

REPORT OF THE PORTFOLIO COMMITTEE ON HEALTH ON THE ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT OF HEALTH, ITS ENTITIES (2016/2017-2018/2019) AND BUDGET VOTE 16, DATED 5 MAY 2016

The Portfolio Committee on Health (the Committee), having considered Budget Vote 16: Health, together with the Strategic Plan and Annual Performance Plan (APP) of the Department of Health (the Department) and its five entities (South African Medical Research Council, Compensation Commissioner for Occupational Disease, Office of Health Standards Compliance, Council for Medical Schemes and National Health Laboratory Services), reports as follows:

1. INTRODUCTION

The Constitution of South Africa (Act No. 108 of 1996) recognizes that Parliament has an important role to play in overseeing the performance of government departments and public entities.

This report gives a brief summary of the presentation made by the Department to the Committee focusing on its 2015/16 – 2019/20 Strategic Plan, 2016/17 Annual Performance Plan and the 2016 Medium-Term Expenditure Framework (MTEF) allocations and an overview of the allocations per programme. The Committee also received presentations on the APPs for 2016/17 from the entities including their respective needs and budget allocations. In addition, the Committee received a presentation from the Financial and Fiscal Commission on its analysis of the Strategic Plan and Annual Performance Plan of the Department. The report finally details the deliberations and recommendations made by the Committee relating to Vote 16.

2. CONSIDERATION OF THE ANNUAL PERFORMANCE PLAN AND BUDGET ALLOCATIONS

On 7 April 2016, the Portfolio Committee engaged the Minister of Health, Dr Aaron Motsoaledi, the Director General and relevant Executive Managers of the Department on the Annual Performance Plan and budget allocation of the Department.

3. OVERVIEW OF THE DEPARTMENT OF HEALTH

The Department aims to provide leadership and coordination of health services to promote the health of all people of South Africa through an accessible, caring and high quality health system based on primary health care approach. The Department derives its annual performance plan for 2016/17 financial year from the National Development Plan (NDP) vision-2030, State of the Nation Address (SONA), the Medium-Term Strategic Framework, the Minister of Finance budget speech and other relevant policies.

In addition to the NDP, the health sector is also guided by the health sector's Ten Point Plan, and the United Nations (UN) Sustainable Development Goals 2030 (SDGs). The Department's five year strategic goals are as follows:

- Prevent disease and reduce its burden and promote health;
- Make progress towards universal health coverage through the development of the National Health Insurance (NHI) scheme and improve the readiness of the health facilities for its implementation;
- Re-engineer primary health care by increasing the number of ward-based outreach teams, contracting general practitioners and district specialists teams and expanding school health services;
- Improve health facility planning by implementing norms and standards;
- Improve financial management by improving capacity, contract management, revenue collection and supply chain management reforms;
- Develop an efficient health management information system for improved decision making;
- Improve the quality of care by setting and monitoring national norms and standards, improving system for user feedback, increasing safety in health care, and by improving clinical governance; and

- Improve human resources for health by ensuring adequate training and accountability measures.

During the previous financial years, the Department has made considerable achievements in the implementation of the above mentioned goals. Most significant has been the dramatic increase in life expectancy, largely attributed to the roll out of HIV treatment. The Department is also committed towards achieving the 13 health-related SDG targets which aim to achieve Goal 3: “Ensure healthy lives and promote well-being for all at all ages”.

The key policy priorities of the Department include the following:

- Facilitate implementation of the National Health Insurance (NHI): The introduction of universal health coverage also known as National Health Insurance (NHI) is a key priority for the Department. The first phase of a 5-year preparatory work-plan to improve health systems performance and improve service delivery is ongoing. The next phase focuses on establishing the NHI Fund. This requires the development of systems for effective administration.
- Establishment of the South African Health Products Regulatory Authority (SAHPRA): The President signed the Medicines and Related Substances Amendment Bill into law in January 2016. The establishment of SAHPRA will facilitate effective registration of medicines, as well as regulation and registration of medical equipment and devices.
- Introduce the Traditional Health Practitioners Bill to Parliament: The long awaited Bill will see the establishment of the Traditional Health Practitioners Council.
- Implementation of Operation Phakisa and Ideal Clinic Initiative: Operation Phakisa will see the establishment of Ideal Clinics in a co-ordinated, efficient and effective manner. Ideal Clinics will have the required infrastructure such as human resources and systems in place to ensure that they are effective primary health care (PHC) facilities. To this end, an improved and effective PHC system is seen as a key to improving the health outcomes of the country in the most cost-effective manner.

3.1 Department of Health Annual Performance Plan (2016/17)

Some of the key indicators highlighted in the Annual Performance Plan include:

- The decrease in maternal mortality ratio over the years from 132 per 100 000 live births in 2014/15 to 117 per 100 000 live births in 2015/16. The Department aims to reduce maternal mortality ratio to under 100 per 100 000 live births over the medium-term.
- The neonatal mortality rate (NMR) has remained stable at 12 deaths per 1 000 live births between 20013/14 and 2015/16. The target for 2018/19 is 8 deaths per 1 000 live births. The Department is planning to reduce under-five mortality rate to less than 30 per 1,000 live births by decreasing under-five year’s diarrhoea and severe acute malnutrition case fatality rates to 2.75% and 7%, respectively by 2018/19.
- The Department is planning to increase the proportion of antenatal clients attending a health facility before 20 weeks of pregnancy from 59.2% in 2015/16 to at least 66% by 2018/19. Increase the percentage of mothers and babies who receive post-natal care within 6 days of delivery from 71.55% in 2015/16 to at least 85% in 2018/19.
- South Africa continues to be home to the world’s largest number of people living with HIV, estimated to be 6.4 million in 2012. Levels of HIV and tuberculosis (TB) co-infection are high, with as many as 60% of patients having HIV-associated TB. There are increasing numbers of patients diagnosed with multidrug-resistant (MDR) and extensively drug-resistant (XDR) TB. TB case detection has increased and the number of sites initiating MDR-TB treatment has increased from 11 to 45.
- There has been rapid scale up of ART services resulting in a four-fold increase in the number of people receiving ART between 2009 and 2012. Routine data shows that in 2015 more than 3 million people are estimated to be on ART. The HIV Counselling and Testing (HCT) campaign resulted in approximately 35 million tests for HIV. In 2014/15

financial year, approximately 9.5 million people between the ages of 15 and 49 years were tested. There is universal coverage of prevention of mother-to-child transmission (PMTCT) services and the rate of infection has decreased from 2.0% in 2013/14 to 1.5% in 2014/15.

- In relation to re-engineering of Primary Health Care (PHC), the Department has introduced a number of new indicators which are aimed at improving the district health systems through the expansion of ward-based outreach teams to 2000 teams by 2019. Develop strategies to ensure and scale up the number of primary health care facilities that are fully compliant with national core standards and qualify as Ideal Clinics to 1250 by 2019. Improve infant and young child feeding practices by promoting breastfeeding in health facilities and communities. In addition, the Department is planning to improve access to and quality of mental health services. The Department is planning to increase the number of public nursing colleges accredited to offer nursing qualifications to 12 over the medium-term.

3.1.1 Strategic Objectives and Targets by Programme

The Department gave a detailed overview of the strategic objectives and indicators for each of the Department's programmes, including medium-term, annual and quarterly targets. These included the following:

Programme 1: Administration

The purpose of the administration programme is to provide support services to the National Department of Health. These include: Human resources development and management, labour relations services, information communication technology services, property management services, security services, legal services, supply chain management and financial management services. The Department will embark on the following activities in the current financial year (2016/17):

- The Department aims to retain an unqualified audit opinion from the Auditor General in this financial year.
- The Department also plans to assist the five provincial health departments (Eastern Cape, Free State, Mpumalanga, Gauteng and Northern Cape) to achieve unqualified opinions.
- The turnaround times for recruitment processes will be six months for 2016/17 financial year.
- The Department will ensure that thirty percent (of 1993 employees) have to access the Health Wellness programmes.
- The Department will ensure that phase one of the Business Continuity Plan is developed and disseminated in 2016/17.
- In the current financial year, 52 communication interventions will be implemented.

Programme 2: National Health Insurance, Health Planning and Systems Enablement

The National Health Insurance (NHI), Health Planning and Systems Enablement Programme aims to improve access to quality health services through planning, integration of health systems, reporting, monitoring and evaluation, and research. Under Programme 2 the Department plans to achieve the following this financial year and over the medium-term:

- The Department will review public comments, revise and publish the final White Paper on NHI.
- The Department will ensure an updated funding modality for the NHI Fund including budget reallocation for the district primary health care.
- The Department will ensure that 10 central hospitals, 17 tertiary hospitals, 50 district hospitals and 46 regional hospitals have functional Electronic Stock Management System.

- The Department will ensure that 1800 PHC facilities have functional electronic system for the detection of stock outs.
- The Department will ensure that 10 central hospitals, 17 tertiary hospitals, 50 district hospitals, 46 regional hospitals and 1800 PHC clinics reports on stock availability at the national surveillance centre.
- The Department will ensure that two Provincial Medicine Procurement Units are established in North West and KwaZulu-Natal.
- The Department will ensure that 650 000 patients will be receiving medicines through the centralised chronic medicine dispensing and distribution system.
- The Department will ensure that hundred percent pharmaceutical tenders will have been awarded at least eight weeks prior to expiration of outgoing contract.
- In 2016/17, the Department will develop the Antimicrobial stewardship guidelines as identified in the Antimicrobial Resistance (AMR) strategy.
- The Department plans to appoint staff for the Interim Council for Traditional Practitioners.
- A discussion paper on Revenue Retention Model at central hospitals will be developed and approved by the National Health Council (NHC) and National Treasury. The Department aims to implement the model at seven central hospitals by 2018/19.
- Health Normative Standards implementation protocol will be developed for Basic Health Information Exchange for piloting integration with sub national systems.
- Over the medium-term, the Department plans to implement Phase 1 of the National Integrated Patient-Based Information System.
- In the current financial year, three international treaties will be implemented as well as completing an audit on the progress of ratification of a treaty.
- Three Multilateral Frameworks will be implemented and reviewed over the medium-term.
- Six strategic bilateral projects will be implemented. All signed bilateral agreements will be reviewed and progress reports produced.
- In 2016/17, an annual price adjustments will be gazetted and published.
- A repository containing information related to medical scheme members will be developed over the medium-term.
- The Department aims to develop a national electronic system to monitor supplier performance through quarterly performance reports of all contracted pharmaceutical suppliers.
- In 2016/17, the Department will implement the Patient Experience of Care self-assessment survey tool in 1200 clinics. The Department plans to roll-out this tool to all public health facilities by 2018/19.
- Over the medium-term, the Department plans to develop a national policy to manage complaints, compliments and suggestions for public sector health facilities.
- The Department plans to develop a policy to manage patient safety incidents in the public sector health facilities. The aim to implement this policy in all provincial departments of health by 2017/18.

Programme 3: HIV/AIDS, TB and Maternal and Child Health

The purpose of this programme is to decrease the burden of disease related to the HIV and TB epidemics; to minimise maternal and child mortality and morbidity; and to optimise good health for children, adolescents and women. This is done through the three overarching strategies of setting policies, guidelines, norms, standards and targets; supporting the implementation of these; and monitoring and evaluating the outcomes and impact of this implementation. Targets under Programme 3 for the current financial year (2016/17) are as follows:

- The Department aims to reduce maternal mortality ratio to 115 per 100 000 live births. By ensuring that 62% of pregnant women are booked for antenatal visit before 20 weeks and that 75% of mothers receive postnatal care within six days.
- The Department plans to reduce the neonatal mortality rate to 10 per 1000 live births.

- In improving access to sexual and reproductive health services, the Department plans to achieve 50% couple year protection rate and 62% cervical cancer screening coverage.
- The Department will expand the PMTCT coverage to pregnant women by ensuring that all HIV positive antenatal clients are placed on ARVs and reducing the positivity rate to 1.4%.
- The Department aims to reduce under-five years mortality rate to less than 30 per 1000 live births by reducing child under-five diarrhoea, pneumonia, and malnutrition case facility rates to 3.25%, 2.6% and 9.0% respectively.
- The Department will ensure the implementation of Cervical Cancer Control Policy and Guidelines
- The Department will ensure that the Breast Cancer Policy and Guidelines are finalised, approved and disseminated to facilities.
- The Department will ensure that 85% of controlled mines provide routine TB screening.

In scaling up combination of prevention interventions to reduce new HIV infections, the Department will ensure the following in 2016/17 financial year:

- 10 million clients are tested for HIV.
- 700 000 Medical Male Circumcisions are performed.
- 700 million male condoms are distributed.
- 17.5 million female condoms are distributed.
- 4.3 million clients remains on ART.

In improving access to TB treatment initiation, strengthening patient retention in treatment and care, the following targets are set for 2016/17:

- 94% of TB clients 5 years and older are initiated on treatment
- 80% TB Rifampicin Resistant clients treatment initiation rate.
- 84% TB client treatment success rate.
- 5.4% TB client loss to follow up.
- 5% TB client death rate.
- 16% TB MDR client loss to follow up.
- 12% TB MDR client death rate.
- 55% TB MDR treatment success rate.
- 80% TB/HIV co-infected clients on ART.

Programme 4: Primary Health Care Services (PHC)

The purpose of Primary Health Care Service Programme is to develop and oversee the implementation of legislation, policies, systems and norms and standards for a uniform well-functioning district health system, environmental health services, communicable disease control, non-communicable disease control as well as health promotion and nutrition programmes. The targets for Programme 4 for 2016/17 financial year are to:

- Ensure prevention of avoidable blindness by performing 1000 operations per million un-insured population.
- Improve district governance and strengthen management and leadership of the district health system by ensuring that there is a uniform structure for District Health Management and that 1200 health facilities have functional clinic committees.
- Ensure that 750 primary health care facilities qualify as Ideal Clinics.
- Ensure 2000 functional Ward-Based Primary Health Care Outreach Teams.
- Improve environmental health services in all 52 district and metropolitan municipalities in the country by ensuring that 35 municipalities meet environmental health norms and standards.
- Conduct Hand Hygiene Strategy workshops in all nine provinces.

- Ensure that all 44 points of entry will be audited in terms of provision of International Health Regulations compliant port health services in 2016/17.
- Draft the Tobacco Product Bill.
- Ensure the elimination of malaria by 2018, the Department aims for 0.2 malaria cases per 1000 population at risk.
- Establish a National Health Commission to address the social determinants of health. The Operating Framework for the National Health Commission will be approved in 2016/17.
- Improve access to and quality of mental health services in South Africa, the Department will establish five District Mental Health Teams.
- Develop implementation plans for the national policy framework and strategy for disability and rehabilitation services.
- Improve South Africa's response to influenza prevention and control by covering 800 000 high risk individuals with seasonal influenza vaccination in 2016/17.
- Draft Regulations for organ transplantation.
- Draft Regulations for dialysis.
- Draft National Policy Framework and Strategy on Eye Health including provincial eye health centres for cataract surgery.

Programme 5: Hospital, Tertiary Health Services and Human Resource Development

The purpose of this programme is to develop policies, delivery models and clinical protocols for hospitals and emergency medical services. Ensure alignment of academic medical centres with health workforce programmes, training of health professionals and to ensure the planning of health infrastructure to meet the health needs of the country. Below are targets under Programme 5 for the current financial year (2016/17):

- The Department will ensure that 26 hospitals have full delegated authority.
- In 2016/17, the Department will ensure that the Organisational structure for central hospitals is approved by the NHC.
- In ensuring improved access to and quality of mental health services, the Department will ensure that eight district and two regional hospitals have mental health inpatient units.
- The Department will ensure that 3500 primary health care facilities are benchmarked against PHC staffing normative guides.
- The Department plans to strengthen Nursing Education Training and Practice through the implementation of the objectives of the Nursing Strategy.
- In ensuring improved quality of health infrastructure: 178 facilities will be maintained, repaired and/or refurbished in the NHI districts; 307 facilities will be maintained, repaired and/or refurbished outside the NHI districts; 44 clinics and CHCs will be constructed or revitalised; 8 hospitals will be constructed or revitalised; and 52 new facilities will comply with gazetted infrastructure norms and standards
- In strengthening the monitoring of infrastructure projects, the Department will ensure the approval of the Infrastructure Monitoring System.
- The Department will ensure that the backlog of alcohol and toxicology tests is eliminated.
- In ensuring improved management of health facilities at all levels of care through the Health Leadership and Management Academy, 40 hospital CEOs and 200 PHC Facility Managers will have access to the coaching and mentoring programme.
- Produce a monitoring report on compliance with the Policy on Education and Training of EMS personnel.
- Ensure that the Regulations for Emergency Care Centres are published for public comments.
- Ensure that the Regulations for EMS in Mass Gatherings are published for implementation.
- Ensure that the Regulations for the rendering of Forensic Pathology Services are published for implementation.

- Ensure that the Scope of Practice for the rendering of Forensic Pathology Services is published for implementation.
- Ensure the development and implementation of a monitoring system to monitor health facilities which render services for the management of sexual and related offences.
- Ensure the establishment of nine Regional Training Centres (RTCs).

Programme 6: Health Regulation and Compliance Management

The purpose of this programme is to regulate procurement of medicines and pharmaceutical supplies, including food control and the trade in health products and health technology. Promote accountability and compliance by regulatory bodies and public entities for effective governance and quality of health care. Targets under Programme 6 for the current financial year (2016/17):

- The Department will ensure that South African Health Product Regulatory Authority (SAHPRA) is listed as a public entity and the Board, CEO and Committees are appointed.
- The Department plans to establish an occupational health cluster which is the integrated management of NIOH, CCOD and Medical Bureau for Occupational Diseases (MBOD).
- Toward the establishment of the National Public Health Institute of South Africa (NAPHISA) for disease and injury surveillance, comments on the draft legislation will be considered.
- In ensuring improved oversight and cooperate governance practices, three boards will be appointed, inducted and trained (SAMRC, OHSC and Allied Health Professions Council of South Africa).
- Ensure that ten entities and statutory councils will be monitored using dashboards for performance and compliance to legislative prescripts.
- Ensure the development of a standardised reporting template for Departmental representatives serving on Boards to enable feedback to the executive authority.

5. BUDGET ANALYSIS

The Department received R38.6 billion for 2016/17 as compared to the R35.8 billion received in the previous financial year (2015/16). This is an increase in nominal terms of 7.9% and 1.2% in real terms.

Table 1: Summary of Health Budget 2016/17

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	R million	2015/16				
Programme 1: Administration	456.6	463.5	6.9	- 21.8	1.51 per cent	-4.77 per cent
Programme 2: National Health Insurance, Health Planning and Systems Enablement	596.6	559.8	- 36.8	- 71.5	-6.17 per cent	-11.98 per cent
Programme 3: HIV and AIDS, TB, and Maternal and Child Health	14 378.9	16 018.6	1 639.7	647.9	11.40 per cent	4.51 per cent
Programme 4: Primary Health Care Services	224.9	257.8	32.9	16.9	14.63 per cent	7.53 per cent
Programme 5: Hospitals, Tertiary Health Services and Human Resource Development	18 950.2	19 573.5	623.3	- 588.6	3.29 per cent	-3.11 per cent
Programme 6: Health Regulation and Compliance Management	1 603.9	1 690.2	86.3	- 18.3	5.38 per cent	-1.14 per cent
TOTAL	36 211.1	38 563.3	2 352.2	- 35.4	6.5 per cent	-0.10 per cent

The two largest programmes namely Programme 3: HIV and AIDS, TB, Maternal and Child Health and Programme 5: Hospitals, Tertiary Services and Human Resource Development and jointly constitute 92.3% of the total budget in 2016/17. These two programmes receive 96.2% of the R2.3 billion increase in the budget.

Programme 4 (Primary Health Care Services) received the smallest allocation, which increases in real terms by 11.2%. Less than one percent (0.7%) of the department's total budget is allocated to this programme (R257.8 million).

In terms of economic classification, the bulk of the Health Budget (R35.6 billion or 92.4%) consists of transfers and subsidies to provinces and municipalities, and departmental agencies and accounts. This figure includes R167.2 million to non-profit institutions (down from R215.3 million in 2014/15) and R1.5 billion to departmental agencies and accounts.

Current payments constitute a total value of R2.3 billion, which represents 6.0% of the total budget allocation. Most of the current expenditure is allocated to Goods and Services, taking up 62.1% of the total current payments. Expenditure items that receive the largest share of the goods and services budget are: Contractors at R276.5 million; Agency and support/outsourced services at R211.3 million; Consultants: Business and advisory services at R105.8 million; Medical Supplies at R192.4 million; and Medicine at R177 million. Operating leases are at R136.2 million.

A significant increase in payments for capital assets is budgeted for, from R333.4 million in 2015/16 to R621.5 million in 2016/17. Buildings and other fixed structures increases by approximately 64.15% from R287.6 million to R471.9 million. Machinery and equipment more than triples from R45.8 million to R149.6 million in 2016/17.

Over the medium-term the Department's focus will remain on increasing life expectancy, improving quality of life via the expansion of the HIV and AIDS programme, revitalising public health facilities and providing specialised tertiary health services. Spending on these three functions will take up 85.1% or R109 billion of the department's total budget over the MTEF period.

The release of the White Paper on National Health Insurance is a step towards the implementation of the NHI. Whilst still not a large spending area, pilot activities will be scaled up and health information systems strengthened over the medium-term in preparation of the rollout.

The Department's compensation of employees budget has been reduced for 2017/18 by R45.6 million and for 2018/19 by R71.5 million due to the Cabinet approved budget reductions to lower the national aggregate expenditure.

- The HIV and AIDS programme will receive increased funding of R1.9 billion allocated in 2017/18 and 2018/19. Of this R1.9 billion, R740 million over the two years are allocated for the TB programme to improve detection and increase the TB cure rate.
- Cabinet approved reductions of R705.3 million over the medium-term have been made in the health facility revitalisation direct grant (provincial) as well as the health facility revitalisation component of the NHI indirect grant. R19.8 billion will be spent on health infrastructure over the MTEF period.
- R4.5 billion is allocated to the NHI over the medium-term. R912.7 million is allocated for the contracting of health professionals to provide primary health care (PHC) as well as the continued piloting of the central chronic medicines distribution and dispensing model, which currently serves 380,000 patients.
- R90 million is added to the NHI indirect grant for the rollout of the Ideal Clinic programme.

6. BUDGET ANALYSIS BY PROGRAMME

6.1 Programme 1: Administration

Table 2: Programme 1: Administration

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	R million	2015/16				
Sub-programme 1: Ministry	31.4	31.5	0.1	- 1.8	0.37 per cent	-5.84 per cent
Sub-programme 2: Management	19.6	20.1	0.4	- 0.8	2.18 per cent	-4.15 per cent
Sub-programme 3: Corporate Services	213.5	206.7	- 6.7	- 19.5	-3.15 per cent	-9.15 per cent
Sub-programme 4: Office Accommodation	125.8	143.7	17.9	9.0	14.22 per cent	7.14 per cent
Sub-programme 5: Financial Management	66.2	61.4	- 4.8	- 8.6	-7.26 per cent	-13.00 per cent
TOTAL	456.6	463.6	7.1	- 21.6	1.5 per cent	-4.74 per cent

This programme's budget increased by 1.5% in nominal terms (decreasing in real terms by 4.7%) from R456.6 million in 2015/16 to R463.6 million in 2016/17. The largest sub-programme is Corporate Services, of which the allocation decreases by 3.2% in nominal terms and by 9.2% in real terms. Office Accommodation receives 31.0% of the programme budget and increases, from R125.8 million in 2015/16 to R143.7 million (up nominally by 14.2% or 7.1% in real terms) in 2016/17.

In terms of economic classification, 98.5% of the budget is allocated to current payments. Compensation of Employees amounts to R192.5 million, while R263.9 million is allocated to Goods and Services. This includes R131.4 million for Operating leases.

6.2 Programme 2: National Health Insurance, Health Planning and Systems Enablement

Table 3: Programme 2: NHI, Health Planning and Systems Enablement

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	R million	2015/16				
Sub-programme 1: Programme Management	3.0	3.2	0.2	0.0	5.43 per cent	-1.10 per cent
Sub-programme 2: Technical Policy and Planning	19.9	22.0	2.1	0.8	10.78 per cent	3.92 per cent
Sub-programme 3: Health Information Management, Monitoring and Evaluation	85.0	55.5	- 29.6	- 33.0	-34.75 per cent	-38.79 per cent
Sub-programme 4: Sector-wide Procurement	29.4	39.6	10.1	7.7	34.39 per cent	26.07 per cent
Sub-programme 5: Health Financing and National Health Insurance	395.8	373.5	- 22.2	- 45.4	-5.62 per cent	-11.46 per cent
International Health and Development	63.5	66.0	2.5	- 1.6	3.90 per cent	-2.53 per cent
TOTAL	596.6	559.8	- 36.9	- 71.5	-6.2 per cent	-11.99 per cent

This programme budget decreases by 6.2% in nominal terms (12.0% in real terms) from the 2015/16 financial year, due largely to decrease funding for the Health Information Management, Monitoring and Evaluation sub-programme as well as the NHI sub-programme. The Health Information Management sub-programme decreases by R29.6 million (34.8% in nominal terms). The NHI sub-programme decreased by R22.2 million (5.6% nominally and 11.5% in real terms). The NHI sub-programme receives the largest portion of the Programme's budget, at 66.7% (R373.5 million). The aim of this sub-programme is to develop and implement policies, legislation and frameworks for expansion of health insurance to the broader population, amongst other things. The decrease in this sub-programme is attributed to the slow progress with contracting General Practitioners (GPs) which has been attributed to the poor working conditions and lack of accommodation in clinics.

An additional R76 million and R200 million for 2017/18 and 2018/19 was allocated for Patient Information System. An additional R100 million and R200 million in 2017/18 and 2018/19 was allocated for Medicines Stock System. National Health Insurance in-kind grant was reduced with R10 million due to non-spending on DRG project. R10 million was shifted from NHI in-kind grant to NHI conditional grant as requested by Western Cape Health. Provision for capital assets was made in NHI in-kind grant by shifting R25 million from goods and services to Purchase of capital assets. The NHI grant funding comes to an end on 31 March 2017.

6.3 Programme 3: HIV and AIDS, TB, Maternal and Child Health

Table 4: Programme 3: HIV and AIDS, TB, Maternal and Child Health

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17
	R million	2015/16				
Sub-programme 1: Programme Management	3.7	4.7	1.1	0.8	29.68 per cent	21.65 per cent
Sub-programme 2: HIV and AIDS	14 106.4	15 744.9	1 638.5	663.7	11.62 per cent	4.70 per cent
Sub-programme 3: Tuberculosis	27.6	27.4	- 0.2	- 1.9	-0.73 per cent	-6.88 per cent
Sub-programme 4: Women's Maternal and Reproductive Health	18.6	18.9	0.3	- 0.8	1.86 per cent	-4.44 per cent
Sub-programme 5: Child, Youth and School Health	222.7	222.7	- 0.1	- 13.8	-0.02 per cent	-6.21 per cent
TOTAL	14 378.9	16 018.6	1 639.7	647.9	11.4 per cent	4.51 per cent

Ninety eight percent of this programme's budget is allocated to the HIV and AIDS sub-programme, amounting to R15.7 billion in 2016/17. This represents a nominal increase of 11.6% or 4.7% in real terms compared to the 2015/16 allocation. The remaining four sub-programmes combined receive less than 2.0% of the programme's budget. Despite the small budget allocated to these programmes, these are also stated priorities of the Department including women's health, children's health and TB as they relate to the burden of disease in the country. The TB sub-programme declined in funding by 6.9% in real terms.

The Women's Maternal and Reproductive Health sub-programme is responsible for amongst other things reducing maternal mortality and improving access to sexual and reproductive health services. This sub-programme received less than one percent (0.12) of the programme budget slightly lower than the previous financial year (0.13%). The Child, Youth and School Health sub-programme decreases slightly (0.02% in nominal terms) and much of the budget funds the roll-out of the Human Papilloma Virus (HPV) Vaccine.

An additional R220 million and R1.58 billion for 2017/18 and 2018/19 was allocated for the prevention of treatment of TB and HIV and AIDS study. Provision for capital assets was made in HPV vaccines in-kind grant by shifting R15 million from Good and Service to Purchase of capital assets.

6.4 Programme 4: Primary Health Care Services

Table 5: Programme 4: Primary Health Care Services

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17	
	R million	2015/16					2016/17
Sub-programme 1: Programme Management		3.1	3.0	- 0.1	- 0.3	-3.26 per cent	-9.25 per cent
Sub-programme 2: District Health Services		24.5	26.0	1.6	0.0	6.40 per cent	-0.19 per cent
Sub-programme 3: Communicable Diseases		18.1	21.6	3.5	2.1	19.20 per cent	11.82 per cent
Sub-programme 4: Non-Communicable Diseases		23.5	21.6	- 1.9	- 3.3	-8.22 per cent	-13.90 per cent
Sub-programme 5: Health Promotion and Nutrition		25.6	22.7	- 2.9	- 4.3	-11.32 per cent	-16.82 per cent
Sub-programme 6: Environmental and Port Health Services		130.1	162.9	32.8	22.7	25.23 per cent	17.48 per cent
TOTAL		224.9	257.8	32.9	17.0	14.6 per cent	7.54 per cent

This programme's budget increased by 14.6% in nominal terms in 2016/17 (7.5% in real terms). In 2016/17, the allocation for Environmental and Port Health Services increases by 25.2% in nominal terms (or 17.5% in real terms) from R130.1 million to R162.9 million. The budget allocation for Communicable Diseases increases by 19.2% in nominal terms (or 11.8% in real terms) from R18.1 million to R21.6 million.

The Non-Communicable Diseases sub-programme allocation declines from R23.5 million in 2015/16 to R21.6 million in 2016/17. This sub-programme, amongst others, assists provinces in implementing and monitoring chronic diseases, disability, elderly people, oral health, mental health and substance abuse.

Over the MTEF period, R90 million was allocated as in-kind grant for the Ideal Clinic project. Funds were reprioritised to cater for Environmental Health and Port Health Services. Oral Health was shifted from non-communicable disease, resulting in a decrease in budget allocation. Epidemiology and surveillance directorate was shifted from Programme 2 to Communicable Diseases, resulting in an increase in budget allocation.

6.5 Programme 5: Hospitals, Tertiary Health Services and Human Resources Development

Table 6: Programme 5: Hospitals, Tertiary Health Services and Human Resources Development

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17	
	R million	2015/16					2016/17
Sub-programme 1: Programme Management		3.6	3.7	0.1	- 0.1	2.60 per cent	-3.75 per cent
Sub-programme 2: Health Facilities Infrastructure Management		6 032.8	6 078.8	46.0	- 330.3	0.76 per cent	-5.48 per cent
Sub-programme 3: Tertiary Health Care Planning and Policy		10 384.2	10 851.4	467.2	- 204.6	4.50 per cent	-1.97 per cent
Sub-programme 4: Hospital Management		5.0	5.2	0.2	- 0.1	3.97 per cent	-2.47 per cent
Sub-programme 5: Human Resources for Health		2 398.3	2 500.1	101.8	- 53.0	4.24 per cent	-2.21 per cent
Sub-programme 6: Nursing Services		4.7	6.6	1.9	1.5	39.78 per cent	31.13 per cent
Sub-programme 7: Forensic Chemistry Laboratories		114.5	120.5	6.1	- 1.4	5.31 per cent	-1.21 per cent
Sub-programme 8: Violence, Trauma and EMS		7.1	7.1	0.0	- 0.4	0.07 per cent	-6.13 per cent
TOTAL		18 950.2	19 573.5	623.3	- 588.6	3.3 per cent	-3.11 per cent

The 2016/17 budget for this programme has increased by 3.3% in nominal terms, declining by 3.1% in real terms. Tertiary Health Care Planning and Policy increases from R10.3 billion to R10.8 billion (4.5% in nominal terms and a decline of 2% in real terms). Health Facilities Infrastructure Management increases by less than one percent (0.8%) in nominal terms, declining by 5.5% in real terms.

The Forensic Chemistry Laboratories sub-programme allocation increases by 5.3% in nominal terms (declining by 1.2% in real terms) from R114.5 million to R120.5 million in 2016/17. The Nursing sub-programme allocation increases by 39.8% in nominal terms from R4.7 million in 2015/16 to R6.6 million in 2016/17. Funds were reprioritised for the set-up of office for nursing services.

The Health Facility Infrastructure in-kind grant and the Health Facility Revitalization conditional grant was reduced by R340 million and R365 million respectively over the MTEF period due to non-spending.

A transfer of R75.3 million over the MTEF was made to the Department of Higher Education and Training to take over the MBCHB medical students function with effect from 1 April 2016.

6.6 Programme 6: Health Regulation and Compliance Management

Table 7: Programme 6: Health Regulation and Compliance Management

Programme	Budget		Nominal Increase / Decrease in 2016/17	Real Increase / Decrease in 2016/17	Nominal Percent change in 2016/17	Real Percent change in 2016/17	
	R million	2015/16					2016/17
Sub-programme 1: Programme Management		3.7	4.1	0.4	0.1	10.68 per cent	3.83 per cent
Sub-programme 2: Food Control		9.8	10.0	0.2	- 0.4	1.78 per cent	-4.53 per cent
Sub-programme 3: Pharmaceutical Trade and Product Regulation		131.8	139.6	7.8	- 0.8	5.92 per cent	-0.64 per cent
Sub-programme 4: Public Entities Management		1 400.0	1 474.9	74.9	- 16.4	5.35 per cent	-1.17 per cent
Sub-programme 5: Compensation Commissioner for Occupational Diseases		58.6	61.6	3.0	- 0.8	5.11 per cent	-1.39 per cent
TOTAL		1 603.9	1 690.2	86.3	- 18.3	5.4 per cent	-1.14 per cent

The Health Regulation and Compliance Management programme aims to, amongst other things, reduce the time taken for medicines to reach the market, and establish a National Public Health Institute, pending Cabinet approval. The programme budget has increased by R86 million (5.4% in nominal terms and declined by 1.1% in real terms).

This programme is dominated by the Public Entities Management sub-programme which receives 87.3% of the programme budget, amounting to R1.5 billion. An additional R80 million was allocated to the South African Medical Research Council (SAMRC) for 2018/19 financial year.

7. CONSIDERATION OF THE ANNUAL PERFORMANCE PLANS AND BUDGET OF ENTITIES

7.1 South African Medical Research Council (SAMRC)

The South African Medical Research Council Act, No. 58 of 1991(as amended) mandates the South African Medical Research Council (SAMRC) to amongst others conduct 'research, development and technology transfer, to promote the improvement of the health and quality of life of the population of the Republic. The SAMRC is governed by the SAMRC Board.

Over the years, the SAMRC has conducted various studies that provide critical information for the Department of Health specifically on health planning and assessing of progress made. The studies conducted fall within these following categories:

- The Burden of Disease Survey;
- The Comparative Risk Assessment;
- The Perinatal Problem Identification Programme; and
- The South African Community Epidemiology Network on Drug Use.

7.1.1 APP for 2016/17

For 2016/17 financial year, the SAMRC is embarking on the following new initiatives namely:

- The prioritisation and focus of the intramural research to create a new ethos of high quality science and health impact.
- The restructuring process of the intramural units to ensure the focus on the 20 most common causes of mortality in South Africa.
- The establishment of the Scientific Advisory Committee for strategic oversight.
- Improved funding of intramural units.
- Investigating paediatric mental health.
- The role of traditional healers and western medicine.
- Childhood obesity collaborations with the Canadian Institute of Health Research.

Some of the annual targets for 2016/17 under the four strategic goals include the following:

- i. Administer health research effectively and efficiently in South Africa:
 - Retain an unqualified audit.
- ii. Lead the generation of new knowledge and facilitate its translation into policies and practices to improve health:
 - Produce 500 peer reviewed articles with a SAMRC affiliated author that are published in ISI journals during the reporting period.
 - Produce 130 peer reviewed articles published in ISI journals with acknowledgement of SAMRC.
 - Produce 14 journal articles published in high impact factor journals with an SAMRC-affiliated author.
 - Award 120 research grants.
- iii. Support innovation and technology development to improve:
 - Ensure that 30 innovation and technology projects are funded by the SAMRC.
- iv. Build capacity for the long-term sustainability of the country's health research:
 - Ensure that 70 SAMRC bursaries, scholarships and fellowships are provided for postgraduate study at masters, doctoral and postdoctoral level.

7.1.2 Overview of Budget and MTEF Estimates

The entity's comprehensive budget comprises the annual baseline grant and donor funding. For the period of 2012/13 to 2015/16, the total budget grew at an average rate of 22.6% per annum from R576 million to just less than R1.1 billion. However, over the MTEF period, the projected annual budget is expected to decline at about -3.5% annually. In monetary value, the decrease is translated to about R108 million from 2015/16 to 2018/19. Furthermore, the projections for 2017/18 depicts a decrease by 5.2% due to the R50 million cut in the Economic Competitiveness Support Package (ECSP), while in 2018/19 the baseline allocation is seen to be contracting by 4.8% due to the R100 million reduction in the ECSP.

Administration – As part of the revitalisation process, the SAMRC started to review processes of Support and Administration with the intention to improve its efficiency and effectiveness. This programme receives R189.7 million, which is a decline from R196.4 in 2015/16. This negative growth in Administration will allow the SAMRC to allocate more funding resources to Core Research which is core business.

Core Research – This programme receives the biggest allocation of the total budget, R627.8 million, representing an increase of R5.8 million.

Innovation and technology receives R181 million, a decrease from R216.9 million in 2015/16.

Capacity development receives the smallest allocation, R40 million. This is a decrease from R41.3 million in 2015/16.

7.2 Compensation Commissioner for Occupational Diseases (CCOD)

The Compensation Commissioner for Occupational Diseases (CCOD) was established in terms of the Occupational Diseases in Mines and Works Act (No. 78 of 1973). The entity is not governed by a Board. The CCOD is mandated to compensate workers and ex-workers in controlled mines and works for occupational diseases of the cardiorespiratory organs and reimburse for loss of earnings incurred during tuberculosis treatment.

7.2.1 APP for 2016/17

The CCOD has elevated six new initiatives for the current financial year (2016/17) namely:

- i. Policy and legislative changes:
 - Participation in the process towards integration of the compensation systems.
- ii. Establishment of the One Stop Service Centres in provinces:
 - Continued provision of decentralised service facilities for current and ex-workers in controlled mines and works at health facilities two provinces (Northern Cape and Limpopo).
- iii. Improve cooperate governance and management:
 - Ensure that meetings of the Audit and Risk Committee are held.
 - Produce a Report of the Actuarial Valuation of the Compensation Fund.
 - Ensure the submission of annual reports and financial statements of the Compensation Fund (2010/11 – 2011/12 reports).
- iv. Development of the electronic database of current and ex-workers in control mines and works:
 - Ensuring the effective and efficient management of the Compensation Fund through training of the personnel on the use of the electronic database.
- v. Increasing access to benefit medical examinations:
 - Increasing the number of paid claimants by ensuring that 25% of unpaid compensable claims are paid and 50% of new compensable disease claims are paid within 3 months.
- vi. Ensure collection of levies from all controlled mines and works:
 - Collection of revenue by ensuring that 80% of controlled mines and works pay levies to the Compensation Fund.

7.2.2 Overview of Budget and MTEF Estimates

The budget increases by 2.7% from R171.9 million in 2015/16 to R175.3 million in 2016/17. In terms of economic classification, the bulk of the CCOD's budget (R141 million or 80.4%) goes to the Compensation of ex-miners programme. R22.1 million (12.6%) is allocated to Compensation of tuberculosis.

Expenditure Trends

- Over the medium-term the CCOD's focus will be on increasing the number of claims paid and fast-tracking the claims management process;

- In the past three years, there has been significant underspending in the compensation of ex-miners programme and the compensation of tuberculosis programme. The target was to pay 3000 claims, however, 1 421 claims were paid in the 2015/16 financial year; and
- Over the medium-term, there will be an increase in transfers to the compensation of pensioners, the compensation of ex-miners and the compensation of workers with loss of earnings due to tuberculosis, from R166.3 million in 2016/17 to R191.8 million in 2018/19.

Administration receives R8.1 million an increase from R7.8 million in 2015/16.

Compensation of pensioners – The allocation to this programme declines from R3.4 million in 2015/16 to R3.2 million in this current financial year.

Compensation of ex-miners – This programme is the CCOD's largest area of expenditure, therefore receives the biggest allocation, making up 79% of the total budget (R141 million) this an increase from R134.2 million in 2015/16.

Compensation of tuberculosis – This programme receives R22.1 million representing a decline from R25.6 million in 2015/16.

Eastern Cape project – This project covers ex-mineworkers and their beneficiaries as part of a legacy fund from the former Transkei government. This programme is allocated R1 million in this current financial year.

7.3 Office of Health Standards Compliance (OHSC)

The Office of Health Standards Compliance was established in terms of the National Health Amendment Act (2013). The Minister of Health appointed the OHSC Board in 2014 under this Act. The OHSC is mandated to: monitor and enforce the compliance of health establishments with the norms and standards prescribed by the Minister of Health in relation to the national health system; and ensure the consideration, investigation and disposal of complaints relating to non-compliance with prescribed norms and standards in a procedurally fair, economical and expeditious manner.

7.3.1 APP for 2016/17

In 2016/17 the OHSC plans to achieve the following:

- Ensure that 100% of compliant health establishments are certified by the OHSC within 2 months of the inspection.
- Ensure that 100% of persistently non-compliant health establishments for which regulated action is initiated within 6 months of the inspection.
- Ensure that a report on compliance status of health establishments is published.
- To ensure a fully functional Office, 80% of funded staff will be appointed.
- OHSC plans to receive an unqualified audit report.
- Ensure that 649 (17%) of public sector health establishments are inspected annually by the OHSC.
- Ensure that 74 (20%) of private sector health establishments are inspected annually by the OHSC.
- Ensure that 35% of provisionally non-compliant health establishments a subjected to re-inspection or review within 6 months.
- Ensure that 20 compliance inspectors are accredited as competent after successfully completing approved training course.
- Ensure a functional Call Centre.
- Develop procedures for receiving and managing complaints.
- Set up systems and procedures for investigating complaints.
- Ensure that action is taken on 50% of high risk health establishments within 2 months.

7.3.2 Overview of Budget and MTEF Estimates

The OHSC's total budget for 2016/17 financial year is expected to be slightly over R100 million with about 61% of it dedicated towards core business activities. In 2018/19, the total budget is projected to increase to R133 million with about 63% directed towards core operations. On the other hand, the total staff complement is anticipated to increase from 108 in 2016/17 to 151 in 2018/19. About 70% of the staff to be recruited will be for core operations to ensure that the entity fulfils its mandate.

The Office of the CEO – Critical strategic support services are placed under this programme. This programme receives R12.4 million an increase from R11 million in 2015/16.

Corporate Services – This programme receives R26.8 million from R25 million in 2015/16. The budget will also fund IT infrastructure and systems which will support all functions of the OHSC.

Compliance Inspection is the largest programme of the entity receives the biggest allocation of the total budget, R39.4 million up from R34.5 million in 2015/16. The growth in the budget is aimed at increasing the number of inspectors to improve the coverage of inspections in the public and private sectors and progressive enforcement of compliance.

Health Standards Design, Analysis and Support – This programme will assist in the design of standards and tools, tracking and analysis of health establishment data and provision of guidance and support material. This programme receives R8.8 million.

Ombud receives the smallest allocation, R2.5 million. Once the Ombud office is fully established, it will investigate complaints and issues findings and recommendations.

7.4 Council for Medical Schemes (CMS)

The Council for Medical Schemes was established in terms of the Medical Schemes Act (1998). The governance of the CMS is vested upon the CMS Board appointed by the Minister of Health. The CMS as a regulatory authority is responsible for overseeing the medical schemes industry in South Africa. Section 7 of the Act sets out the functions of the Council, which include protecting the interests of beneficiaries, controlling and coordinating the functioning of medical schemes, collecting and disseminating information about private health care and advising the Minister of Health on any matter concerning medical schemes.

7.4.1 APP for 2016/17

Below are highlights of some of the annual and quarterly performance indicators for the CMS:

- The CMS will ensure effective financial management and alignment of budget allocation with strategic priorities thus obtaining an unqualified opinion by the Auditor General on the financial statements.
- In monitoring trends to improve regulatory policy and practice, non-financial report will be submitted for inclusion in the annual report, per quarter.
- The CMS plans to build competencies and retain skilled employees by: minimising staff turnover rate to less than 5% per annum; achieving employment equity targets (85% optimal in terms of the Employment Equity Act); and continue to improve the average turnaround time to fill a vacancy.
- The CMS will ensure that an effective, efficient and transparent system of risk management is maintained in order to mitigate the risks exposure of the CMS. In 2016/17, four strategic risk register reports will be submitted to Council for monitoring.
- The CMS aims for an established ICT infrastructure that ensure information is available, accessible and protected through ensuring that 95% of network and server uptime and there are no IT security incidents.
- The CMS aims to provide software applications that serve both internal and external stakeholders by ensuring 99% of uptime of all installed application systems where network access exists.

- In terms of legal advisory service for effective regulation of the industry and operations, the CMS will ensure that 85% of written and verbal legal opinions generated internally to internal and external stakeholders.
- The CMS will publish 14 benefit definitions and CMC Scripts.
- The CMS will ensure that 76% of complaints are adjudicated within 120 working days and in accordance with complaints procedures.
- The CMS will ensure the finalisation of eight research projects and support projects.

7.4.2 Overview of Budget and MTEF Estimates

The CMS is set to receive a R141.1 million for 2016/17, which is an increase from R131.3 million in the previous financial year. This increase reflects an increase in nominal terms of 7.47% and 0.81% in real terms.

Programme 1 (Administration) receives the biggest allocation of R75.3 million. This allocation receives a nominal increase of R3.6 million which is a jump from R71.7 million in 2015/16 financial year. The nominal percentage change is 5.10 percent.

Programme 3 (Accreditation Unit) is responsible for accreditation and will receive slightly over R8.4 million which is an increase of over R438 thousand from R8 million in 2015/16 financial year. This programme shows a real decrease of -87 and a -1.09 in real percent change.

Programme 8 (Financial Supervision Unit) is responsible for financial supervision – for the current financial year, this programme receives slightly over R11 million and an increase of R685 thousand from slightly over R10.3 million in 2015/16. The real decrease is -105 for this financial year.

Programme 9 (Complaints Adjudication Unit) receives the smallest allocation in comparison with other 8 programmes, it only receives R5.8 million which shows a nominal increase of 8.10 percent for 2016/17 financial year

7.5 National Health Laboratory Services (NHLS)

The National Health Laboratory Service (NHLS) was created by the National Health Laboratory Act (No. 37 of 2000) of which the Board governing the NHLS was established under. The NHLS is mandated to provide laboratory and diagnostic services to public health facilities in South Africa. The NHLS also provides health science training and education, and supports health research. It is the largest provider of diagnostic pathology services in South Africa, servicing over 80% of the population through its 268 laboratories countrywide.

7.5.1 APP for 2016/17

The NHLS has made changes to its programmes and reports on its 5 programmes:

Administration – The administration programme plays a crucial role in the delivery of NHLS services through provision of a range of support services, such as organisational development, Human Resources (HR) and labour relations, information technology, property management, security services, legal, communication and the integrated planning function. Indicators include:

- Obtain an unqualified audit opinion from the AG.
- 10% staff turnover.
- 90% turnaround time to fill a vacancy.
- 18% vacancy rate.

Surveillance of Communicable Diseases – The purpose of the National Institute for Communicable Diseases is to be a national public health institution providing reference for microbiology, virology, epidemiology, surveillance and public health research to support government's response to communicable diseases and threats. Some of the indicators under this programme include:

- 90% surveillance of identified prioritised diseases under surveillance.
- 120 peer reviewed journals published annually.
- 100% of outbreaks responded to within 24 hours after notification.

Occupational Health and Safety – The purpose of the National Institute of Occupational Health is to provide occupational health and safety services across all sectors of the economy to improve and promote workers' health and safety. All the 2016/17 indicators are new and include, amongst others:

- 17 Occupational hygiene assessments conducted.
- 75% of specialised laboratories accredited with a relevant and recognised accreditation body.
- (10) Number of projects with an external partner.

Academic Affairs, Research and Quality Assurance (AARQA) – The main purpose of this programme is to strengthen the mandate of the NHLS of maintaining and providing quality assured and accredited laboratory medicine.

- Three of the indicators relate to the accreditation of laboratories at various levels.
- 55% Medical technologists pass rate (up from 37% the previous year).
- Registrar pass rate was at 50% in the previous year and is targeted at 55% this financial year.
- Targeting 550 peer-reviewed articles published.

Laboratory Services – This programme is the core business of the NHLS- to provide cost-effective and efficient health laboratory services to all public sector health providers. The focus is on operational efficiency and quality of services. Indicators include:

- 100% of regional, provincial, tertiary and national central hospitals with onsite NHLS services.
- 90% TB Microscopy and GeneXpert tests performed within 48 hours.
- 50% of cervical cancer smear tests performed within 5 weeks.

7.5.2 Overview of Budget and MTEF Estimates

Providing laboratory tests for patients largely from the public sector is expected to generate R6.14 billion in 2016/17. In addition, R711.9 million will be allocated by government for the surveillance of communicable diseases through the NICD and occupational health through the National Institute for Occupational Health (NIOH). Financial reform was instituted in the form of a transfer from the Department of Health to NICD, NIOH to pay for teaching, training and research. This resulted in a reduction of tariffs as these functions were previously cross-subsidised by the revenue generated from laboratory tests.

8. ANALYSIS OF THE FINANCIAL AND FISCAL COMMISSION (FFC) ON THE 2016/17 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT

According to the FFC, South Africa has consistently improved against all key health indicators, such as increasing life expectancy which is an important indicator of the success of the health system. However, more effort need to be placed on the reduction of infant mortality and children under-five mortality.

In terms of performance, the FFC noted that the Department is set to report on 142 performance indicators in 2016/17, an increase of 40%, yet the budget for the Department is only increasing by 1% in real terms. A concern is the ability of the sector to achieve all the additional targets with the available resources. Linked to this observation, the FFC noted that in the 2014/15 financial year, the Auditor General raised a critical gap in the performance indicators that provinces report on and the lack of audit information to support totals in the Department's 2014/15 annual report. The current APP does not seem to address this concern.

The FFC noted that the Department intends to increase the number of unqualified audits in provinces from four to seven over the medium-term. The APP does not give details on how this target will be achieved.

In terms of grants, the FFC raised a concern about the endless changes to the health grants overseen by the Department, as it creates policy uncertainty regarding the roll-out of the NHI. The NHI Grant is to be phased out and incorporated into the National Health Grant. Given the poor performance on the Health Facility Revitalisation Grant, baseline reductions of R365 million are effected over the MTEF period resulting in a decline of 2% per annum. The FFC raised a concern that any baseline reductions to grants should be preceded by an expenditure review to determine the extent to which the objectives of the grants are affected.

The FFC recommended that provincial departments need to increase their allocation to PHC funding to be in line with the minimum norms and standards for the PHC package set by the Department of Health. Government agrees with the recommendation but suggests that new norms and standards needs to be developed. The FFC also recommended that inefficiencies in the health sector should be minimised to be in line with international best practices, particularly, clinical, operational and behavioural waste.

9. COMMITTEE OBSERVATIONS AND FINDINGS

Having considered the strategic plan, the annual performance plan and the budget of the Department and its entities, this section summarizes the Committee's observations and findings:

9.1 Findings on the Department

- An on-going concern raised by the Committee is that most of the Department's performance indicators have annual targets and not quarterly as required. This poses a challenge for the Committee to effectively play its oversight role. This was observed particularly under Programme 4 and 5.
- The Department reported high budget expenditure (98%) but poor performance against set targets (60%) in the previous financial year (2015/16). This raised a concern that the Department has increased its performance indicators for 2016/17 whereas not all set targets for the previous financial year were met.
- The Committee continues to raise a concern about provincial Health Departments not performing well in terms of financial audit outcomes, only three provinces in the previous financial year achieved unqualified audit outcomes.
- The Department aims to achieve unqualified audit outcomes in seven provinces over the medium-term, the Committee questioned whether the Department has a plan to meet this target.
- The budget reduction on most conditional grant allocation to provincial departments of health over the MTEF period due to non-financial performance is a concern to the Committee.
- Slow spending on the NHI conditional grant was partly due to the difficulty in contracting general practitioners which resulted in Cabinet reducing the budget allocation over the medium-term. The Committee is concerned about the slow progress in finding an effective model for attracting General Practitioners (GPs) that will ensure that the funds allocated to this function are utilized.
- Primary Health Care is not sufficiently funded in provinces in line with norms and standards. The Committee was concerned regarding the status of the process of reviewing these norms and standards as agreed to by government.

- The delivery of efficient healthcare services require collaboration between the three spheres of government. An example made pertains to ensuring health standards in municipalities.
- Emergency Medical Services (EMS) remains a challenge in provinces. A concern was raised around the low budget allocation to EMS in provinces as it is a provincial competence.
- In order to reach the TB elimination target by 2030 as set out by the NDP, a TB vaccine needs to be developed. Currently the BCG vaccine is the only vaccine currently available to provide protection to children against TB. Concerning is that, there is a global shortage of the BCG vaccine and no candidate vaccine is in the pipeline.
- The Committee is concerned about the status of the school health programmes particularly with regard to screening (eyes, audio, speech and oral) as well as school nutrition.
- The Committee noted the slow progress in reducing maternal mortality and neonatal mortality.
- The Committee was concerned about the slow progress in the implementation of the new Nursing Curriculum.

9.2 Findings on Entities

9.2.1 CCOD

- The continuous non-submission of the CCOD's annual report and financial statements remains a concern.
- The CCOD's performance indicators has annual targets and not quarterly targets, the Committee was concerned about the difficulty in measuring the performance of the entity on a quarterly basis.
- The Committee raised a concern around the tracking and tracing of ex-workers who qualify for compensation.
- The Committee noted that there is a need for increased awareness on the work of the CCOD.
- The Committee underscored that screening for TB must be prioritised as TB is a leading cause of death compounded by HIV/TB co-infection.
- The Committee noted that not all controlled mines and works pay levies.
- The Committee raised a concern around the backlog of claims and the slow progress in compensating claimants.
- The Committee noted the need to assess the performance of the One Stop Service Centres.
- The Committee was also concerned about the limited numbers of the One Stop Service Centres.
- The Committee raised concern around financial contribution of all controlled mines and works towards the compensation of TB-affected miners or ex-miners.
- High staff turnover within the CCOD is a concern.
- The Committee is concerned about the gaps in the referral of diagnosed cases of occupational diseases to the CCOD by GPs.

9.2.2 SAMRC

- The Committee was concerned about the high rate of eosophageal cancer in the Eastern Cape and the associated risk factors.
- The Committee emphasized the need for intense research on TB vaccine development.
- The Committee pointed out the need for research on substance abuse and mental health.
- The Committee noted with concern the gap in research funding in previously disadvantaged institutions of higher learning.

9.2.3 OHSC

- The delays in the appointment of the CEO as well as the appointment of an Ombud was a concern raised by the Committee.
- The Committee again noted that most of the entities' performance indicators had annual targets and not quarterly targets as these are not easy to measure in terms of tracking performance on a quarterly basis.

9.2.4 CMS

- The Committee raised a concern around the resistance of medical aid schemes to be subjected to inspection by the CMS as a regulator.
- The CMS is facing human resource constraints whereby only seven staff members having to process over 5000 complaints.
- The Committee is concerned about the delay in appointing a Registrar.
- The Committee noted with concern that medical aid scheme members does not get full information from medical aid schemes on Prescribed Minimum Benefits (PMBs) and co-payments.
- The Committee noted that the CMS is currently leasing a building and is concerned that this is not a cheap option for the entity.

9.2.5 NHLS

- The Committee noted with concern that the NHLS does not have sufficient budget to scale-up services.
- A strong academic base is an asset for the NHLS, however, an on-going concern is that medical technologists pass rate remains low. The Committee questioned the measures the NHLS will put in place to address this issue.
- The Committee raised a concern regarding the implications of the NAPHISA Bill for the NHLS.

10. RECOMMENDATIONS

10.1 Department

- The Department should ensure that the APP reflects quarterly targets as opposed to annual targets to enable the Committee to perform effective oversight.
- The Department should furnish the Committee with a detailed plan on how it is going to improve provinces' audit outcomes over the medium-term.
- Department should engage the National Treasury regarding the reduction on most conditional grant allocations with an aim to conduct an assessment of the factors driving the non-performance of the grants allocated to provinces.
- The Department to utilize an effective model of attracting GPs.
- The Department needs to strengthen intergovernmental coordination.
- The Department together with provinces should look into the budget allocations to EMS.
- Continued research in TB is critical to facilitate vaccine development as TB is one of the leading cause of death.
- The department should report on the quality of food that is provided to school children through the school feeding schemes.
- The Department should accelerate the implementation of the new Nursing Curriculum.
- Ensure the expansion of mental health infrastructure to accommodate substance abuse cases as the country is seeing a rise in substance abuse.
- That the Department reports to the Committee on the extent of the implementation of norms and standards for Primary Health Care in ensuring that funding is sufficiently allocated.
- There is a need for the Department to work in conjunction with National Treasury in developing systems to support provinces to achieve improved financial audit outcomes.

10.2 CCOD

- The CCOD should stick to the Public Finance Management Act (PFMA) and ensure that submission on financial statements to the Auditor General is done.
- The CCOD should ensure that targets are quarterly to ensure assessment of performance on a quarterly basis.
- Given the seriousness of the challenges the entity is facing, the CCOD should report to the Committee on a quarterly basis until such time that the Committee is satisfied with its performance.
- The CCOD should develop and present to the Committee a plan of action for the tracing of ex-miners.
- The CCOD should enhance outreach activities through the One Stop Service Centres and the use of media platforms.
- The CCOD should enhance TB screening in mining areas.
- The CCOD should ensure that all controlled mines and works pay levies to the Compensation Fund.
- The CCOD should clear the backlog of claims and the compensation of claimants.
- The CCOD should provide a report to the Committee on the performance of the One Stop Service Centres.
- The CCOD should accelerate the establishment of the two One Stop Service Centres.
- The CCOD should ensure the filling of vacant posts to ensure improved efficiency and effectiveness of the entity.
- The CCOD should work on a clear referral system of occupational diseases cases diagnosed by GPs.
- The CCOD should fast track the realignment of the compensation legislation in order to address the challenges pertaining to the compensation system for occupational injuries and diseases.

10.3 SAMRC

- The SAMRC should conduct further research into the alarming prevalence of oesophageal cancer in the Eastern Cape.
- The SAMRC needs to conduct intense research on TB vaccine development.
- The SAMRC should prioritize research on substance abuse and mental health.
- The SAMRC should invest in funding research in previously disadvantaged institutions of higher learning.

10.4 OHSC

- The OHC should accelerate the process of appointing a CEO as well as the Ombud.
- Ensure that performance indicators have quarterly targets.

10.5 CMS

- The CMS should ensure increased staffing levels to improve the efficiency and effectiveness of the entity.
- The CMS should accelerate the appointment of the Registrar.
- The CMS should enhance education and awareness on the rights of medical aid scheme members and the process of lodging complaints. This will in turn reduce the number of complaints that the CMS has to deal with.

10.6 NHLS

- The NHLS must implement effective measures to enable improved medical technologists pass rates.

The Committee recommends that the House approves the 2016/17 APP and the budgets of the Department and its entities.

Unless otherwise indicated, the Department should respond to the recommendations in three months from the day the report is adopted by the House.

Report to be considered.