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HEALTH INFRASTRUCTURE REVITILISATION PROGRAMME IN THE EC: COMPLIANCE TO NORMS AND STANDARDS

PRESENTATION TO THE STANDING NATIONAL COMMITTEE ON HEALTH

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PART 1

EXPENDITURE ANALYSIS, AS AT 17TH SEPTMBER 2012

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Expenditure Assessment as at 17th September 2012

Fund Source	Original_Budget	Total_Expenditure (17 Sep 2012)	% Expenditure
Equitable Share	R 436 470 000	R 157 429 725	36.1%
Health Infrastructure Grant	R 258 862 000	R 91 224 050	35.2%
Nurses College Grant	R 14 660 000	R 460 344	3.1%
Revitalization Grant	R 402 601 590	R 147 967 695	36.8%
Grand Total	**R 1 112 593 590**	**R 397 081 814**	**35.7%**

- Expenditure as at 17th Sept 2012 stood at R397 million or 36 per cent of the R1.1 billion
- More invoices are expected to be paid in the remaining period of September 2012
- The improved expenditure is attributable to the Health infrastructure and Hospital Revitalisation Grants
- In the first four months of financial year, both grants expenditure was below 20 per cent of the appropriated funds

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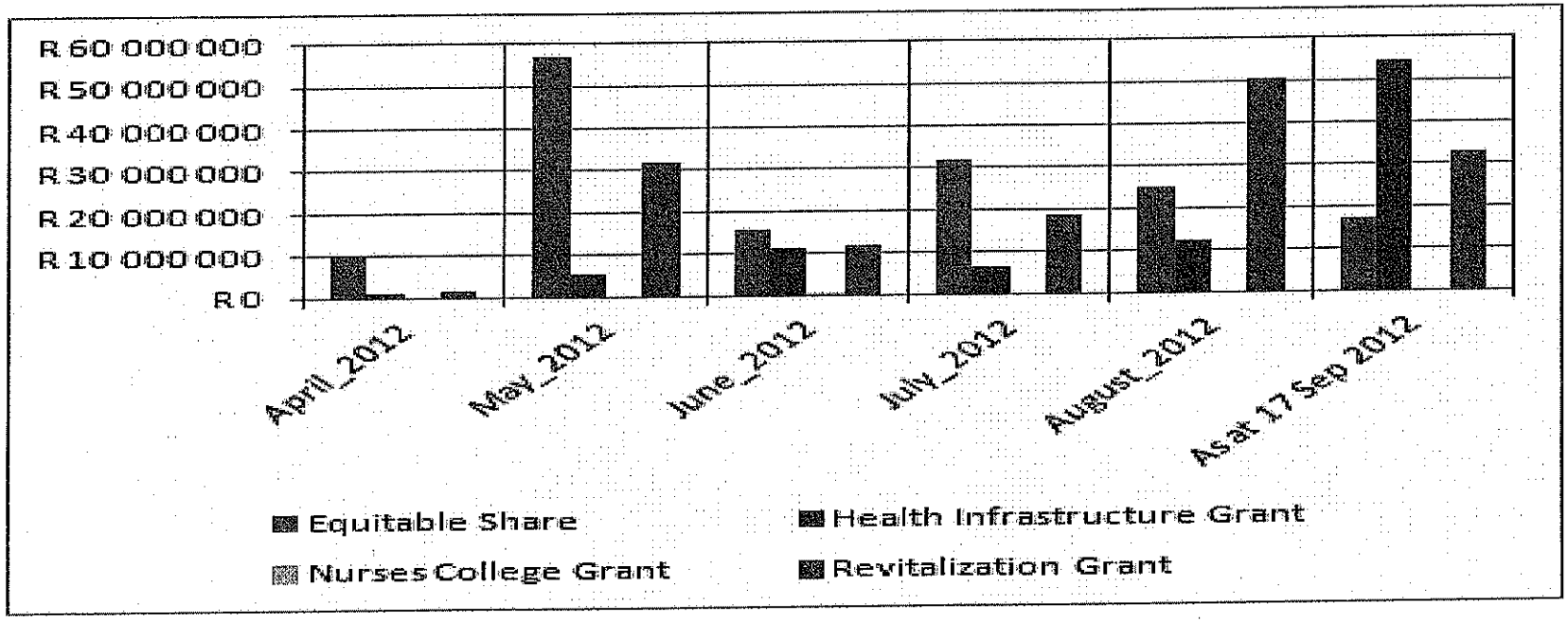
Expenditure Assessment Per Fund Source



- **Comments**
  - As can been seen in the graph above, conditional expenditure has started to pick up from August 2012 and this trend is to be maintained
  - Nurses College Grant is relative low and is expected to pick up from the third quarter on wards as refurbishment work will be started in Mthatha and East London Campus
  - Equitable share expenditure is in line with the projections and no under expenditure is anticipated by year end

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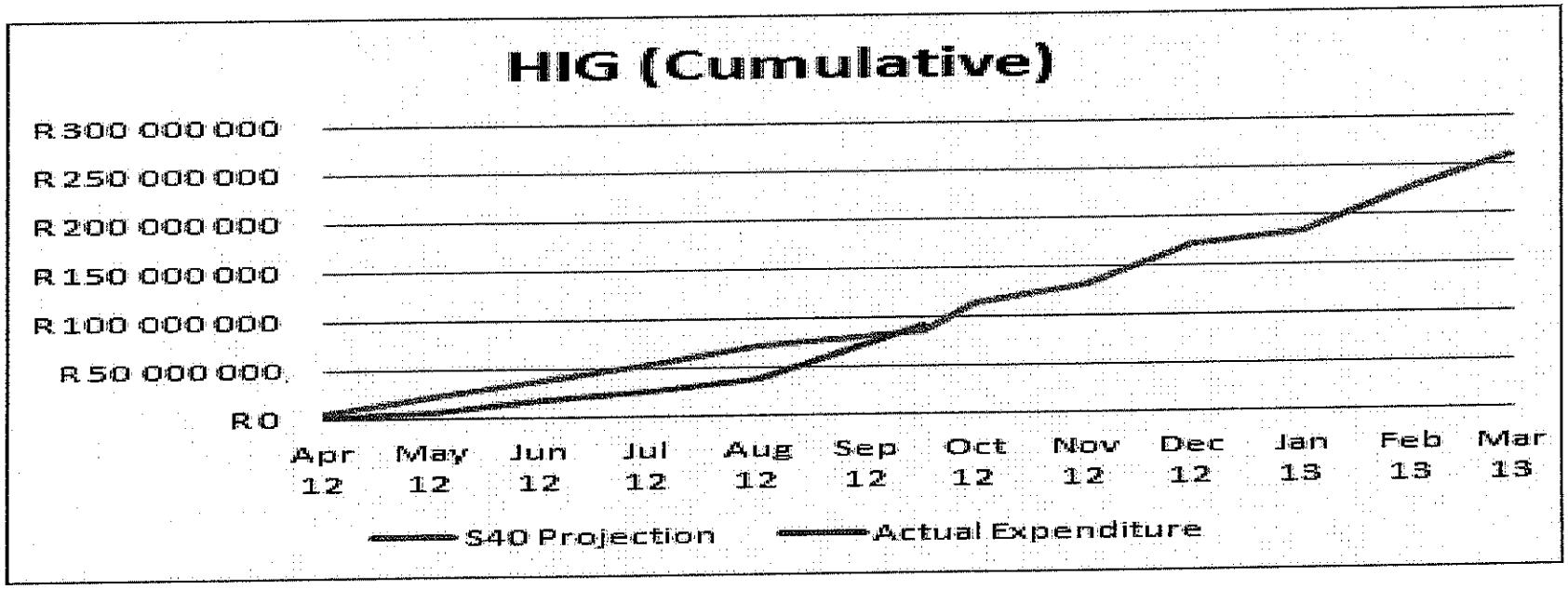
Expenditure Assessment – Health Infrastructure Grant



- HIG expenditure has started to pick up from August on wards
- 5 hospitals (Mjanyane, Nessie Knight, Khutsong, Dora Nginza and Siphethu are in the process of being Upgrading and Refurbishments.
- Significant expenditure on these projects will be realised from the 3rd quarter on wards
- Two main capital projects (Frere and Livingstone Oncology) have recovered on under expenditure on the 1st quarter and will now spend the available budgets

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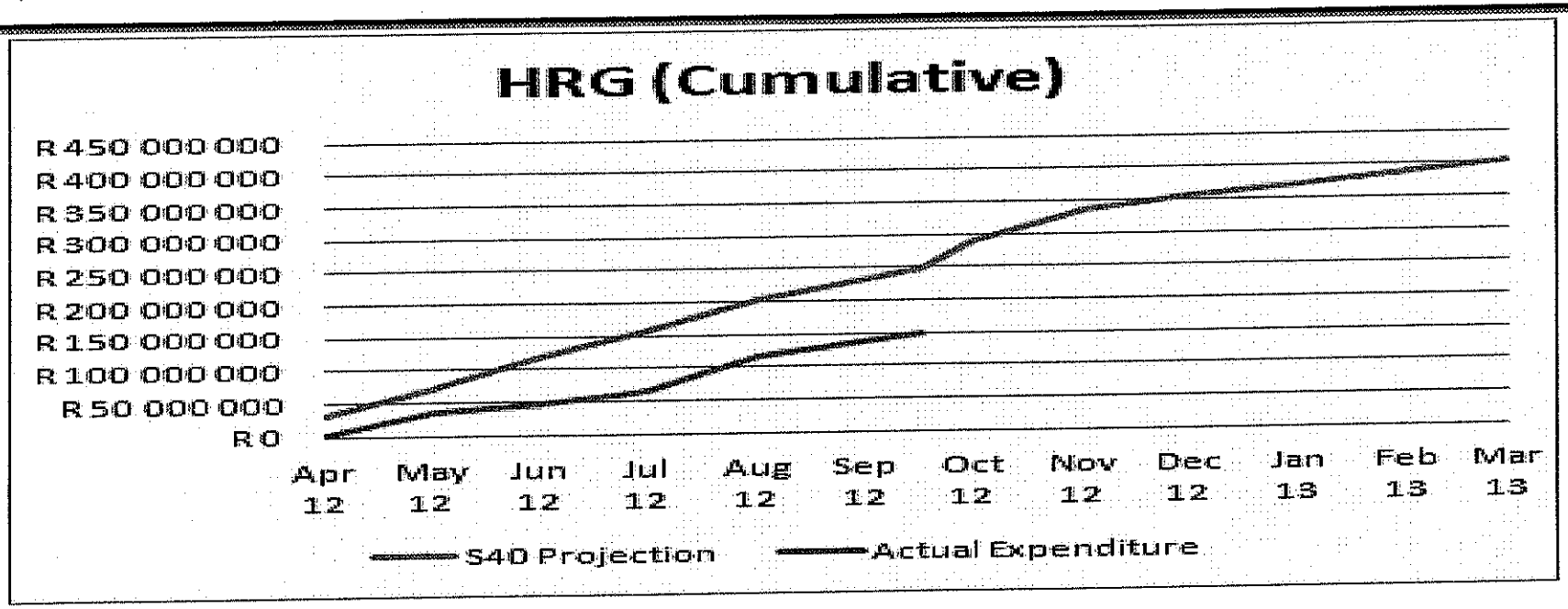
Expenditure Assessment – Hospital Revitalization Grant



- Labour disputes in St Patricks hospital as well as Cecelia Makiwane are now resolved
- As from July 2012, the programme saw an improvement in expenditure and this will sustained through the financial year
- Construction of Madwaleni Clinic is expected to start during the October 2012
- The department is finalising the business case and designs for the construction of the main hospitals in St Elizabeth, Madwaleni

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PART 2

COMPLIANCE OF EC FACILITIES TO NORMS AND STANDARDS

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INFRASTRUCTURE AUDIT

- High Level Audit conducted by National Heath Department and focused on:
  - Facility Profile
    - Accessibility via - road
    - Operating hours
    - Number of inpatient beds
    - Ownership of land and buildings
  - Infrastructure
    - Physical Infrastructure condition assessment
      - Physical condition (*walls, roofs, floors, windows, bathrooms, laundry, kitchens etc.*)
    - Facilities Management Maintenance of roads and buildings
    - Space - Meeting service and patient needs, waiting areas
    - Bulk Services – Electricity, water, sanitation and waste removal
  - Equipment
    - Availability of essential equipment
  - Human Resources
    - Post filled and vacant for different staff categories
  - Finance management
  - Services provided
    - Support services
    - Technical services e.g. IT
    - Clinical services
  - Quality of care (sub-set of Core Standards)

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PRE-LIMINARY FINDINGS

- Most of the buildings are not structural sound to provide health care services and yet they continue to receive patients
- Passing of the Bill before the Committee will see most of these facilities closing down
- This will have extreme negative implications for services delivery for the entire health sector in the Province
- Some facilities are operating without the following critical support services:
  - Water
  - Electricity
  - Access Roads
  - Sanitation
  - ICT connectivity
  - Medical Equipment
  - Appropriate staff (more so clinical)
  - Accommodation for health professionals

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PLANNING CHALLENGES

- Per capita allocation does not take into account cost of delivery - rural areas
- Poor infrastructure (roads; water & elect) - cost
- Inappropriate Service Delivery Platform (SDP)
- Inadequate budget for RSDP - with Infrastructure being the 1st casualty
- Inadequate budget for maintenance
  - R22b infrastructure with R1.1b budget (+_R200m for general maintenance)
- Rural area with land under Traditional leaders – which has its own challenges

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Implications of Incoherent Planning

- Phases may now be put on hold – affecting Implemented in phases
- Over the years (since 2004) many priority projects identified and "sod turned" – Most of these projects have been put on hold – and will have now be postponed for a further 3 years. Other projects will become higher priority in the meanwhile.
- Many promises to the communities will not be realised
- The national PHC revitalisation strategies will not be met
- On many projects - delayed payments - contract complications - contractors abandoning sites &/or interest payments - further cost escalation & audit queries for "fruitless and wasteful expenditure"
- Conditional assessments cannot be funded – of both buildings and equipment – hence difficult to plan maintenance, refurbishment and replacement activities

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STRUCTURAL WEAKNESS OF THE PROVINCIAL FISCAL FRAMEWORK

- Infrastructure backlog in the Eastern Cape are more extreme and budgets are eroded into, due to:-
  - Water and sanitation at most facilities need to be catered for (developing the infrastructure, operating and maintaining it) by the department (actually a municipal function)
  - Roads to facilities need budgeting
  - Power generation and backups needs funding
- Planning of new facilities not properly done and historically some under utilized facilities constructed – in an already unaffordable platform. Hence the need for the "Rationalised Service Delivery Platform"
- Currently the planning process is driven by MTEF budgets available. The challenge in the department is to coordinate a systematic and structured approach to address the projects with clear criteria for actual allocation of funds.
- The lack of adequate funds changes the prioritization from a co-ordinated planning process to one driven by funding availability and crisis management

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PROPOSED INTERVENTIONS (1)

Alignment to the department's strategic goals and objectives

- All capital works backlogs need to be eliminated
  - Constraints in budget have not allowed the Department to provide new facilities or to adequately maintain existing facilities.
  - The current backlog will escalate significantly each year
- Ideally, all Health Facilities should be at maintenance status only
  - Adequate ring-fenced budgets for maintenance of buildings and equipment 2-5% of total replacement value of portfolio
- All facilities equipped with essential functional equipment
- Planned preventative maintenance schedules available for all facilities
- Adequate ring-fenced budgets for infrastructure
- Accelerated planning of health facilities using standardised room design guides and national norms.

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PROPOSED INTERVENTIONS (2)

- Efficient and effective in house 1st line maintenance teams - including clinical engineering services
- Infrastructure development to be guided by Rationalised Service Delivery Plans with the set norms and standards
- Primary Health care focus with District Health systems
- Auditing all facilities for legal compliance in terms occupational health and safety etc.
- All Projects on GIS and asset database
- Enter into partnership to meet the Infrastructure needs
  - including accommodation for health personnel especially in rural areas.

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Options of Funding Mix

- Current funding envelop not adequate
- Recurrent expenditure crowds out infrastructure investment
- The following funding sources need to be explored in order to augment public sector funding:
    - Built Operate and Transfer (more so for the accommodation project)
    - Donor funding (targeting institutions that have structural integrity stress and)
    - Lease agreement (for the purchase and maintenance of medical equipment)
    - Public Public Partnership (public development finance institutions to be given space to deal with health infrastructure investment)