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Public-Private-Partnerships (PPPs) as a Strategy for Efficient Basic Primary Health Care in the Eastern Cape Department of Health

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ABSTRACT This paper used a descriptive secondary study approach to explore the potential benefits the public can enjoy from public private partnerships (PPPs) in the Eastern Cape Department of Health (ECDoH) in South Africa. The exploratory paper was enabled through an examination of the challenges being faced by the ECDoH. An understanding of these particular challenges facilitated the conception of appropriate PPP strategies that were adopted to ensure the provision of efficient health care services. Through the use of government statistics, annual progress reports, National Treasury reports and current existing academic literature, the paper concluded that there are different models of PPPs which can be harnessed for efficient basic primary health care delivery.

INTRODUCTION

The Constitution of the Republic of South Africa 1996 agrees that citizens have the right to access health care services and section 27 (1) and section 27 (2) acknowledge that the State must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of each of these rights. It is important to understand that the Bill of Rights chapter 2 of the Constitution of the Republic of South Africa 1996 also agrees that primary health care services are fundamental to life and health, because they guarantee a dignified human life. Unfortunately, access to these services is a major problem confronting many developing nations with the inclusion of South Africa. The provision of public services in South Africa is a major challenge for all the three spheres of government and reference in this paper is made in relation to the provision of primary basic health care services at the provincial level. The public institutions mandated to offer basic health care services are currently suffering a backlog, part of which was inherited from the apartheid regime which rendered racialised public services (Ijeoma et al. 2013: 14).

The Implementation of PPPs for Primary Health Care

The implementation of alternative service delivery methods such as PPPs has been essential for the ongoing improvement of service delivery (White 2016). In the last decade, PPPs have emerged as a policy framework employed to address the backlog of public service delivery in several developing nations, including South Africa. PPPs are an integrated approach to service delivery which is in line with the New Public Management which emphasises on alternative strategies to resolving governmental challenges through the cooperation of public and private actors (Spackman 2015). The government plays quite a pivotal role in the PPP process by giving the necessary political, regulatory and legislative support to ensure the trust of foreign and private investors (English 2015). The responsibility for public service delivery has rested primarily within the government in many developing nations. Conversely, with globalisation the private sector is now playing an increasingly imperative role in service delivery even in countries with dominant public sectors (Spackman 2015). This is because PPPs facilitate the role that both the public and private sector can play in the delivery of primary health care to the public. Fombad (2015) asserts that governments have begun to explore innovative ways in which to involve the private sector in service delivery without compromising the public interest. PPPs are currently being established in several sectors ranging from transport, public works to the health sector. Thus, government departments need to be innovative as far as alternative forms

of service delivery is concerned, in particular PPPs.

Objectives of the Study

The primary objectives of this paper were to explore and examine the challenges being faced by the ECDoH in the delivery of primary health care services. The paper examined the causes of the challenges being experienced by the ECDoH in primary health care provision and came up with the adequate PPP strategies that were adopted to improve the basic primary health care system.

METHODOLOGY

This paper is qualitative and is informed by the variant cases of PPPs in the South African health sector. The paper uses the qualitative approach because there is some kind of information that cannot be quantified, but can be expressed only by words to describe the social phenomenon. Lewis (2005) argues that qualitative data is information gathered in a non-numerical form of collecting information on the knowledge, values, feelings, attitudes, beliefs and behaviors of the target population. The collection of data information in this paper is based on the exploration of cases of the various public hospitals within the jurisdiction of the ECDoH through a desktop study approach. A detailed exploration of relevant data taken from various sources including annual reports, government statistics, academic journals and relevant literature was considered meaningful in understanding how PPPs can be strategically implemented for efficient primary health care delivery.

RESULTS

Port Alfred and Settlers Hospital

The National Treasury Case Studies (2009) noted that the ECDoH and a private association consisting of Nalithemba Hospitals and Netcare Limited had a mutual agreement to refurbish the Port Alfred and Settlers hospital to ensure efficient primary basic health care delivery. Rondinelli (2014) asserts that Richard Friedland the Chief Executive Officer of Netcare Limited acknowledged that the Port Alfred hospital raised the health care service provision bar in the surrounding areas because of the PPP agreement. The hospital received widespread interest from medical specialists who wanted to make use of its well-equipped facilities and this boosted the gross shortage of personnel thereby improving health care service delivery. The Department of Health (2014) noted that the PPP agreement enabled the creation of seventy five full time positions within the hospital while the contracted external private service providers also created job opportunities to address the unavailability of staff.

Challenges Faced by Port Alfred and Settler's Hospital

The Department of Health (2014) noted that Port Alfred and Settlers hospital could not provide a full range of primary health care services to patients within its surrounding area. They had to travel to East London or Port Elizabeth which are several kilometers away to seek primary health care services before the public private partnership was settled and agreed on. There was also a shortfall in the referral system which often saw the sick patients sleeping on cold hospital benches awaiting staff to attend to them (National Treasury Case Studies 2009). The Port Alfred and Settlers hospital is an outcome of a PPP between the ECDoH and a private consortium consisting of Nalithemba hospitals and Netcare, completed in 2009 when it opened its doors to the public. The then Eastern Cape Health, Member of Executive Council, Pemmy Majodina even noted that the success of the PPP process and project arrangements was a tribute to the participation and unity of both the public and private sectors. Port Alfred and Settlers hospital had to be rebuilt in its entirety as the hospital was originally situated in a low-lying area that frequently experienced flooding (Department of Health 2014). This practically implied that at times traffic could not ferry patients and staff, to and from the hospital and this had negative implications on the primary health care service delivery. As part of the PPP arrangement the private consortium Netcare is responsible for managing both the public and private facilities at Port Alfred hospital for fifteen ongoing years. The Department of National Health (2014) also agreed that the two main objectives of the PPP project were to enhance the patient flow and quality of primary health care service delivery at the hospital by ensuring

that the facilities were user friendly and capable of supporting modern health care services. Thus, PPPs have the potential to greatly increase organisational efficiency through the improved coordination between the private and public sector, for greater output and cost-effectiveness (English 2015).

PPP Strategy Adopted for Efficient Basic Primary Health Care Delivery

The Port Alfred and Settlers hospital features public and private facilities under a PPP arrangement with the ECDoH and Netcare which reveals the impact of PPPs in addressing the backlog of public service delivery. The Department of National Health (2014) acknowledged that the Port Alfred and Settlers hospital now has state of the art medical equipment which includes a new theatre block, a maternity ward, a general ward, and an extended radiology facility. There is also improved access to the hospital, as well as a comfortable new reception and a waiting area which is strategically structured to address the challenge of floods (Department of National Health 2014). This PPP assisted the inhabitants of the Eastern Cape Province through an improvement in access to health care services. Through the PPP arrangement, health care empowerment in the Eastern Cape was boosted substantially (Department of National Health 2014). Forty percent of the construction and fifty percent of the ongoing operational expenditure was allocated to black people and black enterprises to promote the Broad Based Black Empowerment Economic Act (2013). A minimum of fifty percent of the shareholding in the consortium was held by local black people with black women comprising a higher percentage of the management of the private party, to promote equity and facilitate the affirmative action.

Humansdorp Hospital

The Department of Health (2014) affirms that Humansdorp a small town in the Kouga municipality in the Eastern Cape Province only had fifty four beds for adults and three cot beds for babies. The National Treasury Case Studies (2011) acknowledges that the need for the refurbishment of the Humansdorp Hospital also arose from the rapid overpopulation within the Jeffrey's Bay area, which consequently led to a shortage of hospital beds, to cater for the increasing population of patients. As a result patients from as far away as Cradock and Graaff-Reinet often spent hours at the hospital waiting just to be attended to by a single doctor (National Treasury Case Studies 2009). An analysis conducted by the Eastern Cape (EC) Department of Public Works revealed that the Humansdorp Hospital was in a desperate need of upgrading, renovation and refurbishment.

Challenges Faced by Humansdorp Hospital

The Department of Health (2014) notes that there were protests from the hospital staff due to the dysfunctionality of infrastructure as well as insufficient funding from the national government to purchase innovative equipment to ensure efficient provision of primary basic health care delivery. Department of Finance (2015) affirms that provincial health departments are however reluctant to pursue PPP projects and arrangements because little research has been done to determine their success in the public health system. Humansdorp hospital had personnel shortage due to a huge burden on the state doctors who were working against a greater population since the hospital was serving the entire Kouga municipal area (Department of Health 2014). The unavailability of doctors led to overcrowding which meant patients had to spend hours unattended and most of the patients left without receiving the doctor's attention (Department of Health 2014).

PPP Strategy Adopted for Efficient Basic Primary Health Care Delivery

The challenges the Humansdorp hospital faced were affecting the quality of health care service delivery to the general public and there was a need to address these challenges through the adoption of the most appropriate PPP. As a result of these challenges, the Humansdorp Hospital tabled the PPP project which was a concession initiated on the 26th of April in 1999 (National Treasury Case Studies 2011). The concession agreement was between ECDoH and Metro-Star Hospital-Afrox Health care group and it was then signed on the 27th June 2003 and its concession period was agreed to a timeline of twenty one years (National Treasury Case Studies 2011). AFROX, which is a joint venture be-

tween Metropol Hospitals and Season Star Trading Close Corporation was granted the tender for the PPP project and it contributed thirteen million rands and the ECDoH contributed R1.5million (Department of Health 2014).

The National Treasury Case Studies (2011) noted that management services are being undertaken by the concessionaire AFROX, who took complete risk of the PPP procurement process. White (2016) alludes that PPPs are contractual agreements that ensure the flow of resources, risks and rewards of both the public and private sector to be safely combined. PPPs allow for risks to be identified well in advance so that they can be allocated to the party that is most capable to deal with them (White 2016). The advantage runs in for the public sector, because the cost overruns and risks are generally borne by the private sector since it has a greater capacity to facilitate and bear the risks (English 2015). To address the challenges Humansdorp hospital was facing, the ECDoH enabled the refurbishment and upgrading of the Humansdorp Hospital from its dilapidated state through a concession with the private contractor, AFROX. Fombad (2015) indicates that the broad ultimate goal of PPPs is to combine the best capabilities of the public and private sectors for the mutual benefit of both.

DISCUSSION

It is significant to understand that PPPs are not a new phenomenon because they have evolved over the decades in different forms and in different countries as a service delivery strategy. Ijeoma and Nwaodu (2013) note that the term PPP has been used to refer to a variety of partnerships between the government and private sector investors. Ijeoma and Nwaodu (2013) define PPPs as a government service or private business venture which is funded and operated through a partnership of government and a private company. The National Treasury Regulation 16 of the Public Finance Management Act 56 of 2003 in South Africa defines a PPP as a contractual agreement whereby a private party performs a departmental function on behalf of a national or provincial department for a specified time. The private party performs an institutional function on behalf of the public institution and acquires the use of state property for its own commercial purposes. According to Pautz (2007), the National PPP unit in South Africa has a portfolio of fourteen health projects which are at different stages of agreements. However, there is need for more clarification on the application of PPP arrangements and on the type of projects to be procured in the various sectors (Department of Health 2014). Thus harnessing the power of PPPs is a great step in the realization of efficient primary health care provision in South Africa.

Zhou (2012:133) notes that Public Administration is an integral component of governance that is concerned with the day to day implementation of government programs and provision of basic goods and services. Hence it is mandatory that the government ensures efficient provision of efficient primary basic health care services. Nhede (2012) indicates that if the public is experiencing specific problems in public service delivery for instance poor health care systems, they approach relevant government institutions in their specific localities and jurisdictional maintenance. This implies that it is crucial for the government to devise strategic measures to address any imbalances in the service delivery system. In South Africa the National Treasury is continuously encouraging the provincial health departments to look at PPPs as one of their sources of primary basic health care delivery, to address issues of poor public health care systems. However provincial health departments are seemingly reluctant to pursue PPP projects and arrangements because little research has been done to determine their success in the public health care delivery in South Africa (Department of Finance 2015: 13). With the ECDoH facing such adverse challenges in the provision of primary basic health care services, the viable strategies to address some of these challenges is definitely PPPs.

CONCLUSION

In summation the government has to evolve from being the provider of services to the regulator, so as to allow the private sector to play a supplementary role in rendering health care services through PPPs. The PPP arrangements in the department of health are conclusively a strategy to foster efficient primary health care delivery. These PPPs can also be applicable in all government departments in South Africa, depending on the nature of the problem to be addressed and the PPP model that is appropriate. Evidence from the discussion notes that public

services are generally considered to be the responsibility of the government; however because of the alarming constraining pressure on government expenditure, it is clear that the government alone cannot provide public services.

RECOMMENDATIONS

The South African government has become well aware of the significance of the private sector as a public service delivery partner to ease its financial burden. There is still need to identify and promote PPPs as they leverage each sector's comparative advantage. This can be achieved through building trust and strengthening coordination between the two sectors to resonate on the benefits of PPPs in the health sector. Thus to address the complexities of the PPP procurement process there should be extensive participation of all the relevant stakeholders. The positive yield of PPPs as evidenced by the ECDoH history is impeccable; however the application of the health care PPP projects in South Africa has not really reached its optimum level. This can be explained by the shortfall in the budgetary provisions, which is affecting the long term nature of the PPP arrangements and projects. This needs to be addressed to ensure the full momentum of PPPs when established and being implemented for efficient basic primary health care delivery to the general populace.

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