**9. Report of The Portfolio Committee on Health on the Budget Vote No. 16: and Annual Performance Plan of the Department of Health, Dated 10 July 2019**

The Portfolio Committee on Health (the Committee), having considered Budget Vote 16: Health, together with the 2019/20-2020/21 Annual Performance Plan (APP) of the Department of Health () (the Department), 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. Through the review of strategic plans, annual performance plans, annual budget and medium-term expenditure framework allocation and needs.

This report summarises a presentation received from the Department focusing on their 2019/20 – 2020/21 Annual Performance Plan and Budget as well as allocations over the MTEF. The report details the deliberations, observations and recommendations made by the Committee relating to Vote 16.

1. **CONSIDERATION OF THE ANNUAL PERFORMANCE PLAN AND BUDGET OF THE DEPARTMENT**

On 4 July 2019, the Portfolio Committee engaged the Department on its Annual Performance Plan and budget for 2019/20 – 2020/21.

1. **OVERVIEW OF THE DEPARTMENT OF HEALTH PLANNED POLICY INITIATIVES**

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 the 2019/20 – 2020/21 period from the 2019 State of the Nation Address (SoNA), National Development Plan (NDP) Vision 2030, Sustainable Development Goals (SDGs), Medium-Term Strategic Framework (2014-2019), Minister of Finance budget speech (2019), and the Department’s planned policy initiatives and other relevant policies.

* 1. **State of the Nation Address (SoNA)**

The key policy priorities of the Department include the following highlights from the February State of the Nation of Address:

* The first Presidential Health Summit, that was held in October 2018 brought together key stakeholders from a wide range of constituencies in the health sector. Participants engaged each other on the crisis in the health system and proposed immediate, short and medium term solutions to improve the effectiveness of the health system.
* The National Health Insurance (NHI) Bill will be ready for submission to Parliament in the immediate future. NHI is envisaged to reduce inequality in access to health public and private quality-accredited health facilities. An NHI and quality improvement War Room has been established in The Presidency, consisting of various key departments to address the crisis in the public health system, while preparing for the implementation of the NHI.
* A funded multi-pronged national quality health improvement plan for public health facilities to improve every clinic and hospital, will be contracted by the NHI.

The June 2019 SONA expanded on the February address, emphasising that health is critical to advancing the quality of life of South Africans, reducing the various dimension of poverty and improving the economy. During the June 2019 SONA, the President identified the following health-related plans:

* Address capacity at hospitals and clinics and long waiting times for medication.
* Highlight Human Resources for Health (HRH) issues and shortages of doctors and nurses.
* Improve ambulance services including obstetric care.
* Complete and use the Presidential Health Summit Compact to address the crisis in clinics and hospitals.
* Revise the NHI Implementation Plan including accelerating quality of care initiatives in public facilities; building human resource capacity, establishing the NHI fund structure and costing for the administration of the NHI Fund.
* Intensify the 90-90 Strategy to end HIV as a public threat and to stem the rising HIV infection rates amongst young women, and low rates of men testing and starting treatment for HIV. The goal is to have at least 2 million more people on treatment by December 2020.
  1. **National Development Plan (NDP)**

The National Development Plan (NDP) identifies demographics, burden of disease, health systems and the social and environmental determinants of health as the key areas for intervention required to improve the health system in the country. Nine goals for health have been identified in the NDP are as follows:

* Increase life expectancy at birth to 70 years.
* Improve evidence-based preventative and therapeutic interventions for HIV.
* Progressively Tuberculosis (TB) prevention and treatment.

Reduce maternal, infant and child mortality.

* Reduce the prevalence of non-communicable/chronic diseases by 28%.
* Reduce injury, accidents and violence by 50% (from the 2010 levels).
* Strengthen the district health system.
* Provide care to families and communities through primary health care teams.
* Fill health posts with skilled, committed and competent individuals.
  1. **Sustainable Development Goals (SDGs)**

The Sustainable Development Goals (SDGs) recognise that the health system must ensure healthy lives and promote well-being for all, at all ages (by 2030). It is envisaged that this would be achieved through the following:

* Putting in place social protection systems and measures.
* Reducing maternal mortality to less than 70% per 100,000 live births.
* Ending preventable deaths of new-borns and children under 5 years of age; and epidemics such as AIDS, TB and malaria.
* Reducing one-third of premature mortality from non-communicable diseases.
* Strengthening the prevention and treatment of substance abuse, including the harmful use of alcohol.
* Improving road safety for all, and halve the number of deaths and injuries caused by road traffic accidents.
* Ensuring access to sexual and reproductive health care services, and rights.
* Attaining universal health coverage.
* Maintaining ecosystems, and reducing the number of death and illnesses caused by hazardous chemicals and pollution.

It is further noted that strong partnerships between sectors will be imperative to prevent disease, and improve the quality of life.

1. **ANNUAL PERFORMANCE INDICATORS FOR 2019/20**

Some of the key performance indicators under each programme are as follows:

***Programme 1: Administration***

The purpose of the administration programme is to provide support services to the NDoH. These (services) include: human resources development and management, labour relations, information communication technology, property management, security services, legal services, supply chain management and financial management. The Department plans for the current financial year (2019/20) are:

* To ensure that the NDoH receives unqualified a clean audit opinion for 2019/20.
* To ensure that six provincial DoH demonstrate improvements in audit outcomes with no significant matters.
* To reduce medico-legal claims.
* To review and align the organisational structure and budget programme with the institutional arrangements that will be necessitated by the implementation of the NHI.

***Programme 2: National Health Insurance (NHI)***

The purpose of the NHI Programme is to improve access to quality health services through the development and implementation of policies to achieve universal health coverage and health financing reform. The Department will provide leadership to implement NHI and ensure quality health care. The Department will be structured to optimize functions in support of service delivery and release much needed resources for implementing NHI. The NHI Bill will be tabled in Parliament and enacted into law where after the NHI fund will be established.

Under Programme 2, the Department also plans to achieve the following:

* Proclaim the NHI Act.
* Ensure that the NHI office is established and key positions are filled.
* Ensure the comprehensive package of District Health Services is designed.
* Train 52 district health contracting teams for the accelerated implementation of NHI.
* Increase the number of health facilities implementing the health patient registration system (HPRS).
* Implement the early warning system for medicine stock outs in partnership with users and patient groups.
* Implement the automated *ePrescription* and *eDispensing* system at 25 health facilities.
* Develop an electronic medicine catalogue.
* Enrol 3,000,000 patients for receiving medicines through the centralised chronic medicine dispensing and distribution (CCMDD) programme.
* Ensure that the surveillance system for monitoring resistance is accessible to six provincial DoH.

***Programme 3: Communicable and Non-Communicable Diseases***

The purpose of the programme is to develop and support the implementation of national policies, guidelines, norms and standards and the achievement of targets for the national response needed to decrease morbidity and mortality associated with communicable diseases (HIV, TB, malaria, influenza and others) and non-communicable diseases (mental health, cancer, hypertension, diabetes and others). This programme is also responsible for developing strategies and implementing programmes that reduce maternal and child mortality. The targets under Programme 3 for the current financial year (2019/20) include the following:

* To ensure that 600,000 medical male circumcision procedures are performed.
* To ensure that 40,000 number of undiagnosed TB infected persons (new cases) are found.
* To conduct 14,000,000 tests for HIV during the National Health Screening and Testing Campaign.
* To ensure that the Expanded Programme on Immunization (EPI) coverage survey report is published and targeted interventions are identified to strengthen the programme.
* To ensure that six provincial training workshops are conducted to implement the external review recommendations of the EPI.
* To establish mental health teams for 20 (5 additional) districts.
* To contract psychiatrists and psychologists for 22,000 patients with mental health problems.
* To conduct 1,000 forensic mental health observations.
* To establish 5 districts with multi-disciplinary rehabilitation teams.
* To ensure that 7,000 patients receive radiation oncology.
* To implement the quality improvement programme for pregnant women and neonates at 11 regional hospitals.
* To retrain 20,000 Community Health Workers (CHWs) in the revised scope of work.

***Programme 4: Primary Health Care Services (PHC)***

The purpose of the Primary Health Care (PHC) 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, including emergency and environmental health services. The targets for Programme 4 for the 2019/20 financial year include the following:

* To develop plans for 30 district structures to meet the minimum requirements of the District Health Management Office (DHMO) guidelines.
* To draft the National Health Amendment Bill, so that it incorporates the functions of the DHMO.
* To train 970 PHC facility committees, to implement the handbook for governance structures.
* To train 80 District Hospital Boards, to implement the handbook for governance structures.
* To review the national guideline on conducting patient experience of care survey.
* To attain feedback on the quality of care through an electronic platform from 1,000,000 chronic patients.
* To submit the Traditional Health Practitioners Amendment Bill to Parliament.
* To have 1,800 PHC facilities qualify as Ideal Clinics.
* To conduct baseline self-assessments using the Ideal Hospital Framework, at 254 District Hospitals.
* To ensure that 45% (of 3400) PHC facilities are accessible to people with disabilities.
* To assess 78 Major Health Care Risk Waste (HCRW) generating public health facilities (hospitals and community health centres that generate more than 20kg per day) for adherence to HCRW norms and standards.
* To conduct an audit of 31 of the 52 municipalities that were not audited during 2018/19 against environmental health norms and standards.
* To ensure that 20 points of entry (11 airports and 9 high risk land borders) are compliant with core capacity requirements of International Health Regulations (IHR).
* To draft environmental health sections of the National Health Act and Environmental Health Bill.
* To monitor 9 provincial DoH for compliance with the Emergency Medical Services (EMS) regulations, using the approved checklist annually and; to revise 9 EMS improvement plans accordingly.
* To develop the Ideal EMS Framework to improve service delivery and compliance to EMS regulations.

***Programme 5: Hospital Systems***

The purpose of this programme is to develop national policy on hospital services and responsibilities by level of care; provide clear guidelines for referral and improved communication; develop detailed hospital plans; and facilitate quality improvement for hospitals.

The programme is further responsible for the management of the national tertiary services grant and ensures that planning of health infrastructure meets the health needs of the country.

The targets for 2019/20 under Programme 5 are:

* To conduct a baseline assessment of 61 hospitals (17 tertiary and 44 regional) by using the Ideal Hospital Framework.
* To cost implementation plans for improving 10 central hospitals’ organisational structures.
* To ensure that 37 health facilities comply with infrastructure norms and standards.
* To construct 23 and revitalise 37 clinics and community health centres. To construct 1 and revitalise 36 hospitals.
* To maintain, repair and/or refurbish 46 health facilities.
* To maintain, repair and/or refurbish 100 district health facilities through equitable share and the Health Facility Revitalization Grant.

***Programme 6: Health System Governance and Human Resources***

The purpose of this programme is threefold:

1. To achieve integrated health systems planning, monitoring and evaluation and research.
2. To develop and monitor the implementation of health workforce policies and ensure effective health workforce planning, development and management in the national health system, as well as alignment of academic medical centres with health workforce programmes and training of health professionals. It assists the government to achieve the population health goals of the country through nursing and midwifery, through the provision of expert policy and technical advice and recommendations on the role of nurses in attainment of desired health outputs.
3. To conduct oversight over public entities and statutory health professional councils, and ensure compliance through applicable legislative prescripts.

Targets under Programme 6 for the current financial year (2019/20) include the following:

* To establish the National Public Health Institute of South Africa (NAPHISA) will be established as a public entity and to subsequently appoint the NAPHISA board.
* To produce the biannual governance progress reports of all 5 health entities and 6 statutory health professional councils.
* To implement a handbook for departmental representatives serving on public health entities’ boards and statutory professionals’ councils.
* To publish the eHealth strategy 2020–2025.
* To disseminate the NHI evaluation findings/report (which focuses on Phase 1).
* To monitor the 2020-2030 national Human Resources for Health (HRH) Strategic Plan.
* To revise organisational structures of all PHC facilities as per the normative guidelines.
* To draft the human resources regulations for section 52 of the National Health Act of 2003.
* To review the policy for community service.
* To develop a user manual that contains standardised PERSAL data definitions.
* To place 650 Cuban trained medical students at South African universities for their final year training.
* To allocate all South African medical interns and community service personnel who studied at South African Universities for placement by October 2019.
* To ensure that all10 nursing colleges are accredited to offer the new nursing curriculum for the three-year Diploma in general nursing ().
* To approve the nursing strategy for 2020-2025.
* To eliminate the backlog for blood alcohol tests.
* To eliminate 70% of the toxicology tests backlog.

1. **BUDGET OVERVIEW**

## 

## Consolidated Health Budget

The public health budget spans across the national department, its entities and the provincial departments of health. The consolidated budget totals R222.6 billion.

Economic classification:

* A significant portion of the consolidated health expenditure (63.3%) is dedicated to Compensation of Employees, which totals R140.8 billion.
* The consolidated health expenditure on Goods and Services totals R64.7 billion, which constitutes 29.1% of health expenditure.
* The consolidated health expenditure also makes provision for R11.1 billion (4.9%) for capital spending and transfers, and R6.1 billion for current transfers and subsidies. There is no allocation for interest payments.
  1. **NDoH Budget**

The Department receives R51.5 billion for 2019/20 - an increase from R47.5 billion received in 2018/19. This represents a nominal 8.3% increase in the 2019/10 budget allocation (which translates to 2.9% in real terms).

**Table 1: NDoH Budget summary**



The Department’s budget structure has been changed to align with the new organisational structure developed in consultation with the Department of Public Service. The two largest programmes, namely Programme 3: Communicable and Non-Communicable Diseases (R23.1 billion) and Programme 5: Hospital Systems (R20.4 billion) jointly constitute 84.3% of the total budget allocation to the Department. Programme 4: Primary Health Care Services, received the smallest allocation (R221.8 million), which is less than 1% (0.4%) of the Department’s budget.

In terms of the economic classification, the bulk of the NDoH budget (R46.99 billion or 91.3%) consists of transfers and subsidies to provinces and municipalities, and departmental agencies and accounts. This figure includes R44.99 billion to provinces and municipalities, R175.1 million to non-profit institutions, and R1.8 billion to departmental agencies and accounts.

## Budget by Department Programme

### *Programme 1: Administration*

**Table 2: Administration**



Programme 1’s budget increases by 9.2% in nominal terms (increasing by 3.8% in real terms) from R605.6 million previously to R661.3 million in 2019/20. The largest sub-programme is Corporate Services, of which the allocation increases by 1.3% in nominal terms, but decreases by 3.8% in real terms.

In terms of economic classification, 98.4 % of the budget is allocated to current payments. Compensation of employees amounts to R247.1 million, while R403.2 million is allocated to Goods and Services. This includes R174.7 million for operating leases and R51.4 million for Travel and Subsistence.

***Programme 2: National Health Insurance***

**Table 3: National Health Insurance**



This programme was previously known as NHI, Health Planning and System Enablement but has since been changed to National Health Insurance Programme. The programme’s budget increases significantly by 25.2% in nominal terms (19% in real terms), due to largely increased funding for the Health Financing and NHI sub-programme which increases by 26.1% in nominal terms (18.9% in real terms).

***Programme 3: Communicable and Non-Communicable Diseases***

**Table 4: Communicable and Non-Communicable Diseases**



The bulk of this programme’s budget which is 98.1% is allocated to the HIV, AIDS and STIs sub-programme amounting to R22.5 billion in 2019/20. This represents a nominal increase of 10.6% (51% in real terms). The remaining seven sub-programmes (combined) receive less than 1.9% of the programme’s budget.

The Tuberculosis Management sub-programme increases by 9.9% in nominal terms and by 4.5% in real terms.

The Women’s Maternal and Reproductive Health sub-programme is responsible amongst other things, reducing maternal mortality and improving access to sexual and reproductive health services. This sub-programme received less than 0.1% of the programme budget. It receives R2.4 million more, compared to the previous year, which represents a 7.8% in real terms increase.

The Child, Youth and School Health sub-programme decreases with 6.4% in nominal terms (declining by 11.1% in real terms). A significant portion of the allocated budget funds the roll-out of the Human Papilloma Virus (HPV) Vaccine. This in-kind grant has been converted to a direct conditional grant. This sub-programme develops and monitors policies and guidelines and sets norms and standards for child health.

The Non-Communicable Diseases sub-programme is responsible for amongst other things, chronic non-communicable diseases, mental health and substance abuse. This sub-programme’s budget decreases by R8.3 million or 11.3% in nominal terms and by 15.7% in real terms.

***Programme 4: Primary Health Care***

**Table 5: Primary Health Care**



This Programme’s budget increases by 5.9% in nominal terms and 0.7% in real terms – managing to keep its allocation above inflation. The Non-Communicable Diseases sub-programme has been shifted to Programme 3, since the previous year.

The District Health Services sub-programme declines by 1.5% nominally (6.4% in real terms) from R21.7 million to R21.4 million. It is also one of the only sub-programmes that experience real decreases and the other being Emergency Medical Services and Trauma which increases by 4.7% in nominal terms (but declining by 0.5% in real terms) from R8.5 million in 2018/19 to R8.9 million in 2018/19.

***Programme 5: Hospital Systems***

**Table 6: Hospital Systems**



The total budget for Programme 5 grows from R19.3 billion in the 2018/19 financial year to R20.4 billion in 2019/20. The budget for this programme increases by 5.4% in nominal terms and 0.2% in real terms.

The 2019/20 allocation to Health Facilities Infrastructure Management sub-programme increases by 3.7% in nominal terms from R6.9 billion in 2018/19 to R7.2 billion in 2019/20 declining by 1.5% in real terms. The Hospital System sub-programme increases from R12.4 billion in 2018/19 to R13.2 billion in 2019/20 representing nominal growth of 6.3% and 1.1% real growth.

***Programme 6: Health Systems Governance and Human Resources***

**Table 7: Health Systems Governance and Human Resources**



This programme was previously known as the Health Regulation and Compliance Management. It previously hosted the Food Control, Radiation Control and Health Technology sub-programmes. Programme six grows by 5.8% in nominal terms and 0.5% in real terms, from R4.8 billion to R5.1 billion.

Two sub-programmes dominate expenditure under programme 6 which are Human Resources for Health sub-programme which receives nearly R3 billion (R2.9 billion) and increases by 5.8% in nominal terms from the previous financial year’s total of R2.8 billion. The Public Entities Management sub-programme, receives R21.1 billion increasing by 5.5% in nominal terms (0.3% in real increase) from the previous year’s allocation of R1.9 billion. About 93.4% of this sub-programme consists of transfers to entities and statutory councils falling within the mandate of health legislation.

1. **COMMITTEE OBSERVATIONS, FINDINGS AND RECOMMENDATIONS**

Having considered the APP and the budget of the Department this section summarizes the Committee’s findings, observations and recommendations.

* 1. **Findings and Observations**
* The Committee was concerned about the delay in tabling the report on the evaluation of the NHI pilot districts. Further, the Committee indicated that although it supports the realization of universal health coverage, it is critical to take into account the challenges experienced with the NHI pilot.
* The Committee raised the issue of medical stock outs in provinces, and a lack of proper monitoring thereof.
* The Committee raised the issue of oncology backlogs.
* The Committee was of the view that the APP of the Department is not addressing the decline in condom use as this also affects negatively on teenage pregnancy.
* The Committee was interested to know the status of mental health.
* The Committee expressed concern around the integration of CHWs to the health system. It highlighted that it is critical for the Department to assess pros and cons of integrating CHWs with home-based care, and to the Department.
* The Committee observed that provincial departments were faced with rising accruals. Further, the Committee noted with concern the level of monitoring done by the Department with reference to the grants that are transferred to provinces.
* The Committee was interested to know the provision of EMS services in provinces.
* The Committee noted with concern the decline of the PHC budget whereas there are challenges at PHC level.
* The Committee wanted clarity about the relationship between the Department and civil society as there seems to be no mechanism to monitor how government supported non-profit organizations spend their budgets.
* The Committee noted with concern the lack of set timeframes in the amendment of the compensation legislation.
* The Committee was of the view that the APP was not clear on issues related to the health needs of the lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) community.
  1. **Recommendations**

The Committee recommends the following to the Department:

* *PHC services*: The Department should review provincial budget allocations for PHC services in ensuring that this line function is adequately funded. Further, continue to support provincial departments in implementing the PHC re-engineering programme.
* *Mental health*: The Department should provide a mental health monitoring policy to monitor and evaluate implementation of the Mental Health Policy. Further, the Department should consider a broader approach to address this issue as it is cannot be addressed only by the Department.
* *Financial management in provinces*: The Department should assist provincial departments to strengthen financial planning and management. Further, the Department should develop mechanisms to monitor provincial budget expenditure against approved plans; minimize budget pressures and reduce/eliminate accruals.
* *EMS*: The Department should provide a strategy to address challenges relating to the provision of EMS services. Further, the Department should provide a comprehensive plan and progress report.
* *Legislation and human resource matters*: The Department should engage the Departments of Labour and Employment and, Energy and Mineral Resources; to assist in the fast-tracking of the Compensation Legislation.
* *Community Health Workers*: The Department should expedite the implementation of the National Community Health Care Workers Policy to provide clarity on the management of CHWs.
* *Health services for the LGBTIQ community*: The Department should take into account the specific health needs of the LGBTIQ community. Further, the Department should look into offering gender-affirming treatment.
* *Implementation of the NHI*: The Department should expedite the implementation the NHI as it will help to improve access to universal health services.
* *Sexual and reproductive health*: The Department should strengthen its interventions on sexual and reproductive health, whilst taking into account the nature of transactional relationships. Further, the Department should promote consistent condom use, and promote condoms as a dual protection method.
* *E-governance on health*: In line with the Fourth Industrial Revolution, the Department should have an urgent inter-ministerial engagement with the Minister of Communications to secure telecommunications/dedicated spectrum for e-governance on the health care sector. This will enable applications of face recognition technology scan platforms towards smart, safe and secure health facilities; for patients and health care workers. Further, this will reduce long queues and pharmaceutical dispensing costs.
* *Changing the quality of health care in the public sector*: The Department should continue to work towards improving the quality of health care in the public sector.
* *State-owned pharmaceutical company:* The Department of Health should fast track the establishment of a state-owned pharmaceutical company to ensure medical availability and to curb the costs thereof.
* *Intergovernmental Relations*: The Department should engage with the Committee and relevant stakeholders on the role that Municipalities can play in the public health sector.
* *Human Resources for Health*: The Department should work closely with the Department of Higher Education and Training to facilitate the training of nurses as they are the cornerstone of health. In addition, the Department should strengthen its technical administration capacity to ensure the realization of their mandate.

The Committee welcomes the regulation of Traditional Practitioners and the proposed introduction of the Traditional Health Practitioners Amendment Bill.

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.**