



**REPORT ON THE CURRENT
STATUS OF THE DEPARTMENT OF
HEALTH TO THE HEALTH
PORTFOLIO COMMITTEE**

DATE: 11TH NOVEMBER 2008

**HONOURABLE CHAIRPERSON AND MEMBERS OF THE HEALTH
PORTFOLIO COMMITTEE, THE ACTING HEAD OF DEPARTMENT,
DR Y L MBELE & SENIOR MANAGERS OF THE DEPARTMENT OF HEALTH.**

As the Health Portfolio Committee you have most likely been kept informed by the media and other sources regarding the situation that we in the Department of Health find ourselves. I thought it very necessary to call this meeting to put the situation that currently prevails in the Department of Health in perspective so that you, Honourable members, can hear first hand what the exact situation is and what challenges we face going forward. For this reason therefore, my report will no doubt put to rest any perceptions you might have and provide a factual detail and insight into the over expenditure, the interventions of the provincial Treasury and the pressures that we face as a service delivery department.

The Constitution of the Republic in Section 27 states as follows;

"Everyone has the right to have access to ;

1. Health care services, including reproductive health care; ..."

It goes further to assert that; ***"The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights."*** [MY EMPHASIS]

We are also operating in a fast changing environment where we are expected to adapt our plans as frequently as possible. This has resulted in the spending pressures that the Department of Health faces in the 2006/07 as well as the 2007/08 financial years, inclusive of but not limited to the under funding of the OSD for nursing personnel, the June 2007 public service strike and its resultant effects of medicine price inflation, the fluctuating rand against foreign currency, leading to an over-expenditure of approximately R1.2 billion as at the end of the 2007/08 financial year.

As though the pressures in health care delivery can only be defined by the disease burden, we have progressively seen an increase in the bed occupancy rate thus increasing the per capita expenditure per patient, ever increasing incidence of TB, HIV and TB-HIV as well as AIDS cases in our most basic level of care, the primary health care centers. The increased head count in primary health care levels increases the workload on health workers at higher levels.

The budgetary expenditure trends over the years have shown us that the budgetary increases were maintained at 13,5% per annum until 2005/06 where it began to decline to 8,5% which is far below the estimated CPIX of 13,5%. It was at this time that we began to see over expenditures of R73 574 000.00 in 2005/06 and R1 034 000.00 in 2007/08. It is our assertion that the below CPIX budget allocation had a direct impact on the financial performance over the subsequent years.

Furthermore, the health budget challenges that we have to face given the sustained under funding include infrastructure backlog, ageing medical equipment, inability to maintain scarce skills in the public service, escalating health care provision costs, central bargaining framework where decisions are taken without checking if provinces have budgeted for resolutions and unfunded mandates.

Given the current situation and the anticipated over expenditure by the end of this financial year, we have engaged our colleagues from Treasury where we all agreed that the situation, as it pertains to the current state of Provincial Finances, is concerning. This was because overall negative situation in the Province with the majority of the overspending is being attributed to the Department of health.

After deliberations between the principals of both departments, a Joint Task Team comprising Provincial Treasury and Department of Health Officials was set up to conduct an operational exercise to establish what is going wrong in the Department of Health insofar as fiscal discipline is concerned and to come up with a joint turnaround strategy to stem the tide of the runaway expenditure in the current financial year.

The Task Team conducted visits to health institutions and assessed the spending trends and held meetings with the management of the institutions. Recommendations were made on various interventions that should be considered in line with the proposed turnaround strategy. It must be noted that the Chairperson of the Task Team, Ms P Zulu did indicate to the senior management of the Department that a period of 24 months, at least, was needed to see the effects of any kind of turnaround strategy.

The department had already taken steps to curtail over expenditure by the end of the financial year. These included;

- Moratorium on the filing of non-critical posts
- Audit of OSD implementation
- Enhance management of overtime (especially commuted overtime)
- Delays in the acquisition of non-critical goods and services
- Enhancement of vehicle fleet management
- Delay the purchase of vehicles except ambulances
- Staff utilization audit

- Review outsourced services in relation to staff still in the employ of the department
- Moratorium yielded R19 million in three months due to vacancies not filled since July 2008
- To review need of posts before they are filled
- Curtailed the use of nursing agencies.

Further to this we have identified other areas where curtail measures can be implemented and these include;

- Energy and water savings,
- Telephones and cell phone savings,
- Office Automation
- Security and Risk Management
- Improved access and exit Controls, and
- Regular staff verifications.

Honourable Chairperson and Members, I am sure that you will appreciate the predicament that the Department finds itself in and no matter what measures we put in place to control our spending, we cannot compromise on the delivery of health services especially in the wake of the burden of disease, disease outbreaks such as Cholera and Malaria, MDR and XDR TB, HIV and AIDS and maternal and child morbidity and mortality.

Hence it is important to also mention that despite the picture of gloom and doom that I am painting, the Department has also worked hard to achieve some of its strategic goals and objectives.

Honourable Chairperson and Members, I trust that you now have an accurate account of the situation that we face as the Department of Health. We are fully aware that financial constraints are not unique to our Department, especially in light of the direction that the global economy is heading, but we wish to illicit your support in our pleas that we are indeed under funded and if we are truly serious about health care delivery to the People of our province, then we must not reduce our services to an accounting exercise but see it in its proper context where human life is the issue.

I thank you.

**MS N P NKONYENI
MEC FOR HEALTH
KWAZULU-NATAL**

DATE: 11/11/2008