LACK OF CAPACITY DEVITALISING SA'S HOSPITALS

The lack of service delivery at state hospitals came strongly to the fore in January when a national public opinion poll rated them the worst of all public services, with less than 10% of South Africans having anything good to say about them.

In the same month, provincial health care managers, delivering 8-month interim reports to a parliamentary select committee on Finance (SCOF), reported spending on hospital revitalisation budgets alone to stand at an average of 40.5% – a full 26% below par. By December 2005 (after 9 months of the financial year), average spending had improved marginally, rising to 53.5% – which equated to 21.5% below par.

Izindaba spoke to Mr Tutu Ralane, Chair of SCOF, and other officials in an attempt to make some sense of the under-spending, which varies wildly between provinces, and to probe why public perceptions have fallen so low.

Hospital capacity crippled

The SCOF committee heard some worrying figures during the report-back session by national and provincial treasury officials on their third quarter conditional grant spending. Figures presented by Mr Chris Adams of the National Treasury showed that by November last year (when provinces should have spent 66% of their budgets), the lowest spenders on hospital revitalisation were the Free State at 27%, the Eastern Cape at 32% and KwaZulu-Natal and Limpopo at 33% each. Dr Mark Blecher, a Director in the National Treasury, said that under-spending was not on core services, but on capital and conditional grants.

The biggest problem for hospitals was that over the past 10 years recurrent funding had been 'fairly flat', particularly for academic hospitals, while staffing levels had declined and the effects of medical inflation had been substantial. Human resources and operating budgets for hospital services were starved of cash as new money was allocated to boost primary health care, deal with HIV/AIDS, build and repair hospitals, pay for higher input costs and increase wages.

Concurrently, the HIV/AIDS pandemic began crowding out patients with other ailments. Management capacity building and decentralisation were 'too slow', while individual hospitals were also largely prevented from retaining the revenue they generated.

New funds for hospitals were allocated mainly to capital projects like building (the capital budget increased from R1 billion to R4 billion between 2001 and 2006 with 45 hospitals now targeted for building or upgrading in the coming financial year), and the HIV/AIDS prevention budget, that had now grown to R2 billion.

Staff-to-patient ratios plummet

Blecher said the new money for hospitals has gone into buildings, at the expense of services, while health care staff numbers declined nationally overall from around 235 000 workers in 1994/1995 to 225 000 currently, most notably in Gauteng and the Western Cape.

This effectively meant that South Africa had fewer public health care workers today than it had 10 years ago, while its overall uninsured population has grown by an estimated 8 million people. Staffing levels dropped to a low of 213 000 three years ago, but things improved somewhat with 10 000 new staff hired over the last financial year as the effects of a more expansionary fiscal policy finally began to translate into personnel numbers.

Blecher said it was hoped that future budget growth, new funds to boost staff numbers and the Modernisation of Tertiary Services programme would begin to address recurrent funding shortfalls. Although under-spending was currently under the spotlight, expenditure in Limpopo had increased from R2.5 billion in 2000/2001 to R4.2 billion in 2004/2005, while over the same period spending in Mpumalanga had increased from R1.1 billion to R2.2 billion and in the North West province from R1.6 billion to R2.5 billion. 'So their under-spending and the attendant capacity problems are a part of it, but it goes deeper as we try to bring the historically poorer provinces up to par and scale them up,' he explained.

The lowest spenders on hospital revitalisation were the Free State at 27%, the Eastern Cape at 32% and KwaZulu-Natal and Limpopo at 33% each.

Warning bells sound

Treasury officials were particularly worried about Limpopo's low health spending prospects in the current financial year after it was hit by a project management capacity crisis in January, threatening to choke back spending by year-end in April. Although it had spent 63.4% of its total budget at 9 months (or 11.95% below par as at end of December), Limpopo's health director-general, Ms Nellie Manzini, left her post to become the province's overall director-general, while her chief financial officer, 'Mpho' Mofokeng, moved to an identical post in KwaZulu-Natal, creating a top management vacuum. This vacuum, which could contribute to Limpopo's under-spending plummeting from R44 million in 2004/2005 to an estimated R300 million in this financial year, vividly illustrates the volatility in national management capacity.

Blecher said that with the expansionary fiscal climate funds could now be distributed more equitably between the provinces, without having to make cuts to better-off provinces as occurred during the late 1990s. 'Our current view is that nobody's budget

Vital capital expenditure has meant short-term patient-unfriendly budgets. A King Edward Hospital ward in Durban.

should be cut and all provincial budgets should be increasing in real per capita terms, a major change from past practice in the late 1990s,' he revealed.

Have money, can't spend

The irony was that capacity was also a developmental problem because one could only upscale poorly developed provincial services 'at the rate at which they can scale up. Creative ways had to be found to build capacity and to scale up faster. The rate at which you could spend additional money was limited over the past 3 years,' he emphasised.

Two other major flies in the ointment picked out by the portfolio committee were slow or non-existent delivery by the Public Works department and problems faced by newly appointed provincial health department project managers. Gerrit Muller, Chief Financial Officer for the national health department, said there was little provincial or national health departments could do if Public Works reneged on service level agreements. 'There's very little leverage on them. You can't have a government department suing a government department!' he joked.

Nobody to do the job

The select committee heard of some project managers not only having to catch up on the backlog of work created by their belated appointments, but of being expected to deliver results with little or no provincial technical expertise. They had to wait for the 'trickle down' effect of administrative appointments with quantity surveyors and engineers not yet appointed, as project delivery dates loomed.

This lack of 'in-house' expertise often forced provinces to go out to tender, a problem most evident in KwaZulu-Natal, creating a whole new set of capacity issues with process glitches sometimes leading to lengthy court challenges by eager competitors.'That's why we're seeing such a low quality in some of the work coming out and it also makes some of the hospitals quite expensive compared to the national benchmark. The provincial departments also don't have the capacity to evaluate business plans and processes which are often too broad and strategic with little proper design detail before money is poured in,' one finance officer told *Izindaba*.

Mr Tutu Ralane, the select committee chairperson, told *Izindaba* that there was no clear-cut integrated arrangement that 'compelled everybody to work as a team' and warned that this was an issue 'we're going to have to look at urgently'.

'There have been teething problems – every department had its own infrastructure funding and this often creates territorial issues with Public Works,' he said. He wanted to get health departments and Public Works together at a hearing in May, 'so they can respond to pointed fingers and strengthen their working relationships'. 'If you look at under-spending in the context of need, there's a problem and we have to grapple with it,' he stressed.

Ralane commended the Northern Cape for its excellent capacity building and said all other provincial hospital revitalisation budgets were cut and money redirected to that province during the period his committee had reviewed. 'We don't condone under-spending, but we do want visible outcomes,' he said.

Gert Steyn, National Programme Manager for Hospital Revitalisation, did not return messages left with his secretary and his cell phone message box was full. His deputy, Mvuyo Diki, declined to comment, referring queries to Steyn.

Patients fed up

The government service public opinion poll, based on face-to-face interviews with 2 000 people across the country last August and released in January, put public hospitals behind the South African Police Service and the notorious Home Affairs Department. Only 12% said they 'admired and respected' hospitals and their staff (this figure stood at 17% for police and 11% for Home Affairs). Using methods applied to assess the image and reputation of corporate brands, the survey constructed an index of 100 as the 'perfect score'. Hospitals scored just 35 on service delivery, behind the police with 43, Home Affairs with 44 and public transport with 49. Neil Higgs, a director of Research Surveys, who conducted the poll, said a score of 70 indicated 'a reasonable level of satisfaction. Anything below 50 should be considered totally unacceptable,' he emphasised.

The poll threw up key areas of dissatisfaction. Half of those questioned said hospitals gave poor customer service while 1 in 3 said they 'do not get things right'. Only 10% said they trusted state hospitals (18% trusted their local police force). Between 26% and 50% agreed with negative statements like 'hospitals mismanage funds' and 'are slow, rude and unprofessional', while just 6 - 16% agreed with positive statements, such as 'they care, are committed or put people first'.

Chris Bateman