

BUSINESS & ECONOMY

COMPETITION BARRIERS

Inquiry may call for body to track private healthcare quality

Tamar Kahn
Science and Health Writer

The Competition Commission's healthcare market inquiry is considering recommending that an independent body is established to monitor the quality of private healthcare services.

Patients and medical schemes can shop around for the cheapest doctor or hospital, but have limited scope to compare the quality of care on offer.

The inquiry was established to determine whether there are barriers to effective competition in the private healthcare market, and it is due to release its interim report and recommendations by the end of November.

"It has become apparent to the inquiry ... that the availability of relevant, timely and validated information on provider performance and clinical outcomes of care ... is poor. Information, if publicly available at all, is

sporadic, incomplete, not standardised and largely irrelevant for choosing the best value of care," it said in a discussion document released this week.

Patients in many developed countries have access to objective data on the quality of healthcare services, which they can use to help them decide which facilities to use, but there have been limited initiatives like this in SA so far.

Discovery Health ranks pri-

private hospitals based on patient satisfaction surveys, but it has yet to publish data on clinical outcomes. Medi-Clinic also publishes the results of its patient satisfaction surveys.

The inquiry said in its document that a standardised set of measures should be developed. It suggested the data should initially be kept out of the public spotlight, but ultimately shared with patients and funders.

While many industry players expressed cautious support for a possible "Outcomes Measurement and Reporting Organisation", Section 27 attorney Umunyana Rugege queried why the inquiry was weighing up a new institution rather than beefing up existing structures such as the Office of Health Standards Compliance.

Alrocentric CEO Antoine van Buuren said he supported publishing information on the quality of services, provided every-

one did so. "Let all the companies publish, or we'll get a backlash from doctors," he said.

Roly Buys, Medi-Clinic head of funder relations, said the inquiry's proposals were similar to initiatives in the Netherlands and the UK. "What's quite heartening is there is an understanding that it will take some time."

Roshini Moodley Naidoo, Discovery Health head of strategic risk management, said the private sector was collecting

some of the data the document referred to, but it could be better used. "We support the focus on quality outcomes, but there should also be a concomitant focus on efficiencies in any quality performance framework."

"In the process of establishing the proposed model ... it is critical that quality initiatives already under way towards achieving value-based care are not set back," she said.

kahnt@businesslive.co.za

Getting it right

In a story in yesterday's paper (Tuesday August 29) on Page 2 headlined "Future rate will be modest due to inflation risks — Bank", we incorrectly quoted Kuben Naidoo, the deputy governor of the Reserve Bank. Our report read that he predicted no more than two percentage points of rate cuts over the next 18 months. In fact, he predicted only modest cuts. Business Day regrets the error.

Gigaba grilled on failure of tech project

● Minister says there was a collapse in internal controls

Khulekani Magubane
Parliamentary Writer

The Treasury's decade-long, botched project to replace key information technology systems in the government came under scrutiny in Parliament on Tuesday, with Finance Minister Malusi Gigaba vowing action if any wrongdoing were found.

Both Gigaba and Treasury director-general Dondo Moga-jane came in for tough questioning at a sitting of the standing committee on public accounts, admitting there had been a

collapse in internal controls. "There was a clear failure of financial controls and we are responding to this."

"We will re-establish internal controls and ensure relevant structures and people will account for the work done. It remains an important project," Gigaba said.

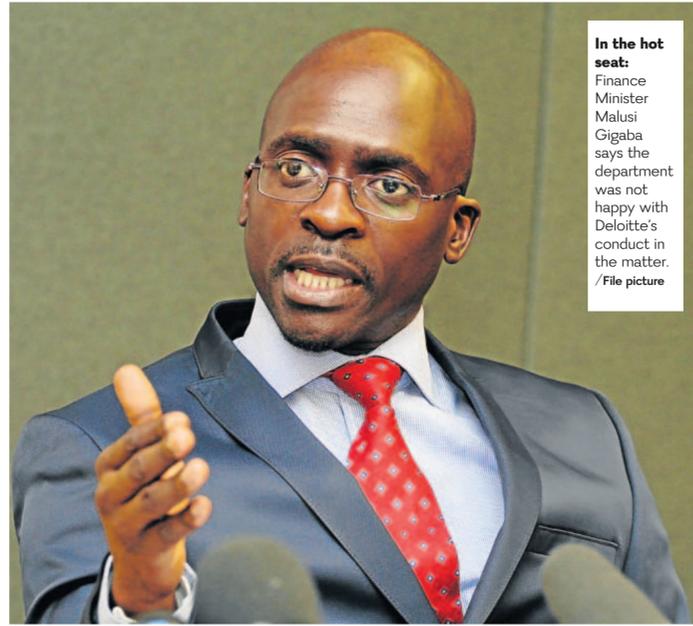
MODERNISE

The project, called the Integrated Financial Management System (IFMS), is intended to modernise systems such as the public service pay information.

However, it has become something of a political football, with the Gupta-owned channel ANN7 using the botched project to smear former finance minister Pravin Gordhan and former director-general Lungisa Fuzile.

Gigaba was very wary of saying that any wrongdoing had been detected.

Although a forensic audit into the IFMS had been commissioned from Deloitte in 2016, Gigaba said that the department had not been happy with the result. A new forensic report would now be written.



In the hot seat: Finance Minister Malusi Gigaba says the department was not happy with Deloitte's conduct in the matter. /File picture

Gigaba said he had asked Moga-jane to ensure that Deloitte be referred to the Independent

Regulatory Board of Auditors for its conduct in the matter. "Questions [have arisen]

regarding the conduct of Deloitte. I have directed the director-general to request a

probe into whether their conduct was sound and consistent with the law," he said. "I understand that the Hawks have also communicated to the director-general that they are investigating aspects of this matter."

"Arising from that would also be requisite action against anybody who may be found to have acted wrongfully," said Gigaba.

However, committee member for the ANC Nyami Booi admonished Moga-jane sharply, challenging the director-general on why the Treasury had opted to proceed with phase two of the IFMS when the first phase had already gobbled up R12bn.

"A billion is a lot of money. Do you know how many houses that money could have built if it was used differently from what you are saying?"

"Yet, you continued on to phase two and Cabinet approved it. But, we as Parliament are the ones who must say the outcomes justify the expenditure," said Booi.

Committee member for the DA Tim Brauteseth took a dim view of the oversight that allowed large integrated systems firms to make hundreds of millions of rand from the process.

magubane@businesslive.co.za

NEGLIGENCE CLAIM

Sheriff attaches Gauteng health's furniture

Michelle Gumede
Health and Education Writer

The Gauteng health department's failure to pay R6.2m to a victim of medical negligence has resulted in office furniture being attached by the sheriff.

The province's health budget grew from R37.6bn in 2016, to R40.2bn in 2017, but the department does not budget for negligence costs.

In December 2009, a minor suffered a brain injury, which resulted in permanent severe damage and manifested in cerebral palsy, as a result of monitoring, management, post-natal care and treatment by doctors and staff at Pholosoong Hospital.

On March 8 2017, the High Court in Pretoria ruled that the department pay R6.2m within 30 days to O Joubert Attorneys on behalf of the plaintiff.

"Should payment not be effected within the aforesaid period, the plaintiff will be entitled to recover interest on the taxed or agreed costs at the rate of 10.5% calculated from and including the day after the date of settlement of the costs or of taxation, up to and including the date of final payment," court documents said.

The department failed to pay up and a notice of attachment in execution, dated July 7 2017, ordered the sheriff to attach items to the value of R6.2m.

The inventory included three lounge suites, 10 fridges, 10 microwaves, 50 printers, 200 filing cabinets, 400 computers, 400 desks and 600 chairs.

DA health spokesman Jack Bloom said some staff even hid their personal laptops when the sheriff came to collect in fear their items would be attached.

However, the value of the attached goods, at just more than R403,000, does not cover the negligence bill.

To date no healthcare professionals have been held accountable for negligence that led to cerebral palsy and brain damage in hundreds of babies at public hospitals across the province.

The department has pleaded poverty before the Constitutional Court, claiming that paying out lump sums for medico-legal cases would cripple it, but failed to substantiate this. The department did not respond to questions on how it planned to manage its mounting debt.

gumede@businesslive.co.za

FROM PAGE 1

State may dip into PIC funds

affect everyone, including the people who are pension holders," he said. This was said despite Gigaba telling Parliament in June, through a written response to a question posed by the DA's Alf Lees, that he had not investigated the possibility of SAA seeking funding from the PIC.

Delegates to the central executive committee meeting were expected to debate the minister's presentation on Tuesday night. The federation's spokesman, Sizwe Pamla, told Business Day the question of the use of PIC funds was still at the debating stage in Cosatu, and that they were caught in a delicate situation.

While the federation had always been clear about its expectation that PIC funds would be used only for job-stimulating investments, it would also be unbecoming if it fought against the rescue of SAA without weighing up the detrimental effect that would have on workers at the airline.

"We have to be reflective, honest and sober when we deal with this issue and balance the two evils, to say who are we giving this money to and what are the implications of this money not being given," he said.

The PIC manages assets worth more than R1.8-trillion and invests funds on behalf of

the Government Employees Pension Fund and other social funds. Cosatu affiliates are in the majority in the public sector, representing more than 1-million state employees, whose pensions are invested by the PIC.

The Federation of Unions of SA (Fedusa), which also represents a significant number of workers in the public sector, said that it would never agree that PIC funds could be used to bail out "mismanaged" government entities.

Fedusa general secretary Dennis George said the federation would "never" support a motion if they were aware that it would result in the wasting of workers' investments.

"For us, the most important thing is you can't take workers' money and spend it on adventures that tend to not get a return on investment."

"The reason SOEs [state-owned enterprises] are in the state they are in is because they do not have good corporate governance and boards are corrupt," George said.

Last month, Cosatu president Sdumo Dlamini told Business Day in an exclusive interview that the federation had invited Gigaba to the meeting as it sought to understand the rationale behind his 14-point plan for economic growth as well as

other worrying developments at the Treasury.

The federation rejected the plan meant to stimulate the economy, saying it was a repetition of old resolutions that hardly benefited workers and the economy.

While Gigaba's presentation to the central executive committee did not dwell on the plan and details of how it would ignite the country's growth, the minister blamed the current situation on "past mistakes".

Sources attending the ordinary meeting told Business Day his address was "evasive".

Tshwete said the minister had been referring to "structural issues" in the South African socioeconomic environment when he spoke of historical errors.

"He said we have made past mistakes in the sense that we have deindustrialised our economy and we have not done key structural reforms and, all of this, has led to the situation of the economy deteriorating to a point that it's at right now."

"We need to arrest these issues to turn SA around and begin to achieve a high-growth economy," Tshwete said.

"We need to address all the structural issues ... and focus on the race, gender and class issues," he said.

mahlakoan@businesslive.co.za

FROM PAGE 1

Safe-haven demand surges

Gold Ashanti's share price rose 7.81%, to R130.45 and Harmony's 7.05%, to R25.51.

The dollar weakened to \$1.2070 to the euro, its worst in 28 months, surprising analysts, as the US Federal Reserve (Fed) officially remained set to further increase interest rates when the time is right.

"The dollar, which often served as a safe-haven port during periods of geopolitical tension, had remained surprisingly weak," said analysts at Momentum SP Reid said.

The dollar has lost 14% against the euro so far in 2017. At

the beginning of 2017, it looked set to reach parity with the euro. The dollar also lost against the yen in safe-haven trade, but not to the extent of the euro, and is 7% down for the year against the Japanese currency.

In late trade, the yen was at ¥108.81/\$, up 0.4% from opening at ¥109.25/\$.

US Treasuries were firmer with the yield of the US 10-year bond falling to 2.098%, from 2.1563%. US bonds have been trending firmer after the Jackson Hole conference at the weekend. Investors had hoped to get clarity on the Fed's policy plans,

but not much was said by chair Janet Yellen.

European Central Bank president Mario Draghi also refrained from comment on the possible tapering of the bank's loose monetary policies.

The effects of Jackson Hole on local bonds have been limited. The yield on the R186 was unchanged at 8.57% in late trade on Tuesday, while the R207 was bid at 7.33%, from 7.305%.

Analysts said there were still many aspects supporting local bonds, including the prospect of lower inflation, as bonds benefit from declining inflation.

"However, political risk was weighing on bond markets," said Old Mutual Multi-Managers investment strategist Dave Mohr. It was touch-and-go whether Moody's and S&P Global Ratings would further cut SA's local currency ratings, leading to forced selling by global bond index investors, he said. But even in those adverse conditions, there would still be plenty of buyers of rand bonds, even after a further downgrade.

"The question is, how much would the yield have to move up to entice them to invest?" mittnerm@fm.co.za



Joburg is working towards a cleaner city

Do you want a cleaner city? Do you want a litter-free neighbourhood? Then roll up your sleeves and join the City of Johannesburg's volunteer clean-up campaign: **A Re Sebetseng – together let's make Joburg work!**

City of Johannesburg Executive Mayor **Herman Mashaba** calls on all Joburg residents to partner with the City to clean up their neighbourhoods on the **last Saturday of each month, starting from the 30th September.**



www.joburg.org.za
@CityofJoburgZA
CityofJohannesburg
CityofJoburg