**Invitation to submit Expressions of Interest**

**in the provision of:**

**Helderberg Hospital**

**Mossel Bay Hospital**

**Funding Models**

**Minutes of meeting held 2 August 2013.**

1. **Welcome**

The meeting was welcomed by Ms Keryn Brooker of the Business Development Unit, Western Cape Government Health (WCGH). She explained that the WCGH was investigating alternative procurement methods for the two new hospitals in Mossel Bay and Somerset West (the Helderberg Hospital).

The list of attendees present is attached at the end of the minutes.

1. **Inputs by Mr Theuns Botha, Minister of Health, Western Cape Government.**

Mr Botha apologised for the fact that the Government Gazette advertisement had reflected the incorrect date for this meeting.

Currently hospital upgrading and the construction of new hospitals were performed with funds provided by National Treasury under the Hospital Revitalisation Grant: in this the Health Department was the client of its own government, that department being that of Public Works. It was clear that following this route was lengthy, and it was often realised that a speedier and lower-cost result would have been obtained by the private sector in the building of a similar hospital. The province, apart from the reconstruction and upgrading of several hospitals, had only built two entirely new hospitals recently, these being the Khayelitsha Hospital and the almost-completed Mitchells Plain Hospital, both of which were state-of-the-art modern hospitals.

Mr Botha gave examples of very effective upgrades, such as that at the Grassy Park Community Health Centre, which had resulted in a smart facility in which the patients and staff felt comfortable, and in which the waiting times were seldom more than 10 minutes.

Mr Botha preferred to build new hospitals rather than renovate an old building which no longer conformed to current needs: but was restricted by the budget.

He wished to interact with the private sector regarding the provision of new hospitals.

There was legislation regarding Public Private Partnerships (PPPs): these defined a PPP. Following these prescripts was a lengthy process. It would thus be preferable to transact in such a way as to avoid falling within such a definition. Thus, for example, for the private sector to build and manage a state hospital on state-owned land should be avoided. He was open to suggestions as to practical and legislatively-compliant models which were affordable.

1. **Presentation: Provision and funding model for hospital accommodation: Mr Michael E Manning, Director, Business Development, Western Cape Government Health.**

Mr Manning presented the item attached which clarified the content of the advertisements placed.

* 1. For these Expressions of Interest, the Health Department was not expecting the private sector to incur large sums of money in drawing up detailed proposals.
  2. The proposals should be brief, with the emphasis being on the transaction model. All assumptions used had to be reflected. There would be additional services and needs beyond the beds but these could be stated as a percentage of the beds denominator and / or the respondents were welcome to submit multiple suggestions as long as the assumptions used were reflected.
  3. The proposals must specify the plans with the land: but as already explained by Minister Botha, where the land belonged to the state it was likely that such a proposal would fall within the ambit of a PPP.
  4. The Business Directorate would very carefully consider the proposals received. Recommendations made, which might include that a tender should be called for, would comprehensively consider the matter so as not to exclude any particular proposer. The recommendations might range from that no improved funding model exists, to the consideration of proceeding to the process of calling for Requests for Proposals and the limited bid process, culminating in the awarding of a tender.
  5. The submissions would be evaluated on the cost, legality and other factors and which should be expressed as a R/m² figure.
  6. Proposals should ideally not exceed 10 pages and be submitted electronically to [Michael.Manning@westerncape.gov.za](mailto:Michael.Manning@westerncape.gov.za), in a mail under 5MB in size.
  7. The exact nature of the proposed agreement / other form of transaction should be clearly described.
  8. There was no intention to transact in any fraudulent manner or subversive manner and it was expressly noted that proposals should take cognisance of the legislative frameworks.
  9. The closing date for the submission of the proposals was the end of August 2013.
  10. The Business Development Unit would consider all the submissions and make recommendations hopefully by 29 November 2013.
  11. The commencement date for the accommodation was noted as from June 2017.
  12. There were no costs levied by the Department related to the submission of proposals.
  13. Attendance at this information session was not compulsory.
  14. Interested parties were not restricted to one proposal only, and were welcome to submit as many alternatives as they wished.
  15. It could be assumed that 85m² should be provided per bed.
  16. The hospitals were required to be environmentally friendly.

1. **Questions**

The questions asked are summarised below:

* 1. Karel Biesot,AECOM: Would the proposed cost per square metre form a defining basis for evaluation of the proposals? It would be difficult to estimate the cost on such a basis.

**Response:** The estimated cost to the WCGH should be expressed as R per m². However, if the nature of the proposal precluded such estimation (such as a co-location model), then a clear outline of the costs should be provided for.

The department would make available typical norms for related services as a percentage of the beds to assist proposers should they choose to add costs for these.

* 1. Steve Drinkrow, Mediclinic: More information is required, as it is not possible to submit a comparable price without knowing the extent of the specialities for which provision is to be made – some types of surgery for example, require highly sophisticated operating theatres.

**Response:** Mr Botha asked whether additional information could be supplied. Mr Manning replied that the focus was on the number of beds and the funding model.

**Note to the minutes:** With regards to the service ratios;

In both hospitals:

* Inpatient accommodation: 30%
* Diagnostic and Treatment: 25%
* Ancillary service: 35%
* Main communication: 10%

Each hospital will have:

* an ambulance station
* an emergency unit.

Mossel Bay Hospital:

The inpatient accommodation could consist of:

* Male adult ward = 45 beds
* Female adult ward = 45 beds
* Paediatric ward = 28 beds
* Maternity ward = 20 beds
* Kangaroo ward = 2 beds
* Theatres = 3
* ICU = 0.

Helderberg Hospital:

* Male surgical ward = 60 beds
* Male medical ward =50 beds
* Female surgical ward = 70 beds
* Female medical ward = 50 beds
* Paediatric wards = 70 beds
* Maternity ward = 50 beds
* Kangaroo ward = 10 beds
* Theatres = 4
* ICU = 0.
  1. Steve Drinkrow, Mediclinic: Was there existing ground to be used for these hospitals? Was there a preference for them to be built adjacent to the current ones, or near economically disadvantaged areas?

**Response:** It was not required that the new hospitals be sited adjacent to the current ones, nor was there any preconceived plan regarding their siting.

Minister Botha also noted that proposals may include suggestions, despite the DOH not being the owners of the properties, in respect of the existing hospital sites of the Helderberg and Mossel Bay Hospitals.

* 1. (Name indistinct) What advantage accrued to the private sector entity submitting a model which was then possibly adopted by the public sector?

**Response:** There would be no payment for models found to be suitable: interested parties should assess the risk to themselves of protecting their intellectual property and in so doing not participating in the process. The WCGH would respect the intellectual property of the interested parties.

* 1. Michael Schultz, Local Authorities Medical Aid Fund: Would this exercise be repeated in future and what was the nature of the backlog of hospitals requiring replacement?

**Response:** Should a suitable model be identified, it was possible that up to potentially 20 hospitals could be considered for replacement. The current building / renovations projects, in different stages of planning and execution, totalled R18 billion.

* 1. Michael Schultz, Local Authorities Medical Aid Fund: What mitigating factors could be considered by, for example, municipalities which might be prepared to finance the construction of hospitals, in evaluating the risk to themselves?

**Response;** Each interested entity needed to perform its own risk assessment. However, the state was generally regarded as an ideal tenant. This province also had a good reputation and this should be regarded as a risk mitigating factor. This province earned a clean audit report consistently.

* 1. Rauten Hofmeyr, Kirkham Ventures: Would a tender be issued? How would the issue be managed of a party not being permitted to participate in a tender when it has assisted in drawing up the specifications?

**Response**; The formal procurement process could follow after this, which may typically include the following of a limited bidding process, and a detailed Terms of Reference which would need to still be provided at that stage.

* 1. Thomas Koorts, Imdoc Healthcare: Some services would be expensive to provide in a hospital, and additional information was needed – or was the province intending to buy in very expensive services such as oncology and cardiothoracic services?

**Response:** Such proposals are out of the scope of this EOI but such proposals may be shared with the BDU unit which would consider them as separate projects.

The province was investigating the procurement of other services via strategic partnerships, and any party with submissions to make in this regard was welcome to do so. There was already consideration under way with amongst others GVI Oncology and with various parties offering pharmacy services such as the Clicks, Dischem, Pick n Pay and community pharmacy groupings.

* 1. Deon van Zyl, Cue Group: The province was congratulated on this ground-breaking step. The private sector recognised the need to build intellectual capital and devise suitable models: but what would follow that? There was a need to give everyone equal opportunities to participate at some stage, and reassurance was needed on this.

**Response**: Min Botha responded that regarding the reassurance sought regarding opportunities to participate, it was difficult to know what additional reassurance to give. This process was not a typical state intervention, and it would be hoped that this province’s reputation would reassure people that they would be treated with integrity. This process was not intended to be a means of acquiring people’s intellectual property without there being a fair chance to participate.

* 1. Steve Drinkrow, Mediclinic: The meeting would feel more reassured if they knew the quantum of the capital budget.

**Response:** The Minister Botha noted that the capital budget was not the main focus in this instance, but the operating budget. Spending the capital budget was a challenge: often the processes took so long that the capital budget could not be spent within the budget period, though this could be rolled over. Should there be a suitable offer for the acquisition of the current hospital buildings, under normal circumstances these funds would devolve to the provincial revenue budget, although a submission could be made to Cabinet for the funds to be allocated to the Health budget. The Minister was also looking at a mechanism to convert capital budget into operational budget.

These are available and the minutes would reflect where the budgets can be found[[1]](#footnote-1).

* 1. (Name indistinct) All state properties were held by Public Works, and obtaining approval of plans from them was a lengthy process. How would this affect the process?

**Response:** Should the proposing entity be the owner of the land and buildings, and rent these to Health, then Public Works would not be party to the approval of plans. The Health Department had its own architects, engineers, etc., who would evaluate the suitability of the proposed plans.

* 1. Etha van der Schyf, Sakhiwo Health Solutions: To what extent would health technology be required?

**Response:** The contracted party would be required to install data lines: all the other hardware and software would be provided by the province.

* 1. Trevor Williams, Ignis Project Finance: Could the contact details of the parties present today be circulated to all?

**Response;** The province was happy to provide those present with the contact details of those at the meeting: if any party wished for their details not to be provided, they should notify the province.

* 1. Michael Schultz, Local Authorities Medical Aid Fund: Would the appointed person liaise with the Health or Public Works department?

**Response:** The precise details of this would be identified.

* 1. (Name not stated) Would the province assist in obtaining rezoning from the local authorities?

**Response:** The province would do all in its power to assist in obtaining the necessary rezoning.

**Addendum to the minutes:**

1. **Information about budgets**

Western Cape Government Health’s strategic plans, titled Annual Performance Plans, and Annual Reports, are available on the provincial website, [www.westerncape.gov.za](http://www.westerncape.gov.za).

* On the right hand side, where there are options to select Ministry, Department or Municipality, choose “Department”,
* and then “Health”.
* Select Documents, and the various documents are available.

1. **Minister Theuns Botha contact details**

* Minister Theuns Botha can be contacted at:

Mail address – tlb50@yahoo.com

Mobile phone – 083 700 4790

1. **Western Cape Health contact**

Contact for this particular item and any other proposal of a similar nature.

Michael E Manning, Director: Business Development - Michael.Manning@westerncape.gov.za

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1. The addendum to these minutes indicates where the Health budgets can be located. [↑](#footnote-ref-1)