

# Government allocates R848bn for health sector, prioritises NHI

The health sector is expected to receive an allocation of R848bn over the Medium Term Expenditure Framework with at least R1.4bn directed to the National Health Insurance (NHI).



Source: [Pexels](#)

This was announced by Minister Enoch Godongwana during the 2024 Budget Speech on Wednesday, 21 February 2024.

“These allocations include R11.6bn to address the 2023 wage agreement, R27.3bn for infrastructure, and R1.4bn for the NHI grant over the same period.

“The allocation for the NHI is a demonstration of the government’s commitment to this policy. There remain a range of system-strengthening activities, that are key enablers of an improved public health care system, that must be undertaken,” Godongwana said.

He said these activities include:

- Building a national health information system and digital patient records;
- Upgrading health facilities and improving quality of care to ensure that they meet the minimum criteria to be certified and accredited for contracting under NHI;

- Strengthening facility and district management in preparation for contracting;
- Granting semi-autonomous status for central (and potentially other) hospitals; and
- Developing reference prices and provider payment methods for hospitals.

In the 2024 Budget Review, National Treasury noted that the budget for the sector is expected to grow slower than inflation over the MTEF “due to the R23.7bn baseline reductions over the medium term”.

“The function will prioritise greater efficiency, better management of commuted overtime and intensified promotion of preventative care. Spending reviews in the sector have led to some savings in vaccine and antiretroviral tenders. The health sector continues to recover from service disruptions due to the Covid-19 pandemic, particularly in antiretroviral treatment and tuberculosis screening and treatment.

“The Department of Health and its provincial counterparts will prioritise building tertiary services like oncology through earmarked funds in the national tertiary services grant in provinces with inadequate services. This grant grows by 8.8% in 2024/25 as funding is shifted into it from the oncology portion of the national health insurance conditional grant,” Treasury said.

## **Firm eye**

Government is expected to keep a firm eye on value for money as consolidated government spending is expected to reach R2.37tn in 2024/25, R2.47tn in 2025/26 and R2.6tn in 2026/27.

This is according to the National Treasury’s 2024 Budget Review.

“Government’s priority is to enhance spending quality and minimise inefficiency while ensuring sustainable public finances – in other words, to increase the value for money from this spending,” the department said.

The bulk of the 2024/25 budget will go to basic and tertiary education, peace and security.

“While R69.4bn is added to this function for the carry-through costs of the 2023 public-service wage agreement over the medium term, there are baseline reductions of R49.8bn in other areas. Improved efficiency in the procurement of learner-teacher support materials and in the management of the placement of educators will continue.

“Spending in the post-school education and training sector grows by 2.5% over the medium term. Spending in the sector education and training authorities and the National Skills Fund grows by 3.9% over the medium term, allowing the institutions to improve the quality of their offerings,” Treasury said.

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