**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 1177 [NW1316E]**

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**1177. Dr H C Volmink (DA) to ask the Minister of Finance:**

Has there been a review of the allocation of the equitable share to provinces for health services in the (a) 2013-14, (b) 2014-15 and (c) 2015-16 financial years; if not, (i) why not and (ii) does the National Treasury intend to make any changes to the equitable share formula; if so, what changes have been made to the equitable share formula in the specified financial years?

NW1316E

**REPLY:**

Yes. The provincial equitable share formula is reviewed and updated annually with new data, where available. Periodic reviews of the formula are also undertaken.

The provincial share of nationally raised revenue is disbursed to provinces using the Provincial Equitable Share (PES) formula. The formula comprises of six components, of which health is one of them, weighted at 27 per cent.

The structure of the health component in the provincial equitable share was amended through a review undertaken in 2010/11. The revised health component, introduced from 2011/12, uses a risk-adjusted capitation index and output data from public hospitals to estimate each province’s share of the health component. These two subcomponents work together to balance the needs (risk-adjusted capitation) and demands (output component). Caseload data in the health component, which measures demand on the ground, changes from year to year and is updated every year with data from the national Department of Health’s Information System. However, the epidemiological landscape that drives the risk profile of a population in a province is unlikely to change from year to year and this subcomponent of the health component is updated on a 4 to 5 years interval cycle.

A review of the provincial equitable share formula is currently underway that will, amongst others, assess all data sources available for each of the components of the formula, including the health component. The outcomes of this review will be implemented in future medium term expenditure frameworks (MTEFs).

1. Not applicable.
2. With respect to the health component, yearly data updates were applied for (a) 2013/14, (b) 2014/15 and (c) 2015/16 as follows:

* 2013/14

The health component for 2013/14 was updated with the 2011 General Household Survey, 2012 mid-year population estimates, data from the Council for Medical Schemes’ Risk Equalisation Fund, and District Health Information Services data for 2010/11 and 2011/12. The details of such updates are contained in pages 77 to 79 of the 2013 Division of Revenue Bill.

* 2014/15

The health component for 2014/15 was updated with the 2012 General Household Survey, 2013 mid-year population estimates, data from the Council for Medical Schemes’ Risk Equalisation Fund, and District Health Information Services data for 2011/12 and 2012/13. The details of such updates are contained in pages 77 to 78 of the 2014 Division of Revenue Bill.

* 2015/16

The health component for 2015/16 was updated with the 2013 General Household Survey, 2014 mid-year population estimates, data from the Council for Medical Schemes’ Risk Equalisation Fund, and District Health Information Services data for 2012/13 and 2013/14. The details of such updates are contained in pages 79 to 80 of the 2015 Division of Revenue Bill.