



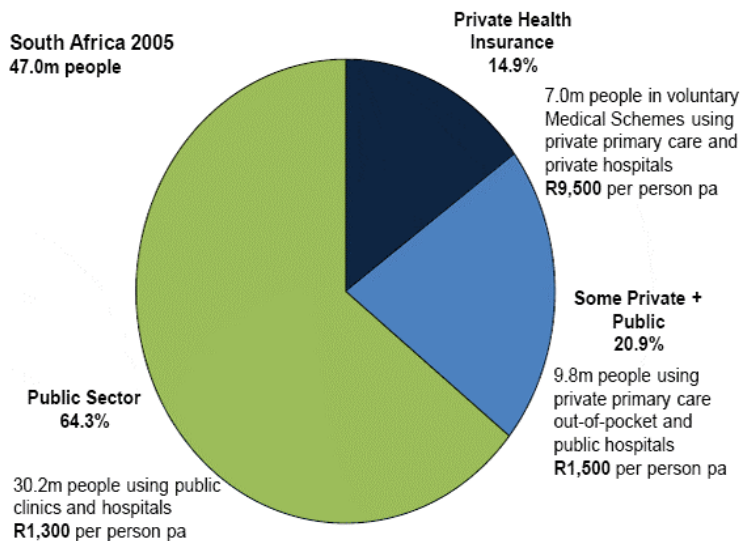
# ANC TODAY

ONLINE VOICE OF THE AFRICAN NATIONAL CONGRESS

## NATIONAL HEALTH INSURANCE

### A unified, equitable and integrated national health system that benefits all South Africans

The National Health Insurance (NHI) has recently re-occupied the centre stage of discussions. These discussions have intensified from the time the ANC announced in its 2009 Election Manifesto that the NHI would be one of the key priorities of the coming five years. President Jacob Zuma in his State of the Nation Address confirmed that the NHI is one of the key programs of government.



#### WHAT IS THE NATIONAL HEALTH INSURANCE?

The broad objective of the NHI is to put into place the necessary funding and health service delivery mechanisms, which will enable the creation of an efficient, equitable and sustainable health system in South Africa. It will be based on the principles of the right to health, social solidarity and universal coverage.

#### WHO WILL FUND THE NATIONAL HEALTH INSURANCE?

NHI will be funded through a combination of current sources of government health spending, including the removal of tax subsidy for medical schemes and a modest mandatory or compulsory contribution by employer-employee contribution which will be split equally.

Contribution will be less than what members and their employers currently pay to medical schemes. Certain categories of workers, due to their low-income status, will be exempted from the contribution. All these funds would be placed in a single pool that would be available to fund all health care in the public and private health sector under conditions that would apply to all health care service providers.

#### WEEK IN REVIEW

**Successful launch of Mandela Day and celebration of his life** | People across the country, continent and the world responded positively to the call to give 67 minutes of their time to the service of less fortunate in their communities. They refurbished schools, old age homes, cleaned the streets, and volunteered in clinics and hospitals. Music concerts were held in London and Johannesburg to celebrate the life of the world's most loved icon.

**State President names the next Governor of the South African Reserve Bank** | Former Deputy Reserve Bank Governor Gill Marcus was announced as a person who will succeed Tito Mboweni as the Governor of the Reserve Bank in November when Mboweni's contract expires. Market and the public warmly received the appointment of Marcus, and the rand traded firmly.

**South Africa conducts first clinical trials of the HIV vaccine** | The first clinical trial of HIV vaccine developed in South Africa was tested in Cape Town. The vaccine will be a great benefit for science and technology in South Africa.

**Municipality protests engulfs parts of the country** | Protests took place in local municipalities in Orange Farm, Du Noon, Khayelitsha, Zeerust, Diepsloot, Thokoza and Piet Retief. In some instances protesters attacked foreign nationals accusing them of taking jobs and RDP houses belonging to South Africans. Police have arrested 107 protesters.

## HISTORICAL PERSPECTIVE

It is important to understand that debates about universal coverage are neither new nor unique to South Africa. It is also important to realise that the desire to improve the health status of nations, including that of South Africans, is at the heart of this debate.

Internationally, more than thirty countries had already implemented some form of compulsory national health insurance scheme before the start of the First World War. These schemes were aimed mainly at pooling resources to provide forms of social security for the bulk of the citizenry. These forms of social security included the provision of health care for all citizens.

In South Africa, debates about universal coverage can be traced back to more than seventy years ago, when in 1941 a national health insurance plan for South Africa was published in the South African Medical Journal by J Collie, the Chairperson of the Committee of Enquiry into the National Health Insurance. This plan proposed a health insurance scheme that would cover people of all races except those who lived in rural areas. This plan was never implemented because of resistance from various quarters.

Another Commission headed by the former Minister of Health, Dr Gluckman, which made recommendations on a national health service, followed it. Its recommendations also never saw the light of day.

## NATIONAL HEALTH INSURANCE PROPOSALS

The current proposals on the NHI originate from the ANC policy debates and plans. Plans that were drawn to transform apartheid health into a democratic dispensation. Whilst we have successfully created a non-racial public health administration, the public health sector suffered serious problems of funding and staffing.

■ In the last decade public funding declined leading to serious under-staffing of the public health sectors, with many important staff positions remaining vacant.

■ In many areas access has increased but quality has deteriorated. The country is faced with a heavier burden of disease, shortage of human resources, poor management of health institutions, poor financial management and inadequate funding, and deteriorating infrastructure.

■ Furthermore, while many of our public hospitals have been refurbished and management improved, there are also many public hospitals which experience management failure related to employment of incompetent managers.

■ Another challenge facing the public health sector is the shortage of drugs at health facilities especially HIV/AIDS drugs and the ability of the state to access medicines at lower prices.

Despite the effort of government to regulate the private health sector, experts agree that the sector is riddled with inefficiencies, excessive administrative expenses and inflated prices.

These problems lead to the following:

The private health sector has to deal with cost escalations mainly from over servicing of patients and non-health related expenditures such as administration fees, managed care fees and brokerage fees.

■ Membership of medical schemes has become increasingly unaffordable for South Africans. Premiums or contributions cost medical aid members between R12, 000 to R80, 000 per year and has continued to increase at annual rates far exceeding the inflation rate or wage increases since the 1980s.

■ The high cost of medical schemes and affordability has meant the total number of beneficiaries has decreased since 1994, from twenty percent of the population to fifteen percent or about 7-million people. In the current economic crisis, as many jobs are lost, there will fewer people with medical aid.

## EVENTS IN HISTORY

**24 July 1980;** the biggest strike by the migrant municipal workers took place in Johannesburg. Apart from a wage crisis, it also centered around the migrant labour system under apartheid restricting the freedom of mobility of the migrant worker and his family.

**25 July 1913;** a meeting called by the South African Native National Congress, now African National Congress, to discuss the conditions caused by the Native Land Act of 1913 and to chart a way forward, and also to consider a report from a delegation which was sent to Cape Town to present African objections against the act was attended by a large number of people from South Africa, Botswana, Lesotho, and Swaziland. Also in the agenda of the meeting was.

**29 July 1999;** a team of eighteen AngloGold miners at the Mponeng mine in Carletonville died after accidentally drilling into a pocket of flammable methane gas in the rockface. The workers were lengthening a tunnel to a working area, which required the drilling of deep holes into rock to check for pockets of water or gas, when the explosion took place.

**30 July 1967;** the 'Luthuli Detachment', comprising of Zimbabwean African People's Union (ZAPU) and African National Congress (ANC) guerrillas, crossed the Zambezi River into Rhodesia at the start of the Wankie and Sipolilo battles. The primary aim of this operation was to march across Zimbabwe to South Africa to establish underground operations to politically mobilise South Africans in different sections of the country. The other mission was to set up military bases in North-Eastern Rhodesia.

■ Medical scheme members experience exhaustion of the medical aid benefits, especially medicines, and have to pay out of their pockets for medical expenses. This affects medical schemes' usefulness in accessing or paying for needed health services.

Faced with all these challenges, plans were drawn and presented to the electorate at the last national and provincial elections. This government received an overwhelming mandate at these elections. In order to give effect to that mandate, the health sector Program of Action is being implemented.

This Program of Action is based on the following ten key priorities, which are solutions to challenges that have been identified:

1. Provision of Strategic Leadership and creation of a Social Compact for better health outcomes.
2. Implementation of the National Health Insurance (NHI).
3. Improving of the Quality of Health Services.
4. Overhauling the health care system and improve its management.
5. Improved Human Resources Planning, Development and Management.
6. Revitalization of Infrastructure.
7. Accelerated implementation of the HIV & AIDS and Sexually Transmitted Infection National Strategic Plan (NSP) 2007-11 and an increased focus on TB and other communicable diseases.
8. Mass mobilization for better health for the population.
9. Review of Drug Policy.
10. Strengthen Research and Development.

These are the priorities that the public should hold the Health Ministry and Department of Health accountable for in the coming five years.

One of the main concerns that have been raised by various commentators on the NHI is the future role of the private sector. We have stated clearly in past engagements and various forums that the policy of government and the ANC is that the private sector is an important role-player in the delivery of health care.

#### WHAT THEN ARE THE KEY FEATURES OF NHI?

The National Health Insurance will:

- **Create a publicly administered and publicly funded National Health Insurance Fund (NHIF).** The NHIF will be a single-payer fund that receives funds, pool resources and purchase services on behalf of the entire population.
- **Expand health coverage to all South Africans.** This means there will be no financial barrier to access health care. All South Africans will be equally covered to access comprehensive and quality health care. Health services covered by NHI will be a free at the point use - no upfront payment will be required by the doctor or hospital.
- **Provide comprehensive coverage of health services.** South Africans will be entitled to a comprehensive range of health benefits, including primary care, inpatient and outpatient care, dental, prescription drugs and supplies. The services will be provided on a uniform basis at all health facilities.
- **Publicly and privately delivered health care.** NHI will be simply a financing system, with government collecting and allocating money for health care. Health care is provided by private and public sectors but paid for publicly by NHIF. To ensure improvement in quality standards, all providers will be accredited before NHI funds them.

## LATEST STATEMENTS

Statement by the ANC on the Labour Party Meeting, 23 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0723a.html>

ANC media statement on service delivery protests, 23 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0723.html>

ANC statement on mine fatalities, 21 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0721a.html>

ANC thank members who heeded the call to volunteer during the Nelson Mandela Day, 21 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0721.html>

Statement of the ANC NEC, 20 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0720.html>

ANC media statement on the hacking of the organisation's website, 19 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0719b.html>

ANC media statement on the disruption of the North West PGC, 19 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0719a.html>

ANC Media Statement on the appointment of Gill Marcus as Reserve Bank Governor, 19 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0719.html>

ANC NEC visits Madiba to wish him well on his birthday, 18 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/pr/2009/pr0718.html>

■ **Social Solidarity:** Services delivered based on need rather than on ability to pay. In this case, coverage by NHI will not be interrupted and will be equal to everyone, thus ending the dependency of health on access upon employment status. Social solidarity also means those who can afford to pay for health care will subsidise those who cannot afford to pay.

■ **Save enough on excessive administrative costs** that characterize the current multi-payer medical scheme system, thus requiring no increase in total health care spending as a percentage of GDP.

■ **Control costs** through cost-effective payment methods through negotiated capitation methods for doctors, global budgeting for hospitals and bulk purchasing of drugs and supplies.

#### **WHEN WILL NHI BE IMPLEMENTED?**

Current consensus is that the NHI be implemented in a phased manner to allow for consultation, policy making and legislation review. Before implementation the ANC government will consult with all sectors affected especially the workers, employers, health providers and suppliers and health funders.

The case for change in health care financing in South Africa is strong. The introduction of mandatory National Health Insurance is urgent. This is more so as we move towards the deadline for the achievement of the Millennium Development Goals for health.

The implementation of the NHI will require that we develop partnerships to ensure accelerated transformation of the National Health System. Parallel efforts to improve health services and introduce efficiencies will focus, amongst others, on the improvement of human resources for health and physical infrastructure, effective and efficient management especially financial, the establishment of effective Information and Communication Technology for health, and special focus on Quality of Care, norms and standards.

Once the White Paper process has started, we urge ANC members and the public to study government proposal on the NHI, engage in debates and contribute resources, skills and expertise to the final product that will emerge after consultations.

**We dare not fail to bring about a better and integrated national health system that benefits all South Africans.**

**Working together we can do more.**

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## **LATEST SPEECHES**

Address by the President Jacob Zuma, at the report back meeting with black business and black professionals, 23 July 2009  
<http://www.thepresidency.gov.za/show.asp?include=president/sp/2009/sp0723211.htm&ID=1967&type=sp>

Speech by ANC Treasurer General Mathews Phosa at the Discovery Invest Leadership Summit, 22 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/speeches/2009/sp0722a.html>

Address by the Deputy President Kgalema Motlanthe, at the 5th International AIDS Society Conference, 19 July 2009  
<http://www.thepresidency.gov.za/show.asp?include=deputy/sp/2009/sp0719211.htm&ID=1966&type=sp>

Address by President Jacob Zuma on the occasion of celebrating Nelson Mandela Day with older persons at Ivory Park, 18 July 2009  
<http://www.thepresidency.gov.za/show.asp?include=president/sp/2009/sp0718184.htm&ID=1965&type=sp>

Birthday Message to Madiba from Kgalema Motlanthe, 18 July 2009  
<http://www.anc.org.za/show.php?doc=ancdocs/history/motlanthe/2009/km0718.html>

RURAL DEVELOPMENT, FOOD SECURITY AND LAND REFORM

## Connecting bread, land and peace



In Russia in 1917 the majority of the population were won to the October revolution through the slogan of 'Bread, Land and Peace'. As Legassick writes, "The working class took power to achieve, in the first instance, the democratic demands of bread, land and peace". Lenin's slogan has a particular relevance in South Africa today.

While all social classes consume bread, for the working class it is a staple food. According to the SA Chamber of Baking, bread consumption in South Africa has risen to approximately 2 800 million loaves per annum which

translates into about 62 loaves of bread per person annually or about three slices of bread per person per day. Expenditure on bread, cereal and meat accounts for 10.9 % of the total household consumption expenditure of black African households.

Wheat is the main ingredient in bread and wheat prices have more than doubled since a year ago and further increases are expected. While consumption of bread has increased, local production has decreased so that we import an estimated 1, 4 million tons of wheat a year, according to Neels Ferreira, chairperson of Grain South Africa. This means that we are caught in a globalised wheat to bread food chain.

The wheat-to-bread chain is a long and complicated one. It begins with poorly paid farm workers who plant the crop, harvest it and then the farm owners sell it to the silo owners. So from the farms the wheat is stored in silos and then sent to millers to be converted into flour. Then it is sent to bakers before being purchased by the consumer from various retail outlets. In the process it has to be transported from its rural origin to its generally urban destination incurring considerable transport and distribution costs.

In the past twenty or so years the wheat-to-bread chain in SA has been affected by a number of factors. First of all it has been subject to deregulation of the agriculture sector including the scrapping of the Wheat Board in 1996. Deregulation involved both job loss and an industry wide shift towards selling bread of lower nutritional quality containing increased amounts of water and air.

Given that bread is a staple food of the working class this means lowered health standards. Deregulation has also resulted in wheat becoming far more sensitive to global trends. Fluctuations in the rand/dollar rate, international commodity prices for wheat and international market trends and needs affect the local market as never before. Rising input costs, especially in the price of fuel have forced increases in price throughout the chain.

Rising prices are driven by a number of factors including commodity speculation, climate change (particularly drought in Australia) and the growing global energy crisis. This has resulted in land and crops being diverted to bio-fuels increasing the demand and therefore the commodity prices. A conflict is emerging between food and energy security. A petrol tank filled with ethanol represents enough maize to feed a person for a year.

In South Africa farm ownership is becoming increasingly concentrated and the total area of land planted to wheat has been decreasing for the last twenty years. South Africa now has between 5 000 and 6 000 commercial wheat farmers located mainly in the Western Cape, Free State and Northern Cape. Last year they planted 632 000 hectares of wheat, down from 1 550 000 hectares in 1991 according to figures released by the National Chamber of Milling in December 2007.

In 1996 the new government agricultural policy took effect with the dissolution of the Wheat Board. Until that point wheat prices were fixed, imports and exports were controlled, and local millers were obliged to take up all local production. Since then the South African wheat industry has been one of the least regulated in the world.

### UPCOMING EVENTS

**ANC President Jacob Zuma will visit KwaZulu-Natal Province on the 24<sup>TH</sup> JULY 2009**

Visit to Moses Mabhida Stadium

Provincial Siyabonga Rally at Mpumalanga Stadium

Dinner hosted by EtheKwini Business Chamber

**25<sup>TH</sup> JULY 2009**

Service Delivery at Umlazi (BB section)

Evidence of price collusion in bread and other sectors has fueled demands for regulation of the entire food chain and the behaviour of the corporations involved. Perhaps the most significant factor in the entire equation is that during this time SA has shifted from an exporter of wheat to a net importer, and in the process our capacity to regulate prices locally has diminished.

As a net importer of wheat, prices are determined on international markets. Prices at the Chicago Board of Trade are the benchmark for international commodity trading in wheat. After several years of trading between R1 200 and R 1 500 per ton prices started to move sharply in 2007 reaching R 3 182 per ton in December last year, and moving through the R 4000 per ton level in February 2008. The real price of wheat is now at a 28 year high and is almost twice the average price of the last 25 years according to Robert Zoellick President of the World Bank.

As demands for wheat increased, international stockpiles reached 25 year lows, and speculators turned to commodities for better returns than were available from stock markets and other investments. In this manner non-food interests and traders have made a significant contribution to the world food crisis. Other factors impacting global wheat prices include the bio-fuels sector which has caused production shortages of wheat as farmers switched to other crops for bio-fuels markets, crop failures in Australia and Argentina due to climate conditions, and increased demand from developing nations such as China and India.

The consequence of the commodification of basic foods, and the international trading regime established by the developed nations is that local food chains in countries such as SA have become globalised, and governments have lost much of their ability to ensure food security for their populations. The current wave of protests and food riots in developing nations across the world since the peaking of commodity prices last month is indicative of this new and unsustainable reality. Since deregulation in 1996 South Africa's wheat-to-bread chain is characterised by high levels of concentration of ownership and control at the levels of production, storage, milling and baking. Farm ownership is becoming increasingly concentrated and there are very few grain storage companies. Senwes is the country's biggest grain storage company, and the Competition Tribunal is currently hearing allegations of anti-competitive behavior by grain traders against it. With a silo capacity of 4.6 million tons it is the dominant operator in the field.

Bread is the major product of the baking industry and 70 - 80% of all flour produced is used for bread baking. There is the same concentration of ownership in the milling and baking industry with four food giants - Pioneer Foods (which produces Sasko), Tiger Brands (which produces Albany), Premier Foods (which produces Blue Ribbon and BB) and Foodcorp (which produces Sunbake) dominating and producing about 65% of all loaves.

There is evidence of anti-competitive behavior, profiteering and collusion by these powerful retailers going back some years. In 2002 Cabinet approved the establishment of a Food Pricing Monitoring Committee which met in 2003 and issued a report which found that "there is evidence that someone in the supply chain is pushing up the price of brown bread at a rate faster than that of white bread. Although it was not possible to establish the profit margins at the various stages of the supply chain, it is clear from the Committee's analysis that the profit shared from miller to retailer has increased over the last 3 years. This was largely explained by the continuous increase in retail prices. Considering various confidential pieces of information, it is possible that a large share of the miller to retail margin goes to the retailer".

The Competition Commission has uncovered evidence of price collusion in the sector. In November 2007 Tiger Brands was fined an administrative penalty of R98,9 million for contraventions of the Competition Act by certain employees at its baking operations and was granted corporate leniency in respect of its milling operations. This is just a "slap on the wrist. According to Anne Crotty "the fine was easily absorbed by Tiger Brands' attributable earnings of R2,2 billion."

Shortly afterwards - citing higher wheat prices, not the fine - Tiger Brands implemented price increases of 40c more for a loaf of Albany bread, and was followed by the other three food giants. The Competition Commission criticised the increase saying the "blatant profiteering is an insult to the nation, particularly the poor. It demonstrates that either the collusion is continuing or the cartel members are acting to maintain the artificially high margins they achieved by acting unlawfully.

It exposes the hypocrisy in the statement by Noel Doyle, chief financial officer of Tiger Brands that increased bread prices reflect how “We’re at the mercy of the world markets.” A draft law now before the National Assembly contains harsh penalties for executives at the top of collusive companies including a 10 year jail term and fines of up to R500 000.

Investigations are continuing into allegations of further bread price fixing by Pioneer Foods and Foodcorp. Pioneer Foods reported over R11,7 billion in revenue during the last financial year. Whilst the Commission has been effective in uncovering these examples of collusion and anti competitive behaviour there is little doubt that far more remains to be exposed. The cross ownerships, trading rebates and other business incentives between the milling, baking and food retail companies are widespread but not readily visible. In particular the dominant purchasing power of the supermarkets enables them to wield extraordinary influence over the wheat to bread chain.

An outline of the chain demonstrates the variety of constituencies whose interests are involved. This includes NGOs concerned with peace and the prevention of violence. Riots over the increase in the price of basic foods have been reported in recent months in many different countries. The World Bank President has called for a co-ordinated response to increasing prices which “were exacerbating shortages, hunger and malnutrition around the globe”. He said that 33 countries could face social unrest because of higher food and energy prices. COSATU has warned about the prospect of food riots here, and spaza shops have been looted in many instances of the current xenophobic violence.

While we are clearly in the midst of a global food crisis, a more coherent state response is urgently needed in South Africa. The behavior of corporate executives (along with hedge fund speculative investors) would seem to indicate an agreement with the words of Chinese leader, Deng Xiaoping, “To get rich is glorious”.

Despite the attempts of the Competition Commission the current economic system, what Mike Davis calls “savage capitalism”, allows them to do so. The price of bread indicates the hardship; they impose on the more than 15 million South Africans living in poverty in the process.

All concerned with their living conditions as well as the constituencies involved with environmental issues, the energy crisis, land reform and conflict prevention must come together to formulate a coherent programme and strategy for change.

*>> Professor Jacklyn Cock is Professor Emerita in Sociology and Honorary Research Professor at the University of the Witwatersrand. The full paper by Professor Cock will be published in the next edition of Umrabulo*

## NELSON MANDELA DAY

The African National Congress expresses its sincere gratitude to its members and supporters who heeded the call by ANC President Jacob Zuma and participated in the inaugural Nelson Mandela Day campaign.

We thank all those who spent their time servicing their communities especially the less fortunate, and we encourage our branches and members to continue to volunteer and to be of service in an effort to create a better life for all.

The spirit of volunteerism must be a permanent feature in the day-to-day work of every member of the ANC. Working together we can do more.

