

Our Public Health System is in Crisis

Report of the 4th Budget and Expenditure Monitoring Forum meeting

Johannesburg, 12 November 2010

The Budget and Expenditure Monitoring Forum (BEMF) draws together individuals and organisations from civil society, academia, government, organised labour and business to focus attention on ensuring that sufficient money is budgeted for and appropriately spent on meeting the treatment and prevention targets of the national HIV & AIDS and STI Strategic Plan for South Africa 2007-2011 (NSP), as well as for health services more broadly.

Reports of the first three BEMF meetings are available at <http://www.section27.org.za/bemf>.

The fourth meeting of the BEMF took place in Johannesburg on 12 November 2010. It drew together over 30 individuals representing more than 10 organisations. The meeting's main purpose was to learn about and discuss the contents of the Integrated Support Team (IST) reports.

These reports, commissioned by former Health Minister Barbara Hogan, describe crisis situations in the national Department of Health (NDoH) and seven of the nine provincial health departments. In addition, they also provide sets of recommendations that are a blueprint for addressing the challenges in the public health system.

Yet more than a year since the IST reports were completed, there appears to be little progress on many fronts. This was highlighted in reports the forum heard from three provinces: Gauteng, the Eastern Cape and the Free State.

Gauteng recently received its second consecutive disclaimed audit. The Auditor-General found that in the 2009/10 financial year, Gauteng Health could not properly account for ± R19 billion.

In the 2008/09 financial year, the state of the province's finances was so dire that the Gobodo Forensic and Investigative Accounting was commissioned to investigate matters. It found that a large portion of the provincial department's goods and services budget, R1 billion, was allocated to consultants. Over R200 million was paid for a health information system and a "smart-card" system that never materialised.

The Gobodo report was handed over to the Special Investigating Unit (SIU) as an initial step in the prosecution of implicated individuals and the recovery of assets. The Gobodo report has yet to be made publicly available. It is unclear if anyone has indeed been prosecuted or if the SIU is still vigorously investigating the matter. A request by SECTION27 to the National Treasury for access to a copy of the Gobodo report remains unanswered.

The forum heard how the Eastern Cape Health Department has had several years of disclaimed audits. In the last financial year it accrued debt of R1.6 billion. Consequently, the department does not have the funds to pay its creditors.

The accrued debt is in large part due to the poor estimation of the Occupation Specific Dispensation for health workers, which was about R400 million more than expected. To make matters worse, the province has also spent money on unfunded mandates. Furthermore, complaints lodged years ago with the South African Human Rights Commission (SAHRC) alleging human rights violations by the provincial department have yet to be addressed.

Pleasingly, and in contrast to Gauteng, the Eastern Cape Health Department is showing that it has the political will to address these problems. It has, under the leadership of the MEC for Health and the department's head, begun to discipline, suspend and dismiss corrupt officials.

The Eastern Cape and Gauteng health departments need both support from and the active intervention of the NDoH and the National Treasury to ensure that problems in their financial management systems are urgently addressed. In line with the recommendations of the IST reports, the National Treasury should ensure that the debts developed in both provincial departments – along with those in other provinces – do not hinder service delivery and are settled. At the same time, neither department should be permitted to continue the trend of over-expenditure and qualified audit statements into the next financial year.

The meeting learned that one of the key reasons for the failure to implement the recommendations in the IST reports and for the breakdowns in service delivery is that there is a high turnover of both political leaders and senior civil servants in most provinces. The lack of continuity means that projects are not taken to completion and institutional memory is lost.

The forum also heard an allegation that some patients in the Free State continue to be initiated on stavudine (d4T) despite current antiretroviral (ARV) treatment guidelines providing for new patients to be initiated on the much better-tolerated drug tenofovir.

The forum also discussed the 2010 ARV tender, the future cost of the ARV treatment programme and the Treatment Action Campaign (TAC) / Centre for Economic Governance and AIDS in Africa (CEGAA) community budget monitoring project in Lusikisiki and Umgungundlovu districts.

Presentations

Several presentations were delivered at the meeting.

Nathan Geffen of the TAC and SECTION27 made a proposal on the future strategic direction of the BEMF (which was accepted by the meeting). He also described some of the problems facing the Gauteng Health Department. His presentation is available here:

http://www.section27.org.za/wp-content/uploads/2010/11/Intro_4th_BEMF_Meeting.pdf

Jonathan Berger of SECTION27 gave an update on the 2010 ARV tender which is expected to be finalised soon. Berger explained that there have been significant improvements over the 2008 tender process, but that challenges remain. He estimated that the total value of the tender will be a minimum of R3.72 billion. His presentation is available here:

http://www.section27.org.za/wp-content/uploads/2010/11/2010_ARV_Tender_Update.pdf

Dayan Eager of the Public Service Accountability Monitor provided the forum with an update on the Eastern Cape Health Department. His presentation will be available online shortly.

Laetitia Rispel of the Centre for Health Policy at the University of the Witwatersrand, Johannesburg provided a summary of the findings and recommendations of the IST reports. Rispel was one of the lead researchers who worked on the reports. Few people will have the time to read even the executive summaries of all 11 reports. Rispel's presentation is therefore a very helpful summary and we highly recommend it for anyone working in health-care in South Africa. It is available here:

<http://www.section27.org.za/wp-content/uploads/2010/11/ISTs.pdf>

Gesine Meyer-Rath of the Health Economics and Epidemiology Research Office presented an analysis of the future cost of the ARV treatment programme in South Africa. The forum learned that by implementing task-shifting and purchasing drugs at the best prices available internationally, the costs of the programme could be reduced by 33%.

If these cost saving mechanisms are implemented, government would be able to afford to implement the World Health Organization's ARV treatment guidelines (treating everyone with a CD4 count below 350 cells/mm³) as the increase to the cost of the programme over the next several

years would be relatively small compared to the expansion of the programme generally. Meyer-Rath's presentation is available here:

http://www.section27.org.za/wp-content/uploads/2010/11/NACM_Presentation.pdf

Nhlanhla Ndlovu of CEGAA gave the forum an update on the joint TAC/CEGAA community budget monitoring projects in Lusikisiki and Umgungundlovu districts. These projects exemplify how communities can become involved in budget monitoring and help improve service delivery and accountability. He stressed that the co-operation of district officials is critical for the success of these initiatives. This can be facilitated by democratising district health councils so that they are better able to hold health officials accountable. Ndlovu's presentation is available here:

http://www.section27.org.za/wp-content/uploads/2010/11/CEGAA_TAC_BMET_Update.pdf

The documents presented to BEMF members, including the strategic plan for the forum and the executive summaries of the IST reports, can be found here:

http://www.section27.org.za/wp-content/uploads/2010/11/4th_BEMF_Meeting_Documents.pdf

Resolutions of the 4th BEMF meeting

The forum took the following resolutions:

- The forum will continue to highlight the importance of the IST reports and to hold government to account for the implementation of their recommendations.
- The forum will engage with Parliament and relevant provincial legislatures to exercise their oversight roles, especially in relation to the implementation of the IST report recommendations in Gauteng and the Eastern Cape.
- Forum members will investigate whether new antiretroviral patients are being initiated on d4T instead of tenofovir in the Free State, and will take appropriate action to remedy this if it is still occurring.
- SECTION27 will take steps to get the Gobodo report released and follow up on its findings.
- Forum members will take steps to ensure that national government takes an active role in improving financial management systems in Gauteng and the Eastern Cape.
- Forum members will engage with the SAHRC, requesting it to act on the complaints it has received about the Eastern Cape Health Department.
- Forum members call on government to bring South Africa's ARV treatment guidelines in line with those of the World Health Organisation, as this will not add significant expense to the cost of the treatment programme. We also call on government to obtain safe and effective ARV medicines at the lowest prices globally and to expedite processes necessary to facilitate task-shifting. These measures will significantly reduce the cost of the ARV treatment programme.
- TAC and the Free State AIDS Coalition will lead efforts to educate their members about budget and expenditure challenges in the public health system.

SECTION27 is seeking to employ a suitably qualified candidate to co-ordinate its budget and expenditure monitoring work. As part of this work, the successful candidate will also act as the BEMF co-ordinator. Applications close on 26 November 2010. For further details, see

www.section27.org.za

The next BEMF meeting will most likely take place in the first quarter of 2011. The date will be announced in due course.

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