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Eastern Cape Department of Health

Budget Analysis

2013/14

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September 2013

Monitoring and Advocacy Programme, Public Service Accountability Monitor

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Key Findings and Recommendations

Finding

Infrastructure development has been prioritised by the Minister of Finance across the country, and the Eastern Cape Department of Health (ECDoH) MEC also highlighted this as a priority during his 2013/14 policy speech. Despite these assurances the Health Facility Revitalisation Grant decreases by R218 million or 32% in real terms from the 2012/13 adjusted budget. This is disappointing but not surprising considering that the Department under-spent this Grant's adjusted allocation of R781.5 million by R166.6 million in 2012/13. The allocation of R562.792 received in the 2013/14 therefore speaks to the inability of the Department to spend its budget well in the previous financial year.

Recommendation

This decrease is alarming even though a percentage portion of the infrastructure delivery will be taken over by the National Department of Health over the Medium Term Expenditure Framework (MTEF). Any decrease in the budget of infrastructure in the ECDoH requires explanation given assurances that it is prioritised. The poor state of many Eastern Cape health institutions needs urgent attention to be turned around and improved upon in order to effectively meet the demands that are upon it.

Finding

The 2013/14 Goods and Services line item has decreased by R201 million from the 2012/13 adjusted allocation. In real terms this amounts to a decrease of 0.45%. The Department has anticipated that it will spend R 4.87 billion by the end of the 2012/13 financial year (R635.36 million more than the 2012/13 adjusted allocation). This extent of over-expenditure in 2012/13 leads to understandable concerns that the 2013/14 allocation of R4 445 768 billion will not be sufficient to support the Goods and Services needs of the Department in 2013/14 and that services are likely to become compromised. The Department has sought to justify this kind of activity on the budget by citing the payment of accruals for drugs, medicines, medical supplies and the "effects of the increased burden of disease". The Department has reprioritised funds from the Goods and Services line item towards the Compensation of Employees line item in the 2013/14 financial year.

Recommendation:

Though it may appear a small decrease on the Goods and Services budget, decreases to this line item over time has created a cycle of accruals which has led to shortages in medical supplies which results in patient care being compromised. The Department cannot afford to enter into each new financial year with this kind of debt, especially with the implementation of national budget cuts as a result of the Census 2011 outcomes. An increased burden of disease in the province therefore means that Primary Health Care services (which are the responsibility of the District Health Services programme) should be prioritised and funded adequately to deal with these challenges.

Finding

Detailed information on categories of people placed on the ART programme each year is not provided in the Estimates of Provincial Revenue and Expenditure 2013/14. What is provided for is the budget on an overall/total number of clients that the Department estimates it will initiate on the programme.

Recommendation

Providing such level of information would be useful to engage with for purposes of in depth analysis, as well as to understand behaviour trends of clients that are on the programme. Having an understanding of these trends is likely to improve planning of HIV/AIDS programmes in the future.

Introduction

Chapter two of the South African Constitution protects and promotes the progressive realisation of socio-economic rights within available resources. These include rights such as housing (section 26), health care (section 27), education (section 29) and so forth.[1]

Social accountability as defined by the PSAM is the obligation upon public officials and private service providers to justify their performance in progressively addressing the above rights via the provision of effective public services. To achieve the effective realisation of these rights through the delivery of public services, both the state department as well as the private service providers have the responsibility of managing public resources, and must implement effective accountability and service delivery systems.

The aim of this report is to analyse the impact of policy priorities at different levels of governance (national, provincial, sectoral and departmental) on the Eastern Cape Department of Health's 2013/14 budget and on its ability to implement effective and efficient service delivery and accountability systems in the upcoming financial year. In addition, assumptions informing both policy priorities and budget allocation trade-offs are analysed in terms of the Department's external and internal service delivery environment.

I. Policy Priorities

National Policy Priorities

In his State of the Nation Address for 2013, President Zuma placed emphasis on a few points for the health sector in the 2013/14 financial year:

The National Development Plan (NDP) document would form an integral part of policy plans within all government departments across the country in helping to chart a path to prosperity in improving the lives of all South African within the various sectors. Described more simply, the NDP paints a picture of the kind of country that South Africa would like to see itself as by year 2030. The President described it as a 'roadmap' of the country, with interventions that need to be put in place that will help steer the country forward and place it on a better socio-economic footing. In order to achieve the objectives of the NDP, all sectors of society would have to be fully engaged.[2] The President also pronounced that the National Health Insurance Fund would be established in the year 2014. Furthermore, as of April 2013 efforts will be put in place to accelerate the progress made on the selected pilot districts around the country, with the "first group of about 600 private

[1] The Constitution of the Republic of South Africa.
[2] State of the Nation Address 2013

medical practitioners" to be "contracted to provide medical services at 533 clinics within villages and townships in 10 of the pilot districts".[3]

In the National Health speech delivered by Minister Motsoaledi on 15 May 2013 the following matters were raised as of concern and needing attention in the year going forward: increasing life expectancy, reducing maternal and child mortality, reducing the burden of disease from HIV and AIDS and TB, improving the effectiveness of the health system. These areas of priority will considered within the Eastern Cape provincial context

Taking guidance from the NDP, Finance Minister Pravin Gordhan announced that an amount of R430 billion has been set aside and allocated towards the development of infrastructure in various projects around the country including the building of hospitals, clinics, water and electricity distribution networks to name just a few.[4] The national consolidated spending on health and social protection had risen to R268 billion in the 2013/14 year. Progress in infrastructure commitments by the state has been evidenced in the erection of health facilities and nursing collages around the country.[5] Funds allocated to provinces in the last few years to fulfil infrastructure commitments have seen sharp increases between the year 2005/06 and 2012/13. Gordhan added that caution would be taken to ensure that the quality of spending of these grants would be improved through processes currently under revision.[6] Reiterating what the President had raised in his 2013 address, the NHI project would embark on an exercise of contracting "general practitioners and financial management reforms".[7] These reforms will be supported by a new conditional grant that will be introduced in the 2013/14 financial year which will allow the "national Department of Health to play a greater role in coordinating these reforms".[8] The Minister of Finance explained that the initial phase of the development of the NHI "did not place new revenue demands on the fiscus", however, he explained that in the near future tax increases would be required in order to sustain the NHI. He confirmed that National Treasury would put out a discussion paper in 2013 that would "examine the funding arrangements and system reforms required for NHI";[9] To end off his address, the Minister took cognisance of the difficult yet necessary road ahead for government to deal with procurement and corruption activities in all levels of government as well as within all government departments. He recognised that the problem remained a large and complex challenge for government to deal with and that effort to deal with it would be necessary from all sectors of society. National Treasury has gone as far as looking into appointing a Chief Procurement Officer that will manage the responsibilities of procurement in government.

[3] Ibid.
[4] National Budget Speech 2013
[5] Ibid at p.25
[6] Ibid at p.24
[7] Ibid at p.17.
[8] Ibid.
[9] Ibid.

For the health sector, the NDP has set out specific targets that that will be worked through by means of monitoring and tracking undertakings leading up to year 2030. In other words, these targets will be progressively realised. In drawing up this document, government has had to appreciate the current deficiencies that exist within the health sector, while at the same time upholding and fulfilling the goals and targets identified within the NSDA.[10] The NDP is however short on detail on how its targets will be achieved and has left the more in-depth discussions with individual Departments.

Eastern Cape Department of Health Policy Priorities

To begin with, the Department must be commended for making an effort in ensuring that this current year's policy and budget speech is presented in such a way that has made it easy to engage with compared to the previous financial year.

Going forward, the MEC for the ECDoH identified the following as policy priorities for the province in the year 2013/14:

- to combat HIV/AIDS and TB,
- to decrease maternal and child mortality rates,
- to revitalise primary health care,
- to build and upgrade public health facilities (paying special attention to more rural settings),
- to phase in the NHI, and
- to develop and produce a new cadre of health professionals.[11]

To continue with the success that the Department has been experiencing through the ART programme, the amount put aside for the HIV/AIDS Conditional grant for year 2013/14 has been increased by R212.444 million from the previous year's initial allocation. Part of this funding will go towards the strengthening of the HIV Counselling and Testing Campaign (HCT) that has been planned to be re-launched by the Minister of Health to recruit more Lay Counsellors within the province. The Department also plans to initiate 75 000 new eligible patients on the ART programme in the year 2013/14. In the 2012 financial year, 213144 qualifying patients had had been registered on the programme. This was an addition of 189 000 new patients enrolled into the programme in that year.[12] To deal with the co-infection of HIV/AIDS and TB, the amount of funds allocated towards TB hospitals in the province has risen by R32, 2 million in 2013/14. Part of this fund will be directed towards the procurement of a digital X-ray machine for Khutsong TB hospital.[13]

Although the Minister of Health acknowledged the rates of maternal and child mortality as one of the four objectives to be focused upon in the country, and certainly being part of the four main burdens of diseases across South Africa, not much detail was provided as to plans in place for year 2013 going forward for the country as a whole.[14] Although the Eastern Cape has noted slight declines in the rates of mortality for mothers and children

[10] National Development Plan Vision 2030, p.296.
[11] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.1.
[12] Ibid at p.2.
[13] Ibid.
[14] Health Budget Speech – 15 May 2013.

(with Maternal Mortality Ratios down from 202 in 2009 to 168/100 000 in 2011), the province has seen little improvement in dealing with this problem in the past. Highlighted as a priority for the province in the financial year 2013/14, the Department has however fallen short on the provision of detail of the funds that are planned to be spent on various efforts and activities to be undertaken by the Department in its aim to further reduce child and maternal mortality rates in the province.[15]

The importance of the Primary Health Care (PHC) approach as being the "bedrock of any functioning healthcare system"[16] was linked to the successful roll-out of the NHI across the country by Minister Motsoaledi.[17] The policy speech made by the EC Health MEC does not however attach financial detail to plans spoken about for the 2013/14 financial year ahead. This absence in detail makes it difficult to fully engage with the narrative where the costs involved in delivering and on improving PHC services are not explicitly discussed.[18] As the implementation of the NHI is closely linked to the delivery of efficient and quality PHC services country-wide, the phasing in of this programme so far has been met with a range of challenges.[19] The ECDoH will have to dedicate itself more in order to curb these challenges, and pay attention to targets set in order to have a better sense of direction in implementing the system in the province.

In his speech, the ECDoH MEC has stated that the strengthening of the health system's effectiveness is a priority for the Department in the 2013 financial year. In order to achieve this, he has identified the "fight against fraud and corruption, strengthening financial management, supply chain management and human resources management"[20] as being key to attaining this standard. Highlighting the progress made through interventions used, including the SIU formula agreed with the Auditor General, the MEC has pointed out that the Department is projected to save an amount of approximately R264 million because of these efforts.[21] The National Treasury is also giving investigative assistance to the ECDoH. Furthermore, a hotline number has been created that will allow for people to call in and report incidences of fraud.

Although the Department has made plans to improve the management of human resources, with high-level positions within the Department having been advertised, as well as other posts being in the short-listing phases in an effort to bring stability at the top levels of management within the Department, financial costs of this process has not been discussed in the 2013/14 policy speech. MEC Gqobana has also pointed out that the running of the Nelson Mandela Academic Hospital will be taken over by the National Department of Health as of April 2013, as it will for all Central Hospitals throughout the country. The organogram of the Department has not been finalised as of yet, but is said to be close to finality.[22] Through efforts made in the last 3 years, the MEC has expressed satisfaction made so far with turning around the audit opinion of the Department from a disclaimer to a qualified finding. He said that this was made possible through the various interventions employed to improve the financial outcomes of the Department. However, challenges still exist in the areas of financial management where a significant number of

[15] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.2-3.
[16] Ibid at p.3.
[17] Health Budget Speech – 15 May 2013.
[18] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.4-5.
[19] Ibid at p.6.
[20] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.1
[21] Ibid at p.9.
[22] Ibid at p.10

staff lack the skills to needed to achieve results wanted. Instituting these changes has been seen as the drivers that will improve financial management within the Department.[23] No financial information has been discussed in the ECDoH 2013 Policy Speech towards these plans. Lastly, the Department is taking part in a pilot implementation of MAWG on the advice of the Minister of Finance. This exercise is seeking to strengthen procurement systems of the Department and "develop broad level mechanisms to optimise its functioning". It is hoped that the efforts made through the implementation of the SCM Reform Project will yield improvements and enhance capacity in the way that the Department functions, and in turn provide better quality of health services.[24] Funding to realise the objectives of the SCM have been highlighted over the MTEF period which will be focused towards priority areas.[25]

Popularly described as a rural province, the health infrastructure in the Eastern Cape is greatly in need of upgrading and refurbishment. The NHI system will certainly not be sustainable if most of the health care facilities in the province are not improved upon. So far, the slow pace of upgrading of these facilities has posed an enormous challenge for many critical clinical health care staff in efficiently attending to health care clients. In many cases this has led to the discouragement and loss of many health care workers, particularly those based in less developed parts of the province. That in itself has created a double blow for the province where the Department has been left with many vacancies to fill as a result of critical staff shortages. The plans made by the Department therefore to construct, upgrade and refurbish many health care facilities throughout the province, as well as the allocation of funds to most of these plans to realise these targets for the 2013/14 financial year are encouraging.[26]

II. Budget Analysis

The section below will highlight and consider the allocations given to key programmatic areas of the Department for the year 2013/14.

Total Allocation

The 2013/14 budget has been delivered against the backdrop of the Census 2011 results. These results are meant to inform and update all departments as to the kind of service delivery environment within which they will be working in the years ahead. The budget decisions and allocations made to the Department have therefore been impacted by the Census results. More specifically, the Census 2011 results revealed an increase in the burden of disease in the province, an increase in the demand for public services, and an increase in the numbers of people who are uninsured by the various medical aid schemes that exist.[27]

In the 2013/14 financial year the ECDoH has been allocated an amount of R16.5 billion. Without inflation factored in, this amount represents an increase of R1.4 billion from the

[23] Ibid.
[24] Ibid.
[25] Ibid.
[26] Ibid at p.7.
[27] Estimates for Provincial Revenue and Expenditure 2013/14,p.155

2012/13 initial appropriation. However, once inflation has been considered, the actual increase amounts to less than a percentage point. The insignificant budget increase in real terms becomes important in light of the current challenges faced by the EC DoH. Concerns arise as to how far this budget will be able to stretch in order to address such challenges and those that lie ahead.

The table below provides a general picture of allocations received across the major line items. The Compensation of Employees (CoE) line item remains the biggest receiver within the ECDoH budget. Without considering inflation the 2013/14 initial allocation for COE has increased by R1.165 billion when compared with the 2012/13 financial year. However, when we compare what the Department is likely to spend in the 2012/13 (according to the adjusted appropriation) against what has been allocated in 2013/14, the increase is only R726 million (less than 2% of growth in real terms).[28] Part of the increase to this line item is attributed to the reprioritisation exercise undertaken by the Department which involved the moving of money from the Goods and Services line item.[29]

The Goods and Services (G&S) line item has increased by R330.7 million from the 2012/13 initial allocation. It is projected that this budget will have actually increased by R 201.9 million when the 2012/13 adjusted appropriation and 2013/14 initial allocation are compared. With inflation factored in, the budget in question experiences a decrease of 0.45%. With that in mind, it is also foreseen that the revised estimate budget for 2012/13 of this line item will have exceeded by R635.3 million from the 2012/13 adjusted appropriation.[30] Such over-expenditure is to be expected when money has been moved away from this line item at the start of each financial year in the past. This also means that the Department has a history of commencing each financial year with a substantial dent in its G&S budget in the past. It is also clear evidence that the Department runs a high risk of not efficiently meeting its demands, and hence the resultant over-spending that will take place by the end of the 2012/13 financial year. It is not surprising then when money has been reprioritised away from G&S line item, to contribute to the CoE budget in 2013/14. Reasons provided for this activity is as a result of shortages experienced in the CoE budget because of "payment of accruals and the effects of the increased burden of disease".[31] Looking at the initial allocation for this line item in 2013/14, the possibilities are high that the Department may have to again ask for additional funding to meet its demands in 2013/14.

The Buildings and other fixed structures line item budget is at R588.4 million in 2013/14. This budget experiences a nominal decrease of R 71.3 million when compared against the 2012/13 adjusted appropriation. If the initial allocations of years 2013/14 and 2012/13 are compared, the budget is less by R 103.6 million. Looking at the adjusted appropriation and revised estimate amounts for this line item in 2012/13, it is projected that an under-expenditure of R 32.2 million will be experienced by the end of the 2012/13 financial year. This weakness in the Department to optimally spend its budget by the end of 2012/13 year has contributed to the decreased initial allocation received in 2013/14.[32] The EC DoH MEC Gqobana stated in his 2013/14 policy speech that the National Department of

[28] Ibid at p.165.
[29] Ibid at p.160.
[30] Ibid.
[31] Ibid at p.164.
[32] Ibid at p.165

Health will be responsible for "over a percentage of infrastructure delivery over the MTEF".[33]

The Machinery and equipment line item is the fourth largest recipient of the Department's budget with an initial allocation of R302 million in 2013/14.[34] This is R96.7 million more than the 2012/13 adjusted appropriation and amounts to a considerable increase of 39.6% once inflation is taken into account. The Department projects to under spend on the 2012/13 financial allocation by R26.5 million. Given the substantial increase in 2013/14 the Department must improve considerably upon its capacity to spend within this area with the support of a more efficient and effective procurement arm. Such improved spending is vital in 2013/14 as this programme will experience a decline in its budget over the out years of the MTEF.[35]

Table 1: Eastern Cape Health Department by Economic Classification 2009/10 to 2015/16[36]

	Outcome						Medium-term estimates				Real Change between 2012/13 and 2013/14	Real Average Growth over MTEF
(R' 000)	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main Budget 2012/13	Adjusted budget 2012/13	Revised estimate 2012/13	2013/14	% change from Adjusted Appropriation 2012/13	2014/15	2015/16		
Current payments	**10,642,926**	**11,979,868**	**13,513,689**	**13,905,324**	**14,473,618**	**15,112,138**	**15,401,787**		**16,270,153**	**17,240,548**	**1.12**	**0.57**
Compensation of employees	7,397,477	8,390,748	9,480,557	9,790,294	10,229,810	10,229,810	10,956,019	**7.10**	11,358,728	12,181,557	**1.77**	**0.35**
Goods and Services	3,235,131	3,577,468	4,019,162	4,115,030	4,243,808	4,879,171	4,445,768	**4.76**	4,911,425	5,058,991	**-0.45**	**1.12**
Interest and rent on land	10,318	11,652	13,970			3,157						
Transfers and Subsidies	**518,893**	**554,126**	**310,300**	**335,630**	**394,703**	**394,703**	**284,879**		**258,619**	**248,751**	**-31.42**	**-7.42**
Provinces and municipalities	201,570	274,281			8,084	8,084	19,542		100,999			**-100.00**
Departmental agencies and accounts	210,058	124,999	42,412	28,650	29,436	29,436	53,982	**83.39**	87,555	60,322	**74.26**	**0.51**
Higher Education Institutions	82,293	123,472	133,974	201,690	101,845	101,845	46,759		52,149	44,608		**-4.65**
Foreign governments and international organisations												
Public corporations and private enterprises												
Non-profit institutions												
Households	24,972	31,374	133,914	105,290	255,338	255,338	164,596		108,816	143,822		**-7.40**
Payments for capital assets	**926,545**	**737,746**	**1,068,184**	**925,084**	**866,229**	**866,229**	**897,662**	**3.63**	**612,356**	**648,437**	**-1.53**	**-13.09**
Buildings and other fixed structures	712,317	613,738	830,211	692,096	659,810	659,810	588,420	**383,620.00**	383,620	407,194		**-14.32**
Machinery and equipment	214,228	124,008	237,973	232,988	206,419	206,419	302,090	**46.35**	227,988	241,243	**39.06**	**-10.13**
Heritage Assets												
Specialised military assets												
Biological Assets												
Land and sub-soil assets												
Software and other intangible assets							7,152		748			**-100.00**

[33] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.8.
[34] Ibid at p.165.
[35] Ibid.
[36] Ibid.

Payments for financial assets	707	1,088	109									
Total economic classification	**12,089,071**	**13,272,828**	**14,892,282**	**15,166,038**	**15,734,550**	**16,373,070**	**16,584,328**	**5.40**	**17,141,128**	**18,137,736**	**0.15**	**-0.20**

Table 2 below details the budget allocations for the eight programmes within the ECDoH. The largest recipients of the budget are demonstrated as follows: District Health Services (DHS) with a budget of R8.2 billion; Provincial Hospital Services has received R4.2 billion and Health Facilities Management has been allocated R1.045 billion.

Table 2: Eastern Cape Health Department by Programme 2009/10 to 20115/16[37]

Programme (R ' 000)	Audited			2012/13			Medium-term estimates				Real Change between 2012/13 and 2013/14	Nominal Average Growth over MTEF
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main budget	Adjusted budget	Revised estimate	2013/14	% change from Adjusted Appropriation 2012/13	2014/15	2015/16		
Health Administration	623,565	522,081	545,484	515,411	542,029	606,554	635,329	17.21	644,384	675,598	11.38	-1.13
District Health Services	5,581,901	6,607,022	7,285,266	7,413,038	7,685,994	8,158,616	8,240,676	7.22	8,688,127	9,244,156	1.88	0.64
Emergency Medical Services	485,836	536,913	644,588	737,245	724,164	724,164	792,695	9.46	818,435	896,340	4.02	0.91
Provincial Hospital Services	3,353,416	3,481,188	3,860,254	3,958,611	4,104,162	4,205,535	4,272,604	4.10	4,521,376	4,733,588	-1.08	0.23
Central Hospital Services	528,251	594,454	627,075	682,445	702,419	702,419	743,621	5.87	786,007	822,163	0.60	0.16
Health Sciences and Training	522,692	594,133	605,824	644,362	663,207	663,207	744,878	12.31	770,280	790,066	6.72	-1.22
Health Care and Support Services	57,019	66,994	78,747	102,332	94,635	94,635	109,518	15.73	113,294	125,750	9.97	1.43
Health Facilities Management	936,391	870,043	1,245,044	1,112,594	1,217,940	1,217,940	1,045,007	-14.20	799,225	850,076		-9.58
Total payments and estimates	**12,089,071**	**13,272,828**	**14,892,282**	**15,166,038**	**15,734,550**	**16,584,328**	**16,584,328**	5.40	**17,141,128**	**18,137,736**	**0.15**	**-0.20**

The pie chart below depicts the remainder of the budget distribution across programmes, both in actual allocation and percentage share of the whole budget.

From the chart, it is clear to see that at least half of the Department's budget is dedicated towards the DHS. This is expected given the responsibility this programme holds in the delivery of PHC services. The 2013/14 DHS allocation has increased by R 827.6 million in nominal terms from the 2012/13 initial allocation. In real terms this is an increase of almost 2% between the 2012/13 and 2013/14 financial years, but a decrease of almost a percent when compared to the real increase received in the 2012/13 financial.[38]Given the economic climate that all Departments have to contend with and the increasing demand for ECDoH services, a decrease for this programme's budget means that the Department will be faced with an even harder challenge to meet its targets and objectives for the 2013/14 financial year. What is also interesting to observe is that the 2012/13 revised estimate for DHS was increased by R745.6 million by the end of that financial year from what was initially allocated at the start of that year – an indication of an expected over-expenditure. An increasing demand for services against a restricted budget is a task that

[37] Ibid at p.163.
[38] Public Services Accountability Monitor Eastern Cape Department of Health Budget Analysis 2012/13, p.9

will have to be carefully managed by the Department in the year ahead. Careful planning alongside greater efficiency in expenditure is crucial in this kind of environment.[39]

The Provincial Hospital Services 2013/14 allocation has increased by R 313.9 million when compared with the initial allocation made in 2012/13. When the 2013/14 allocation is compared against the adjusted budget for 2012/13, the budget increase amounts to R 168.4 million.[40] The Department attributed its 2012/13 adjusted budget as being due to commitments undertaken by the programme to "increase life expectancy of all citizens, reduce maternal and child mortality, combat HIV/AIDS and decrease the burden of disease from tuberculosis".[41] The largest portion of the programme's 2013/14 budget has gone towards the CoE line item, and has been explained as a resulting from "on-going carry through costs of the payment of OSD to nurses, paramedics, specialists, dentists, pharmacists, and therapeutic professionals, as well as the payment of HROTP claims".[42]

The Health Facilities Management budget largely concerns itself with the provisioning of new health facilities, and the maintenance and upgrading of existing facilities. In nominal terms, the 2013/14 budget has decreased by R172.9 million when the 2012/13 adjusted allocation and 2013/14 initial allocation are compared. What is interesting to observe is that even though the budget is likely to be over- spent by the end of the 2012/13 financial year, the 2013/14 budget has decreased. This can be understood to be closely linked to the decreases in the infrastructure conditional grant budget in the 2013/14 financial year. It can be argued therefore that this goes against the objectives of the programme to "improve health systems effectiveness through improved physical infrastructure for health care delivery".[43] This activity is also concerning given that the budget for this programme will experience further decreases over the MTEF period. Commitments made by the ECDoH MEC in his 2013/14 policy speech to improve on health infrastructure in the current financial year forward[44], will be greatly tested.

[39] Estimates for Provincial Revenue and Expenditure 2013/14,p.155.
[40] Ibid at p.163.
[41] Ibid at p. 177
[42] Ibid.
[43] Ibid at p.184
[44] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.6-8.

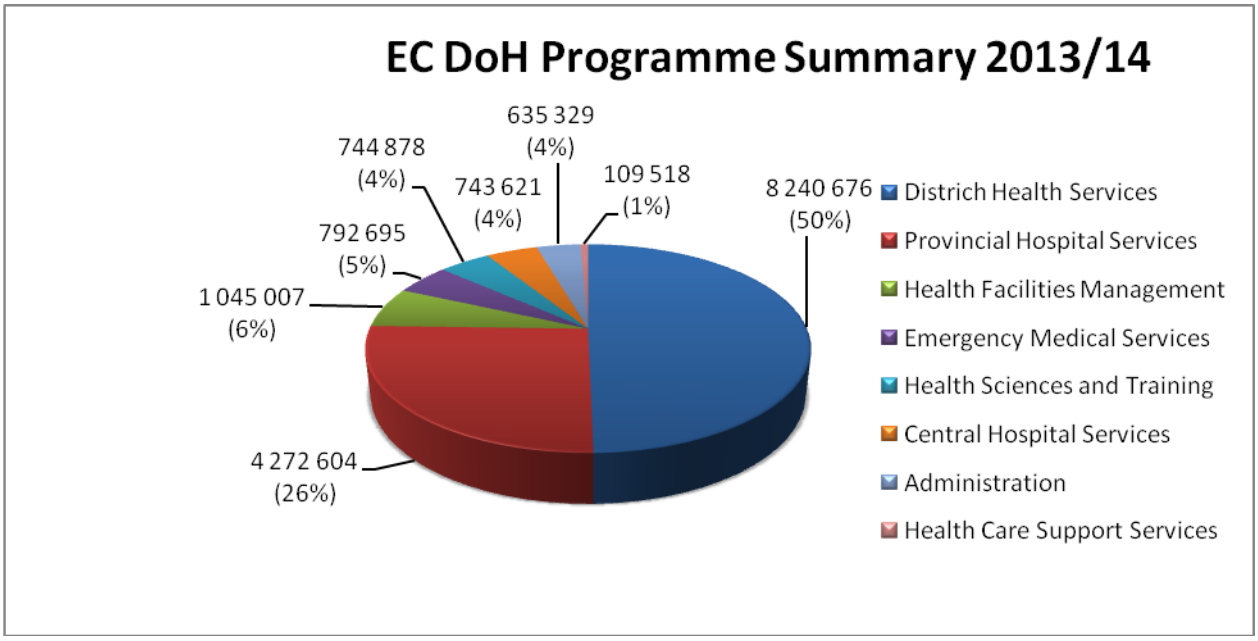

Table 3: Eastern Cape Health Department by Conditional Grants 2009/10 to 2015/16[45]

Conditional Grant Allocation (R ' 000)	Audited			2012/13			Medium-term estimates				Real Change between 2012/13 and 2013/14	Nominal Average Growth over MTEF
	Audited 2009/10	Audited 2010/11	Audited 2011/12	Main Budget	Adjusted Budget	Revised Estimate	2013/14	% change from Adjusted Appropriation 2012/13	2014/15	2015/16		
Comprehensive HIV and Aids Grant	425,817	700,216	906,236	1,060,852	1,069,137	1,077,016	1,273,296	19.10	1,485,116	1,683,639	13.17	6.31
Forensic Pathology Grant	53,882	63,070	84,690							0		
Health Professions Training and Development Grant	124 352	182,320	190,782	178,730	183,021	152,023	188,560	24.03	199,874	209,068	-2.10	0.25
Health Facility Revitalisation Grant	459,148	447,301	885,501	676,200	781,546	614,918	562,792	-8.00	292,930	337,106	-31.57	-18.35
Of which:												
Health Infrastructure Component	255,100	278,691	328,572	258,861	306,713	252,057	216,816	13.98	230,244	251,587	-32.83	1.79
Hospital Revitalisation Component	204,048	168,610	556,929	402,679	460,173	352,817	336,719	4.56	53,251	73,573	-30.47	-41.66
Nursing Schools and Colleges Component				14,660	14,660	10,044	9,257	7.84	9,435	11,946	-40.00	5.46
National Tertiary Services Grant	528,235	594,454	627,075	682,445	702,419	681,586	743,621	9.10	786,007	822,163	0.60	0.16
Social Sector Expanded Public Works Programme		6,012		13,780	13,780	11,473	41,565	262.29			186.62	-100.00
National Health Insurance				11,500	11,500	7,929	4,850	-38.83	7,000	7,397	-59.93	11.50
AFCON (Medical Emergency Services)					3,000						-100.00	
Expanded Public Works Programme Incentive Grant for Provinces Health		26,817		1,000	1,000	1,000	3,000				185.07	-100.00
Total payments and estimates	**1,591,434**	**2,019,560**	**2,694,284**	**2,624,508**	**2,765,404**	**2,545,945**	**2,817,684**	10.67	**2,770,927**	**3,059,373**	**-3.18**	-0.44

The conditional grants table above still shows the Comprehensive HIV and AIDS Grant as the largest spender of the budget. This budget has been allocated an amount of R1.273 billion in 2013/14. Its budget has received a real increase of over 6% between the

[45] Ibid at p.168.

2012/13 and 2013/14 financial year.[46] In nominal terms, this allocation increased by R 204.1 million between the 2013/14 initial allocation and 2012/13 adjusted allocation.[47] The Department has attributed the increase being due to "the implementation of government's key policy priorities such as controlling the spread and impact of HIV/AIDS and increasing the delivery capacity of health personnel".[48] The 2012/13 initial allocation will have increased by R16.1 million against the revised estimate of the same year. The utilisation of this grant has brought about important improvements in the previous financial year through the spread of the ART programme and the increased intake of HIV/AIDS and TB co-infected clients registered on the programme. Therefore it is encouraging to see more funds being directed towards this grant so as to strengthen progress made, and encourage further new developments and improvements. The Department also needs to spend time in strengthening points of weakness in its strategies in dealing with HIV/AIDS by exploring additional and/or alternative strategies that will increase the successes they have made so far in this regard. The government also intends to "reduce and manage the impact to those infected and affected by the disease, and control the spread of TB".[49]

The 2013/14 financial year saw three existing grants being consolidated into a single grant named the Health Facility Revitalisation Grant. This grant consists of the Health Infrastructure Component (HIC), the Hospital Revitalisation Component (HRC) and the Nursing Schools and Colleges Component (NSCC).[50] The sum total budget of this grant is the combination of all three grants put together. This grant has been allocated an amount of R562.7 million in the 2013/14 financial year. The budget for this grant has decreased by 32% in real terms between the 2012/13 and 2013/14 financial years.[51] Analysed individually, the budgets of all three grants have decreased by 33%, 30% and 40% respectively.[52] The HIC 2013/14 budget is an amount of R216.8 million and has decreased by R90 million from the 2012/13 adjusted allocation and 2013/14 initial allocation. Additionally to that, the revised estimate for year 2012/13 shows that this grant will be under-spent by the end of that year. The HRC 2013/14 initial allocation budget is an amount of R336.7 million and has reduced by R123.4 million from the adjusted allocation of 2012/13 financial year. This budget is also predicted to be under-spent by the end of the 2012/13 financial year as evidenced by the revised estimate for that year. Finally, the NSCC 2013/14 budget is an amount of R 9.257 thousand for year 2013/14. This budget has reduced by R5.4 million from the 2012/13 adjusted allocation.[53] Just as two previous components have performed, the revised estimate for year 2012/13 shows that this budget will be under-spent at the end of that financial year.[54]The sufficiency of these budgets in the 2013/14 financial year to effectively address health infrastructure is unconvincing in light of infrastructure backlogs that exist in the Eastern Cape, as well as the Department's targets for financial year 2013/14. In his policy speech, the EC DoH MEC detailed the monumental task that lies ahead for the Department in the current year to ensure that health care services in the Eastern Cape are delivered at the highest

[46] Ibid.
[47] Ibid.
[48] Ibid.
[49] Ibid at p.170.
[50] Ibid at p.168-170.
[51] Ibid at p.168.
[52] Ibid.
[53] Ibid.
[54] Ibid.

standard. The Department has linked these large decreases of infrastructure to the overall budget reductions which have been implemented.[55]

Points of emphasis

Human Resources investment for Health

The Department needs to be more effective in dealing with the challenges it faced in the previous year with regards to the hiring and retaining of a skilled health workforce. This is a challenge that has plagued the Department for many years and has in many cases resulted in a negative delivery of healthcare services in many communities in the province - a compromise on the delivery of quality healthcare. Critical vacant and funded posts of key leadership and management areas need to be filled and attend to with much more urgency. The absence of a completed organogram provided by the Department also makes it difficult to know precisely what the capacity of the Department is in order to carry out its mandate successfully.[56] In his policy speech the EC DoH MEC gave figures of the different clinical personnel appointed by the Department in the 2012/13 financial year. However, he did not share any more detail on the current shortages facing the Department that still remain and when these would be attended to. A recent newspaper article reported that the Department had embarked on "the first of a two-phase recruitment programme to hire more than 190 new employees" in the Eastern Cape.[57] It said the beginning of this first phase (at a cost of 38 million) was marked by the advertising of positions in a local newspaper.[58] The provision of a more detailed discussion within the EC 2013/14 policy speech of how much the Department is intending to spend in the recruitment process for the 2013/14 financial year would have good to engage with. Nonetheless, the steps taken by the Department so far to address these staff shortages is welcomed. It is hoped that these shortages will be handled more speedily in the current financial year, and beyond. Concern still remains over the in-year loss of revenue on the CoE budget as a result of accruals, and the implementation of the Occupation Specific Dispensation (OSD) and Human Resource Operational Project Team (HROPT) processes. These backlogs have caused money to be moved away from other key budgets.[59]

Infrastructure investment for Health

The state of many health care institutions in the Eastern Cape province, as well as medical equipment used is too old (and in some cases at a shortage) to deliver the kind of health care services needed by its people. While it is encouraging to see the achievements made so far, as well as targets set for the 2013/14 year to improve on health care infrastructure in the province, there is a worrying trend of under-expenditure of infrastructure budgets. Ultimately, this has led to a massive decrease of this budget in the 2013/14 financial year.[60] Even though MEC Gqobana has stated in his 2013/14 address that part of the infrastructure delivery will be taken over by the National Department of Health over the MTEF period, supporting and detailed information has not been provided by the Minister of Health to such an intention in his 2013/14 health speech. The EC MEC

[55] Ibid at p.169.
[56] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.10.
[57] Bhisho in big push on posts: Health starts first recruiting phase' in Daily Dispatch, 5 March 2013
[58] Ibid
[59] Ibid at p.168
[60] Ibid at p.168

has also stated that R1.2 billion of the infrastructure budget will remain at the National level.[61] It will remain to be seen then what the outcomes of this intervention will be in improving infrastructure delivery in the province. In the current year the Department will be faced with a difficult task of trying to achieve much of its targets under a very constrained budget. The Department needs to invest in its capacity to spend effectively on crucial budgets.

Goods and Services (G&S)

The G&S budget remains one of the main cost drivers that the Department has. However, its budget has been compromised by the reprioritisation exercise undertaken by the Department in this current financial year as a means of addressing backlogs in the CoE budget. Another dent that this budget experienced previously has been an error made in the past that resulted in the payment of medico-legal claims from the G&S budget.[62] Activity in the 2012/13 financial year revealed over-expenditure in this line item by the end of the year.[63] The shortages that have taken place again at the start of the 2013/14 financial can only produce a continued trend of over-expenditure. This situation is worrying given the responsibilities upon this budget, as well as the reduced over-all Departmental budget over the MTEF period. The shortages in the budget will also spell out a shortage in the goods and services that the Department will be able to procure in year 2013/14, and most importantly quality patient care. Overall, this will surely impact negatively on the quality of healthcare services that the Department will render. Much more considered caution has to be taken when spending this budget so as to align the available funds to key pressures the Department is faced with.

Lastly, the budget information of the Department analysed (including the ECDoH 2013/14 Policy Speech), both within programmes and sub-programmes, provides little information on efforts that have been made to improve upon the health of women in various areas.

Budget allocations contained within the EPRE for financial year 2013/14 do not provide a breakdown of who the categories of recipients (that is, men, women, children etc) that have been in the ART programme in the past, or currently planned for by the ECDoH. The absence of such data constrains efforts to assess progress against the Millennium Development Goal (MDG) targets and is likely to weaken the attainment of targets if not known or provided. Having this information available can also have an impact on multi-sectoral strategies formulated to deal with the many faces and social challenges of HIV/AIDS. Knowing the numbers will also allow for the Department to be able to target specific groups where ART take-up may need to emphasised. Although the HIV/AIDS grant continues to receive the larger portion of the grants in the Department, little detail has been shared about the specific responsibilities that are upon this allocation other than to say “to control the spread HIV infection, reduce, manage the impact to those affected by the disease, as well as control the spread of TB. In short, to provide an effective response to challenges associated with HIV/AIDS”.[64] The Service Delivery Measures information of Programme 2 also does not contain details about HIV/AIDS spending in the

[61] Eastern Cape Department of Health Policy and Budget Speech 2013/14, p.8.
[62] Estimates for Provincial Revenue and Expenditure 2013/14,p.164.
[63] Ibid at p.165
[64] Estimates for Provincial Revenue and Expenditure 2013/14,p.170.

province.[65] In a study done by Hanlie Myburgh, it was argued that part of the reason why men participated poorly even in freely available programmes such as the ART was due to the fact that the visits made by men to clinics were far less than those of women.[66] Very little information is also provided about how much money has been allocated towards female health specific areas of concern such as cervical cancer, as well as Prevention from Mother-to-Child Transmission (PMTCT).PMTCT has only been mentioned in the 2013 ECDoH Policy Speech but no further detail discusses the actual budget set aside to achieve goals set aside for it this year.

Opportunities and gaps still exist where multiple Departments could come together and work on collaborative efforts to address matters of HIV/AIDS. Provincial budget information provided could be improved upon to contain more detail on the categories of people being assisted by this budget each year, and past years.

[65] Ibid at p.174.
[66] Myburgh, H. 2011. The clinic as a gendered space: Masculinities, health seeking behavior and HIV&AIDS.