ADDRESSING INCOME INEQUALITIES TO IMPROVE HEALTH

THULANI MASILELA, DPME
BACKGROUND

- Empirical studies point to patterns of association between income inequality and population health. Lower levels of income inequality are associated with improved population health.

- Indices used to measure this relationship include: average life expectancy; infant mortality; total mortality and self-reported health.

- However, in recent literature (on developed and developing countries), contestations exist about the exact nature of causal links between income inequality and health outcomes. Methodological flaws are identified in many studies.

- In South Africa, the first Carnegie inquiry into poverty was published in 1932 – which focused solely on poverty amongst Whites (poor White problem). This Carnegie report gave rise to policy changes which over time, effectively eradicated poverty amongst Whites.


- Second Carnegie Report highlighted the appalling conditions in the rural areas and townships of South Africa, worse than those experienced by the Afrikaner in 1932. Severe malnutrition was common, especially in rural areas.
At the dawn of democracy, Reconstruction and Development Plan (1994) committed the country to establishing viable communities in areas close to economic opportunities and to health, educational, social amenities and transport infrastructure.

Constitution of RSA (No 108 of 1996): Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken.

In 2012, the National Development Plan 2030 adopted 3 goals: Eradicate absolute poverty; reduce unemployment rate and significantly reduce inequality.

NDP 2030 also envisions a “health system that works for everyone, produces positive health outcomes, and is not out of reach”.

By 2030, South Africa should have:
- raised the life expectancy of South Africans to at least 70 years;
- produced a generation of under-20s that is largely free of HIV;
- reduced the burden of disease;
- achieved universal coverage; and
- significantly reduced the social determinants of disease and adverse environmental factors.
KEY MESSAGES

1. Overall, the health status of South Africans is improving, especially in the period 2009-2015
2. However, health gains are not evenly distributed across the country
3. South Africa remains one of the most unequal societies globally
4. Income inequality is influenced by geography; gender and race, etc
5. Government has adopted the National Development Plan 2030 as a roadmap for eradicating poverty, unemployment and inequality
6. Discernible progress is being made
7. However, current reality is that the pace of progress toward Vision 2030 requires acceleration
8. To address negative impact of income inequalities on health, investments are required not only in health but also in sectors that address social determinants
9. Social partnerships are needed to address income inequality and contribute to continuous improvement of health outcomes.
OUTCOME 2: A LONG AND HEALTHY LIFE FOR ALL – IMPACT INDICATORS

- On the whole, key indicators reflect improvement in the health status of South Africans.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline 2012</th>
<th>2019 MTSF Target</th>
<th>Progress as at September 2016</th>
<th>Progress rating</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life expectancy at birth: Male</td>
<td>58.5 years</td>
<td>61.5 years by March 2019</td>
<td>60.3 (2015)</td>
<td></td>
<td>Rapid Mortality Surveillance Report 2016</td>
</tr>
<tr>
<td>Life expectancy at birth: Female</td>
<td>64.0 years</td>
<td>67 years by March 2019</td>
<td>66.4 years (2015)</td>
<td></td>
<td>Rapid Mortality Surveillance Report 2016</td>
</tr>
<tr>
<td>Under-5 Mortality Rate (U5MR)</td>
<td>41 per 1,000 live-births</td>
<td>33 per 1,000 live-births by March 2019 (20% decrease in 5 years)</td>
<td>37 deaths per 1000 live births (2015))</td>
<td></td>
<td>Rapid Mortality Surveillance Report 2016</td>
</tr>
<tr>
<td>Infant Mortality Rate (IMR)</td>
<td>27 per 1,000 live-births (25% decrease)</td>
<td>18 per 1000 live births (by 2019)</td>
<td>27 deaths per 1000 live births (2015)</td>
<td></td>
<td>Rapid Mortality Surveillance Report 2016</td>
</tr>
<tr>
<td>Maternal Mortality Ratio</td>
<td>200 per 100,000 live-births</td>
<td>Downward trend &lt;100 per 100,000 live-births by March 2019</td>
<td>154 deaths per 100 000 live births (2015)</td>
<td></td>
<td>Rapid Mortality Surveillance Report 2016</td>
</tr>
</tbody>
</table>

- Confidential Enquiry into Maternal Deaths (CCEMD)
INEQUITABLE DISTRIBUTION OF HEALTH GAINS

However, gains in health status are not evenly distributed across the country.

For the period 2011-2016, average life expectancy for males ranged from 52.5 years in the EC to 64.2 in the WC.

For the period 2011-2016, average life expectancy for females ranged from 65.8 years in the EC to 69.0 in the WC.
INEQUITABLE DISTRIBUTION OF HEALTH GAINS

- Overall, Institutional MMR is decreasing, but not at the same pace across Provinces
- Geographic (Provincial and District) variations exist in the performance of the health system
- Five Provinces (EC; FS; LP; MP; NW) carry twice the burden of institutional MMR than the Western Cape
- District variations also exist within these Provinces

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Province</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternal mortality in facility ratio</td>
<td>Eastern Cape</td>
<td>161.8</td>
<td>129.6</td>
<td>134.3</td>
</tr>
<tr>
<td></td>
<td>Free State</td>
<td>200.0</td>
<td>151.4</td>
<td>149.1</td>
</tr>
<tr>
<td></td>
<td>Gauteng</td>
<td>114.9</td>
<td>107.8</td>
<td>107.2</td>
</tr>
<tr>
<td></td>
<td>KwaZulu-Natal</td>
<td>131.6</td>
<td>120.4</td>
<td>113.3</td>
</tr>
<tr>
<td></td>
<td>Limpopo</td>
<td>165.1</td>
<td>148.6</td>
<td>122.0</td>
</tr>
<tr>
<td></td>
<td>Mpumalanga</td>
<td>104.6</td>
<td>120.3</td>
<td>133.3</td>
</tr>
<tr>
<td></td>
<td>North West</td>
<td>181.9</td>
<td>145.2</td>
<td>134.3</td>
</tr>
<tr>
<td></td>
<td>Northern Cape</td>
<td>137.5</td>
<td>128.4</td>
<td>80.5</td>
</tr>
<tr>
<td></td>
<td>Western Cape</td>
<td>58.8</td>
<td>60.2</td>
<td>65.7</td>
</tr>
<tr>
<td></td>
<td>South Africa</td>
<td>132.9</td>
<td>119.4</td>
<td>114.3</td>
</tr>
</tbody>
</table>

Source: DHIS: Nov 2016
AND... RSA REMAINS ONE OF THE MOST UNEQUAL SOCIETIES GLOBALLY
Average annual household income in 7 Provinces is significantly lower than in GP and WC.

Province | Annual Income (Rands)
--- | ---
Western Cape | 222,959
Gauteng | 193,771
KwaZulu-Natal | 107,561
Northern Cape | 103,912
Free State | 101,088
Eastern Cape | 98,529
North West | 90,156
Limpopo | 86,926
South Africa | 79,152

**Average**

Annual income (Rands)
Male-headed households earned significantly more than female-headed households in 2015.
White-headed households (R350 937) spent five times more than black African-headed households (R67 828) and three times more than the national average.

AVERAGE ANNUAL HOUSEHOLD CONSUMPTION EXPENDITURE AND INCOME BY POPULATION GROUP OF HOUSEHOLD HEAD IN 2015

- White households: R350 937
- Indian households: R195 336
- Coloured households: R124 445
- Black African households: R67 828

The graph shows the average expenditure and income for each population group.
WHAT NEEDS TO BE DONE?

1. EQUALISE OPPORTUNITIES OF ACCESS TO EDUCATION, WHICH IS ITSELF AN EQUALISER

To enhance skills for the economy and address Income Inequalities

2. ADDRESS INEQUITABLE EXPENDITURE ON HEALTH:

Beyond social determinants of health - inclusive of income inequality, health expenditure is cited as a key contributory factor for health outcomes

3. RADICAL ECONOMIC TRANSFORMATION

Radical Economic Transformation is required to create economic justice and provide all South Africans with just economic opportunities
Chances of employment in South Africa are higher if you are better educated. They are even better if you have a university degree compared to TVET. It is important to improve the quality of education at TVET colleges.

Chances of unemployment are lower with more education.
In real terms, the Health Budget is increasing by 3% over the 2016/17 MTEF, real values reflect a decline of 2.6%
### PROVINCIAL PER CAPITA EXPENDITURE (UNINSURED) - REAL 2015/16 VALUES

<table>
<thead>
<tr>
<th>Province</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape</td>
<td>3,079</td>
<td>3,063</td>
<td>3,031</td>
<td>3,009</td>
</tr>
<tr>
<td>Free State</td>
<td>3,713</td>
<td>3,619</td>
<td>3,632</td>
<td>3,672</td>
</tr>
<tr>
<td>Gauteng</td>
<td>3,465</td>
<td>3,436</td>
<td>3,393</td>
<td>3,350</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>3,560</td>
<td>3,544</td>
<td>3,561</td>
<td>3,536</td>
</tr>
<tr>
<td>Limpopo</td>
<td>2,903</td>
<td>2,849</td>
<td>2,755</td>
<td>2,728</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>2,747</td>
<td>2,662</td>
<td>2,744</td>
<td>2,731</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>4,038</td>
<td>3,830</td>
<td>3,692</td>
<td>3,690</td>
</tr>
<tr>
<td>North West</td>
<td>2,821</td>
<td>2,694</td>
<td>2,718</td>
<td>2,708</td>
</tr>
<tr>
<td>Western Cape</td>
<td>4,028</td>
<td>3,939</td>
<td>3,852</td>
<td>3,811</td>
</tr>
<tr>
<td><strong>Tot (Av)</strong></td>
<td><strong>3,348</strong></td>
<td><strong>3,296</strong></td>
<td><strong>3,272</strong></td>
<td><strong>3,247</strong></td>
</tr>
</tbody>
</table>

- In both real terms, per capita expenditure on health for uninsured population varies – with three predominantly rural provinces lagging behind LP; MP and NW
Radical economic transformation is a reminder of our overall long term aim of transferring economic power to the black majority.

Advancing the NDP has required the State to exploit to the maximum the strategic levers that are available, such as:

- Legislation and regulations (e.g. Mineral and Petroleum Resources Development Act)
- Licensing (e.g. Mining, Water and Environment)
- BBBEE and Transformation Charters
- National budget and Procurement
- State-owned Companies and Development Finance Institutions
- Government programmes for redistribution such as Land Reform

State must fully utilise these strategic levers to effectively transform the economy and society.
NDP 2030 GOALS

- **Eradicate absolute poverty** – from 39% of people living below the poverty line of R419 (2009 prices) to zero

- **Reduce unemployment rate to 6%** – by creating 11 million more jobs by 2030

- **Significantly reduce inequality** from 0.69 to 0.60 gini coefficient through a range of policy interventions
SYNOPSIS OF PROGRESS

- **Quality Basic Education:** Almost universal access to basic education: 98.8% of 7 to 15 year olds are attending education institutions (GHS 2015)

- **Higher Education and Training:** Number of qualifying TVET students obtaining financial assistance annually has increased from 188,182 in 2012 to 235,988 in 2015

- Number of students enrolled in public higher education studies at universities has increased from 950,000 in 2012 to 985,212 in 2015

- **Health:** Total Life expectancy at birth has increased from 61.2 years in 2012 to 63.3 years in 2015.
- Child health has improved, with Under-5 mortality decreasing from 41 deaths per 1000 live births in 2012 to 37 deaths per 1000 live births in 2015.
- Maternal Mortality Ratio has improved from 200 deaths per 100,000 live-births in 2011 to 154 deaths per 100,000 live births in 2014 (pop) and 138 per 100,000 (institutional)
SYNOPSIS OF PROGRESS

- **Basic Service Delivery has improved. Since 2014:**
  - 628,061 additional HHs have been connected to electricity grid
  - 40,569 additional HHs are connected to non-grid
  - 401,794 additional HHs had access to refuse removal
  - 283,200 additional HHs have received access to water
  - 425,000 additional HHs have been given access to sanitation

- **Human Settlements:** From 2014 to 2016, access to Housing has improved:
  - Housing delivered by the state has increased by 273,000 additional units
  - 200,000 households in informal settlements have been upgraded

- **Social Protection**
  - 16,853,828 million beneficiaries have access to social grants, which is 91% of eligible beneficiaries.
Our future - make it work

Eradicate absolute poverty – from 39% of people living below the poverty line of R419 (2009 prices) to zero

- Income poverty levels dropped in South Africa between 2006 and 2011, reaching a low of **20.2%** of population for extreme poverty and of **45.5%** for moderate poverty, according to Poverty Trends in South Africa (StatsSA, 2014). Greater effort in enabling inclusive growth (job creation) is needed to eradicate income poverty by 2030.

Reduce unemployment rate to 6% – by creating 11 million more jobs by 2030.

- Slow economic growth – with growth forecast for the remainder of 2016 likely to be less than 1%.
- High unemployment rate (27.1% in Q3 of 2016 - narrow and strict definition).
- High unemployment amongst the youth

Significantly reduce inequality from 0.69 to 0.60 gini coefficient through a range of policy interventions

- Levels of inequality in South Africa remain persistently high (gini coefficient of 0.67 with the social wage)
CONCLUSION

- Acting alone, government will not succeed in addressing income inequality and its impact on health outcomes.

- The approach of the NDP 2030 is to ensure change through a virtuous cycle of development, and places great emphasis on partnerships;

- A Social Compact should be entered into between government and all sectors of society; business; labour; civil society; academic institutions; research organisations; student and youth movements; emerging farmers; commercial farmers; and professionals

- While general acceptance exists of the relationship between income inequality and health outcomes, a need exists for more empirical studies in this field.

- Existing body of knowledge is characterised by terms such as: theoretical ambiguity; conceptual dissonance, lack of coherence, amongst others.
Ke a leboha  Ke ya leboga

Ke a leboga

Ngiyabonga  Ndiyabulela  Ngiyathokoza

Ngiyabonga  Inkomu

Ndi khou livhuha

Thank you  Dankie