

Media Statement by Dr Lim Chee Han, Senior Researcher at the Penang Institute on the 3rd of November, 2016¹

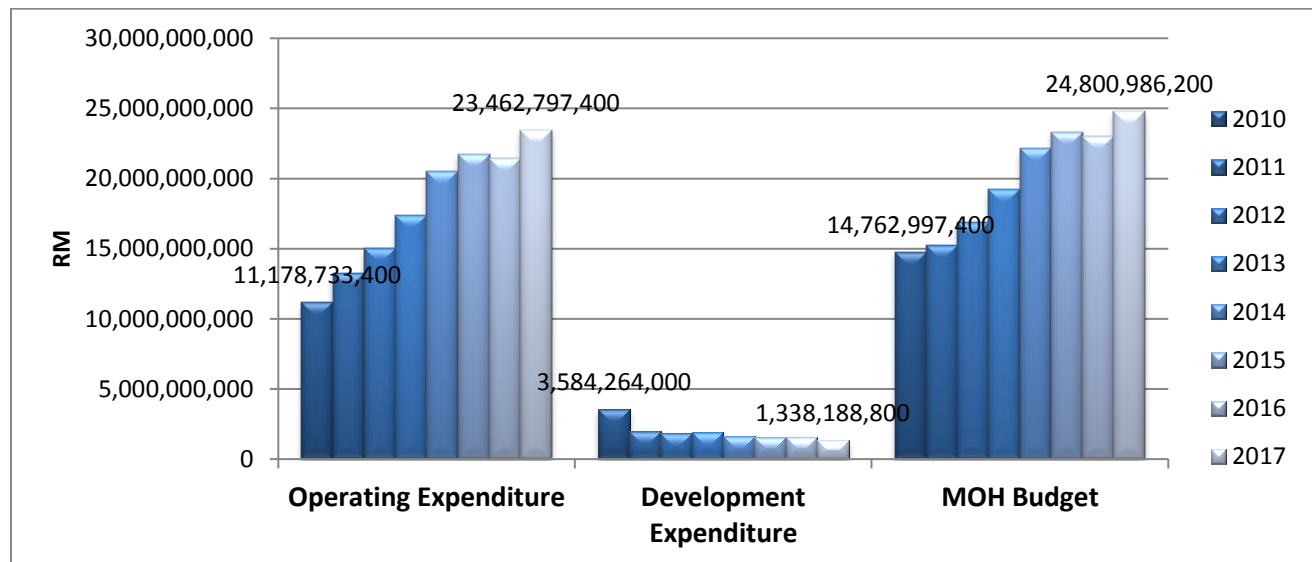
Reduced development allocations expected to negatively impact Health Ministry’s public healthcare delivery services

The 2017 budget set a new low for development expenditure within the Ministry of Health (MOH), with a budget reduction of 16.4%, from RM 1.6 billion in the previous year to RM1.34 billion in 2017.

Broadly speaking, MOH’s budget has increased on a year-on-year basis (except for 2016), peaking at RM24.8 billion for 2017 (Figure 1). However, the allocations set aside for development expenditure have gone the opposite way.

In 2010, development expenditure totalled RM3.58 billion or 24.3% of total expenditure. This amount has steadily declined over the years, reaching an all-time low of RM 1.34 billion, or a mere 5.4% share of the overall health budget for 2017 (Figure 2).

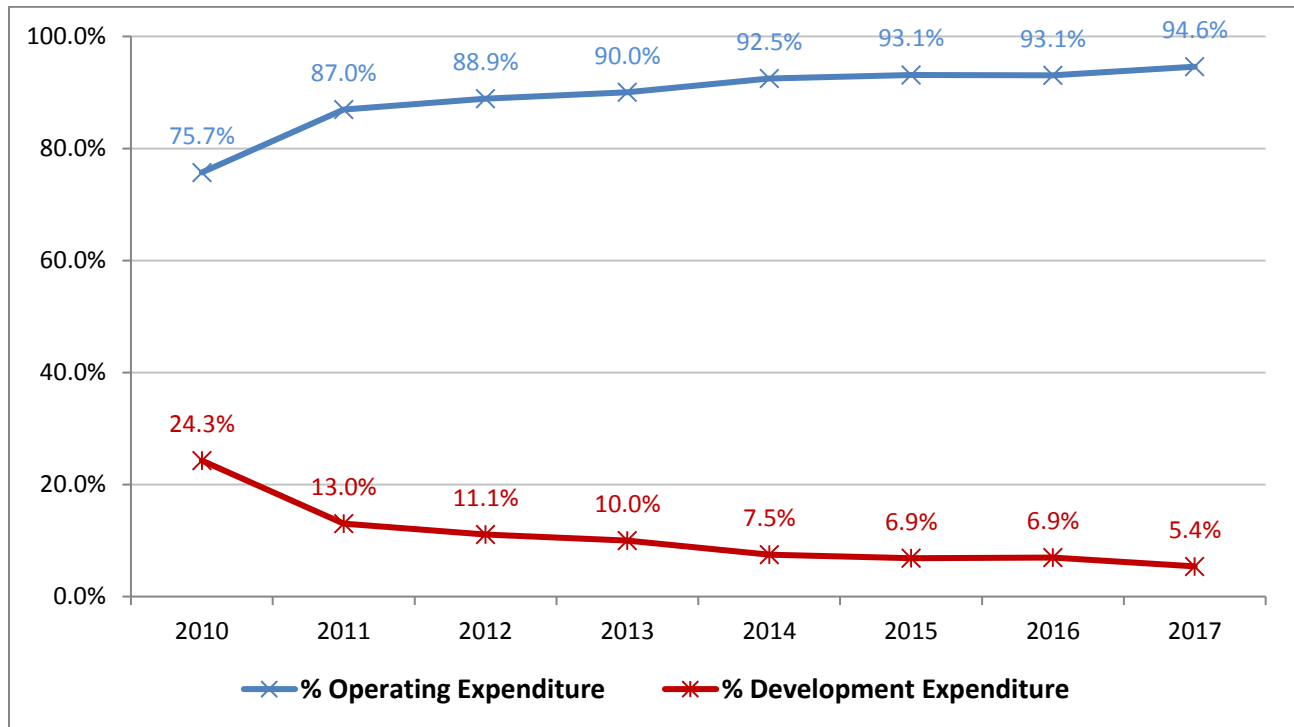
Figure 1: MOH Budget Allocation, 2010-2017



Source: Expenditure Estimates, Federal Budget 2010-2017

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Figure 2: Operational and Development Expenditure of MOH Budget, 2010 - 2017



Source: *Expenditure Estimates, Federal Budget 2010-2017*

Excluding the public health sub-sector, which received surplus allocations for providing urban health services, almost all development line items for 2017 have been slashed (Figure 3), the most significant cutbacks being in staff training (-54.5% or RM60mil) and staff facilities upgrade (-54.4% or RM19.3mil).

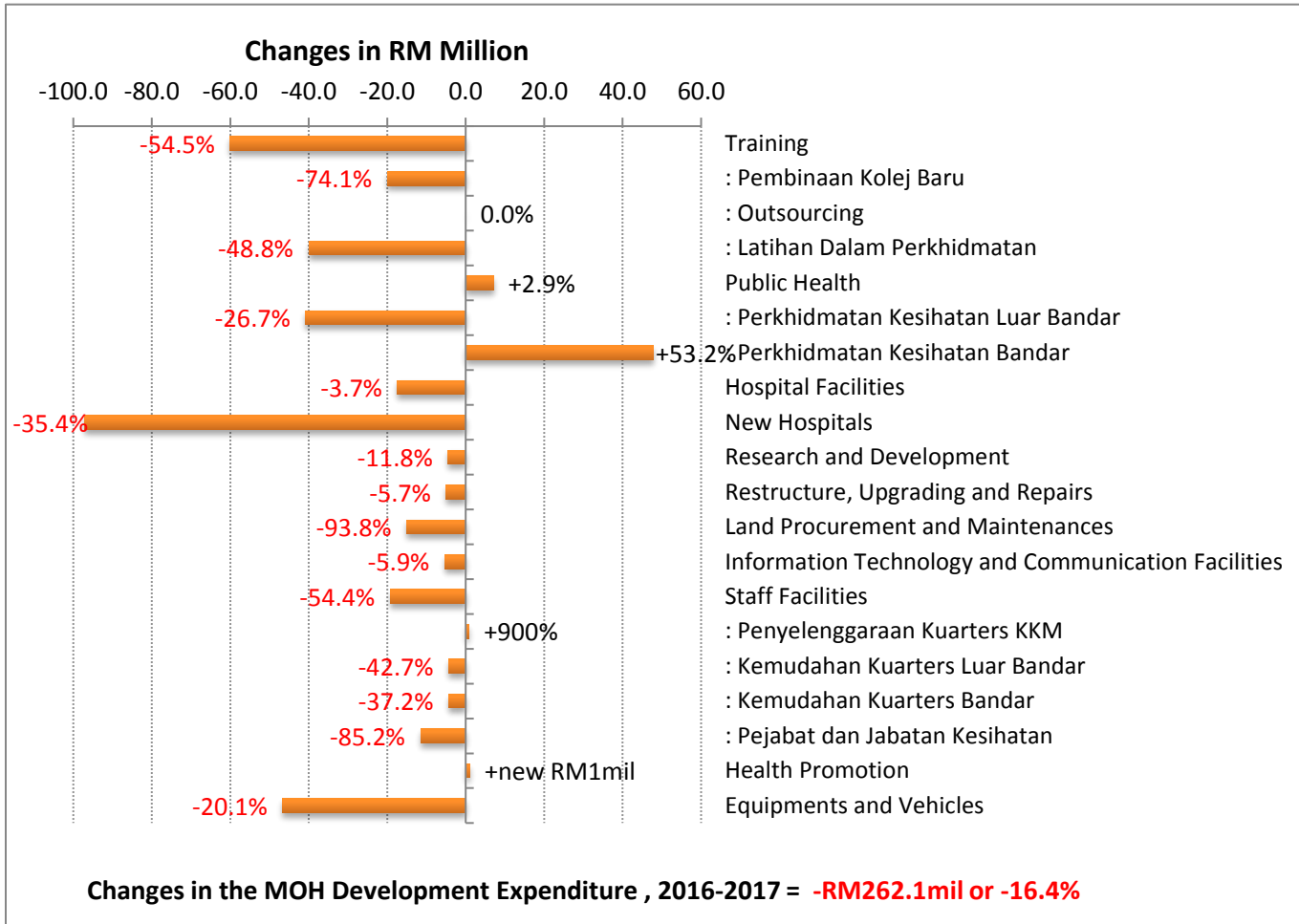
In his budget speech, the Prime Minister announced that the federal government would allocate resources to upgrade hospital facilities, build and upgrade new hospitals and clinics, and acquire one hundred ambulances.

First:	To build and upgrade new hospitals and clinics in Perlis, Kuching, Mukah, Jempol, Muar and Johor Bahru;
Second:	To upgrade hospital facilities with an allocation of RM536 million. This includes provision of cardiology treatment equipment for Serdang Hospital, Pulau Pinang Hospital and Sultanah Aminah Hospital in Johor Bahru as well as purchase of 100 ambulances;

Source: *Budget 2017 speech, pg. 26*

However, as Figure 3 shows, the 2017 budget allocation for building new hospitals has in fact been reduced, with an RM97.1mil or 35.4% percentage cut. Such a significant cut would surely hamper the government’s ability to build more public healthcare infrastructure to meet the growing public demands.

Figure 3: Changes in Development Expenditure of MOH by line items, 2016-2017



Codes	Categories	Difference (RM): 2016-17
00100	Training	-60,010,000
00101	Pembinaan Kolej Baru	-20,010,000
00104	<i>Outsourcing</i>	0
00105	Latihan Dalam Perkhidmatan	-40,000,000
00200	Public Health	7,108,700
00201	Perkhidmatan Kesihatan Luar Bandar	-40,798,500
00203	Perkhidmatan Kesihatan Bandar	47,907,200
00204	Klinik Bergerak	

00300	Hospital Facilities	-17,382,100
00400	New Hospitals	-97,059,500
00500	Research and Development	-4,500,000
00600	Restructure, Upgrading and Repairs	-5,000,000
00700	Land Procurement and Maintenances	-15,000,000
00800	Information Technology and Communication Facilities	-5,366,600
00900	Staff Facilities	-19,254,900
00900	Penyelenggaraan Kuarters KKM	900,000
00901	Kemudahan Kuarters Luar Bandar	-4,332,500
00902	Kemudahan Kuarters Bandar	-4,322,400
00904	Pejabat dan Jabatan Kesihatan	-11,500,000
01000	Health Promotion	1,000,000
01100	Equipments and Vehicles	-46,611,200
	GRAND TOTAL for Developmental Expenditure	-262,075,600

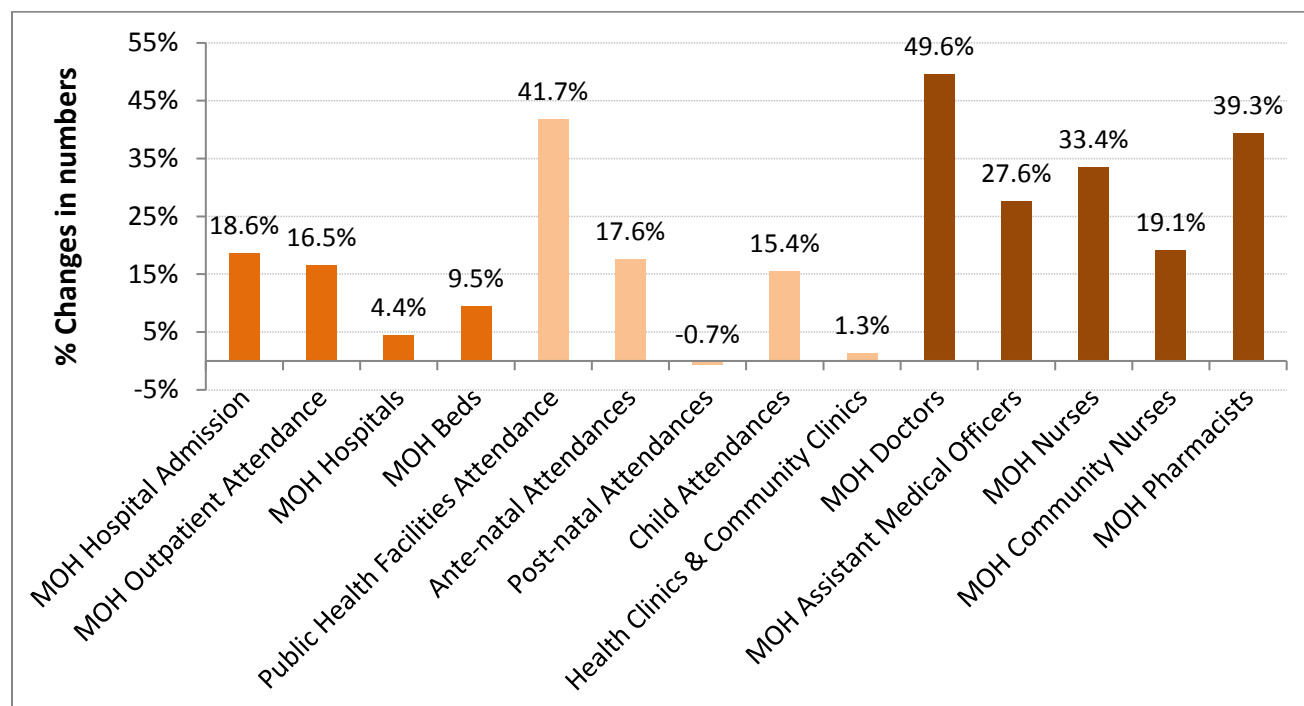
Source: Expenditure Estimates, Federal Budget 2016-2017 and author's own calculations

Underdeveloped public health facilities struggling to cope with rising demand for healthcare.

Public use of government hospitals and health facilities in Malaysia has increased from 2010 to 2015 (Figure 4). In 2015, about 75 million people utilised MOH primary and curative care services, with a 16.5% and 41.7% increase in outpatient attendance at hospitals and public health clinics respectively.

While medical workforce numbers have increased, there is a worrying gap in terms of infrastructural public health facilities such as the number of MOH hospitals, beds and combined number of health and community clinic facilities. For example, from 2010 to 2015, the number of hospital beds in government hospitals increased by 9.5%, compared to admission rates, which rose by 18.6% in the same period.

Figure 4: Growth rates for MOH Facilities Utilisation and Workforce, 2010-2015



Source: Health Facts, MOH and author's own calculations

A need for greater resource allocation towards healthcare development expenditure

In a Facebook posting released just before the tabling of Budget 2017², Director General of Health Datuk Dr Noor Hisham Abdullah aired his concerns over the struggle faced by the public healthcare sector in coping with the increasing patient load.

Dr Noor Hisham went on to state that Health Ministry had taken necessary steps to re-evaluate, optimise and reallocate its limited resources to “wherever it is needed the most”. According to him, these measures were aimed at increasing efficiency and effectiveness by cutting wastage and job duplications, “so as to provide excellent healthcare services at reasonable costs with high satisfaction to the rakyat”.

While these are praiseworthy objectives, the Health Ministry's hands are tied by chronic underinvestment in public health infrastructure. The recent RM 262.1 mil, or 16.4% cut made to the development expenditure budget will only make it harder to bridge the gap between supply and demand.

The result will be overcrowding in public hospitals and community clinics, and overall decreased standards in healthcare service delivery, especially to the lower income groups.

² FMT News, “Health Ministry to optimise available money”, 7 Oct 2016
<http://www.freemalaysiatoday.com/category/nation/2016/10/07/health-ministry-to-optimise-available-money/>

The federal government must therefore re-examine the development needs from the MOH. Where necessary, it must endeavour to increase budget allocations to ensure the long-term sustainable development of our public health sector.