OUR ORGANIZATION

The South African Constitution commits government departments to the progressive realisation of socio-economic rights within available resources. These rights include the right to education, healthcare, housing, a healthy environment and social welfare. In order to effectively realise these rights through the delivery of public services, state departments and private service providers responsible for the management of public resources must implement effective accountability and service delivery systems. These include: planning and resource allocation systems; expenditure management systems; performance monitoring systems; integrity systems; and, oversight systems. The effectiveness of these systems can be established by monitoring their information outputs. To evaluate these systems, the PSAM produces the following reports annually; Budget Analysis, Strategic Plan Evaluation and Expenditure Tracking Reports alongside occasional service delivery reviews.

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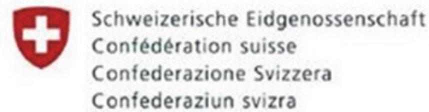

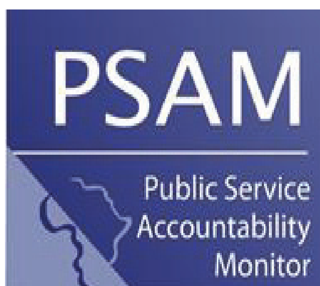

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ADVANCING YOUR RIGHT TO SOCIAL ACCOUNTABILITY

Eastern Cape Department of Health

Budget Analysis

2014/15

Thokozile Mtsolongo

October 2014

Monitoring and Advocacy Program, Public Service Accountability Monitor

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Key Findings and Recommendations

Finding

Although the total budget of the Eastern Cape increases by a nominal 2% from 2013 / 14 to 2014/15, in real terms budgetary resources available to the province decline by roughly 4%. The main contributory factor to this development is a decline in the Provincial Equitable Share (PES), which is R 819.6 million less in 2014/15 than it was in 2013/14.

Recommendation

The impact of a reduced total budget allocation to the province will significantly affect the allocations that are received by the different provincial spending sectors, and what these sectors will be able to achieve. The slow growth and in some instances real decreases in some of these sectors'

budgets will constrain the extent to which they can achieve service delivery targets. As it is still faced with critical systemic challenges, the Department of health will have to be strategic, effective and efficient in the use of the funds available to it in the current financial year as well as the outer MTEF period while attempting to meet the priorities of the department.

Finding

Out of the total provincial budget in the 2014/15 financial year, the share allocated to health makes up 28% of the provincial budget. This share in the allocation received for health is broadly the same as that received from 2011/12 onward and will remain constant through the MTEF. However, given the decrease in the total provincial budget, the health budget also faces significant decreases in real available resources over the MTEF.

Recommendation

It is crucial that the Health Department's share of total provincial resources does not decline further, given the reduced total resource envelope available to the province. The province is faced with an increased burden of disease which is likely to escalate should any further declines be experienced in the future. It is also crucial that health resources be used more effectively, in other words that more be achieved with less.

Finding

The Compensation of Employees (CoE) budget for the Department, for the 2014/15 financial year, has increased by a nominal 6.1%. With inflation considered, this budget experiences a -0.26% decline as the real average growth over the MTEF. The allocation to this line item declines at a slower rate than other major components of the health budget.

Recommendation

Understandably, health relies heavily on the availability of a strong and stable human resource foundation and cannot function at its optimum without efficiently providing towards this need. In times past, funds have been reprioritised away from other important line items in order to make more funds available to the CoE and thus putting other priorities at the risk of not being realised with equal efficacy. With steady allocations available to this line item, it is important that critical shortages both at the administrative levels as well as at the front line services are addressed and filled as a matter of urgency. Care needs to be taken to ensure that personnel expenditure does not grow further beyond the current share of the health budget, or else the risk would be that other key

health inputs (such as goods and services) become severely compromised and service delivery suffers further.

Finding

The G& S line item's budget has declined by almost 6% in the 2014/15 financial year. This line item has received a budget of R 4 478 649 billion in the 2014/15 financial year, which is a nominal decrease of R 285. 2 million from the 2013/14 adjusted budget. These declines have been felt within the Health Sciences and Training programme (a nominal decrease of 31 %) as well as the Provincial Hospital Services programmes (nominal decrease of 10.1 %).

Recommendation

The explanation given by the Department that the decrease is as a result of an increased burden of diseases in the province is contradictory and difficult to understand: the rise in the diseases burden should have, all else being equal, establish the argument for more rather than less resources across the health budget. The Department needs to provide a clearer explanation to support the claim that the decline in the budget of this line item is in line with addressing the rise in diseases. The decline in the budget of this line item will be significantly felt in the delivery of essential services such as those of Emergency Medical Services (EMS).

Finding

The budget of the District Health Programme (DHS) has only increased by 0.02% in real terms in the 2014/15 financial year. This is a marginal increase, and probably inadequate, given the growing demands on this programme in the current financial year.

Recommendation

The growing demands upon this programme are not entirely under the Department's control. However, what is under its control is how wisely and strategically the Department uses its given budget to meet these demands. Where it can, it is imperative that the Department decreases on costs that will force it to overspend. Once it has spent more money than it has, that automatically takes away from what is available to this programme in the next financial year to come, and thus more pressure on the Department. The cycle will continue to repeat itself as budget shortages continue persist.

Finding

The Emergency Medical Services (EMS) programme has received a budget of R 798 435 million in the 2013/14 financial year. In real figures this amount represents a decrease of 3.32% in its budget for the 2014/15 financial year. Additionally to this, the Department has taken a decision to lease ambulances and rescue vehicles that it will need for its use, instead of purchasing/owning them.

Recommendation

To see the decline in the budget of this essential service is worrying given the demands that are upon it. It is also concerning to see that the Department has decided to hire the emergency vehicles that it will need instead of purchasing its own as an alternative. Neither the EPRE 2014/15 nor the 2014/15 Budget and Policy Speech of the ECDoH offer up a more in-depth discussion of what other options were possibly weighed up (including the costs involved in the options) by the Department to reach its current decision to hire.

Finding

The infrastructure backlogs experienced by the Department in the last five years have been the result of multiple factors at play. That is, key positons not being filled, efforts to achieve infrastructure targets are weakly coordinated, as well as the general weak management of infrastructure delivery. It is hoped that through the efforts of the Infrastructure Delivery Management System (IDMS), Provincial Infrastructure Delivery Framework (PIDF), and Infrastructure Procurement Project, backlogs in infrastructure delivery will be improved.

Recommendation

The backlogs experienced in infrastructure in this province are a long-standing serious matter. The efforts currently being made to deal with this challenge have the potential to bring about important changes and improvements. It is imperative therefore that the Department commits to all these efforts in order to achieve the desired changes which will contribute to the overall improvement in health care services delivery.

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) and education (Section 29).

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

Policy Articulations for the 2014/15 Financial Year

This being the final year of an electoral period, a lot of attention will be on what will be achieved in the new electoral term. It is appropriate therefore that in this analysis, a look back on how the Department has performed in the last five years is provided, that is, to look back on how the Department has fared in delivering health services on the ground and the changes that such services have brought to the lives of citizens through the utilisation of its budgets each financial year. This budget analysis will pay particular attention to health infrastructure in the Eastern Cape and how the Department has used its budget over the years to deliver on this mandate.

To begin with, an overview of national and provincial priorities will be looked at and assessed, thereafter the 2014 Eastern Cape Department of Health allocations will be looked at in more detail.

In the 2014 State of the Nation Address (SONA),[1] the President of the Republic of South Africa highlighted the achievements that had been made in health over the last five years. The following were pointed out as priority areas for South Africa that would be strengthened in the year going forward: that government would continue to campaign to reduce the ratios of child and maternal mortality, that life expectancy at birth would be increased 60 years as recorded in the year 2012, to the age of 63 years in year 2019 (life expectancy was not broken down further into the male and female categories), that the preceding two priorities relied on the successful implementation of the National Health Insurance (NHI) as well as the quality of care given at the public sector, and finally that successes achieved with the HIV/AIDS treatment and support programme would be built on "by expanding the mass HIV prevention communication campaigns". [2] The address did not offer any detail on the challenges the Department experienced in at least the past five years within the campaigns of HIV/AIDS, as well as proposed solutions to those challenges going forward into a new term of governance.

At the provincial level, the ECDoH operates against the backdrop of a number of challenges and successes experienced in the last five years. Some of these challenges are long standing and include matters of vacancy rates of critical senior management posts, performance agreements of some senior managers going unsigned; poor planning within the EMS resulting in poor and compromised outcomes, including high vacancy rates; delays in the remuneration of health staff in the province compounded by the shortages of critical health staff still being experienced in a number of districts across the province – in many instances the pressures of these shortages have led to much needed critical health staff to migrate to other provinces where there are perceived better working conditions. With those who have chosen to stay within the province, a state of feeling defeated and demoralised has resulted.

As most of the province's population resides in the rural and informal areas, a great deal of its people cannot afford to pay for private health care services and thus the heavy reliance on Primary Health Care services. The shortage and at times unavailability of critical medical equipment and medical supplies, including medicines, has meant that patient care has been compromised. Infrastructure backlogs have also led to situations where health care has had to be administered in the most undesirable environments. Most of these challenges have been found to be most dire and prevalent in the underdeveloped rural areas.

[1] 2014 State of the Nation Address (SONA).
[2] 2014 State of the Nation Address, p.10.

Going into a new electoral period, it becomes critical for the Department to make radical changes in order to rectify many of its past mistakes and challenges. A solid provision of health care services is critical and cannot be compromised so as not to stall gains made so far.

In her delivery, the outgoing Premier of the Eastern Cape Noxolo Kiviet reflected on various achievements that the ECDoH had made in the period between 2009 up until now. These achievements included progress made in health facilities infrastructure,3 progress in reducing the burden of disease in the province,4the implementation of the Prevention of Mother to Child Transmission (PMTCT) programme,[5] the National Health Insurance and the progress being made at pilot district of the OR Tambo District,[6] amounts of money recovered so far through the Special Investigative Unit due to incidences of corruption, as well as the challenge of overpricing by service providers and the involvement of government officials in trading with the state without authorisation. [7]

Going into a new electoral term, the Eastern Cape Department of Health (ECDoH) has received a new MEC to carry its mandate forward. Newly appointed MEC of the ECDoH Phumza Dyantyi pointed out the following policy priorities to be achieved in the 2014/15 financial year:[8]

National Health Insurance (NHI), re-engineering the Primary Health Care System (RPHC), pharmaceutical services, HIV & AIDS, STI and TB Control (HAST), strengthening emergency medical services (EMS), Maternal and Child Health Care Services, improved health infrastructure delivery, quality improvement, human resources for health, strengthening supply chain management.[9]

This budget analysis is just one way of interrogating whether the health policies articulated at all levels of governance are achievable in the current financial year and going forward.

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[3] Ibid at pg.14
[4] Ibid at pg.21.
[5] Ibid at pg.22.
[6] Ibid at pg.22.
[7] Ibid at pg.24.
[8] Eastern Cape Department of Health Budget and Policy Speech 2014/15, p. 1.
[9] Ibid at p.1 – p.10.

II. Budget Analysis

The following section will go into more detail about the allocations to the Department of Health in the 2014/15 financial year.

Total Allocations and the Financial Context of the Health Budget

The budget to the province has grown by a nominal 2% in the 2014/15 financial year.[10] In real terms however, the budget of the province has experienced a decrease of 4.5% in the 2014/15 financial year.

In the 2013/14 MTEF, the budget allocation to the province was reduced by an amount of R5.1 billion relative to the baseline due to the outcome of the 2011 Census results. To help to create a temporary buffer for the province, an amount of R 1.6 billion was provided to the province to help to mitigate the reduction experienced in the equitable share. For the 2014/15 financial year the equitable share drops by a further amount of R819.6 million. Reasons provided are the updated data and the phasing in of an equitable share "that is informed by principles that support predictability and stability, responsiveness to changing needs, fairness to provinces, robustness, and sustainability, as well as transparency".[11] Clearly these trends are of concern for the province, as the equitable share makes up the bulk of what provinces receive (typically about 80% in total). We therefore begin this analysis by considering, in more detail, the implications of these developments for the province's health budget.

As Figure 1 shows, health has not declined in *relative prioritization* within the provincial budget, nor is it set to do so. Indeed, over this period there is a small increase in prioritization, from 27.5% in 2010/11 to an intended 28.6% in 2016/17.

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[10] Estimates of Provincial Revenue and Expenditure (EPRE) – 2014/15 Financial Year, p.xiii.

[11] Ibid.

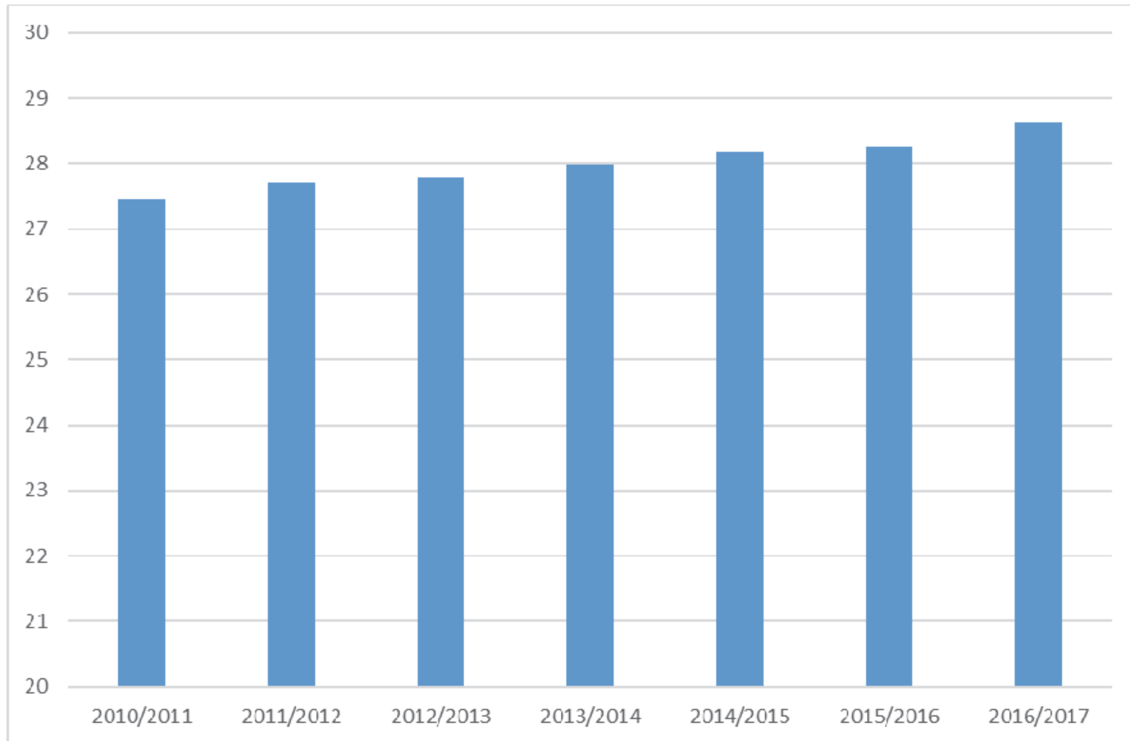

Figure 1: Health's Share of Eastern Cape Total Provincial Budget, 2010/11 – 2016/17

Figure 2 provides a further perspective on this conclusion, by providing a comparison of nominal growth rates for the total budget and selected votes over the same period. As a basic axiom of 'available resources' and the state's obligation to provide for the progressive realization of socio-economic rights, one might set the goal that allocations to key social functions at the very least keep pace with the rate of increase of the budget in its entirety. Figure 2 shows that health allocation growth rates have tended to be slightly higher than the total growth of the 'resource envelope', and have tended to be slightly higher also than that of the education vote in recent years.

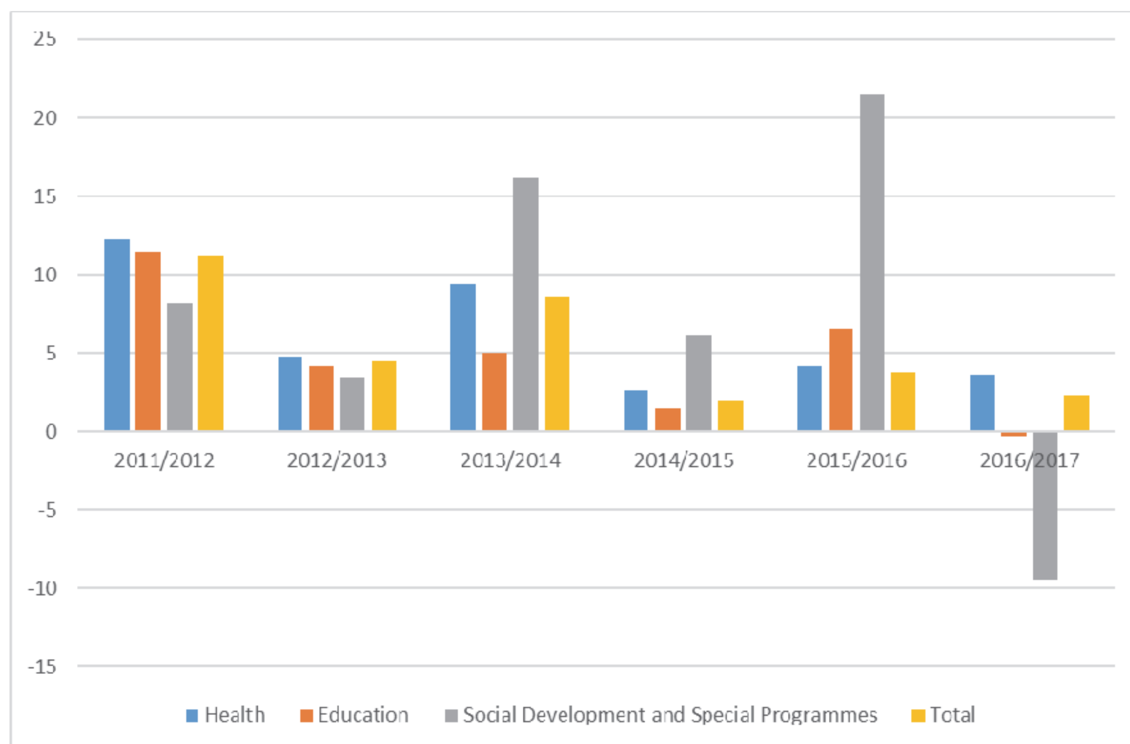

Figure 2: Nominal Annual Percentage Change in Total Budget and Selected Votes, Eastern Cape, 2010/11[12] – 2016/17

It is apparent that health prioritization remains fairly insulated over the MTEF when compared to say education, which consistently increased at a slower rate than the total budget from 2012/13 to 2014/15 and is envisaged to do so again in 2016/17 (2015/16 being a slightly anomalous year).

The problem, then, resides less in the issue of relative prioritization for a given resource envelope and more in the implications of declining aggregate resources available to the province. As we show below, there are causes for serious concern when one considers the issue of resource adequacy, and these will require better planning as well as a greater degree of urgency in extracting maximum value from available resources from the department. The MTEF numbers used here are from the 2014 EPRE, that is, they precede the 2014 Medium-Term Budget Policy Statement (MTBPS), which raised the spectre of further downward adjustments in total nationally available resources, a development which may well lead to *further* real resource cuts beyond those discussed here. Figure 3 shows the scope of real resource decline to health over the MTEF.

[12] '2011/12' represents change from 2010/11 to 2011/12, and so on.

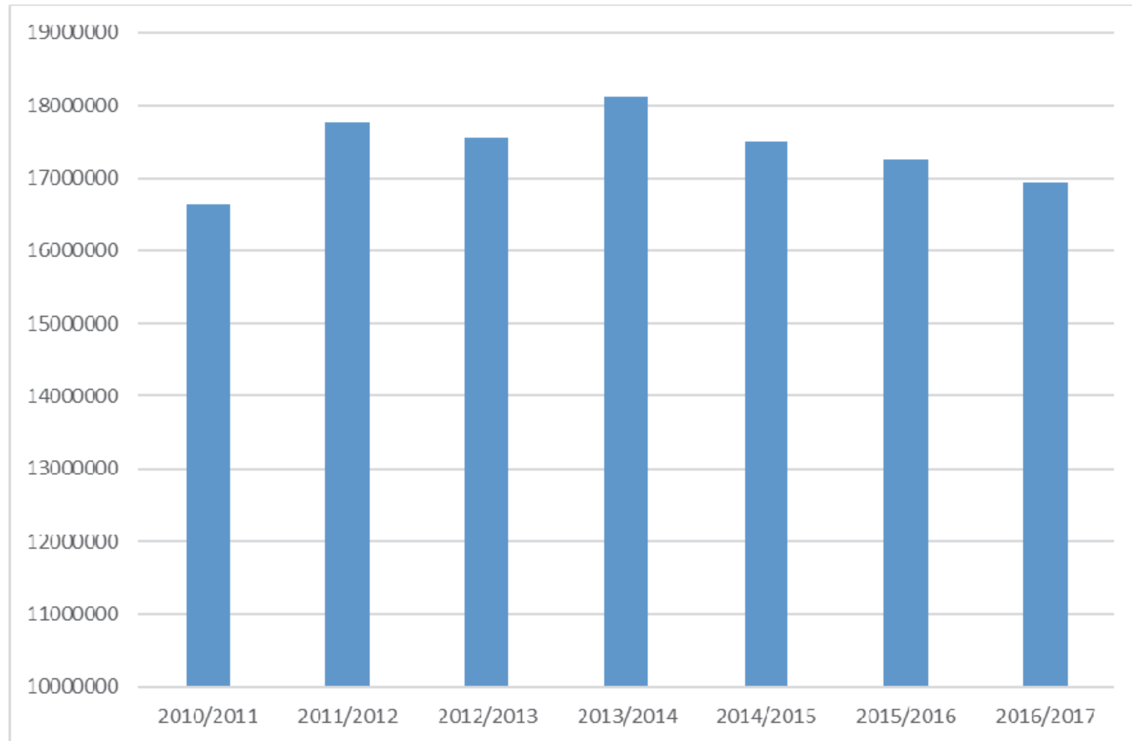

Figure 3: Real Resources Available to Health, 2010/11 – 2016/17 (Constant 2014/15 '000 Rands)

From a real peak of R 18.1 billion in 2013/14, the MTEF envisages cuts in real resources which entail that the 2016/17 health budget would amount to 93% of that of 2013/14. Table 1 shows the real Rand cut for 2014/15 – 2016/17 when compared to the value of the 2013 / 14 allocation.

Table 1: MTEF Real Cuts in Health Budget, Eastern Cape, MTEF Year Allocations Subtracted from 2013/14 Value (2014/15 '000 Rands)

2013/14	2014/15	2015/16	2016/17
R 18 126 795	17 509 012	17 252 253	16 947 883
/	R 617 783	R 874 542	R 1 178 912

Another way of understanding the implications of this cut in resources is to compare the actual MTEF trajectory with what might be called a ‘business as usual’ allocation increase trajectory. Figure 4 compares actual envisaged trends from 2013/14 onward when compared with a ‘business as usual’ trajectory where health budgets increase by a real 3% every year.

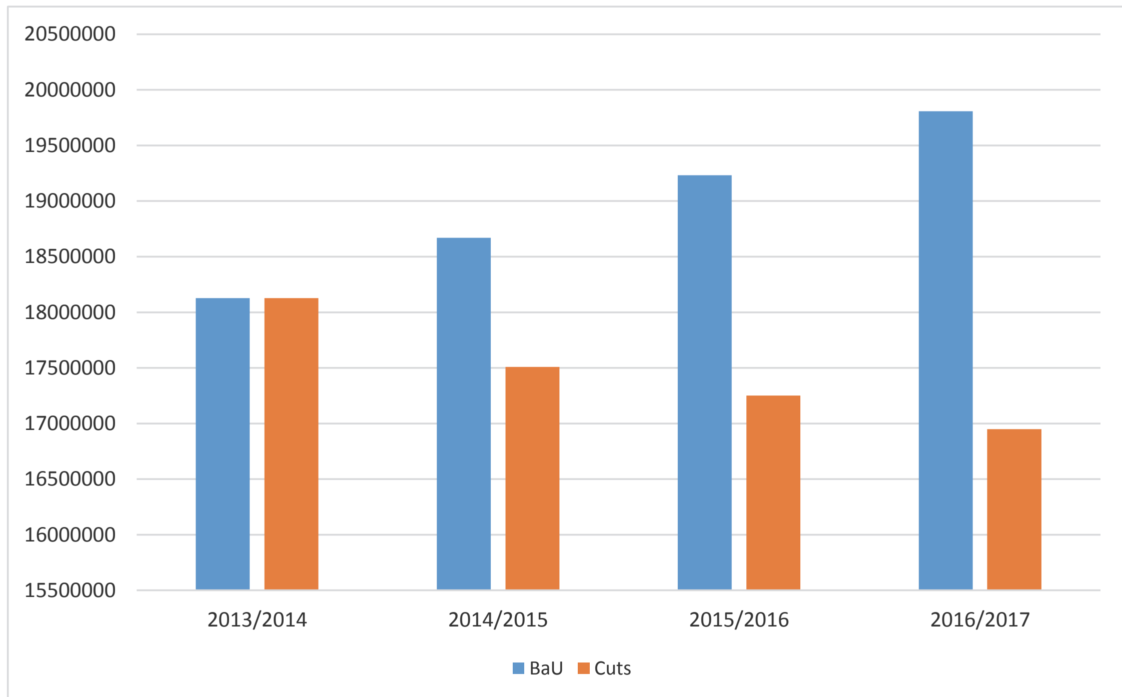

Figure 4: ‘Business as Usual’ and Actual MTEF Trends: Real Resources Available for Health (2014/14 ‘000 Rands)

The ‘deficit’ between the two trajectories amounts to almost R 3 billion in 2016/17. Finally, Figure 5 shows trends in real annual percentage changes for the total budget and selected votes.

Figure 5: Real Annual Percentage Change, Health and Total Provincial Budget, 2010/11-2016/17

Clearly, and as already noted above, the health allocation is to some degree insulated from total budget vagaries, in the sense that health allocations have decreased less than the total budget (when it has decreased in real terms) and increased more than the total budget when such increase has occurred (2010/11-2011/12 and 2012/13-2013/14). But equally clearly, the real annual decrease is significant, amounting to 3.4% from 2013/14 to 2014/15, 1.5% from 2014/15 to 2015/16, and 1.8% from 2015/16 to 2016/17.

The real decline in the health budget over the MTEF raises keys concerns about what can actually be achieved by the Department to meet its priorities in the years to come, and the extent to which it can shift its thinking away from planning assumptions based on consistent increases in real revenue availability.

Given these contractions of resources, it is of course particularly essential that an optimal mix of health service delivery inputs be achieved and maintained. In this regard there is some cause for concern. Figure 6 presents selected shares of total health budget for recent years.

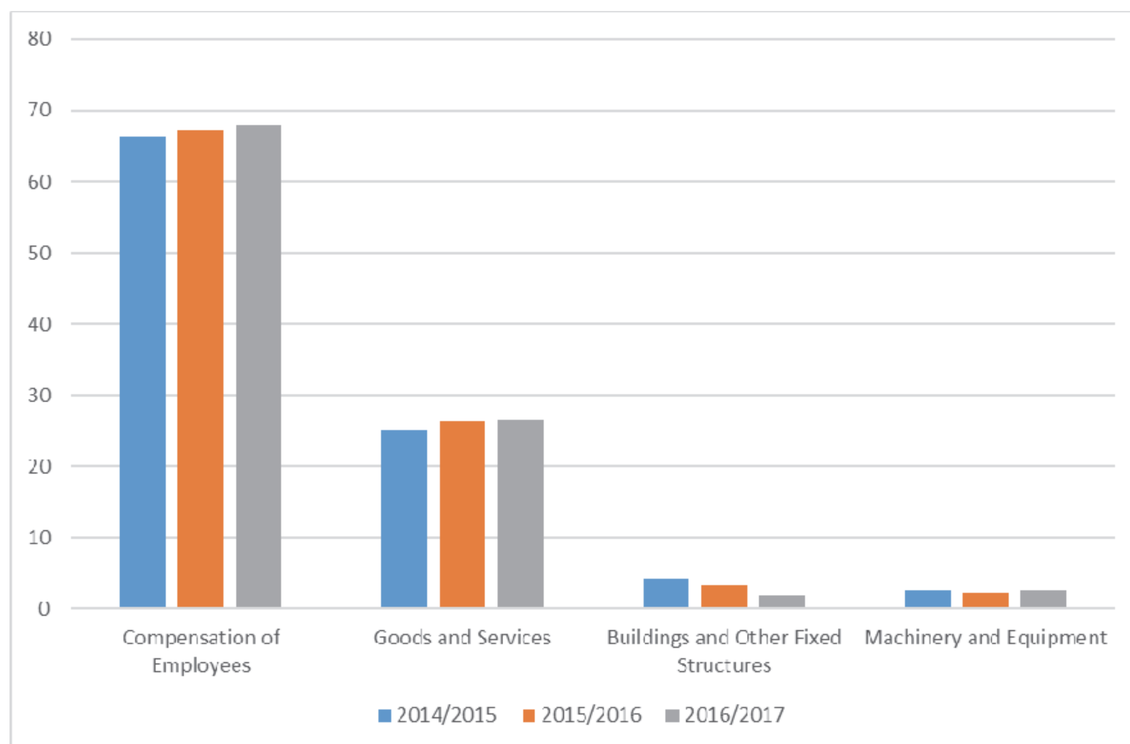

Figure 6: 2014/15-2016/17 Trends in Eastern Cape Health Budget by Function Percentage Share of Total

The **Compensation of Employees** (CoE) line item remains the biggest recipient and cost driver of the Easter Cape health budget. Without factoring inflation into it, and by paying attention only to the differences between the initial allocations of 2013/14 and 2014/15 it appears that the budget has grown by R 652 million. But with inflation calculated in, and by calculating the 2013/14 adjusted allocation and the 2014/15 initial allocation, this budget has only experienced growth of R 550.7million. The Department has argued that the CoE budget has grown by 6.1% in the 2014/15 financial year as a result of the "funding received for improved conditions of service as well as the carry through costs for HR accruals". [13] With inflation factored in, the budget for this line item has received an increase of almost 5%. [14] The consistent yearly increases of this line item mean that salaries are growing at a faster rate than the aggregate health budget.

The second largest cost of the Department is the **G & S** line item. In nominal figures, it appears as though that this line item has received an increase in its budget for 2014/15 financial year. However, a closer look has shown that the real term figures this budget has decreased in the 2014/15 financial

[13] Ibid.

[14] Despite factors affecting the province's equitable share, as well as the growth of the health budget as a whole, CoE is still the largest cost driver of the health department's budget.

year by an amount of R 285 214 million when compared to the 2013/14 financial adjusted appropriation. In real terms, the G & S budget has declined by almost 6%. This decline raises concerns about the services that will be affected as a result of this decline in budget, and what the Department has put in place to handle the setbacks that will be as a result of this substantial cut in budget. A glance at expenditure on this budget across all programmes of the Department shows a variety of expenditure activity taking place. While expenditure is expected to rise in some programmes such as the Emergency Medical Services (EMS) programme (with the nominal percentage change of 6.3% from the 2013/14 financial year)[15] in other areas expenditure will decline, as is the case in the Provincial Hospital Services programme (by a nominal decrease of 10.1%).[16] All these activities do not quite capture why the overall budget of the G & S line item of the Department has declined. The Department has cited the costs experienced as a result of the increase in the burden of disease in the Province as being the general key contributor to the decline in the budget of the G&S line item, followed by the accruals paid.[17] In light of this argument raised by the Department, decreasing the budget of this line item does not support addressing the cost of the burden of diseases experienced in the province. Put in another way, the Department's attempt to deal with the increased burden of diseases is likely to come under immense pressure if there is no sufficient budget to support it to begin with. A deeper look across all programmes shows that the G & S line item has experienced its biggest budget decline within the Health Sciences and Training programme (a nominal 31 %)[18] as well as the Provincial Hospital Services programmes (nominal decrease of (10.1 %).[19]

Under the category of Payments for Capital Assets, the **Buildings and Other Fixed Structures** line item has had an increase in both nominal and real terms in the 2014/15 financial year. The increase experienced in the 2014/15 financial year when compared to the adjusted appropriation amount of the 2013/14 financial year is an amount of R 274 million. The initial allocation received in the 2014/15 financial year is a substantial increase from what was received for the 2013/14 financial year's initial allocation as well as adjusted budget. This budget has only been allocated towards the Health Facilities Programme[20] and there is minimal explanation given by the Department for such an increase. However, going forward it is also noted that the budget of this line item is set to decrease in the in the MTEF period.[21] The budget of the **Machinery and Equipment** line item has increased

[15] Eastern Cape Estimates of Provincial Revenue and Expenditure 2014/15, p.140.
[16] Ibid at p.142.
[17] Eastern Cape Estimates of Provincial Revenue and Expenditure 2014/15, p.131.
[18] Ibid at p.145.
[19] Ibid at p.143.
[20] Ibid at p.149.
[21] Ibid at p.131;own calculations

by R 152 million in the 2014/15 financial year (when compared to the 2013/14 initial allocation).[22] When the 2013/14 adjusted appropriation is compared with the 2014/15 allocation, this line item's budget has actually decreased by a nominal value of R 70. 9 million in this current financial year. This is an alarming real decrease of 13.49% in this budget. [23] The largest decrease of this line item has been felt under the Central Hospital Services programme with a 16.6% decrease in nominal terms.[24] The Department has explained this as being caused by "the high revised estimate of 2013/14, which was pushed by the rollovers received".[25] In the 2015/16 MTEF period the allocation received by the line item receives a decline from the allocation had in the 2014/15 financial year.[26]

The general picture that emerges from the above discussion is of a province that will need to substantially increase the effectiveness or value for money of its health spending, given a real decline in the overall provincial resource envelope, and the unlikeliness of substantial further prioritization of health when compared to other provincial priorities. We also believe the Health Department should plan carefully to ensure that the right mix of inputs into health services is maintained, that is that the balance between capital and recurrent spending, and between salaried and goods and services within recurrent spending, is optimal.

Allocations by Programmes

The section below will give a brief discussion on the key programmes that make up the ECDoH through which services are delivered. The Department carries out its mandate through eight programmes. The largest portions of the Department's budget have gone towards the **District Health Services (DHS)** with an allocation of R 8.7 billion; the **Provincial Hospital Services** with R 4.5billion; and the **Health Facilities Management** with R 1.2 billion respectively.[27]

The DHS programme carries the most crucial role of being the first port of call for many people seeking basic health care services through the Primary Health Care system (PHC). When the 2014/15 financial year allocation is compared with the adjusted appropriation for the 2013/14 financial year, this programme's budget has been increased by R 1.8 billion in nominal terms. This becomes a real increase of less than a percentage (0.02%) from the 2013/14 financial year. This does not appear to be a substantial enough increase given the demands that rest on this programme on a

[22]Ibid.

[23] Ibid.
[24] Ibid at p.143.
[25] Ibid.
[26] Ibid; own calculations

[27] Eastern Cape Estimates of Provincial Revenue and Expenditure 2014/15, p.130.

year-on-year basis, as well as the increased burden of diseases in the Eastern Cape. Looking at the trends in the previous years, the initial allocation for this current financial year is most likely not to be enough to execute all the plans of the programme in the year going forward.

The allocation to the Provincial Hospital Services programme has increased by R 126.6 million in the 2014/15 financial year when compared with the 2013/14 adjusted budget.[28] This programme has had a real increase of 2.88% in the current financial year. Just as it happened with the DHS, this programme has an increase in its initial allocation (adjusted budget) which is an indication of the changes made in planning during the course of the year. The Department has argued that these increases received will contribute towards efforts "to mitigate the spread of TB and burden of diseases".[29] With TB being in the top three causes of deaths in South Africa, and indeed in the Eastern Cape Province too, it is imperative that the department dedicates all appropriate resources towards controlling the spread of TB. The Health Facilities Management programme has received a nominal increase of R156.2 million in the 2014/15 financial year when compared with the 2013/14 adjusted budget.[30] Once inflation has been factored in, this programme's budget has decreased by a substantial 14.20%. As the responsibility of this programme is to see to the continuous provisioning of new facilities where necessary, as well as to upgrade or refurbish existing facilities, a decrease in its budget is not desirable, most especially because the Department is addressing a sizable number of infrastructure backlogs.

It should also be noted that the budget of this programme is going to decrease even further over the MTEF period. These declines are mainly the contribution of the CoE and G & S line items. Within the CoE line item, the Department has argued that "challenges relating to BAS-PERSAL link"[31] are the key contributors towards the extended declines. Not much information has been shared by the Department as an explanation of what these challenges are. On the other hand, the G & S line item has experienced challenges related to projects buildings and other fixed structures undertaken in the 2013/14 financial year, as well as the "reprioritisation to maintenance of infrastructure and equipment which was done".[32]

The Department has made an argument that in order to eliminate infrastructure backlogs, policy changes to address these backlogs through the implementation of the Infrastructure Delivery Management System (IDMS) will have to be made, and this system proposes "to ensure effective

[28] Ibid.
[29] Ibid at p.142.
[30] Ibid at p.130.
[31] Ibid at p.149.
[32] Ibid.

and efficient planning and delivery of infrastructure in the health sector".[33] The IDMS will include the components of "portfolio management, project management and operations and maintenance"[34] all working together to bring about optimum practices in the delivery of infrastructure delivery. The provincial implementation of this initiative will be done through the approved Provincial Infrastructure Delivery Framework (PIDF).[35] In order for these plans to achieve their intended successes, it is critical that key posts will have to be filled. In respect of this, the Department is currently faced with 7 posts filled out of the 14 vacant posts.[36] The filling of the post of a Chief Director remains a challenge still faced by the Department with the argument that the matter has been "handed over to relevant stakeholders to intervene".[37] Operating alongside the IDMS, the Department also plans on implementing the Infrastructure Procurement Project "in the coming year to enhance procurement and improve expenditure and the delivery of infrastructure facilities in the sector". [38] There is no additional, more explanatory and explicitly stated information shared by the Department about the working relationship between these three endeavours – that is, how they will be working together to strengthen the delivery of infrastructure commitments of the Department. Furthermore, the responsibility that already exists within the Health Facilities Management programme and the relationship with and between these two new efforts (if at all) and what and how exactly they will aid each other to achieve infrastructure commitments has not been expanded on in more detail. Above all else, all these efforts are made to keep in step with expressions and commitments contained within the National Development Plan (NDP). It also remains to be seen what the implications of the 2014 Medium-Term Budget Policy Statement are, as regards the treatment of vacant posts and their freezing in the light of the challenging broader fiscal context.

Lastly, another important programme to give a brief discussion on is the Emergency Medical Services Programme. This programme plays the crucial role of providing emergency medical services to society at large, and its optimum functioning is key to achieving its objectives. At first glance it appears that this programme has received an increase in its budget when compared to the previous year's allocations. But, upon taking a closer inspection, when the allocation received in the 2014/15 financial year is compared with the adjusted budget of the 2013/14 financial year, this programme's budget has decreased by R 27.4 million. This amounts to a real decrease of 3.32% from the 2013/14 financial year. Due to possible changes in planning, the 2013/14 adjusted budget shows an

[33] Ibid at p.127.
[34] Ibid at p.17.
[35] Ibid at p. 39 – 40.
[36] Ibid.
[37] Ibid.
[38] Ibid.

additional increase received to its initial allocation in that year. As mentioned in a prior argument, the explanation given by the Department for the drop experienced in this programme's budget is as a result of the decision made by the Department not to purchase ambulances and rescue vehicles, and instead to go for an option of leasing them resulting in what the Department refers to as a "high lease expenditure"[39] being incurred. It is concerning to see a drop in this programme's budget as the services it is responsible for require that there is adequate planning and budgeting for these services. The high expenditure incurred as a result of the leasing option raises questions about how the leasing was planned for to begin with, and whether other cheaper alternatives were ever considered. The new MEC of the ECDoH has committed to providing a total of 167 new ambulances in the 2014/15 financial year. She has committed to supplying these vehicles within 3 months from the publication of the 2014/15 Budget and Policy Speech document.[40] Presently, it is not clear how many ambulances are needed in the province and hence how many should have been planned and budgeted for. It would be useful to have an update of such information so as to know what the ambulance fleet capacity the province currently holds on an annual basis and how current challenges can be addressed by the plans made. It would also be a useful to engage with information that discussed and why the Department has opted to hire these vehicles rather than to own them – that is, what are the costs and benefits involved of such a decision. The 2014/15 Budget and Policy Speech for the Department highlights a few other challenges that the Department "plans" to address in the current financial year. The most concerning of these challenges are the current vacant critical posts that are still to be filled, such as the post of the Director of EMS, District Management, and 534 Advanced Life Support Practitioners.[41] In her speech, the MEC has argued that "all these vacancies will be filled by end of the second quarter of 2014/15".[42]

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[39] Ibid at p.140.
[40] Eastern Cape Department of Health Budget and Policy Speech 2014/15, p. 4.
[41] Eastern Cape Department of Health Budget and Policy Speech 2014/15, p. 4.
[42] Ibid.

Table 2: Eastern Cape Health Department Estimates by Programme 2010/11 to 2016/17[43]

Programme (R ' 000)	Audited			2013/14			Medium-term estimates				Real Change between 2013/14 and 2014/15	Nominal Average Growth over MTEF
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main budget	Adjusted budget	Revised estimate	2014/15	% change from Adjusted Appropriation 2013//14	2015/16	2016/17		
Administration	522,081	545,484	536,731	635,329	620,649	604,604	627,658	1.13	658,656	666,990	-15.18	-1.64
District Health Services	6,607,022	7,285,266	7,953,629	8,240,676	8,672,273	8,547,964	8,674,057	0.02	9,123,881	9,602,523	-16.11	-0.29
Emergency Medical Services	536,913	644,588	619,525	792,695	825,889	795,150	798,435	-3.32	896,340	942,064	-18.92	1.86
Provincial Hospital Services	3,481,188	3,860,254	3,979,016	4,272,604	4,404,162	4,376,025	4,530,784	2.88	4,754,171	5,004,864	-13.72	-0.36
Central Hospital Services	594,454	627,075	657,170	743,621	784,617	794,438	786,007	0.18	822,163	865,738	-15.98	-0.45
Health Sciences and Training	594,133	605,824	579,964	744,878	714,297	694,730	770,384	7.85	791,359	839,186	-9.54	-0.82
Health Care and Support Services	66,994	78,747	84,309	109,518	110,389	105,124	114,161	3.42	126,719	126,000	-13.26	-0.39
Health Facilities Management	870,043	1,245,044	1,192,168	1,045,007	1,051,271	1,144,376	1,207,526	-14.20	1,061,300	845,604		-14.40
Total payments and estimates	13,272,828	14,892,282	15,602,512	16,584,328	17,183,546	17,062,410	17,509,012	1.89	18,234,588	18,892,969	-14.54	-1.13

Allocations by Conditional Grants

Table 3 below, shows the allocations distributed across the conditional grants of the department. Of the entire health budget in the 2014/15 financial year, conditional grants makeup 17.56%. The **Comprehensive HIV and AIDS Grant** has received the biggest allocation out of the total grants with an allocation of R 1.5 billion. This is a real increase of 11.53% from the adjusted appropriation of 2013/14 financial year to the 2014/15 financial year. What is also clear in this budget is that the initial allocation of year 2013/14 was not enough to meet its demands as this amount is projected to have an adjusted budget increase to R 1.3billion when compared to what was initially given. The other bigger recipients of conditional grants are the **National Tertiary Services Grant** (with an allocation of R 786 million), and the **Hospital Revitalisation Grant** (with R 359.6 million). What is also important to mention is the budget of the **National Health Insurance Grant (NHI)** which has been allocated an amount of R 7 million.

In the previous year, the funding allocated to the HRG was spread across three different components (namely, Health Infrastructure Component, Hospital Revitalisation Component, and Nursing Schools and Colleges Component) in order to deal with the three interconnected aspects of the grant. However, going forward this funding has been placed under a single component in order to “allow more flexibility for the shifting of funds between components”.[44] While this flexibility is good for the Department to be able to decide what is a priority need for them that requires more attention, this

43 Ibid.
44 Ibid at p.22.

arrangement also runs the risk of placing more focus on one component at the detriment of the needs for other components. Admittedly, infrastructure backlogs are a serious challenge for the Department and this flexibility in the use of this budget may help to dedicate more funds to the backlogs than what would have been strictly allocated to it under the previous arrangement. However there still is a real need to be concerned about the other components being at risk of being neglected. What needs to be mentioned as well is the fact that this budget has a real decrease in its budget (of 8%) once inflation has been factored in. In the 2013/14 financial year this grant received additional funding to its revised estimate, however it was unable to spend these additional funds as is shown in the adjusted budget. This kind of activity is very worrying given the kinds of backlogs that still need to be addressed in the province. The Department has to try better strategies to minimise and eliminate these backlogs.

Although not the biggest consumer of the Department's overall conditional grant budget, the NHI has to be discussed for purposes of evaluating the progress that has been made so far in the pilot district of OR Tambo. The progress made here so far has to be evaluated through the plans made by the Department as well as the accompanying budget allocation and expenditure trends of this grant. The information contained in Table 3 below shows that this grant's budget has decreased in 2014/15 by 38.83% from the 2013/14 financial year. It is noted that the 2014/15 allocation of R 7million is a decrease of R226 000 when compared with the R7226 million available in the 2013/14 financial year.

It is difficult to gauge very precisely where things stand with regards to targets met so far, as well as the next levels of the pilot stages that still have to be achieved as there has been little ministerial detail shared in the 2014/15 financial year on this. As a result of little information available to engage with in the ECDoH MEC's 2014 Policy Speech, it is difficult to make a thorough assessment of where the points of concern are.

Table 3: Summary of Departmental Conditional Grants by Grant

Conditional Grant Allocation (R '000)	Audited			2013/14			Medium-term estimates				Real Change between 2013/14 and 2014/15	Nominal Average Growth over MTFF
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main Budget	Adjusted Budget	Revised Estimate	2014/15	% change from Adjusted Appropriation 2013/14	2015/16	2016/17		
Comprehensive HIV and Aids Grant	700,216	906,236	1,040,502	1,273,296	1,299,376	1,295,620	1,449,237	11.53	1,602,290	1,802,013	11.53	3.65
Forensic Pathology Grant	63,070	84,690										
Health Professions Training and Development Grant	182,320	190,782	178,743	188,560	190,940	187,075	199,874	24.03	209,068	220,149	4.68	-0.45
Hospital Revitilisation Grant	168,610	556,929	414,560	336,719	336,719	357,140	359,552	8.00	223,573		6.78	100.00
National Tertiary Services Grant	594,454	627,075	657,292	743,621	784,617	792,810	786,007	9.10	822,163	865,738	0.18	-0.45
Health Infastructure Grant	278,691	328,572	302,716	216,816	220,814	226,593	230,244		207,411		4.27	-100.00
Social Sector Expanded Public Works Programme	6,012		1,000	41,565	41,565	39,147	31,242	262.29			-24.84	-100.00
Nursing Collages			12,394	9,257	11,523	12,620	9,435		11,946		-18.12	-100.00
National Health Insurance			8,094	4,850	7,226	6,484	7,000	-38.83	7,397	7,789	-3.13	-0.12
AFCON (Medical Emergency Services)			2,353									
Expanded Public Woks Programme Incentive Grant for Provinces He	26,187		13,699	3,000	3,000	3,051	2,000				-33.33	-100.00
Total payments and estimates	**2,019,560**	**2,694,284**	**2,631,353**	**2,817,684**	**2,895,780**	**2,920,540**	**3,074,591**	10.67	**3,083,848**	**2,895,689**	**6.17**	-5.52

Focus Area: Health infrastructure in the last five years in the Eastern Cape Department of Health

The Department has had a long history of failing to meet its infrastructure commitments in the past. These delays in the completion of infrastructure targets have resulted in the backlogs that the Department is currently faced with. Understandably there are instances where the completion of these projects has been affected by the services provided by contractors hired by the Department. Overall, this responsibility to minimise the backlogs still resides within the Department's control.

There are several types of infrastructure responsibilities found across different sectors. To make a distinction, the kinds of infrastructure discussed to here are physical buildings where health services are delivered. Of the eight programmes of the Department, its infrastructure responsibilities are located within the Health Facilities Management programme. This programme has the responsibility to "provide new facilities, upgrade and maintain existing facilities" through five sub-programmes namely, community health facilities, emergency medical rescue services, district hospital facilities, provincial hospital services and other facilities. [45] The Department also has earmarked funds that are dedicated towards infrastructure needs through the Health Infrastructure Grant. In the past two years this grant had been divided into three components each of which were allocated funds to deal with different aspects of infrastructure delivery in the province. In the 2014/15 financial year

[45] Eastern Cape Estimates of Provincial Revenue and Expenditure 2014/15, p.148.

however, those different components have been fused into a single part and will be up to the discretion of the Department to decide what pressing needs it will address with it through the shifting of funds.[46] In its review of the 2013/14 financial year, the Department reflected on what had been achieved. Although several projects were still in the process of completion through implementing agents such as Coega Development Corporation (CDC) and the Department of Roads and Public Works (DRPW), the Department has made a decision to shift its focus from erecting new facilities to “maintaining the existing ones”. [47] No explanation has been offered to clarify why the shift in focus. To date, the Department has stated that it has renovated a total of 222 clinics in the 2013/14 financial year. This statement however does not offer much information on what assessments have been made by the Department across the province as to which areas are still in need of new clinics.

The Department has also stated that it plans on eradicating health infrastructure backlogs through the implementation of the Infrastructure Delivery Management System (IDMS) as well as the Infrastructure Procurement Project.[48] Again, not much detail has been given here too regarding the intricate details of how these efforts are meant to work – either separately or in collaboration with the structures that are already in place within the Department. It has been stated that infrastructure specialists will be employed in the 2014/15 financial year.[49] No other details have been given about the nature of infrastructure specialists required by neither the Department nor the number of these that it will need. The National Department of Health is also said to be in the process of developing a Project Management Information System (PMIS) that will “enable the department to manage the infrastructure implementation programme in a more effective and efficient manner”. Again, no finer details have been given as to exactly how this will work, as well as how these different plans feed into each other and work together. [50]

At the national level through the Presidential Infrastructure Coordination Commission (PICC), a single common National Infrastructure Plan was established in 2012 to be monitored and centrally driven.[51] The PICC will be responsible for and held to account by Cabinet to carry out the following “coordinate, integrate and accelerate implementation, identify who is responsible and hold them to account, develop a 20-year planning framework beyond one administration to avoid a stop-start

[46] Ibid at p.22.
[47] Ibid at p.125.
[48] Ibid at p.127.
[49] Ibid.
[50] Ibid.
[51] A Summary of the South African National Infrastructure Plan, p.7.

pattern to the infrastructure roll-out".[52] This national plan has "18 identified Strategic Integrated Projects (SIPs) which have been developed and adopted by Cabinet and the PICC",[53] and only the larger projects will be coordinated by the PICC. This plan is made mention of as it most likely to have an effect on the sectoral infrastructure plans at the provincial levels. Just how much of an impact and effect this plan will have on plans made at the provincial levels still remains to be seen.

[52] Ibid.
[53] Ibid at p.10.