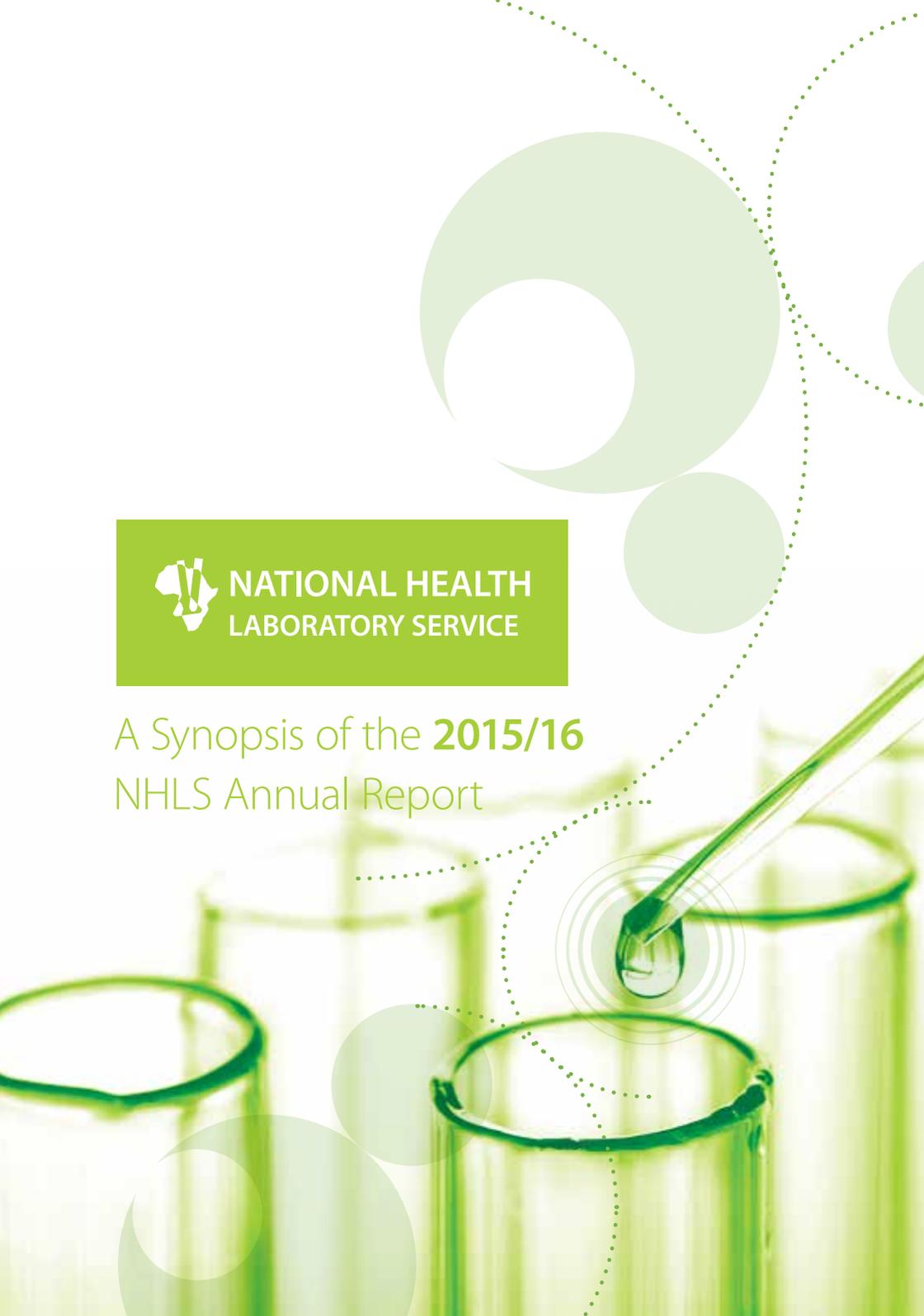




**NATIONAL HEALTH  
LABORATORY SERVICE**

A Synopsis of the **2015/16**  
NHLS Annual Report





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The NHLS is a proud recipient of the  
2015 European Quality Award.

# A Synopsis of the 2015/16 NHLS Annual Report to the Honourable Minister of Health, Dr Aaron Motsoaledi

## 1. Introduction

As Chairperson of the Board for the National Health Laboratory Service (NHLS), it gives me great pleasure to present the 2015/16 edition of the NHLS Annual Report. This synopsis covers operational highlights; challenges experienced; and the financial situation of the organisation as it is presented in the 2015/16 Annual Report.

### 1.1 About the NHLS

The NHLS is a public health laboratory service with over 288 laboratories across South Africa's nine provinces and serves approximately 80% of the South African population.

### 1.2 Vision

Our vision is to be "Africa's centre of excellence for innovative laboratory medicine".

### 1.3 Mission

Our mission is to provide quality, affordable and sustainable laboratory medicine, provide training for health science education and undertake innovative and relevant research.

## 1.4 Our Values

Following a review and the modification of the NHLS 2015–2020 Strategic Plan, and in order to facilitate an organisational culture that reflects our fundamental shift in focus, we are committed to the following values identified as the principles, that will govern behaviour of all employees within the organisation:

Value	Description
Care	<b>Caring about the environment and society:</b> This involves consideration of our impact on the environment and local communities; acting with concern and sensitivity. The NHLS is committed to behave ethically and contribute to the economic development of the workforce, community and society at large. It's about giving back to society and the environment, as well as capacity building for a sustainable future.
Unity of Purpose	<b>All working together towards a common goal:</b> All employees should be united by a common vision and support each other in contributing to a beneficial and safe working environment. Teamwork and cohesion are key, and collaboration should include pooling resources and communicating about each other's roles. Foster trust and honesty in interactions with colleagues and behave professionally. Value all contributions, treat everyone consistently and fairly and capitalise on diverse viewpoints. Address and resolve conflicts effectively. Listen to others to fully understand and give clear, concise information when communicating expectations and accountabilities and providing feedback during coaching. Making the NHLS goals a priority, using NHLS resources wisely and effectively, and taking responsibility for your work.
Service Excellence	<b>Valuing good work ethics and striving towards service excellence for customers:</b> This represents being committed to working with customers and building good relationships with them by understanding their needs, responding quickly and providing appropriate solutions. We treat them with respect at all times; we are helpful, courteous, accessible, responsible and knowledgeable in our interactions. We understand that we have internal and external customers that we provide services and information to. Information should be presented in a clear and concise form, where the message is adapted to the audience.
Transformation	<b>Looking forward to the future and growing together:</b> This encompasses investing in professional growth of staff by sharing knowledge and experience, peer networking, education through training and seeking opportunities to develop. It covers creative problem solving, informed risk-taking, learning from our mistakes and experiences and behaving professionally. We should adapt to change timeously and positively, address setbacks and ambiguity and adapt our thinking/approach as the situation changes. Ideas should be shared and implemented effectively. Leaders should develop innovative approaches and drive continuous improvement as well as effective and smooth change initiatives.

Value	Description
Innovation	<b>Pioneering relevant research solutions and training:</b> This includes identifying needs to broad challenges present in local society; creating space for research to be done and backing fresh ideas by bringing them to the market; pursuing cost-effective solutions in research and training; monitoring the impact of solutions on the challenges faced; supporting the application of new ways of doing things at senior management level in the organisation; encouraging pioneer personalities to operate outside the research box, and rewarding and publicising boundary-breaking initiatives. Importantly, we strive to give credit where it's due.
Integrity	<b>Working with integrity and responsibility:</b> We set and achieve goals to consistently deliver business results while complying with standards and meeting deadlines. To this end, the NHLS also displays commitment to organisational success; proactively identifies ways to contribute and takes initiative to address problems/opportunities. We constantly strive to build efficiencies in the best use of public resources.

## 2. Operational highlights for the reporting period

The NHLS is a national asset which forms a bedrock of the country's healthcare system. As a world-class institution, driven by many talented and committed people, it is a national treasure which operated efficiently and professionally despite some challenges during the review period.

The highlights are listed as follows:

- The year under review has been characterised by a number of transitional events – from the appointment of the Chief Executive Officer in September 2015, to the appointment of a new Board. The Human Resources Executive Manager and Senior Manager in Monitoring and Evaluation were also welcomed to the NHLS.
- During the year under review, the NHLS was awarded the prestigious 2015 international European Quality Award in the Healthcare Sphere Category. The presentation ceremony was hosted by the Swiss Institute for Quality Standards (SIQS) and the Socrates Committee at Montreux, Switzerland during the Excellence in Quality Summit.
- The NHLS hosted the first NHLS Pathology Research and Development (PathReD) congress on 14 – 16 April 2015, themed "Enriching Health through Research: Paving the Future". This congress served as a platform to showcase ongoing research within the NHLS and partnering institutions.
- The National Institute for Communicable Diseases (NICD) has continued to evolve over the past five years in its transformation, from a predominantly laboratory-focused surveillance institution and research entity, to one in which active surveillance on key communicable threats forms the cornerstone of its activities. This has included decentralisation of its engagement with provincial health authorities through the placement of NICD epidemiologists in the majority of the provinces.

- At the same time, the NHLS continues to support world-class research and has been the custodian of teaching and training of laboratory medicine, in order to produce the next generation of well-trained and competent pathologists, laboratory medical scientists, medical technologists and medical technicians. The organisation also continues to be one of the world's foremost participants in addressing formidable disease outbreaks on the African continent.
- A close collaboration with our academic partners, and a strong research foundation in the National Institute for Occupational Health (NIOH), NICD and National Cancer Registry (NCR), ensures constructive contributions and better co-ordination of the NHLS research agenda. Research activities are conducted within the institutions and in NHLS laboratories.
- The NIOH co-ordinated the writing of the all-important Occupational Health and Safety Concept Paper. This document reviews the character of occupational health and safety systems around the world to determine what could be considered as international best practice.
- The implementation of the Phase 1 Reward and Remuneration Project for A–C bands was necessary to adjust and align staff salary scales.
- The staff complement has increased by 4.2% from 6 693 to 6 987. The number of pathologists increased by 10.3%, from 194 to 214, which means we have managed to retain most of our pathologists and have recruited more.
- The NHLS continued to engage with and strengthen relationships with the national and provincial Departments of Health, to ensure adherence to service level agreements and payment for laboratory and related services.
- There was a 38% increase in HIV viral load tests, compared to the previous year, which led to a total of 3.7 million HIV viral load tests done in 2015/16.
- Five laboratories have been up-scaled to the newer high throughput Cobas 6800 and 8800 analysers systems, which increased HIV viral load test.
- Due to large volumes of HIV viral load, HIV-PCR tests and related tests, NHLS' revenue increased by R1 billion.
- The set target under the Global Fund Grant for the number of TB GeneXpert tests to be performed was reached by January 2016.
- Due to the efforts of the NHLS, clinical partners and the Department of Correctional Services (DCS), there was an increase in the number of inmates screened and tested for TB. Those who tested positive were placed onto a treatment and care programme.
- The Early Infant Diagnosis (EID) Unit has supported the National Department of Health (NDoH) with implementation of the new Prevention of Mother to Child Transmission (PMTCT) Guidelines on birth PCR.
- The TrakCare Laboratory Information System was rolled out in NHLS laboratories.
- The Electronic Gate-keeping (Egk) system has been extended to more hospitals in the Eastern Cape, Free State, Mpumalanga and Gauteng.
- The NHLS improved relations with media, as evidenced by the organisation's number of media interventions during the reporting period.

- All accredited laboratories maintained their accreditation, and two new academic and five new regional laboratories were recommended for accreditation.
- In the past financial year, the NHLS awarded 103 scholarships to students in order to attract prospective employees into the health sector that faces scarce and critical skills shortages and to promote the organisation as an employer of choice. The scholarships were awarded to needy students across the country studying towards National Diplomas in Biomedical Technology and Bachelor of Health Sciences, of whom 65% originated from rural areas. Bursaries were also given to NHLS staff wishing to pursue their career development by way of formal qualifications.
- As part of fulfilling the NHLS mandate of teaching and training, HR recruited students who form part of the NHLS core staff, such as registrars, medical technicians, medical technologists and intern medical scientists.
- The Learning Academy prioritised skills development through an analysis of employees' most critical skills needs, as identified in the Workplace Skills Plan. Multiple learning programmes were then offered in the form of short learning programmes, in service conferences and congresses, as well as CPD programmes in compliance with legislation, to improve the quality of services and assist in the mitigation of risks.
- Through the Learning Academy, the NHLS delivered training on Minimum Standards for Reference Laboratories to 265 staff members from 11 SADC member states in terms of a memorandum of understanding.
- In the reporting period, the NHLS was committed to taking measures to ensure good governance and to subscribe to the confidential tip-off anonymous reporting system. The NHLS has defined three broad risk categories, namely strategic risks, operational/divisional risks and emerging risks.
- In the Eastern Cape region, the NHLS installed a 364 KV generator set to ensure that the Nelson Mandela Academic Laboratory provides a seamless, around-the-clock service, with no interruptions from power failures.
- In KwaZulu-Natal (KZN) the collection and payment from the KZN DoH improved by 20%, from R869 779 685 (55%) to R1 268 585 (75.2%). This is due to improved stakeholder relations.
- In Limpopo, the total number of tests performed by the NHLS increased by 9%, from 6 038 487 to 6 576 863 in the period under review.
- In Mpumalanga, at Rob Ferreira Hospital, the old building was revamped to meet the requirements of the HIV viral load laboratory and two state-of-the-art viral load analysers (Cobas 6800 and Cobas 8800) were installed to ensure continuous and efficient support for the National Priority Programme (NPP).
- The NHLS implemented the Strengthening Laboratory Management Towards Accreditation Programme to assist smaller laboratories in preparing for their SANAS accreditation, providing an alternative training approach to laboratory management, based on international clinical laboratory standards, to prepare laboratories for accreditation.

- In the Western Cape, the Groote Schuur, Tygerberg, George and Green Point laboratories maintained SANAS and ISO 15189 accreditation in all divisions. The Green Point Complex Haematology and Chemical Pathology laboratories maintained CAP accreditation, and the Media Laboratory at Green Point Campus also maintained its SABS ISO 9001 certification.
- In addressing the challenges of TB in South Africa, the Centre for Tuberculosis within the NICD, reported for the first time in the history of the country, on the national burden of microbiologic-confirmed TB in South Africa from 2004 until 2012. This data was published in the prestigious *Lancet Infectious Disease Journal*.
- The NICD has continued to evolve over the past five years in its transformation from a predominantly laboratory-focused surveillance institution and research entity, to one in which active surveillance on key communicable threats forms the cornerstone of its activities. This has included decentralisation of its engagement with provincial health authorities through the placement of NICD epidemiologists in the majority of the provinces.
- In the year under review, the NICD further strengthened its efforts at delivering on its mandate to conduct surveillance of communicable diseases in South Africa. This was in part facilitated by the commitment of the NDoH to promote communicable disease surveillance in South Africa, resulting in the NICD now being directly funded by a grant from the NDoH.
- The NIOH celebrated 60 years of operations during the reporting period.
- The NIOH supported the aspiration Sustainable Development Goals adopted by the United Nations in September 2015, which include decent work, health, gender equity, youth employment, sustainable economies and sustainable environments.
- The South African Vaccine Producers (SAVP), a sole producer of antivenom on the African continent, has continued to supply its strategic products with excellent results.

### 3. Financial performance for the 2015/16 financial year

A summary of the financial performance for the 2015/16 fiscal year is as follows:

- The NHLS generated a surplus for the year amounting to R279 million compared to R180 million in the previous financial year.
- Revenue grew from R5.7 billion to R6.4 billion. Revenue from provincial departments amounted to 13% of the total revenue generated.
- Production costs including direct labour and material grew from R4.2 billion to R4.8 billion. This equated to a 14% increase, mainly due to increases in volume, price increase and fluctuation in the exchange rate. Labour constituted 37% of the total revenue compared to 35% in the previous financial year.

- General or support expenses increased marginally by 0.75, which was lower than inflation. The decrease in support costs was largely due to an increase in productivity as well as process efficiencies.
- Assets increased from R4.6 billion, which translates to a 12% increase, mainly due to a 13% increase in accounts receivables and 14% in the bank account.
- The closing bank account balance ended at R739 million compared to R651 million in the previous financial year.
- The current liabilities remain constant due to an increase in leave provision and decrease in trade payables balance. The leave provision had an overall increase of 46% to R688 million and trade payables decreased by 18% to 914 million.

#### 4. Summary of the Variance Analysis

- The total test revenue is 12% over budget with a rand value of R700 million. This is due to a 2% increase in the demand for diagnostic laboratory services in the current financial year. This positive variance is mainly attributable to HIV viral load and HIV PCR, which increased by 20% and 30% respectively.
- Personnel costs are in line with the budgetary figures in the current financial year.
- Material expenditure remained constant at 31% as a percentage of revenue.

#### 5. Challenges faced by the NHLS in the reporting period

Inasmuch as the year was award-winning, the organisation had its fair share of challenges including:

- The implementation of the Reward and Remuneration Project consumed a great deal of time, and demanded additional resources.
- The value of grants administered by the NHLS Grant Office decreased by 2.5% due to long-term grant awards coming to an end and others being in the final phase and ending in the first quarter of the new financial period.
- The rotation of staff in the EID units in hospitals has been found to have a negative impact as it leads to a lack of knowledge on the PMTCT Guidelines among staff in labour wards – hence the need for ongoing training.

## 6. Conclusion

The NHLS remains a significant player in realising government's aim of ensuring that all South Africans have equitable access to healthcare. We are known in many circles to be leaders in our field, as our vision is to be Africa's centre of excellence for innovative laboratory medicine. As an organisation, we have remained resilient through our challenges and have not deviated from placing patient care first. In this regard, we wish to express our gratitude to the Minister of Health, the honourable Dr Aaron Motsoaledi, for his outstanding help and support in assisting the organisation.

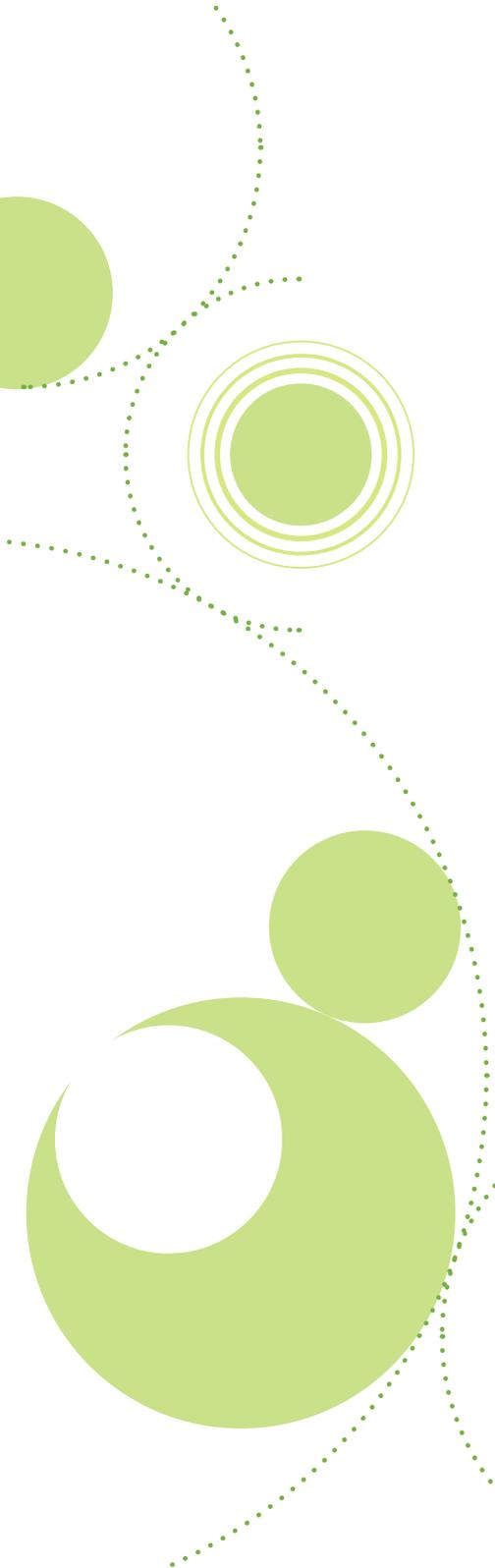
We are similarly grateful to the Director-General of Health, Ms Precious Matsoso, for her valued assistance during the reporting period. As the management team of the NHLS, we are most appreciative of the confidence that they have shown towards the organisation. The Board, Executive Management and staff of the NHLS is dedicated to creating an NHLS that will be one of the flagships in the coming National Health Insurance dispensation, by supplying life-saving laboratory support to the maintenance of a healthy South Africa.



### **Prof. Barry Schoub**

Chairperson of the NHLS Board





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