

Chief Executive Officer's and Board Chairperson's Report



Chief Executive Officer: Sagie Pillay

We have come to the end of another stimulating and rewarding year. The year 2008/2009 has been full of many challenges, opportunities and innovations. Despite having seen numerous changes in key leadership positions, during this period under review, we have also seen the outbreaks of avian flu, arenavirus, meningitis and cholera. The National Institute for Communicable Diseases (NICD) division of the National Health Laboratory Service (NHLS) responded outstandingly to these outbreaks.

Currently we are faced with the daunting challenge of tackling the swine flu pandemic. We would like to acknowledge the incredible role the Department of Health has also played in this regard.

We saw in this year greater alignment of the NHLS strategy with that of the Department of Health. The organisation reviewed its score card and repositioned itself to:

- Put our customers at the centre of everything we do;
- Strengthen stakeholder relations with our partners and clients;
- Give greater focus and attention to building stronger and more meaningful academic relations;
- Create an enabling environment for staff to grow professionally and to be more creative and innovative in responding to our key mandate;
- Position the NHLS as an employer of choice for young health professionals;
- Encourage appropriate and relevant research; and
- Explore ways to reduce the costs of service provision to our customers.

This annual report outlines how we addressed the above priorities and what successes we achieved in the year under review. The organisation is an extraordinary institution with tremendous contribution into the country's public health system. We are constantly exploring better, quicker and more cost-effective diagnostic tools and ways to deliver laboratory services, doing groundbreaking research individually and in partnership with academic departments and other partners.

Furthermore, we are training the next generation of pathology professionals, scientists, medical technicians and technologists in collaboration with the faculties of health sciences and universities of technology. Pathologists are an integral part of scientific efforts that seek to find medical solutions to the treatment of patients, and are central in helping other doctors make informed decisions about their patients' treatments.

The NHLS, NICD and National Institute for Occupational Health (NIOH) worked closely with health professionals in the public health sector to ensure we were responsive and relevant to the needs and were supportive to the rest of the health system.

The success is primarily due to a passionate, committed and dedicated team that is a highly skilled, immensely talented and internationally respected group of professionals. Despite its success stories in the public health sector, the NHLS remains an institution with a low profile. Having said this, there are efforts underway to enhance the NHLS' profile.

To demonstrate what was achieved through our sterling efforts, the following represents a few of the key successes for the year under review:

Service delivery

Growth in laboratory diagnostic services was observed in all four NHLS regions - Central, Coastal, KwaZulu-Natal and Northern - particularly in support of the Department of Health's priority programmes.

The demand for laboratory support for the Comprehensive Care Management and Treatment programme has grown commensurate to the increase in the number of people currently on antiretroviral treatment. As this group is monitored with the use of CD4 testing, new testing sites were established, particularly in rural areas.

The NHLS was also able to meet the increasing workloads in terms of HIV polymerase chain reaction testing. These increased test volumes also suggest that more women are being enrolled in the Prevention of Mother-to-Child Transmission programme, protecting unborn children from contracting HIV during pregnancy.

The NHLS has continued its work to strengthen and support the Department of Health's National Tuberculosis (TB) Control Programme. The volumes of microscopy tests for TB increased by 25% during 2008, while that of cultures performed increased by 24%. Two new TB culture facilities were established at the Polokwane and Ermelo laboratories.

Access to data from NHLS laboratories performing drug susceptibility testing (DST) against first- and second-line anti-TB drugs through the Corporate Data Warehouse (CDW) has improved the management of the TB Control Programme. Multidrug-resistant/extensively drug-resistant (MDR/XDR)-TB data extracted from the CDW are used to maintain registers utilised by provinces to identify new MDR-TB cases in the periphery for referral to MDR centres.

Further development of the CDW is planned for patient-specific data, enabling longitudinal follow-up of patients and identification of programme indicators at all levels.

Automated Focal Point cervical cancer screening systems were installed in cytology laboratories at the Braamfontein campus in Johannesburg, Inkosi Albert Luthuli Central Hospital in Durban, Universitas in Bloemfontein, Tshwane Academic Division in Pretoria and Tygerberg in Stellenbosch. These systems markedly improve both turnaround times and quality of results for cervical cancer screening.

Despite the staffing challenges, we have achieved a daily service to approximately 76% of the public clinics and hospitals across the country and constantly investigate innovative ways to improve the turnaround time of delivering laboratory results.

Rural laboratory services

To improve laboratory infrastructure in the rural areas where space allocated by hospitals is inadequate for laboratory operation, mobile homes were purchased and converted into laboratories.

Moreover, in many rural areas, particularly in the Eastern Cape and KwaZulu-Natal regions, NHLS staff reside far from their workplaces. With public transport being non-existent and taxis taking hours to negotiate the substandard roads, the NHLS embarked on a project to install comfortable pre-fabricated homes for our laboratory staff.

Financial performance

For the year under review the organisation posted a surplus of R189 million. This amount represents a decrease of 22.9% when compared to the previous financial year. A significant part of this was used to finance our IT and capital infrastructure developments. Grant income from the Department of Health for the NIOH and NICD increased by 4.9%, bringing the total to R57,2m.

Our spend on capital expenditure increased to R178,1m; this represents an increase of 40.8% from the previous year. We saw debtors' days increase from 107 days to 147 days year-on-year. This resulted in enormous pressure on working capital. The total debtors as at March 2009 was a staggering R1,1 billion. We will consistently continue to investigate ways of reducing debtor days to more acceptable levels.

Improving resource management

Our main customers, the provincial departments of health, to whom we provide an important support service, are concerned about the cost of investigations despite the NHLS charging significantly less than laboratories in the private sector. We will, with the Department of Health and provinces, investigate ways to improve the financial burden of laboratory services on them without comprising patient care.

In the interim, we have put in place IT systems to make important financial and activity data available to managers at national, provincial and institutional levels to improve financial planning.

Teaching and training

It is important that the NHLS responds to the needs of people by developing scarce skills in the healthcare sector.

A shortage of technical staff, particularly in the rural areas, remains a challenge. To promote the career of medical

technology, campaigns to create awareness were held at the universities of technology, and road shows were presented targeting learners from previously disadvantaged schools. Bursaries were awarded to biomedical technology students.

The assistance of the highly capable staff in the NHLS Training Department contributed to the 69% increase in the pass rate of student technologists during the March 2009 Health Professions Council of South Africa Technology Board Examinations. By industry standards, this is an excellent achievement.

Research

Research is one of the three core mandates of the NHLS; however, it functions essentially as a so-called 'unfunded mandate', relying solely on successful grant applications from NHLS researchers. During the reporting period, the total value of the 367 grant awards received during the financial year was R123,978,906, with an average value of R337,817 per award. (This includes 198 grants with an award value amounting to R21,416,505 relating to the NHLS Research Trust.) We are exploring ways in which we can improve this situation given that research is one of the three core mandates of the NHLS.

The strategic target of maintaining the number of research outputs, as measured by the number of peer-reviewed publications, was exceeded by 30.5%.

Staff achievements

Academic achievements in particular, are many, and are reported in the relevant academic department's section under each university in this report. The NHLS is proud of these many staff members who have been honoured by universities, research institutions and professional bodies, both locally and internationally, for their roles in the biomedical science professions.

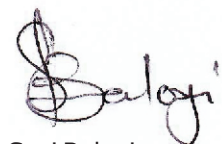
Conclusion

We take this opportunity to thank all our partners, local, national and international for their support and their efforts in working with us to achieve the NHLS vision. We are especially grateful to the Department of Health and the former Ministers of Health, the honourable Dr Manto Tshabalala-Msimang and Ms Barbara Hogan, for their support and guidance at all times.

We record our appreciation to all our staff, the men and women who make NHLS the outstanding organisation it is. Their passion, dedication and commitment have made it possible for NHLS to support the Department of Health's mission to improve the health status of all South Africans. We salute our staff and all our stakeholders for making this another successful year. Finally, we thank the Board of the NHLS for their stewardship and the critical role they continue to play in setting the vision for the organisation and ensuring good governance.



Sagie Pillay
Chief Executive Officer



Sesi Baloyi
Chairperson: NHLS Board