



Report of the Portfolio Committee on Health on the Annual Performance Plan of the Department of Health, its entities (2017/18 - 2019/2020) and Vote 16, dated 11 May 2017.

The Portfolio Committee on Health (the Committee), having considered Budget Vote 16: Health, together with the Annual Performance Plan (APP) of the Department of Health (the Department) and its five entities (South African Medical Research Council, National Health Laboratory Services, Office of Health Standards Compliance, Council for Medical Schemes and Compensation Commissioner for Occupational Diseases), 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 2017/18 Annual Performance Plan (APP) and 2019/20 Medium-Term Expenditure Framework (MTEF) allocations and an overview of the allocations per programme. The Committee also received presentations on revised strategic plans and APPs of entities including their respective budget needs and allocations. In addition, the Committee received presentations from the Auditor General South Africa (AGSA), Financial and Fiscal Commission (FFC) and Statistics South Africa (Stats SA) on their analysis of the strategic plan and APP of the Department. The report finally details the deliberations, findings and recommendations made by the Committee relating to Vote 16.

2. CONSIDERATION OF THE ANNUAL PERFORMANCE PLAN AND BUDGET ALLOCATIONS OF THE DEPARTMENT

On 4 May 2017, the Portfolio Committee engaged the Director General and relevant Executive Managers of the Department on the Annual Performance Plan and budget allocation of the Department for 2017/18.

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 2017/18 financial year from the State of the Nation Address (SONA), National Development Plan (NDP) Vision-2030, 2017 State of the Nation Address (SONA), the Medium-Term Strategic Framework (2014-2019), the Minister of Finance budget speech (2017) and the Department's planned policy initiatives and other relevant policies.

3.1. 2017/18 Planned Policy Initiative

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 has been implemented. During the MTEF commencing 2017/18 financial year, efforts will focus on establishing the NHI Fund which will entail the development of systems for effective functioning and administration. These include the development of provider payment system, health provider registration and health patient registration system as well as a fraud and risk mitigation system. The NHI Fund will initiate the process of accrediting Ideal Clinics, private PHC providers and public hospitals once certified by respective statutory bodies.

- **Establishment of the South African Health Products Regulatory Authority (SAHPRA).** SAHPRA will be established as a Section 3A Public Entity during the MTEF period. SAHPRA will be responsible for the regulation of medicines, medical devices and radiation control. The key focus areas of the authority over the medium term will be evaluating and registering pharmaceuticals and medical devices, managing and coordinating the registration process, ensuring access to safe medicines and enforcing regulatory compliance.
- **Amendment of the Traditional Health Practitioners Act.** 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 all the infrastructure, human resources and systems in place to be effective primary health care (PHC) facilities. An improved and effective PHC system is seen as key to improving the health outcomes of the country in the most cost-effective manner.

3.2. Annual Performance Plan Key Indicators

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

- The Department aims for an unqualified audit opinion with no significant matters of emphasis for 2017/18 and improvements in audits for at least five provincial departments.
- In order to improve access to chronic medication, a centralised chronic medicine dispensing and distribution (CCMDD) system has been established. The Department aims to have 1.5 million patients enrolled for receiving medicines through the CCMDD system.
- An Amendment Bill to the Traditional Health Practitioners Act will be drafted.
- In order to move from paper-based to electronic systems in the public health system, the web-based health Patient Registration System will be implemented at 2450 PHC facilities.
- The Department plans to finalise the new Maternal, Newborn, Child, Adolescent, Women's Health (MNCAWH) and Nutrition Strategy 2017/18 – 2021/22, for

approval by the National Health Committee (NHC), and distribute it to the provinces.

- Four new indicators are introduced to reduce the under-5 mortality rate. Amongst others, the Department aims to revise the Road to Health Booklet, as well as review the surveillance system for Polio, Measles and Neonatal Tetanus.
- An Adolescent and Youth Health Policy (AYHP) will be produced and guidelines issued in order to improve access to adolescent and youth health services.
- There are a number of new indicators aimed at strengthening patient retention in treatment and care of tuberculosis (TB). These include, amongst others, clinical audits of multi-drug resistant (MDR) TB treatment facilities, and tracking the implementation of the TB Quality Improvement Programme.
- The HIV Strategic Plan (HSP) will be finalised and presented to the Technical National Health Council (Tech NHC) for approval.
- National guidelines for District Health Management Structures will be drafted and submitted for input and approval from the Tech NHC.
- Two thousand PHC facility committees (500 per quarter) will be assessed to determine their functionality.
- The Department aims for 1 000 PHC facilities to qualify as Ideal Clinics. In addition, an Ideal District Hospital Framework will be drafted and presented to the Tech NHC.
- Three media campaigns to raise awareness on the risk factors that contribute to non-communicable diseases (NCDs) will be launched.
- Regulations relating to labelling and packaging of tobacco products and smoking indoor and outdoor public places will be developed.
- Six hundred and thirty thousand high risk individuals will be covered by the seasonal influenza vaccination.
- The National Human Resources for Health (HRH) Strategy will be reviewed in this financial year.
- A ministerial task team and the Expanded Academic Integration Programme will be established for students returning from Cuba for their final year of training in South Africa.

- A new indicator is that norms and standards for decentralised clinical training platforms will be drafted.
- Eight hospitals, and 42 clinics and community health centres (CHCs) will be constructed or revitalised.
- The Department aims to completely eliminate the backlog of blood alcohol tests in all four laboratories.
- Roadside testing to monitor driving under the influence will be implemented as per the memorandum of understanding (MOU) signed with the Department of Transport.
- In order to ensure equitable access to specialised health care by increasing the training platform for medical specialists, 17 tertiary hospitals will have approved National Tertiary Service Grant (NTSG) business plans and have approved service specifications.
- The Department aims to finalise and implement an MOU between itself and the South African Health Products Regulatory Authority (SAHPRA) regarding administrative support during the transition period.
- The Department aims to table the National Health Laboratory Service (NHLS) Amendment Bill and National Public Health Institutes of South Africa (NAPHISA) Bill in Parliament.

3.3. Annual Performance Plan 2017/18

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:

3.3.1. 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 (2017/18):

- The Department aims to have an unqualified audit opinion with no significant matters from the Auditor General in this financial year.
- The Department also plans to assist the five provincial health departments (Free State, Mpumalanga, Gauteng, North West and Northern Cape) to achieve unqualified audit opinions.
- The department will ensure efficient and responsive human resources services to the National Department of Health.
- The Department will ensure that self-assessment as per ISO 22300 is conducted and short term corrective action plan implemented.
- In the current financial year, the department will ensure that 56 communication interventions are implemented.
- The National Department of Health will reduce its vacancy rate to 10% in the current financial year.
- The Department will ensure that 100% of senior managers have entered into performance agreements with their supervisors.

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

The purpose of the National Health Insurance (NHI), Health Planning and Systems Enablement Programme is to improve access to quality health services through the development and implementation of policies to achieve universal health coverage, health financing reform, integrated health systems planning, monitoring and evaluation and research. Under Programme 2, the Department plans to achieve the following in the current financial year and over the medium-term:

- The final White Paper on NHI will be finalised and gazetted as a policy document.
- A draft NHI Bill will be gazetted for public comments.

- Funding modality for the budget allocation to the primary health care (PHC) facilities will be developed.
- A national stock management surveillance centre to improve medicine availability will be established.
- Two Provincial Medicine Procurement Units (PMPU) will be established in Mpumalanga and Northern Cape.
- 1, 500,000 patients will be enrolled for receiving medicines through CCMDD system.
- A surveillance system for monitoring antimicrobial resistance will be developed.
- An Amendment Bill of the Traditional Health Practitioners (THP) Act will be drafted in the current financial year.
- Discussion paper on revenue retention models will be presented at the Health sector's 10x10 with Treasury.
- An Integrated system architecture for a National Integrated Patient Based Information System will be developed in the current financial year.
- Two thousand four hundred and fifty PHC facilities will be implementing the web based health patient registration system in 2017/18.
- The South Africa Demographic and Health Survey (SADHS) key indicator report will be published.
- NHI phase 1 evaluation will be conducted.
- Three international treaties and conventions will be implemented.
- Three multilateral frameworks and strategies will be implemented.
- Six strategic bilateral frameworks and projects will be implemented.
- The Single Exit Price Adjustments will be gazetted and published.
- Four quarterly performance reports of all contracted pharmaceutical suppliers will be produced.
- Nine Provincial APPs will be reviewed and aligned to the National Health System Priorities.
- Nine Provincial Health Departments will be trained on Patient Experience of care (PEC) guidelines.
- Nine Provincial Health Departments will be trained on guideline to manage complaints, compliments and suggestions.

- Nine Provincial Health Departments will be trained on Guideline to manage patient safety incidents.

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

The purpose of HIV/AIDS, TB and Maternal and Child Health programme is to develop and monitor implementation of national policies, guidelines, norms and standards, and targets for the national responses needed to decrease the burden of disease associated with burden of HIV and TB epidemics; to minimise maternal and child mortality and morbidity; and to optimise good health for children, adolescents and women; and monitor and evaluate the outcomes and impact of these. Targets under Programme 3 for the current financial year (2017/18) are as follows:

- The Department aims to reduce maternal and neonatal morbidity and mortality. Four national quarterly reports will be produced with recommendations.
- Remedial plans will be developed and monitored of all districts that have Mother to Child Transmission rates of more than 1.5%.
- Guidelines for the Cervical Cancer policy will be produced and nine provincial Departments of Health will be supported to develop implementation plans.
- Guidelines for breast cancer policy will be produced and nine provincial departments of health supported to develop implementation plans.
- In reducing under-5 mortality rate, the Department in the current financial year will produce four national quarterly dashboard reports with recommendations.
- Situational analysis will be conducted on the implementation of the current surveillance system in the nine Provinces and Provincial reports will be produced. Revised surveillance system will be drafted and presented to Tech NHC for approval.

- Guidelines for Adolescent and youth Health Policy (AYHP) will be produced in nine Provincial Departments of Health supported to develop implementation plans.
- The Department will implement a combination of prevention and treatment interventions to reduce the burden of HIV, STI and TB infections.
- Three quarterly HIV and AIDS conditional grant reports will be produced and annual HIV Conditional grant report for 2016/17 financial year will also be produced.
- HIV strategic plan outlining key actions and strategies for public health system will be developed and presented to Tech NHC for approval.
- The Department will strengthen patient retention in treatment and care for TB.
- Eighteen MDR-TB treatment initiation facilities will be audited to ensure compliance to clinical guidelines.
- Four National Quarterly monitoring dashboard reports for monitoring implementation of TB programmes will be produced with recommendations.
- Twenty-four facilities will be reviewed during the provincial supervisory and support visits to track implementation of the TB Quality Improvement Programme.

3.3.4. 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 2017/18 financial year are to:

- Improve district governance and strengthen management and leadership of the district health system.
- National Guidelines for District Health Management Structures will be approved.
- Two thousand PHC facility Committees will be assessed to determine their functionality.

- Access to community based PHC services will be improved.
- One thousand primary health care facilities in the 52 districts qualify as Ideal Clinics.
- Accessibility of Primary Health Services to people with physical disabilities will be improved.
- Ideal District Hospital Framework will be drafted and presented to NDHSC.
- Twenty municipalities are randomly selected and audited against environmental health norms and standards.
- Fifty public health facilities will be assessed for adherence to Health Care Risk Waste (HCRW) Norms and Standards.
- National Guidelines for District Health Management Structures will be approved.
- Two thousand PHC Facility Committees will be assessed to determine their functionality.
- Three media campaigns creating awareness of risk factors that contribute to NCDs will be conducted.
- Three Government Departments (Education, Social Development and Health) in nine provinces will be oriented on the National guide for healthy meal provision in the workplace.
- Consultations on the Draft Tobacco Product Bill led by Cabinet supported and comments incorporated.
- In the current financial year, random samples from each of the 13 regulated food categories will be tested, reported on and corrective action taken.
- The Framework for National Health Commission will be presented to Cabinet for approval.
- Ten districts with mental health teams will be established.
- A survey will be conducted to determine the number of districts with an inter-disciplinary rehabilitation team.
- Malaria will be eliminated so that there is zero local cases of malaria in South Africa by 2020.
- In 2017/18 nine provincial outbreak response teams will be trained on infectious disease surveillance and response.

- The Department will publish regulations for organ transplantation for public comment in the current financial year.
- Regulations for dialysis will be published in the current financial year.
- National Policy Framework and Strategy on Eye Health will be developed and presented to NHC.
- Oral health policy and strategy will be drafted.

3.3.5. 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. It is also to ensure alignment of academic medical centres with health workforce programmes, training of health professionals and to ensure the planning of health infrastructure meet the health needs of the country. This programme will also assist the government to achieve the population health goals of the country through nursing and midwifery, by the provision of expert policy and technical advice and recommendations on the role of nurses in attainment of desired health outputs. Below are targets under Programme 5 for the current financial year (2017/18):

- The department will ensure the quality health care by improving compliance with National Core Standards at all central, tertiary, regional and specialised hospitals.
- The department will increase the capacity of central hospitals to strengthen local decision making and accountability to facilitate semi-autonomy of ten central hospitals.
- In the current financial year, the department will develop and implement workforce staffing norms and standards.
- The department will review and revise the current Human Resources for Health (HRH) strategy. The strategy will be tabled at Tech NHC.
- The Ministerial Task Team will be established in the current financial year and expanded academic integration programme finalised for their final year training in South Africa.

- New basic nursing qualification programmes will be finalised and eight colleges will have customised draft curricula in the current financial year.
- Norms and standards for decentralised clinical training platform will be drafted and consulted.
- In the current financial year, the department will repair, refurbish and maintain 197 facilities in the NHI districts.
- The department will repair, refurbish and maintain 321 facilities outside the NHI pilot districts.
- In the current financial year, the department will construct or revitalise 42 clinics and community health centres.
- The department will construct or revitalise eight hospitals.
- Compliance checklist will be finalised and presented to Tech NHC for approval in the current financial year.
- Nine provincial department of health baseline assessments will be conducted and reports produce to determine compliance levels.
- The department will eliminate the backlog of blood alcohol test in all four laboratories.
- The department will eliminate 40% backlog for toxicology tests.
- In the current financial year, a memorandum of understanding will be signed between the National Department of Health and the Department of Transport to implement the roadside testing programme.
- In the current financial year, 100% food tests will be completed within normative turnaround time.
- Fourth quarterly monitoring reports will be produced to determine compliance with policy on education and training.
- Regulations for Emergency Care Centres will be published for public comment in the current financial year.
- A monitoring system will be developed and consulted with Tech NHC to measure compliance with regulations for EMS in mass gatherings.
- In the current financial year, a monitoring system will be developed to measure compliance with regulations for the rendering of forensic pathology services.
- The department will develop a monitoring system and implement to measure compliance with forensic pathology services scope of practice.

- Biannual monitoring reports will be produced at facilities which render services for the management of sexual and related offences.

3.3.6. Programme 6: Health Regulation and Compliance Management

The purpose of this programme is to regulate the scale of food and to ensure accountability and compliance by public entities and statutory health professional councils in accordance with applicable legislative prescripts. Targets under Programme 6 for the current financial year (2017/18):

- The department will finalise and implement a signed memorandum of understanding with the South African Health Product Regulatory Authority and the CEO, Executive Management and Committees will be appointed.
- The department will table for consideration the National Health Laboratory Services Amendment Bill and NAPHISA Bill to Parliament.
- Governance reports of four health entities and six statutory health professional councils will be produced.
- Two boards will be appointed for the South African Health Product Regulatory Authority and the Council for Medical Schemes.

4. BUDGET ANALYSIS

The Department receives R42.6 billion for 2017/18, up from R38.6 billion in 2016/17. This represents an increase of 10.4 per cent in nominal terms and 3.9 per cent in real terms.

Table 1: Summary per Programme

Programme	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	2016/17	2017/18				
	R million					
Programme 1: Administration	462,0	512,8	50,8	20,4	11,00 per cent	4,42 per cent
Programme 2: NHI, Health Planning and Systems Enablement	588,6	735,1	146,5	102,9	24,89 per cent	17,49 per cent
Programme 3: HIV and AIDS, TB, and Maternal and Child Health	16 009,6	18 278,3	2 268,7	1 185,4	14,17 per cent	7,40 per cent
Programme 4: Primary Health Care Services	256,5	264,3	7,8	- 7,9	3,04 per cent	-3,07 per cent
Programme 5: Hospitals, Tertiary Health Services and HR Development	19 574,0	21 108,2	1 534,2	283,2	7,84 per cent	1,45 per cent
Programme 6: Health Regulation and Compliance Management	1 706,7	1 727,0	20,3	- 82,1	1,19 per cent	-4,81 per cent
TOTAL	38 597,4	42 625,7	4 028,3	1 502,0	10,4 per cent	3,89 per cent

The two largest programmes, namely Programme 3: HIV and AIDS, TB, Maternal and Child Health (R18.3 billion) and Programme 5: Hospitals, Tertiary Services and Human Resource Development (R21.1 billion), jointly constitute 92.4 per cent of the total budget allocation to the Department. Programme 4: Primary Health Care Services, receives the smallest allocation (R264.3 million), which is less than one per cent (0.62 per cent) of the Department's budget.

In terms of economic classification, the bulk of the Health Budget (R39.4 billion or 92.3 per cent) consists of transfers and subsidies to provinces and municipalities, and departmental agencies and accounts. This figure includes R185.2 million to non-profit institutions and R1.6 billion to departmental agencies and accounts.

Current payments constitute a total value of R2.4 billion, which represents 5.6 per cent of the total budget allocation. R760 million (31.6 per cent) is allocated to Compensation of Employees. However, most of the current budget is allocated to Goods and Services, constituting 68.4 per cent of the total current payments. Budget items that receive the largest share are: Contractors largest share of the goods and services budget are: Contractors at R353.8 million; Agency and support/outsourced services at R175 million; Consultants: Business and advisory services at R207 million; Medical Supplies at R122.8 million; and Medicine at R176.9 million. Operating leases are at R155.7 million.

A significant increase in payments for capital assets is budgeted for (68.2 per cent), from R591 million in 2016/17 to R865.6 million in 2017/18. Buildings and other fixed structures increase by 66 per cent from R471.9 million to R714.6 million.

Over the medium term, the Department's focus will remain on the expansion of the HIV and AIDS, and TB treatment and prevention programmes, revitalising public health facilities, and providing specialised tertiary health services. A significant amount (R119.2 billion, 85.4 per cent) of the Department's budget over the medium term expenditure framework period, will be spent on these activities. The Department's Compensation of Employees budget has been reduced by R9.7 million in 2017/18, R10.7 million in 2018/19 and R11.3 million in 2019/20, due to the Cabinet approved budget reductions to lower the national aggregate expenditure.

- The HIV and AIDS, TB and Maternal and Child Health programme will increase spending from R16 billion in 2016/17 to R22.9 billion in 2019/20 at an annual rate of 12.8 per cent over the MTEF.
- The Department has adopted the UN's 90-90-90 targets on HIV and AIDS. This means that the Department aims to ensure that by 2020, 90 per cent of all people living with HIV will know their status; 90 per cent of all people diagnosed with HIV will receive sustained antiretroviral therapy (ART) and 90 per cent of all people receiving ART will be virally suppressed. The Department has also implemented the universal test-and-treat policy, which means that treatment will be provided to all HIV positive people, regardless of CD4 count.
- Cabinet-approved reductions of R363.6 million over the medium term, in the health facility revitalisation direct grant (provincial) which totals R17.8 billion over the MTEF. The health facility revitalisation component of the NHI indirect grant is allocated R3 billion over the MTEF. An amount of R20.8 billion will be spent on health infrastructure over the MTEF period.
- A total of R5.2 billion is allocated to the NHI over the medium term. Of this amount, R1 billion is allocated for the contracting of health professionals and the expansion of the central chronic medicines distribution and dispensing model, which is targeting 1.5 million chronic patients.
- An amount of R132.8 million is allocated to the NHI indirect grant over the MTEF for the rollout of the Ideal Clinic programme. A new component was added to the NHI indirect grant for an integrated patient based information system, and an electronic stock management system, which will include an early warning system for stock-outs in PHC facilities. An amount of R166 million, R390 million and R412 million has been allocated over the MTEF period.
- The goods and services budget has been reduced with R60.5 million over the MTEF period.
- R600 million has been reprioritised for the operationalisation of the Nelson Mandela Children's Hospital over the MTEF.

4.1. Programme Analysis

4.1.1. Programme 1: Administration

Table 2: Programme 1: Administration

Programme R thousand	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	2016/17	2017/18				
Sub-prog. 1: Ministry	31 534,0	31 840,0	306,0	- 1 581,0	0,97 per cent	-5,01 per cent
Sub-prog. 2: Management	20 069,0	19 646,0	- 423,0	- 1 587,3	-2,11 per cent	-7,91 per cent
Sub-prog. 3: Corporate Services	205 733,0	232 421,0	26 688,0	12 913,3	12,97 per cent	6,28 per cent
Sub-prog. 4: Office Accommodation	143 695,0	165 179,0	21 484,0	11 694,5	14,95 per cent	8,14 per cent
Sub-prog. 5: Financial Management	60 933,0	63 752,0	2 819,0	- 959,3	4,63 per cent	-1,57 per cent
TOTAL	461 964,0	512 838,0	50 874,0	20 480,0	11,0 per cent	4,43 per cent

Programme 1's allocation increases by 11.0 per cent in nominal terms (increasing in real terms by 4.4 per cent) from R462 million in 2016/17 to R512.8 million in 2017/18. The largest sub-programme is Corporate Services, of which the allocation increases by 13 per cent in nominal terms and by 6.3 per cent in real terms. Office Accommodation receives 32.2 per cent of the programme budget and increases from R143.7 million in 2016/17 to R165.2 million (up nominally by 15 per cent or 8.1 per cent in real terms) in 2017/18. The only sub-programme that experiences a nominal decrease is Management. Whilst all the other sub-programmes experience nominal increases, only two of these, i.e. Corporate Services and Office Accommodation (which also appear to be the priority sub-programmes in terms of budget allocation) experience real increases.

In terms of economic classification, 98.7 per cent of the budget is allocated to current payments. Compensation of employees amounts to R197.2 million, while R308.8 million is allocated to goods and services. This includes R147.6 million for operating leases

4.1.2. 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 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	R thousand					
	2016/17	2017/18				
Sub-prog. 1: Programme Management	3 184,0	3 752,0	568,0	345,6	17,84 per cent	10,86 per cent
Sub-prog. 2: Technical Policy and Planning	22 011,0	97 961,0	75 950,0	70 144,2	345,05 per cent	318,68 per cent
Sub-prog. 3: Health Information Management, Monitoring and Evaluation	74 349,0	67 533,0	- 6 816,0	- 10 818,4	-9,17 per cent	-14,55 per cent
Sub-prog. 4: Sector-Wide Procurement	39 550,0	139 445,0	99 895,0	91 630,6	252,58 per cent	231,68 per cent
Sub-prog. 5: Health Financing and NHI	383 528,0	346 709,0	- 36 819,0	- 57 367,1	-9,60 per cent	-14,96 per cent
Sub-prog. 6: International Health and Development	65 998,0	79 687,0	13 689,0	8 966,3	20,74 per cent	13,59 per cent
TOTAL	588 620,0	735 087,0	146 467,0	102 901,2	24,9 per cent	17,48 per cent

This Programme budget increases by 24.9 per cent in nominal terms (17.5 per cent in real terms) from the 2016/17 financial year, due largely to increased funding for the Technical Policy and Planning sub-programme (345 per cent nominal increase) and Sector-wide Procurement sub-programmes (252.6 per cent nominal increase).

There are decreases in the Health Information Management, Monitoring and Evaluation sub-programme, as well as the Health Financing and NHI sub-programme. The Health Information Management sub-programme decreases by R6.8 million (9.2 per cent in nominal terms). The Health Financing and NHI sub-programme decreases by R36.8 million (9.6 per cent nominally and 15 per cent in real terms).

4.1.3. Programme 3: HIV and AIDS, TB, Maternal and Child Health

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

Programme	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	R thousand					
	2016/17	2017/18				
Sub-prog. 1: Programme Management	4 763,0	6 458,0	1 695,0	1 312,3	35,59 per cent	27,55 per cent
Sub-prog. 2: HIV and AIDS	15 745 915,0	18 004 547,0	2 258 632,0	1 191 570,4	14,34 per cent	7,57 per cent
Sub-prog. 3: Tuberculosis	27 370,0	26 498,0	- 872,0	- 2 442,4	-3,19 per cent	-8,92 per cent
Sub-prog. 4: Women's Maternal and Reproductive Health	18 924,0	18 390,0	- 534,0	- 1 623,9	-2,82 per cent	-8,58 per cent
Sub-prog. 5: Child, Youth and School Health	212 664,0	222 451,0	9 787,0	- 3 396,8	4,60 per cent	-1,60 per cent
TOTAL	16 009 636,0	18 278 344,0	2 268 708,0	1 185 419,5	14,2 per cent	7,40 per cent

The bulk of this programme's budget, i.e. 98.5 per cent, is allocated to the HIV and AIDS sub-programme, amounting to R18 billion in 2017/18. This represents a nominal increase of 14.3 per cent or 7.6 per cent in real terms compared to the 2016/17 allocation. The remaining four sub-programmes combined receive less than 1.5 per cent of the programme's budget. Moreover, two of these four sub-programmes, i.e. TB and Women's Maternal and Reproductive Health, experience nominal and real decreases in their budget allocations. This

is despite the fact that women’s health, children’s health and TB form part of the stated priorities of the Department as they relate to the burden of disease in the country.

The 2017/18 funding for the TB sub-programme declined by 3.2 per cent in nominal terms and 8.9 per cent in real terms. This despite the stated priority of tackling TB, especially given the high co-morbidity rate with HIV and AIDS.

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 1 (i.e. 0.1) per cent of the programme budget. Budget declines in nominal terms by 2.8 per cent, and by 8.6 per cent in real terms from the previous year.

The Child, Youth and School Health sub-programme increases with 4.6 per cent in nominal terms (declining by 1.6 per cent in real terms). A significant portion of the allocated budget funds the roll-out of the Human Papilloma Virus (HPV) Vaccine. This sub-programme develops and monitors policies and guidelines, and sets norms and standards for child health. Each province also has a unit which is responsible for facilitating implementation at provincial level. The cluster focuses on, amongst other things: reducing under 5 years of age mortality, increasing the number of children with HIV on treatment, strengthening youth health services, including ensuring that health services are youth friendly, and strengthening school health services.

4.1.4. Programme 4: Primary Health Care Services

Table 5: Primary Health Care Services

Programme	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	R thousand	2016/17				
Sub-prog. 1: Programme Management	2 994,0	3 136,0	142,0	- 43,9	4,74 per cent	-1,46 per cent
Sub-prog. 2: District Health Services	26 047,0	46 266,0	20 219,0	17 477,0	77,63 per cent	67,10 per cent
Sub-prog. 3: Communicable Diseases	21 561,0	21 923,0	362,0	- 937,3	1,68 per cent	-4,35 per cent
Sub-prog. 4: Non-Communicable Diseases	21 598,0	22 491,0	893,0	- 440,0	4,13 per cent	-2,04 per cent
Sub-prog. 5: Health Promotion and Nutrition	22 723,0	26 456,0	3 733,0	2 165,1	16,43 per cent	9,53 per cent
Sub-prog. 6: Environmental and Port Health Services	161 616,0	144 027,0	- 17 589,0	- 26 124,9	-10,88 per cent	-16,16 per cent
TOTAL	256 539,0	264 299,0	7 760,0	- 7 904,0	3,0 per cent	-3,08 per cent

This Programme's budget increases by 3 per cent in nominal terms in 2017/18 (3.1 per cent decline in real terms).

The District Health Services sub-programme increases by 77.6 per cent nominally (67.1 per cent in real terms) from R26 million 2016/17 to R46.3 million 2017/18. It is also one of only two sub-programmes that experience real increases, the other being Health Promotion and Nutrition (which increases by 16.4 per cent in nominal terms from R22.7 million in 2016/17 to R26.5 million in 2017/18).

The allocation for Environmental and Port Health Services decreases by 10.9 per cent in nominal terms (or 16.2 per cent in real terms) from R161.1 million to R144 million. The budget allocation for Communicable Diseases increases by 1.7 per cent in nominal terms (and declines by 4.4 per cent in real terms) from R21.6 million to R21.9 million.

The Non-Communicable Diseases sub-programme allocation increases from R21.6 million in 2016/17 to R22.5 million in 2017/18. This sub-programme, amongst others, assists provinces in implementing and monitoring chronic diseases, disability, elderly people, oral health, mental health and substance abuse.

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

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

Programme	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	R thousand	2016/17				
Sub-prog. 1: Programme Management	3 713,0	3 692,0	- 21,0	- 239,8	-0,57 per cent	-6,46 per cent
Sub-prog. 2: Health Facilities Infrastructure Management	6 078 821,0	6 623 670,0	544 849,0	152 289,1	8,96 per cent	2,51 per cent
Sub-prog. 3: Tertiary Health Care Planning and Policy	10 851 438,0	11 680 763,0	829 325,0	137 050,2	7,64 per cent	1,26 per cent
Sub-prog. 4: Hospital Management	5 659,0	5 155,0	- 504,0	- 809,5	-8,91 per cent	-14,30 per cent
Sub-prog. 5: Human Resources for Health	2 500 069,0	2 653 788,0	153 719,0	- 3 561,0	6,15 per cent	-0,14 per cent
Sub-prog. 6: Nursing Services	6 627,0	6 562,0	- 65,0	- 453,9	-0,98 per cent	-6,85 per cent
Sub-prog. 7: Forensic Chemistry Laboratories	120 533,0	127 405,0	6 872,0	- 678,8	5,70 per cent	-0,56 per cent
Sub-prog. 8: Violence, Trauma and EMS	7 138,0	7 149,0	11,0	- 412,7	0,15 per cent	-5,78 per cent
TOTAL	19 573 998,0	21 108 184,0	1 534 186,0	283 183,6	7,8 per cent	1,45 per cent

Total allocation for Programme 5 grows from R19.57 billion in the 2016/17 financial year to R21.11 billion in 2017/18. The budget for this programme increases by 7.8 per cent in nominal terms, and 1.5 per cent in real terms.

The Tertiary Health Care Planning and Policy sub-programme increases from R10.85 billion to R11.68 billion (7.6 per cent in nominal terms and 1.26 per cent in real terms). The 2017/18 allocation for Health Facilities Infrastructure Management increases by 9 per cent in nominal terms, 2.5 per cent in real terms.

The Forensic Chemistry Laboratories sub-programme allocation increases by 5.7 per cent in nominal terms (declining by 0.6 per cent in real terms) from R120.5 million in 2016/17 to R127.4 million in 2017/18.

The Nursing Services sub-programme allocation decreases by 1 per cent in nominal terms from R6.63 million in 2016/17 to R6.56 million in 2017/18 (declines by 6.9 per cent in real terms).

4.1.6. Programme 6: Health Regulation and Compliance Management

Table 7: Health Regulation and Compliance Management

Programme	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	R thousand	2016/17				
Sub-prog. 1: Programme Management	4 062,0	4 532,0	470,0	201,4	11,57 per cent	4,96 per cent
Sub-prog. 2: Food Control	9 972,0	11 728,0	1 756,0	1 060,9	17,61 per cent	10,64 per cent
Sub-prog. 3: Radiation Control and Health Technology	156 072,0	18 956,0	- 137 116,0	- 138 239,5	-87,85 per cent	-88,57 per cent
Sub-prog. 4: Public Entities Management	1 474 937,0	1 630 082,0	155 145,0	58 536,2	10,52 per cent	3,97 per cent
Sub-prog. 5: Compensation Commissioner for Occupational Diseases and Occupational Health	61 643,0	61 673,0	30,0	- 3 625,1	0,05 per cent	-5,88 per cent
TOTAL	1 706 686,0	1 726 971,0	20 285,0	- 82 066,1	1,2 per cent	-4,81 per cent

Programme 6 grows from R1.71 billion in the 2016/17 financial year to R1.73 billion in 2017/18. The budget increases by R20 million (1.2 per cent in nominal terms, but declines by 4.8 per cent in real terms).

Allocation under Programme 6 is dominated by the Public Entities Management sub-programme, which receives 94.4 per cent of the programme budget, amounting to R1.63

billion. This constitutes a 10.5 per cent nominal and 4 per cent real increase when compared to the previous year's allocation. About 94.4 per cent of this sub-programme consist of transfers to entities and statutory councils falling within the mandate of health legislation.

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

5.1. SOUTH AFRICAN MEDICAL RESEARCH COUNCIL (SAMRC)

The South African Medical Research Council (SAMRC) is founded on the promulgation of the South African Medical Research Council Act, No. 58 of 1991. The SAMRC's annual performance plan (APP) is premised on the country's health needs, the Sustainable Development Goals (SDGs) and the National Development Plan 2030 (NDP). Furthermore, the performance targets are aligned to the performance targets of the National Department of Health (NDoH). It acknowledges the current health-related challenges such as the quadruple burden of disease, mainly advanced Human immunodeficiency virus (HIV), tuberculosis (TB), Maternal and Child Mortality, Non-communicable Diseases (NCDs), Violence and Injuries and others

The SAMRC's main objective is to "promote the improvement of the health and quality of life of all who live in South Africa". In this, it conducts and funds the research for drug or vaccine discovery, affordable diagnostics and devices that improve the wellbeing of South Africans.

5.1.1. Revisions to legislative and other mandates

During the 2017/18 financial year, the SAMRC considers no significant changes to the South African Medical Research Council's legislative and other mandates, however, proposed amendments which will be furnished to the NDoH for consideration and processing.

5.1.2. New SAMRC Collaborations

The SAMRC is strengthening its research footprints through collaborations with institutions of similar objectives from various countries such as the Swedish Research Council for Health, Working Life and Welfare (FORTE). This collaboration started as a result of bilateral cooperation between South Africa and Sweden. In pursuit of full implementation of 17 collaborative projects focusing on challenges of healthcare such as inequalities in health and

health systems policies, the SAMRC is contributing over R20 million. There are three categories of project funding under the SAMRC and Swedish initiative, namely: category 1 and 2 grants for three-year joint projects, and category 3 grants, which comprises of a mobility grant during the first year to establish new collaborative partnerships followed by a 2-year project grant thereafter but depending on competitive process.

5.1.3. Organisational Functioning

It is envisaged that the SAMRC will undertake several new initiatives during the 2017/18 period as described hereunder:

- The prioritisation and focus of the intramural research will create a new ethos of high quality science and health impact;
- Strategic oversight of the SAMRC research by the Scientific Advisory Committee;
- Improved funding of intramural units;
- Investigating paediatric and adolescent mental health;
- Revitalised SAMRC's funding model - continue development of a responsive model to strengthen health research at Historically Disadvantaged Institutions (HDIs) and increase the level of SAMRC funding to Previously Disadvantaged Individuals (PDIs) and Historically Disadvantaged Institutions (HDIs);
- Sign a MoU with Forte (Swedish Council for Health, Working Life and Welfare) and joint fund collaborative projects in Sweden and South Africa focussing on inequalities in health, health systems and health system policies;
- Establish an Intramural Research Fund focussing on emerging and previously disadvantaged individuals; and
- Sign MOU with Chinese Academy of Medical Sciences (CAMS) to promote collaboration in cancer research between scientists from both countries with an emphasis on oesophageal cancer.

5.1.4. Strategic Objectives

The research agenda and action plans for SAMRC are informed by its strategic objectives. As a result, the implementation of the research agenda is realised through the relevant research projects conducted by both intra-and extra-mural research units, centres and offices comprising of funding of self-initiated projects and request for applications (RFAs) including capacity development initiatives. In ensuring the realisation of its objective, the SAMRC

works with strategic health partners consisting of the NDoH, the Department of Science and Technology (DST), Medical Schools, Universities, Science Councils, Research Institutes and international collaborators. The table below captures the performance indicators, which demonstrate the means to achieve the strategic objectives:

Table 8: SAMRC Annual Targets

SG	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	2017/2018 TARGETS
1	To ensure good governance, effective administration and compliance with government regulations	1.1 Compliance with legislative prescripts, reflected in the final audit report relating to the processes and systems of the SAMRC	Clean audit
	To promote the organisation's administrative efficiency to maximise the funds available for research	1.2 Percentage (%) of the 2017/18 SAMRC total budget spent on salaries and operations of all corporate administrative functions	20%
2	To produce and disseminate new scientific findings and knowledge on health	2.1 Number of published journal articles, book chapters and books by SAMRC researchers within intramural, extramural research units and collaborating centres at the SAMRC (Malaria, TB, HIV and Cancer), Self-Initiated Research, SHIP and Flagship projects	700
		2.2 Number of Journal articles published by SAMRC grant-holders with acknowledgement of SAMRC support during the reporting period	185
	To promote scientific excellence and the reputation of South African health research	2.3 Number of published indexed impact factor Journal articles with a SAMRC affiliated author	17
	To provide leadership in the generation new knowledge in health	2.4 Number of journal articles where the first and/or last author is affiliated to the SAMRC during the reporting period	230
	To facilitate the translation of SAMRC research findings into health policies and practices	2.5 Number of policies and guidelines that reference SAMRC research	6

	To provide funding for the conduct of health research	2.6 Number of research grants (new and renewals) awarded by the SAMRC (new/referrals)	168
3	To provide funding for health research innovation and technology development	3.1 Number of Innovation and technology projects funded by the SAMRC to develop new diagnostics, devices, vaccines and therapeutics	40
		3.2 Number of new diagnostics, devices, vaccines and therapeutics progressed to the next stage of development during the reporting period	2
4	To enhance the long-term sustainability of health research in South Africa by providing funding for the next generation of health researchers	4.1. Number (new and renewals) of SAMRC bursaries, scholarships and fellowships funded for postgraduate study at masters doctoral and postdoctoral levels	98
		4.2 Number of new masters and doctoral students graduated during the reporting period	55

5.1.5. SAMRC Budget for 2017/18

The SAMRC's comprehensive budget is composed of two components namely the annual baseline grants and donor funding. In 2017/18, the SAMRC's annual baseline budget will decrease by 5.2% due to the cut of R50 million in the Economic Competitiveness Support Package (ECSP) and further decrease in 2018/19 by 4.8 per cent amounting to R100 million. The ECSP funding component is used to fund Flagship projects at an annual cost of R74 million and leverage funding agreements with likeminded research institutions in the United States (US) and the United Kingdom (UK). The leverage funding agreements have different life terms ranging from 2 to 3 years with some having probabilities for extension. The focus of the leverage agreements is on various key health challenges facing South Africa and developing regions such as; maternal and child health, non-communicable diseases; and TB Implementation.

Table 9: Budget overview across programmes

Programme	Budget				Nominal Rand change	Real Rand change	Nominal % change	Real % change
	2016/17	2017/18	2018/19	2019/20				
R million					2016/17-2017/18		2016/17-2017/18	
ADMINISTRATION	182 450	199 232	214 799	228 466	16 782	4 974	9,20%	2,20%

CORE RESEARCH	603 212	603 247	559 907	534 311	35.0	- 35 717	0,01%	-
INNOVATION & TECHNOLOGY	199 598	190 992	168 230	215 254	- 8 606	- 19 925	-4,31%	-
CAPACITY DEVELOPMENT	50 484,0	58 153	58 807	55 160	7 669	4 223	15,19%	8
TOTAL	1,035,744	1,051,624	1,001,743	1,033 191	15 880	- 46 445	1,53%	- 4

In respect to Table 9, the total budget allocation for SAMRC in 2016/17 was R1.036 billion, in 2017/18, the budget allocation has been marginally increased to R1.051 billion. The difference from the 2016/17 and 2017/18 allocation is R15.8 million. In 2017/18, the Core Research programme will suffer a real decrease of a negative R35.7 million, which translates into a real percentage decrease of a negative 5.92 per cent.

Furthermore, Programme 3, Innovation and Technology will receive a nominal decrease of negative R8.6 million. The same programme will also encounter a real decrease of negative R19.9 million which will have a considerable impact on the probability for SAMRC to execute its plans on innovation and technology.

5.2. NATIONAL HEALTH LABORATORY SERVICES (NHLS)

The National Health Laboratory Service (NHLS) is a national public entity formed according to the National Health Laboratory Service Act 37 of 2000 to specifically provide quality, affordable and sustainable health laboratory and related public health services. It is a Schedule 3A public entity-state governed by a Board and a Chief Executive Officer and managed amongst other according to the Public Finance Management Act No. 1 of 1999. It is the largest provider of diagnostic pathology services countrywide through its 268 laboratories, which service more than 80 per cent of the South African population.

5.2.1. Legislative impact on NHLS

During the 2017/18 financial year, the NHLS envisages that the establishment of the National Public Health Institutes of South Africa (NAPHISA) will pose a considerable impact on its operations and budget allocation. To this end, the NHLS purports that the NAPHISA legislation will result in some important divisions being moved from the NHLS such as:

- Communicable Diseases;
- Non-Communicable Diseases;

- Cancer Surveillance;
- Injury and Violence Prevention; and
- Occupational Health.

5.2.2. Annual Performance Plan 2017/18

The NHLS reports on five programmes as follows:

Programme 1: 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:

- Improve the liquidity position.
- Obtain an unqualified audit opinion of the AG.
- Build a robust and agile IT infrastructure and innovative digital solutions to facilitate and enable state of the art laboratory services by 2020.
- Ensure adequate and skilled human resources and improved pass rates for Medical technologists and technicians.

Programme 2: 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:

- Uphold communicable disease surveillance level at 90%.
- 100% of outbreaks responded to within 24 hours after notification.
- 100% of SANAS accredited NICD laboratories.
- Ensure that five field epidemiologists qualified.

Programme 3: 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. Indicators include, amongst others:

- Conduct 85% of all occupational and environmental health laboratory tests within specified turnaround times.
- (25) Number of occupational, environmental health and safety assessment.
- Improve occupational health services within NHLS by auditing 99% of targeted laboratories.
- (25) Number of articles published in peer reviewed journals.

Programme 4: 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. Some indicators are:

- Achieve 83% in compliance achieved by laboratories during annual quality compliance audits.
- Increase the pool of available pathology health professionals (10- Registrars and 25% Medical Scientist registrations rate)
- Increase research output that translate into diagnostic practice.
- Targeting 455 peer-reviewed articles published in peer reviewed journals.

Programme 5: 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:

- Ensure 70% accessibility of pathology service to district hospitals.
- Ensure that all PHC facilities are provided with daily NHLS specimen collection services.
- Increase number of HIV viral load testing sites to 13 by 2018 (new indicator).
- Nine indicators are related to improving the Total Turnaround Time for tests performed.
- Five indicators relates to improving the number of SANAS accredited laboratories in the NHLS.

5.2.3. NHLS Budget for 2017/18

The NHLS' comprehensive budget is composed of two components namely the annual government allocation and income from providing laboratory tests to patients predominantly from public hospitals.

Table 10: Statement of financial performance

	2016/17	2017/18
	R'000	R'000
Revenue	6 599 056	7 142 527
Government Allocation/transfer	711 871	746 464
Total Revenue	7 310 927	7 888 991
Expenses		
Compensation of employees	(3 064 721)	(3 454 939)
Materials	(2 220 744)	(2 425 052)
Goods and services	(1 525 621)	(1 602 062)
Depreciation	(130 303)	(134 417)
Total expenses	6 941 389	7 616 470
Surplus/(Deficit)	369 538	272 521

In reference to Table 10, the NHLS foresees a decrease in surplus from R369 million in 2016/17 to R272 million in 2017/18 due to various factors such as bad debtors and increases exchange rate. The burden is also effected by the cost of employees which rises by 12.7 percent from the previous financial year from R3.0 billion to slightly R3.4 billion. Another cost factor is on Goods and services which, rises by 8 percent annually from R3.7 billion in 2016/17 to slightly over R4.0 billion in 2017/18. For the current financial year (2017/18) the NHLS is to receive R746 million increase from R711 million in 2016/17.

5.3. OFFICE OF THE HEALTH STANDARDS COMPLIANCE (OHSC)

The mandate for the OHSC emanates from the Act which is to protect and promote the health and safety of users of health services in South Africa. In line with the South African Constitution and Batho Pele Principles, its mandate implies that the entity should:

- Act as the champion of the public and of healthcare users so as to restore credibility and trust;
- Respect healthcare users and their families as well as healthcare personnel;
- Push for effectiveness in achieving health system change and social impact;
- Strive for excellence, innovation and efficiency in its operations;
- Be truthful, fair and committed to intellectual honesty;
- Practice transparency, but respect confidentiality;
- Achieve the highest standards of ethical behaviour, teamwork and collaboration; and
- Promote professionalism, compassion, diversity and social responsibility.

5.3.1. Organisational Environment

The anticipated promulgation of the proposed norms and standards regulations during 2016/17 could not materialise as there were delays with the processing of the regulations through reviews, these have been reviewed and re-published for public comments in January 2017.

The main changes to the strategic direction that are reflected in the 2017/18 APP are:

- The inspector skills and accreditation for assessing health establishments as required by the Act and of the guidance provided to them, which were incorporated into refined indicators;
- The inclusion of private health establishments in the indicators for compliance inspections and of progressive enforcement in the exercise of regulatory power due to unavailability of promulgated regulations, norms and standards and the critical importance of follow-up and re-inspection (included as part of the procedural regulations and operational plans);
- The expansion in capacity during the first financial year of operations which has been reflected in an expanded staff establishment that has enabled the critical management and administrative systems to be set up;
- The progress towards independent functioning during the transition which has led to the specification of staffing, budgets and outputs for each budget programme, including that of administration through the corporate services division; and
- A clearer understating of the role of the Office with respect to other regulators and stakeholders and activities to concretise this.

5.3.2. Strategic Outcome Oriented Goals

The Board has approved the broad strategic goals for the entity to attain its legislative mandate. Hereunder, is the summary of some of the strategic goals:

- Publicly demonstrate responsiveness and accountability as an effective and efficient high performance organisation;
- Inspect Health Establishments for compliance with quality norms and standards;
- Patient and community complaints regarding poor care and situations of concern are investigated and responded to; and
- Progressively improve the quality and safety of health care through effective communication and collaboration with users, providers and other relevant stakeholders.

5.3.3. 2017/18 Budget and MTEF Estimates

Table 11: Summary of Budget per Program

PROGRAM	Audited outcomes 2015/16	2016/17	2017/18	2018/19	2019/20
ADMINISTRATION					
OFFICE OF THE CEO	5 874	12 403	12 335	13 098	12 898
CORPORATE SERVICES	23 380	26 839	37 779	38 120	40 441
COMPLIANCE INSPECTORATE	30 492	39 430	49 110	53 377	57 210
COMPLAINTS MANAGEMENT	3 499	13 000	14 770	15 835	16 956
HSDAS	4 155	8 864	11 716	12 573	12 946
TOTAL	67 401	100 535	125 711	133 003	140 451

5.3.4. Overview of Budget and MTEF Estimates

The total budget allocation for the 2017/18 is expected to be R125.7 million, with 60% geared towards the core business activities; and increasing to R140.5 million in 2019/2, with 61% earmarked for the core operations. On the other hand, the total staff complement is anticipated to increase from 108 in 2016/17 to 121 in 2019/20 of which more than 70% will be staff in core operations over the same period.

Specific budget programmes:

- **Administration** – The Administration programme comprises of staff in the Corporate Service division and the Office of the CEO. The budget estimates for this programme increase from R39.2 million in 2016/17 to R53.3 million in 2019/20. The programme will see an increase in the number of staff members in the MTEF period.
- **Compliance Inspectorate** – This is the largest programme of the entity, receives the biggest allocation of the total budget, R49.1 million in 2017/18, up from R39.4 million in 2016/17. The progressive increase in budget allocation will enable an increase in the numbers of inspectors and thus increase the coverage achieved in public and private sectors, including initiating inspections of specialised hospitals and ensuring enough resources are put into follow-up and re-inspections.
- **Complaints management** – The budget of this programme is expected to increase from R12.9 million in 2016/17 to R16.9 million in 2019/20. Provision has been made for additional staff members for the call centre, complaints assessments and investigators, which will further provide additional capacity for the proper functioning of the Office of the Ombud.
- **Health Standards Design, Analysis and Support** – This programme's budget is expected to increase from R8.8 million in 2017/18 to R12.9 million in 2019/20. The main budget item is the remuneration of employees in line with plans to conduct a review of and/or develop new norms and standards and measurement tools.

In 2017/18 the OHSC plans to achieve the following:

- Ensure that 20% of health establishments in the public sector, as well as 30% of health establishments in the private sector are inspected;
- Ensure that 100% of compliant health establishments are certified by the OHSC within 60 days after the final inspection.
- Ensure that 100% of persistently non-compliant health establishments for which regulated action is initiated within 10 days from date of receipt of re-inspection or EWS report.

- Ensure that five reports on inspections conducted, remedial recommendations issues and compliance status of health establishments are published.
- Ensure a fully-functional Call Centre system for receiving complaints.
- Ensure that 80% of complaints lodged with the OHSC are investigated and responded to within six months.

5.4. COUNCIL FOR MEDICAL SCHEMES (CMS)

The Council for Medical Schemes, as the national medical schemes regulatory authority, is a public entity responsible for regulating the medical schemes industry to protect the interests of members and beneficiaries, “controlling and co-ordinating 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.” The paper provides an overview of the Council for Medical Schemes’ Annual Performance Plan and budget, as submitted to Parliament. Key issues for consideration by Parliament are also highlighted.

The vision of the CMS is to be “promote vibrant and affordable healthcare cover for all.” Its mission is to regulate the medical schemes industry in a fair and transparent manner by, amongst other things:

- Protecting the public and informing them about their rights, obligations and other matters with regard to medical schemes;
- Ensuring that complaints raised by members of the public are handled appropriately and speedily;
- Ensuring compliance with the Medical Schemes Act (No.131 of 1998);
- Ensuring improved management and governance of medical schemes; and
- Advising the Minister of Health on appropriate regulatory and policy interventions.

5.4.1. CMS Strategic Policy Initiatives

The CMS has aligned the strategic focus areas for the five-year period (2015 to 2020) emanating from the policy direction of the National Department of Health Strategic Plan 2014/15 – 2019/20, as well as imperatives outlined in the National Development Plan (NDP) Vision 2030 and the Medium Term Strategic Framework (MTSF) Priorities.

The CMS's Strategic Policy Initiatives include:

- National Health Insurance: CMS has responded to the White Paper on the NHI, and other activities in support of the development and implementation of the NHI.
- Health Market Inquiry (HMI): The CMS was identified as one of the key stakeholders in the HMI that is in process under the auspices of the Competition Commission.
- Beneficiary Registry List: The CMS has been tasked by the Minister of Health to develop a single repository of all funded patients in South Africa. It is expected that the repository will be up and running in 2017.
- Prescribed Minimum Benefits (PMBs): The CMS in collaboration with the Department is reviewing the PMB regulations to include primary health care component that is affordable, sustainable and cost-effective, which will be in line with the NHI's intended service package.
- Demarcation: Treasury regulations to the Short Term Insurance Act of 1998 and Long Term Insurance Act of 1998 were promulgated for implementation on 1 April 2017.
- Solvency Framework: the CMS is engaging in research to review the solvency ratio requirement for medical schemes to maintain 25% of funds.

5.4.2. Strategic Objectives and Performance Plan for 2017/18

The table below highlights some of the annual and quarterly performance indicators for the CMS.

Table 12: Strategic Objectives and Performance Plan Indicators for 2017/18

	Programme	Strategic Objective	Performance Indicator
1.2.3.1	Office of the CFO	Ensure effective financial management and alignment of budget allocation with strategic priorities	An unqualified opinion issued by the Auditor General on the financial statements by 31 July each year
2.1.1	Strategy Office	Formulate Prescribed Minimum Benefits definitions to ensure members are adequately protected	The number of benefit definitions published, per year
2.1.1.	Strategy Office	Conduct a review of the PMBs every two years	Submit a draft costed PMB benefit package to Council

	Programme	Strategic Objective	Performance Indicator
2.2.1.	Strategy Office	Provide clinical opinions with a view to resolve complaints and enquiries	Percentage of clinical opinions reviewed within 30 working days of receipt from Complaints Adjudication (95%)
3.2.1.	Accreditation Unit	Accredit brokers based on their compliance with the requirements for accreditation in order to provide broker services	Number of broker and broker organisation applications accredited within 21 working days of receipt of complete applications (4045)
4.4.1.	Research and Monitoring Unit	Conduct research to inform appropriate policy interventions	Number of research projects and support projects finalised, per year (7)
5.2.1.	Stakeholder Relations Unit	Create awareness and provide training in order to enhance visibility and reputation of CMS	Number of stakeholder training and awareness sessions, per year (20)
6.2.1.	Compliance and Investigation Unit	Regulated entities comply with legislation	Percentage of non-compliance cases against regulated entities undertaken (n=35; 100%)
7.2.1	Benefit management	To ensure that rules of the schemes are fair and compliant with the Medical Schemes Act.	Percentage of annual rule amendments processed before 31 December (n=83; 100%)
8.2.1.	Financial Supervision Unit	Monitor and promote the financial soundness of medical schemes	Recommendations in respect of Regulation 29 (schemes below solvency) for 100% of business plan received, per year. (100%)
9.2.1.	Complaints Adjudication Unit	Resolve complaints with the aim of protecting beneficiaries of medical schemes	Percentage of complaints adjudicated within 120 working days and in accordance with complaints procedure, per year (79%)

5.4.3. Budget Analysis

Table 13: CMS Operating Cash Expenditure

Programme	Budget		Nominal Increase / Decrease in 2017/18	Real Increase / Decrease in 2017/18	Nominal Percent change in 2017/18	Real Percent change in 2017/18
	R thousand					
	2016/17	2017/18				
Sub-prog. 1: Administration	72 943,9	80 467,9	7 523,9	2 754,9	10,31 per cent	3,78 per cent
Sub-prog. 2: Strategy Office	8 337,1	9 866,8	1 529,7	944,9	18,35 per cent	11,33 per cent
Sub-prog. 3: Accreditation Unit	8 499,5	9 170,0	670,5	127,0	7,89 per cent	1,49 per cent
Sub-prog. 4: Research and Monitoring Unit	7 565,3	7 005,7	- 559,6	- 974,8	-7,40 per cent	-12,89 per cent
Sub-prog. 5: Stakeholder Relations Unit	9 728,1	10 564,3	836,2	210,1	8,60 per cent	2,16 per cent
Sub-prog. 6: Compliance and Investigation Unit	8 437,6	8 621,5	184,0	- 327,0	2,18 per cent	-3,88 per cent
Sub-prog. 7: Benefits Management Unit	6 275,9	6 332,5	56,6	- 318,7	0,90 per cent	-5,08 per cent
Sub-prog. 8: Financial Supervision Unit	11 080,9	11 822,4	741,5	40,9	6,69 per cent	0,37 per cent
Sub-prog. 9: Complaints Adjudication Unit	5 863,9	6 689,5	825,6	429,1	14,08 per cent	7,32 per cent
Capital Expenditure	2 424,2	3 536,0	1 111,8	902,2	45,86 per cent	37,22 per cent
TOTAL	141 156,5	154 076,6	12 920,1	3 788,6	9,15 per cent	2,68 per cent

- CMS is set to spend R154.1 million in 2017/18, up 9.2 per cent in nominal terms and 2.7 per cent in real terms from 2016/17 when it spent R141.2 million.

Selected budget programmes:

- Programme 1: Administration receives the biggest allocation of R80.5 million. This is a 10.3 per cent nominal increase. This programme is divided into 5 sub-programmes namely:
 - 1.1: Office of the CEO and Registrar R 9.9 million;
 - 1.2: Office of the CFO R 30.6 million;
 - 1.3: ICT and Knowledge Management R 19.7 million;
 - 1.4: Human Resource R 7.7 million; and
 - 1.5: Legal Services Unit R 12.6 million
- Programme 7: Benefits Management Unit receives the smallest allocations in comparison with other programmes, with R 6.3 million, which shows a nominal increase of 8.10 percent for 2016/17 financial year;
- Programme 3 is responsible for accreditation and will receive R9.9 million in 2017/18 which is an increase of over R1.5 million from R8.3 million in 2016/17 financial year. This programme shows a real increase of 1.5 per cent and a nominal increase of 7.9 per cent.

- Programme 8 is responsible for financial supervision – for the current financial year, this programme receives R11.8 million a 6.7 per cent nominal increase over the R11.1 million it received in 2016/17.

5.5. COMPENSATION COMMISSIONER FOR OCCUPATIONAL DISEASE (CCOD)

The activities of the Compensation Commissioner for Occupational Diseases and the Medical Bureau for Occupational Diseases (MBOD) are regulated by the Occupational Diseases in Mines and Works Act (No. 78 of 1973). The Fund compensates current miners and ex-miners (or their estate) in controlled mines and works for impairment or diseases of the cardio-respiratory system and reimbursement for loss of earnings during TB treatment. In particular, the CCOD's statutory functions include.

- Administering the Mines and Works Compensation Fund to compensate ex-miners disabled by occupational lung disease;
- Determining and recovering levies from controlled mines and works;
- Awarding benefits to miners and ex-miners suffering from occupational lung related diseases; and
- Investing levies collected and interest earned from investments.

The MBOD provides medical examinations of current and ex-workers as well as the assessment and certification process for claimants. Pathology services are provided by the National Institute for Occupational Health through autopsy examinations.

5.5.1. Performance Delivery Environment

Below is information on the CCOD's performance delivery environment:

- The Chamber of Mines and the Gold Mining Companies continues their support for the CCOD. This included secondment of medical doctors to the Certification Committees on the MBOD; technical support for the preparation of the annual reports and financial statements; personnel for the Carletonville One Stop Service Centre; funding for the electronic database of claimants; the development of a logistics and coordinating centre; and tracking and tracing of claimants and beneficiaries.
- Approximately R50 million in funding support was provided by social partners through the provision of technical and human resources to the CCOD.
- The Actuarial Valuation of the Compensation was finalised.
- The annual reports and financial statements for 2010/11 and 2011/12 were submitted to the Auditor-General for auditing.
- A total of 3 824 claimants were paid R155.6 million, with 36% going to claimants in neighbouring countries over the 9-month period ending in December 2016.
- A total of 15 388 certifications, with 5 003 compensable, 9 871 non-compensable and 514 deferred claims as the end of December 2016. Reasons for deferrals were due to missing information in the complaints file.
- Tuberculosis accounted for 57% of all certifications.
- The fund has continued to pay monthly pensions to about 88 pensioners.
- A logistics and coordinating centre has been set up incorporating a call centre to support the outreach and awareness activities of the CCOD and provide feedback to claimants. The call centre has fielded 2 635 calls and responded to 1 119 queries as at the end of December 2016.
- Approximately 1 082 current and ex-workers were seen at the One Stop Service Centre in Mthatha and 1 097 in Carletonville as at the end of December 2016 for whom 523 and 484 Benefit Medical Examination forms submitted to the MBOD respectively.
- The One Stop Service Centres planned for Burgersfort in Limpopo and Kuruman in Northern Cape are awaiting procurement process for construction.
- There were 252 controlled mines and works registered as the end of March 2016. About 31% of controlled mines and works are not paying levies as they have requested a review of their status as a controlled entity.
- Revenue generated from levies in 2015/16 was R297 million.

- Health inspectors (nine) funded by the Global Fund have assessed the TB programmes and health risks at 246 controlled mines and works.
- The Risk Committee of the MBOD met infrequently, this poses significant challenge to the Compensation Fund with respect to exposure and health risk assessments.

5.5.2. Organisational Environment

In terms of the organisational environment, the CCOD highlighted the following:

- A newly constituted Certification Committee began functioning and have increased certifications by 292%. The skills base of the medical doctors in assessing BMEs have been upgraded, effective work flow procedure dealing with TB claims, and revamped quality assurance system of claims applications through outreach activities with mining companies and service provider.
- The upgrade of the MBOD/CCOD Information Technology System was not implemented due to a lack of funds.
- There are problems with the buildings, clinical and diagnostic facilities at the MBOD/CCOD in Braamfontein, with significant drainage and security problem.
- There were work stoppages at the CCOD resulting in setbacks with the business reform processes and service delivery activities.
- The Professional Support Officers funded through external grants will end on 30 April 2017 and will have an impact on service delivery and operations at the CCOD.

The key focus areas for 2017/18 financial year will be:

- Ensure the submission of amendments to the Occupational Diseases in Mines and Works Act 1973.
- Increase access to decentralized facilities in provinces and neighbouring countries to workers, ex-workers and their beneficiaries the services of the MBOD/CCOD.
- Increase the number of paid claimants.
- Determine the liability of the Compensation Fund through use of the actuarial valuation report.
- Ensure the submission of annual reports and financial statement of the Compensation Fund.

5.5.3. Strategic Objectives

The CCOD has nine strategic objectives. These link with the outputs of the Health Sector’s outcome 2 “A long and healthy life for all South Africans”. The table below discusses the strategic objectives and respective performance indicators and targets set for 2017/18.

Table 14: CCOD’s Strategic Objectives and Targets for 2017/18

STRATEGIC OBJECTIVES	PERFORMANCE INDICATORS	2017/18 TARGETS
Policy and legislative changes	Develop and implement the policy and legislative framework for occupational health and compensation	Submission of legal, management, organisational and service delivery framework for amendments to ODMWA
Enhance the governance and management of the CCOD	Number of meetings of the Audit and Risk Committee, the Advisory Committee and the Management Committee	04 meetings
Establishment of the One Stop Service Centres in provinces	Number of provinces with One Stop Service Centres	2 provinces (Kuruman and Burgersfort) and one centre each in Botswana, Lesotho, Mozambique and Swaziland by Global Fund
Develop the database of current and ex-workers in controlled mines and works	Development of the database of current and ex-workers	Extension of database to incorporate current workers and to the One Stop Service Centres
Clear the backlog in the payment of unpaid compensable claims	% of unpaid compensable claims paid by the CCOD	5% of unpaid compensable claims paid by the CCOD
Ensure that all new compensable disease claims are paid within 3 months of receipt	% of new compensable disease claims are paid within 3 months of receipt of completed documents in the claimant file	20% of new compensable disease claims are paid within 3 months of receipt of completed documents in the claimant file
Ensure collection of levies from all controlled mines and works	% of controlled mines and works paying levies to the Compensation Fund	70% of controlled mines and works paying levies to the Compensation Fund
Conduct an Actuarial Valuation of the Compensation Fund	Report of the Actuarial Valuation of the Compensation Fund	1 Actuarial Valuation Report of the Compensation Fund
Submit annual reports including financial statements to the	Number of annual reports including financial statements to the Auditor General of South Africa	2012/13 and 2013/14 annual reports including the financial statements

Auditor General of South Africa		
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5.5.4. Annual Performance Plan 2017/18

The CCOD’s Annual Performance Plan identifies the strategic objectives and performance indicators linked to specific targets. In line with the NDP, the Medium Term Strategic Framework (MTSF 2014-2019) and the National Department of Health’s 10 point plan, the CCOD has elevated five new initiatives for the current financial year (2017/18) namely:

- Participation in the process towards integration of the compensation systems;
- Continued provision of decentralised service facilities for current and ex-workers in controlled mines and works at health facilities in provinces;
- Ensuring the effective and efficient management of the Compensation Fund through training of the personnel on the use of the electronic database;
- Increasing the number of paid claimants; and
- Ensure the submission of annual reports and financial statements of the Compensation Fund.

5.5.5. Budget Overview for 2017/18

The budget increases by 11.4 percent from R175.3 million in 2016/17 to R195.2 million in 2017/18. In terms of economic classification, the bulk of the CCOD’s budget (R148 million or 77 percent) goes to the Compensation of ex-miners programme. R34.4 million (16.8 percent) is allocated to Compensation of tuberculosis. The Administration programme is allocated R8.4 million; Compensation of Pensioners receives R3.7 million and the Eastern Cape project receives R670 000.

Table 15: Summary of Budget per Program

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PROGRAM	2016/17	2017/18	2018/19	2019/20
R'000				
ADMINISTRATION	8 127	8 393	7 360	7 772
PENSIONERS	3 215	3 718	3 904	4 154
EX-MINERS	140 956	148 003	151 300	159 773
TUBERCULOSIS	22 068	34 445	36 650	38 702
EASTERN CAPE	981	670	75	79
TOTAL	175 347	195 229	199 289	210 481

Expenditure Trends

- Over the medium-term the CCOD's focus will be on increasing the number of claims paid out in line with the NDP's vision. To increase the number of claims paid, the CCOD will work with its development partners who are supporting track and trace activities, certifications of claims and provision of BMEs through decentralised services;
- The initiatives of fast-tracking the claims payment processes over the MTEF period will result in the expenditure increasing by R16 million by the 2019/20 FY. This makes up 95.9% of the entity's expenditure over the MTEF.
- The initial capital outlay for the establishment of the two One Stop Service Centres is R14 million for both sites.
- The Global Fund will provide One Stop Service Centres in Botswana, Lesotho, Mozambique and Swaziland.
- There will be an increase in the number of people accessing BMEs from 15 318 in 2015/16 to 22 000 in 2019/20.
- Funding for the compensation of pensioners is expected to grow at an average annual rate of 8.9% over the medium-terms from R3.2 million in 2016/17 to R4.2 million in 2019/20.
- The CCOD plans to stabilise these inspections at a target of 77 per year in 2019/20.
- The CCOD will gradually increase inspections in controlled mines and works from 58 in 2014/15 to 77 by 2019/20. These inspections will ensure that revenue generated from levies increase at an estimated average annual rate of 5.5 per cent over the medium-term.

6. AUDITOR GENERAL SOUTH AFRICA REVIEW OF THE 2017/18 ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT

According to the Auditor General (AG) new indicators were included in the APP as follows:

- Programme 3: HIV/AIDS and Maternal Child Health, 11 indicators and targets.
- Programme 5: Hospital, tertiary health services and human resource development, six indicators and targets.

The health sector has customized indicators (27 indicators) were removed from Programme 3 and included in Annexure to the APP to track the performance of health services. These indicators are included in Programme 1 and 2 of the provincial APP. The AG recommends that the Committee establishes a process to enable the tracking of performance of the indicators that have been removed from the 2017/18 APP to ensure accountability of their performance.

7. FINANCIAL AND FISCAL COMMISSION (FFC) ASSESSMENT OF THE HEALTH SECTOR APP AND BUDGET

According to the FFC, there are issues that affect the health sector performance. These include:

- Coordinated planning within and across health departments and entities.
- Decentralization of funding to hospitals.
- Alignment of health facility allocations to health needs, plans and priorities.
- Multiple grant funding streams for the same budget line item.
- Skewed distribution of health facilities (across provinces and within districts)

The FFC highlighted that consolidated health spending has grown from R171 billion in 2016/17 to R217 billion in 2019/20. Real growth in health budget is lower at 2% given weak economic environment. In 2017 growth in spending is driven by expanded provision of antiretroviral and establishment of the SAHPRA.

Conditional grants constitute 20% of consolidated health budget with an average nominal growth rate of 6%. Inflationary growth adjustment will only be sufficient to maintain current service levels.

A significant proportion (44%) of provincial budgets is allocated to the District Health Service programme. This programme is responsible for addressing healthcare services identified within various strategic plans. Provincial APP performance indicators are service delivery oriented and more attuned to broader health strategic goals. The FFC further noted that there is an evident lack of performance information to monitor progress on delivery.

The FFC highlighted that there is a need to review performance indicators/targets which have consistently not been met. Indicators must clearly indicate activities associated with improving performance targets.

On health entities, FFC informed the Committee that they account for 1% of National Health budget and 94% of Programme 6 budget.

8. OVERVIEW OF THE HEALTH SECTOR BY STATISTICS SOUTH AFRICA (STATS SA)

According to Stats SA life expectancy has increased with females at 67.7 years and males at 61.9 years. Infant mortality has declined from 48.2 infant deaths per 1 000 live births in 2002 to 33.7 infant deaths per 1 000 live births in 2016. The crude death rate is down from 12.9 deaths per 1 000 people in 2002 to 9.7 deaths per 1 000 people in 2016.

The top five causes of death for the elderly were noted as natural causes, circulatory system, disease of the respiratory system, neoplasms and endocrine, nutritional and metabolic diseases.

Stats SA further noted that there is a decline in injuries as from 1997- 2015 while there was an increase in communicable diseases. There were more females dying from

communicable diseases as opposed to males. Stats SA reported that more males were dying from injuries as opposed to females.

Stats SA highlighted that persons of 60 years and older who are covered by a medical aid or medical benefit scheme or other private health insurance are highest amongst white elderly and Indians/Asians. The majority of elderly in all provinces, except Western Cape and Gauteng Provinces make use of public clinics for their health care needs.

Achievements in the health sector were related to increasing life expectancy, and infant and child mortality that has decreased. On challenges facing the sector, Stats SA noted that these were: non-communicable diseases are on the increase, particularly diabetes mellitus; health coverage that still reflects historical imbalances; and true profile of diseases.

Stats SA recommends that there is a need for a preventative approach in health and a dedicated morbidity survey to inform health plans.

9. COMMITTEE OBSERVATIONS AND FINDINGS

Having considered the APP and the budget of the Department and its entities, and analyses of relevant institutions this section summarizes the Committee's findings and observations:

9.1. Findings and observations on the Department

- The Committee commended the Department on ensuring that 83% of its performance indicators have quarterly targets.
- The Committee noted with concern a report by the AG noting the removal of certain performance indicators (27 indicators from Programme 3) from the Department's 2017/18 APP. Furthermore, the Committee was concerned that whilst Programme 3 receives the biggest budget allocation, there are few related performance indicators. The Committee thus questions the alignment of the budget to performance against set targets.

- The Committee was concerned about the removal of the performance indicator related to the CCOD from Programme 6 (ensure that the compensation commissioner eliminates the backlog of audited annual financial statements by 2019/20 by external actuarial and financial experts to support this process).
- Concern was raised with the targets of infrastructure projects being annual and not quarterly, thus making it difficult for the Committee to track performance over the course of the financial year.
- The Committee was concerned that the APP does not elevate the concerning rise in non-communicable disease burden, with only a few performance indicators pertaining to NCDs.
- There is no indication in the strategic plan and APP on how the Department will integrate its activities with other departments with regards to tackling the social determinants of health as outlined in the NDP.
- The Committee was concerned about the lack of indicators for the integrated school health programme, particularly on education programmes.
- The Committee raised the need to strengthen strategies for the reduction of mortality due to injury by working together with the Department of Transport in reducing road accident injuries and deaths.
- The Committee raised its concern about the implementation of the Mental Health Policy Framework and Strategic Plan (2013-2020), related to accountability and resources required to implement the plan, governance, surveillance and monitoring systems, and infrastructure.
- The Committee was concerned about the inadequate maintenance budget for public health infrastructure and medical equipment.
- The Committee raised a concern about the effectiveness and efficiency of the district health system as a key health service delivery platform and the lack of synergy.
- The Committee expressed concern around the slow progress in reducing maternal mortality and neonatal mortality and questioned the success of programmes such as MomConnect.
- The Committee noted with concern the slow progress in the implementation of the new nursing training programme despite having received a progress report from South African Nursing Council and the Chief Nursing Officer.

- The Committee noted the positive progress in the implementation of the Ideal Clinic project, regardless of the inadequate provincial budget allocation to implement the project.
- The Committee was of the view that there is a need for a national approach to addressing malnutrition.
- The Committee sought clarity on the functionality of the ward-based outreach teams (WBOTs) and integration of community health workers (CHWs). It noted that clear integration of CHWs is lacking and there seem to be inconsistencies between provinces.
- The Committee expressed concern that on its oversight visits to provinces, it observed vast shortages of staff across all categories in hospitals and clinics, and response was sought on the role of the Department in supporting provinces in addressing this challenge.
- The Committee raised a concern on the safety of EMS personnel.
- The Committee noted with concern that TB is a priority in the country and contributes to the high burden of disease, however its budget allocation has decreased.
- The Committee expressed concern regarding the decreasing budget allocation to Women's Maternal and Reproductive Health, when the focus should be on improving women's health.

9.2. Findings and observations on Entities

9.2.1. SAMRC

- The Committee noted with concern the slow progress in the human resources transformation agenda in the SAMRC.
- Budget cuts were raised as a concern by the Committee as this will have a negative impact on the work of the MRC particularly on research and innovation.
- The Committee sought clarity on timeframes for the review of the Medical Research Council Act.

9.2.2. NHLS

- The Committee again noted that most of the NHLS' performance indicators had annual targets and not quarterly targets as required. Annual targets are not easy to measure in terms of tracking performance on a quarterly basis and make it difficult to know if a target will be met at the end of the financial year.
- The role of the NHLS in complementing the NHI programme was raised by the Committee as the 2017/18 APP does not reflect indicators on NHI.
- The Committee sought clarity on the role of the NHLS in addressing non-communicable diseases.
- The Committee expressed concern around turnaround time for test results for patients in public health facilities.

9.2.3. OHSC

- The Committee again noted that most of the OHSC performance indicators had annual targets and not quarterly targets. These are not easy to measure in terms of tracking performance on a quarterly basis and make it difficult to know if target will be met at the end of the financial year.
- The Committee was concerned about the lack of timeframes related to the promulgation of the norms and standards.
- The delays in the appointment of the CEO was a concern for the Committee.
- The Committee also raised its concern around the OHSC complaints procedures, that there seem to be uncertainty by health care users on lodging complaints via the OHSC Call Centre.

9.2.4. CMS

- An on-going concern for the Committee is that the CMS is currently leasing a building and is concerned that this is not a cheap option for the entity.
- The Committee probed on how far the process of filling the Registrar position is.
- The Committee was concerned that the CMS has annual targets as opposed to quarterly targets which makes it difficult to know if a target will be met at the end of the financial year.
- The Committee noted with concern that some medical claim complaints lodged with the CMS may require new regulations.

- The Committee noted with concern that awareness campaigns of the CMS are not visible.
- The Committee noted that there were policy gaps in the entity that need to be addressed.

9.2.5. CCOD

- The Committee commended the CCOD for attending to the backlog of audited financial statements, however, concerned on whether the CCOD has an action plan to redress the findings of the AG.
- The Committee noted that there are no timeframes for the integrated compensation legislation.
- The Committee noted that awareness campaigns undertaken by CCOD are not adequately visible.

10. RECOMMENDATIONS

The Committee recommends as follows:

10.1. Department

- The Department is encouraged that a greater number of targets should be quarterly in future.
- The Department should ensure the alignment of budget to performance against set targets. This is particularly in relation to Programme 3 whereby a sizeable number of performance indicators were removed from the 2017/18 APP whilst the budget remains unchanged.
- The Department should retain the performance indicator on CCOD to ensure effective tracking of progress on the submission of financial statements for auditing.
- The Department should ensure that the APP reflects quarterly targets for infrastructure projects as opposed to annual targets to enable the Committee to perform effective oversight.

- The Department should table to the Committee its plan towards the implementation of the NCD Strategy and the Strategy for the Prevention and Control of Obesity.
- The Department should present plans developed on collaborations with other government departments in tackling the social determinants of health.
- The Department should ensure it assists provinces in the implementation of the Mental Health Policy Framework and Strategic Plan (2013-2020) to ensure effective provision of mental health care services.
- The Department should table measures and systems as well as its action plan into the implementation of the Mental Health Policy Framework and Strategic Plan (2013-2020).
- The Department should finalize the National Community Health Care Worker Policy to address uncertainties regarding recruitment of CHWs, integration into the public sector health workforce, remuneration in line with the scope of work performed and, access to training and skills development programmes.
- The Department should assist provinces in ensuring that planning and budgeting processes for infrastructure and medical equipment takes into account operations and maintenance.
- The Department should embark on a process to overhaul district health services to emphasize the critical role of districts in attaining an equitable, efficient and effective health system.
- In order to address human resource shortages, the Department in collaboration with the Department of Higher Education and Training should increase the output of doctors and other health professionals.
- The Department should accelerate the implementation of the new nursing training.
- The Department should look at possible collaborations with the South African Police Services, community policing and other civil society organizations to ensure the safety and security of EMS personnel.
- The Department should integrate its activities with other departments with regards to tackling the social determinants of health as outlined in the NDP.
- The Department should provide the Committee with its action plan for the integrated school health programme.

- The Department should provide the Committee with an action plan geared towards reducing maternal mortality and neonatal mortality as well as the success of programmes such as MomConnect.
- The Department in collaboration with National Treasury, should establish measures to ensure increased funding in future for the SAMRC.
- The Department should explore the possibility of increasing the budget allocation to the TB sub-programme during adjustment appropriation.
- The Department should explore the possibility of increasing the budget allocation to the Women's Maternal and Reproductive Health sub-programme during adjustment appropriation.

10.2. SAMRC

- The SAMRC is encouraged to conduct research on children malnutrition and non-communicable diseases.
- The SAMRC is encouraged to conduct research and development that focuses more on Africa.
- The SAMRC should fast-track transformation in order to inclusively reflect the demography of South Africa in senior management positions.
- The Committee would like to see faster progress in the human resources transformation agenda in the SAMRC.

10.3. NHLS

- The NHLS should ensure that targets are quarterly to ensure efficient tracking of performance on a quarterly basis.
- The NHLS should improve on turnaround time for test results.
- The NHLS should speedily resolve the challenge it faces in its senior management structures to bring stability to the institution.
- The NHLS should provide a progress report on the high failure rate of the medical technicians.

10.4. OHSC

- The OHSC should ensure that targets are quarterly to ensure efficient tracking of performance on a quarterly basis.

- The OHSC should accelerate the appointment of the CEO.
- Ensure improved public awareness of the complaints Call Centre.
- Ensure that norms and standards for public and private health facilities are promulgated.

10.5. CMS

- The CMS should accelerate the appointment of the Registrar.
- The CMS should ensure that performance indicators have quarterly targets.
- The CMS should enhance education and awareness on the process of lodging complaints.

10.6. CCOD

- The CCOD should accelerate the establishment of the two One Stop Service Centres (in Northern Cape and Limpopo).
- The CCOD should furnish the Committee with a progress report on the compensation legislation.
- The CCOD should ensure that the backlog of annual financial statements is cleared.
- The CCOD should further expand its campaign strategy to target local communities through the use of mobile services as well as various media platforms such as local radio stations.

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.