ANNUAL REPORT

2014/15

health

Department:
Health
REPUBLIC OF SOUTH AFRICA

A long and Healthy Life for All South Africans

health
Department:
Health
REPUBLIC OF SOUTH AFRICA

NATIONAL DEPARTMENT OF HEALTH

ANNUAL REPORT
2014/2015

RP: 333/2015
ISBN: 978-0-621-44054-6

TABLE OF CONTENTS

PART A: GENERAL INFORMATION

1.1 Department's General Information

National Department of Health

PHYSICAL ADDRESS:	Civitas Building Corner Thabo Sehume (previously Andries Street) and Struben Streets Pretoria
POSTAL ADDRESS:	Private Bag X828 PRETORIA 0001
TELEPHONE NUMBER/S:	012 395 8086
FAX NUMBER:	012 395 9165
WEBSITE ADDRESS :	www.health.gov.za

1.2 List of Abbreviations and Acronyms

AGSA	Auditor-General of South Africa
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
ART	Antiretroviral Therapy
ARV	Antiretroviral Drugs
AU	African Union
BAS	Basic Accounting System
BCP	Business Continuity Plan
BBB-EE	Broad Based Black Economic Empowerment
BME	Benefit Medical Examination
CARMMA	Campaign on Accelerated Reduction of Maternal and Child Mortality in Africa
CCM	Chronic Care Model
CCMDD	Centralised Chronic Medicine Dispensing and Distribution
CCOD	Compensation Commissioner for Occupational Diseases
CD4	Cluster of differentiation 4 (in T helper cells)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFOF	Chief Financial Officers Forum
CHC	Community Health Centre
CHW	Community Health Worker
CIDA	Canadian International Development Aid
CMS	Council for Medical Schemes
CORE	Code of Remuneration
COGTA	Co-operative Governance and Traditional Affairs
CPT	Cotrimoxazole Prophylaxis Therapy
CSIR	Council for Scientific and Industrial Research
CSTL	Care and Support for Teaching and Learning
CYPR	Couple-Year Protection Rate
DAFF	Department of Agriculture, Forestry and Fisheries
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DCST	District Clinical Specialist Team
DDG	Deputy Director-General
DDT	Chlorophenothane dicophane
DEA	Department of Environmental Affairs
DFID	Department for International Development
DG	Director-General
DHA	District Health Authority
DHIS	District Health Information System
DHMIS	District Health Management Information System
DHMT	District Health Management Team
DHS	District Health System
DHP	District Health Plan
DNDI	Drugs for Neglected Disease Initiative
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DRP	Disaster Recovery Plan
DRGs	Diagnosis Related Groupers
DR-TB	Drug Resistant Tuberculosis
DSD	Department of Social Development
DS-TB	Drug-sensitive Tuberculosis
DTI	Department of Trade and Industry
EA	Executive Authority
EAP	Employee Assistance Programme
EDR	Electronic Drug Resistance
EEL	Essential Equipment List
EHP	Environmental Health Practitioner
EHW	Employee Health and Wellness
EMIS	Education and Management Information System
EML	Essential Medicines List
EMP	Environmental Management Plan
EPI	Expanded Programme on Immunisation
EPR	Epidemic Preparedness and Response
ES	Equitable Share

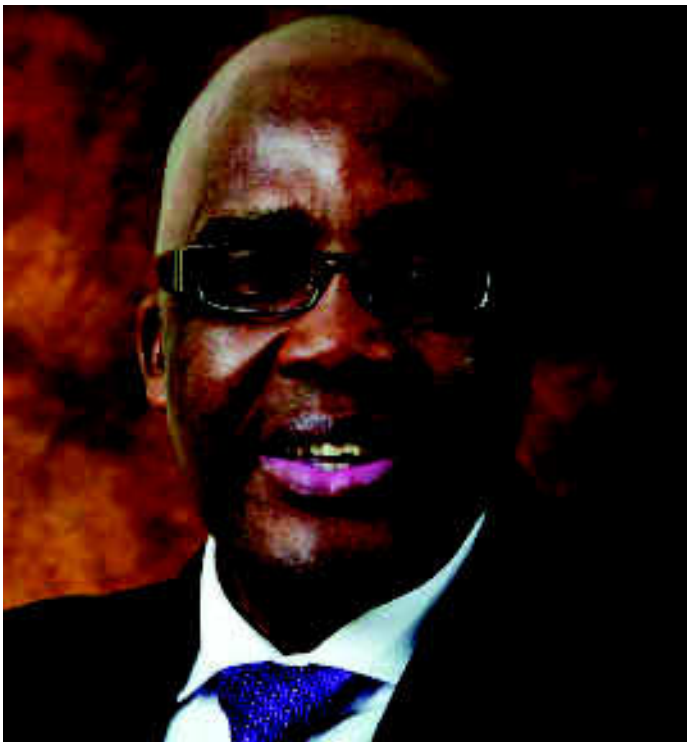
List of Abbreviations and Acronyms

ETR	Electronic TB Register
EU	European Union
EVD	Ebola Virus Disease
FAO/WHO	Food and Agricultural Organisation/ World Health Organisation
FDC	Fixed-dose Combination
FET	Further Education and Training
FFC	Financial and Fiscal Committee
FIT	Facility Improvement Team
FSHPC	Forum for Statutory Health Professions Council
GCIS	Government Communication and Information System
HAART	Highly Active Antiretroviral Therapy
HASA	Hospital Association of South Africa
HCT	HIV Counselling and Testing
HDI	Human Development Index
HDIs	Historically Disadvantaged Individuals
HFIT	Health Facility Improvement Team
HIG	Health Infrastructure Grant
HIMME	Health Information Management Monitoring and Evaluation
HIV	Human Immunodeficiency Virus
HoD	Head of Department
HPCSA	Health Professions Council of South Africa
HPTDG	Health Professionals Training and Development Grant
HPV	Human Papilloma Virus
HR	Human Resources
HRG	Hospital Revitalization Grant
HRP	Human Resources Plan
HST	Health Systems Trust
HT	Health Technology
HWSETA	Health and Welfare Sector Education and Training Authority
ICCM	Integrated Chronic Care Model
ICT	Information Communication Technology
IHR	International Health Regulations
IMR	Infant Mortality Rate
IPT	Isoniazid Preventive Therapy
ISHP	Integrated School Health Programme
IT	Information Technology
IUSS	Infrastructure Unit Support System
IYM	In-Year Monitoring
LFA	Local Funding Agency
MBOD	Medical Bureau for Occupational Diseases
MCC	Medicines Control Council
MCWH	Maternal, Child and Women's Health
MDG	Millennium Development Goals
MDR-TB	Multi-drug Resistant Tuberculosis
MISP	Master Information Systems Plan
M&E	Monitoring and Evaluation
MMC	Medical Male circumcision
MMR	Maternal Mortality Ratio
MOU	Memorandum of Understanding
MRC	Medical Research Council [South African]
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NaPeMMCo	National Perinatal Mortality and Morbidity Committee
NatHOC	National Health Operational Centre
NCE	New Chemical Entity
NCCEMD	National Committee on Confidential Enquiries into Maternal Deaths
NCDs	Non-Communicable Diseases
NCOP	National Council of Provinces
NDoH	National Department of Health
NDP	National Development Plan
NEMA	National Environmental Health Act
NHA	National Health Act
NHC	National Health Council
NHCC	National Hospital Co-ordinating Council
NHI	National Health Insurance
NHI-CG	National Health Insurance Conditional Grant

List of Abbreviations and Acronyms

NHIRD	National Health Information Repository and Data Warehouse
NHISSA	National Health Information Systems Committee of South Africa
NHLS	National Health Laboratory Services
NHSP	National Health Scholars Programme
NGO	Non-Government Organization
NHRD	National Health Research Database
NHREC	National Health Research Ethics Committee
NHRC	National Health Research Committee
NHRO	National Health Research Observatory
NICD	National Institute for Communicable Diseases
NIDS	National Indicator Data Set
NMC	Notifiable Medical Conditions
NPM	Nutrient Profiling Model
NSP	National Strategic Plan
NT	National Treasury
NTSG	National Tertiary Services Grant
NWU	North West University
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act
OHSC	Office of Health Standards Compliance
OHU	Occupational Health Unit
OSD	Occupation-specific Dispensation
ODA	Overseas Development Aid
PCR	Polymerase Chain Reaction
PERSAL	Personnel Salary System
PEPFAR	President's Emergency Plan for Aids Relief [US]
PFMA	Public Finance Management Act
PHC	Primary Health Care
PHSDSBC	Public Health and Social Development Sectoral Bargaining Council
PMTCT	Prevention of Mother-to-Child Transmission of HIV
PPP	Public Private Partnership
PrimCare SPSP	Primary Health Care Sector Policy Support Programme
PSC	Public Service Commission
PSCBC	Public Service Co-ordinating Bargaining Council
RRM	Revenue Retention Model
RTC	Regional Training Centre
SAM	Severe Acute Malnutrition
SADC	Southern African Development Community
SAHPRA	South African Health Products Regulatory Authority
SANAC	South African National AIDS Council
SAPS	South African Police Services
SANHANES	South African National Health and Nutritional Examination Survey
SCM	Supply Chain Management
SG	Statistician-General
SSA	State Security Agency
SCOPA	Select Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SMS	Senior Management Service
SLA	Service Level Agreement
SOPs	Standard Operating Procedures
STGs	Standard Treatment Guidelines
STIs	Sexually Transmitted Infections
TB	Tuberculosis
Tech-NHC	Technical Advisory Committee of the National Health Council
TROA	Total clients remaining on ART
UCT	University of Cape Town
UN	United Nations
UPS	Uninterruptable Power Supply [device]
USAID	United States Agency for International Development
WBPHCOTs	Ward Based Primary Health Care Outreach Teams
WHA	World Health Assembly
WHO	World Health Organization
WHO-AFRO	World Health Organization–Africa Region
WISN	Work Indicators for Staffing Need

1.3 Foreword by Minister



The purpose of this report is to give Parliament and the public an overview of the resources allocated to the Department of Health and to account for how, in broad terms, those resources have been used in fulfilling our statutory functions – the provision of health care and the promotion of health.

The report is divided into a number of sections, each with a specific purpose reflecting statutory duties and what has been achieved. We have sought to include the right amount of detail, striking a balance between transparency and readability, ensuring that the report meets technical requirements and is of use to readers who are not health professionals.

The reporting period was a challenging year for the National Department of Health and for government in general, as we sought another mandate from the electorates to press on with our health reform programme. There is a growing demand for universal health coverage and for quality services. Realistically, we recognise that the environment will continue to be challenging as we make plans to put these principles into practice for the next five years.

In the year under review, it is evident that major strides were made towards a healthy and long life for all South Africans. Life expectancy continued to improve mainly due to large scale access to antiretroviral therapy in South Africa leading to long survival rates of persons with HIV. Recent estimates showed improvement from 61.2 years in 2012 to 62.2 years in 2013.

The Infant Mortality Rate (IMR) estimates increased from 27 deaths per 1000 live births in 2012 to 29 deaths per 1000 live births in 2013. Estimates of both under five mortality and neonatal mortalities remained stable between 2012 and 2013.

The MomConnect Project is fully rolled out and more than 420 000 pregnant women have subscribed to received specially tailored health messages. Immunisation coverage of more than 90% was achieved during 2014/15.

Collaboration with Department of Basic Education is progressing ahead on the Integrated School Health Programme. A 23% coverage rate of learners in Quintile 1 and 2 schools was achieved in 2014/15. A total of 709 396 learners had health screening during 2014/15. More 90% of girl learners aged 9 years received the first dose HVP immunisation at schools.

Prevention is the mainstay of efforts to combat HIV and AIDS. Since the HIV Counselling and Testing (HCT) campaign was introduced in 2010, over 35 million people have been tested. For the 2014/15 financial year, 9 566 097 people between the ages of 15 and 49 years were tested. The number of people on antiretroviral treatment increased to more than 3.1 million in 2014/15.

Significant strides were made on medical male circumcision (MMC) programme, which is one of the Department's combination of HIV and AIDS prevention interventions. A total of 508 404 MMCs were conducted. The revision of the HIV guidelines was done for alignment with the World Health Organisation (WHO) HIV Guidelines.

The outbreak of Ebola virus disease in West Africa reminded us of the importance of basic epidemic preparedness and the importance of hand hygiene to avoid the transmission and spread of pathogens that cause communicable diseases. To alert South Africans of this simple yet very effective practice for preventing the spread of disease, we launched a hand-washing campaign on 24 November 2014, which aims to mobilise communities, households, as well as individuals in schools and workplaces, to wash hands with soap at appropriate times.

The NDoH continued with the implementation of the eHealth strategy for the public health sector 2012/13–2016/17. The National Health Normative Standards Framework for Interoperability in eHealth in South Africa was gazetted in April 2014. The Council for Scientific and Industrial Research (CSIR) Department was commissioned to assess the level of Primary Health Care Patient Information Systems (PHC-PIS) implemented in South Africa against the published National Health Normative Standards Framework. Further, the Department commissioned the CSIR to conduct a similar assessment for all Hospital Health Information Systems.

The Department commenced with a project for the reference of the National Health Normative Standards Framework for eHealth in the 700 primary health care facilities, which are in the NHI pilot districts. To this end, the required hardware which included 3 370 computers were distributed to 698 facilities, and integrated eight health information system initiatives targeting primary health care facilities. The beta implementation of this project demonstrated an improved quality of routine data and a reduction in patient waiting times at administration level. These strides are in keeping with the National Development Plan (NDP).

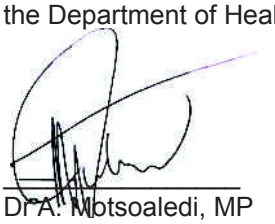
Our main priority for the year 2015/2016 is to continue with preparatory work for NHI. To this end, Department initiated a process of developing and testing Diagnosis-related Groups (DRG) as an alternative reimbursement tool for hospitals. Phase 1 of this programme involves developing a base DRG tool for the 10 central hospitals across the country. As at March 2015, the Department had extracted clinical and financial data from central hospitals. The data have been categorised into 25 Major Disease Categories as part of the preliminary technical work to develop and apply a disease algorithm. Technical work on

case-mix and actuarial analyses has been undertaken on the data, which have been aggregated, and a triangulation process has been undertaken with regard to data from third-party sources. The next phases of work will involve further in-depth case-mix analyses, followed by the modelling and fitting of the algorithm.

A surveillance system has been developed and successfully piloted to monitor medicine availability at health facilities. Electronic stock management systems were implemented in 39 hospitals in order to strengthen demand planning and governance. Access to medicines was enhanced with the approval of 306 pharmacy and 2 391 dispensing licences.

Our task is to improve patient safety and the quality of care while managing a financial situation that remains exceptionally tight.

This report summarises key achievements representing continuity in creating conditions favourable to the successful implementation of National Health Insurance (NHI). All these achievements have been possible thanks to the continued dedication, commitment and hard work of staff throughout the health system, including the Department of Health's partner organisations.



Dr A. Motsoaledi, MP
Minister of Health
Date:21/09/2015

1.4 Deputy Minister's Statement

As a custodian of the health system, the NDoH's job is to ensure that the system as a whole delivers the best possible health care outcomes to all South Africans. We work with our partner organisations to develop policies that enable service delivery that meet the expectations of patients, carers, users and the public on fairness, efficiency and quality.

The NDoH and its provincial counterparts are accountable to Parliament and Provincial Legislatures. The NDoH sets the strategy and direction for the system as a whole and is responsible for innovating and updating health policy and legislative frameworks to inform and enhance service delivery. The NDoH is also responsible for supporting individual national bodies and holding them accountable to either the Department or directly to Parliament.

The NDoH secures funds for health care services which are then allocated to provinces. NDoH ensures that a robust system of regulation is in place for the health professions and allied industries, and systems are responsive to the needs of patients, users, carers and taxpayers, while creating and maintaining the legislative and regulatory framework for those services. However, people's care is in the hands of the health professionals who look after them.

Although the NDoH's role is rarely visible to healthcare professionals, patients and users of services, it is vital in securing high-quality, efficient and fair services in the short term and sustaining them in the future.

The account of the 2014/15 financial year presented in this report explains how we have gone about achieving the objective stated above. We have continued to take steps to reform the system that sustains services and to maintain performance in important areas, increasingly working through strategic continental and global alliances with our external delivery partners at national and local levels, as well as taking a global leadership role in tackling the issues that will have greatest impact in the future – such as dementia and antimicrobial resistance.

The NDoH continued to implement the re-engineered Primary Health Care (PHC) model for South Africa. The model comprises of three streams, namely: District Clinical Specialist Support Teams; Ward-based Primary Health Care Outreach Teams, the School-based Health programme, and the contracting of general practitioners to work in primary health care facilities for the National Health Insurance districts.

During this period, 2 912 Ward-based Primary Health Care Outreach Teams were established. This is an increase from the 1 595 teams established in 2013/14. Also, 1 748 teams reported their activities in the District Health Information System. This is an improvement over 1 063 teams that reported in 2013/14. A total of 800 community healthcare workers have been allocated mobile phones and trained on the use of this technology for data capturing and reporting. This initiative supports a faster turnaround time for care of individuals and families in the community.

To improve postnatal care, the Ward-based Primary Health Care Outreach Teams have been tasked with following up new mothers within six days and this has shown a significant improvement in provinces, where roving teams are actively linking mothers to facilities within the specified period. At the end of 2014/15, 74.3% of mothers received a postnatal visit within six days of giving birth.

To align Port Health Services provision with International Health Regulations, the National Health Amendment Act 12 of 2013 has placed the responsibility of such provision with the NDoH with effect from 1 September 2014. The transfer process was finalised in March 2015. Points of entry were supported to improve their operations during 2014/15, and 44 ports of entry are now compliant with International Health Regulations.

Among our key priorities for the year 2015/16 is to continue to work with our partners and civil society to achieve the highest quality standards of care across the system. Our task is to improve patient safety and the quality of care in the context of highly constrained financial resources.

The 'Ideal Clinic' (IC) initiative was started in July 2013 as a way of systematically reducing the deficiencies in PHC facilities in the public sector. The goal is to standardize the quality of PHC services across the country. The work done since July 2013 and the method used for its application culminated in the Operation Phakisa Ideal Clinic laboratory that took place from 12 October to 21 November 2014. A key output of the laboratory is a detailed plan for transforming all clinics in South Africa into 'Ideal Clinics'.

Non-communicable diseases (NCDs) are reaching epidemic proportions worldwide and South Africa is no exception. NCDs include cardiovascular conditions (mainly heart disease and stroke), some cancers, chronic respiratory conditions and Type 2 diabetes – affect people of all ages, nationalities and classes. In South Africa, the NCDs comprise at least 33% of the disease burden.

The common risk factors for NCDs include tobacco use; physical inactivity; unhealthy diets, and harmful use of alcohol. The proportion of deaths due to non-communicable diseases increased from 46, 6% in 2010 to 50, 6% in 2012, with gradual increases observed among diseases of the circulatory system, neoplasms, endocrine and metabolic diseases. The behavioral change intervention for NCDs will require intersectoral platform to promote healthy

lifestyles, encourage prevention of diseases and promote health care which will also enforce health regulations.

In sub-Saharan Africa, it is understandable that governments, donors and research-funding agencies have channelled most resources into infectious diseases: 5.9% of adults between the ages of 15 and 49 are HIV-positive and malaria alone kills a million children under the age of five each year. In richer countries, the focus of biomedical research on NCDs has been on treatment rather than prevention.

The reality is that the overwhelming majority of NCDs are diseases of lifestyle. Averting the NCD crisis is essential to ensuring that present and future generations have the chance to live long, healthy and productive lives.

Dr J Phaahla, MP
Deputy Minister of Health
Date: 17/09/2015

1.5 REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.

1. Overview of the operations of the Department

1.1 Strategic Issues Facing the Department

The National Development Plan (NDP) envisions that by 2030, the health system will produce the following positive health outcomes:

- The life expectancy of South Africans will be increased to at least 70 years;
- There will be a generation of under-20s that is largely free of HIV;
- There will be reduced burden of disease;
- An infant mortality rate of less than 20 deaths per 1 000 live births and the under-five mortality rate of less than 30 deaths per 1 000 children will be achieved;
- There will be a significant shift in the equity, efficiency and quality of health service provision;
- Universal health coverage will be realised;and
- Social determinants of disease and adverse environmental factors will be addressed and reduced.

a. The restructuring of Primary Health Care(PHC) and overhauling of the health system is intended to improve the quality of care and prepare the health system for National Health Insurance (NHI). PHC is the strategic thrust of service delivery. High quality of services at primary health care level will be achieved through the Ideal Clinic model and integration of all streams of primary health care, namely: the implementation of Ward-based Primary Health Care Outreach Teams (WBPHCOTs); the implementation of School Health Services; the establishment of District Clinical Specialist Teams; and the contracting of general practitioners (GPs) to support services at PHC clinics in the public health sector.

b. Health systems strengthening focuses on improving Health Information Systems and the use of health information for the purposes of health planning and decision-making; improvement of financial management at all levels of the healthcare system; strengthening human resource planning in response to the Human Resources for Health Strategy; improvement of drug supply systems; strengthening health facility planning including health infrastructure, and strengthening management in Health Districts.

c. Significant milestones were achieved through strategic interventions to reduce the burden of disease implemented by the health sector, in partnership with communities across the country. These are outlined in sections 1.2 and 1.3.

1.2 Significant events that have taken place during the year

a. The Rapid Mortality Surveillance Report 2013 of the South African Medical Research Council, which was released in December 2014, showed that total life expectancy in South Africa has increased from an estimate of 61.2 years in 2012 to 62.2 in 2013. Infant mortality rate estimates showed an increase from 27 deaths per 1 000 live births in 2012 to 29 deaths per 1 000 live births in 2013. Both the under-five mortality and the neonatal mortality rates remained stable at 41 deaths per 1 000 live births and 11 deaths per 1 000 live births respectively between 2012 and 2013.

b. The health sector continued to implement key strategies linked to the NHI pilot sites. The country is still within the first phase of implementation of NHI which is planned to take five years. The results of an appraisal conducted in 2014/15 show that all NHI districts reported full integration, co-ordination and alignment between District Health planning and implementation with that of NHI pilot activities. This is a significant improvement over the previous financial year, when only six out of 10 districts reported integration of NHI pilot activities into routine district management planning and implementation. All pilot districts have appointed, or have proxy for, NHI co-ordinators, at both provincial and district level.

c. The introduction of an independent service provider for the recruitment and placement of General Practitioners (GPs) in November 2014 has significantly increased the number of GPs contracted. Prior to the introduction of the independent service provider, just over 150 GPs were recruited during the 21 months of the project. Since November 2014, a further 150 GPs have been recruited and placed at PHC facilities, increasing the number of GPs to a total of 300.

d. The Department continued to implement the new re-engineered Primary Health Care (PHC) model for South Africa. The model consists of three streams, namely: District Clinical Specialist Support Teams; Ward-based Primary Health Care Outreach Teams, the School-based Health programme, and the contracting of general practitioners to work in primary health care facilities.

e. In the 2014/15 financial year, 2 912 Ward-based Primary Health Care Outreach Teams were established. This is an increase from the 1 595 teams established in 2013/14. During the period under review, 1 748 teams reported their activities in the District Health Information System. This is an improvement over 1 063 teams that reported in 2013/14. A total of 800 community healthcare workers have been allocated mobile phones and have been trained on the use of this technology for data capturing and reporting. This initiative supports a faster turnaround time for care of individuals and families in the community.

f. To improve postnatal care within six days, the Ward-based Primary Health Care Outreach Teams have been tasked with following up new mothers within six

days and this has shown a significant improvement in provinces, where roving teams are actively linking mothers to facilities within the specified period. At the end of 2014/15, 74.3% of mothers received a postnatal visit within six days of giving birth.

g. The Integrated School Health Programme (ISHP) had a 23.2% coverage rate for 2014/15 in Quintile 1 and 2 schools. During the 2014 calendar year, 463 School Health Teams screened a total of 709 396 learners.

h. The Human Papilloma Virus (HPV) immunisation campaign was largely successful, with 91.8% of the targeted number of girls reached for the 1st dose HPV immunisation. Prevention is the mainstay of efforts to combat HIV and AIDS. Since the HIV Counselling and Testing (HCT) campaign was introduced in 2010, over 35 million people have been tested. For the 2014/15 financial year, 9 566 097 people between the ages of 15 and 49 years were tested.

i. Medical male circumcision (MMC) is one of the Department's combination HIV and AIDS prevention interventions. During 2014/15, a total of 508 404 MMCs were conducted.

j. At the end of March 2015, there were 3 103 902 clients remaining on antiretroviral therapy (ART) (total clients remaining on ART – TROA). The Department revised the HIV guidelines to align them with the World Health Organization (WHO) HIV Guidelines.

k. Programme data are also showing that fewer infants are infected with HIV, with a polymerase chain reaction (PCR) positivity rate of less than 2% of all babies born to HIV-positive women around six weeks.

1.3 Major projects undertaken or completed during the year

a. A new intervention called MomConnect was launched in August 2014 with the aim of improving maternal, neonatal and child health outcomes. The programme uses cell-phone technology to register every pregnant mother on the healthcare system via SMS, so that relevant pregnancy-related health messages can be sent to these pregnant mothers. To date, more than 420 000 women have been registered to receive tailored health promotion messages based on the gestational age at the time of their first antenatal care visit.

b. The 'Ideal Clinic' (IC) initiative was started in July 2013 as a way of systematically reducing the deficiencies in PHC facilities in the public sector. The goal is to ensure that high-quality PHC services are made universally available, and are consistent with set standards. The work done since July 2013 and the method used for its application culminated in the Operation Phakisa Ideal Clinic laboratory that took place from 12 October to 21 November 2014. This laboratory's output is a detailed plan for transforming all clinics in South Africa into 'Ideal Clinics'.

c. In ensuring that the Port Health Services are rendered in line with International Health Regulations, the National Health Amendment Act 12 of 2013 has placed the responsibility of facilitating the provision of Port Health Services with the National Department of Health (NDoH) with effect from 1 September 2014. The transfer process was finalised in March 2015. Points of entry were supported to improve their operations during 2014/15, and 44 ports of entry are now compliant with International Health Regulations.

d. As part of preparatory work for NHI, the National Department of Health has initiated a process of developing and testing Diagnosis-related Groups (DRG) as an alternative reimbursement tool for hospitals. Phase 1 of this programme involves developing a base DRG tool for the 10 central hospitals across the country. As at March 2015, the Department had extracted clinical and financial data from central hospitals. The data have been categorised into 25 Major Disease Categories as part of the preliminary technical work to develop and apply a disease algorithm. Technical work on case-mix and actuarial analyses has been undertaken on the data, which have been aggregated, and a triangulation process has been undertaken with regard to data from third-party sources. The next phases of work will involve further in-depth case-mix analyses, followed by the modelling and fitting of the algorithm.

e. A surveillance system has been developed and successfully piloted to monitor medicine availability at health facilities. Electronic stock management systems were implemented in 39 hospitals in order to strengthen demand planning and governance. Access to medicines was enhanced with the approval of 306 pharmacy and 2 391 dispensing licenses.

f. The Ebola virus disease outbreak in West Africa reminded us of the importance of basic epidemic preparedness and hand hygiene. Hands are the main source of the transmission and spread of pathogens (agents such as bacteria and viruses) that cause communicable diseases. To alert South Africans of this simple yet very effective practice for preventing the spread of disease, the Minister of Health launched a hand-washing campaign on 24 November 2014, which aims to mobilise communities, households, as well as individuals in schools and workplaces, to wash hands with soap at appropriate times.

g. The Department continued with the implementation of the eHealth strategy for the public health sector for 2012/13–2016/17. The National Health Normative Standards Framework for Interoperability in eHealth in South Africa was gazetted in April 2014. The Department commissioned the Council for Scientific and Industrial Research (CSIR) to assess the level of Primary Health Care Patient Information Systems (PHC-PIS) implemented in South Africa against the published National Health Normative Standards Framework. The Department has further commissioned the CSIR to conduct a similar assessment for all Hospital Health Information Systems.

h. During 2014/15, the Department commenced with a project for the reference of the National Health Normative Standards Framework for eHealth in the 700 primary health care facilities in the NHI pilot districts. To this end, the Department has distributed the required hardware which included 3 370 computers to 698 facilities, and integrated eight health information system initiatives targeting primary health care facilities into this project. The beta implementation of this project demonstrated an improved quality of routine data and a reduction in patient waiting times at administration level.

2. Overview of the financial results of the Department:

2.1 Departmental receipts

Departmental receipts	2014/15			2013/14		
	Estimate	Actual Amount Collected	(Over) /Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	31 548	54 033	(22 485)	38 076	67 136	(29 060)
Interest, dividends and rent on land	300	6 337	(6 037)	420	1 858	(1 438)
Financial transactions in assets and liabilities	912	5 770	(4 858)	912	2 612	(1 700)
Total	**32 760**	**66 140**	**33 380**	**39 408**	**71 606**	**32 198**

The majority of revenue collected by the NDoH is derived from regulatory functions performed by the Medicines Control Council (MCC).The main source of revenue is generated from registration fees of medicines, which yielded a decrease of 19.52% in 2013/14 as compared to 2014/15. The tariffs charged by the Department in this regard are in terms of the provisions of the Medicines and Related Substances Act of 1965 as published in the Government Gazette on 7 November 2012.The balance originates from laboratory tests, which are conducted by the three forensic laboratories in Pretoria, Johannesburg and Cape Town under the control of the Department. These fees are reviewed regularly and costs are recovered.

2.2 Programme Expenditure

Programme Name	2014/15			2013/14		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	* R'000	* R'000	R'000
1. Administration	397 731	386 476	11 255	393 062	352 916	40 146
2. Health Planning and Systems Enablement	654 127	316 667	337 460	493 913	198 261	295 652
3. HIV and AIDS, TB and Maternal, Child and Women's Health	13 046 659	13 027 910	18 749	11 040 345	10 962 701	77 644
4. Primary Health Care Services	107 155	102 355	4 800	102 989	89 888	13 101
5. Hospitals, Tertiary Services and Workforce Development	18 808 853	18 482 048	326 805	17 731 182	17 486 225	244 957
6. Health Regulation and Compliance Management	886 045	839 199	46 846	766 690	735 106	31 584
Total	**33 900 570**	**33 154 655**	**745 915**	**30 528 181**	**29 825 097**	**703 084**

*2013/14 figures restated. Programme Management decentralised and moved from Programme 1 to respective Programmes.

a. From a total allocation for the year under review amounting to R33,901 billion, the Department spent R33,155 billion, which is 97.8% of the available budget.

b. The economic classifications that were underspent were mainly Goods and Services and Capital. Goods and services (G&S) were underspent mainly due to contracts issued but services yet to be rendered. Capital expenditure was underspent due to construction projects not completed by 31 March 2015.

2.3 Reasons for under/(over) expenditure

Programme 1: Administration

The programme shows an expenditure of R386,476 million (97.2%), with an under-expenditure of R11,255 million (2.8%) against a budget of R397,731 million.

Invoices for legal services, services rendered by the Department of International Relations and Co-operation and the external audit fees could not be processed before the year end.

Programme 2: Health Planning and Systems Enablement

The programme shows an expenditure amounting to R316,667 million (48.4%), with an under-expenditure of R337,460 million (51,6%), against a budget of R654,127 million.

There were delays in negotiating additional funds for the South Africa Demographic and Health Survey and the processes involved in appointing General Practitioners in the National Health Insurance Pilot Districts.

Programme 3: HIV and AIDS, TB and Maternal, Child and Women's Health

From a total allocation of R13,047 billion, the programme has spent 99.9% of its allocated funds amounting to R13,028 billion, with an under-expenditure of R18,749 million.

Programme 4: Primary Health Care (PHC) Services

The total allocation for the programme amounted to R107,155 million. The programme shows an expenditure outcome of R102,355 million, which is 95.5% with an under-expenditure of R4,800 million (4.5%).

Printing of promotional material was not received from the supplier before year-end. The transfer payment to the Kidney Foundation could not be effected due to challenges with banking details.

Programme 5: Hospitals, Tertiary Services and Workforce Development

The programme has spent R18,482 billion (98.3%) of its allocated funds, amounting to R18,809 billion, which resulted in an under-expenditure of R326,805 million (1.70%).

Programme 6: Health Regulation and Compliance Management

The programme has spent R839,199 million (94.7%) of its R886,045 million allocated funds, with an under-expenditure of R46,846 million (5.3%).

There were delays in the set-up of an office for the new Public Entity: Office of Health Standards Compliance (both capital and current).

2.4 Virements

During the financial year a total amount of R138,791 million as approved for virements.

National Treasury approved the following virements:

R350 000	National Kidney Foundation of South Africa
R2 500 000	National Institute of Communicable Diseases
R62 076	Medical Research Council
R600 000	Wits Health Consortium
R3 300 000	South African Medical Research Council
R1 500 000	Human Sciences Research Council
R6 571 000	Health Information System Programme
R2 000 000	Health Systems Trust
R40 200 000	Increase in intake of medical students
R7 500 000	Implementation of Resolution 3 of 2012 by the Public Service Co-ordinating Bargaining Council (PSCBC)
R8 800 000	National Health Laboratory Services

The Director-General granted approval to effect the following virement:

R3 568 000	Leave gratuity payments
R5 794 000	Payment for machinery and equipment
R3 269 000	Payment for software and intangible assets
R20 068 000	Adjustment in budget allocation for Goods and Services between Programmes
R31 740 000	Adjustment in budget allocation for Compensation of Employees between Programmes
R940 000	Theft and Losses

2.5 Roll overs

None

2.6 Unauthorised expenditure

None

2.7 Fruitless and wasteful expenditure

An amount of R188 000 was recorded during this reporting period.

2.8 Public Private Partnerships

The Health Sector Public Private Partnership (PPP) Programme was finalising feasibility studies for seven PPP projects registered with National Treasury.

The feasibility studies for Chris Hani Baragwanath and Limpopo Academic Hospitals were completed. A review undertaken by the Department found the cost of the current PPP model to be unaffordable

Status of projects as of 31 March 2015.

Name of PPP	Status per AFS 2013-14	Status per AFS 2014-15	Comments
Chris Hani Baragwanath hospital for reconstruction revitalisation and upgrading - Gauteng	Feasibility	Feasibility completed	Feasibility study completed and reviewed. Alternative model investigated and finalised.
New Limpopo Academic Hospital - Limpopo	Feasibility	Feasibility completed	Feasibility study completed awaiting finalisation of the alternative model
Tygerberg Hospital Redevelopment - Western Cape	Inception	Feasibility	Transactional advisors finalised the needs analysis and presented the options analysis
Replacement/ Refurbishment of King Edward VIII Hospital - KwaZulu-Natal	Feasibility	Feasibility	Awaiting finalisation of the alternative model
Nelson Mandela Academic Hospital Eastern Cape	Feasibility	Feasibility	Awaiting finalisation of the alternative model
Dr George Mukhari Academic Hospital Gauteng	Feasibility	Feasibility	Awaiting finalisation of the alternative model to be recommended on the way forward
Tertiary Hospital - Mpumalanga	Inception	Inception	Awaiting finalisation of the alternative model on the way forward

Biovac PPP

The PPP agreement with Biovac Institute is still in effect until 2016.The agreement mandates the institute to source and supply EPI vaccines of good quality at competitive prices to the provincial health departments. The Department of Health shareholding of 35% (R43 918 089,00) in the company (Biovac) was transferred to the Department of Science and Technology with effect from 20 August 2014.

2.9 Discontinued activities / activities to be discontinued

- No activities were discontinued during the year under review.

2.10 New or proposed activities

- None

2.11 Supply chain management (SCM)

No unsolicited bid proposals were concluded by the Department for the year under review.

Processes and controls are in place to curb irregular expenditure as can be seen in its reduction over the last few financial years.

Contract Management is being strengthened in the Department. Capacity is being built within the Department for critical competencies and skills. This will become more important as the Infrastructure implementation matures and gains momentum over the Medium-term Expenditure Framework (MTEF).

The effectiveness of and adherence to procurement measures is being strengthened. Standard Operating Procedures were developed to guide end-users through the SCM processes and to enhance compliance with prescripts.

Redundant, unserviceable and obsolete assets and items were identified and disposed of during the year under review. Some assets were sold as scrap and the others were donated to schools.

2.12 Gifts and Donations received in kind from non related parties

In-kind goods and services amounting to R7.1 million were received during the financial year and are disclosed in Annexure 1F of the Annual Financial Statements.

2.13 Exemptions and deviations received from the National Treasury

None received

2.14 Events after the reporting date

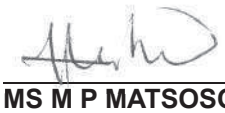
None to report

2.15 Acknowledgements

I wish to express my appreciation to the Minister of Health, the Deputy Minister, as well as all members of staff for their hard work, loyalty and commitment in pursuing the objectives of National Department of Health. I also wish to acknowledge all partners working with us in the implementation of the National Development Plan.

2.16 Approval

The Annual Financial Statements are approved by the Accounting Officer.



MS M P MATSOSO
DIRECTOR-GENERAL

Date: 31 July 2015

1.6 Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any material omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard, and the relevant frameworks and guidelines issued by the National Treasury.

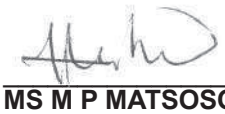
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control, which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The Auditor- General of South Africa (AGSA) was engaged to express an independent opinion on the annual financial statements and performance information.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2015.

Yours faithfully



MS M P MATSOSO
DIRECTOR-GENERAL
Date: 31 July 2015

1.7 Strategic Overview

Vision

A long and healthy life for all South Africans

Mission

To improve the health status of South Africans through the prevention of illnesses and the promotion of healthy lifestyles and to consistently improve the health care delivery system by focusing on access, equity, efficiency, quality and sustainability.

1.8 Legislative and Other Mandates

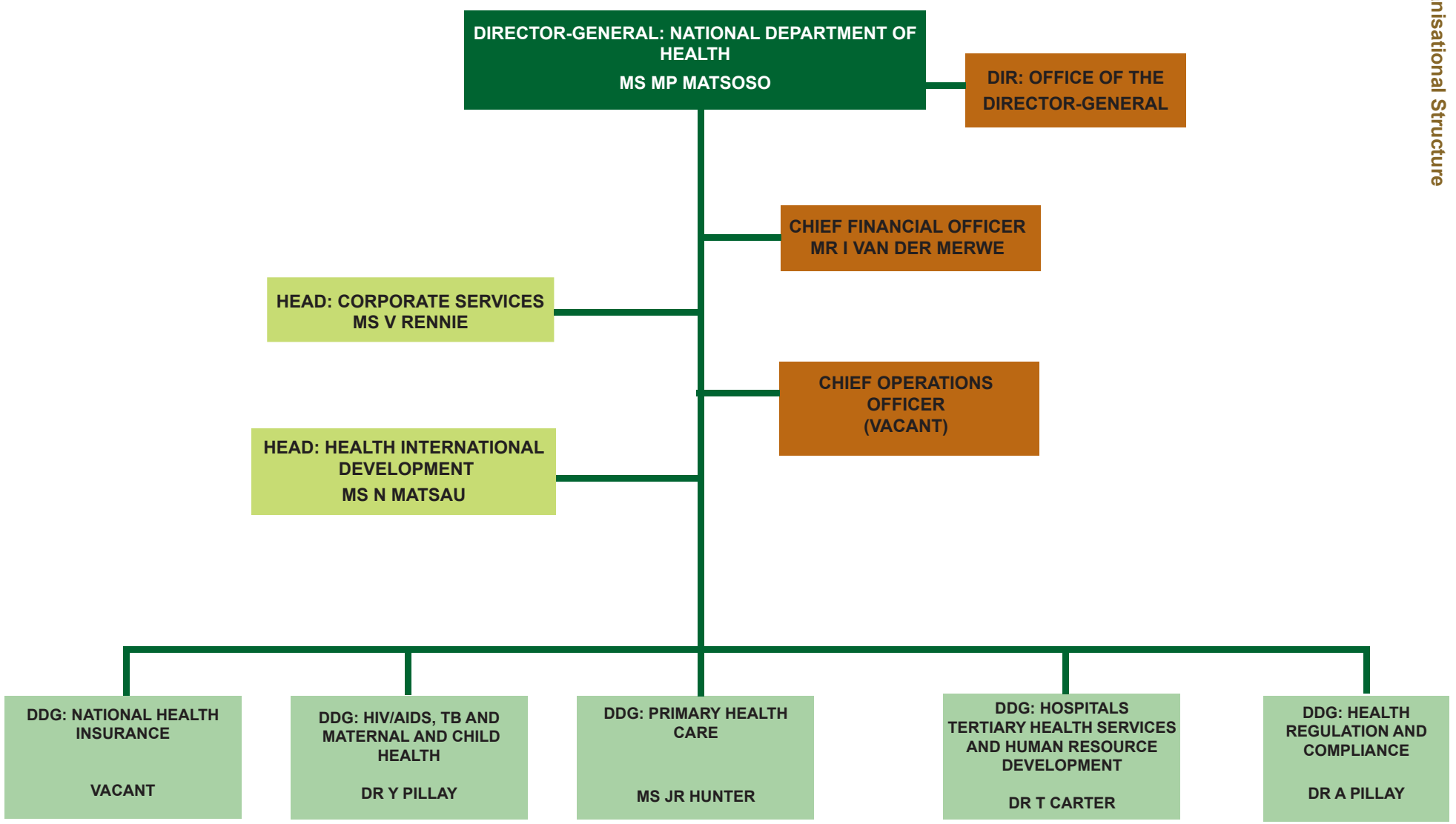
The Legislative mandate of the Department of Health is derived from the Constitution, the National Health Act, 61 of 2003, and several pieces of legislation passed by Parliament guided by Sections 9, 12 and 27 of the Constitution.

Legislation falling under the Portfolio of the Minister of Health

- Allied Health Professions Act, 1982 (Act No. 63 of 1982)
- Choice on Termination of Pregnancy Act, 1996 (Act No. 92 of 1996)
- Council for Medical Schemes Levies Act, 2000 (Act No. 58 of 2000)
- Dental Technicians Act, 1979 (Act No. 19 of 1979)
- Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act No. 54 of 1972)
- Hazardous Substances Act, 1973 (Act No. 15 of 1973)
- Health Professions Act, 1974 (Act No. 56 of 1974) Human Tissue Act, 1983 (Act No. 65 of 1983)
- International Health Regulations Act, 1974 (Act No. 28 of 1974)
- Medical Schemes Act, 1998 (Act No.131 of 1998)
- Medicines and Related Substances Act, 1965 (Act No. 101 of 1965)
- Mental Health Care Act, 2002 (Act No. 17 Of 2002)
- National Health Act, 2003 (Act No. 61 of 2003)
- National Health Laboratory Service Act, 2000 (Act No. 37 of 2000)
- Nursing Act, 2005 (Act No. 33 of 2005)
- Occupational Diseases in Mines and Works Act, 1973 (Act No. 78 of 1973)
- Pharmacy Act, 1074 (Act No. 53 of 1974)
- South African Medical Research Council Act, 1991 (Act No. 58 of 1991)
- Sterilisation Act, 1998 (Act No. 44 of 1998)
- Tobacco Products Control Act, 1993 (Act No.83 of 1993)
- Traditional Health Practitioners Act, 2007 (Act No. 22 of 2007)

Other Legislation which the National Department of Health must comply with

- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997),
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Child Care Act, 1983 (Act No. 74 of 1983)
- Control of Access to Public Premises and Vehicles Act, 1985 (Act No. 53 of 1985)
- Conventional Penalties Act, 1962 (Act No. 15 of 1962)
- Designs Act, 1993 (Act No. 195 of 1993)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Intergovernmental Fiscal Relations Act, 1997 (Act No. 97 of 1997)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Occupational Health and Safety Act, 1993 (Act No. 85 of 1993)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- Promotion of Equality and the Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000)
- Protected Disclosures Act, 2000 (Act No. 26 of 2000)
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Public Service Act, 1997 (Proclamation No. 103 of 1994)
- Public Service Commission Act, 1997 (Act No. 46 of 1997)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- State Information Technology Act, 1998 (Act No. 88 of 1998)
- State Liability Act, 20 of 1957 (Act No. 20 of 1957)
- The Competition Act, 1998 (Act No. 89 of 1998)
- The Copyright Act, 1998 (Act No. 98 of 1998)
- The Merchandise Marks Act, 1941 (Act No. 17 of 1941)
- The Patents Act, 1978 (Act No. 57 of 1978)
- Trade Marks Act, 1993 (Act No. 194 of 1993)
- Unemployment Insurance Contributions Act, 2002 (Act No. 4 of 2002)
- Use of Official Languages Act, 2012 (Act No. 12 of 2012)


DIRECTOR-GENERAL: NATIONAL DEPARTMENT OF HEALTH
MS MP MATSOSO
DIR: OFFICE OF THE DIRECTOR-GENERAL
CHIEF FINANCIAL OFFICER
MR I VAN DER MERWE
HEAD: CORPORATE SERVICES
MS V RENNIE
CHIEF OPERATIONS OFFICER
(VACANT)
HEAD: HEALTH INTERNATIONAL DEVELOPMENT
MS N MATSAU
DDG: NATIONAL HEALTH INSURANCE
VACANT
DDG: HIV/AIDS, TB AND MATERNAL AND CHILD HEALTH
DR Y PILLAY
DDG: PRIMARY HEALTH CARE
MS JR HUNTER
DDG: HOSPITALS TERTIARY HEALTH SERVICES AND HUMAN RESOURCE DEVELOPMENT
DR T CARTER
DDG: HEALTH REGULATION AND COMPLIANCE
DR A PILLAY

1.10 Entities Reporting to the Minister

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Council for Medical Schemes	Medical Schemes Act, 1998 (Act No. 131 of 1998)	Transfer payment (public entity)	Regulates the Private Medical Scheme Industry.
South African Medical Research Council	South African Medical Research Council Act, 1991 (Act No. 58 of 1991)	Transfer payment (public entity)	The objectives of the Council are to promote the improvement of health and quality of life through research, development and technology transfer
National Health Laboratory Service	National Health Laboratory Service Act, 37 of 2000 (Act No. 37 of 2000)	Transfer payment (public entity)	The service supports the Department of Health by providing cost effective laboratory services to all public clinics and hospitals.
Compensation Commissioner for Occupational Diseases	Occupational Diseases in Mines and Works Act, 1973 (Act No. 78 of 1973)	Transfer payment (trading entity)	The Commissioner is responsible for the payment of benefits to workers and ex-workers in controlled mines and workers who have been certified to be suffering from cardiopulmonary diseases because of work exposures.
Health Professions Council of SA	Health Professions Act, 65 of 1974 (Act No. 65 of 1974)	Not applicable	Regulates the medical, dental and related professions.
SA Nursing Council	Nursing Council Act, 33 of 2005 (Act No. 33 of 2005)	Not applicable	Regulates the nursing profession.
SA Pharmacy Council	Pharmacy Act, 1974 (Act No. 53 of 1974)	Not applicable	Regulates the pharmacy profession.
Dental Technicians Council	Dental Technicians Act, 1979 (Act No. 19 of 1979)	Not applicable	Regulates the dental technicians professions.
Allied Health Professions Council	Allied Health Professions Act, 1982 (Act No. 63 of 1982)	Not applicable	Regulates all allied health professions falling within the mandate of council
Interim Traditional Health Practitioners Council	Traditional Health Practitioners Act, 2007 (Act No. 22 of 2007)	Funds meetings of the Interim Council	Regulates traditional health practice and traditional health practitioners including students engaged in or learning traditional health practice in South Africa
Medicines Control Council	Medicines and Related Substances Act, 1965 (Act No. 101 of 1965)	Not applicable	Regulates the registration of medicines and medical devices
Office of Health Standards Compliance	National Health Amendment Act, 2013 (Act No. 12 of 2013)	Not applicable	Assesses and monitors compliance by health facilities with core standards of care