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IMPACT OF THE THEORY AND PRACTICE OF GOVERNMENT CONTRACTING IN THE SOUTH AFRICAN PUBLIC HEALTH SYSTEM

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ABSTRACT

Government outsourcing and contract supply theory and practice are meant to provide competitive services at competitive prices to assist the government to deliver to the public. The proponents of outsourcing emphasise the positive effects of contract supplying through tendering as the most effective practice for good governance within the public health sector. The reality, however, is that money is returned to the national coffers as excess, amidst a shortage of medicines and medical equipment in poorly operated government hospitals. This poses questions on the effectiveness of the current theory and practice, and whether it has not been overrated beyond its capabilities. If it is overrated, does this not leave room for a re-look at the theory and practice, or could the blame be placed on management systems? This paper discusses both the theory and practice of government contracting and its impact on the public health system. The effect of this theory is felt by the customer who is a patient at the lower end of the spectrum. The paper seeks to critically investigate theories behind the practice, their effects on the customer, possible causal factors and the relevance of this theory and practice regarding realities on the ground. In conclusion, realistic and practical recommendations are suggested for consideration for a public health system strategy in South Africa.

KEYWORDS

Government contracting, Public Health System.

INTRODUCTION

Understanding the theory and practice of government contracting in the public health system within developing countries across the world in general and in South Africa, in particular, has become a critical aspect lately. This has become more prominent owing to a reality that South Africa's public health system is one of the greatest spending departments and continues to stretch limited state resources to no end. Part of this spending goes to public centres in huge amounts for government contracted services where the intention is to improve the state of operational efficiency and effectiveness.

This paper, therefore, argues that the theory and practice of government contracting, which covers cost, strategy and political contracting driven approaches, have both direct and indirect impact on standards of services that are offered by South African public health centres. Engaging this practice to establish who should do what, where, how, when and with whom is critical, and should be explored. Why has government contracting practice built such a huge dependence on public health centres? To gain more insight, this paper employed a qualitative methodology relying on a literature review as a tool of data collection for assessment, and analysis to draw up certain conclusions that should inform suggestions for workable recommendations.

BRIEF BACKGROUND OF THE SOUTH AFRICAN HEALTH SYSTEM MANAGEMENT

South Africa has a dual health system, which is characterised by large public and private sectors. The public sector serves the indigent population constituting more than 80% of the total, and is funded predominantly by the government from general tax revenue, comprising 40% of total health spending. The private sector, which is highly developed, serves less than 20% of the population, comprising those who are insured or are high income earners, and is responsible for 60% of total health expenditure (Pillay, 2008:1). Hospitals in South Africa reflect a stark contrast between health service provision in the public and private sectors. Government-owned and managed public sector hospitals are often characterised as being inefficient and ineffective, as evidenced by anecdotes, which detail patient dissatisfaction and disaffections, and personal observation. In contrast, privately-owned and managed hospitals are amongst the more profitable of enterprises, and compare favourably with the best in the world, as evidenced by constantly rising share prices and the growth in medical tourism. In an attempt to improve public sentiment about the public sector, and in their quest to enhance efficiency and effectiveness within the sector, public sector agencies are aspiring to emulate the private sector philosophy and management approach. The underlying assumption is that there is a potential shortcoming in management capacity between the two sectors (Pillay, 2008:2).

Burch (2000: 55) outlines a difficult inheritance of the post 1994 government from the apartheid government, and states that the health service, which was inherited in 1994, was a reflection of a system, which focused primarily on supporting the Apartheid State, rather than on improving health or providing an efficient and effective health service. Like the country, the health service had been fragmented into Black, Coloured, Indian and White "own affairs", four provincial and 10 homeland health departments. These were not even contiguous, furthering inefficiency and there was wasteful duplication. Resources, and with them access to health care, had been distributed along racial lines. There was a predominant focus on hospital care, with hospitals serving Whites having more resources. Primary health care (PHC) was severely underdeveloped. In the "homelands", services were more integrated, but decidedly sparse, while elsewhere preventive services provided by local authorities were separated from the curative services of the four former provinces. First level curative care was often only available at a distant hospital outpatients' department.

Burch (2000: 56) argues further that much progress has been made since 1994 in overcoming the Apartheid legacy with regard to health system and management, which include the following achievements:

- Establishment of a unitary health system with a single national department and nine provincial Health Departments;
- Appointment, for the first time, of talented managers of "colour" to executive positions;
- Removal of structural racism;
- Upgrading of many clinics and health centres and the building of approximately 500 new ones, in poor, hitherto under-served communities. Although a number are yet to be made fully operational, this did bring elements of PHC within reach of many for the first time;
- Introduction of free primary health care not only made good economic sense, but also removed the affordability barrier that many faced;

- Progress, albeit variable, in the establishment of a District Health System (DHS), with provinces and local authorities starting to pool their resources and integrate care, so as to offer a more comprehensive service under one roof. This not only improves economies of scale and efficiency, but means that parents do not have to go to two or more venues and face duplicate queues and examinations to get care for themselves and their family;
- Community service for newly qualified doctors, which further strengthened services in the poorest parts of the country;
- Contracting Cuban doctors to improve medical care in 'under-doctored' areas;
- A massive primary school nutrition programme, which even with implementation difficulties, meant that many children were no longer too hungry to learn;
- Addition of Hepatitis B and Haemophilus influenzae B vaccines to the routine immunisation schedule;
- Launch of various programmes to tackle priority health problems, including Integrated Management of Childhood Illnesses, Directly Observed Treatment, Short-course for the management of Tuberculosis and a Maternal Mortality Programme;
- Restructuring of the district surgeon system;
- Promulgation of important pieces of legislation that are steering the health sector towards greater effectiveness;
- Transformation of health governance institutions, such as the professional bodies;
- Important efforts to improve public health, including measures to curtail use of tobacco; and
- Launch of a Patient's Charter to serve as a benchmark of how patients could expect to be treated.

However, not all has been positive. The negative aspects include:

- A relentlessly worsening HIV/AIDS epidemic, which government has not sufficiently handled;
- A reduction in health budgets in real terms, after increases in the first two years. The reasons for the decreases include:
 - i) a reduction in the central hospital conditional grant;
 - ii) tightened provincial health votes and health inflation remaining above general inflation, and
 - iii) wide scale rank and leg promotions for health staff.
- An inability to retrench or transfer staff, which prevented tackling of inequity and inefficiency; and
- Difficulties imposed by the rules, which govern management of the public service.

These and other factors have placed pressure on the health service, and have led to concerns about quality and delivery. Staff morale and motivation has also been affected.

CONCEPT OF GOVERNMENT CONTRACTING

Government contracting is a process of buying goods and services by government agencies or departments to support operational execution with the purpose to fulfill the government agency or department mandate and aimed recipients (Ntonzima, 2008). In order to raise the concept of government contracts, State Lawyers (2010:1) state that it comprised of all the statutes, cases, rules, regulations and procedures with which any company must comply to do business with the government (national, provincial or municipal level). These rules and regulations apply to virtually every aspect of making, performing and eventually terminating a contract with a government agency or department.

The set of laws and regulations that involve government contracts is immense, complex and constantly changing. While the laws and rules may be complicated, several governments' contracting regulations are designed to prevent favoritism and to force the government contracting officer to give all bidders fair access to be awarded a contract with the government. The rules are also intended to protect taxpayers by ensuring that the government obtains the lowest price for goods and services from the private sector, thus making certain that the contract is fair to taxpayers (State Lawyers, 2010:1).

THEORY AND PRACTICE OF CONTRACTING OR OUTSOURCING

Giving the rationale for outsourcing theory and practice, Kakabadse and Kakabadse (2000a: 109) provide three categories of motivations, namely as cost, strategy and politics. The first two (cost and strategy) are commonly driven by the private industry. Political motives for contracting are often driven by public organisations. While there may be three categories, government contracting activities are likely to be determined by elements from all three categories.

COST-DRIVEN OUTSOURCING

In theory, outsourcing for cost reasons can occur when suppliers' costs are low enough even with added overheads, profits and transaction costs. Suppliers can still deliver required service in accordance with the prescribed specifications and applied terms and conditions for a low price (Bers, 1992: 55). One may wonder how an organisation can achieve enough savings to cover an additional layer of overheads and still meet profit requirements, whilst perform a function for less than another organisation that already provides the function (Kremic, Tukul, and Rom, 2006: 468). Specialisation and economies of scale are mechanisms that are used to achieve this level of efficiency (Klainguti, 2000; Ashe, 1996; Kakabadse and Kakabadse, 2000a; Quinn, Doorley and Paquette, 1990a, b; Roberts, 2001). A desire to save indirect costs may also drive outsourcing. Having fewer employees requires less infrastructure and support systems, which may result in a more quick and efficient organisation (Hubbard, 1993). Although organisations may outsource for cost related reasons, there are no guarantees that expected savings will be realised. There is increasing evidence that cost savings have been overestimated, and costs are sometimes higher after outsourcing (Vinn and Globberman, 1999; Welch and Nayak, 1992).

STRATEGY-DRIVEN OUTSOURCING

One of the main drivers for outsourcing more recently appear to be shifting from costs to strategic matters such as organisational core competencies and a need for flexibility (DiRomualdo and Gurbaxani, 1998; Elmuti and Kathawala, 2000; Harris and Guinipero, 1998; Lanford and Parsa, 1999; Meckbach, 1998; Muscato, 1998; Mullin, 1996; Quinn, 1999; Roberts, 2001; Wright, 2001). In general, the literature supports outsourcing as strategy, which may offer improved business performance on numerous magnitudes (Brades *et al*, 1997; Old, 1998; Dekkers, 2000; Klopach, 2000; Mclvor, 2000b; Moran, 1997; Prahalad and Hamel, 1990). Literature contends that outsourcing using strategy as an approach is to allow organisations to better focus on its core competences (Sislian and Satir, 2000; Quin and Hilmer, 1994; Quinn, 1999). Because of strong competition, organisations are forced to reassess and redirect scarce resources (Works Management, 1999; Drtina, 1994; Jennings, 1997; Ketter and Walstrom, 1993; Kriss, 1996; Leavy, 1996; Ngwenyama and Bryson, 1999; Quinn, 1999; Razaque and Chen, 1998). Kremic, Tukul, and Rom (2006: 469) state that resources are typically redirected to where they make the greatest positive impact, namely the organisation's core competences. Kremic, Tukul, and Rom warn that there are potential pitfalls when outsourcing for strategic reasons. Gillett (1994) argues that organisations may give away the crown jewels if they are not careful. If organisations outsource the wrong functions, they may develop shortcomings in their learning or knowledge base, which may exclude them from future opportunities (Earl, 1996; Prahalad and Hamel, 1990).

POLITICAL-DRIVEN OUTSOURCING

Kremic, Tukul, and Rom (2006: 469) believe that there are various reasons why government contracting practices may behave differently compared to private firms, which and therefore, leads to different outsourcing motivating factors. For example, Avery (2000), in Kremic, Tukul, and Rom (2006: 469), argues that the performance of a service by the public laboratory is not based on market demand or profitability. The issue may be more social than economic. Avery (2000) uses the example of the public organisation detecting a virus or health hazard, whereas the private organisation would be in the business of treating the infected for a fee. Industry performs services to make money, whereas the public organisation attempts to ensure general well-being, hence a different goal and mission. While cost and strategy may drive private firms, the desire for general well-being of citizens may drive contracting government by public organisations (Kremic, Tukul, and Rom, 2006: 469).

According to Kremic, Tukul, and Rom (2006: 470), another reason for public sector outsourcing may be better accountability. Deakin and Walsh (1996) find that managers in public organisations generally realise an accountability improvement in the particular function that is outsourced. However, the managers also

believe that there is a simultaneous decline in public accountability to the public. The explanation is that a supplier works for the government and performs their functions to satisfy the government representative, whereas a government employee works for the public and regards their interests as primary.

GOVERNMENT CONTRACTING KEY LEGISLATIVE FRAMEWORK

OPERATIONAL PLAN FOR COMPREHENSIVE HIV AND AIDS CARE, MANAGEMENT AND TREATMENT FOR SOUTH AFRICA, 19 NOVEMBER 2003

Chapter Seven that deals with drug procurement, sections 88-95 of this plan come closer to what the paper presents. Section 88 states that this chapter establishes a system of drug procurement that attempts to secure antiretroviral drugs at prices well below today's best international prices. This purchasing system should eventually result in the creation of fully integrated production facilities for these drugs in South Africa. Section 89 states that the procurement system also seeks to support an adequate and sustainable supply of these drugs by involving multiple competing suppliers and multiple production locations. Section 90, subsection 90.3 states that the supply of medicine must be secure and sustainable at a volume, which is large enough to meet the demand that is envisaged.

Chapter Eight provides for the upgrading of the system of distributing drugs, where section 96 states that there should be an improvement of inventory management, patient prescription information and financial management systems; by investing in more secured storage facilities; by ensuring efficient and secured transportation; by training pharmacy personnel; and by providing packing to support inventory control and ease of use by patients.

PUBLIC FINANCE MANAGEMENT ACT 1 OF 1999

This Act was assented to on 2 March 1999. Its objective is to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of institutions to which the Act applies. Institutions included are national and provincial departments and other public entities, including the South African Medical Research Council. Some relevant and key definitions in the Act including the following:

- "fruitless and wasteful expenditure", which means expenditure that was made in vain and would have been avoided had responsible care been exercised;
- "irregular expenditure", which means expenditure other than authorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including the Public Finance Management Act and the State Tender Board Act of 1968; and
- "unauthorised expenditure", which means overspending of a vote or a main division within a vote, and expenditure not in accordance with the purpose of vote or main division.

Provision has been made for the appointment of accounting officers (in the case of departments) and accounting authorities (in the case of public entities). The responsibilities of accounting officers and accounting authorities are extensive and include, *inter alia*, ensuring that the relevant body has and maintains effective, efficient and transparent systems of financial and risk management and internal control. They are responsible for ensuring that systems of procurement and provisioning are fair, equitable, transparent, competitive and cost-effective. In addition, they must prevent unauthorised, irregular and fruitless and wasteful expenditure and losses which result from criminal conduct. The Act can, in time, be expected to have a dramatic effect on management practices in the health sphere, as in the rest of the Public Service.

PROMOTION OF ACCESS TO INFORMATION ACT (ACT 2 OF 2000)

This Act was assented to on 2 February 2000 and its purpose is to give effect to the constitutional right of access to any information held by the State. It also guarantees access to any information that is held by another person, and that is required for the exercise or protection of any rights. An example might be information held by a hospital that is required by a patient in order to pursue a complaint against the owner of that hospital. Also, it could be a request by the interested party to access information about the process followed to handle a particular procurement process for a particular product supply.

GENERAL PROCUREMENT GUIDELINES

National Treasury (2009: 1-8) issued general procurement guidelines to provide a clear prescription of standards of behaviour, ethics and accountability. The government of South Africa views these guidelines as a statement of commitment to procurement systems and practices, which are aimed at enhancement of economic and social well-being for all South Africans. Most critical is a directive that accompanies these general procurement guidelines that no public procurement system should be operated if its pursued activities are not within these guidelines. These procurement guidelines are:

- Value for money** – this is an essential test against, which government entities should justify a procurement outcome that should give value for money, which means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.
- Open and effective competition** – this requires transparency in the application of a framework of procurement laws, policies, practices and procedures, as well as openness in the procurement process and encouragement of effective competition through procurement methods, which are suited to market circumstances.
- Ethics and fair dealing** – this is essential as all involved parties should comply with the process of ethical standards that may include dealing with each other on a basis of mutual trust and respect, whilst conducting their business in a fair and reasonable manner and with integrity.
- Equity** – this guideline requires full application and observance of government policies, which are designed to advance persons or categories of historical disadvantaged individuals by unfair discrimination.
- Accountability and reporting** – this involves ensuring that individuals and organisations are answerable for their plans, actions and outcomes.

GOVERNMENT CONTRACTING SELECTED CASES

Groote Schuur Hospital Contracts spending for 2010 – 2011 Financial YEAR (6 month – 5 year period), Western Cape

	BID NO.	DISCRPTION	TOTAL
1	GSH PT2/2009	Milk Powder	R 964,080 - 00
2	GSH PT3/2007	Cell Sperator Mechine	R519,650 - 00
3	GSH PT4/2007	General ward and service (pottering)	R3,620,283 - 17
4	GSH PT5/2008	After Hours Transport	R508,200 - 00
5	GSH PT8/2007	Supply of coal	R6,952,206 - 00
6	GSH PT9/2009	Maintenance Siemens	R18,755,232 - 00
7	GSH PT25/2006	General compacted domestic waste	R231,650 - 28
8	GSH PT37/2007	Maintenance - AGFA - Daylight processor	R449,372 - 28
9	GSH PT39/2007	Maintenance - Toshiba & ANDIO Cardio - Vascular	R516,853 - 08
10	GSH PT40/2007	Maintenance - Colbat C60 Units	R183,928 - 00
11	GSH PT45/2007	Comprehensive Cleaning Service	R5,666,208 - 00
12	GSH PT46/2005	Security Guarding GSH	R8,808,017 - 46
13	GSH PT47/2008	Cleaning Service - Catering	R1,880,596 - 00
14	GSH PT48/2007	Maintenance Lodox	R367,800 - 17
15	GSH PT49/2005	Alquillion CT & KODAK Printer	R446,160 - 48
16	GSH PT50/2006	Maintenanca Angrio, Suite and Simulator	R684,516 - 72
17	GSH PT51/2007	Maintenance Gamma Camera	R627,744 - 00
18	GSH PT52/2007	Maintenance Cardio, Theracic Lab	R806,751 - 00
19	GSH PT53/2008	Turning Team Service	R755,827 - 80
20	DOH141/2005	Maintenance Linac	R402,390 - 00
21	DOH30/2005	Service Laundry and Linen	R5,021,492 - 40
22	DOH30/2005	Service Laundry and Linen Management Fee	R2,274,510 - 00
TOTAL AMOUNT			R60,443,470.04

GROOTE SCHUUR HOSPITAL MINI CONTRACTS FOR 2010-2011 FINANCIAL YEAR

BID NUMBER	DESCRIPTION	ESTIMATED MONTHLY AMOUNT	CONTRACT PERIOD
SUP069336	Frozen mixed vegetables	R17, 432.50	01/07/2010 – 30/09/2010
SUP069337	Bulgurian yoghurt	R1, 680.00	01/07/2010 – 30/09/2010
SUP069338	Cottage Cheese	R2, 400.00	01/07/2010 – 30/09/2010
SUP069339	Inkomas	R1, 176.00	01/07/2010 – 30/09/2010
SUP069325	Chicken Steaklets	R24, 400.00	01/07/2010 – 30/09/2010
SUP069334	Chicken Keels	R54, 600.00	01/07/2010 – 30/09/2010
SUP069326	Chicken Thighs	R40, 920.00	01/07/2010 – 30/09/2010
SUP069331	Eggs	R1, 438.00	01/07/2010 – 30/09/2010
SUP069329	Cheddar Cheese	R28, 680.00	01/07/2010 – 30/09/2010
SUP069322	Hake Fillet	R17, 750.00	01/07/2010 – 30/09/2010
SUP069327	Hake Battered Portions	R32, 800.00	01/07/2010 – 30/09/2010
SUP069333	Fruit Fresh Various	R20, 040.00	01/07/2010 – 30/09/2010
SUP069328	Bread White	R1, 612.50	01/07/2010 – 30/09/2010
SUP069346	Bread Brown	R46, 800.00	01/07/2010 – 30/09/2010
SUP069347	Bread Nutty Wheat	R20, 040.00	01/07/2010 – 30/09/2010
SUP069332	Vegetables Fresh	R90, 000.00	01/07/2010 – 30/09/2010
SUP069420	Paper A4	R58, 928.40	01/07/2010 – 30/09/2010
SUP069421	Paper A3	R25, 133.40	01/07/2010 – 30/09/2010
SUP068059	French Polony	R14, 517.90	01/06/2010 – 31/08/2010
SUP068045	Ostrich Goulash	R81, 225.00	01/06/2010 – 31/08/2010
SUP068049	Sausage Roll	R6, 300.00	01/06/2010 – 31/08/2010
SUP058046	Vienna Halaal	R15, 882.48	01/06/2010 – 31/08/2010
SUP058041	Ostrich Mice	R60, 000.00	01/06/2010 – 31/08/2010
SUP068042	Sausage Ostrich	R9, 110.88	01/06/2010 – 31/08/2010
SUP068050	Cornice Pies	R5, 760.00	01/06/2010 – 31/08/2010
TOTAL AMOUNT		R678 547.06	

KARL BREMER HOSPITAL PROCURED ACTIVITIES AND SPENDING FOR 2010 -2011 FINANCIAL YEAR, WESTERN CAPE

	Outsourced Activity	Total Annual Value
1.	Agency Services	R12, 254, 000 - 00
2.	Burial Services	R63,000 - 00
3.	Medical Waste Removal	R633, 000 - 00
4.	Computer Services	R174,000 - 00
5.	Lab Services	R11,199,000 - 00
6.	Employee Wellness	R105, 000 - 00
7.	Equipment Maintenance	R288,000 - 00
8.	Medical Services	R225,000 - 00
9.	Tracing Agents Debt Collectors	R65,000 - 00
11.	Medical Gas	R348,000 - 00
12.	Blood Services	R3,912,000 - 00
13.	Leases Photocopy Machines	R123,000 - 00
14.	Leases Telecommunication Services	R92,000 - 00
15.	Property Maintenance	R651,000 - 00
16.	Sewerage	R530,000 - 00
17.	Security	R1,225,000 - 00
18.	Garden Services	R147,000 - 00
19.	Cleaning Services	R348,000 - 00
20.	Laundry Services	R107,000 - 00
21.	Pest Control	R17, 000 - 00
22.	Central Laundry	R319,000 - 00
23.	Fire Protection	R3,000 - 00
TOTAL AMOUNT		R20 586 254.00

Qualifying what is critical as elements that drive procurement theory and practice (cost, strategy and political elements), both Table 1 and 2 reflect all aspects of these elements. It can be concluded that the rationale to procure in these two public hospitals is executed strategically in order to drive critical health aspects, which the public health centres could have found difficult to cope with its operations, considering both the technical and financial aspects that confront government. For example, Siemens maintenance and cell separator machine at Groote Schuur Hospital and lab services at Karl Bremer Hospital that reflect high cost expenditure for the 2010 and 2011 financial year, means that to continue spending for such services, is a matter of achieving high levels of effectiveness down to ordinary sick citizens, while procurement involves both strategic and political decisions. The 2010-2011 financial year procurement spending by these two hospitals is a matter of cost serving as spending to save one life, is spending to save several costs simply because the government may directly and indirectly incur costs related to one death for example by subsidising the education for dependents of the deceased person.

IMPACT OF GOVERNMENT CONTRACTING ON PUBLIC HEALTH SYSTEM FINDINGS

Firstly, through literature review analysis, this paper did not find a link between poor performance of the South African public health system and a failure of government contracting theory and practice. Rather, it found that this theory and practice in developing countries such as South Africa is still relevant and has a long way to go complementing the public health system to deliver better services.

Secondly, this paper has found that there are certain areas where government contracting within the public health system in South Africa is underperforming. However, this underperformance by public hospitals has no relationship with the failure of the government contracting theory and practice.

Noted aspects that require an urgent attention to improve the current state of the South African public health system may lead to a blame of government contracting. Sometimes these aspects are blindly attributed to a failure of government contracting theory and practice, as per the South African public health system context and the prevailing state of public health system management.

These aspects though not limited to, are mentioned below:

- a) Incapacity of employees within the public health system to properly plan for government contracting;
- b) Poor use of the selected approach to source suppliers;
- c) Poor management of government contracting linked logistics systems;
- d) Poor management of contracts awarded; and
- e) Accountability pitfalls.

IMPACT OF GOVERNMENT CONTRACTING

Of the prevailing current practices by the public health system in South Africa, government contracting for health operational matters has not yet performed to its fullest capacity. This problem also exists as a result of the above mentioned and noted aspects that seem to generate public blame and failure problems, both wrongly so, and justifiable by some, to government contracting theory and practice. Of the prevailing South African public health system, the impact of inefficient and ineffective government contracting creates problems by ordinary public health system users such as:

- a) Medicine dispense to patients for different illnesses as holding treatment in the absence of a direct prescribed one, for example, dispense of headache tablets to a patient who has no headache problems but stomach pains;
- b) Long waiting lists for people queuing for chronic treatment such as HIV/AIDS, TB, and so on;
- c) An increasing unnecessary bureaucracy within public health system; and
- d) Avoidable deaths owing to non existence or poor service.

DISCUSSION AND RECOMMENDATIONS

Health and physical health well-being are essential to the formation and maintenance of human capital, and success in the health sector is extricably linked to any government objectives of increasing economic growth, strengthening poverty alleviation programmes, delivering competent human resources and improving status of the poor. Therefore, public health should be as efficient as possible, maximising benefits and minimising costs (Asian Development Bank, 2000:1). The South African public health system is not different to a problem that confront the rest of the world's developing countries and mainly that of delivering to its citizen's a quality and responsive public health system.

Government contracting practice is but one intervention to maximise benefits and minimise costs of delivering and managing an effective public health system. Shortcomings of this practice include numerous problems linked with government contracting, which include the environment under which the practice is utilised, since there is not enough to justify any argument that government contracting theory and practice in the public health system is failing. A greater shift by governments in developing countries is the maximum use of public and private partnerships to improve services within the public health system. Government contracting is one of the key means to maximise this public/private partnership strategy. The reality linked to government contracting practice could be that the costs of maintaining this approach is increasing and requires a high level of integrity to those who are involved in making it a success. For example, for Groote Schuur Hospital to spend up to 6.4 million rands for procured activities in the 2010/2011 financial year, is no small business and requires strong leadership and management by both government and the private sector. More critically, this partnership requires leadership and management that subscribe to principles of good governance.

PRACTICE SHIFT RECOMMENDATIONS

- Procurement sections of public health in South Africa of all government spheres and entities must be filled by competent personnel that have all required technical and management expertise on how to deal with government contracting practice to deliver both efficient and effective outcomes. This will assist in making sure that:
 - a) Medicine stock levels, cost efficient equipment privately owned, and other health needs are strategically and properly sourced; and
 - b) Adequate financial and procurement systems are fully introduced and used to maximise benefits, produce accurate and reliable financial forecast and performance information.
- Make all senior procurement posts contract performance posts in order to increase accountability and competency levels. This will assist to deal with:
 - a) mediocre and scrupulous work performance;
 - b) proper conduct of risk management and internal controls;
 - c) demand analysis and epidemiological sentinel;
 - d) corruption related activities; and
 - e) deliver at least best results from government contracting spending practice.
- Commit leadership involvement and oversight in order to set the tone at the top and create an environment, which is conducive to good government contracting practices and deliver quality service. This increased focus leadership involvement and oversight role should assist in evaluating and monitoring government contracting practice to enable quality decision making and service delivery. Again, leadership involvement and oversight should help to identify other alternative arrangements for management and service delivery.
- To minimise government contracting costs for food supply, the South African government must consider:
 - a) acquiring state farming across the country;
 - b) allowing trained prisoners in several aspects of farming to be considered as the main employees in state farming for both crop and animal farming; and
 - c) introducing an Agriculture University, which should assist state farming when it comes to science and research for farming in southern Africa, generally, and South Africa, in particular.

CONCLUSION

Government contracting theory and practice cannot be seen as the panacea of public health system for effective delivery of quality and responsive health needs of the general public, which predominantly compromises poor people who cannot afford private hospitals. But it (government contracting theory and practice) should be viewed as one tool to deliver an effective public health system to its ultimate users. Achieving good government contracting practice is dependent on competent government employees that drive the practice, leadership involvement and oversight, as well as conducive governance arrangements to deliver effective results.

What propels the theory and practice of government contracting theory and practice, which is argued as costs, strategy and political motives, is clearly articulated in this paper solely to clarify this theory and practice, how it functions, why it has failed, and that it will take government strengths to implement it. This was also clarified simultaneously with the discussion around the significance of legislative framework that governs government contracting theory and practice in South Africa, and the value adds in correct application of government contracting theory and practice.

An analysis of two case studies of public hospital procured activities within the specific financial year of 2010-2011 was conducted following a qualitative methodology by attaching meanings on figures in the context of what should constitute good government contracting theory and practice for an effective public health system that functions to deliver a quality and responsive service. This led to conclusions, which include an argument that government contracting theory and practice is not yet used at its best level in South Africa and, therefore, makes it difficult to link it with the failures or poor performance of the public health

system to deliver quality and responsive services. Instead, certain aspects were found as what could constitute as both wrongly and justifiable accusations regarding failure of government contracting theory and practice servicing the public health system in South Africa.

Lastly, practice shift recommendations are suggested in this paper for consideration for a public health system strategy in South Africa, which covers a relook of the employment approach of senior managers in procurement sections in all government spheres and entities that deal with the public health system. This also includes the significance of leadership involvement and an oversight role to deliver effective government contracting practice as part of short-term workable recommendations, which were raised. Whilst state farming may reduce the costs of government contracting and increase its benefits, it is suggested as part of long-term implementable recommendations.

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Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

