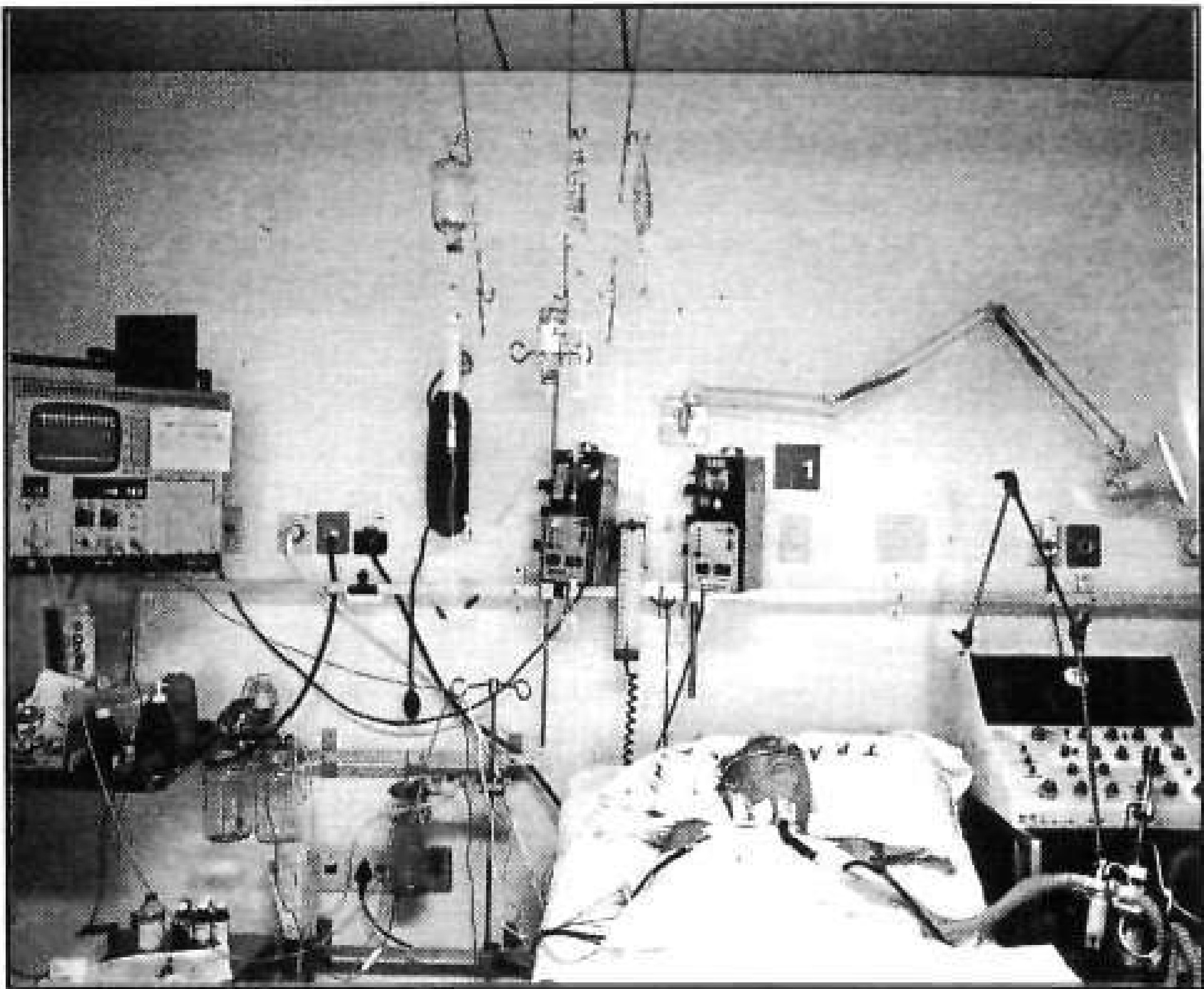
Cedric de Beer, from the Centre for Health Policy, and Ralph Mgijima, from the ANC health secretariat, welcomed the increase. The ANC's official response to the budget was that allocations to health, education and housing appeared to be "broadly appropriate".

Collapse of State Health Services

There was clearly general agreement across political boundaries, as far as the quantity of money allocated to health is concerned. Yet, in spite of the promise of more money for health care, there have been numerous developments in the months immediately following the budget indicating ongoing deterioration of the public health service in South Africa.

The following are some examples of health issues which have made the headlines in the two or three months since the budget.

1. Johannesburg Hospital is severely overloaded and sick people are being turned away because of the acute shortage of beds. Doctors said pregnant women admitted without booking a bed in advance were discharged 6 hours after giving birth. There are a number of unused wards at the hospital, but, according to J. Botha, the chief superintendent, "to enable us to open and operate those wards, our budget will have to be doubled. Currently, budgets are being cut".
2. The government has suspended plans to build new academic hospitals because of a lack of funds. It has appointed a task group to consider ways of upgrading existing facilities. Rina Venter, the minister for health, was quoted as saying "We are not arguing about the need for hospitals; the point is, can we afford it?"
3. The Natal Provincial Administration (NPA) is cutting back on its health staff and services. According to Peter Miller, spokesperson for health services in Natal, the provincial health budget entails a decrease in the number of staff of 2 500, the closure of many beds throughout the province, a cut in subsidies to state aided hospitals and fewer facilities for patients suffering from TB and other chronic diseases. The NPA is curtailing the upgrading of facilities at King Edward VIII hospital and drastically cutting ambulance and medical emergency services. The Natal administrator, Mr Con Botha, said "the result will be that patients will have to wait somewhat longer for the arrival of an ambulance".
4. Hospital tariffs in all four provinces have gone up by 12% as from



Beds in ICUs are being cut by 20%. "We are selecting patients on a statistical probability of their survival ..." *Photo: Medico Health Project*

1 May. This indicates that patients are paying more for poorer services.

5. The president of the Critical Care Society of Southern Africa, Dick Burrows, argues that trained and experienced nurses are leaving intensive care units (ICUs) in the public sector because of poor pay, staff shortages, a lack of promotional opportunities and the need to carry out non-nursing tasks. There is a severe shortage of skilled personnel and up to 20% of ICU beds in South Africa have been closed. ''The shortfall in resources has brought us to a point where we are selecting patients on a statistical probability of their survival. ... the decisions are made on the basis of costs or lack of resources, the situation is wholly unacceptable and unethical''.

6. Rina Venter announced that private patients will be able to have access to all state hospitals and thereby be able to cut their hospital bills for operations by thousands of rands. Even the conservative

SANC (South African Nursing Council) has raised reservations: "nursing personnel were already burdened by an unmanageable workload because of staff shortages" and "there is concern about whether these steps might not have a negative effect on the portion of the population which has no access to hospitals other than state hospitals".

7. The state used to provide free plasma and blood support products to haemophiliacs, but the government has cut state assistance to hundreds of sufferers. A single dose of factor 8 now costs R625 and many haemophiliacs need 10 or more doses a month. The department of health confirmed that "all free services were to be done away with, except in the treatment of diseases of public health importance, for instance tuberculosis".

8. The medical advisor to the aids unit of the department of health, Dr Wilson Carswell, said that too little is being done too late. The department's education programme is not functioning and the distribution of free condoms is inadequate.

9. According to a former mayor of Johannesburg, David Neppe, the municipal ambulance service in the city is in crisis.

The department of health has agreed that there is a major breakdown of public health services. This breakdown is occurring at central, provincial and local levels. affecting community services as well as regional and academic hospitals.

A 22% increase! A deepening crisis! R9,9 billion! "The point is, can we afford it?"! There is clearly a contradiction here.

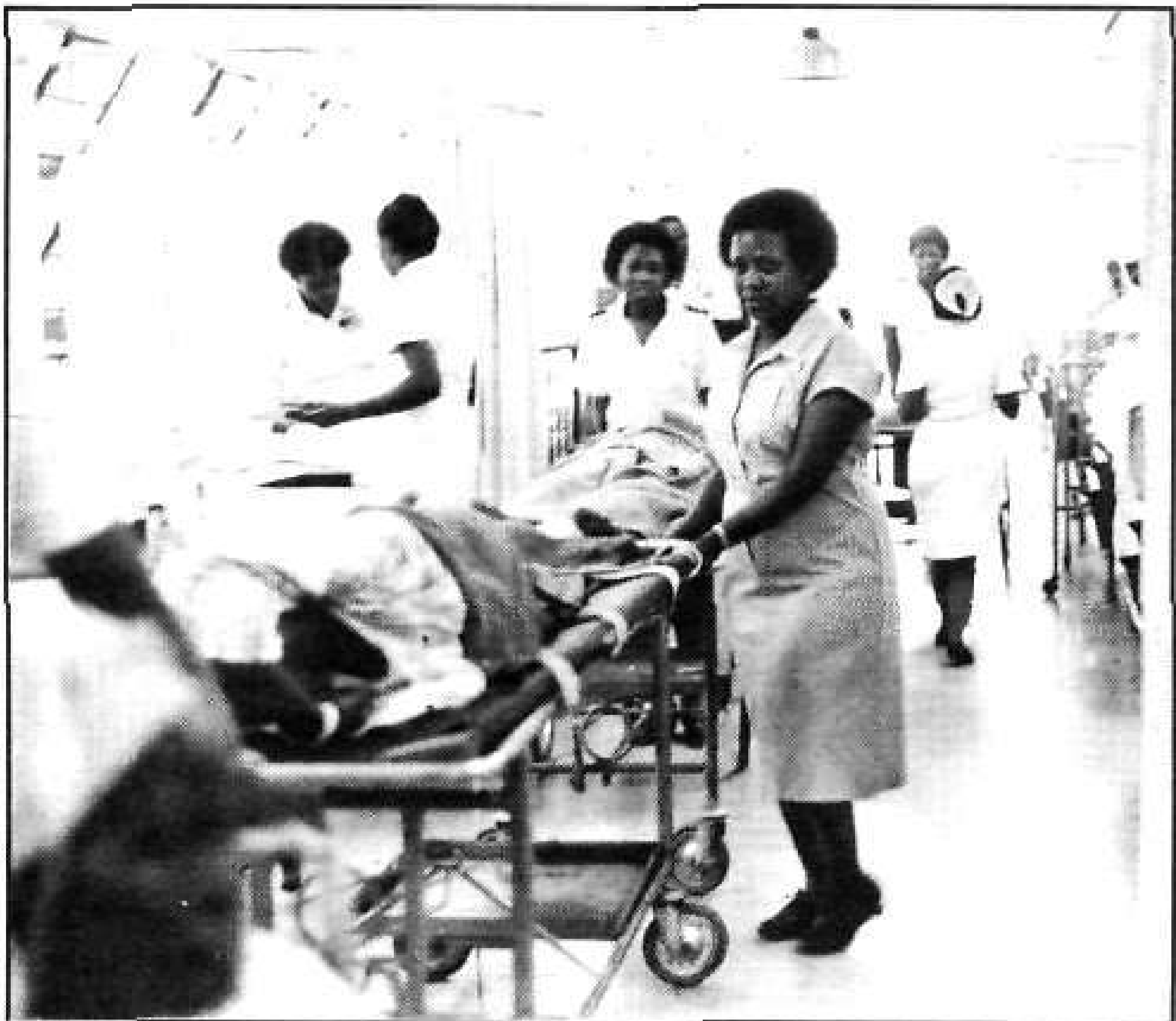
Inappropriate Distribution of Resources

de Beer, Mgijima and the ANC, while welcoming the budget increase, also emphasised the need for the health budget to be spent appropriately.

Diane McIntyre, from the Health Economics Unit at the University of Cape Town, argues that the money is not being distributed in accordance with government rhetoric. The total amount made available for the Primary Health Care (PHC) division of the department of health for the current financial year is only 15,1% more than that for 1991/92. This additional amount is swallowed up by inflation. The subsidy from this department to local authorities for the provision of PHC has gone up by

merely 3,9%. This is far below the rate of inflation. These figures contrast sharply with government claims that it is prioritising PHC and that "considerable progress has already been made" in transferring resources to local authorities for PHC. They disprove David Green's comment that there is more money for PHC this year.

In this period of political change, the future of the different public sector health bureaucracies is in the balance and this is also affecting the distribution of resources. It is, for example, unclear how the homeland and "own affairs" health departments will be reincorporated into a new health structure, or whether the provincial administrations will continue to be responsible for the bulk of the health budget. This uncertainty is leading to an intensifying tussle for power and, in some cases, for continued existence. This, in turn, influences the ways in which the health budgets of these bureaucracies are spent.



Allowing private patients access to state hospitals may "have a negative effect on the portion of the population which has no access to hospitals other than state hospitals". *Photo: The Star*

Decreasing Resources for Growing Population

These and other related points only account for part of the discrepancy between the figure of 22% and the crisis in public health services today. The rest of the explanation is simply the following. the increase in the amount allocated to health for the 1992/93 financial year is **NOT** 22%.

The R9,9 billion for health includes a figure of R440 million for so-called poverty relief. This is the first time that money set aside for poverty relief has been incorporated into the health budget. It is, therefore, only possible to compare the health allocation this year with that for previous years after the R440 million is deducted from the total of R9,9 billion.

The amount for health has thus, in essence, only gone up by 16,6%. This is almost identical to the total rise in government expenditure of 16,5%, that is, health has not been given priority. These increases are more or less equal to the rate of inflation. In other words, after taking inflation into account, there is no (or, at best, a negligible) increase in real terms in the amount available for public health services. This means that, unless money is spent more appropriately, there is no change in the quantity of health care that can be provided.

In 1991/92, furthermore, spending on public health services was only 8,4% higher than in 1990/91. This was well below the inflation rate. In real terms, there is thus less money available for health this year than there was 2 years ago.

Over the last five years, health expenditure increased, on average, by about 16% per year. This is roughly in keeping with the inflation rate. The South African population is, however, growing at a rate of about 2,3% every year. In other words, state spending on health is continually falling further behind the needs of an increasing population.

Government propaganda that "significantly higher sums" are being spent on health is clearly dishonest. In fact, the government has been guilty of nothing less than a deliberate attempt to make political mileage out of a reality which is far from positive. Resources are inadequate, the funds that are available are not well spent and the public health sector is collapsing.

Taxing the Poor, Socially Responsible?

A closer assessment of the history behind the money set aside for poverty relief reveals a further disturbing aspect of this reality. The R440 million,

for the full financial year, follows an amount of R220 million for the last six months of the 1991/92 financial year. The government introduced the poverty relief fund at the end of September last year, to coincide with the implementation of Vat (Value Added Tax).

Vat is payable on almost all goods and services, including essential items, and, as such, it has a very serious impact on the poor. There are about 16,3 million people in this country who live below the minimum subsistence level. It has been estimated that these people paid the government approximately R500 million more in the 1991/92 financial year than they would have if GST (General Sales Tax) had not been replaced by Vat.

The poverty relief fund represents an effective acknowledgement by the government that Vat hits the poor very hard. However, the R220 million set aside falls well short of the additional money the government took from those below the minimum subsistence level by means of the new tax. Furthermore, at the end of March this year, that is, the end of the 1991/92 financial year, the government had only released R110 million for poverty relief. A large proportion of this latter figure did not reach the needy. (See the article on poverty relief in *Critical Health* No. 38, March 92).

Government policy: when in need of more money tax the poor. *Photo: unknown*

In short, the government has increased the tax burden on the poor and returned a small portion of its extra takings to some of the poor. This year, it has cynically manipulated this situation to portray itself as socially responsible. It has claimed that it is making an increasing amount of money available for health on the basis of a figure which includes the R440 million for poverty relief. On closer scrutiny, the R440 million, or the fraction thereof that is actually distributed, is far less than the amount that is being taken away from the needy in the form of Vat. The government is thus making political gain out of its policies which are simultaneously leading to further suffering amongst millions of poverty stricken South Africans.

The Continued Need for a Critical Approach

To date, progressive organisations have been relatively uncritical of the propaganda accompanying the health budget. They have tended to take recent government statements and figures at face value.

However, as recently as the months immediately prior to this year's budget, progressives in the health sector were scathing of the government for making too little money available for health care. At the end of 1991, Diane McIntyre argued that "recent developments indicate that there has been a fundamental shift in South African health policy, the primary objective of which is the reduction of government expenditure on health care".

The deepening crisis in the public health sector in 1992 suggests that this qoute is particularly relevant today. The government's policies on health spending and taxation are, furthermore, aspects of its broader economic policy, which is clearly not in the interest of the South African majority. The government is simultaneously trying to create a new political image, but progressives need to continue to look beyond the rhetoric and expose and challenge the more unpleasant reality.

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