



WELCOME ADDRESS AT THE FINANCIAL AND FISCAL COMMISSION AND DNA ECONOMICS' NHI COLLOQUIUM

“For an Equitable Sharing of National Revenue.”

June 1, 2016

Financial and Fiscal Commission
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Excellences, Commissioners,
Distinguished guests and participants,
Ladies and Gentlemen

It gives me great pleasure to extend to you all a very warm welcome on behalf of the Financial and Fiscal Commission and DNA Economics and to say how grateful we are to you all for having accepted our invitation to participate in this inaugural colloquium on implications of the National Health Insurance (NHI) on the intergovernmental system, here in Midrand.

South Africa's health care system is divided into two distinct sectors: a public healthcare system responsible for providing health services to 86% of the population and a private health care system that provides health services to the remainder of the population. While, the public health system serves the majority of the population, it is responsible for only 48% of total health expenditure. As a result, the differences in access to, and the quality of services between the public and private sector are stark. For instance, there were 6 775 medical practitioners working in the private sector (around one doctor per 1 200 population) in 2010 compared to 11 309 in the public sector (around one doctor per 3 700 population).¹ Per capita health expenditure is significantly higher in the private sector, and reflects the disproportionate expenditure in this sector.

The South African government has committed to introducing a National Health Insurance (NHI) scheme that seeks to provide adequate access to health services for all South Africans irrespective of their socio-economic status. The need for universal access to quality health care is clear and a desirable end for a country such as ours but it is a monumental task requiring an overhaul of the health care system.

¹ (Stassen, 2015)

It is an opportune time to renew contacts and discuss problems of mutual interest with you the array of issues relating to the linkages between the present inter-governmental fiscal relations system and the proposed NHI.

It is gratifying to note that the agenda of the colloquium covers a wide range of very interesting items relating to the present inter-governmental fiscal relations system and the proposed NHI.

While South Africa's intergovernmental system is unique in many respects, other countries have confronted similar challenges in designing the intergovernmental fiscal arrangements that support their NHI schemes.

In these early stages of the NHI, international experience offers some key insights into the potential changes needed to support the implementation of the NHI within the intergovernmental system and the current fiscal arrangements.

The colloquium today seeks to promote discussion around the implications of the NHI on the intergovernmental system, and specifically the fiscal relations between national and provincial government. Broadly speaking, the objectives of the colloquium are to:

- Discuss the changes needed to the NHI or intergovernmental system to support the implementation of the White Paper.
- Consult on the potential implications of the NHI on the funding of health services, with a particular emphasis on the fiscal transfers to provinces and delivery institutions.
- Review the international experience to gain insights on the different approaches to structuring the intergovernmental system to support the NHI.
- Establish a research agenda that informs future legislative, regulatory and policy reforms needed to implement the White Paper.

No matter how much we can do by ourselves on the national level, whether it be research or development, it is never enough. In a spirit of true cooperation with provinces, local government, private sector and all other important role players, we must join in an action-oriented effort to attack and solve the problems that beset universal access of quality health care.

This is fully consonant with our official position taken and the full support of the concept of right of access to health care services, including reproductive health care by everyone.

In concluding, I wish you every success in deliberations today and a very pleasant day in Midrand.

Bongani Khumalo
Acting Chairperson/CE
Financial and Fiscal Commission
Republic of South Africa.