NATIONAL HEALTH
LABORATORY SERVICE

ANNUAL REPORT

2024-2025


COVID-19
VACCINE
COVID-19

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PART A: GENERAL INFORMATION

GENERAL INFORMATION

Registered name:	National Health Laboratory Service (NHLS)
Legal status:	Schedule 3A Public Entity
Practice number:	PR5200296
Registered office Address:	1 Modderfontein Road, Rietfontein, Sandringham, Johannesburg, 2000
Postal address:	Private Bag X8 Johannesburg 2131
Telephone number:	011 386 6000
Email address:	enquiries@nhls.ac.za
Website address:	http://www.nhls.ac.za
Company Secretary:	Ms Tebogo Kekana
External auditors:	Auditor-General of South Africa
Bankers:	First National Bank Limited, Rand Merchant Bank Limited, Investec Limited, and Old Mutual

ABBREVIATIONS AND ACRONYMS

AAR	Academic Affairs and Research
AARQA	Academic Affairs, Research and Quality Assurance
AFP	Acute Flaccid Paralysis
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AIA	Approved Inspection Authority
AMR	antimicrobial resistance
ANC	Antenatal Clinic
APC	Academic Pathology Committee
APP	Annual Performance
ARC	Audit and Risk Committee
ARV	Antiretroviral
ASLM	African Society for Laboratory Medicine
AUDA-NEPAD	African Union Development Agency – New Partnership for Africa's Development
BIU	Business Intelligence Unit
CAPCTM	Cobas AmpliPrep /Cobas TaqMan
CDC	Centers for Disease Control and Prevention
CDW	Corporate Data Warehouse
CED	Centre for Enteric Diseases
CEO	Chief Executive Officer
CEZPD	Centre for Emerging Zoonotic and Parasitic Diseases

ABBREVIATIONS AND ACRONYMS (continued)

CFO	Chief Financial Officer
CHARM	Centre for Healthcare-Associated Infections, Antimicrobial Resistance and Mycoses
CHC	Community Health Centre
CHIVSTI	Centre for HIV and Sexually Transmitted Infections
CIO	Chief Information Officer
CMJAH	Charlotte Maxeke Johannesburg Academic Hospital
COSATU	Congress of South African Trade Unions
COPD	Chronic Obstructive Pulmonary Disease
CPD	Continuing Professional Development
CrAg	cryptococcal antigen
CRDM	Centre for Respiratory Diseases and Meningitis
CRE	carbapenem-resistant Enterobacterales
CRS	congenital rubella syndrome
CTB	Centre for Tuberculosis
CVI	Centre for Vaccines and Immunology
DAC	Diagnostic Advisory Committee
DCS	Department of Correctional Services
DBB	Division of Biosafety and Biosecurity
DMP	Diagnostic Media Products
DPHSR	Division for Public Health Surveillance and Response
Egk	Electronic gate keeping

ABBREVIATIONS AND ACRONYMS (continued)

EID	Early Infant Diagnosis
EOC	Emergency Operations Centre
ERP	Enterprise Resource Planning
EXCO	Executive Committee
FCLs	Forensic Chemistry Laboratories
FinCom	Finance Committee
GERMS-SA	Group for Enteric, Respiratory, and Meningeal disease Surveillance in South Africa
GMP	Good Manufacturing Practice
GRAP	Generally Recognised Accounting Practice
GSEC	Governance, Social and Ethics Committee
HFMD	Hand, Foot and Mouth Disease
HIV	Human Immunodeficiency Virus
HIVVL	Human Immunodeficiency Virus Viral Load
HTA	Health Technology Assessment
HPCSA	Health Professions Council of South Africa
HPV	human papillomavirus
HRP	Hospital Revitalisation Programme
ICT	Information and Communication Technology
IEC	International Electrotechnical Commission
IJERPH	International Journal of Environmental Research and Public Health
iLEAD	Innovation: Laboratory and Accelerated Diagnostics

ABBREVIATIONS AND ACRONYMS (continued)

INR	International Normalized Ratio
ILO	International Labour Organization
ISO	International Standardization Organization
ITGC	Information Technology Governance Committee
KEH	King Edward VIII Hospital
KZN-PBCR	KwaZulu-Natal - Population-Based Cancer Registry
LIS	Laboratory Information System
MBOD	Medical Bureau for Occupational Diseases
MEC	Member of Executive Council
MTEF	Medium-Term Expenditure Framework
MTBC	Mycobacterium tuberculosis complex
MTDP	Medium-Term Development Plan
MTSF	Medium-Term Strategic Framework
NAPC	National Academic and Pathology Committee
NAPHISA	National Public Health Institute of South Africa
NARSSA	National Archives and Records Service of South Africa Act
NATJOINT	National Joint Operational and Intelligence Structure
NCR	National Cancer Registry
NDoH	National Department of Health
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NHA	National Health Act
NHI	National Insurance Act

ABBREVIATIONS AND ACRONYMS (continued)

NHLS	National Health Laboratory Service
NHRC	National Health Research Committee
NICD	National Institute of Communicable Diseases
NIH	National Institute of Health
NIOH	National Institute of Occupational Health
NMC	Notifiable Medical Conditions
NOMSSA	National Occupational Mortality Surveillance South Africa
NPA	National Prosecuting Authority
NPP	National Priority Programme
NRBD	National and Regional Burden of Disease
OECD	Organisation for Economic Co-operation and Development
ORU	Outbreak Response Unit
PAIA	Promotion of Access to Information Act
PATHAUT	Pathology Disease Surveillance Database
PBCR	Population-Based Cancer Registry
PCR	Polymerase chain reaction
PEPFAR	President's Emergency Plan for AIDS Relief
PET	Provincial Epidemiology Team
PFMA	Public Finance Management Act
PHC	Primary Health Care
PMS	Post Market Surveillance

ABBREVIATIONS AND ACRONYMS (continued)

PMTCT	Prevention of Mother-to-Child Transmission
POCT	Point-Of-Care-Testing
POPI	Protection of Personal Information Act
PPP	Public-Private Partnerships
QA	Quality Assurance
QMS	Quality Management Systems
RHRC	Remuneration and Human Resources Committee
R&D	Research and Development
SADC	Southern African Development Community
SAFETP	South African Field Epidemiology Training Programme
SAHPRA	South African Health Products Regulatory Authority
SAIMR	South African Institute for Medical Research
SAMRC	South African Medical Research Council
SANAS	South African National Accreditation System
SANBS	South African National Blood Service
SANDF	South African National Defence Force
SAPS	South African Police Services
SARS PCR	Severe acute respiratory syndrome polymerase chain reaction
SAVP	South African Vaccine Producers
SCF	Sequencing Core Facility
SDW	Surveillance Data Warehouse

ABBREVIATIONS AND ACRONYMS (continued)

SLA	Service Level Agreement
SLMTA	Strengthening Laboratory Management Toward Accreditation
RSC	Research Committee
SVPL	Special Viral Pathogens Laboratory
TAT	Turnaround time
TB	Tuberculosis
TLA	Total Laboratory Automation
TTR	Teaching, Training and Research
TPP	Target Product Profile
TQMS	Total Quality Management Systems
TUTTplus	Targeted Universal Testing for TB plus
UFS	University of Free State
UNAIDS	Joint United Nations Programme on HIV and AIDS
UHC	Universal Health Coverge
UoTs	Universities of Technologies
UPS	Uninterrupted Power Supply
USAID	United States Agency for International Development
VMH	Victoria Mxenge Hospital
VTP	Vertical Transmission Prevention
WDIH	Wits Diagnostic Innovation Hub
WHO	World Health Organization
WIL	Work Integrated Learning

FOREWORD BY THE CHAIRPERSON

Prof Jeffrey Mphahlele

The 2024-2025 financial year signifies the conclusion of the National Health Laboratory Service's (NHLS) implementation of the 2020–2025 Medium-Term Strategic Framework (MTSF). This period was characterised by a stringent examination of the NHLS' resilience across multiple dimensions.

The NHLS experienced several significant challenges throughout the MTSF 2020–2025. Primary among these was the global COVID-19 pandemic, which persisted from 2020 to 2022. The pandemic necessitated an exceptional mobilisation of resources and capabilities. Just as the NHLS began to stabilise and recalibrate its operations, it faced an unprecedented ransomware attack in 2024, a major cybersecurity breach that severely impacted its IT systems and jeopardised the continuity of diagnostic services critical to the public healthcare sector. These events had a negative impact on operations and strategic initiatives during this period. Nevertheless, the NHLS exhibited a commendable response by acting swiftly and transparently, utilising both internal expertise and external partnerships to contain the breach and restore operational integrity.

The NHLS received a disclaimer as an audit opinion for the financial year 2024-2025, following a qualified opinion in financial year 2023-2024. The Board views this situation in a serious light and acknowledges its obligation to ensure that corrective action is decisive and sustained.

To this end, the Board is strengthening its governance and oversight mechanisms, intensifying the work of the Audit and Risk Committee, and directing management to implement a comprehensive action plan to address the findings. Particular focus is being placed on restoring sound internal controls, improving compliance with the PFMA, enhancing revenue management, and building critical financial capacity.

While the disclaimer opinion reflects the scale of the challenges we face, it also serves as a turning point. Guided by the lessons of the 2023-2024 qualified opinion, the Board is resolute in its commitment to rebuilding financial integrity, reinforcing accountability, and restoring the confidence of our stakeholders. The NHLS remains a national asset, and we will ensure it is placed on a stronger and more sustainable path.

The Board acknowledges that these incidents, particularly the ransomware attack, had a direct influence on performance metrics. The NHLS demonstrated resilience and capacity to manage crises with intent, recover with urgency, and maintain the provision of essential services. Despite the significant disruptions, the NHLS remained resolute in its commitment to supporting the public health system through the delivery of reliable and cost-effective diagnostic services, thereby reinforcing its pivotal role in enhancing clinical outcomes for all South Africans.

This period has reaffirmed the organisation's commitment to continuous improvement and renewal. As the NHLS emerges from this challenging chapter, it does so with a clarified purpose and a heightened focus on strategic priorities that align with National Health Insurance readiness, including digital transformation, skills development, IT Security, and infrastructure, automation, and innovation in diagnostics.

Strengthening public health security in an increasingly complex and digital landscape demands policy stability and predictable funding. Continued governmental support will be essential to ensure that the NHLS can fulfil its mandate and make meaningful contributions to the National Development Plan (NDP) and South Africa's broader health objectives.

On behalf of the NHLS Board, I would like to extend a heartfelt appreciation to the Minister of Health, Dr Aaron Motsoaledi; Deputy Minister, Dr Joe Phaahla; and the Director-General of Health, Dr Sandile Buthelezi, for their unconditional support and strategic guidance. I also commend my fellow Board members for their unwavering commitment and astute leadership during a time of significant governance and operational challenges.

Finally, I would like to express my sincere gratitude to the NHLS executive team and all NHLS employees nationwide. Your resilience and dedication define this organisation. In the face of crises, you have demonstrated resolve; during uncertain times, you have remained dedicated to your mission.

The NHLS will continue to rise to meet these challenges. With strong leadership, strategic intent, and collective commitment, we are building a more agile, secure, and future-ready organisation, one that is poised to serve South Africa with excellence for generations to come.

Prof Jeffrey Mphahlele
Chairperson of the Board
National Health Laboratory Service
Date: 29 August 2025

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Prof Koleka Mlisana

The 2024-2025 financial year will be remembered as a defining chapter in the NHLS journey, marked by significant challenges, remarkable resilience, and meaningful progress. It has been a year that has tested the organisation's operational, financial, and governance systems, while also underscoring the dedication and expertise of our people.

As the Chairperson of the Board has highlighted, the NHLS received a disclaimer of audit opinion for the 2024-2025 financial year. This outcome underscores persistent challenges in internal controls highlighted in the following key areas; financial management, IT, procurement, and performance reporting. The Executive Leadership team accepts this outcome with the seriousness it demands and is working closely with the Board to implement a comprehensive corrective action plan. This plan focuses on strengthening internal controls, reinforcing compliance, and improving cash flow, all of which are aimed at restoring trust and accountability throughout the organisation.

Among the most daunting operational hurdles was the ransomware cyberattack on 22 June 2024. This incident disrupted core IT systems and placed immense pressure on our laboratory network. Despite the scale of the challenge, our teams maintained operations manually, ensuring that no patient data was compromised. Core platforms, including Oracle, TrakCare Laboratory Information System (LIS), and the Central Data Warehouse (CDW), were fully restored by August 2024. The experience highlighted the urgent need for enhanced cybersecurity, disaster recovery, and digital infrastructure, prompting immediate and targeted investment to strengthen system resilience and safeguard operations against future threats.

Our laboratories remain critical to South Africa's public health system, delivering essential diagnostic services, supporting disease surveillance, and driving scientific innovation. In alignment with the National Health Insurance (NHI) initiative, we increased the number of SANAS-accredited laboratories. Additionally, the NHLS welcomed 67 new pathology registrars into our national training programme, ensuring the continued development of the next generation of pathologists and medical scientists.

Financially, the year was demanding. We closed with a deficit of R173.385 million, reflecting the combined impact of the cyberattack, constrained revenue growth, rising operational costs and escalating provincial debt, which rose from R7.8 billion in 2023-2024 to R9.2 billion in the year under review. It is also worth mentioning that the NHLS did not raise its tariffs during the fiscal year under review, thus limiting the revenue that was generated. Nevertheless, our cash position remained stable at R5.8 billion, reflecting prudent financial management and resilience in extraordinary circumstances.

This financial year has reinforced the critical importance of resilience in governance, financial management, and operational continuity. Guided by the Board's oversight, the Executive Leadership team is committed to translating the lessons of this financial year, including those highlighted by the disclaimer audit opinion, into lasting reforms. Our priorities remain clear: strengthening financial sustainability, establishing and sustaining processes and systems; improving governance, enhancing compliance, and investing in the people and systems that ensure the NHLS continues to fulfil its mandate.

As we reach the conclusion of the MTSF for 2020–2025, the NHLS remains fully committed to establishing a world-class public health laboratory service, characterised by excellence, innovation, and a highly skilled workforce, providing accessible, dependable, and high-quality laboratory services to all South Africans.

Despite the challenges mentioned above, the progress achieved would not have been possible without the exceptional dedication of our staff, whose unwavering commitment continues to define the ethos of this organisation. I also extend my gratitude to the NHLS Board for its strategic leadership, and to the Members of the Executive Councils (MECs) for Health and Provincial Heads of Department for their collaboration and support.

Prof Koleka Mlisana
Chief Executive Officer
Date: 29 August 2025


HIV : - +

BOARD MEMBERS

Prof Jeffrey Mphahlele

Chairperson

Prof Craig Household

Vice–Chairperson

Prof Koleka Mlisana

Chief Executive Officer

Mr Jonathan Mallet

Mr Michael Sachs

Mr Koena Nkoko

Prof Tivani Mashamba-Thompson

Dr Siseko Martin

Adv Matefo Majodina

Dr Lesley Bramford

Mr Nick Buick

Dr Naledzani Ramalivhana

Prof Mpho Kgomo

Ms Nyameka Macanda

Dr Mahlane Phalane

Mr Sebastian Gelderbloem

Dr Rendani Tshitangano

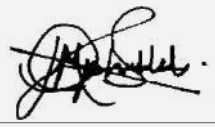
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE NATIONAL HEALTH LABORATORY SERVICE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- All the information and amounts disclosed in the NHLS Annual Report are consistent with the annual financial statements audited by the Auditor-General of South Africa (AGSA).
- Despite receiving a disclaimer audit opinion from AGSA, the annual report is complete, accurate and error-free.
- The annual report was prepared in accordance with the Annual Report Guidelines as issued by the National Treasury.
- The annual financial statements (Part E) were prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), as applicable to the NHLS.
- The Accounting Authority is responsible for the preparation of the annual financial statements and the judgements made on this information.
- The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the annual financial statements; and
- The external auditors are engaged to express an independent opinion on the annual financial statements.

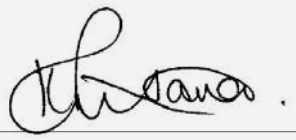
In our opinion, the NHLS Annual Report fairly reflects the operations, performance information, human resources information, and financial affairs of the NHLS for the financial year that ended **31 March 2025.**

Yours faithfully



Prof Jeffrey Mphahlele
Chairperson of the Board

Date: 29 August 2025



Prof Koleka Mlisana
Chief Executive Officer

Date: 29 August 2025

OVERVIEW OF THE NATIONAL HEALTH LABORATORY SERVICE

The National Health Laboratory Service (NHLS) is a Schedule 3A national public entity, established in terms of the National Health Laboratory Service Act, No. 37 of 2000, and governed by a Board to provide quality, affordable, and sustainable health laboratory services, training, and research. The former South African Institute for Medical Research (SAIMR), the National Institute for Virology, and the National Centre for Occupational Health amalgamated to establish the National Health Laboratory Service. It is administered by the provisions of the National Health Laboratory Service Act, No. 37 of 2000, the NHLS Rules, and the Public Finance Management Act (PFMA), No. 1 of 1999 (as amended). In 2022, the Forensic Chemistry Laboratories (FCLs), which were part of the Act, were proclaimed and integrated into the NHLS.

Through its public countrywide network of quality-assured diagnostic laboratories, the NHLS is the sole provider of diagnostic pathology services to more than 80% of the South African population. It also provides surveillance support for communicable diseases, occupational health, and cancer.

It has a clear organisational structure consisting of a head office in Sandringham, Johannesburg; six regions (Eastern Cape; Free State and North West; Gauteng; KwaZulu-Natal; Limpopo and Mpumalanga; and Northern and Western Cape); institutes, namely: Forensic Chemistry Laboratories (FCLs); the National Institute for Communicable Diseases (NICD), incorporating the National Cancer Registry (NCR); the National Institute for Occupational Health (NIOH); and a unit called Diagnostic Media Products (DMP); and subsidiary the South African Vaccine Producers (SAVP). SAVP is a wholly owned subsidiary of the NHLS and the only South African manufacturer of antivenom for the treatment of snake, scorpion, and spider envenomation.

The six regions are purposefully designed to ensure that the NHLS plans, agrees on budgets, and monitors laboratory services jointly with provincial health partners, with the intention of laboratory services being embedded in the public health delivery system. The NHLS delivers services for the entire public sector, from academic, provincial, tertiary, regional, and district hospitals to primary healthcare facilities. The level of complexity and sophistication of services increases from peripheral laboratories to central urban laboratories (with specialised surveillance infrastructure existing at specific sites).

The NHLS also has three in-house DMP units that manufacture microbiological culture media and reagents for use in clinical diagnostic laboratories. The diagnostic media products are supplied internally to NHLS laboratories as well as externally to private laboratories and some laboratories within the African continent. During the financial year, the DMP site in Johannesburg was renovated, and media products were bought from the private sector. Going forward, the NHLS intends to enhance and integrate these units under a single management and strengthen them to become revenue-generating units.

THE NHLS VISION, MISSION AND VALUES

Vision

Africa's centre of excellence for innovative laboratory medicine.

Mission

To provide quality, affordable, and sustainable health laboratory medicine, provide training for health science education, and undertake innovative and relevant research.

Values

The following values form the guiding principles that govern and align the behaviour of all NHLS employees:

Employee centred

We cultivate an environment where we actively listen and try to understand and empathise with others experiences and challenges without judgment or assumptions.

Service excellence

We cultivate an environment where we actively listen and try to understand and empathise with others experiences and challenges without judgment or assumptions.

Transformation

We invest in staff professional growth by sharing knowledge and experience, peer networking, education through training, and seeking development opportunities.

Innovation

We invest in staff professional growth by sharing knowledge and experience, peer networking, education through training, and seeking development opportunities.

Integrity

We commit to acting ethically and transparently in all business dealings, prioritising the right thing over personal gain

LEGISLATIVE AND OTHER MANDATES

The legislative mandate of the NHLS is derived from the Constitution, the National Health Act, No. 61 of 2003 (NHA), the NHLS Act No. 37 of 2000, and several laws, regulations, and policies issued by Parliament.

CONSTITUTIONAL MANDATE

In terms of the provisions of the Constitution of the Republic of South Africa, 1996 (as amended), the NHLS is, among other things, guided by the following sections and schedules:

Its role is to contribute towards the following:

- The Constitution, which places obligations on the state to realise socio-economic rights, including access to healthcare progressively.
- Section 27 of the Constitution, which states as follows with regards to healthcare:

1. Everyone has the right to have access to

   a. healthcare services, including reproductive healthcare.

2. (2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of each of these rights.

Updates to the relevant Legislative and other mandates.

The National Health Act, No. 61 of 2003

This Act provides a framework for a structured, uniform health system within the Republic, considering the obligations imposed by the Constitution and other laws on the national, provincial, and local governments concerning health services. The objects of the National Health Act (NHA) are as follows:

- Unite the various elements of the national health system according to a common goal to promote and improve the national health system in South Africa.
- Provide for a system of cooperative governance and management of health services within national guidelines, norms, and standards in which each province, municipality, and health district must address questions of health policy and the delivery of quality healthcare services.
- Establish a health system based on decentralised management, principles of equity, efficiency, sound governance, internationally recognised standards of research, and a spirit of inquiry and advocacy that encourages participation.
- Promote a spirit of cooperation and shared responsibility among public and private health professionals and providers, and other relevant sectors, within the context of national, provincial, and district health plans.
- Create the foundations of the healthcare system to be understood alongside other laws and policies that relate to health.

The National Health Laboratory Service Act, No. 37 of 2000

This Act requires the NHLS to provide cost-effective and efficient health laboratory services to all public sector healthcare providers, any other government institution within and outside the Republic that may require such services, and any private healthcare provider that requests such services. According to the Act, the NHLS must also promote health research and provide training for health science professionals.

Public Finance Management Act, No. 1 of 1999 (as amended)

The objectives of the Public Finance Management Act are as follows:

- To regulate financial management in the national government and provincial governments.
- To ensure that all revenue, expenditure, assets, and liabilities of those governments are managed efficiently and effectively.
- To provide for the responsibilities of persons entrusted with financial management in those governments.
- To provide for matters connected therewith.

Criminal Procedure Act, No. 51 of 1977

The following paragraphs of Section 212 specifically applies:

- (4)(a) (v) Whenever any fact established by any examination or process requiring any skill in biochemistry, in metallurgy, in microscopy, in any branch of pathology or in toxicology is or may become relevant to the issue at the criminal proceedings, a document purporting to be an affidavit made by a person who in that affidavit alleges that he or she is in the service of the State or of a provincial administration or any university in the Republic or any other body designated by the Minister for the purposes of this subsection by notice in the Gazette, and that he or she has established such fact by means of such an examination or process, shall, upon its mere production at such proceedings be prima facie proof of such fact: Provided that the person who may make such affidavit may, in any case in which skill is required in chemistry, anatomy or pathology, issue a certificate in lieu of such affidavit, in which event the provisions of this paragraph shall mutatis mutandis apply with reference to such certificate.

- (8)(a) In criminal proceedings in which the collection, receipt, custody, packing, marking, delivery, or despatch of any fingerprint or body-print, article of clothing, specimen, bodily sample, crime scene sample, tissue (as defined in Section 1 of the National Health Act), or any object of whatever nature is relevant to the issue, a document purporting to be an affidavit made by a person who in that affidavit alleges (i) that he or she is in the service of the State or of a provincial administration, any university in the Republic, or anybody designated by the Minister under subsection (4).

Medicines and Related Substances Act, No. 101 of 1965

The Medicines and Related Substances Act, which was amended by the Amendment Act, 2008 (Act No. 72 of 2008) and the Amendment Act, 2015 (Act No. 14 of 2015) and enacted in May 2017, enabled, among other things, the establishment of the South African Health Products Regulatory Authority (SAHPRA), the licensing of manufacturers and importers of active pharmaceutical ingredients, and the regulation of medical devices.

The purpose of the Act, among others, is to:

- Provide for the registration of medicines and related substances intended for human and animal use;

- Provide for the establishment of a Medicines Control Council (subsequently replaced by SAHPRA);

- Provide for the control of medicines, scheduled substances, and medical devices;

- Provide for the licensing of certain persons to compound, dispense, or manufacture medicines and

- Medical Devices and to act as wholesalers or distributors.

National Road Traffic Act, No. 93 of 1991

Section 65 specifically applies:

- (1) No person shall be on a public road.

  (a) drive a vehicle; or
  (b) occupy the driver's seat of a motor vehicle, the engine of which is running, while under the influence of intoxicating liquor or a drug having a narcotic effect.

- (2) No person shall be on a public road.

  (a) drive a vehicle; or
  (b) occupy the driver's seat of a motor vehicle, the engine of which is running, while the concentration of alcohol in any specimen of blood taken from any part of his or her body is not less than 0.05 grammes per 100 millilitres, or in the case of a professional driver referred to in Section 32, not less than 0.02 grammes per 100 millilitres.

- (3) If, in any prosecution for an alleged contravention of a provision of subsection (2), It is proven that the concentration of alcohol in any specimen of blood taken from any part of the body of the person concerned was not less than 0.05 grammes per 100 millilitres at any time within two hours after the alleged contravention, it shall be presumed, in the absence of evidence to the contrary, that such concentration was not less than 0.05 grammes per 100 millilitres at the time of the alleged contravention, or in the case of a professional driver referred to in Section 32, not less than 0.02 grammes per 100 millilitres, it shall be presumed, in the absence of evidence to the contrary, that such concentration was not less than 0.02 grammes per 100 millilitres at the time of the alleged contravention.

Inquest Act, No. 58 of 1959

The act provides for holding inquests in cases of deaths or alleged. Deaths apparently occurring from other than natural causes and for matters incidental thereto, and to repeal the Fire Inquests Act, 1883 (Cape of Good Hope) and the Fire Inquests Law, 1884 (Natal).

Foodstuff, Cosmetics and Disinfectants Act, No. 54 of 1972

The act provides for the regulation of foodstuffs, cosmetics, and disinfectants and quality standards that must be complied with by manufacturers, as well as the importation and exportation of these items.

Protection of Personal Information Act, No. 4 of 2013

The Protection of Personal Information (POPI) Act aims to align South Africa with existing data protection laws worldwide. The purpose of this Act is to, among others:

- Promote the POPI processed by public and private bodies.
- Introduce certain conditions to establish minimum requirements for the processing of personal information.
- Provide for the establishment of an Information Regulator to exercise certain powers and perform certain duties and functions in terms of this Act and the Promotion of Access to Information Act.
- Regulate the flow of personal information across the borders of South Africa.

The POPI Act applies to all private and public organisations that process personal information, referring to information processed electronically, recorded manually, and used in both health and public authority records. With specific reference to Sections 19 to 22 the Act differentiates between a Responsible Party and an Operator Party and allocates different responsibilities to these parties. In any agreement, it is essential to clarify these roles upfront and ensure that all parties comply not only with the general provisions of the Act, but also with specified responsibilities.

POPI Act obligations apply throughout the full period that the organisation is processing personal data. So do the rights of individuals in respect to personal data. Disposal of data is included with the POPI Act; data must be disposed of securely and in a way that does not prejudice the interests and rights of the individual concerned.

The Protection of Personal Information (POPI) Act aims to align South Africa with existing data protection laws worldwide. The purpose of this Act is to, among others:

- Data collection.
- Data preservation.
- Third party access.
- Compromised data; and
- Compliance.

The POPI Act applies to all private and public organisations that process personal information, referring to information processed electronically, recorded manually, and used in both health and public authority records. With specific reference to Sections 19 to 22 the Act differentiates between a Responsible Party and an Operator Party and allocates different responsibilities to these parties. In any agreement, it is essential to clarify these roles upfront and ensure that all parties comply not only with the general provisions of the Act, but also with specified responsibilities.

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Promotion of Access to Information Act, No. 2 of 2000

The purpose of the Promotion of Access to Information Act (PAIA) is to promote the right to access information, to foster a culture of transparency and accountability in South Africa. Furthermore, PAIA is aimed at encouraging an open democracy where individuals from all walks of life are empowered to engage with the government and participate in decisions that affect their lives. The introduction of the POPI Act necessitated several changes to this Act but did not fundamentally change its principles or content. Access to health information is covered in Sections 30 (public) and 61 (private) of the Act, while Sections 34 (public) and 63 (private) deal with the mandatory protection of privacy of a third party who is a natural person. The Act provides for access requests through an Information Officer who is obligated to comply with the protection clauses in the Act.

Promotion of Access to Information Act, No. 2 of 2000

The purpose of the Promotion of Access to Information Act (PAIA) is to promote the right to access information, to foster a culture of transparency and accountability in South Africa. Furthermore, PAIA is aimed at encouraging an open democracy where individuals from all walks of life are empowered to engage with the government and participate in decisions that affect their lives. The introduction of the POPI Act necessitated several changes to this Act but did not fundamentally change its principles or content. Access to health information is covered in Sections 30 (public) and 61 (private) of the Act, while Sections 34 (public) and 63 (private) deal with the mandatory protection of privacy of a third party who is a natural person. The Act provides for access requests through an Information Officer who is obligated to comply with the protection clauses in the Act.

Updates to applicable policies and planned policies

National Health Insurance Bill

The National Health Insurance (NHI) legislative process is progressing swiftly. The NHI Bill was approved by parliament is awaiting assent from the President.

Although details about the NHI system will surface once regulations are published by the National Department of Health, including specifics of funding mechanisms, it is evident that the purchasing of pathology diagnostic services will transition from a fee-for-service (FFS) to an alternative reimbursement model, such as capitation.

To facilitate our readiness for the forthcoming landscape, NHLS has appointed a dedicated NHI manager. Work is underway to investigate appropriate funding methods for pathology testing (in-basket testing) to be adopted by the Benefits Advisory Committee (BAC). This work is in progress, and we are committed to optimising these processes as we move forward.

The NHLS is poised to become the preferred pathology provider during the first phase of NHI implementation (2023 – 2026). In anticipation, we are developing a tailored strategy designed to meet the unique needs of NHLS and its role in the NHI system. There is also preparatory work underway to initiate a pilot study to explore how NHLS can effectively cater to the needs of general practitioners (GPs). Historically, this group has primarily been served by the private pathology market.

The NHLS is excited about the prospects of the NHI and is fully prepared to play a critical role in supporting the nation in achieving universal health coverage (UHC) and streamlining our decentralised healthcare system. We are committed to using our pathology knowledge to ensure the effective implementation of NHI, supporting an integrated, efficient, and accessible healthcare system for all South African citizens.

National Public Health Institute of South Africa

The establishment of the National Public Health Institute of South Africa (NAPHISA) is envisaged. It will comprise divisions dealing with the following within the context of the broader NAPHISA mandate:

- Communicable diseases
- Non-communicable diseases
- Occupational health
- Cancer surveillance
- Injury and violence prevention
- Environmental health

Establishing NAPHISA as a single national public entity is intended to provide high-level surveillance coordination across functions. The entity will provide the government with evidence, expertise, and advice to improve population health. In addition, it will coordinate relevant disease and injury surveillance, research, training, and workforce development. It will monitor and evaluate services and interventions for major health problems affecting the population. NAPHISA will provide training, conduct operational research, and support interventions to reduce the burden of communicable and non-communicable diseases, injuries and violence, and occupational diseases.

The NAPHISA Bill was assented to by the President on 5 August 2020. Regulations are being finalised before the Act is proclaimed. NAPHISA will impact the NHLS functions because roles and functions will be defined, and transversal functions may be shared.

National Development Plan: Vision 2030

The National Development Plan (NDP) is a long-term vision for the country that focuses on the vital capacities required to develop the economy and society. It provides a broad strategic framework to guide crucial government decisions and actions. The plan emphasises that accelerated growth in South Africa requires the active participation of all citizens and leadership in all sectors that prioritise the country's collective interests regarding its narrow, short-term aims and government performance that has improved significantly.

The NDP lays out nine long-term health goals for South Africa. Five of these goals focus on enhancing population health and wellbeing, while the other four focus on strengthening health systems. The NHLS contributes to the NDP's Vision 2030 and aligns appropriate services through stakeholder consultation.

By 2030, South Africa should have achieved the following:

- Raised the life expectancy of South Africans to at least 70 years.
- Progressively improved tuberculosis (TB) prevention and cure.
- Reduced maternal, infant and child mortality.
- Significantly reduced the prevalence of non-communicable diseases.
- Completed health system reforms.
- Established primary healthcare teams that provide care to families and communities.
- Achieved universal health care coverage.
- Filled posts with skilled, committed, and competent individuals.
- Filled posts with skilled, committed, and competent individuals.

Sustainable Development Goals

The Sustainable Development Goals (SDGs) 2030, which are built on the Millennium Development Goals of 2015, were adopted as global goals by world leaders on 25 September 2015. World leaders formulated 17 SDGs to end poverty, fight inequality, and tackle climate change by 2030. The following targets, to be achieved by 2030, have been adopted for **Goal 3:** *"Ensure healthy lifestyles and promote wellbeing for all ages".*

1. Reduce the global maternal mortality ratio to less than 70 deaths per 100 000 live births.
2. End preventable deaths of new-borns and children under five years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1 000 live births and under five mortalities to at least as low as 25 per 1 000 live births.
3. End the epidemics of Human immunodeficiency virus / acquired immunodeficiency syndrome (HIV/AIDS), Tuberculosis (TB), malaria, and neglected tropical diseases, and combat hepatitis, water-borne diseases, and other communicable diseases.
4. Reduce premature mortality from non-communicable diseases by one-third through prevention and treatment and promote mental health and wellbeing.
5. Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and the harmful use of alcohol.
6. Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, safe, effective, quality, and affordable essential medicines and vaccines for all.
7. Support the research and development of diagnostics, vaccines and medicines for the communicable and non-communicable diseases that primarily affect developing countries and provide access to affordable essential medicines and vaccines, as per the Doha Declaration on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement and Public Health, which affirms the right of developing countries to use, to the full, the provisions in the TRIPS Agreement regarding flexibilities to protect public health and, in particular, provide access to medicines for all.
8. Substantially increase health financing and the recruitment, development, training, and retention of a health workforce in developing countries, especially in the least developed countries and Small Island Developing States.
9. Strengthen the capacity of all countries, particularly developing countries, for early warning, risk reduction, and the management of national and global health risks.

The recent United Nations (UN) SDG update report (2022) has acknowledged that recent global events such as COVID-19, climate change, and global conflicts have gravely impacted progress towards these aspiration goals. Extra effort is required to reverse effects on health, education, and food security, amongst others.

The vision of the NHLS is to provide a high-quality, patient-centred laboratory service that is clinically efficient and cost-effective. This will contribute significantly to **Goal 3 of the SDG:** *"Ensure healthy lives and promote well-being for all, irrespective of age"*, and the **vision of the South African health system** is *"a long life for all South Africans".*

ADDITIONAL GOVERNANCE CONTEXTS

The NHLS is required to comply, among other things, with the following additional prescripts that form part of its governance context:

- Preferential Procurement Framework Act, No. 5 of 2000.
- Companies Act, No. 71 of 2008.
- General rules established in terms of section 27 of the NHS Act.
- Protocol on Good Governance in the Public Sector.
- King IV Code of Corporate Governance.
- Treasury Regulations issued in terms of PFMA.
- Treasury Annual Report Guidelines Sub-Section 28.2 Annual report [Section 55(1)(d)(i) of the PFMA]
- All laws that apply to the health sector.

POLICY INITIATIVES

As articulated in its Strategic Plan 2020–2025, the NHLS is committed to supporting the following:

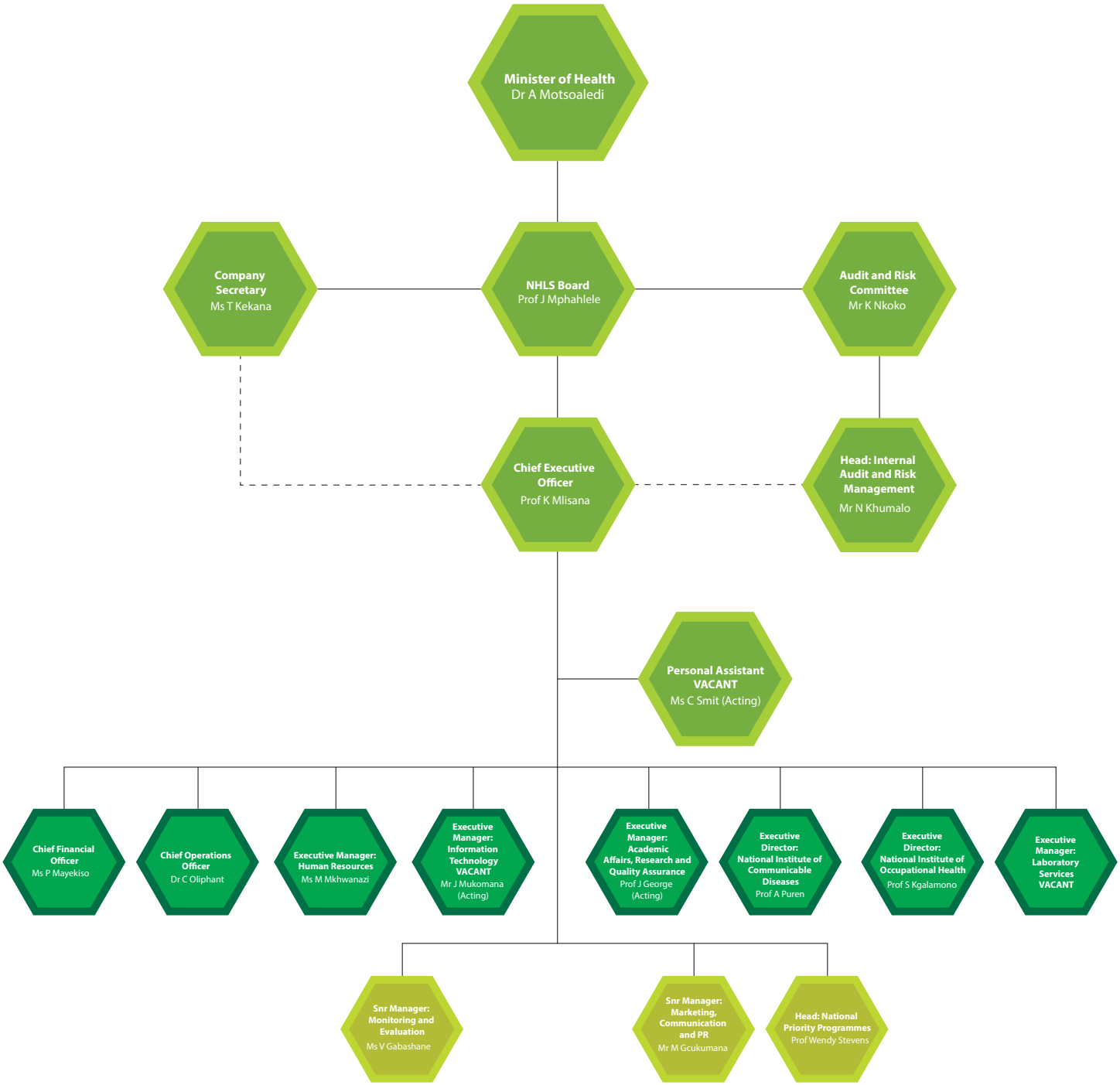
National Health Insurance (NHI) will cover a defined repertoire of pathology services aligned with the package of services required at each level of care. These pathology services will be delivered at the public healthcare level and at higher levels of care, as defined by the NHLS Act and in line with the NHA. The latter requires the establishment, monitoring, and enforcement of quality control standards applicable to pathology services to ensure patient safety.

The National Public Health Institute of South Africa (NAPHISA) has the following functions:

- Communicable diseases.
- The National Cancer Registry.
- Occupational health.
- Non-communicable diseases; and
- Injury and violence prevention.

It is anticipated that the NICD, including NCR, and NIOH, will be incorporated into NAPHISA.

HIGH-LEVEL ORGANISATIONAL STRUCTURE



PART B

PERFORMANCE INFORMATION

PART B: PERFORMANCE INFORMATION

Ms Violet Gabashane

Senior Manager: Monitoring and Evaluation

AUDITOR'S REPORT PREDETERMINED OBJECTIVES

The independent auditor conducted the necessary audit procedures on the performance information of the NHLS to provide reasonable assurance in the form of an audit conclusion. The audit conclusion regarding the NHLS' performance against its predetermined objectives is included in the audit report, with findings reported under the 'predetermined objectives' heading in a section of the auditor's report on pages 149 - 151.

2.0 Performance Overview

The NHLS faced unprecedented challenges in 2024-2025, most notably a major IT security breach on 22 June 2024. This incident severely disrupted the NHLS' IT infrastructure, rendering critical systems temporarily inaccessible. However, essential platforms such as Oracle ERP, TrakCare LIS, and the Central Data Warehouse (CDW) remained uncompromised. Laboratories continued to function manually during this period, and no patient data was lost.

Despite rapid response and system recovery efforts, including restoring Oracle by July and TrakCare by August, the attack significantly impacted operational performance. Overall, the NHLS achieved only 45% (p35-51) of its predetermined objectives at the end of the financial year, primarily due to delayed sample processing and reporting.

Operational challenges extended beyond the cyberattack, including:

- Delays in implementing large-scale tenders (e.g., HIV VL, CD4, TB, Chemistry Automation).
- Delays in analyser placements.
- Increased demand due to a national food poisoning outbreak.
- Budget cuts at the provincial level.

Improvement strategies extended beyond the cyberattack, including:

- Developing a new service delivery model.
- Upgrading IT and laboratory infrastructure.
- Introducing a specimen tracking system.
- Strengthening supply chain, contract management, and M&E systems.
- Enhancing cybersecurity and staff accountability.
- Engaging provinces on financial issues.

Key policy developments and legislative changes

No major changes to relevant policies or legislation affected the NHLS' operations during the period under review.

Progress towards achievement of institutional Impacts and Outcomes

IMPACT: BETTER CLINICAL OUTCOMES FOR PATIENTS

IMPACT STATEMENT: The NHLS will contribute to better health care for the people of South Africa by providing a rapid, reliable, and efficient service delivery at a low cost.

The NHLS is an essential part of South Africa's health system and contributes significantly to the prevention and control of diseases, as well as the improvement of the nation's health. The Medium-Term Strategic Framework (MTSF) 2020–2025 faced major challenges due to COVID-19 (2019–2023) and the cyberattack (June 2024–September 2024). Despite these challenges, the NHLS was able to fulfil its mandate of providing cost-effective and efficient health laboratory services, except during the period of the cyberattack. It is likely that patient care was negatively impacted by delays in providing results during this time. However, service delivery improved once the IT systems were restored.

This is evidenced by the improvement of overall turnaround times as indicated in the table below:

	December 2024	January 2025	February 2025	March 2025
Overall, TAT	87.65%	90.71%	91.07%	91.36%

In addition, the NHLS maintained a stable financial status, was able to pay its liabilities, and continued to exceed the standard liquidity ratio of 2:1. Although its financial performance has improved over the years, the NHLS continues to implement cost-containment measures to ensure future financial stability.

The NICD continued to play a pivotal role in ensuring prompt interventions regarding communicable disease outbreaks, such as COVID-19 in South Africa, by providing daily epidemiological updates to the NDoH without fail.

The implementation of the Total Quality Management System has increased the number of SANAS-accredited laboratories and continues to enhance the provision of high-quality services in both accredited and non-accredited laboratories. The NHLS commenced the (MTSF) 2020-2025 with eighty (80) SANAS-accredited laboratories and has progressed to a total of one hundred and seventy-eight (178) SANAS-accredited laboratories over the medium term. The NHLS will continue to provide high-quality services to South African citizens. Most importantly, we will ensure that the NHLS is strategically prepared to support the National Health Insurance (NHI).

The NHLS has performed well, achieving an average score of 76.5% over the past five years. However, its overall performance in 2024–2025 has significantly declined compared to previous years due to a major ransomware attack in June 2024. Human Resources, Academic Affairs, Research, and Quality Assurance have demonstrated stability compared to the previous financial year.

Table 1: Performance trends per programme

The table below illustrates performance trends by programme measurement, which are highlighted in the footnote.

Programme	% Overall Performance					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Laboratory Service	75%	83%	92%	50%	50%	0%
Academic Affairs, Research and Quality Assurance	64%	73%	82%	73%	55%	55%
Surveillance of Communicable Diseases	86%	100%	100%	100%	100%	57%
Occupational and Environmental Health and Safety	100%	75%	100%	100%	75%	50%
Forensic Chemical Laboratories	N/A	N/A	N/A	25%	50%	40%
Financial Management	100%	75%	63%	63%	80%	50%
Information and Communication Technology	67%	75%	75%	100%	100%	66%
Human Resources	40%	60%	80%	60%	75%	100%
Overall Score	77%	79%	86%	70%	70%	45%

Impact Achieved:

The NHLS continued to support the health sector through reliable, cost-effective diagnostic services, contributing to improved clinical outcomes amid severe disruptions.

In conclusion, although 2024-2025 was marked by serious disruptions, the NHLS took decisive steps to recover operations, strengthen resilience, and improve performance in the MTSF, with a focus on readiness for National Health Insurance (NHI).

Footnote

i. Programme score = total number of KPIs achieved per programme divide by total number KPIs per programme, expressed as a percentage.
ii. Overall score = Total number of all the KPIs achieved divide by total number of KPIs, expressed as a percentage

PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: LABORATORY SERVICE

PURPOSE OF THE PROGRAMME

This programme represents the NHLS' core business, which is to provide cost-effective and efficient health laboratory services to all public sector healthcare providers and any other government institution within and outside South Africa that may require such services, as mandated by the NHLS Act. The NHLS must provide equitable, comprehensive, high-quality, timely, and cost-effective pathology services that will improve patient care.

The NHLS' intention for the MTEF, among other things, is to leverage innovation and new technology to improve efficiency. To achieve this, the NHLS must invest in innovative solutions, information technology, digital technology, communication links, and logistical services.

To achieve clinical efficiency and relevance, the NHLS will continue:

- Surveillance to drive diagnostic implementation.
- Provision of new diagnostic services, including emerging or re-emerging pathogens.
- Targeted training to produce a fit-for-purpose and responsive workforce.
- Implementation and validation of state-of-the-art diagnostic testing, including the surveillance, e.g., Next Generation Sequencing.
- Operational research to drive the optimisation and utilisation of laboratory services, including pre-analytical, analytical, and post-analytical factors that may impact quality; and
- The harnessing of big data and bioinformatics to inform a wide range of key strategies, from influencing national and international policy to optimal laboratory networks and test repertoires.

PROGRAMME 1: LABORATORY SERVICE

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
CLINICAL EFFECTIVENESS AND EFFICIENCY	IMPROVED TURNAROUND TIMES	Percentage of TB molecular tests performed within 40 hours	91%	94%	95%	86%	-9%	Following initial setbacks caused by the cyberattack, the NHLS has made steady progress in improving turnaround times. New equipment has been procured, and although installation has taken time due to the scale of the project. Furthermore, the backlog in production for CD4 testing equipment delayed the placement of the equipment in the laboratories. Laboratories have remained operational, continuing to use existing equipment despite frequent breakdowns. While turnaround time targets have not yet been fully met, there has been a clear and measurable improvement since the incident.
		Percentage of CD4 tests performed within 40 hours.	93%	94%	95%	91%	-4%	
		Percentage of HIV viral load tests performed within 96 hours.	95%	93%	95%	81%	-14%	
		Percentage of HIV PCR tests performed within 96 hours	93%	94%	94%	85%	-9%	
		Percentage of cervical smear screening performed within five weeks.	88%	98%	95%	83%	-12%	
		Percentage of laboratory tests (full blood count) performed within eight hours.	95%	96%	95%	92%	-3%	
		Percentage of laboratory tests (urea and electrolytes) performed within eight hours	91%	90%	95%	85%	-10%	
	EQUITABLE SERVICE COVERAGE	Develop and implement a POCT plan.	Not Achieved	Not Achieved	Implement POCT to 20% of the facilities as identified in the POCT plan	0% Implementation	-20%	Significant progress has been made, including securing partial funding, conducting site readiness assessments, and identifying regional needs. However, the absence of full funding from the Global Fund delayed the rollout of the POCT. The NHLS has subsequently approved the budget to support the rollout.
	IMPROVED OVERSIGHT AND ACCESS TO PATHOLOGY	Implement digital pathology.	Achieved	Not Achieved	Implement digital in 10% of the anatomical pathology laboratories	0% Implementation	-10%	Although the tender was published and awarded, the extended timeline for contract signing resulted in an adjustment in the implementation schedule.

Linking performance with budget

	2023-2024 Financial year			2024-2025 Financial year		
Laboratory Service	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**
R000'						
Expenses	**R10 158 206**	**R9 394 933**	**R763 273**	**R10 319 169**	**R8 804 872**	**R1 514 297**
Compensation of employees	R4 400 966	R4 198 360	R202 606	R4 996 592	R4 422 360	R574 232
Goods and services	R5 757 241	R5 196 573	R560 668	R5 322 577	R4 382 512	R940 065

PROGRAMME 2: Academic Affairs, Research and Quality Assurance

The primary purpose of this programme is to help the NHLS strengthen its mandate of maintaining and providing high-quality, assured, and accredited laboratory medicine to the academic platform. Two focus areas within this programme are to ensure that research is conducted to improve service delivery and quality, and to provide national coverage by NHLS pathologists. The aim is to oversee and collaborate with various training institutions that contribute to developing qualified and skilled individual operating within the scientific field of pathology services.

PURPOSE OF THE PROGRAMME

Academic Affairs

This sub-programme aims to support and promote the training and capacity-building of all medical laboratory health professionals to ensure the NHLS and the rest of the country have high-quality professional and technical skills in pathology.

Research and innovation

This sub-programme aims to create an enabling environment that promotes multidisciplinary, world-class research and research outputs, allowing the NHLS to contribute to national and global scientific knowledge. It supports innovative research initiatives while encouraging the exploration of emerging technologies and their transfer to enhance South African research and development capacity for novel ideas.

Quality Assurance

This sub-programme aims to improve Total Quality Management Systems (TQMSs) within laboratories and support structures, improving the quality of NHLS laboratories' results.

Explanation of Performance over the Medium-Term Period

The NHLS plans to obtain ISO 9001:2015 certification for its administration departments over the Medium-Term Strategic Framework (MTSF). This will strengthen and enhance the QMS in these departments, ensuring that service delivery and academic platforms within the NHLS receive consistent, high-quality products and services, thereby bringing business benefits.

The NHLS aims to have all the national central laboratories, provincial tertiary laboratories, and regional South African National Accreditation System (SANAS) accredited by the MTSF.

PROGRAMME 2: ACADEMIC AFFAIRS, RESEARCH AND QUALITY ASSURANCE

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022 -2023	2023-2024	2024-2025	2024-2025	2024-2025	
HIGH-QUALITY SERVICES	STRENGTHENED TOTAL QUALITY MANAGEMENT SYSTEMS	Percentage compliance achieved by laboratories during annual quality compliance audits.	100%	94%	94%	100%	6%	Implementation of an improved Total Quality Management System.
		Percentage of laboratories achieving proficiency testing scheme performance standards of 80%.	99%	91%	98%	94%	-4%	Bacteriology results for May and all the Proficiency Testing June results are not included, as the analysis could not be completed due to the cyber-attack that happened on June 22nd, 2024.
HIGH-QUALITY SERVICES	STRENGTHENED TOTAL QUALITY MANAGEMENT SYSTEMS	Number of national central laboratories that are SANAS accredited.	53	53	53	53	0	N/A
		Number of provincial tertiary laboratories that are SANAS accredited.	16	16	17	17	0	N/A
		Number of regional laboratories that are SANAS accredited.	34	36	44	36	-8	The NHLS has successfully accredited 36 of the 44 regional laboratories, and the remaining laboratories are actively working towards SANAS accreditation. While some have encountered challenges such as renovations, management transitions, and the rollout of new analysers, these efforts are contributing to long-term quality enhancement.
		Number of district laboratories that are SANAS accredited.	65	70	65	73	8	Implementation of an improved Total Quality Management System.

PROGRAMME 2: ACADEMIC AFFAIRS, RESEARCH AND QUALITY ASSURANCE

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
HIGH-QUALITY SERVICES	STRENGTHENED TOTAL QUALITY MANAGEMENT SYSTEMS	Number of ISO 9001 certified departments.	4	5	7	6	-1	NHLS experienced a cyber-attack in June 2024. Departmental operations were affected as records recovery failed for some quality management activities, such as retrieving documents (policies and procedures from the Q-Pulse document control system). Support to the Finance department was inadequate, as some meetings were postponed due to the Finance Manager's unavailability due to work commitments related to addressing operations affected by the cyber-attack.
		Develop and implement the pathologists' national coverage plan.	30% implementation of the pathologists' national coverage plan.	40% implementation of the pathologists' national coverage plan.	50% implementation of the pathologists' national coverage plan.	40%	-10%	The objectives for national coverage are currently being reviewed to ensure alignment with the plan. Key areas for supporting and establishing clear rollout targets are being outlined.
HIGH-QUALITY SERVICES	CUTTING-EDGE HEALTH RESEARCH	Number of articles published in peer-reviewed journals.	664	587	700	702	2	N/A
	APPROPRIATELY TRAINED HUMAN RESOURCES IN ADEQUATE NUMBERS	Number of pathology registrars admitted and trained in the NHLS.	53	64	40	67	27	The placement of registrars is determined by the demand from the industry.
		Number of intern medical scientists admitted and trained in the NHLS.	63	50	50	0	-50	Due to the cyberattack, our primary focus has been on restoring critical systems and ensuring operational stability. This resulted in the delay in advertising the intern medical scientists' positions, which were filled on 1 April 2025 instead of March 2025.

Linking performance with budget

	2023 - 2024 Financial year			2024 - 2025 Financial year		
Academic Affairs, Research and Quality Assurance	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**
R000'	**R000'**	**R000'**	**R000'**	**R000'**	**R000'**	**R000'**
Expenses	**377 871**	**407 469**	**-29 598**	**198 019**	**102 730**	**95 289**
Compensation of employees	124 650	56 570	68 080	138 724	40 009	98 715
Goods and services	253 221	350 899	-97 678	59 295	62 721	-3 426

PROGRAMME 3: Surveillance of Communicable Diseases

Programme purpose

The National Institute for Communicable Diseases is a national public health institute for South Africa that provides reference microbiology, virology, epidemiology, surveillance, and public health research to support the government's response to communicable disease threats.

Explanation of Performance over the Medium-Term Period

The NICD has the following strategic objectives:

- To serve as the national public health institute for the surveillance of communicable diseases in South Africa.
- To detect outbreaks of epidemics at an early stage, enabling a timely and effective response, or to anticipate imminent outbreaks or epidemics through investigation, research, data analysis, and appropriate communication of information.
- To anticipate imminent epidemics through investigation, research, and data analysis, and to communicate information accordingly.
- To engage in targeted and relevant research to address questions related to national and regional public health issues concerning communicable diseases, their surveillance, and management.
- To provide a reference function for laboratories dealing with communicable diseases in both the public and private sectors, nationally, regionally, and internationally.
- To build capacity for the management of communicable diseases at both national and regional levels.

PROGRAMME 3: SURVEILLANCE OF COMMUNICABLE DISEASES

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
HIGH-QUALITY SERVICES	A ROBUST AND EFFICIENT COMMUNICABLE DISEASE SURVEILLANCE SYSTEM AND OUTBREAK RESPONSE	Percentage of Integrated Diseases Surveillance and Response conditions reported on.	99%	95%	90%	96%	6%	Surveillance officers have gained experience in the process, which has improved their efficiency in completing the investigation forms.
		Percentage of outbreaks of Category 1 notifiable medical conditions responded to within 24 hours after notification.	100%	100%	100%	100%	0%	N/A
		Percentage of NICD laboratories that are SANAS accredited.	100%	100%	100%	100%	0%	N/A
		National HIV surveillance reporting.	100%	100%	90%	66%	-24%	The cyber-attack influenced the reporting. The reports were eventually included on the NICD self-service portal. However, the distribution of the January reports was delayed due to formatting errors.
		National TB surveillance reporting.	100%	100%	85%	0%	-85%	The development of the specific TB reports was delayed due to the cyberattack. However, the self-service portal has since been developed. The NICD is currently addressing the security and POPIA issues.
		Number of articles published in peer-reviewed journals.	251	204	180	174	-6	The target set was influenced by COVID and the post-COVID publication rate. A more realistic target may be considered.
CLINICAL EFFECTIVENESS AND EFFICIENCY	APPROPRIATELY TRAINED HUMAN RESOURCES IN ADEQUATE NUMBERS	Number of field epidemiologists qualified.	12	8	8	9	1	There was an additional enrollment from a student at the University of Pretoria.

Linking performance with budget

	2023 - 2024 Financial year			2024 - 2025 Financial year		
Surveillance of Communicable Diseases	Budget	Actual Expenditure Audited	Over/Under Expenditure	Budget	Actual Expenditure Audited	Over/Under Expenditure
R000'	R000'	R000'	R000'	R000'	R000'	R000'
Expenses	**483 762**	**385 288**	**98 474**	**452 264**	**417 457**	**34 807**
Compensation of employees	340 596	280 384	60 212	312 864	292 093	20 771
Goods and services	143 166	104 904	38 262	139 400	125 364	14 036

PROGRAMME 4: Occupational and Environmental Health and Safety

In this context, the environment refers to areas contaminated by workplace activities or those protected from contamination through workplace interventions. Safety, in this context, pertains to the synergies between occupational health and occupational safety, including risk assessments, ergonomic assessments, teaching and training, and the surveillance of occupational diseases and injuries.

PURPOSE OF THE PROGRAMME

The National Institute for Occupational Health is a national public health institute that offers occupational and environmental health and safety support across all sectors of the economy to enhance and promote workers' health and safety. Key clients include national and provincial government departments and public entities, such as the Medical Bureau for Occupational Diseases (MBOD) of the NDoH. The Institute achieves this by providing services in occupational medicine, hygiene, advisory, statutory pathology, laboratory services, research, and teaching and training in occupational and environmental health and safety.

Explanation of Performance over the Medium-Term Period

The NIOH set the following goals to contribute to high-quality service outcomes and provide robust and efficient occupational environmental health services in a resource-constrained environment:

- Promote workplace safety and health through interventions, recommendations, and capacity building.
- Provide specialised safety, health, and environmental services to the NHLS.
- Maintain quality management systems.
- Strengthen stakeholder collaborations, especially with government entities.
- Increase capacity for occupational health surveillance.
- Establish revenue-generating streams for the sustainability of key occupational health programmes.

PROGRAMME 4: OCCUPATIONAL AND ENVIRONMENTAL HEALTH AND SAFETY

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
HIGH-QUALITY SERVICES	ROBUST AND EFFICIENT OCCUPATIONAL AND ENVIRONMENTAL HEALTH SERVICES	Percentage of occupational and environmental health laboratory tests conducted within the predefined turnaround time.	98%	76%	90%	77%	-13%	The cyber-attack and staff shortage had a ripple effect on turnaround time. Although the target was not met, there has been a significant improvement post-cyberattack, and performance is expected to normalise in the next financial year.
		Number of occupational, environmental health and safety assessments completed.	20	22	20	17	-3	These assessments include ergonomics risk assessments. However, the Ergonomics Unit has been without staff since June 2024, causing a temporary inability to meet the targeted timelines.
		Number of occupational health surveillance reports produced.	5	5	4	5	1	N/A
		Percentage of NIOH laboratories that are SANAS accredited.	100	100%	100%	100%	0	N/A

Linking performance with budget

	2023 - 2024 Financial year			2024 - 2025 Financial year		
Occupational and Environmental Health and Safety	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**
R000'	**R000'**	**R000'**	**R000'**	**R000'**	**R000'**	**R000'**
Expenses	**174 738**	**137 887**	**36 851**	**202 000**	**149 145**	**52 855**
Compensation of employees	141 530	120 451	21 079	122 346	123 100	-754
Goods and services	33 208	17 436	15 772	79 654	26 045	53 609

PROGRAMME 5: FORENSIC CHEMISTRY LABORATORY SERVICE

PURPOSE OF THE PROGRAMME

This programme is responsible for pre- and post-mortem analyses of blood alcohol levels for drunk driving, as well as toxicology of biological fluids and human organs in the event of unnatural deaths like murder and suicide, in accordance with the Criminal Procedure Act and the Foodstuffs Act for food and cosmetic analyses.

Explanation of performance over the medium-term period

The Forensic Chemistry Laboratories have been fully integrated into the NHLS as of 01 April 2022. The FCLs' primary business includes the following:

- Testing of biological tissues and fluids for the presence of poisons and/or drugs in instances of unnatural deaths (toxicology analysis).
- Testing of ante-mortem and post-mortem blood for the presence of alcohol in alleged drunken driving matters (alcohol analysis).
- Food testing in terms of the Foodstuffs Act.

The initial analysis performed on the FCLs indicates a need for a significant capital injection, as well as additional funding to enhance operational performance. The capital injection is primarily required due to deteriorating infrastructure, while the additional operational funding is necessary because FCL is currently underfunded. This surplus will be used, in part, to improve operational performance and to reduce the backlog of tests that have accumulated over the years.

PROGRAMME 5: FORENSIC CHEMISTRY LABORATORIES

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
CLINICAL EFFECTIVENESS AND EFFICIENCY	IMPROVED TURNAROUND TIMES	Percentage of blood alcohol tests completed within a normative period of 90 days.	34%	82%	80%	87%	7%	To meet the increased demand, the Cape Town and Johannesburg FCLs implemented overtime shifts. In addition, the Johannesburg FCL utilised spare capacity at the CSIR laboratory to increase output.
		Percentage of new toxicology tests completed within 90 days.	New	New	10%	11%	1%	N/A
		Percentage reduction of backlogged toxicology cases.	7%	7%	50%	7%	-43%	New toxicology cases related to a foodborne illness outbreak required urgent prioritisation. As a result, progress on backlogged cases was temporarily affected. In addition, analyser breakdowns necessitated repairs. Efforts are underway to restore full operational capacity and ensure improved turnaround times. Implementation of plans to acquire and allocate dedicated resources to process backlogged toxicology cases has commenced.
		Percentage of perishable food samples tested within 30 days of sampling.	72%	75%	80%	72%	-8%	The increased volumes of food poisoning cases related to pesticide contamination of foodstuffs placed additional demand on testing capacity. Analyser breakdowns used for testing both perishable and non-perishable food samples affected turnaround times. Despite these challenges, efforts are ongoing to stabilise operations and improve turnaround times.
		Percentage of non-perishable food samples tested within 60 days of sampling.	40%	48%	80%	68%	-12%	

Linking performance with budget

	2023 - 2024 Financial year			2024 - 2025 Financial year		
Forensic Chemistry Laboratories	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**
R000'	**R000'**	**R000'**	**R000'**	**R000'**	**R000'**	**R000'**
Expenses	**240 428**	**168 904**	**71 524**	**256 610**	**184 101**	**72 509**
Compensation of employees	119 007	108 784	10 223	179 938	122 277	57 661
Goods and services	121 421	60 120	61 301	76 672	61 824	14 848

Programme 6: Administration

Programme purpose

The Administration programme plays a crucial role in the delivery of the NHLS' services through the provision of a range of support services, such as organisational development, HR and labour relations, information technology, property management, security services, legal services, communication, and integrated planning. The NHLS depends highly on the effective management of financial resources and the procurement process as administered by the Finance department. Generating sufficient revenue remains a critical focus area for the NHLS to ensure financial viability and sustainability. There are three sub-programmes.

Financial Management

This sub-programme aims to effectively manage the organisation's finances and improve the NHLS's cash flow position.

Information and Communication Technology (ICT)

This sub-programme aims to build a robust and agile ICT infrastructure and innovative digital solutions by 2030 to facilitate and enable state-of-the-art laboratory services at the NHLS.

Human Resources Management

This sub-programme aims to provide effective HR services through efficient processes, systems, and adequate human resources.

Explanation of Performance over the Medium-Term Period

This sub-programme aims to build and maintain strong relationships with key audiences, promote organisational goals, and enhance reputation and brand identity. While these functions often overlap, each has distinct objectives:

The NHLS' intention for the MTEF, among others, is to leverage innovation and new technology to improve efficiency. To achieve this, the NHLS must invest in information technology, digital technology, communication solutions and logistical services.

It continues to implement improved procurement policies and procedures to eliminate irregular expenditure. This includes system enhancements and continuous procurement training interventions.

In line with our revenue enhancement strategy, the NHLS aims to restructure and re-engineer DMP's manufacturing plant and establish the Research and Development (R&D) section. The establishment of this section will facilitate collaboration with medical diagnostic companies to manufacture rapid diagnostic kits for the growing POCT market and bring more business to the NHLS.

Furthermore, the NHLS aims to invest in the establishment of a Business Intelligence Unit (BIU) to further reinforce the Board's control. The BIU will produce studies on evidence-based operational strategy, cost-cutting, market, and intellectual property appraisal. It will also be used to track whether the NHLS is on track to accomplish its strategic goals by tracking specified indicators.

PROGRAMME 6: ADMINISTRATION

SUB-PROGRAMME: FINANCIAL MANAGEMENT

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
COST-EFFECTIVE SERVICES	IMPROVE THE LIQUIDITY POSITION OF THE NHLS	Ratio of current assets to current liabilities.	4.8:1	5.9:1	02:01	4.9:1	2.9	Due to the cyber-attack, NHLS was unable to pay all suppliers, which resulted in a higher bank balance. Under the current assets, there is also a significant balance due from the provinces.
		Cash flow coverage ratio	5.9:1	9.1:1	02:01	4.2:1	2.2	The cyber-attack resulted in the unavailability of systems and consequently in delayed procurement and payments.
		Number of creditor days.	34 days	25 days	30 days	45 days	15 days	As a result of the cyber-attack, the NHLS did not have access to systems for some time to process payments as and when they fell due, which had a knock-on effect on the overall turnaround times for the year.
		Number of debtors' days.	146 days	192 days	110 days	244 days	134 days	The provincial DoHs' budgets were drastically reduced for the 2024-2025 financial year, negatively impacting their ability to pay for their services in full and on time. In addition, the provincial DoHs continue to struggle to pay their long-standing debt.
GOOD GOVERNANCE	PROVIDE AFFORDABLE PATHOLOGY SERVICES	Review the cost of top hundred (100) pathology tests by volume over the next four years.	New	88% reviewed and costed	Cost of 50% of the tests reviewed	45%	-5%	Due to the cyber-attack, NHLS was unable to pay all suppliers, which resulted in a higher bank balance. Under the current assets, there is also a significant balance due from the provinces.
	CLINICAL EFFECTIVENESS AND EFFICIENCY	Percentage turnaround time for awarding tenders that are below R10 million within 90 days.	75%	100%	85%	100%	15%	Implementation of improved SCM processes.
		Percentage turnaround time for awarding tenders that are above R10 million within 180 days.	50%	83%	80%	91%	11%	

PROGRAMME 6: ADMINISTRATION

SUB-PROGRAMME: FINANCIAL MANAGEMENT

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
GOOD GOVERNANCE	AUDIT OPINION OF THE AUDITOR-GENERAL	Audit opinion of the Auditor-General.	Unqualified	Qualified	Unqualified	Disclaimer	N/A	The NHLS' cyberattack caused a delay in the 2023-2024 external audit. The final audit report was only received in December 2024. The implementation of the audit action plan arising from the 2023-2024 audit findings was therefore delayed. Consequently, the audit opinion regressed when compared to the 2023-2024 audit opinion. Implementation of action plans continued into the 2024-2025 financial year, and the impact thereof will start being visible during the 2025-2026 financial year.
	CORRUPTION-FREE ORGANISATION	Percentage of allegations reported through the NHLS tipoff platform that are investigated within 180 days.	91%	93%	90%	76%	-14%	The investigations were not conducted during the cyberattack to enable business continuity and recovery of the NHLS operations.
	TRANSFORMED PROCUREMENT SYSTEM.	Percentage of RFQs awarded to service providers that are below a B-BBEE score level 4.	New	82%	65%	79%	14%	Most of the Request for Quotations (RFQs) have been awarded to suppliers who have a B-BBEE Status Level of Contributor number 1.

PROGRAMME 6: ADMINISTRATION

SUB-PROGRAMME: INFORMATION AND COMMUNICATION TECHNOLOGY

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
CLINICAL EFFECTIVENESS AND EFFICIENCY	MODERNISED INFORMATION TECHNOLOGY SYSTEMS	High-capacity bandwidth rollout (new MPLS).	96%	99%	**Implement at 95% of the NHLS sites**	99%	4%	High-capacity bandwidth was successfully rolled out. However, there are 13 remaining sites that were deferred due to unsuitable existing infrastructure, such as fibre limitations. Users at these locations are currently utilising LTE as an interim solution while alternative technologies are being actively investigated.
		Distribution of CDW summary reports to provinces.	100%	100%	**90% of the public hospitals serviced by the NHLS receive monthly reports.**	75%	-15%	Operations experienced considerable disruption due to a cyber-attack, which affected most systems and applications. The subsequent rebuilding and restoration phases extended over approximately 2.5 months before full functionality and user access were re-established.
		Percentage system uptime for critical systems at laboratory level.	99%	100%	99%	75%	-24%	Operations experienced considerable disruption due to a cyber-attack, which affected most systems and applications. The subsequent rebuilding and restoration phases extended over approximately 2.5 months before full functionality and user access were re-established.

PROGRAMME 6: ADMINISTRATION

SUB-PROGRAMME: HUMAN RESOURCES

Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from the planned target to the actual achievement	Reason for deviation
			2022-2023	2023-2024	2024-2025	2024-2025	2024-2025	
CLINICAL EFFECTIVENESS AND EFFICIENCY	APPROPRIATELY TRAINED HUMAN RESOURCES IN ADEQUATE NUMBERS	Staff turnover ratio.	3%	1%	5%	1%	4%	NHLS has a high retention rate in the core skills, however, there is still a struggle in retaining critical support skills. This doesn't show because of the ratio of both support and core.
		Number of intern medical technologists and student medical technicians admitted and trained in the NHLS.	308	315	250	293	43	The demand for placement was higher than the target due to the backlog of non-placement in the previous years.
		Percentage of employees trained as per the approved training plan (WSP).	87%	60%	60%	64%	4%	The overachievement was due to an internal drive to deliver outstanding training prior to the appointment of suppliers. This includes courses that were initially requested two years ago.
	PERFORMANCE-DRIVEN WORKFORCE	Percentage of employees with approved and evaluated performance agreements.	95%	98%	98%	99%	1%	N/A

Linking performance with budget

	2023 - 2024 Financial year			2024 - 2025 Financial year		
Administration	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**	**Budget**	**Actual Expenditure Audited**	**Over/Under Expenditure**
R000'	R000'	R000'	R000'	R000'	R000'	R000'
Expenses	**2 006 785**	**953 720**	**1 053 065**	**1 985 472**	**3 087 398**	**-1 101 926**
Compensation of employees	803 154	**396 239**	**406 915**	604 729	**352 239**	**252 490**
Goods and services	1 203 631	**557 481**	**646 150**	1 380 743	**2 735 159**	**-1 354 416**

BUSINESS UNIT PERFORMANCE

The NHLS has six business units that help it carry out its fundamental mandate, which includes the following primary objectives:

- Support the National Department of Health (NDoH) through delivering laboratory services to South Africans.
- Provide training in health sciences in partnership with universities and the Universities of Technology (UoTs); and
- Promote and undertake relevant and innovative health-related research.

The Business Units are as follows:

1. Laboratory Service, which is further classified into six regions: Eastern Cape, Free State and North-West; Gauteng; KwaZulu-Natal; Limpopo and Mpumalanga; Northern and Western Cape.
2. Academic Affairs, Research and Quality Assurance (AARQA).
3. Strategic Initiatives, which is further classified into Forensic Chemistry Laboratories, Diagnostic Media Products, and the South African Vaccine Producers (SAVP).
4. National Institute for Communicable Diseases (NICD); and
5. National Institute for Occupational Health (NIOH).
6. National Priority Programme

In addition, the organisation has the following support service departments:

- Communication, Marketing and Public Relations.
- Finance.
- Human Resources; and
- Information and Communication Technology.

LABORATORY SERVICE

Introduction

Regional operations play a paramount role in ensuring equitable access to high-quality, timely diagnostic pathology services. The NHLS, with a presence across six regions—Eastern Cape, Free State, North West, Gauteng, KwaZulu-Natal, Limpopo, and Mpumalanga, and the Northern and Western Cape – serves as a cornerstone of South Africa's public healthcare system. Through its strategically located network of laboratories, the NHLS provides diagnostic support to over 80% of the South African population. This extensive national footprint enables the delivery of essential diagnostic services, reinforcing the principles of equity and universal access in healthcare and advancing the goal of improved health outcomes for all.

THE NHLS' NATIONAL FOOTPRINT

Free State and North West

Area Manager: Jone Mofokeng

Free State

# of NHLS laboratories:	9
# of health facilities:	387
Population (2024 mid-year):	3.0 million
Total Revenue (2024–2025):	654 million
Total Test Volumes (2024–2025):	5 463 501

North West

# of NHLS laboratories:	14
# of health facilities:	397
Population (2024 mid-year):	4.2 million
Total Revenue (2024–2025):	596 million
Total Test Volumes (2024–2025):	6 198 893

Gauteng

Area Manager: Bahule Motlonye

Gauteng

# of NHLS laboratories:	27
# of health facilities:	542
Population (2024 mid-year):	15.9 million
Total Revenue (2024–2025):	3.38 billion
Total Test Volumes (2024–2025):	30 967 325

Limpopo and Mpumalanga

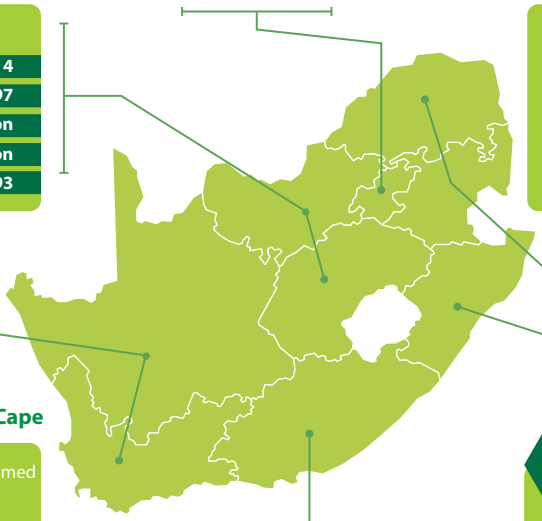
Area Manager: Jacob Lebudi

Limpopo

# of NHLS laboratories:	37
# of health facilities:	642
Population (2024 mid-year):	6.4 million
Total Revenue (2024–2025):	759 million
Total Test Volumes (2024–2025):	7 291 040

Mpumalanga

# of NHLS laboratories:	21
# of health facilities:	407
Population (2024 mid-year):	5.0 million
Total Revenue (2024–2025):	734 million
Total Test Volumes (2024–2025):	6 476 713



Northern and Western Cape

Area Manager: Nasima Mahomed

Western Cape

# of NHLS laboratories:	19
# of health facilities:	532
Population (2024 mid-year):	7.5 million
Total Revenue (2024–2025):	1.21 billion
Total Test Volumes (2024–2025):	11 463 199

Northern Cape

# of NHLS laboratories:	5
# of health facilities:	228
Population (2024 mid-year):	1.3 million
Total Revenue (2024–2025):	180 million
Total Test Volumes (2024–2025):	2 053 019

KwaZulu-Natal

Area Manager: Sibulele Bandezi

KwaZulu-Natal

# of NHLS laboratories:	56
# of health facilities:	809
Population (2024 mid-year):	12.3 million
Total Revenue (2024–2024):	3.09 billion
Total Test Volumes (2024–2025):	27 870 532

Eastern Cape

Area Manager: Tabita Makula

Eastern Cape

# of NHLS laboratories:	45
# of health facilities:	1053
Population (2024 mid-year):	7.1 million
Total Revenue (2024–2025):	1.22 billion
Total Test Volumes (2024–2025):	11 463 199

Operating model

Nine provinces with national presence
- Nationwide laboratory network

Regional presence
- Administration by 6 regions

Individual business units within region

*Population statistics are based on StatsSA's mid-year population estimates (2024)

Figure 1: *Area Managers, laborotory network and operating models.*

Diagnostic Services and New Developments

Overall, test volumes decreased by approximately 4% in the 2024-2025 financial year. This decline was caused by the impact of the cyber-attack that the NHLS experienced. During the cyber-attack, the NHLS discipline-specific teams were required to create an essential test list to guide clinicians in reducing the number of specimens sent to laboratories.

Creatinine remains the highest contributor, accounting for 13% of the total test volumes. One of the reasons could be that it is used as one of the tests to monitor kidney disease in HIV patients. The top ten tests contributed 45% of the total test volumes, 1% less than the previous year. The decline is consistent with the overall decline in test volumes due to the cyber-attack.

Table 2: Top ten tests by volume

	Volume					
Description	**2024-2025**	**% Contr to PY Total Volume**	**2023-2024**	**% Contr. to current year Total Volume**	**2024-2025 vs 2023 -2024 Var**	**% 2024-2025 vs 2023-2024**
Creatinine - Automated	13 860 023	13%	14 269 399	13%	-409 376	-3%
HIV Viral Load	6 588 865	6%	6 787 472	6%	-198 607	-3%
Full Blood Count Incl Platelet	6 402 096	6%	6 520 989	6%	-118 893	-2%
Profile Discrete Analyser U&E	6 055 200	6%	6 250 404	5%	-195 204	-3%
Alanine Transaminase - A	3 263 601	3%	3 369 621	3%	-106 020	-3%
C-Reactive Protein Nephelometer	3 185 179	3%	3 235 225	3%	-50 046	-2%
GeneXpert PCR TB	3 053 115	3%	3 070 485	3%	-17 370	-1%
Cholesterol Total - A	2 790 271	3%	2 829 911	2%	-39 640	-1%
Albumin - A	2 699 793	2%	2 764 913	2%	-65 120	-2%
Bilirubin Total - A	2 612 967	2%	2 680 733	2%	-67 766	-3%
Grand Total of Test Volume	**109 736 469**	-	**114 013 525**	-	**- 4 277 056**	-
Total Top 10 Test Volume	**50 511 110**	-	**51 779 152**	-	**-1 268 042**	-
Total of Volume Growth	-	**-4%**	-	-	-	-
Other Test Volume	**59 225 359**	-	**62 234 373**	-	**-3 009 014**	-
% Contribution of Top Ten	**46%**	-	**45%**	-	**45%**	-

Test Turnaround Times per Province

Region	TB GXP	CD4	HIV VL	HIV PCR	Cervical smear	FBC	U&E
Eastern Cape	88%	91%	88%	79%	88%	90%	88%
Free State	94%	95%	94%	92%	95%	95%	95%
Gauteng	92%	92%	77%	83%	85%	93%	91%
KwaZulu-Natal	83%	87%	87%	87%	79%	96%	94%
Limpopo	84%	85%	61%	N/A	78%	93%	91%
Mpumalanga	80%	93%	72%	N/A	N/A	92%	90%
Northern Cape	94%	97%	59%	N/A	N/A	93%	82%
North West	90%	96%	94%	87%	78%	95%	90%
Western Cape	88%	91%	81%	91%	92%	85%	88%

N/A – Tests are referred to the testing laboratory within the NHLS

Upgraded Laboratories

During the period under review, the NHLS invested in upgrading its laboratories, optimising workflow processes, and ensuring a safer working environment. Several regions completed significant renovations throughout the year under review to enhance workplace conditions and accommodate new state-of-the-art equipment, which improved overall efficiency.

Eastern Cape

The region continued to upgrade the laboratories to provide a conducive and safe work environment that is compliant with Occupational Health and Safety legislation. Although the region spent only 42% of its 2025-2026 CAPEX budget, new equipment was installed, and minor renovations were done in the laboratories. The energy and water challenges could not be averted due to delays experienced in Supply Chain Department processes; however, the plan is to prioritise energy and water security in the financial year 2025-2026.

Two large laboratories, Nelson Mandela Academic and East London laboratories' chemical pathology testing platforms, were upgraded with state-of-the-art equipment and a specimen tracking system.

Free State

Two professional services were appointed to design the renewal of Manapo and Botshabelo laboratories, respectively. The procurement process is at an advanced stage for both projects. The tender will be published. Both projects are at the last stage of publishing a tender for the contractors to be appointed. The Provincial Department of Health is building a new Bethlehem laboratory, which will be completed during the 2025-2026 financial year.

Gauteng

The region is continuing to renovate laboratories in line with the employee-centred environment and service excellence values. The following renovations took place:

- Chris Hani Baragwanath Academic Hospital Laboratory.
- Dr Gearge Mukhari Histology main laboratory.
- Dr Gearge Mukhari Virology Cell culture laboratory in progress.
- Sebokeng Laboratory.
- Leratong Laboratory.
- Helen Joseph Hospital Laboratory.

KwaZulu-Natal

A task team was constituted to explore the feasibility of a joint molecular facility within the Academic Complex to maximise productivity, increase research output, and minimise wastage. During the year, the HIV Drug Resistance laboratory was expanded to facilitate Next-Generation Sequencing. The Viral PCR Extraction laboratory was also extended to incorporate the increased capacity of the analysers. Cytology laboratory renovations are currently underway. Critical renovations at King Edward Hospital (KEH) are still pending the approval of the DoH budget.

Richmond TB Hospital is being transformed into a fully functional district hospital. Wards are opened on a phased-in approach, and the hospital is being extensively renovated. NHLS currently operates a depot laboratory and will develop its own laboratory. The renovations to the present site have been budgeted for and will be transformed into a full district laboratory, which will operate on a 24-hour basis.

Limpopo

Laboratory renovations were completed in Polokwane (Chemistry department), Lebowakgomo, Mankweng, Bela Bela, and Potgietersrus to improve laboratory conditions and workflow and to ensure compliance with health and safety standards.
In response to water security risks in the province, water tanks were installed in the following laboratories: Seshego, Mokopane, and Groblersdal to provide continuous service.

In Letaba laboratory, the Uninterrupted Power Supply (UPS) was successfully installed to provide electricity backup and ensure continuous service delivery during power outages in this area.

Mpumalanga

The NHLS planned laboratory projects for the provision of backup power and water supply were successfully completed. The provision of a solar power system at Tintswalo and Mapulaneng laboratories and a backup water supply at Delmas laboratory have resulted in the assurance of business continuity and compliance with health and safety standards.

There were upgrades to the personal computers and printer systems in some laboratories in the province, which have led to improved communication and accessibility.

North West

Renovations to upgrade the Tshepong TB laboratory to BSL3 were initiated. The supplier to provide professional services for the new Rustenburg laboratory was appointed. The project is in the last phase of going out to tender to appoint a contractor to renovate the laboratory.

Northern Cape and Western Cape

The Kimberley Laboratory has implemented a Total Laboratory Automation (TLA) solution in its core laboratory, encompassing pre-analytic, analytic, and post-analytic processes for both chemistry and haematology. The scope of testing has been expanded to include additional chemistry services and the introduction of Human Papillomavirus (HPV) molecular testing within the Microbiology Department. These enhancements have reduced external referrals and improved turnaround times. Furthermore, the laboratory has successfully established an HIV Viral Load (HIVVL) testing facility to support Northern Cape health facilities and neighbouring laboratories. Both the HPV and HIVVL services contribute directly to national health programmes.

New chemistry platforms have been installed at the Worcester, Paarl, Oudtshoorn, Karl Bremer, Khayelitsha, and Mitchells Plain laboratories. The latter three received endocrinology modules to increase their test repertoire, reduce turnaround times, and provide better services.

Stakeholder Relations

Eastern Cape

At the provincial level, meetings were held to discuss compliance with the service level agreements and strategies to assist the department with reducing the NHLS test requests. Among other interventions, Electronic Gate Keeping (EGK) using order entry seemed to be the best method. The NHLS is making plans to implement order entry in the new financial year.

The virologist from the PE Laboratory was key in training healthcare workers to manage Mpox cases during the outbreak.

The pathologists in Port Elizabeth and Nelson Mandela Academic labs participated in an outreach programme to Nelson Mandela Academic, Frere, and Mt Ayliff Hospitals. They provided customer education and advisory services to clinicians and laboratory staff. The region plans to continue with the outreach programmes as they have proven to be valuable for clinicians.

Free State

Blood and laboratory user committees are intermittently functional at all sites. The laboratory, in collaboration with the South African National Blood Services (SANBS), hosted a one-of-a-kind SANBS and NHLS workshop on the 1st of March 2025 at Boitumelo Hospital, where two CPD points were awarded for attendance. The workshop focused on the following areas: TAT, electronic gatekeeping rules, specimen rejection, onsite test menu, referred tests, TAT, and point-of-care testing. The workshop was widely attended, given that it was on a weekend.

The managers also have meetings with new medical interns at the start of each year, providing information regarding laboratory operations and requirements according to NHLS policies and the handbook supplied to all wards and clinics. The managers also send statistics via email (TAT, cancelled tests, AST data, etc.) to clients monthly. Hospital Pharmacy also uses Micro AST Stats for medication control.

During the cyberattack, urgent results were delivered directly to facilities and shared via WhatsApp. Relations with UFS remained excellent and amicably cooperative, as experienced at informal and formal meetings with the Dean and Institutional Academic Pathology Committee meetings.

Quarterly SLA meetings to improve collection are held with representatives from the province. Debtors' collection days for the province as of 31 March 2025 were 340 days.

Gauteng

The stakeholder relationship is improving as we continue to be part of the district, local, and provincial meetings. We are also participating in the medical advisory committee meetings, laboratory user meetings, ward rounds, pathology management committees, district meetings, and clinic visits, which have a positive impact on relations and service delivery. This has improved the services. We participated in hospital initiatives, campaigns, and Provincial and National Department of Health events like World TB Day. NHLS staff engage in social responsibility activities, e.g., Mandela Day and schools' career days. Laboratories have conducted stock audits on facilities to effectively manage stock.

KwaZulu-Natal

Several meetings and engagements, both physical and virtual, formed part of our continual stakeholder engagement. Client relations meetings and training sessions with the PHC and CHC clinics that feed into Victoris Mxenge Hospital (formerly King Edward VIII Hospital) were held. Web view access for the clinics and hospitals was enabled for new doctors and clinic sisters to view results.

A new Public-Private Partnership (PPP) with Impilo Consortium 2.0 was signed in 2024 for the next 12 years, and NHLS was excluded from 1 June 2024. The transfer of fixed assets to DoH FAR and then to NHLS FAR is still in progress. IALCH laboratories had to ensure that business continuity and service delivery were not compromised during and after the transition. Tsebo Facility Solutions continued to provide facility management services to NHLS laboratories through a deviation from NHLS until the SLA was finalised.

DoH-NHLS management meetings at INkosi Albert Luthuli Central Hospital (IALCH) and Victoria Mxenge Hospital (formerly KEH) were held during the financial year to discuss laboratory user issues, power outages, cost efficiencies, rejection rate monitoring, clinical gatekeeping, electronic gatekeeping, specimen-taking practices, LIS-HIS challenges, etc. Additional meetings were convened with NHLS to discuss disaster management contingency plans for the referral of specimens, the asset replacement cycle, and the transition from PPP-consortium services to NHLS in anticipation of the IMPILO end-of-contract date, 31 May 2024.

Limpopo

The Limpopo NHLS has been heavily involved in and contributed to the architectural design of the laboratory component of the Limpopo Central Academic Hospital.

The cyber-attack provided a great opportunity to optimise the clinic-laboratory interface, which was demonstrated through an outreach by NHLS regional senior leadership to hospitals and clinics.

Despite the cyber-attack's impact, the average customer satisfaction index outcome was 90% across the province, 5% above the national target of 85%.

The establishment of the Limpopo Provincial Working Group, of which the NHLS is a member, further enhanced the relationship between the NHLS in Limpopo and the Provincial Department of Health.

The NHLS further participated in educating customers in the province on the rational utilisation of the laboratory service.

Mpumalanga

Stakeholder relations in the NHLS Mpumalanga province were continuously managed through engagements at various levels and through different programmes.

Meetings on Laboratory and Blood Transfusion were attended, and input was provided to improve the management of costs and specimen rejections in pathology services across different hospitals.

Service Level Agreement (SLA) meetings were attended throughout the year, resulting in a successful review and sign-off of the SLA.

The NHLS also participated in health-related campaigns hosted by clients, such as the Provincial World TB Day, which took place in the Gert Sibande District.

A customer satisfaction survey was conducted to measure the quality of service delivery and identify gaps. During this financial period, an overall satisfaction score of 92% was achieved, and improvement plans were implemented where performance was not satisfactory.

North West

The main stakeholders for the Northwest Business Unit are the North-West Department of Health, the Department of Correctional Services (DCS), and the South African National Defence Force (SANDF). Regular meetings with these stakeholders are attended as per invitation. However, NWDoH meetings, such as Phuthuma and events plenary meetings, were attended with or without invitations, mostly on virtual platforms. In addition, Provincial SLA meetings were also attended quarterly. Over and above these meetings, the business unit attended district management meetings, which are also organised quarterly. These meetings were used to strengthen working relationships with the North-West Department of Health, including district and sub-district health managers, who are the major stakeholders.

Northern Cape and Western Cape

The Northern Cape client liaison officer actively engages clients at all levels. Her duties include training clients at the facility level in relevant laboratory processes, procedures, and technology. Onsite training and visits had to be reduced from June 2024 to August 2024 as the client liaison officer assisted operations during the cyber-attack period. A total of three hundred healthcare workers were trained during one hundred and twenty-five engagements and facility visits.

In the Western Cape regional laboratories, a total of ten hospital managers and associated clinical managers have been visited across the region. Eight physical and two online Phlebotomy and Pre-Analytical training interventions have been conducted, reaching well over one hundred trained individuals. The George Hospital antibiotic stewardship programme is attended by our resident clinical pathologist, which has improved patient outcomes. As seen below, there has been collaboration between the Western Cape DoH (Drakenstein Municipality, Cape Winelands) during both HIV and TB awareness campaigns.

Photos

Laboratories and Equipment

Total automation at Nelson Mandela Academic and East London laboratories with a specimen tracking system.

New automation at Oudtshoorn, Paarl and Worcester laboratories

Kimberly total Automation

NATIONAL PRIORITY PROGRAMMES

Prof Wendy Stevens

Head: National Priority Programmes

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INTRODUCTION

Together with NHLS business units, the National Priority Programme (NPP) supports the national diagnostic testing and disease monitoring services, aiding South Africa's HIV and tuberculosis (TB) programmes. This is achieved by:

- Supporting pre-analytic aspects aimed at minimising specimen rejections and improving linkage to and retention in care.
- Supporting pre-analytic aspects aimed at minimising specimen rejections and improving linkage-to- and retention-in-care.
- Standardisation across testing sites.
- Assessment of operational aspects and ongoing monitoring to guide programmatic improvements.
- Implementation and oversight of awarded tenders.
- Evaluations of new diagnostic assays prior to implementation and post-implementation surveillance of performance.
- Driving research and development to inform innovations across the diagnostic value chain.

Programmes included in the NPP's scope

HIV:

- Disease monitoring: national CD4-count and HIV viral load testing programme.
- Diagnosis of cryptococcal disease: national reflexed cryptococcal antigen (CrAg) testing programme.
- Early infant diagnosis (EID): national EID HIV polymerase chain reaction (PCR) testing programme.
- Detection of drug resistance: National HIV drug resistance testing programme.

Tuberculosis:

- Diagnosis and detection of resistance to rifampicin with/without isoniazid: national Xpert® MTB/RIF Ultra (rifampicin only), Becton Dickinson (BD) MAXTM MDR-TB (rifampicin and isoniazid), and Roche cobas® MTB and MTB/RIF-INH (rifampicin and isoniazid) testing programmes (collectively, the national TB nucleic acid amplification test [NAAT] programme).
- Detection of resistance to fluoroquinolones and isoniazid: national Xpert® MTB/XDR testing programme.

PROGRAMME OVERVIEW

National CD4 Count Testing

CD4 T-cell enumeration, by flow cytometry, remains the method of choice for monitoring the immune status of HIV-infected patients and identifying those with advanced HIV disease, categorised where CD4 counts are less than 200 cells/µl. This service is offered at 47 laboratories.

As the focus of the global HIV response has shifted from identifying patients for treatment initiation to measuring the success of HIV programmes, CD4 testing rates have declined consistently, despite continued inclusion in clinical guidelines. Compared to 2023–2024, a 5.9% national decrease in tested numbers was observed for 2024–2025, 2.13 million versus 2.26 million for the previous review period. However, Limpopo and Gauteng provinces demonstrated an increase in tested volumes of 5.7% and 4.2%, respectively. The largest decline in CD4-count requests, 16.6%, was recorded for the Northern Cape. KwaZulu-Natal contributed 30.1% of the total number of tests, followed by Gauteng (22.0%), and the Northern Cape contributed the least, 2.7%. The trend remained unchanged from previous years.

CD4 tests reporting less than 100 cells/µl decreased from 9.6% in 2023–2024 to 8.9% in 2024–2025. For the latter period, Western Cape province reported the highest percentage of specimens with CD4 <100 cells/µl at 11.5%, and KwaZulu-Natal reported the lowest at 6.2%. Specimens with counts between 100 and 200 cells/µl comprised 9.9% of the total numbers tested (9.6% reported for 2023-2024), with the Western Cape contributing 13.3% (the highest) and KwaZulu-Natal 7.4% (the lowest). Wellness (as indicated by CD4 >500 cells/µl) increased from 46.0% (2023-2024) to 47.1% (2024–2025), with KwaZulu-Natal reporting the highest increase, 54.9%, compared to the Western Cape, the lowest, at 38.4%.

The cyberattack in June 2024 and the resulting testing backlogs impacted turnaround time, leading to an overall decline of 3.0% to 91.7% of specimens tested within 40 hours, compared to 2023-2024.

National HIV viral load testing

South Africa's antiretroviral (ARV) programme stands as the largest global initiative for the treatment of HIV, reflecting a comprehensive response to a public health crisis that has seen the number of people living with HIV increase from 3.68 million in 2002 to approximately 8.45 million in 2022. In support of the National Department of Health's (NDoH) ARV initiative, the NHLS plays a crucial role in providing HIV viral load (HIVVL) testing across the nation. With a capacity of over 9 million tests, the programme operates from 27 laboratories distributed across nine provinces. This extensive reach is facilitated by a fleet of 53 purchased and eight placed Alinity m instruments. In a concerted effort to improve treatment accessibility, the NDoH aims to close the gap by initiating an additional 1.1 million people onto ARV therapy required to meet the Joint United Nations Programme on HIV/AIDS (UNAIDS) 95-95-95 targets by 2030, further reinforcing the country's commitment to combating HIV/AIDS. This multifaceted approach not only highlights South Africa's comprehensive healthcare response but also exemplifies the crucial role of laboratory testing in managing and monitoring treatment outcomes for individuals living with HIV.

During 2024-2025, 6.55 million tests were performed, compared to 6.72 million during 2023-2024, constituting a 2.6% decrease. Regionally, KwaZulu-Natal processed the highest proportion of tests (28.3%, 1.85 million), followed by Gauteng (23.0%, 1.51 million). The Northern Cape performed the least number of HIV VL tests, contributing 1.3% (82 668) of the total.

Of the 2024-2025 tested specimens, 7.5% (9.0% reported for 2023-2024) met the World Health Organization's (WHO) definition of virological failure (>1'000 copies/mL), while 77.3% (74.5% reported for 2023-2024) were virologically suppressed (using the WHO definition of <50 copies/mL). As per the national ARV guidelines, where a specimen has detected viral load, a repeat HIVVL determination is required after three months. Thus, the improvement in the suppression rate could account for the decline in the total number of tests performed. The Free State province had the highest suppression rate at 83.3%, while Limpopo reported the lowest at 70.1%.

Turnaround time (TAT) increased marginally from 93.1% (2023-2024) to 93.4% (2024-2025) of HIVVL specimens tested within 96 hours despite the installation of new instruments across the 27 testing laboratories and the impact of the June 2024 cyberattack.

National reflexed cryptococcal antigen testing

For specimens where CD4 is measured at <100 cells/µl, screening for cryptococcal co-infection by reflex testing using a CrAg lateral flow assay is routinely performed at 47 CD4-testing laboratories. In addition, the Western Cape is the only province performing reflexed CrAg testing on specimens where CD4 is measured between 100 and 200 cells/µl.

CrAg tested volumes decreased by 13.9% from 228 162 (2023-2024) to 196 529 tests (2024-2025), with the largest change noted in the Northern Cape province (22.6% decline), followed by a 21% decrease for the Eastern Cape and Free State provinces. Compared to 2023-2024, the Western Cape reported the lowest provincial decline, 7.0%. The testing decline mirrors that for the CD4 programme. The national CrAg detection rate for 2024-2025 was 5.1% (5.0% reported for 2023-2024). By region, the highest detection rate was noted for KwaZulu-Natal at 7.0% and the lowest for the Northern Cape province at 3.2%. The Western Cape reflexed fewer specimens for CrAg in the 100-200 cells/µl range during 2024-2025 (19 506) than the previous budget year (21 275). The detection rate in this category was 2.4% for 2024-2025 (unchanged from 2023-2024).

National Early Infant Diagnosis HIV PCR Testing

In South Africa, the rates of vertical transmission have decreased to 2.4 %, as reported by UNAIDS in 2023. This decline is attributed to the effective implementation of the ongoing Prevention of Mother-to-Child Transmission (PMTCT) programme, now known as the Vertical Transmission Prevention (VTP) programme.

Early infant diagnosis HIV PCR testing is conducted at 12 centralised laboratories. Testing is performed on five Roche cobas® 5800, ten cobas® 6800, and three cobas® 8800 platforms. In 2024-2025, 533 729 EID HIV PCR tests were performed, in comparison to 609 906 tested in 2023-2024, a 12.3% decrease in test volumes. The reasons for the decline in test requests are not clear. KwaZulu-Natal processed the most tests (26.0%, 138 758), followed by Gauteng (22.7%, 120 875). The Northern Cape tested the least number of specimens, contributing only 1.6% to the total number, 8 642.

Detection rates fell from 1.3% in 2023-2024 to 1.2% in 2024-2025, with KwaZulu-Natal having the lowest detection rate of 0.8% and the Northern Cape and Gauteng having the highest rate at 1.6%. Turnaround time decreased from 94.2% (2023-2024) to 92.8% (2024-2025) of specimens tested within 96 hours. The decrease was primarily attributed to the cyber-attack in June 2024 and its impact in subsequent months.

National HIV Drug Resistance Testing

Where clinically indicated, testing for HIV drug resistance is conducted at five laboratories using Sanger Sequencing.

Tested volumes decreased by 57.5% in 2024-2025, compared to 2023-2024. Most tests are performed for clients residing in Gauteng and KwaZulu-Natal. The Northern Cape and Free State provinces submitted the least number of specimens for HIV drug resistance testing. The significant decline in requests for resistance testing is likely related to the complex gatekeeping guidelines that were introduced. There is ongoing collaboration with the NDoH to pilot the introduction of drug level testing prior to completing HIV drug resistance testing. Absence of detectable ARV drug levels would suggest lapses in treatment adherence and thus prevent unnecessary, costly resistant testing.

The prevalence of protease inhibitor and integrase resistance was 21% and 25%, respectively, among specimens tested in 2024-2025. Protease inhibitor resistance was most prevalent in Mpumalanga (39%) and Limpopo (33%) provinces. The lowest prevalence of protease inhibitor resistance was detected in KwaZulu-Natal (17%) and the Northern Cape (0%, with only eight specimens tested). Integrase inhibitor resistance was most prevalent in the North-West (39%) and Eastern Cape (30%) provinces. The lowest prevalence of integrase inhibitor resistance was detected in Limpopo (12%) and Northern Cape (0%, with only five specimens tested).

National tuberculosis Nucleic Acid Amplification Testing

The testing footprint under this programme comprises instrumentation of varying capacity, spanning 165 laboratories, and diversified to three suppliers: 82 GeneXpert® instruments [51 (GX4), 22 (GX16 with 8 modules), 9 (GX16)], 17 Roche cobas® instruments [3 (cobas® 5800), 11 (cobas® 6800), 3 (cobas® 8800)], and 103 BD MAXTM instruments.

For 2024-2025, 2.85 million tests were conducted nationally (2.87 million tests in 2023-2024), with KwaZulu-Natal contributing the highest proportion at 31.2% and the Northern Cape the lowest, at 2.8%.

The average national *Mycobacterium tuberculosis complex* (MTBC) detection rate, among those tested, was 7.5% in 2024-2025. The Western Cape reported the highest detection rate (14.0%) and Mpumalanga the lowest (4.5%). Of all test results reported in the review period, 1.6% detected 'trace', the lowest measurable level of MTBC genetic material. For 2024-2025, 5.2% of positive specimens were rifampicin resistant. The highest resistance rate was reported for Mpumalanga (9.1%) and the lowest in the Northern Cape (3.5%).

The national average test-unsuccessful rate was 1.2% for 2024-2025 (0.7% for 2023-2024), well within acceptable limits.

National Xpert® MTB/XDR Testing

In specimens where MTBC is detected, the assay detects isoniazid resistance-associated mutations, ethionamide resistance-associated inhA promoter mutations only, fluoroquinolone resistance-associated mutations, and second-line injectable drug-associated mutations. The assay is performed on GeneXpert instruments, necessitating ten-colour functionality, and is offered at 15 centralised laboratories as a component of the drug-resistance TB-reflex testing workflow, where rifampicin-resistant TB has been previously identified.

During 2024-2025, 16 082 tests were conducted nationally (66.7% from concentrated specimen sediment and 33.3% from cultured isolate), with KwaZulu-Natal contributing 48.0% of tested volumes and Limpopo contributing 1.6%. Testing on concentrated sediment yielded an MTBC detection rate of 62.2%. All tests entering the drug-resistant TB-reflex workflow are specimens collected from clients diagnosed with rifampicin-resistant TB. The lower detection rate for sediment is explained by the higher detection limit of the Xpert® MTB/XDR assay compared to Xpert® MTB/RIF Ultra. The lower detection rate

may also be attributable to inappropriate specimen referrals. In contrast, and as expected, an MTBC detection rate of 99.3% was reported when testing off-culture isolates.

Isoniazid resistance rates varied between 20.4% and 40.1% for sediment and culture isolate testing, while fluoroquinolone resistance varied between 2.8% and 7.5% for sediment and cultured isolates, respectively.

PROGRAMME CHANGES

Implementation of National Tenders

Implementation of the national CD4 testing tender, adjudicated to Beckman Coulter in November 2022, continued in 2024-2025 with Phase II of the project (Phase I was concluded by July 2023). Phase II included the replacement of older instrumentation (seven systems for 2024-2025) and the placement of additional instruments to provide increased testing capacity (two systems for 2024-2025). Phase II was delayed from October 2024, when Beckman Coulter experienced technical issues in releasing instruments locally. This necessitated a team of engineers from the United States to update instruments, awaiting release, for both software and hardware. In total, 102 Aquios systems are operational. During 2024-2025, verifications for nine Aquios systems were completed for new installations and thirty-five for instrument relocations. In addition, a testing site change was affected with CD4 and CrAg testing at Port Shepstone relocating to Murchinson Laboratory. The national CrAg tender was under review for approval at the time of writing.

The HIVVL tender was awarded, effective 1 January 2024, to Abbott. During 2024-2025, the programme expanded by increasing the number of testing laboratories from 17 (previous tender) to 27. The tender was awarded on an outright purchase of 53 Alinity m analysers, resulting in decreased testing capacity and redundancy as the Alinity m analyser is a medium throughput platform. The removal of pre-analytical automation at transitioning sites impacted workflow, requiring increased hands-on processing time. Lack of sufficient testing redundancy rapidly results in testing backlogs during equipment downtime, and as this is a constraint across all HIVVL testing sites, referral to an alternate site is not always a viable option. Eight Alinity m analysers (placed under the previous tender) were retained to ensure continuity of operations during the tender transition. Space constraints at various laboratories limit further instrument placements or expansion. Despite the challenges, implementation was successfully completed in October 2024.

The extensive process included renovations at Potgietersrus, Tshilidzini, Hlabisa, Port Shepstone, Oliver and Adelaide Tambo, Chris Hani Baragwanath, and Kimberley laboratories. Craning of instruments was required at Frere, Port Elizabeth, Nelson Mandela Academic, INkosi Albert Luthuli, Chris Hani Baragwanath, and Tygerberg laboratories. All fifty-three installed Alinity m instruments were verified for both the 0.6 mL and 0.2 mL testing protocols for HIVVL testing.

The implementation of the 2023 EID tender award was completed in 2024-2025. The Roche cobas® 5800 instruments were successfully implemented at Groote Schuur, Tygerberg, and Chris Hani Baragwanath laboratories as replacements for the phased-out Cobas AmpliPrep/Cobas TaqMan (CAPCTM) instruments. Interface developments for the 5800 platforms faced challenges due to competing priorities in the subsequent recovery processes following the June 2024 cyberattack. The twelfth EID testing laboratory, Dr George Mukhari, commenced testing in November 2024.

The TB-molecular testing tender, effective 1 April 2023, was adjudicated to Cepheid's Xpert® MTB/RIF Ultra assay at 82 low-throughput, BD's MAXTM MDR-TB assay at 75 medium-throughput, and Roche's cobas® MTB and MTB-RIF/INH assay at eight high-throughput testing laboratories. With diversification, modification of the national testing algorithm was prioritised due to its supplier-centredness. Due to differences in detected targets, result categories, and the spectrum of drugs tested for susceptibility testing between the assays, the national algorithm had to take these into account. As a result, the transition to BD's MAXTM MDR-TB assay was only possible from October 2023. Space restrictions, the need to replace Xpert® Infinity instruments to accommodate cobas® platforms, and extensive renovations prior to instrument placement delayed cobas® MTB and MTB-RIF/INH assay testing to May 2024. At the end of the review period, all Cepheid, Becton Dickinson, and Roche (except Green Point laboratory due to an ongoing renovation project) assigned laboratories were live. Although both the BD MAXTM MDR-TB and cobas® MTB and MTB-RIF/INH assays are recommended by the WHO, the recommendations for use only included testing on specimens of respiratory origin. Importantly, for laboratories that transitioned to either BD or Roche, a subset of GeneXpert analysers remained at these laboratories to accommodate extra-pulmonary specimen type testing. A post-implementation survey of various diagnostic parameters was initiated in March 2025 to assess performance across all three suppliers.

Based on the anticipated testing surges in the HIV programme (inclusion of an additional 1.1 million individuals) and TB programme (increased testing from ~3 million per annum to ~5 million per annum), several planning engagements were held with senior management following assessments of available testing capacity, current tender instrumentation, procurement options, and considerations for multi-disease testing.

Programmatic Improvements

Diagnosing TB in children can be challenging due to various factors, including the nonspecific nature of TB symptoms (like other childhood illnesses), most young children having paucibacillary disease (i.e., harbouring relatively few TB bacilli), and difficulties in collecting specimens for diagnostic testing. The diagnosis of TB disease is usually based on a thorough clinical assessment, supported by relevant investigations and tests. Young children cannot easily produce sputum specimens, and thus, the use of non-sputum specimen types that are collected in a less invasive manner is important for diagnostic confirmation. An important new development is the WHO recommendation for the use of stool as a non-invasively collected specimen for the diagnostic confirmation of respiratory TB in children. Children with TB disease tend to swallow their sputum secretions (containing TB bacilli). The swallowed TB bacilli pass through the digestive tract and thus can be detected in stool specimens by the Xpert® MTB/RIF Ultra assay. In alignment with the recommendations, eighteen centralised laboratories were trained to process stool specimens received from those under 10 years old for testing using a modification of the Simple One-Step (SOS) method developed by the KNCV Tuberculosis Foundation. The go-live date was set for 1 April 2025.

OUTPUTS

Operational Research including Evaluations

Although dried blood specimens are the most common specimen type received for HIV diagnosis under the national EID testing programme, whole blood specimens are also received. As the CAPCTM instrumentation was phased out and replaced by the Roche cobas® 5800 platforms, validation of whole blood on this platform was required. Protocol development for testing whole blood specimens was finalised at both Groote Schuur and Tygerberg laboratories.

Aligned to the WHO recommendations for stool as an additional specimen option for the diagnosis of TB in the paediatric setting (<10-year-olds), a national validation was initiated, which is being completed in parallel to the implementation of stool as a testing specimen option.

Technical and Clinical Training and Support

The NPP ensures equivalence of testing through the national standardisation of instrumentation, test methods (via national standard operating procedures), quality control, and TAT performance monitoring. This is achieved through training, site visits, audits, tender implementation, verification of new or relocated equipment, assistance with the closure of non-conformances raised, and ongoing assessment of programmatic indicators.

Technical trainers conducted on-site training at eighteen laboratories in 2024-2025, certifying fifty-seven trainees for CD4 and CrAg testing. To assist laboratories with workflow assessments, trainers conducted sixteen additional courtesy site visits.

Supporting HIVVL laboratories, the NPP and Abbott jointly hosted two super-user workshops. From 11 to 15 November 2024, the workshop held at Tygerberg Virology focused on Alinity m instrument users from the newly established HIVVL laboratories, namely Middelburg, Potgietersrus, Kimberley, Tshilidzini, Green Point Molecular, Oliver and Adelaide Tambo, Tshwane Academic Division, and Port Shepstone (Figure 1). The second workshop, held from 18 to 24 November 2024, focused on the seven laboratories transitioning from the previously awarded supplier to Abbott (Figure 2): Charlotte Maxeke Johannesburg Academic, Mankweng, Rob Ferreira, Ngwelezane, Universitas, Dr George Mukhari, and Tambo Memorial. Recognition was given to the top-performing laboratories, with Tshwane Academic and Green Point laboratories receiving accolades for the new laboratory category, and Ngwelezane being recognised for excellence among the transitioning laboratories.

The EID testing super-user group workshop for cobas® 6800 and 8800 users, scheduled for October 2024, was postponed to May 2025 due to laboratories recovering their testing backlogs incurred from the cyber-attack.

The purpose of clinical healthcare facility support visits is to identify untrained healthcare workers and to guide and support those who have previously been trained. It is valuable to trace and monitor HIV-positive neonates linked to care at these facilities and review adherence to national guidelines in terms of clinical management. Further, visits allow troubleshooting of missed diagnostic opportunities (due to the rejection of inadequately collected dried blood spots) and thus trigger interventional training. For 2024-2025, 1,157 healthcare workers were trained across clinics and hospitals.

For 2023-2024, 393 laboratory staff (pathologists, technologists and technicians) have been trained on technical aspects related to Xpert® MTB/RIF Ultra, BD MAXTM MDR-TB, and cobas® MTB and MTB-RIF/INH assays. Forty-three site support visits were completed for TB-molecular testing laboratories.

Externally Funded Activities Aimed at System Strengthening

Through the Global Fund to Fight AIDS, Tuberculosis, and Malaria's Covid-19 Response Mechanism 2.0 (C19RM2.0), funding was received to strengthen the national health system and inform the national response to disease outbreaks such as SARS-CoV-2 by building next-generation sequencing capacity. Pathogen sequencing has been proven to be a powerful tool for understanding transmission dynamics and pathogenicity, as well as for vaccine, drug, diagnostic development, and surveillance. Each of the existing five HIV drug resistance testing laboratories (Charlotte Maxeke Johannesburg Academic, Dr George Mukhari, Universitas, INkosi Albert Luthuli Central, and Tygerberg) was equipped with next-generation sequencing platforms and supporting laboratory equipment in the previous budget year. During 2024-2025, the laboratories received sequencing reagents to assess the feasibility of using next-generation sequencing for HIV drug resistance testing, TB resistance testing, pan-respiratory detection, minimal residual disease, or breast cancer gene (BRCA) screening, indicating that these instruments allowed for cross-disciplinary use of state-of-the-art technology to improve the national health system.

The CDC South Africa continued to fund activities in 2024-2025 aimed at strengthening the pre- and post-analytical phases at the facility level, focusing on the use of eLABS, a digital health intervention, to strengthen the clinical-laboratory-client interface in the HIVVL value chain across the 27 U.S. President's Emergency Plan for AIDS Relief (PEPFAR)-supported districts. eLABS is implemented at 2,027 facilities in 25 of 27 PEPFAR districts. During the cyber-attack of June 2024, eLABS was explored as a temporary laboratory information system with emergency development of more than 80 test methods (across all pathology disciplines) selected from the disaster essential diagnostic test list. Training of healthcare workers and laboratory staff commenced across major hospitals in Gauteng, in parallel to the development of the test repertoire. Expansion to other provinces was also considered. Registration and issuing of credentials to NHLS laboratory staff and healthcare workers were managed by the NPP eLABS team, following confirmation of Health Professions Council of South Africa (HPCSA) registration, ensuring safeguard mechanisms were in place. Once registered, healthcare workers would access results for specimens onboarded via the eLABS system. In addition, as access to results via TrakCare Lab Webview was not possible, following the cyber-attack, historical eLABS TB molecular and HIVVL test results could not be accessed.

As NHLS connectivity had been compromised, temporary routers were provided at sites to facilitate specimen registration and result uploading on the eLABS platform. Due to the emergency nature of developments, components such as the inclusion of clinical guiding comments, reference ranges, abnormal result flags, and direct interface communication with various instruments were not immediately possible. However, alternatives to manual result entry were explored with the possibility of directly attaching instrument result printouts. Once NHLS systems were gradually restored, work commenced on transferring all captured eLABS data into TrakCare. Despite the cessation of activities due to Executive Orders issued by the United States President and partial resumption in Quarter 4 of 2024-2025, 1665 healthcare workers, district/sub-district monitoring and evaluation officers, drivers, and NHLS staff were trained on various eLABS programmatic areas. Via the eLABS platform, 5.21 million specimens had been scanned, with HIVVL comprising 64% and Xpert® MTB/RIF Ultra tests comprising 19.2%.

Research and Development to Strengthen Programmes

The NPP works closely with the research and development team of the Wits Diagnostic Innovation Hub (WDIH), University of the Witwatersrand, under the leadership of Prof L Scott. With external support and strategic partnerships with sponsors, policymakers, regulators, technology developers, or industry and clinical collaborators, the team performed landscape reviews, developed testing panels for evaluations, performed laboratory and clinical evaluation trials, conducted data analysis, navigated compliance frameworks, and disseminated knowledge. Outputs are in the form of evaluation reports for the NHLS' Health Technology Assessment (HTA) unit under the Quality Assurance Division (including verification and validation data for accreditation), publications, and recommendations for technology registration through SAHPRA, as well as knowledge support for several NHLS Expert Committees.

The evaluation, feasibility, and usability of laboratory and point-of- care- testing (POCT) platforms for identifying MTBC (including drug resistance), SARS-CoV-2, HPV, D-dimer, international normalised ratio (INR), haemoglobin A1c (HbA1c), full blood count/haemoglobin, and CD4 were performed through the Innovation: Laboratory Engineered and Accelerated Diagnostics (iLEAD) programme funded by the Bill and Melinda Gates Foundation.

The laboratory and clinical evaluations of the LumiraDx (Lumira) POCT technology have contributed to the optimisation of their multiplex POCT assays in the context of HIV, TB, and SARS-CoV-2 coinfected clients, as the platform was donated to the NHLS during the peak of the COVID-19 pandemic.

Evaluations of SARS-CoV-2 (and influenza A and B, and respiratory syncytial virus) rapid antigen tests for SAHPRA were completed as an NHLS reference laboratory function in collaboration with the NICD.

The investigation of the off-label use of alternative clinical specimens remains an ongoing focus. The role of oral tongue swabs for the identification of MTBC continues to be investigated, as tongue swabs hold much promise for diagnosing TB in patients unable to expectorate and are being investigated for wide-scale specimen collection beyond clinical facilities. Investigations into the performance of oral tongue swabs on all the current TB molecular testing platforms within the NHLS are ongoing. Volatile organic molecules from exhaled breath specimens are an additional specimen type being investigated for TB.

Similarly, self-collected vaginal fluid, using swabs, is being investigated for HPV and sexually transmitted infection testing on available molecular platforms within the NHLS. The BD COR in-country evaluation for HPV was completed, and data were presented to both public and private laboratory stakeholders in August 2024. In collaboration with Prof P. Michelow, an HPV molecular biorepository was established for diagnostic molecular assay evaluations.

Several flow cytometric projects are under investigation: the use of flow cytometry to detect sepsis, reflex CD4-screening in patients with detectable HIV viral load, and the setup and validation of new cytometry equipment for the monitoring of long COVID-19 and extracellular vesicles.

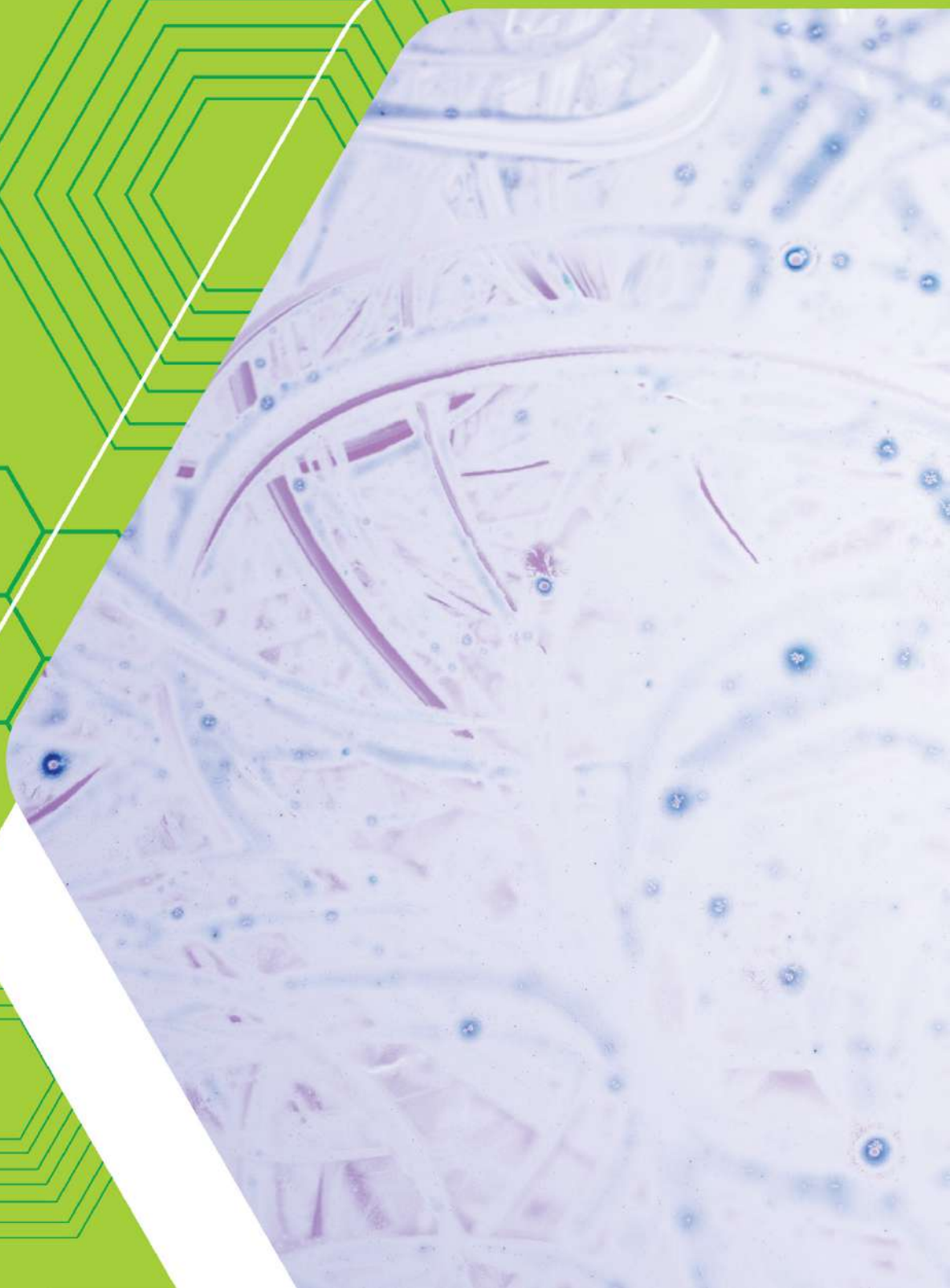
Through National Institute of Health (NIH) funding, the team provides support through data algorithm development, continuous quality monitoring, and Geographic Information System (GIS)-linked mapping.

Publications

For the review period, 16 manuscripts were published in peer-reviewed international journals (seven of which were either first or last authorship) and three manuscripts in local journals.

Conference Presentations

During 2024-2025, 30 abstracts were accepted at conferences, 13 at national meetings, and 17 at international gatherings. Ten separate invitations, as invited speakers, were received for local and international congresses and forums.



ACADEMIC AFFAIRS, RESEARCH AND QUALITY ASSURANCE

Prof Jaya George

Acting Executive: Academic Affairs, Research and Quality Assurance

NTRODUCTION

The NHLS's AARQA Division comprises Academic Affairs and Research (AAR) and Quality Assurance (QA).

ACADEMIC AFFAIRS AND RESEARCH

Academic Relations

The NHLS continues to strengthen its relationship with the medical universities and the universities of technology through quarterly meetings of the established Institutional Academic Pathology Committee (IAPC) and a combined National Academic Pathology Committee (NAPC). The umbrella agreement makes provisions for the NHLS to claim the education service fee from the medical universities to cover the time spent by the jointly appointed staff in teaching and training students.

Research, Development, and Innovation: Teaching, Training, and Research

In the financial year 2024-2025, the NHLS received R195 606 455 for teaching, training, and research (TTR), of which R343 535 968 was spent. The contribution from the Department of Health has been steadily declining over five years. The TTR portion of the transfer payment was utilised, in part, to subsidise the time dedicated by NHLS joint-appointed staff to teaching, training students, and supervising research activities.

Registrar and Medical Scientist Intern training intake

In the financial year 2024-2025, 67 new registrars were enrolled. 82 intern scientist posts were advertised for placement on 1 April 2025 (Figure 1.1). During the reporting period, the NHLS provided training to a total of 277 registrars and 49 intern medical scientists.

Figure 1.1: Registrar and Medical Scientist Intern Training Intake per financial year

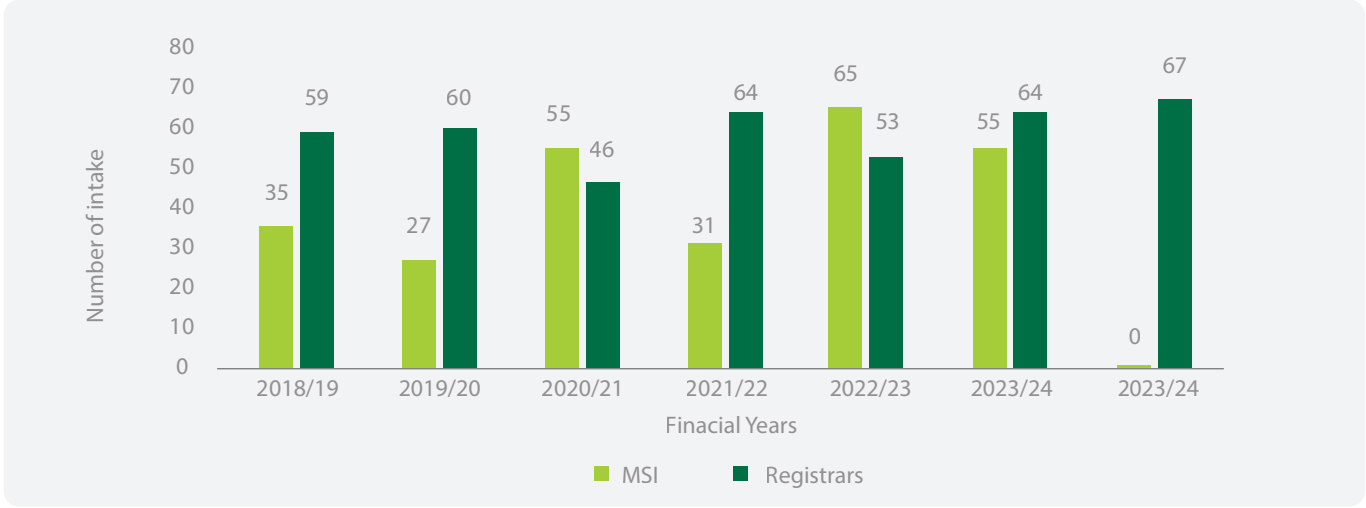


Table 1.1: NHLS vocational trainees by discipline for the financial year 2024-2025.

Discipline	Medical Scientist Interns	Registrar	Total
Analytical Services	1	-	1
Anatomical Pathology	3	67	70
Chemical Pathology	7	43	50
Clinical Pathology	-	12	12
Haematology	4	54	58
Human Genetics and Genetic Counselling	10	8	18
Immunology	3	1	4
Medical Microbiology	11	55	66
Medical Virology	13	24	37
Histology	-	13	13
Oral Pathology	-	1	1
Total	**52**	**278**	**330**

Registrar and Medical Scientist Intern pass rates

The overall pass rates for the College of Medicine FCPath examinations were 85% for Part I and 71% for Part II. Per discipline, the pass rates were <80% for Part II examinations in Anatomical Pathology, Chemical Pathology, Oral Pathology, Virology, and Microbiology.

Figure 1.2: Pathology registrars' CMSA Part I and II examination pass rates.

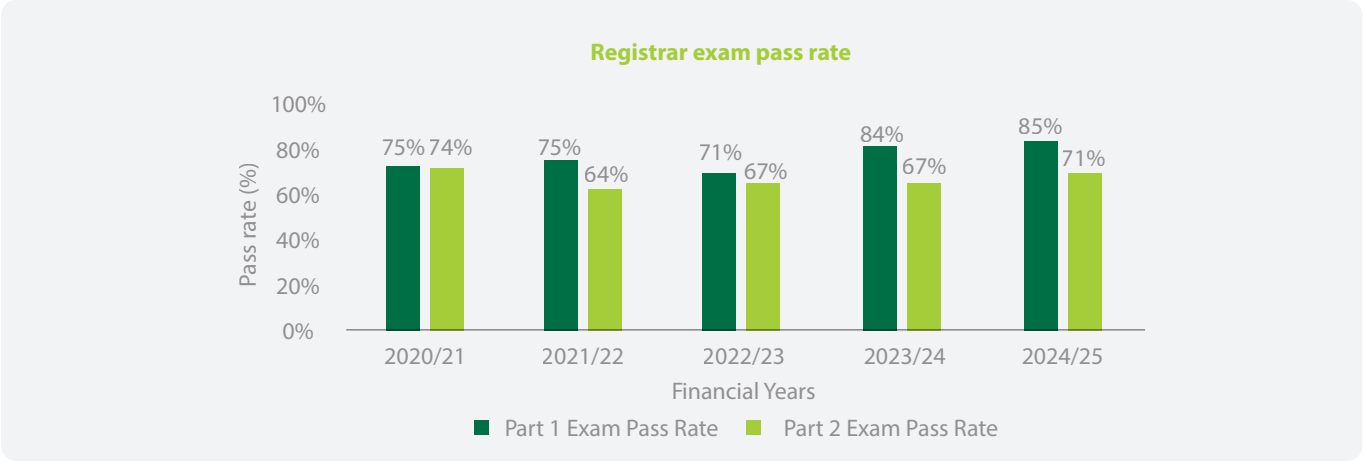
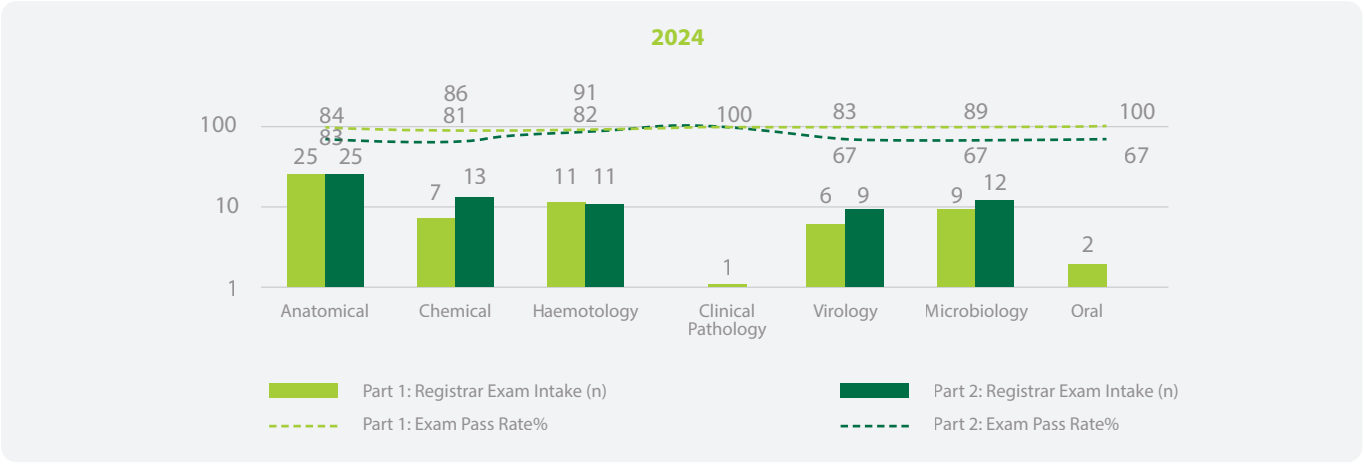


Figure 1.3: CMSA part I and II examination pass rates by pathology discipline for 2024



Project Echo

To strengthen teaching, training, and knowledge sharing, the NHLS continues to utilise its remote learning initiative through the Project ECHO video conferencing platform. In the financial year 2024-2025, a total of 190 training sessions were conducted, attended by 588 registrars (Table 1.2). Of the training sessions, 78% (148) were discipline-specific, while 22% (42) covered multidisciplinary topics, including management and leadership, research, quality assurance, and public health. Of these, 174 sessions (92%) were CPD-accredited as per HPCSA regulations.

Table 1.2: NHLS Project ECHO sessions presenters and attendance per discipline

Discipline	Number of NHLS Project ECHO Sessions: April 2024 to March 2025	Number of Presenters per Discipline: April 2024 to March 2025	Individual attendees per professional category per discipline: April 2024 to March 2025							
			Total Individual Attendees per	Registrars	Pathologists	Medical Scientists	Technicians & Technologists	Intern Medical Scientists	Intern Technicians & Technologists	Other
Anatomical Pathology	39	36	910	127	91	73	458	13	10	138
Chemical Pathology	55	32	797	66	64	99	453	24	11	80
Haematology and Immunology	17	19	1181	88	74	89	763	26	21	120
Human Genetics	3	3	236	9	13	48	91	16	-	59
Microbiology	17	24	1256	84	101	146	503	29	4	389
Multidisciplinary	2	7	1448	61	176	93	565	16	9	528
Operations	2	2	392	3	15	25	96	-	-	253
Public Health	17	21	842	36	52	94	259	17	1	383
Quality Assurance	11	6	602	5	15	30	330	14	6	202
Research Development Innovation	10	5	614	46	64	84	310	18	19	73
Virology	17	24	830	63	55	109	489	16	9	89

Research material and data access

In the financial year 2024-2025, the NHLS supported 330 research projects (Figure 1.4). Request for data accounted for 51.5% of research projects (Figure 1.4).

Figure 1.4: Research Material and data access applications by year

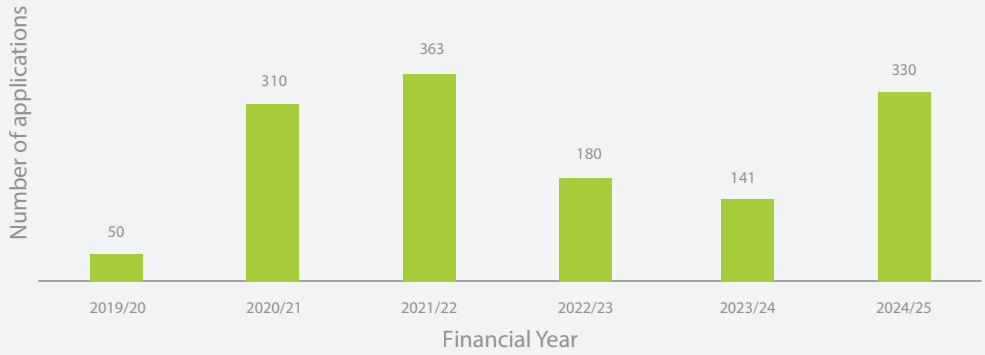


Figure 1.5: AARMS Applications according to request

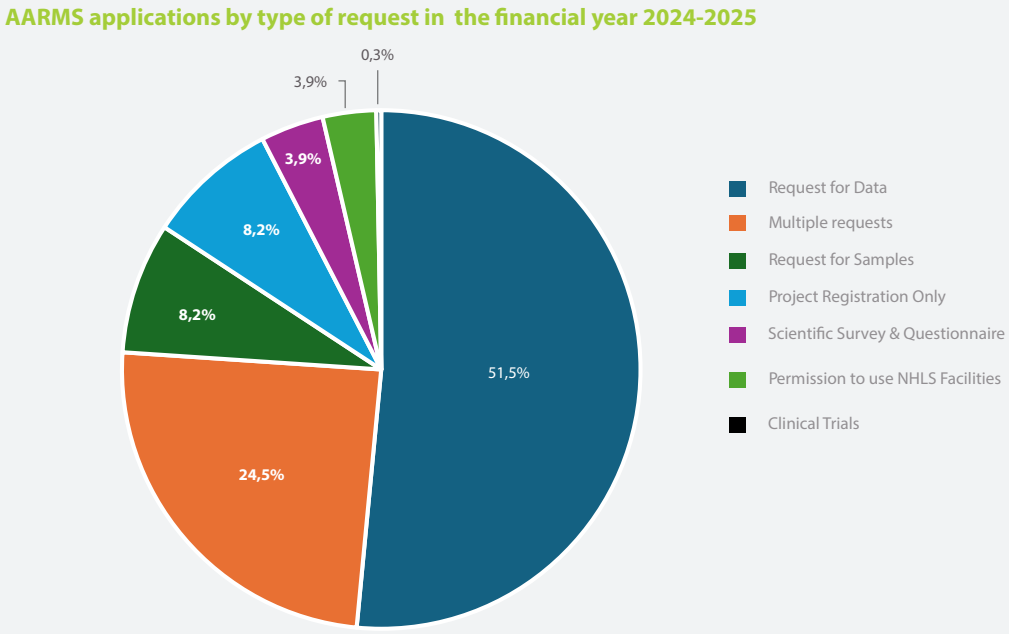
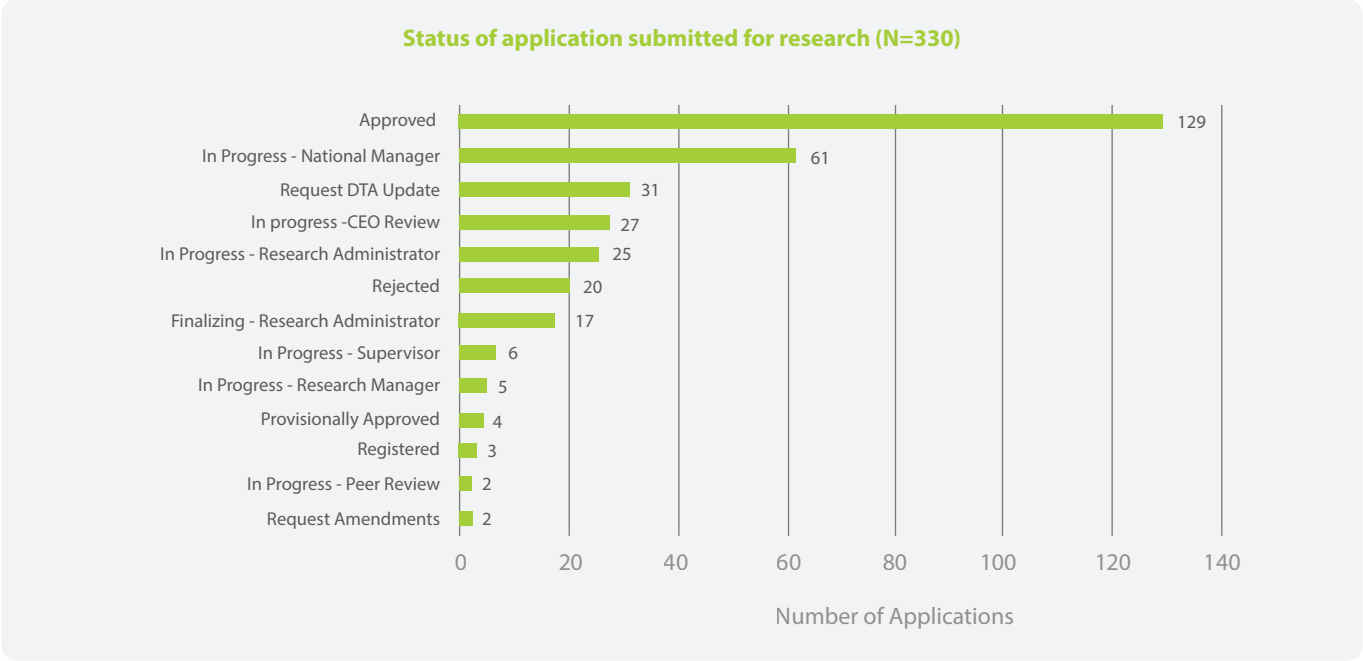


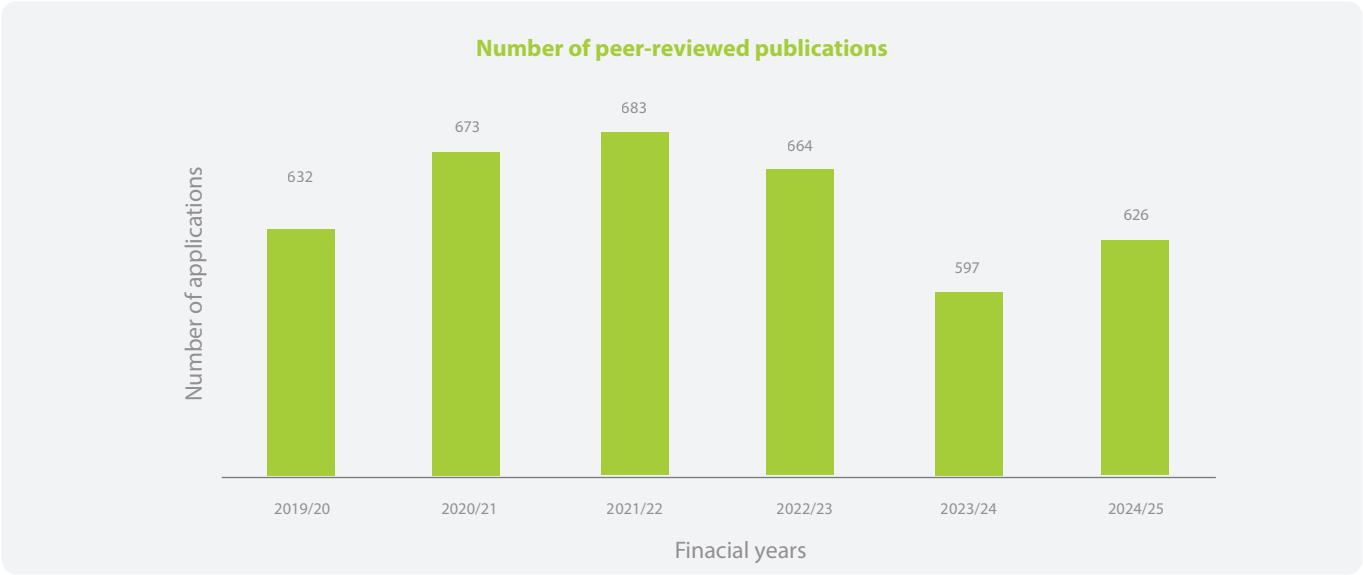
Figure 1.6: Status of Applications submitted to Research



Peer-reviewed publications

In the financial year 2024-2025, 626 articles were published in peer-reviewed journals (Figure 1.7).

Figure 1.7: Number of peer-reviewed publications.

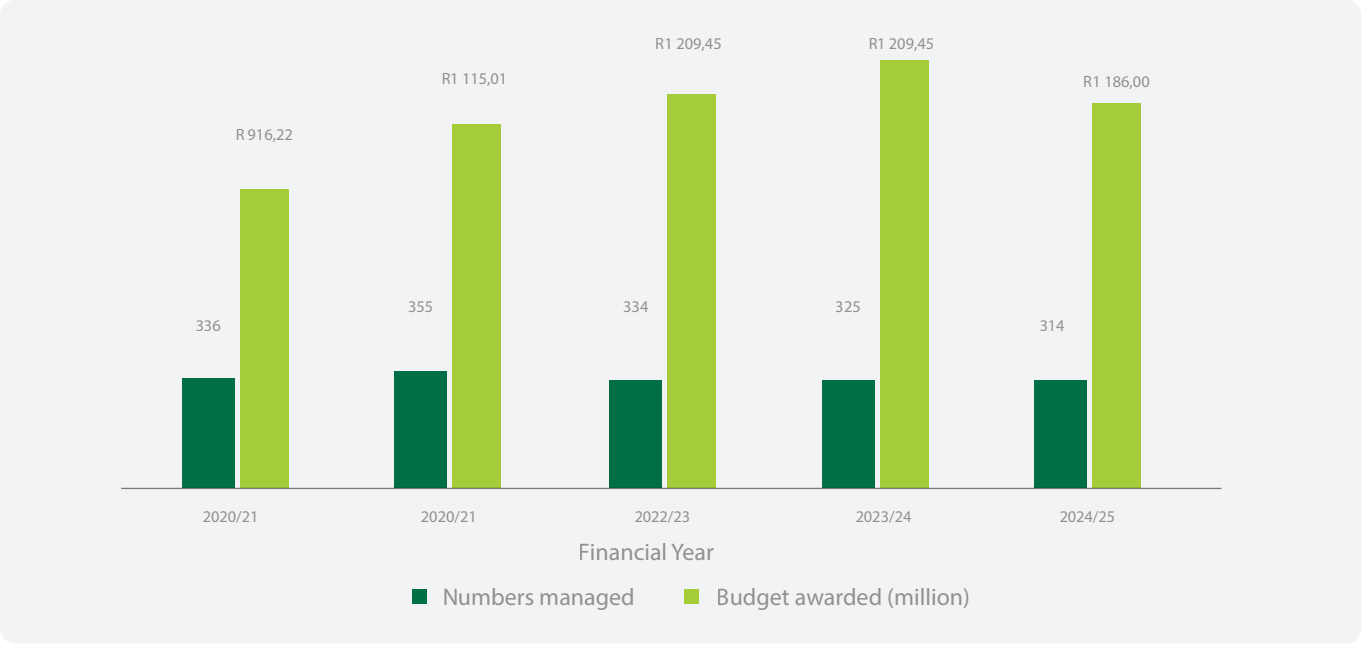


GRANTS FINANCE MANAGEMENT SUPPORT

Analysis of project status

In the financial year 2024-2025, the Grants Finance Office managed 314 projects with a total budget value of R1.186 billion (Figure 1.8).

Figure 1.8: Number of projects and budget awarded managed by the NHLS grants office.

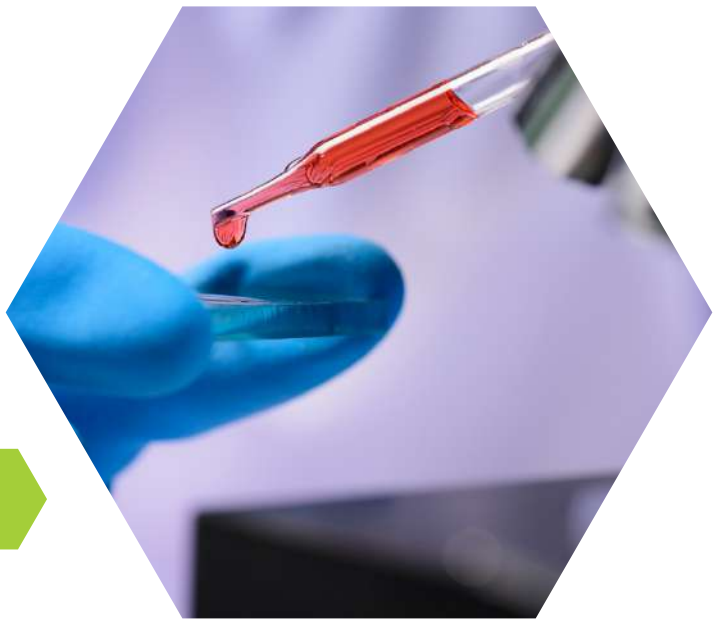


At the end of the financial year, 143 projects with a total budget of R466 million in balance were active. 34 grantors are funding the 143 active projects. The awarded budget for the active projects is R466 million, of which R156 million (34% of the total budget) was spent during the financial year. K-Funding shows a decrease in grants awarded between the 2021-2022 financial year and 2024-2025 from R757k to R602k. The decrease is due to both the lesser amounts being awarded and the number of awards decreasing, especially in 2024-2025.

Table 1.3: Top ten Grantors managed by the Grant Finance Office

TOP 10 GRANTORS	AWARDED BUDGET (million)	PRIOR YEAR EXPEN-DITURE (million)	Current period: 1 April 2024 – 31 March 2025					NO. OF PROJECTS	BURN RATE (%)
			OPENING BALANCE 1 APRIL	YEAR-TO-DATE EXPENDITU	TOTAL COMMITME	TOTAL EX-PENDITURE	AVAILABLE BUDGET (million)		
CENTRES FOR DISEASE CONTROL AND PREVENTION	R212 609 098,31	R3 874 490,17	R208 734 608,14	**R32 364 299,02**	R3 889 606,22	R40 128 395,41	**R172 480 702,90**	29	19%
HIS MAJESTY THE KING IN RIGHT OF CANADA	R76 810 185,00	R295 567,41	R76 514 617,59	**R2 950 925,29**	R104 634,11	R3 351 126,81	**R73 459 058,19**	1	4%
THE BIOVAC INSTITUTE	R32 011 440,60	R18 640 246,52	R13 371 194,08	**R446 116,33**	R0,00	R19 086 362,85	**R12 925 077,75**	1	60%
EUROPEAN COMMISSION PROJECT	R23 341 500,00	R0,00	R23 341 500,00	**R12 393 561,60**	R0,00	R12 393 561,60	**R10 947 938,40**	1	53%
NATIONAL DEPARTMENT OF HEALTH GLOBAL FUND	R22 642 044,48	R6 133 884,25	R16 508 160,23	**R16 719 620,35**	R22 943,04	R22 876 447,64	**(R234 403,16)**	1	101%
AFRICAN FIELD EPIDEMIOLOGY NETWORK	R19 185 110,88	R10 288 780,62	R8 896 330,26	**R4 140 814,85**	(R10 637,09)	R14 418 958,38	**R4 766 152,50**	2	75%
WORLD HEALTH ORGANIZATION	R15 366 350,10	R9 884 840,53	R5 481 509,57	**R3 993 450,13**	R41 420,68	R13 919 711,34	**R1 446 638,76**	4	91%
NHLS RESEARCH TRUST	R10 900 675,29	R1 386 384,29	R9 514 291,00	**R1 862 159,87**	R934 802,45	R4 183 346,61	**R6 717 328,68**	51	38%
AFRICAN SOCIETY FOR LABORATORY MEDICINE	R8 963 054,60	R4 689 965,46	R4 273 089,14	**R3 093 256,18**	R382 177,55	R8 165 399,19	**R797 655,41**	2	91%
ELIMINATION EIGHT	R8 092 293,04	R3 327 198,54	R4 765 094,50	**R2 836 997,05**	R12 108,38	R6 176 303,97	**R1 915 989,07**	1	76%
TOTAL of TOP 10 GRANTORS	R429 921 752,30	R58 521 357,79	R371 400 394,51	**R80 801 200,67**	R5 377 055,34	R144 699 613,80	**R285 222 138,50**	93	34%
OTHERS	R466 268 377,61	R63 427 404,30	R399 365 895,21	**R87 387 562,87**	R6 009 928,26	R156 824 895,43	**R309 443 482,18**	50	33%
GRAND TOTAL	R466 268 377,61	R4 906 046,51	R27 965 500,70	**R6 586 362,20**	R632 872,92	R12 125 281,63	**R24 221 343,68**	143	33%

For the period 1 April 2024 to 31 March 2025, NHLS Academic Affairs and Research unit, managed a total of 143 grants from 34 Grantors with a total awarded budget of R466 million. The table above, however, represent a list of Top10 grantors by budget awarded. The top 10 Grantors made up a total awarded budget of R429m and funded 93 projects, and the Centre For Disease Control and Prevention represented 49% of the awarded budget of the grantors and funded 29 of the 93 projects. At the end the period, 31 March 2025, the total expenditure to date generated by these projects amounted to R144,6m or a burn rate of 34% of the total awarded budget. The funds remaining at the end of the period under review amounted to R285,2 m.



NHLS US Grant Funding and Executive Stop Work Order

During the financial year 2024-2025, the NHLS received 14 US-funded grant awards at R268.1 million. 216 million was restricted following the cease work order. The cease work order has been rescinded. There are five restricted projects (USAID x 2, ASLM x 2, and NIH x 1) at R19.4 million (Table 1.4)

Table 1.4: NHLS US Awards and Stop Work Orders

Project Titles	No. of Awards	No. of Awards Restricted	No. of Unrestricted Awards	No of projects	No of Staff	Awarded Budget ZAR
AFENET	1	0	1	1	4	R6 654 940,00
ASLM	2	2	0	2	4	R3 224 404,40
CDC	4	0	4	15	49	R185 220 980,00
USAID	2	2	0	2	15	R15 872 781,42
NIH	1	1	0	1	0	R307 125,00
Wits Health Consortium (CDC PEPFAR)	2	0	2	1	20	R25 900 000,00
UNICEF	1	0	1	1	4	R1 235 242,02
Totals: Restricted + Rescinded	13	5	8	23	96	R238 415 472,84
CDC	1	0	0	11	21	R29 750 000,00
Grand Total	**14**	**5**	**8**	**34**	**117**	**R268 165 472,84**

QUALITY ASSURANCE

ACCREDITATION AND CERTIFICATION

The 2024 cyberattack on the NHLS disrupted the accreditation and certification processes of laboratories and support services. System outages hindered access to quality management data, delayed internal audits, and paused SANAS assessments for several months. Laboratories struggled to retrieve historical records, while resources were diverted to system recovery and document reconstruction. As a result, most quality assurance activities were reprioritised, delaying both initial and surveillance assessments. Although SANAS assessments resumed later in the year, the disruptions affected the NHLS's ability to meet its financial year 2024-2025 APP accreditation targets.

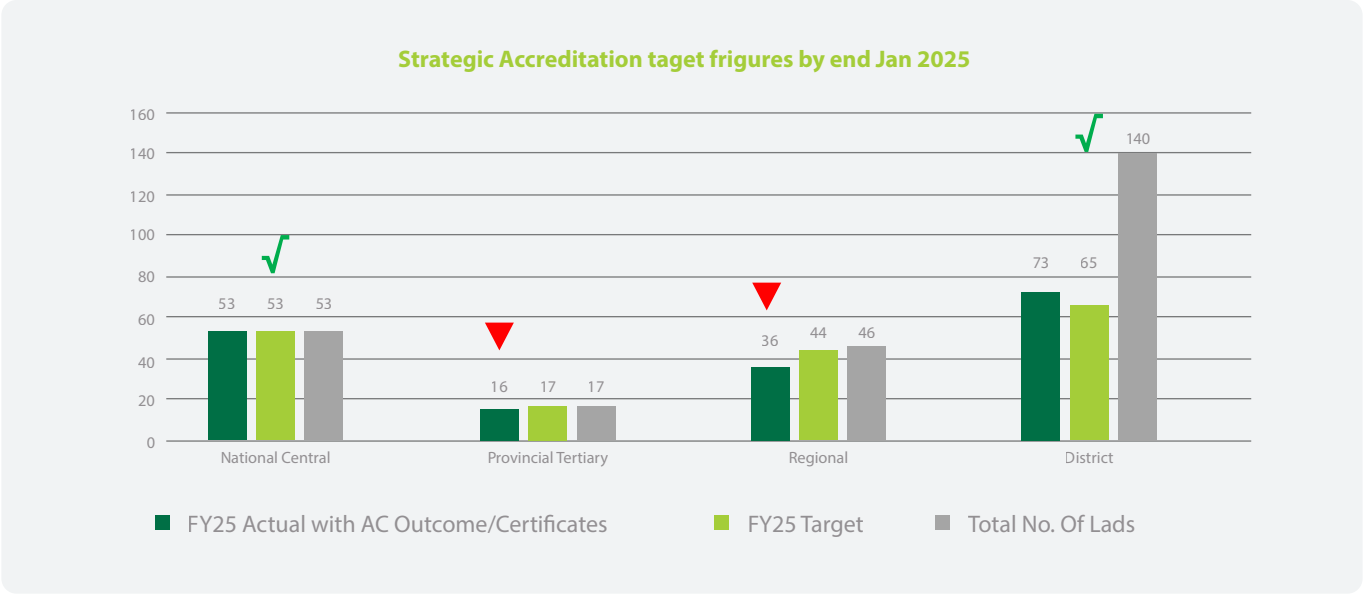
Accreditation of medical laboratories - International Organization for Standardization (ISO) 15189:2022

In the financial year 2024-2025, the NHLS medical laboratories maintained an overall accreditation rate of 64% (137/215) laboratories across all nine provinces (Fig. 2.1). Strategic accreditation targets for District and National Central Laboratories have been achieved. For this financial year's targets to be achieved, eight more Regional Laboratories are needed. The SANAS assessment for the provincial laboratory, Rob Ferreira, was conducted on 13-14 February 2025. The Regional Laboratories are Dr Pixley ka Isaka Seme, Manapo, Mamelodi, Mapulaneng, Mokopane, Philadelphia, Potchefstroom, St Elizabeth, Themba and Tshilidzini. SANAS applications for Manapo, Mamelodi, Tshilidzini and Dr Pixley ka Isaka Seme laboratories have been submitted to SANAS.

One hundred and eight SANAS assessments were conducted during the year. These assessments confirmed that previously accredited laboratories successfully transitioned to ISO 15189:2022, except for one facility (Tygerberg, Virology), which remains in the transition process.

Additionally, 29/137 laboratories (21%) participated in the Strengthening Laboratory Management Toward Accreditation (SLMTA) quality improvement programme. This is funded by CDC-PEPFAR to support ongoing quality improvements.

Figure 2.1: Accredited laboratories by tier of service provision



Accreditation of Occupational Hygiene - ISO/International Electrotechnical Commission (IEC) 17020:2012

In the financial year 2024-2025, the Occupational Hygiene section of the National Institute for Occupational Health (NIOH) maintained its accreditation.

Accreditation of ISO/ 17025:2017 Laboratories

In the financial year 2024-2025, the NHLS laboratories maintained an overall accreditation rate of 55% (5/9). The following laboratories are ISO 17025:2017 accredited: Charlotte Maxeke Johannesburg Academic Hospital (CMJAH) Infection Control, Forensic Chemistry Laboratory (FCL) Cape Town, NICD, NIOH, and Public Health in Prince Street. The outstanding laboratories are: FCL Durban, FCL Johannesburg, FCL Pretoria, and Greenpoint.

Accreditation of Proficiency Testing Schemes (PTS) - ISO/IEC 17043:2010

In the financial year 2024-2025, the PTS maintained an overall accreditation rate of 94% (34/36). The following two PTS schemes remain pending accreditation: Automated Reticulocyte, Endocrine. An extension of scope was granted to include Hepatitis A IgM. Internal audits conducted during the year confirmed that the laboratory has successfully transitioned to the ISO17043:2023 standard. This transition will be formally assessed during the financial year 2026 SANAS accreditation assessment.

Certification of Support Services and Diagnostic Media Products (DMP) - ISO 9001:2015

In the financial year 2024-2025, the certified facilities and support service departments achieved an overall accreditation rate of 60% (6/10), with Human Resources (HR) certified during March 2025. The following additional facilities and departments are ISO 9001 certified: Diagnostic Media Products (DMP) – Greenpoint; Academic Affairs, Research and Quality Assurance – QA, NICD, NIOH, Information Technology (IT) and Human Resources The facilities and departments that are not yet certified are: Communications, Marketing and Public Relations, DMP Eastern Cape, DMP Sandringham (Certification lost following closure for renovation) and Finance.

PROFICIENCY TESTING SCHEMES (PTS)

PTS Enrolment and Laboratory Performance

In the financial year 2024-2025, the PTS performance of the NHLS laboratories improved to 94%, although it remained below the increased target of 98%. In addition to NHLS laboratories, PTS enrolment includes private laboratories in South Africa and public/private laboratories across 24 other countries. Non-returns rose from June 2024. Ten PTS schemes were affected, involving both NHLS and non-NHLS laboratories. Key impacted schemes included TDM, Malaria RDT, HBsAg, FBC, Morphology, CRP, D-Dimer (NHLS), Malaria RDT, SARS PCR, RPR, and General Chemistry (non-NHLS). The highest non-return volumes occurred in the SARS PCR and General Chemistry schemes across regional and international sites.

Rapid HIV PTS Scheme

In the financial year 2024-2025, 4249 POCT enrolled in HIV PTS. The overall PTS performance was maintained at 98% (Table 2.2).

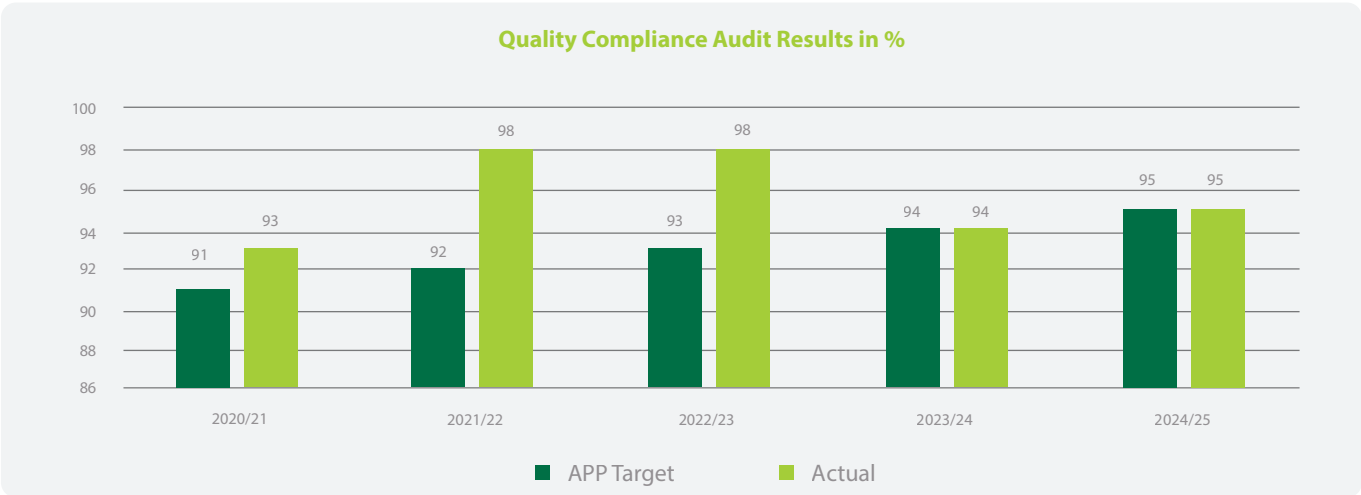
Table 2.1: Performance per province for POCT enrolled on the NHLS Rapid HIV PTS

Province	Performance Score
Eastern Cape	96%
Gauteng	100%
Mpumalanga	100%
Free State	99%
Western Cape	88%
KwaZulu-Natal	100%
Limpopo	99%
North West	96%
Northern Cape	91%

Quality compliance audits

In the financial year 2024-2025, 4249 POCT enrolled in HIV PTS. The overall PTS performance was maintained at 98%.

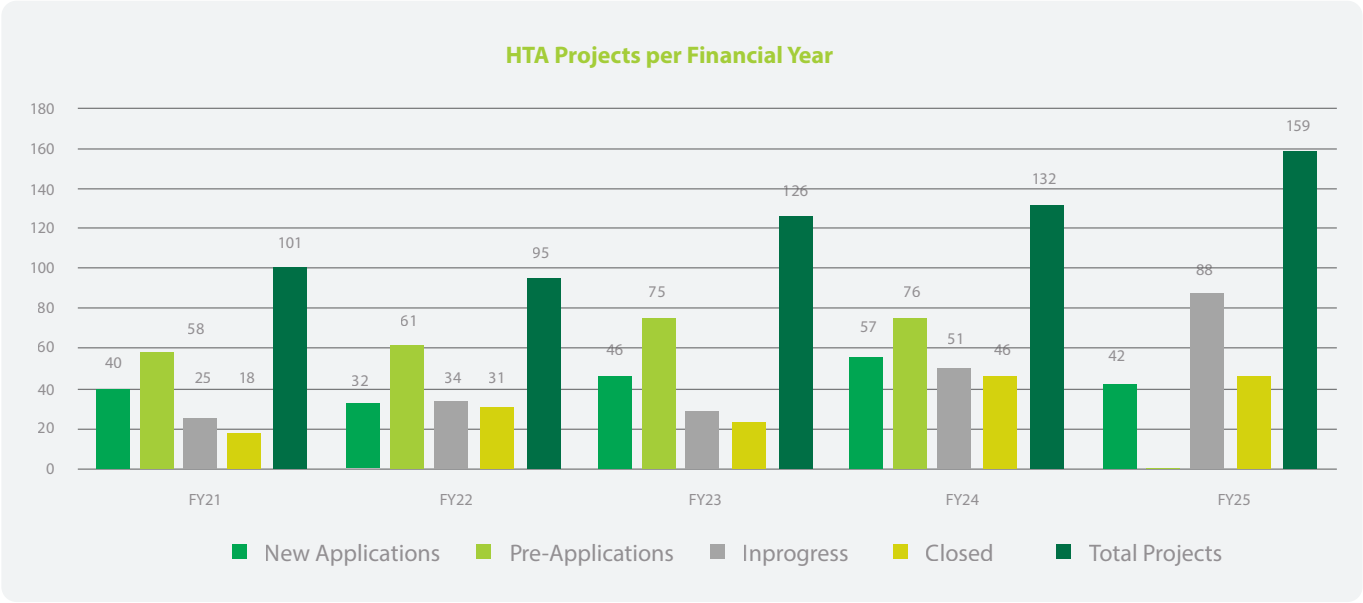
Figure 2.2: Quality compliance audit results over five financial years



Health Technology Assessment Unit

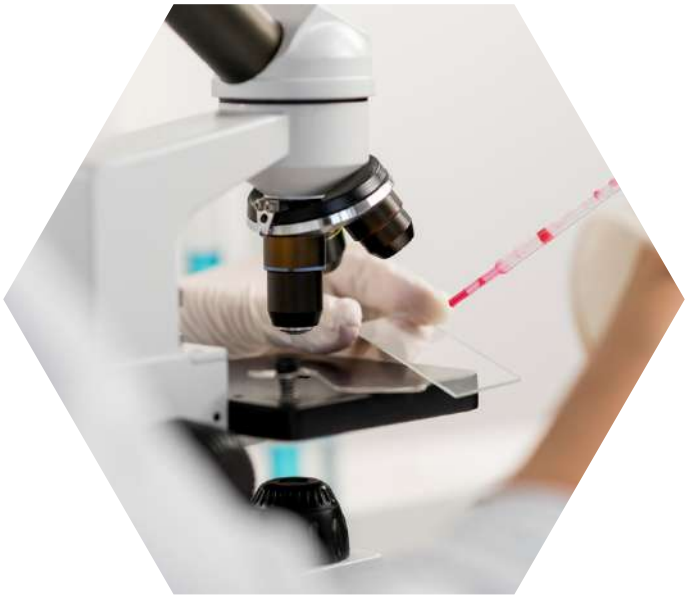
In the financial year 2024-2025, the HTA Unit administered 88 projects, of which 42 were new applications. Applications included instrument and reagent upgrades, new instruments, reagents, and POC devices (Figure 2.3). There are 51 HTA projects with no sites for evaluation. During the financial year, 29 projects were closed, and four reports are pending finalisation.

Figure 2.3: HTA Projects per Financial year



Q- Pulse QMS Software

In the financial year 2024-2025, operations were severely impacted by a cyberattack that resulted in the loss of Q-Pulse data from 2018 to 2024. Since then, 8,800 documents have been entered into the Q-Pulse system, 1260 of which have been activated. Training efforts also increased, with 314 staff members completing training in Q-Pulse Document Control and Orientation.



PERFORMANCE INFORMATION BY INSTITUTES

NATIONAL INSTITUTE FOR COMMUNICABLE DISEASES

Prof Adrian Puren

Director: National Institute for Communicable Diseases

Performance Overview

In the 2024-2025 financial year, the National Institute for Communicable Diseases (NICD) continued to fulfil its mandate by providing early detection, containment, and response to infectious disease threats across South Africa, the Southern African Development Community (SADC), and the broader African region. Guided by its national and regional role, the Institute supported the National Department of Health (NDoH), the World Health Organization (WHO), Africa Centres for Disease Control and Prevention (Africa CDC), and other partners through expertise in communicable disease surveillance, outbreak response, specialised diagnostics, research, training, capacity building, and provincial epidemiology support.

The year under review was marked by several public health events and disease outbreaks. The NICD provided critical epidemiological, communications, and technical support to the NDoH and provincial health departments for outbreak preparedness and response activities of national significance. The Institute played a central role in the containment and management of outbreaks, including cholera, measles, rubella, tanapox, chickenpox, mpox, various foodborne poisoning incidents, conjunctivitis, hand, foot and mouth disease, and diphtheria.

The following section outlines how NICD's seven disease-specific centres, the National Cancer Registry, the Division of Public Health, Surveillance and Response, and the support departments have performed for the 2024-2025 financial year.

In the 2024-2025 financial year, the National Institute for Communicable Diseases (NICD) continued to fulfil its mandate by providing early detection, containment, and response to infectious disease threats across South Africa, the Southern African Development Community (SADC), and the broader African region. Guided by its national and regional role, the Institute supported the National Department of Health (NDoH), the World Health Organization (WHO), Africa Centres for Disease Control and Prevention (Africa CDC), and other partners through expertise in communicable disease surveillance, outbreak response, specialised diagnostics, research, training, capacity building, and provincial epidemiology support.

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Centre for Emerging Zoonotic and Parasitic Diseases (CEZPD)

The CEZPD Special Viral Pathogens Laboratory (SVPL) is the national reference laboratory for human rabies in South Africa. The laboratory offers testing for both ante-mortem and post-mortem diagnoses through various ISO-accredited tests. The SVPL maintains a database of epidemiological and clinical information for all confirmed, probable and suspected rabies cases, contributing to the accurate reporting of rabies as a Category 1 Notifiable Medical Conditions (NMC) through a passive surveillance approach. In 2024, a rabies dashboard was developed on the NICD website which includes data on human cases as well as animal cases in dogs and cats. In collaboration with the national health and agriculture departments and the rabies action group, CEZPD disseminated a one-health-based risk communication and community engagement action plan related to rabies in seals in the Western and Northern Cape provinces. During the period under review, there were eight deaths due to human rabies associated with dog bites/exposures in South Africa.

In response to the rapid spread of artemisinin-resistant parasites across central, and eastern Africa, as well as the Horn of Africa, the WHO has recommended that all malaria-endemic countries in Africa strengthen their surveillance for confirmed molecular markers of antimalarial drug resistance. In 2024, the Laboratory for Antimalarial Resistance Monitoring and Malaria Operational Research incorporated a targeted amplicon deep sequencing workflow into its drug and diagnostic resistance analytical platform. Only three out of 1,200 samples analysed carried validated artemisinin resistance markers. These data confirm the continued efficacy of both the recommended diagnostics and treatments. However, the strong selection for artemisinin resistance markers in several Southern African Development Community (SADC) countries is concerning and highlights the need for continued surveillance. The relatedness analysis suggested limited local transmission in KwaZulu-Natal and Mpumalanga provinces, emphasising the need for strong cross-border collaborations if South Africa is to achieve its elimination targets.

Between May 2024 and March 2025, a total of 31 mpox cases were reported in South Africa. The CEZPD provided referral diagnostics, including rapid clade association and sequencing of cases. Additionally, the Centre supported the national Mpox Incident Management Team and assisted in developing policies, procedures, and materials for risk communication and community engagement. The CEZPD also supported several initiatives through the WHO and the Africa CDC to aid in the containment of the mpox outbreak in South Africa and across the continent.

Centre for Enteric Diseases (CED)

The Centre actively monitors and responds to alerts of suspected enteric disease outbreaks reported through the NMC system and other surveillance sources. The routine application of whole genome sequencing as a surveillance tool has enhanced the detection of disease clusters, including small, localised outbreaks. This has enabled targeted epidemiological investigations in collaboration with the provincial health departments and contributed to a deeper understanding of the complex epidemiology of certain endemic enteric diseases. The Centre provided both epidemiological and laboratory support to assist with these outbreak investigations.

Between 1 April 2024 and 31 March 2025, 45 suspected cholera cases from across the country were reported through the NMC system. Of these, 96% (43/45) had a specimen collected for screening, and 9% (4/43) were confirmed as cases of Vibrio cholerae.

A total of 134 laboratory-confirmed cases of enteric fever were reported from eight provinces during the reporting period. Most cases were from Gauteng (51%, 69/134), followed by Western Cape (17%, 23/134) and KwaZulu-Natal (13%, 17/134). No cases were reported from the Northern Cape Province. Additionally, 21 cases of enteric fever caused by Salmonella enterica Paratyphi A (Salmonella Paratyphi A) were reported during the period under review; this is the highest number of annual S. Paratyphi A cases observed since 2003. Gauteng Province reported 19 cases of Paratyphi A, while the Free State and North-West provinces each reported a single case.

Finally, 67 laboratory-confirmed cases of listeriosis were reported from nine provinces. Most cases were from the Western Cape (33%, 22/67), followed by Gauteng (30%, 20/67) and KwaZulu-Natal (21%, 14/67).

Centre for Healthcare-Associated Infections, Antimicrobial Resistance and Mycoses (CHARM)

CHARM is responsible for national surveillance of healthcare-associated infections, antimicrobial resistance (AMR), and fungal diseases, supporting evidence-based policy and clinical decision-making. The Centre provides strategic leadership in the detection, prevention, and control of these threats through laboratory-based surveillance, outbreak investigation, research, training, and expert consultation. By generating high-quality data and insights, CHARM informs national guidelines and response strategies, contributes to the global AMR agenda, and strengthens the country's capacity to combat communicable diseases in healthcare and community settings.

For the year under review, CHARM made significant strides in strengthening surveillance, capacity building, and regional collaboration to address healthcare-associated infections, antimicrobial resistance, and mycoses. A major milestone was the launch of the national AMR dashboard in September, enhancing access to real-time surveillance data for stakeholders across the country. The Centre also led several key surveillance projects, including monitoring of flucytosine-resistant Cryptococcus isolates, clinical surveillance for carbapenem-resistant Enterobacterales (CRE), environmental surveillance through a CRE wastewater pilot study, a pilot study for hypervirulent Klebsiella pneumoniae, and surveillance for Candida auris colonisation in the SADC region.

In support of capacity development, CHARM delivered multiple training programmes aimed at enhancing laboratory and clinical capacity to detect and respond to priority pathogens. The Centre hosted the first mycology training workshop for technologists in November 2024. As a designated WHO Collaborating Centre for AMR and Mycology, CHARM contributed to global technical guidance and supported regional strengthening of surveillance and response systems.

During 2024, CHARM was involved in three healthcare-associated outbreaks (1) an outbreak of Candida krusei (Pichia kudriavzevii) in a neonatal unit at Mthatha Regional Hospital, in the Eastern Cape, February-March 2024; (2) a Candida auris outbreak investigation in the neonatal ward of Mankweng Hospital, June-October 2024; and (3) a suspected Acinetobacter baumannii outbreak in the intensive care unit of Pietersburg Hospital.

Centre for HIV and Sexually Transmitted Infections (CHIVSTI)

CHIVSTI has a strong track record in the disciplines of HIV virology, HIV immunology, HIV/STI epidemiology, HIV/STI diagnostics, and HIV-STI interactions. The Centre continues to play a pivotal role in assessing viral escape and humoral immune responses in SARS-CoV-2-infected individuals and vaccines, and in defining correlates of protection, which have global implications for the design of second-generation vaccines.

The Antenatal Clinic (ANC) HIV survey is a biannual survey aimed at monitoring trends in HIV prevalence, incidence, coverage of HIV testing, viral load suppression, and the syphilis cascade among pregnant women attending antenatal care at 1589 public sector primary care facilities (sentinel sites). A detailed analysis of the 2022 ANC survey data and plans for the 2024-2025 edition of the ANC survey were prepared. SARS-CoV-2 serological testing of a subset of stored plasma samples from the 2022 ANC survey was conducted. This sub-study aimed to determine the prevalence of immunity (both natural and vaccine-derived) among pregnant women attending antenatal care in 2022. The analysis found high levels of natural and vaccine-derived immunity, which were similar across all the provinces, but were lowest among pregnant women living with HIV who were not virally suppressed at a threshold of 1000 copies per millilitre.

The Centre supports the NDoH by analysing and reporting HIV-related National Health Laboratory Service (NHLS) data from the NICD Data Warehouse as part of paediatric surveillance. This includes secure online distribution via the NICD's Self-Service Portal of Results for Action reports as per National HIV Guidelines, maintenance of the NHLS HIV Monitoring and Evaluation Dashboard, and monthly aggregated reporting on early infant diagnosis and paediatric, adolescent, and maternal HIV viral load monitoring.

The aetiological STI surveillance was undertaken at the three primary healthcare facilities in Gauteng, KwaZulu-Natal, and the Western Cape. The data continue to validate the current STI syndromic management guidelines with evidence of the low specificity of the vaginal syndrome algorithm. Neisseria gonorrhoeae (82%) remained the most typical cause of male urethritis discharge syndrome, while bacterial vaginosis (54%) was more prevalent in vaginal discharge syndrome.

Centre for Respiratory Diseases and Meningitis (CRDM)

The Centre conducts surveillance, diagnostic testing, outbreak support, and research in the field of communicable respiratory diseases and meningitis in South Africa and across the African continent. The Centre provides data and expertise to the NDoH and healthcare providers, as well as regional and international collaborators, to assist in planning public health policies and programmes and responding to outbreaks of respiratory diseases and meningitis. The CRDM serves as a source of capacity building within South Africa and the African region.

The Centre is responsible for six Category 1 NMCs: acute rheumatic fever, COVID-19, diphtheria, meningococcal disease, pertussis, and respiratory disease caused by a novel respiratory pathogen, as well as two Category 2 NMCs: Haemophilus influenzae type b (Hib) disease and legionellosis. These diseases, along with other significant illnesses such as influenza, respiratory syncytial virus and pneumococcus, are monitored through ongoing syndromic and laboratory-based surveillance programmes, including the NMC programme.

The Centre has assisted with the response to an ongoing

diphtheria outbreak in the country (Western Cape, Gauteng, Limpopo, and Mpumalanga) by providing alerts for clinicians, responses to media queries regarding the increase in cases, and producing regular situation reports. The CRDM also conducted ad hoc testing for suspected avian influenza cases. Additionally, the Centre provided laboratory support for African partners in response to meningitis outbreaks, and respiratory illnesses, including pertussis and diphtheria. As a WHO COVID-19 international regional reference laboratory, the CRDM continued to offer technical support and training to many African countries. CRDM staff consult on numerous expert committees and working groups for the WHO, the Africa CDC and the WHO African Region.

Centre for Tuberculosis (CTB)

The Centre has made significant contributions to national and global TB policies and guidelines in collaboration with the NDoH and WHO. During the year under review, CTB provided critical support to the National TB Programme, including assistance with the development of the National Strategic Plan for HIV, TB and STIs 2023-2028, the National TB Programme's TB Strategic Plan 2023-2028, the TB Recovery Plan and the revision of the National TB diagnostic algorithms. The Centre is designated as a WHO Prequalification Unit for the performance evaluation of TB-Nucleic Acid Amplification in vitro diagnostics.

Throughout the year under review, the Centre continued to support the National Tuberculosis Programme by providing advanced diagnostic services, laboratory-based surveillance, and policy-oriented technical support. The Centre also made substantial contributions to regional and global TB control efforts, particularly in the areas of diagnostic innovation and strengthening laboratory systems.

The CTB refined and expanded its laboratory-based surveillance programme to reflect the evolving diagnostic landscape in South Africa. In alignment with the NHLS diagnostic expansion, automated quarterly surveillance reports were updated to incorporate data from newly introduced molecular assays, including GeneXpert MTB/XDR, BD MAX™ MDR-TB, and Roche cobas® MTB-RIF/INH. These updates provided a more granular understanding of diagnostic yield and drug resistance trends across the country.

Furthermore, the CTB developed enhanced surveillance reports for 12 high-priority districts, which include detailed facility-level epidemiological data, geospatial distribution maps, and longitudinal trajectory analyses. These reports have been instrumental in guiding targeted interventions by district-level TB programmes and are now earmarked for expansion across all 52 districts of South Africa. One of the most significant developments during this period was the launch of targeted Next-Generation Sequencing (tNGS) for the diagnosis and management of drug-resistant TB, representing a major step forward in the country's molecular diagnostic capability. The tNGS platform enables high-resolution identification of resistance-conferring mutations to support treatment decisions for drug-resistant TB at an earlier stage.

Centre for Vaccines and Immunology (CVI)

The Centre provides support and expertise in epidemiology and virology of vaccine-preventable viral diseases. From 1 April 2024 to 31 March 2025, 27,230 specimens were received via the national fever-rash-based surveillance programme, whereby testing each sample for measles and rubella is done simultaneously. For this period, 3.3% (887/27,230) were measles Immunoglobulin M (IgM) positive, and 46.5% (12,674/27,230) were rubella IgM positive cases. Many of the measles cases were in Gauteng (18.9%; 2,400/12,674), KwaZulu-Natal (18.2%; 2,316/12,674) and North West (18.9%; 2,393/12,674) provinces, and most of the rubella cases were from Gauteng Province (41.6%; 369/887). Measles genotypes circulating in the country are D8 and B3, particularly in Gauteng (31/56) and Mpumalanga (8/56) provinces.

Many rubella cases (98%) were seen in children under the age of 15 years. With the circulation of rubella nationally, an advisory was sent to the NDoH at the end of 2024, on a cautionary alert to women of reproductive age and pregnant women about congenital rubella syndrome (CRS). From 1 January to 17 March 2025, there have been 50 CRS notifications on NMC, the majority of which are from KwaZulu-Natal (16), Western Cape (9), Gauteng (9) and Eastern Cape (5) provinces. To date, one internal case review meeting has been held where 21 cases were reviewed, some of which are pending classification due to a lack of required information. CVI continues its effort to receive clinical notes on suspected CRS cases.

From 1 April 2024 to 31 March 2025, 924 faecal samples (from 485 Acute Flaccid Paralysis (AFP) cases) were received from South Africa. No polioviruses of concern were detected. The latest non-polio AFP detection rate for South Africa from January to March 2025 was 2.7 per 100,000 population for those under 15 years of age. Of the nine provinces, Eastern Cape is yet to reach the WHO target of 2/100,000 population, while Free State, Gauteng, KwaZulu-Natal, Limpopo, North-West, Northern Cape, and Western Cape provinces have reached this target. Mpumalanga was the only province that exceeded the South African target of 4/100,000 population. The stool adequacy rate for South Africa was 73.8%, below the WHO target of 80%.

CVI assisted with the hand, foot and mouth disease (HFMD) outbreak in February 2025. By 31 March 2025, the Centre had received 48 samples from five provinces – 16 from the Eastern Cape, 19 from Gauteng, eight from KwaZulu-Natal, four from Mpumalanga, and one from the North West. Of these, 44 samples tested positive for enterovirus using real-time reverse transcription Polymerase Chain Reaction. Genotyping of two samples from the uMgungundlovu District in KwaZulu-Natal identified Coxsackievirus A6 and Coxsackievirus A16.

Division for Public Health Surveillance and Response (DPHSR)

The DPHSR plays a pivotal role in surveillance and response activities related to communicable disease threats in South Africa. The DPHSR comprises the following units: the GERMS-SA surveillance programme (which has been running for over 21 years), the Provincial Epidemiology Team (PET), the Notifiable Medical Conditions (NMC) Surveillance Unit, and the Outbreak Response Unit (ORU), which hosts the Emergency Operations Centre (EOC). Together, these units, in conjunction with the NICD specialist centres, carry out national communicable disease surveillance, pandemic preparedness, and response. This is done through real-time alerts and notification of diseases of public health importance through the NMC platform, monitoring trends in disease burden, anti-microbial susceptibility and circulating isolates (GERMS-SA), as well as providing technical expertise to national, provincial, and district departments of health through PET and ORU sections. The DPHSR also facilitates communication and data sharing between the NDoH and provincial health departments, the NICD, and regional and international partners.
During the period under review, the DPHSR provided epidemiological and communications support and technical expertise to the NDoH and health provinces related to several outbreak preparedness and response activities of national importance, such as cholera, measles, rubella, tanapox, chickenpox, mpox, several foodborne poisoning events, conjunctivitis, HFMD, diphtheria, agricultural stock remedy poisoning, and rabies in seals. The DPHSR provided epidemiological expertise through various teams and maintained data platforms to monitor trends in cases, tests, hospitalisations, and deaths. Epidemiological support from the EOC, ORU, and PET led to a well-coordinated and structured data flow, management, and analysis.

EOC staff conducted training on emergency management nationally and in several other African countries. At the national level, several staff members were involved in efforts to implement integrated disease surveillance and response and South Africa's WHO second Joint External Evaluation. The NMC surveillance system continues to provide coordinated collection, collation, analysis, interpretation, and dissemination of public and private sector data through real-time surveillance. The NMC provides information on targeted public health responses, decision-making, and resource allocation. The GERMS-SA collaborates with NICD centres to offer a national active surveillance programme for laboratory-confirmed bacterial and fungal infections, complemented by enhanced surveillance at sentinel hospital sites. This provides a robust platform for monitoring disease trends, which guide public health policy decisions.

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National Cancer Registry (NCR)

The NCR continued to provide technical support to the recently launched KwaZulu-Natal Population-Based Cancer Registry (KZN-PBCR). The first annual report from this registry (2023 report) was published in March 2025 alongside the routinely published annual reports for the NCR (Ekurhuleni PBCR, pathology-based cancer registry and childhood cancer registry). The NCR has been supporting cancer registries within the continent by training them on record linkage for cervical cancer elimination

and childhood cancer registration. From the record linkage training held in August 2024, participants from South Africa, Mauritius, Tanzania, Rwanda and Eswatini managed to link their records successfully and were invited to present at the EUROGIN International HPV Multidisciplinary Conference in March 2025.

The NCR published its fourth report on childhood cancer incidence for 2021 in March 2025. This latest report includes the age group 15-19 years for the first time. The inclusion of adolescents aged 15-19 years aligns with international childhood classification standards. A total of 1,378 cancers were diagnosed in children aged zero to 19 years in South Africa in 2021. This equated to an overall age-standardised rate of 63.5 cases per million (95% CI: 53.1-75.7). It was found that the most common cancer group diagnosed was leukaemias, and the second most common cancer group was lymphomas. Approximately 32% of the cases (n=437) were diagnosed in children aged zero to four years, followed by the 15–19-year age group (n=339; 24%).

Support Functions

The NICD's transversal departments – Human Resources, Communications, Information Technology, Finance, Procurement, Surveillance Data Warehouse (SDW), and the Division of Biosafety and Biosecurity and Sequencing Core Facility (SCF) – have played a tremendous role in supporting the Institute. The SDW, which provides health data and analytics support to NICD centres, the NMC system, NCR, and other stakeholders through routine and automated reports, has developed several dashboards for external or internal use.

The Quality Assurance Department continued to strengthen NICD's commitment to excellence through the implementation of an Integrated Quality Management System, encompassing ISO 9001, ISO 15189, ISO 17025, and ISO 13485 standards. All NICD laboratories maintained South African National Accreditation System Accreditation: ISO 15189 for medical laboratories and ISO 17025 for both the SCF and the Vector Control Reference Laboratory. These two accredited laboratories remain the only known accredited facilities for their specific tests and service offerings.

Over the past financial year, the Communications Department has played a pivotal role in bridging information gaps through a blend of earned and paid media strategies. By amplifying the voices of NICD experts, the team significantly expanded the Institute's reach and visibility across traditional and digital platforms. The NICD website remains a key resource for the public and healthcare professionals, attracting over 494,514 visitors and generating 971,752 page views during the period under review. The team also promoted NICD research through the quarterly Science Focus newsletter, led the production of 15 Public Health Bulletin South Africa (PHBSA) editions, and produced the Pulse newsletter.

The Division of Biosafety and Biosecurity (DBB), the Data for Health Initiative, Information Technology, the Field Epidemiology Training Programme, and Occupational Health Services have shown exceptional commitment to their functions. The DBB provides specialised services to the NICD and NHLS for biorisk management, focusing on biosafety, biosecurity, and biocontainment engineering to ensure the safe and secure operation of high- and maximum-containment laboratory infrastructure. The department has developed a team of biocontainment engineering and biorisk specialists who offer subject matter expertise to various national institutions in Africa and internationally. This year marked the launch of the inaugural training courses on the maintenance and management of high-containment facilities (Biocontainment Engineering) and the selection, installation, maintenance, and certification of Biological Safety Cabinets Level 1 as part of the Regional Training and Certification Programme for Biosafety and Biosecurity Professionals.

The NICD partnered with the Data for Health (D4H) initiative in 2019 to focus on three key activities: advancing Data to Policy, developing the Public Health Bulletin, and improving Scientific Communications. In November 2024, six new policy briefs were produced and presented at the Policy Forum as part of the Data to Policy (D2P) programme. Additionally, ten new mentors from the 2024 D2P graduate cohort will enrol in the foundations course in 2025, ensuring the continued growth and sustainability of technical expertise. The PHBSA recorded several key successes for the year under review.

The NICD IT Department demonstrated strategic foresight, operational efficiency, and a sustained commitment to innovation. A key area of focus was the prioritisation of cybersecurity and digital transformation to future-proof the institution against rising digital threats.

The South African Field Epidemiology Training Programme (SAFETP) uses an established applied epidemiology curriculum, providing an accredited Master of Science (MSc) degree from either the University of Pretoria or the University of the Witwatersrand, along with practical field experience. In addition to the Advanced tier, SAFETP offers the Frontline and Intermediate tiers. The significant output of SAFETP was the graduation of 26 FETP Intermediate trainees, 75 Frontline trainees, and 46 health professionals trained in provinces and Eswatini in using applied epidemiology methods to improve surveillance capacity.

The SCF serves as a central platform for Next-Generation Sequencing support, providing essential services for research and genomics surveillance activities. During the 2024-2025 financial year, the SCF provided support across multiple activities, including routine surveillance, outbreak response, research, and diagnostics (proof-of-concept studies). The SCF processed and sequenced 25,075 samples during the period under review. The SCF provided critical support for multiple outbreaks, including Salmonella typhi, Vibrio cholerae, Corynebacterium diphtheriae, and mpox. For each of these outbreaks, the SCF delivered comprehensive support encompassing sequencing and subsequent data analysis, thereby facilitating rapid public health decision-making.

Appreciation

I extend my sincere appreciation to the NHLS leadership, the Board, and the NDoH for their steadfast support and guidance throughout the 2024-2025 financial year. We are equally grateful to our partners, funders, and collaborators – your contributions and encouragement have been invaluable. Above all, I commend the NICD staff for their dedication, expertise, and unwavering commitment to advancing public health. Despite the challenges of the past period, your resolve, commitment, and dedication have remained resolute.

NATIONAL INSTITUTE FOR OCCUPATIONAL HEALTH

Prof Spo Kgalamomo

Director: National Institute for Occupational Health

Introduction

During the 2024-2025 financial year, the NIOH continued to fulfil its mandate of providing expert advice, conducting research, and building capacity through teaching and training. Guided by its mandate and vision to promote healthier workplace environments and advance the field of occupational health, the NIOH remains a recognised centre of excellence and a regional hub of expertise for the South African government, industry, labour, Southern African Development Community (SADC) countries, and the broader African continent.

This report highlights the Institute's key achievements and milestones for the reporting period 2024-2025 financial year. While the year was not without its challenges – and we acknowledge that some outcomes fell short of expectations – the NIOH remained steadfast in its commitment to improving workplace health and safety. Notable progress was made in strengthening occupational health and safety within the NHLS and expanding the pathology services through ongoing partnerships with Limpopo Province and the City of Gqeberha in the Eastern Cape.

Specialised Services

Occupational Medicine Clinic: The Occupational Medicine Clinic manages workers referred from private and public sector medical practitioners for specialist occupational care. Of the cases assessed over the year, 77% were new consultations. The majority were male (86%) with an average age of 49.7 years. The mining industry accounted for nearly 38% of consultations. Key diagnoses included Occupational Asthma (40%) and Chronic Obstructive Pulmonary Disease (COPD) (31%) workup, with a minimum referral for musculoskeletal disorders (4%). The referrals were predominantly from machine operators (35%) and technicians (14%). Of all workers reviewed, coal (24%) and silica (14%) exposures were the most frequently mentioned exposures of the total exposures reported. The top five diagnoses were Occupational Asthma at 40% (n=32), followed by COPD at 31.25% (n=25), silicosis at 5% (n=4), silica tuberculosis at 5% (n=4), and asbestosis at 4% (n=3).

Occupational Hygiene Section: The Section maintained registration with the Department of Employment and Labour (DEL) as an Approved Inspection Authority (AIA): Occupational Health and Hygiene. The Section provided services to the NHLS and private clients in its capacity as a Type C AIA. The XRD Laboratory retained ISO/IEC 17025 accreditation after a successful surveillance assessment in August 2024. The Section's Asbestos Laboratory participated in the Asbestos Fibre Regular Informal Counting Arrangement (AFRICA) proficiency testing scheme run by the Institute for Occupational Medicine in Edinburgh, in the United Kingdom. The laboratory maintained a rating of one in all proficiency testing rounds; this is indicative of excellent performance. The XRD/FTIR laboratory participated in the Air and Stack Emissions Proficiency Testing Scheme run by the Health and Safety Laboratory in the United Kingdom and administered by the LGC group. The laboratory has maintained satisfactory performance for all the samples for gravimetric weighing, XRD, and FTIR analysis.

Pathology Division: The Division continued to meet its statutory obligations under the Occupational Diseases in Mines and Works Act, Act No. 78 of 1973. It provided reports to the Mines Medical Bureau for Occupational Diseases for compensation purposes. It also supported the Centre of Pulmonary Excellence in Johannesburg and the City of Gqeberha in the Eastern Cape; a partnership was formed in 2023. In addition, the autopsy service

generates data that continues to be used for research purposes to inform policy. The Division introduced molecular testing for lung cancer to provide critical information to oncologists for offering personalised drug therapy. It also contributed to general surgical pathology services in Limpopo, enhancing both diagnostic capacity and registrar training.

Toxicology and Biochemistry Section: This section provided specialised services, including support for cell line storage, maintenance, and retrieval to external clients and postgraduate students from various universities. It also advised the NDoH on organophosphate pesticide and herbicide-related food poisoning cases following reports of several deaths in the country linked to the purchase of sweets and snacks from informal traders (spaza shops).

Immunology and Microbiology Section: The Section conducted diagnostic laboratory testing and performed risk assessments. The section also conducted diagnostic laboratory testing, performed risk assessments, and provided consultations for occupational allergies and infectious diseases. The recommendations supported risk-reduction strategies in various workplaces.

HIV TB Section: The Section collaborated with the DEL, AgriSA, and the Congress of South African Trade Unions (COSATU), as well as the International Labour Organization (ILO), to establish the "Agriculture and Forestry OHS Technical Committee" that aims to strengthen occupational health and safety in the agricultural and forestry industries. It also worked with the NHLS and provincial health departments to produce an annual TB surveillance report for health workers – a huge step in addressing the burden of TB in South African health workers.

Analytical Services Section: The Section conducted specialised laboratory testing for diagnostic, surveillance, and research purposes and maintained a 97% turnaround time compliance. The Organic Chemistry Unit within the Analytical Services Section successfully participated in Inter-comparison Programmes 73 and 74 for 2024, conducted by the German Institute and Outpatient Clinic for Occupational, Social, and Environmental Medicine, and retained reference laboratory status for hexane urinary biomarkers for the 13th year.

Biobank and Quality Assurance Section: The Section continues to be sought by researchers across the NHLS and private clients, and its client base is growing. The Biobank has broadened its storage capacity through additional ultra-freezers. The Quality Assurance section was instrumental in the NIOH maintaining all four South African National Accreditation System (SANAS) accreditations, namely ISO 15189:2022 (medical laboratories), ISO 17025 (testing laboratories), ISO 17020 (inspection bodies), and ISO 9001:2015 (quality management systems).

National Safety Health and Environment Department (SHE): Provided guidance and expert medical support and advice on exposures (e.g., brucella, Congo fever, TB, hepatitis B, noise, chemicals, ergonomic issues, glove-related allergies, etc.) across the NHLS.

Information Services and Training Section: The Section continues to serve as a cornerstone of knowledge, learning, and technical support within NIOH, NICD, and NHLS. The NIOH Library processed 96 scientific information requests, while 320 additional requests were fulfilled through the NHLS and NICD libraries. These requests supported research, training, and operational decisions, reinforcing the library's critical support function.

The query-handling service remained a vital bridge between technical experts and a broad spectrum of users, processing 224 queries throughout the year. These covered diverse topics such as asbestos management, risk assessments, occupational hygiene surveys, compensation outcomes, environmental health concerns, training opportunities, and workplace health risks.

Research

In the 2024-2025 reporting year, the NIOH produced 26 peer-reviewed publications. These publications were made available on the website and disseminated through the Institute's quarterly newsletter, OccuZone. Although the target was 30 publications, this output reflects the dedication of a relatively small and under-resourced research team. Topics ranged widely, including analysis of the Pathology Disease Surveillance Database (PATHAUT), which has tracked disease trends in the mining industry since 1975. PATHAUT remains critical for informing policy and public health interventions. The reports are available on the NIOH's website.

Senior staff contributed as reviewers for leading international and national peer-reviewed indexed journals such as BMC Public Health, IJERPH, PLOS ONE, and Environmental Research, while others serve PLOS ONE, BMC Public Health, and Frontiers of Public Health, to mention a few. In addition to serving as supervisors to postgraduate students, the staff also serve as examiners of Master's and PhD dissertations at academic institutions across South Africa.

NIOH staff have made significant contributions to occupational and environmental health knowledge through publications in high-impact, peer-reviewed journals. These include BMC Public Health, PLOS ONE, the International Journal of Environmental Research and Public Health (IJERPH), Environmental Research, and Frontiers in Public Health, among others. These publications have helped inform evidence-based policy, guided workplace interventions, and supported advocacy efforts to improve worker health and safety nationally and globally.

In addition to research outputs, NIOH staff play an active role in academic development by supervising postgraduate students and serving as examiners for Master's and PhD dissertations at institutions across South Africa. This reflects the Institute's continued commitment to capacity building and academic excellence in occupational and environmental health.

Capacity Building

The NIOH delivered impactful and far-reaching training interventions through a robust programme of webinars. The Institute plays an integral role in building national capacity in occupational health and safety. The Institute hosted 11 webinars, drawing 3 804 participants. Topics included epidemiology, biostatistics, ethics, asbestos exposure, biorisk management, and chemical hazard classification. Notably, two high-impact sessions on chemical exposure management attracted 1 623 attendees, reflecting the NIOH's national leadership in responding to public health crises.

The coordination of formal courses (diplomas and master's) in collaboration with institutions of higher learning contributes to the capacity building of a critical mass of occupational health professionals. The NIOH also offers experiential learning for occupational medicine and public health medicine registrars, who rotate for a period of up to six months in various sections within the Institute. A special contribution is annual participation in the College of Medicines of South Africa examination process.

Surveillance

Occupational health surveillance remained a strategic priority. In collaboration with the NDoH and DEL, the NIOH continued developing surveillance systems to guide interventions and protect workers. In the absence of a national occupational health surveillance system, the mortality data from Statistics South Africa were analysed to identify occupational disease trends. Eight disease-specific reports were published, focusing on links to cancer, pneumonia, and chronic diseases. These National Occupational Mortality Surveillance South Africa (NOMSSA) reports are available on the NIOH website.

Support for the NHLS

The SHE Department implemented a robust OHS Management System across NHLS facilities, including annual audits to assess compliance. Exposure assessments for formaldehyde and xylene continued nationally, with NIOH conducting inland assessments and outsourcing coastal assessments.

The department worked closely with occupational hygiene, medicine, immunology, ICT, HR, and Finance sections on:

- Incident case management.
- Legal compliance for medical surveillance.
- Ergonomic assessments.
- Immunology testing.
- OHASIS development.
- Staffing support.

The Quality Assurance Section conducted internal audits and supported NHLS laboratories in maintaining quality standards for the SANAS and Stepwise Laboratory Quality Improvement Process Towards Accreditation (SLIPTA) accreditation.

Local and International Partnerships

Strategic collaborations with academic institutions, government bodies, international agencies, and private entities enhanced the NIOH's impact and reach. We are pleased to report that we have successfully retained our WHO Collaborating Centre status and continue to manage several collaborative projects under this designation.

Appreciation

I wish to express my heartfelt gratitude to the NHLS leadership, the Board, our valued partners, and collaborators across sectors. Your ongoing support and commitment have played a vital role in our progress. Most importantly, I commend the NIOH staff for their professionalism, dedication, and resilience in advancing the vision of healthier workplaces and safer working environments.

FORENSIC CHEMISTRY LABORATORIES

Dr Clothilde Oliphant

Chief Operations Officer: Strategic Initiatives

INTRODUCTION

The Forensic Chemistry Laboratories (FCLs) provide quality forensic testing services that assist the country's law enforcement agencies and food safety divisions. The core business of the FCLs includes testing antemortem and postmortem blood samples for alcohol content, not limited to drunken driving cases, testing biological tissues and fluids for the presence of poisons and/or drugs in instances of unnatural deaths (toxicology analysis), and analysing foodstuffs and cosmetics to assess compliance with the Foodstuffs, Cosmetics and Disinfectants Act, No. 54 of 1972.

At the time of the full integration of the FCLs into the NHLS, the FCLs faced challenges regarding the turnaround time for results in blood alcohol and toxicology testing and had developed significant backlogs in these laboratory sections. During the first two years of integration, the FCLs focused on the establishment of robust management structures and aimed to expand and strengthen operational systems to facilitate improvements in laboratory performance and overall service delivery. Over the 2024-2025 period, the FCLs continued to build on the objectives to increase processing capability in the laboratories and further aimed to develop customised strategies to address the toxicology backlogs and to strengthen quality assurance across the four laboratories.

Service Delivery

Blood Alcohol tests

The four FCLs were successful in improving the turnaround time for blood alcohol testing, and the APP target was exceeded, with 87% of blood alcohol tests having been completed within the prescribed turnaround time. This was achieved through ensuring additional laboratory space, analytic instruments, and personnel in the prior year, as well as the institution of overtime shifts and diversion of caseloads to FCLs with higher testing capability during 2024-2025. Delays in the processing of the remaining backlogged samples for blood alcohol testing at the Johannesburg FCL were linked to challenges with the information management system that were experienced during the year.

Engagements with the South African Police Service are ongoing to establish secure, modernised digital processes to improve turnaround time for the reporting of test results.

Toxicology tests

Measurement of the turnaround time in toxicology was introduced in 2024-2025 to monitor service delivery for new toxicology samples. A large proportion of the new toxicology samples that were received during the latter part of 2024-2025 formed part of a national prioritised investigation into food-borne illnesses and deaths linked to the contamination of foods with chemical substances, particularly pesticides. Laboratory resources were diverted to the processing of the prioritised cases, and the targeted turnaround time for new toxicology cases was exceeded. The process, however, had a negative effect on the planned reduction in backlogged toxicology cases, as the limited available staff and other resources in the three laboratories that offer toxicology services were redirected towards addressing new samples.

A tailored strategy was developed during 2024-2025 that aimed to establish dedicated resources that would be utilised exclusively to address and eliminate the toxicology backlogged samples over a fixed period. This would create dedicated workstreams

in the toxicology laboratories for the processing of new and backlogged samples, respectively. Funding was approved for this strategy to acquire additional personnel and analytical instruments for a fixed term, to commence in the new financial year. In addition, engagements with the national Forensic Pathology Services were successful in identifying appropriate test methods to manage ageing samples that form part of the toxicology backlogs in a streamlined manner.

The NHLS is also actively pursuing additional laboratory space to ensure the expansion of the current service offering that will establish new toxicology services at the Durban FCL and expand the toxicology laboratory at the Johannesburg FCL.

Testing of foodstuffs and cosmetics

The analysis of foodstuffs is performed at the Cape Town and Pretoria FCLs, and these two laboratories cover all the requests for compliance testing of food and cosmetic samples from across the nine provinces. During 2024-2025, the demand for food testing increased significantly following the Presidential address on 15 November 2024 and the establishment of a NATJOINTS Committee in response to increased illnesses and deaths related to the ingestion of foodstuffs contaminated with chemical substances, mainly pesticides.

High numbers of food samples were received at the Cape Town and Pretoria FCLs for compliance testing and to determine the contamination of food samples included in the investigations. Together with the increased service demand, challenges with breakdowns in analytic instruments utilised in food testing contributed to delays in the processing of food samples. The procurement of additional analytic instruments to strengthen food testing is underway to support the national initiative to expand food safety testing.

Ensuring high-quality services

To strengthen quality assurance in the FCLs, collaboration with the NHLS Chemical Pathology Department was established to provide pathologist support and oversight over operational aspects in the laboratories. A medical scientist (toxicologist) position was created to strengthen technical support, and standardise laboratory workflow, and to work closely with the chemical pathologist.

Additional quality coordinators were appointed to cover all four FCLs, and a quality assurance manager is being recruited to ensure an effective quality management system that will be integrated with the NHLS's Quality Assurance Division.

SUPPORT SERVICES PERFORMANCES

INFORMATION AND COMMUNICATION TECHNOLOGY

John Mukomana

Acting Executive Manager: Information and Communication Technology

Introduction

This report details the Information Communication Technology (ICT) activities for the financial year 2024-2025. Various initiatives were progressed to improve the support the IT department provides to the NHLS operational activities, enhancing the end-user experience and enabling the achievement of business strategic objectives.

Cyber Security and IT Systems Resilience

The ICT department embarked on an exercise to recover from the cyberattack and improve cybersecurity posture by implementing several information security solutions and mechanisms. This will also continue in the coming financial year. Research was done to improve IT systems' resilience and scalability, with options for cloud migration, hosted data centre services, broadband, and satellite network solutions being some of the solutions to be adopted soon.

ICT Security Gaps Identified: Implement security monitoring tools, immutable backups, stronger encryption, and multi-factor authentication to build an information security team and a resilient security environment.

Improvements to Incident Response: Continuous assessment and training of incident response mechanisms.

Recommendations: Develop and implement disaster recovery plans that are aligned with business continuity management. Continue training all stakeholders on cybersecurity and its implications.

There remains a need to enhance the ICT environment by improving the information security posture, investing in ICT infrastructure, modernising business applications and systems, and strengthening ICT and business relationships. These efforts will facilitate digital transformation within the organisation.

Business Systems Digitisation

The cyberattack recovery efforts significantly impacted the performance objectives for the period. Resources had to be redirected towards rebuilding and redeveloping system functionality and interfaces that previously existed. Internal NHLS employees and external partners were fully dedicated to supporting the recovery process, hardening systems, and stabilising the environment.

Laboratory data remained intact and uncompromised, but critical supporting infrastructure was lost, necessitating a full rebuild. The loss of integration servers required the reconstruction of key interfaces, connections to third-party healthcare systems, and interfaces for newer laboratory analysers. Additionally, essential application environments had to be re-established.

The transition of Forensic Chemistry Laboratories (FCLs) to TrakCare Laboratory Information System (LIS) was delayed due to the restoration of the FCLs environment. Meanwhile, the Order Entry system was successfully rebuilt and scheduled for pilot implementation in the second quarter of the new financial year. The mobile results viewer has also been rebuilt, with its testing currently underway. System availability and accessibility were adversely affected throughout the recovery period, resulting in the organisation not achieving the targeted 99% uptime for the year.

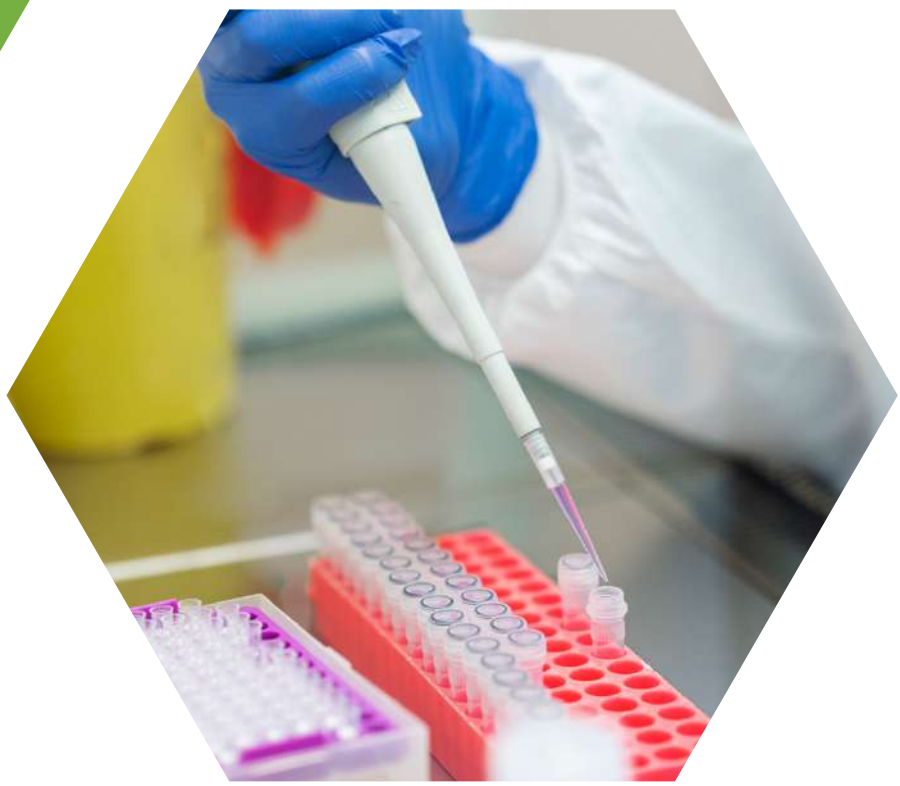
The Records Management Policy was formally approved to ensure that all NHLS records are created, maintained, and disposed of in accordance with the requirements of the National Archives and Records Service of South Africa Act No. 43 of 1996 (NARSSA). This policy establishes a framework for the systematic management of records across the organisation, promoting regulatory compliance, operational efficiency, and the safeguarding of institutional memory.

ICT Governance

The ICT department was successful in retaining its ISO 9001 certification and continues to improve and strengthen its ICT processes to enable it to provide better support services to the business, which meet internationally acceptable standards.

The department is developing a digitally driven strategy that will enable and support the organisation's digital transformation objectives. This strategy will also encompass the roadmap, structure, and budget, which will support and drive the digitisation of the NHLS processes.

ICT policies, and standard operating procedures are being updated and continue to be enhanced to support the ever-changing technology, innovation, and digital landscape.



SUPPORT SERVICES PERFORMANCES

COMMUNICATION, MARKETING AND PUBLIC RELATIONS

Mzimasi Gcukumana

Senior Manager: Communication, Marketing and Public Relations

Introduction

The financial year 2024-2025 was a period of heightened media attention and public scrutiny for the NHLS, driven by its central role in South Africa's healthcare system. As the country's leading provider of diagnostic and laboratory services, the NHLS featured prominently in national discourse, often regarding service delivery, operational challenges, and broader public health developments. During this time, the NHLS maintained a consistent presence across traditional and digital media platforms, with coverage ranging from factual reporting to critical analysis and expert commentary. While not all publicity was positive, the increased visibility created important opportunities for the organisation to clarify its role, respond to public concerns, and provide context around its strategic priorities and ongoing improvements.

The Communication, Marketing and Public Relations Department is entrusted with the responsibility to, among other things, build public trust by communicating positive and credible NHLS developments to the public. This is of paramount importance especially in the current disclaimer AGSA audit opinion.

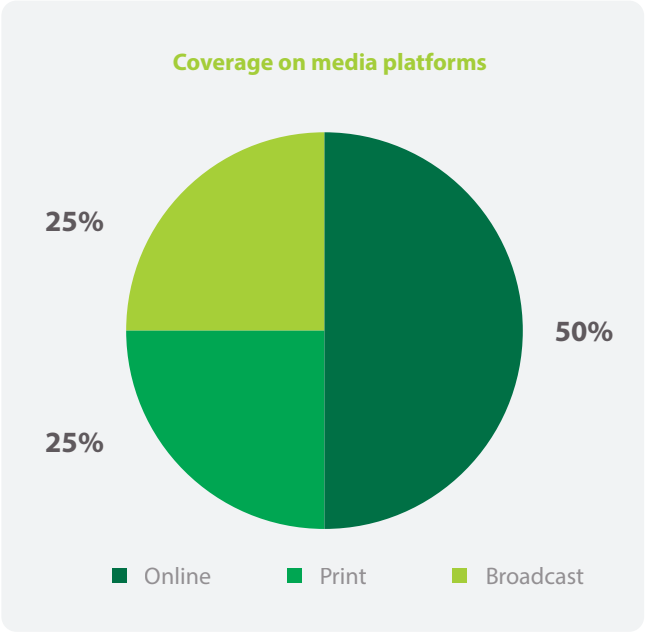
This Media Engagement overview presents a detailed account of the NHLS's media presence over the 2024-2025 financial year. It outlines the volume and tone of coverage, highlights key themes, and reflects on how the organisation engaged with the public through the media. Importantly, it also reaffirms the NHLS's commitment to transparent, responsive, and constructive communication with all stakeholders.

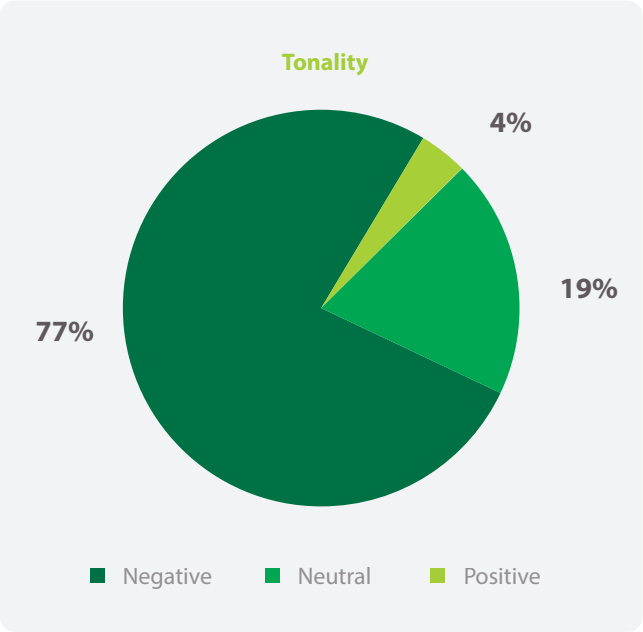
From April 2024 to March 2025, the NHLS was referenced in 1,361 traditional media items and 911 social media posts. Traditional media outlets continued to lead the discourse, accentuating the organisation's contributions, expertise, and impact throughout various provinces.

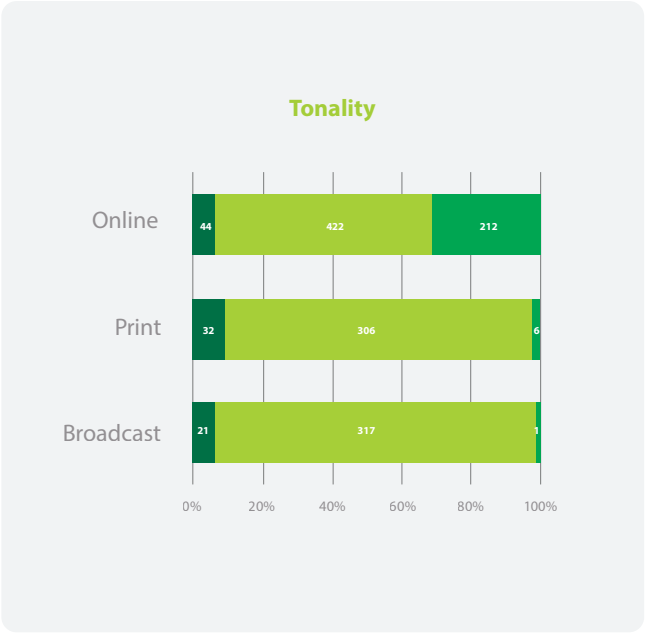
The overall tone of media coverage was predominantly neutral and factual, with the following distribution:

- 62.68% (1 424 items) presented objective or balanced reporting.
- 6.42% (146 items) conveyed a positive tone, highlighting achievements, innovations, or expert insights.
- 30.9% (702 items) addressed complex or challenging issues, frequently within the context of broader public health discussions.

The graph below provides a visual summary of how the NHLS is perceived externally, based on media coverage across various platforms. It reflects overall sentiment (tonality) as well as sentiment by medium, including online, print, and broadcast.







Online media dominated the coverage in the 2024/25 year compared to print and broadcast media.

Although some coverage concentrated on operational or service-related challenges, these circumstances allowed the NHLS to clarify its role, convey ongoing enhancements, and demonstrate transparency in its communication strategies.

The total media coverage generated a substantial Advertising Value Equivalency (AVE) of R193,733,785.86, reflecting the NHLS's enduring relevance and extensive reach across both traditional and digital platforms.

Looking forward, the NHLS is committed to further strengthening its media engagement initiatives, ensuring that accurate, timely, and constructive information is disseminated to the public and relevant stakeholders.

Participation in Strategic Conferences: 2024-2025

In the financial year 2024-2025, the NHLS Communication, Marketing and Public Relations Department significantly enhanced its stakeholder engagement and visibility by participating in two prominent industry conferences: the South African TB Conference 2024, which was held at the INkosi Albert Luthuli International Convention Centre, and Africa Health and MedLab 2024, conducted at the Cape Town International Convention Centre.

The South African TB Conference served as an important platform to demonstrate NHLS's commitment to the national tuberculosis response. Through interactive exhibits and expert-led sessions, the communications team effectively showcased NHLS's diagnostic innovations and public health initiatives aimed at alleviating the burden of TB in South Africa.

At Africa Health and MedLab 2024, the Communication, Marketing and Public Relations Department assumed a central role in emphasising NHLS's contributions to pathology and laboratory medicine across the continent. The team facilitated valuable networking opportunities, disseminated key organisational messages regarding NHLS's role in strengthening healthcare systems, and supported outreach initiatives to position the organisation as a leader in diagnostic services and public health intelligence.

These engagements not only improved the visibility of the NHLS brand and strengthened media relations but also solidified NHLS's strategic position within regional and global health discussions.

Stakeholder Communication during Cybersecurity Attack

The NHLS Communication Department effectively managed stakeholder involvement during the recent cybersecurity compromise. Information was disseminated in a systematic and timely manner, keeping stakeholders informed about the issue, the steps being taken, and the progress towards restoring full operation. This proactive and transparent approach helped to build trust and reassure stakeholders that the NHLS prioritised both service continuity and data protection.

Internal Communication Engagements: CEO Town Hall – 6 December 2024

A notable highlight of our internal communication efforts in 2024 was the inaugural CEO Organisation-Wide Town Hall, which was held virtually on 6 December 2024. This significant event convened employees from across the country to align on the strategic vision, discuss key priorities, and reflect on the considerable progress made since the appointment of the new CEO.

The Town Hall established the foundation for a renewed culture of open dialogue, transparency, and collaboration within the NHLS. It provided a structured platform for employees at all levels to connect directly with leadership, pose questions, and contribute to the organisation's shared objectives.

These Town Halls have now been firmly integrated as a core component of our internal communication strategy.

SUBSIDIARY PERFORMANCE

SOUTH AFRICAN VACCINE PRODUCERS

Dr Clothilde Oliphant

Chief Operations Officer: Strategic Initiatives

Performance Overview

The South African Vaccine Producers (Pty) Ltd. (SAVP) is a wholly owned subsidiary of the National Health Laboratory Service (NHLS) and the only South African manufacturer of antivenom for the treatment of snake, scorpion, and spider envenoming. SAVP has been developing antivenoms since 1928 and is licensed with the South African Health Products Regulatory Authority (SAHPRA) as a pharmaceutical manufacturer and distributor of antivenom.

During 2024-2025, the SAVP sterile manufacturing facility underwent a series of essential renovations, repairs, and maintenance work. These activities were essential to ensure that SAVP complied with Good Manufacturing Practice (GMP) and retained its manufacturing licence from SAHPRA. It was also important for SAVP to upgrade the infrastructure and ensure upgraded technologies that would maintain qualified manufacturing processes and lead times and improve average production outputs.

All antivenom production processes, unfortunately, needed to be discontinued during the renovation period due to the extent and location of the required work. The renovations were timed to take place during the periods when the demand for antivenom was known to be at its lowest, and the production team built a stockpile of antivenom products that was planned to cover the period of low demand when the renovations were scheduled. The renovation process, unfortunately, encountered significant challenges, varying from delays in the delivery of specialised items to the service provider to challenges with ensuring that service providers produced the quality of work necessary to ensure compliance with GMP for a sterile manufacturing unit.

As a result of the renovation delays and return to antivenom production, the antivenom stocks that were accumulated prior to the renovations became depleted towards the end of the renovation process, and SAVP was unable to meet the demand for antivenom products towards the end of the year. Following the completion of the renovations and additional repair work, the commissioning of the sterile manufacturing unit and restoration of production processes are planned for the new financial year.

The NHLS remains committed to restoring antivenom production capacity in the SAVP to ensure a sustained supply of this life-saving medication.

PART C

GOVERNANCE

PART C: GOVERNANCE

Ms Tebogo Kekana

Company Secretary

INTRODUCTION

The entity appointed Ms Tebogo Kekana as Company Secretary with effect from 1 January 2025. The Company Secretary plays a critical role in providing secretarial and advisory services to the Board and its Committees. Furthermore, the Company Secretary is a liaison officer between Management and the Board, and between the Board and Shareholders on issues relating to governance, thus giving effect to governance protocols. The Company Secretary is the custodian of the register of Board and Committee decisions.

The Company Secretary provides guidance to both the executives and non-executive members of the Board in the discharge of their fiduciary duties and ensures that Board proceedings are carried out in accordance with the relevant legislative requirements.
The Company Secretary is well-experienced and qualified to fulfil the following roles:

- Induction of new Board members.
- Providing Board members collectively and individually with guidance as to their duties, responsibilities and powers.
- Making Board members aware of any law relevant to or affecting the entity.
- Providing guidance to and advising the Board on ethical matters and good governance principles.
- Recording of Board and Committee proceedings.

Board members have unlimited access to the advice and services of the Company Secretary.

Corporate governance embodies the processes and systems by which entities are directed, controlled, and held to account. In addition to the legislative requirements based on the NHLS enabling legislation, corporate governance guidelines in terms of King IV and the prescripts of the Constitution of the Republic, the Public Finance Management Act, the Parliament, the Executive Authority, the Accounting Authority, and the Accounting Officer of the entity are responsible for corporate governance in the entity.

PORTFOLIO COMMITTEE

The Parliamentary Portfolio Committee on Health exercises oversight over the service delivery performance of the public entities reporting to the Health Department.

The National Health Laboratory Service appeared before the Parliamentary Portfolio Committee on Health on the dates set out below:

The Mandate of the Board

The NHLS Board's mandate is set out in the NHLS Act and encapsulated in the NHLS Board Charter. The mandate of the Board, as set out in the Board Charter, is aligned with the requirements stipulated by the Protocol on Governance in Public Entities.

Independence of the Board

Board members are appointed by the Minister of Health. The Board considers submissions and recommendations made by management and makes independent decisions based on its fiduciary responsibilities and the strategic direction of the service.

The various Board committees meet independently and then report back to the Board. Each committee has a formal charter that clearly defines its roles and responsibilities.

The Audit and Risk Committee regularly meets individually with the external and internal auditors. Furthermore, the Board, its committees, and individual Board members may engage independent counsel and advisors upon request and at the board's discretion.

Board composition

The Accounting Authority is a Unitary Board comprising a majority of non-executive members. The members are appointed by the Minister in accordance with section 7 of the NHLS Act.

In terms of the NHLS Act No.37 of 2000, the Board should comprise twenty-two (22) members, including the Chief Executive Officer, Chairperson, and Vice Chairperson of the Board. The Board was not constituted in terms of section 7 of its statute of establishment. Albeit the majority of board members envisaged by the Act were appointed, for a material part of the financial year, the Board comprised 17 board members, and not 22. The Minister of Health has appointed a chairperson and a vice-chairperson in terms of Section 9 of the NHLS Act.

The members of the entity during the year and to the date of this report are as follows:

Date	Parliamentary Structure	Activity/ Focus
21 August 2024	Portfolio Committee on Health.	Induction of the new Portfolio Committee members.
05 March 2025	Portfolio Committee on Health.	Presentation of the Annual Report for the 2023-2024 financial year.

Report of the Accounting Authority

The Accounting Authority submits its report for the financial year ended 31 March 2025.

Statement of Commitment

The Accounting Authority is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Accounting Authority supports the highest standards of corporate governance and the ongoing development of best practice.

The mandate of the Board

The NHLS Board's mandate is set out in the NHLS Act and encapsulated in the NHLS Board Charter. The mandate of the Board, as set out in the Board Charter, is aligned with the requirements stipulated by the Protocol on Governance in Public Entities.

Board members are appointed by the Minister of Health. The Board considers submissions and recommendations made by management and makes independent decisions based on its fiduciary responsibilities and the strategic direction of the service.

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The Audit and Risk Committee regularly meets individually with the external and internal auditors. Furthermore, the Board, its committees, and individual Board members may engage independent counsel and advisors upon request and at the board's discretion.

Board composition

#	NAME	DESIGNATION	DATE OF APPOINTMENT	TERM ENDS	Chairpersonship/Position in the NHLS
1	Prof Eric Buch (Until 31 October 2024).	Independent non-executive Director ((Chairperson).	1 January 2017 Re-appointed 1 May 2022 and 1 May 2024.	31 October 2024	Board and Governance, Social and Ethics Committee.
2	Prof Jeffrey Mphahlele (Deputy Chairperson from 8 May 2020 until 31 October 2024). (Chairperson) – from 1 November 2024.	Independent non-executive Director (Deputy Chairperson and subsequently Chairperson.	8 May 2020 Re-appointed 7 May 2023	7 May 2026	Board, Research and Innovation Committee, and Governance, Social and Ethics Committee.
3	Prof Craig Household	Independent non-executive Director (Deputy Chairperson).	1 November 2024	1 November 2027	Board, Audit and Risk Committee, National Academic Pathology Committee, and Governance, Social and Ethics Committee.
4	Prof Koleka Mlisana	Ex officio Director (Chief Executive Officer).	1 May 2024	1 May 2027	Board and Executive Management Committee.
5	Mr Jonathan Mallett	Ex officio Director (Northern Cape Province).	18 January 2020 Re-appointed 17 February 2023	17 February 2026	Board, Remuneration and Human Resources Committee, Audit and Risk Committee, and Governance, Social and Ethics Committee.
6	Prof Thanyani Mariba Resigned on 27 August 2024	Ex Officio Director (Limpopo Province).	18 January 2020 Re-appointed 17 February 2023	27 August 2024	Board and National Academic Pathology Committee.
7	Dr Siseko Martin	Ex Officio Director (Eastern Cape Province).	8 May 2020 Re-appointed 7 May 2023	7 May 2026	Board and Research and Innovation Committee.

Board composition

#	NAME	DESIGNATION	DATE OF APPOINTMENT	TERM ENDS	Chairpersonship/Position in the NHLS
8	Dr Naledzani Ramalivhana	Independent Non-Executive Director Health Research/ Epidemiology.	8 May 2020 Re-appointed 7 May 2023	7 May 2026	Board, Finance Committee, and Research and Innovation Committee.
9	Mr Michael Sachs	Independent Non-Executive Director (Economics, Financial Matters/ Accounting).	8 May 2020 Re-appointed 7 May 2023	7 May 2026	Board and Finance Committee.
10	Prof Mpho Kgomo	Ex officio Director Council on Higher Education (CHE).	8 May 2020 Re-appointed 7 May 2023	7 May 2026	Board and National Academic Pathology Committee.
11	Mr Koena Nkoko	Ex officio Director South African Local Government Association (SALGA).	8 May 2020 Reappointed 7 May 2023	7 May 2026	Board, Audit and Risk Committee, and Remuneration Human Resources Committee.
12	Dr Lesley Bamford	Ex officio Director (National Department of Health).	8 May 2020 Re-appointed 7 May 2023	7 May 2026	Board and Remuneration Human Resources Committee.
13	Mr Nick Buick	Ex officio Director (National Department of Health).	19 October 2021 Re-appointed 19 October 2024	19 October 2027	Board, Finance Committee and Audit and Risk Committee.
14	Ms Penelope Msimango Resigned in February 2025	Ex officio Director (KwaZulu-Natal Province).	1 November 2021	1 February 2025	Board and Finance Committee.
15	Prof Tivani Mashamba-Thompson	Ex officio Director (Council on Higher Education).	19 November 2021 Re-appointed 19 October 2024	19 October 2027	Board, National Academic Pathology Committee, Governance, Social and Ethics Committee.
16	Ms Nyameka Macanda	Ex officio Director (Organised Labour).	17 August 2022	17 August 2025	Board.

Board composition

#	NAME	DESIGNATION	DATE OF APPOINTMENT	TERM ENDS	Chairpersonship/Position in the NHLS
17	Adv Matefo Majodina	Independent Non-Executive Director (Legal Expertise).	18 June 2024	18 June 2027	Board, Audit and Risk Committee, Remuneration, Human Resources Committee.
18	Mr Sebastian Gelderbloem	Ex officio Director (Western Cape Province).	19 October 2024	19 October 2027	Board, Remuneration Human Resources Committee, National Academic Pathology Committee.
19	Dr Palesa Dibakoane- Ntjana	Ex officio Director (Limpopo Province).	17 November 2024	17 November 2027	Board, Remuneration Human Resources Committee, and Research and Innovation Committee.
20	Dr Rendani Tshitangano	Ex officio Director (Gauteng Province).	19 October 2024	19 October 2027	Board, Finance Committee and Research and Innovation Committee.
21	Dr Mahlane Phalane	Ex officio Director (Mpumalanga Province).	1 November 2021 Re-appointed 3 March 2025	3 March 2028	Board.

Board Member qualifications and external directorships

The NHLS Board members have the relevant skills, knowledge, and experience to bring judgment to bear on the business of the NHLS. In situations where Board members may lack experience, detailed induction and formal director development programmes are implemented.

The chairperson, together with the Board, has carefully considered the outside directorships that members hold. The relative size and complexity of the companies in question have been considered. The Board members are satisfied that they have the ability and capacity to discharge their duties.

The qualifications and external directorships of NHLS Board members are disclosed in the table below:

Name	Qualifications and External Directorships
Prof E Buch	**Qualifications** • MBBCh, MSc (Med), FFCH (cm)(SA), DTM&H, DOH. **Directorships** • None
Prof J Mphahlele	**Qualifications** • BSc, BSc Med Hons, MSc, PhD **Directorships** • CEPI, EDCTP, GloPID-R, SAHPRA and Poliomyelitis Research Foundation NPC.
Ms N Macanda	**Qualifications** • Higher Cert-Economic Development, Dip-Internal Auditing, Cert-Intro to Computer and Advanced Computer skills, Cert-Intro to Labour Law. **Directorships** • FASSET, NIH, COSATU-Job Creation Trust.
Mr N Buick	**Qualifications** • BCom, Cert Theory of Accounting, CA(SA). **Directorships** • None
Dr M Phalane	**Qualifications** • MBBCh, Cert (Clinical Mngt), Cert (HIV Mngt), Dispensing Course, MBA, MSc Sports Med, ABIME cert medical examiner, Adv Trauma Life Support, Basic Life Support, Basic Surgical skills. **Directorships** • Mappleman (Gen Del), Amdiler (Gen Del), Hlwape (Gen Del0 50% partnership, Tladi Family Trust, • Mpumalanga Department of Health full-time employment.
Prof T Mashamba-Thompson	**Qualifications** • Foundation Degree, Hons (Applied BiomedSc), Post Grad (BioMedSc), Master's (Pharmaceutical Sc), PhD (Public Health), Grad Cert (Clinical Research). **Directorships** • None
Mrs P Msimango	**Qualifications** • Dip: General Nursing, Dip: Midwifery, BA Cur (Nursing Education and Com Health), Adv Dip (Midwifery and Neonatal Nursing Sc), Adv Dip (Health Management), Master's in Public Health (in progress). **Directorships** • None

Name	Qualifications and External Directorships
Mr J Mallett	**Qualifications** • Nat Cert Medical Lab, Nat Dip Medical Lab, B. Tech, Adv Health Management Cert, BA. **Directorships** • None
Prof T Mariba	**Qualifications** • MBChB, FCP(SA), FRCP(London). **Directorships** • None
Dr S Martin	**Qualifications** • BSc, BSc Hons, MBChB, Dip (DTM&H), FCPath, MMED. **Directorships** • Dietrich Voigt Mia, Dr WJH Vermaak Inc.
Dr N Ramalivhana	**Qualifications** • Dip Personnel and Training Management, Adv Dip Occupational Health and Safety, NDip Biomedical Technology, BSc Hons, MPH, MSc, PhD. **Directorships** • Afro Herbal Science Laboratories.
Mr M Sachs	**Qualifications** • 'O' Levels (GCEE), 'A' Levels (GCEE), MSc (Economics), MPA (International Development). **Directorships** • NED- PILO (Registered non-profit company).
Prof M Kgomo	**Qualifications** • MBChB, FCP (SA), Gastroenterology, PhD. **Directorships** • Styleprop (Pty) Ltd, Kgomo Family Trust, Holografix, Kgomo Inc, Head Clinical Unit-UP, Head of the SAGES, HoD Academic Head.
Mr K Nkoko	**Qualifications** • Dip Comp Nursing, Adv Dip Management, PGDip Health Management, B. Tech OHN and Nursing Management, MPH, Master of Business Administration (MBA). **Directorships** • None
Dr L Bamford	**Qualifications** • MBChB, B. SocSci, FCP, PhD. **Directorships** • None

Name	Qualifications and External Directorships
Prof KC Househam	**Qualifications** • **MBChB, MD, DCH, FCP (Paediatrics)** **Directorships** • None
Adv M Majodina	**Qualifications** • Bachelor of Laws (LLB), PGC: Corporate Governance, PGC: Statutory Interpretations, PGC: Money Laundering Control, PGD: Compliance Management, Master of Business Leadership (MBL). **Directorships** • None
Dr P Dibakoane- Ntjana	**Qualifications** • BSc (Hons), MBChB, Fellow of the Colleges of Family Physician, MMed. **Directorships** • None
Dr R Tshitangano	**Qualifications** • MBChB, DA(SA), FCA(SA), Critical Care (SA). **Directorships** • None
Mr S Gelderbloem	**Qualifications** • Bachelor's Degree in Biomedical Technology, Bachelor of Philosophy (Knowledge translation- scene and technology), MBA). **Directorships** • None
Prof K Mlisana	**Qualifications** • MBChB, MMed Path (Microbiology), PhD. **Directorships** • None

Changes in Board membership

Upon the expiration of a committee member's term of office as a member of the Accounting Authority, the member may be eligible for reappointment for a further term of office, provided that no committee member may be appointed for more than two consecutive terms to serve on the same committee.

The qualifications and external directorships of NHLS Board members are disclosed in the table below:

Name	Constituency/ Representing	Date of appointment/ * reappointment	Date of resignation/ * retirement
Ms N Macanda	Organised labour	17 August 2022	17 August 2025
Prof K C Household	Minister of Health	1 November 2024	1 November 2027
Mr S Gelderbloem	Western Cape Province	19 October 2024	19 October 2027
Prof E Buch	Minister of Health	1 January 2017 Re-appointed 1 May 2021 Re-appointed 1 May 2024	31 October 2024
Prof J Mphahlele	Minister of Health	Appointment date 1 November 2024	1 November 2027
Prof M Kgomo	Council on Higher Education (CHE)	8 May 2020 Re-appointed 7 May 2023	7 May 2026
Prof T Mariba	Limpopo Province	18 January 2020 Re-appointed 17 February 2023	Resigned 27 August 2024
Prof T Mashamba-Thompson	Council on Higher Education	19 November 2021 Re-appointed 19 October 2024	19 October 2027
Dr N Ramalivhana	Public Nominee: Health Research/Epidemiology	8 May 2020 Re-appointed 7 May 2023	7 May 2026
Dr S Martin	Eastern Cape Province	8 May 2020 Re-appointed 07 May 2023	7 May 2026
Dr L Bamford	National Department of Health	8 May 2020 Re-appointed 7 May 2023	7 May 2026
Dr M Phalane	Mpumalanga Province	1 November 2021 Re-appointed 3 March 2025	3 March 2028
Mr N Buick	Minister of Health	19 October 2021 Re-appointed 19 October 2024	19 October 2027
Mr K Nkoko	SALGA	8 May 2020 Re-appointed 7 May 2023	7 May 2026
Mr J Mallett	Northern Cape Province	18 January 2020 Re-appointed 17 February 2023	17 February 2026
Mr M Sachs	Public Nominee: Economics, Financial Matters/Accounting	8 May 2020 Re-appointed 7 May 2023	7 May 2026
Ms P Msimango	KwaZulu-Natal Province	1 November 2021 Re-appointed 17 October 2024	17 November 2027 Resigned 1 February 2025

Name	Constituency/ Representing	Date of appointment/ * reappointment	Date of resignation/ * retirement
Dr R Tshitangano	Gauteng Province	19 October 2024	19 October 2027
Dr P Dibakoane-Ntjana	Limpopo Province	17 November 2024	17 November 2027
Adv M Majodina	Legal	18 June 2024	18 June 2027
Prof K Mlisana	CEO	1 May 2024	1 May 2027

LEGEND @ = New appointments | # = Re-appointments

Committees of the Board

The Board, as the Accounting Authority, takes full ownership of the overall decision-making across the entity to ensure it retains proper direction and control of the NHLS.

The Board has delegated certain powers to the CEO and to management but has reserved certain powers exclusively for the Board, which are set out in the Board Charter.

The Board has also appointed several committees to help it meet these responsibilities, delegating various functions and authorities to committees and management. However, this does not absolve the Board and its directors of their duties and responsibilities.

The Board has delegated certain functions without abdicating its own responsibilities to the following committees:

- Audit and Risk Committee (ARC).
- Remuneration and Human Resources Committee (RHRC).
- Governance, Social and Ethics Committee (GSEC) (ad hoc Committee).
- Finance Committee (FinCom).
- National Academic and Pathology Committee (NAPC).
- Research and Innovation Committee; and
- Executive Management Committee (EXCO).

The various Board Committees each have formal terms of reference embodied in a charter that further defines the mandates, roles, and responsibilities of each Committee. The charters are reviewed and updated as and when required.

The NHLS Board is governed by the NHLS Act 2000 (Act No. 37 of 2000) and the NHLS Regulations made in terms of the Act (supra). The Board complies with the PFMA and King IV principles of good governance.

Minutes of meetings were made and entered into the minute book as a true and accurate representation of what transpired at the meetings.

Most Board members attended the meetings for the year, and the resolutions were captured in the resolution file.

Board Meeting Attendance

The Board meets on pre-arranged dates at least once a quarter and at other times as deemed necessary. The Board holds annual workshops to review the strategy and to conduct an annual risk assessment. During the past 12 months, the Board has convened twenty-five (25) times (including special meetings). The NHLS Board is required to hold at least four meetings per year. Only members of the Board voted at its meetings, and all its resolutions were passed by a majority of votes. In each of those meetings, the quorum of the meeting was met. In each meeting, members were afforded an opportunity to declare any personal conflict of interest to be recused from the deliberation of the matter in which a member was involved. The table below and accompanying legend illustrate the meeting attendance of Board members for the financial year:

BOARD MEETINGS

Attendance at the Board Meetings for the year 1 April 2024 to 31 March 2025.
During the period under review, the Board met **25** times:

Names	30/05/ 2024	31/05/ 2024	11/06/ 2024	12/06/ 2024	24/06/ 2024	27/06/ 2024	11/07/ 2024	26/07/ 2024	29/07/ 2024	26/08/ 2024	28/08/ 2024	29/08/ 2024	09/09/ 2024	10/09/ 2024	Total
Prof E Buch	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Prof J Mphahlele	✓	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	13
Prof K C Household	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	0
Prof M Kgomo	A	A	✓	✓	A	✓	✓	✓	✓	✓	A	A	✓	A	8
Prof T Mariba	✓	✓	✓	✓	A	✓	✓	✓	✓	A	A	A	A	A	8
Prof T Mashamba-Thompson	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	A	A	✓	✓	11
Dr N Ramalivhana	✓	✓	✓	✓	A	A	✓	A	A	✓	✓	✓	✓	A	9
Dr S Martin	✓	✓	✓	✓	A	A	✓	A	A	✓	✓	✓	✓	A	10
Dr L Bamford	✓	✓	✓	✓	✓	✓	✓	✓	A	✓	A	A	✓	A	10

Names	30/05/ 2024	31/05/ 2024	11/06/ 2024	12/06/ 2024	24/06/ 2024	27/06/ 2024	11/07/ 2024	26/07/ 2024	29/07/ 2024	26/08/ 2024	28/08/ 2024	29/08/ 2024	09/09/ 2024	10/09/ 2024	Total
Dr M Phalane	✓	✓	✓	✓	A	✓	✓	✓	✓	A	✓	✓	✓	A	11
Mr N Buick	✓	✓	✓	✓	A	✓	A	✓	✓	✓	✓	✓	✓	✓	12
Mr K. Nkoko	✓	✓	A	A	✓	A	✓	✓	✓	✓	✓	✓	✓	A	10
Mr J Mallett	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Mr M Sachs	A	A	✓	A	✓	✓	✓	✓	A	A	✓	✓	✓	✓	9
Dr R Tshitangano	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	0
Ms N Van Der Westhuizen													✓	✓	2
Dr P Dibakoane-Ntjana	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	0

Names	30/05/ 2024	31/05/ 2024	11/06/ 2024	12/06/ 2024	24/06/ 2024	27/06/ 2024	11/07/ 2024	26/07/ 2024	29/07/ 2024	26/08/ 2024	28/08/ 2024	29/08/ 2024	09/09/ 2024	10/09/ 2024	Total
Adv M Majodina	n/m	n/m	n/m	n/m	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr S Gelderbloem	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	0
Ms P Msimango	✓	A	✓	✓	A	A	✓	A	✓	✓	A	✓	A	A	7
Ms N. Macanda	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	A	A	✓	A	10
Prof K Mlisana	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14

Total number of meetings	14

Names	15/10/ 2024	25/10/ 2024	29/10/ 2024	28/11/ 2024	29/11/ 2024	06/12/ 2024	10/12/ 2024	29/01/ 2025	06/02/ 2025	10/03/ 2025	11/03/ 2025	Total
Prof E Buch	✓	✓	A	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	02
Prof J Mphahlele	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Prof C Househam	n/m	n/m	n/m	✓	✓	✓	✓	✓	✓	✓	✓	08
Prof M Kgomo	✓	✓	✓	✓	✓	✓	A	✓	✓	A	A	08
Prof T Mariba	✓	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	01
Prof T Mashamba-Thompson	✓	✓	✓	A	A	✓	A	A	A	✓	✓	06
Dr N Ramalivhana	✓	✓	✓	✓	✓	A	A	✓	A	A	✓	07

Names	15/10/ 2024	25/10/ 2024	29/10/ 2024	28/11/ 2024	29/11/ 2024	06/12/ 2024	10/12/ 2024	29/01/ 2025	06/02/ 2025	10/03/ 2025	11/03/ 2025	Total
Dr S Martin	A	✓	✓	✓	✓	A	✓	✓	✓	✓	A	07
Dr L Bamford	A	✓	A	A	A	A	A	✓	✓	✓	A	04
Dr M Phalane	✓	A	A	n/m	n/m	n/m	n/m	n/m	n/m	A	✓	02
Mr N Buick	A	✓	✓	✓	A	A	✓	✓	✓	✓	✓	08
Mr K Nkoko	A	✓	✓	✓	✓	✓	A	✓	✓	✓	A	08
Mr J Mallett	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Mr M Sachs	✓	A	A	✓	✓	✓	A	A	✓	✓	✓	07

Names	15/10/ 2024	25/10/ 2024	29/10/ 2024	28/11/ 2024	29/11/ 2024	06/12/ 2024	10/12/ 2024	29/01/ 2025	06/02/ 2025	10/03/ 2025	11/03/ 2025	Total
Ms N Van Der Westhuizen	✓	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	01
Dr R Tshitangano	n/m	✓	✓	✓	✓	✓	✓	A	A	A	A	06
Dr P Dibakoane - Ntjana	n/m	n/m	n/m	✓	✓	✓	A	A	✓	A	A	04
Mr Sebastian Gelderbloem	n/m	✓	A	✓	A	✓	A	A	✓	✓	✓	06
Mrs Penelope Msimango	✓	A	A	A	A	✓	A	✓	A	A	A	03
Ms Nyameka Macanda	A	✓	✓	A	A	✓	A	✓	✓	✓	A	06
Prof Keith Household	n/m	n/m	n/m	n/m	n/m	n/m	✓	✓	✓	✓	✓	05
Prof Koleka Mlisana (CEO)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

Total number of meetings	11

LEGEND

n/m= Not a member
✓ = Present
A = Apology
Rs = Recused

Organisational Group Profile

Business and operations

The NHLS is a national public entity established in terms of the National Health Laboratory Service Act No. 37 of 2000 to provide quality, affordable and sustainable health laboratories and related public health services.

The NHLS is the main provider of clinical support services to the national, provincial and local departments of health through its countrywide network of quality-assured diagnostic laboratories. The NHLS also provides surveillance support for communicable diseases, occupational health, and cancer, and thus the endeavour is to align its strategy to both the DoH priorities and the National and Regional Burden of Disease.

The NHLS is managed according to the provisions of the National Health Laboratory Service Act No. 37 of 2000, as well as the NHLS Rules, gazetted in July 2007, and the Public Finance Management Act No. 1 of 1999. It is a state-owned organisation governed by a Board and a Chief Executive Officer. The NHLS has a clear organisational structure consisting of a Head Office in Sandringham, Johannesburg; six areas (Mpumalanga and Limpopo, KwaZulu-Natal, Eastern Cape, Western and Northern Cape, Free State and North West, and Gauteng); and three Institutes (NICD, NIOH, and the National Cancer Registry). Each area is headed by an Area Manager who reports directly to a Chief Operations Officer. The creation of six regions is designed to ensure that NHLS plans, agrees on budgets, and monitors laboratory services jointly with provincial health partners, with the intention of laboratory services being seen and accepted as part of the public health delivery system. Point of Care Testing (POCT) is increasingly being used to speed up diagnosis within the health facility. NHLS recognises the value that POCT plays.

The NHLS delivers services throughout the public sector from the PHC level to tertiary/quaternary hospitals. The level of complexity and sophistication of services increases from the peripheral laboratories to the central urban laboratories (with specialised surveillance infrastructure existing at isolated sites). The legacy of apartheid has left the health laboratory services in South Africa concentrated mainly in Gauteng, KwaZulu-Natal, and the Western Cape Provinces, in line with the spread of the previously advantaged institutions of higher learning.

Public sector laboratories are situated within the health facilities owned by the Department of Health and, in some cases, universities. Therefore, the condition of the infrastructure depends on the quality of the health facility in which the laboratory is located. Great disparities still exist between urban and rural facilities. Some central urban facilities are currently undergoing upgrades through the Hospital Revitalisation Programme (HRP). However, many remote rural facilities still require access to basic services.

SAVP is a wholly owned subsidiary of the NHLS and provides the following services:

1. SAVP manufactures biologicals, namely antivenom, which includes:

    i) Polyvalent antivenom.
    ii) Echis antivenom.
    iii) Boomslang antivenom.
    iv) Spider antivenom.
    v) Scorpion antivenom.

2. Research on routine products authorised via the animal ethics committee involving animals.
3. Preparation of horse and sheep serum; and
4. Preparation and sampling of horse blood.

Governance, Commitments, and Stakeholder Engagement

Introduction

The NHLS ensures that its processes and practices are reviewed on an ongoing basis to ensure compliance with legal obligations, use of funds in an economic, efficient, and effective manner, and adherence to good corporate governance practices. Processes and practices are characterised by reporting on economic, environmental, and social responsibilities. Such reporting is underpinned by the principles of openness, integrity, and accountability and is an inclusive approach that recognises the importance of all stakeholders with respect to the viability and sustainability of the NHLS.

Corporate governance is concerned with structures and processes for decision-making, accountability, control, and behaviour beginning at the top level of the organisation. Corporate governance sets the tone for behaviour down to the lowest levels.

Legislative and Governance Framework

The NHLS is required to comply with, inter alia, the following:

- NHLS Act No.37 of 2000.
- General rules made in terms of S27 of the NHLS Act.
- National Health Act No. 61 of 2003.
- Companies Act No. 71. of 2008.
- Protocol on Good Corporate Governance in the Public Sector.
- Public Finance Management Act No.1 of 1999 (as amended).
- Treasury Regulations issued in terms of PFMA, No.1 of 1999.
- Preferential Procurement Framework Act No.5 of 2000.
- King IV Code on Good Corporate Governance; and
- Constitution of the Republic of South Africa, Act No.108 of 1996.

Role and Function of the Accounting Authority

The Board is the Accounting Authority of the NHLS in terms of the NHLS Act and PFMA.

The Board is scheduled to meet on a quarterly basis and is responsible for providing strategic direction and leadership, ensuring good corporate governance and ethics, determining policy, agreeing on performance criteria, and delegating the detailed planning and implementation of policy to the EXCO.

The Board should comprise twenty-two (22) members, including the Chief Executive Officer, Chairperson, and Vice Chairperson of the Board (twenty-one members are non-executive members and one member is an executive).

The Board evaluates and monitors management's compliance with policy and achievements against objectives. It follows a structured approach to delegation, reporting, and accountability, which includes reliance on various Board committees. The chairperson guides and monitors the input and contribution of the Board members.

The Board has unlimited access to professional advice on matters concerning the affairs of the economic entity, at the economic entity's expense. The Board has approved a Code of Corporate Practice and Conduct, which includes terms of reference that provide guidance to the Board members in discharging their duties and responsibilities.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as recommended by good corporate governance practices) and a standing invitee to meetings of all board committees.

The roles of Chairperson and Chief Executive are separate. Powers are segregated between the two offices, and responsibilities are divided between them so that no individual has unfettered discretion.

Remuneration and Human Resources Committee

In terms of the NHLS Act, the Remuneration and Human Resources Committee (RHRC) is a committee of the Board that assists it in performing its functions and exercising its powers. The committee reports on employment equity, employee turnover, skills development, and labour relations.

As part of the continued professional development programme, the Board invites corporate governance experts, as recommended by the Institute of Directors from time to time, to present topical matters and the latest developments in corporate governance practices.

In terms of good corporate governance practices, the RHRC has had four (4) sittings during the financial year.

REMUNERATION AND HUMAN RESOURCES COMMITTEE ("RHRC")

Attendance at the Remuneration and Human Resources Committee ("RHRC") for the year 1 April 2024 to 31 March 2025.
During the period under review, the Committee met four (4) times.

Names	24/04/2024	12/07/2024	25/09/2024	19/02/2025	Total
Mr J Mallett (Chairperson)	✓	✓	✓	✓	4
Prof T Mariba (Member)	✓	✓	Rs	Rs	2
Dr L Bamford (Member)	✓	✓	✓	✓	4
Dr M Phalane (Member)	✓	A	A	n/m	1
Mr K Nkoko (Member)	A	✓	✓	✓	3
Prof A Puren (Acting CEO)	✓	n/m	n/m	n/m	1
Prof K Mlisana	n/m	✓	✓	✓	3
Mr S Gelderbloem (Member)	n/m	n/m	n/m	A	0
Total number of meetings		**04**			

LEGEND

n/m= Not a member
✓ = Present
A = Apology
Rs = Recused

THE FINANCE COMMITTEE

The Finance Committee (FinCom) assists the Accounting Authority in fulfilling its ongoing oversight responsibilities regarding the financial practices and condition of the economic entity. This is achieved by reviewing the entity's financial policies and procedures, staying informed about its financial conditions, assessing fund requirements, and monitoring access to liquidity. Additionally, FinCom considers and advises the Accounting Authority on the entity's sources and uses of funds.

In line with good corporate governance practices, FinCom has convened on eight separate occasions during the financial year.

In terms of good corporate governance practices, FinCom has met on eight (8) separate occasions during the financial year.

Finance Committee

Attendance at the Finance Committee ("FinCom") for the year 1 April 2023 to 31 March 2024.

During the period under review, the Finance Committee met eight (8) times

Names	21/05/2024	19/07/2024	23/07/2024	25/09/2024	11/10/2024	20/11/2024	34/02/2025	27/02/2025	Total
Mr M Sachs (Chairperson)	A	✓	✓	✓	✓	✓	✓	✓	7
Mr N Buick (Member)	✓	✓	✓	✓	A	✓	✓	✓	7
Ms P Msimango (Member)	✓	A	A	✓	A	n/m	A	A	2
Dr M Phalane (Member)	A	A	✓	A	✓	n/m	n/m	n/m	2
Dr R Tshitangano (member)	n/m	n/m	n/m	n/m	n/m	n/m	✓	✓	2
Dr N Ramalivhana (Member)	✓	A	✓	✓	✓	✓	A	✓	6
Prof K Mlisana	✓	✓	✓	✓	✓	✓	✓	✓	8

Total number of meetings	08

LEGEND	n/m = Not a member ✓ = Present A = Apology

AUDIT AND RISK COMMITTEE ("ARC")

In accordance with Treasury Regulation 27 of the PFMA, the Board appointed an Audit and Risk Committee to assist in discharging its duties by reviewing and reporting on the governance responsibilities of both the Board and the NHLS. The Board has approved the terms of reference for the Audit and Risk Committee, including its duties and functions, composition, and modus operandi.

Attendance at the Audit and Risk Committee ("ARC") for the year 1 April 2024 to 31 March 2025.

During the period under review, the Committee met seven (7) times.

Names	17/04/2024	26/04/2024	19/07/2024	19/09/2024	08/10/2024	20/11/2024	28/02/2025	Total
Mr K Nkoko (Chairperson)	✓	✓	✓	✓	✓	✓	✓	7
Mr N Buick (Vice Chairperson)	✓	✓	✓	✓	A	✓	✓	6
Dr N Ramalivhana (member)	✓	✓	A	✓	✓	A	n/m	4
Mr J Mallett (member)	✓	✓	✓	✓	✓	✓	✓	7
Prof K C Household (member)	n/m	n/m	n/m	n/m	n/m	n/m	✓	1
Adv M Majodina (member)	n/m	n/m	✓	✓	✓	✓	✓	5
Prof K Mlisana (CEO)	n/m	n/m	✓	✓	✓	✓	✓	5
Prof A Puren (Acting CEO)	✓	✓	n/m	n/m	n/m	n/m	n/m	2

Total number of meetings	07

LEGEND	
	n/m = Not a member ✓ = Present A = Apology

JOINT AUDIT AND RISK COMMITTEE ("ARC") AND FINANCE COMMITTEE ("FINCOM")

Attendance at the Joint Audit and Risk Committee ("ARC") and Finance Committee ("FinCom") for the year 1 April 2024 to 31 March 2025.
During the period under review, the Committee met four (4) times.

Names	27/05/2024	19/08/2024	25/10/2024	05/12/2024	Total
Mr Michael Sachs (Chairperson FinCom)	A	✓	A	✓	2
Mr Koena Nkoko (Chairperson ARC)	✓	✓	✓	✓	4
Mr Nick Buick (FinCom /ARC member)	✓	✓	✓	A	3
Dr Naledzani Ramalivhana (FinCom / ARC member)	✓	✓	✓	A	3
Mrs Penelope Msimango (FinCom member)	✓	✓	A	A	2
Mr Jonathan Mallett (ARC member)	✓	✓	✓	✓	4
Prof K Mlisana (CEO)	✓	✓	✓	✓	4

Total number of meetings	04

LEGEND	✓ = Present A = Apology

GOVERNANCE, SOCIAL AND ETHICS COMMITTEE ("GSEC")

The Committee is established to assist the Board with the oversight of corporate governance, social and ethical matters and to ensure that the organisation is and remains a committed, socially responsible corporate citizen. The commitment to sustainable development involves ensuring that the organisation conducts business in a manner that meets existing needs without knowingly compromising the ability of future generations to meet their needs. The Committee's primary role is to supplement, support, advise and provide guidance on the effectiveness or otherwise of management's efforts in respect of governance, social and ethics and sustainable development related matters, which inter alia, include the following:

a. Safety.
b. Health and wellness, including occupational hygiene.
c. Environmental management.
d. Climate change.
e. Ethics management.
f. Corporate social investment.
g. Mine community development.
h. Stakeholder engagement; and
i. The protection of company assets.

The Committee shall:

a. Review and approve the policy, strategy, and structure to manage governance, social and ethics issues in the organisation.
b. Oversee the monitoring, assessment and measurement of the organisation's activities relating to social and economic development, including the organisation's standing in terms of the goals and purposes of:

    i. The 10 principles set out in the United Nations Global Compact Principles.
    ii. The Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption.
    iii. The Employment Equity Act.
    iv. The Broad-Based Black Economic Empowerment Act.

c. Oversee the monitoring, assessment, and measurement of the organisation's activities relating to good corporate citizenship, including the organisation's promotion of equality, prevention of unfair discrimination, addressing of corruption, contribution to the development of the communities in which its activities are predominantly conducted or within which its services are predominantly marketed, and record of sponsorship, donations, and charitable giving.
d. Oversee the monitoring, assessment, and measurement of the organisation's activities relating to the environment, health, and public safety, including the impact of the organisation's activities and of its services.
e. Oversee the monitoring, assessment, and measurement of the organisation's stakeholder relationships, including its advertising, public relations, and compliance with consumer protection laws, to ensure that the organisation adheres to its values.
f. Oversee the monitoring of the organisation's labour and employment, including its standing in terms of the International Labour Organization Protocol on decent work and working conditions, the organisation's employment relationships, and its contribution towards the educational development of its employees.
g. Review the adequacy and effectiveness of the organisation's engagement and interaction with its stakeholders.
h. Consider substantive national and international regulatory developments as well as practices in the fields of social and ethics management.
i. Review and approve the policy and strategy pertaining to the organisation's programme of corporate social investment.
j. Determine clearly articulated ethical standards (Code of Ethics) and ensure that the organisation takes measures to achieve adherence to these in all aspects of the business, thus achieving a sustainable ethical corporate culture within the organisation.
k. Monitor that management develops and implements programmes, guidelines, and practices congruent with its social and ethics policies.
l. Review the material risks and liabilities relating to the provisions of the Code of Ethics and ensure that such risks are managed as part of a risk management programme.
m. Obtain external assurance of the organisation's ethics performance on an annual basis, and facilitate the inclusion in the Integrated Report of an assurance statement related to the ethics performance of the organisation.
n. Ensure that management has allocated adequate resources to comply with social and ethics policies, codes of best practice, and regulatory requirements.

During the period under review, the Committee met four (4) times. The Committee had to meet more often as it had to deal with matters relating to allegations of irregularities concerning the procurement of PPEs and related disciplinary proceedings against those implicated.

The attendance of the GSEC for the period under review was as follows:

GOVERNANCE, SOCIAL AND ETHICS COMMITTEE

Attendance at the Governance, Social and Ethics Committee ("GSEC") for the year 1 April 2024 to 31 March 2025.
During the period under review, the Committee met five (5) times.

Names	03/05/2024	08/05/2024	15/05/2024	05/09/2024	18/09/2024	Total
Prof Eric Buch (Chairperson: Board).	✓	✓	✓	✓	✓	5
Prof Jeffrey Mphahlele (Vice-Chairperson: Board and Chair RIC).	✓	✓	✓	✓	A	4
Prof Thanyani Mariba (Chairperson: NAPC).	✓	✓	A	Rs	Rs	2
Prof T Mashamba-Thompson (Chairperson: RIC).	n/m	n/m	n/m	n/m	✓	1
Mr J Mallett (Chairperson: RHRC.	✓	✓	✓	✓	✓	5
Mr Michael Sachs (Chairperson FinCom).	A	A	A	✓	✓	2
Mr Koena Nkoko (Chairperson ARC).	✓	✓	✓	✓	✓	5
Prof Koleka Mlisana (CEO).	✓	✓	✓	✓	✓	5
Total number of meetings	**05**					

LEGEND

n/m= Not a member
✓ = Present
A = Apology
Rs = Recused

The National Academic and Pathology Committee

The functions of the committee shall be to facilitate by formulating policy about:

a. The conduct of basic research in association or partnership with any tertiary educational institution.
b. Cooperation with persons and institutions undertaking basic research in the Republic, and in other countries, by the exchange of scientific knowledge and the provision of access to the resources and specimens available to the Service.
c. participation in joint research operations with departments of State, universities, universities of technology, colleges, museums, scientific institutions and other persons.
d. Cooperation with educational authorities and scientific or technical societies or industrial institutions representing employers and employees, respectively, for the promotion of the instruction and training of pathologists, technologists, technicians, scientists, researchers, technical experts and other supporting personnel in universities, universities of technology, and colleges; and

e. any other matter that may be referred to the committee from time to time by the Board.

As some of its duties, the committee shall monitor and manage the agreements entered between the Service and each tertiary education institution, including:

f. The development of policies and guidelines to determine the number of registrars for each discipline and the distribution of the registrar posts between the laboratories associated with each university health science faculty.
g. The development of policies and guidelines to determine the number of technologist training posts for each discipline and the distribution of the posts between the laboratories identified for this purpose.
h. Proposing guidelines relating to part-time, honorary and guest appointment of employees of the Service by tertiary education institutions.
i. Monitor the guidelines for consultant appointments of personnel of tertiary education institutions in the Service as determined by the agreement between the Service and the universities.
j. Ensuring that the process of continuing professional development programmes provided by tertiary education institutions in the Service is used by Service employees to comply with Career Programme Development requirements
k. Reviewing and managing arrangements for research being undertaken by tertiary education institutions in the laboratories of the service.
l. Advising the executive management on matters relating to indemnity for employees of the service or a tertiary education institution working between the facilities of both partners.
m. Advising the executive management committee on matters relating to the discipline of personnel of the Service or a tertiary education institution working between the facilities of both partners.
n. Advising the executive management committee on financial matters, such as subsidies, bursaries and payment for academic-related services.
o. Monitoring, evaluating and managing service level agreements and performance measures.
p. Advising, monitoring and evaluating the resolution of disputes if they should arise.
q. Ensuring the integrity of the process of managing the partnerships.
r. Ensuring that professional ethics are adhered to; and
s. Ensuring that the Service complies with the requirements of the Health Professionals Council in respect of registration requirements, ethics and conduct.

NATIONAL ACADEMIC PATHOLOGY COMMITTEE ("NAPC")

Attendance at the National Academic Pathology Committee for the period from 1 April 2024 to 31 March 2025.

During the period under review, the Committee met once (1).

Names	09/05/2024	Total
Prof T Mariba (Chairperson)	A	0
Prof J Mphahlele (Chairperson of Sub Committee 1)	✓	1
Prof M Kgomo (Member)	✓	1
Prof T Mashamba-Thompson (Member)	✓	1
Mr J Mallett (Member)	✓	1
Prof K Mlisana (CEO)	✓	1

Total number of meetings	01

LEGEND	✓ = Present A = Apology

Research and Innovation Committee

The committee has been established as a vehicle for ensuring that the NHLS research mandate receives attention at the Board level. Members of the Research and Innovation Committee may be called on from time to time to interact with external stakeholders and funding agencies.

The role of the Research and Innovation Committee is to advise the NHLS Board and the NAPC on research policies, strategies, initiatives, and innovation that promote the research interests of the organisation and that nurture and enable high-quality research.

The objectives of the Research and Innovation Committee are aligned with those stipulated in the South African Health Research Policy of 2001, the National Department of Health's 10-point plan, and the National Health Research Committee (NHRC).

NATIONAL ACADEMIC PATHOLOGY COMMITTEE ("NAPC")

Attendance at the National Academic Pathology Committee for the period from 1 April 2024 to 31 March 2025.

During the period under review, the Committee met once (1).

Names	08/05/2024	11/09/2024	06/03/2025	Total
Prof J Mphahlele (Chairperson)	✓	✓	n/m	2
Prof Ti Mashamba – Thompson (Vice Chairperson)	✓	✓	A	2
Dr N Ramalivhana (Member)	A	A	A	0
Dr S Martin (Member)	✓	✓	✓	3
Dr P Dibakoane- Ntjana	n/m	n/m	✓	1
Prof K Mlisana (CEO)	✓	✓	✓	3
Total number of meetings	**03**			

LEGEND

n/m= Not a member
✓ = Present
A = Apology
Rs = Recused

The Executive and Operational Committee

In terms of the NHLS Act, the Accounting Authority has appointed an Executive Management Committee (EXCO), which consists of:
a) the Chief Executive Officer, who acts as chairperson; and
b) Executive Managers within the NHLS and its operational units.

The EXCO is responsible for the management of the NHLS in accordance with the policy of the NHLS and assists with the performance of the Accounting Authority's functions and the exercise of its powers.

Attendance at the Executive / Operational Committee for the year 1 April 2024 to 31 March 2025.

The Committee sixteen (16) times during the period under review, and the attendance is as follows:

EXECUTIVE / OPERATIONAL COMMITTEE ("EXCO")

Names	08/04/2024	16/04/2024	29/04/2024	13/05/2024	14/05/2024	12/06/2024	18/06/2024	06/08/2024	26/09/2024	07/10/2024	08/10/2024	19/11/2024	04/12/2024	14/01/2025	10/02/2025	18/02/2025	Total
Prof K Mlisana (Chairperson)	✓	A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15
Dr C Oliphant (COO)	✓	✓	A	✓	✓	✓	✓	✓	A	A	✓	✓	✓	✓	✓	✓	13
Ms P Mayekiso (CFO)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Mr S Hlongwane (CIO)	✓	✓	✓	✓	✓	✓	✓	✓	A	A	n/m	n/m	n/m	n/m	n/m	n/m	08
Dr Spo Kgalamono (Director NIOH)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Prof Adrian Puren (Executive Director, NICD)	✓	✓	✓	✓	✓	✓	✓	✓	✓	A	A	✓	✓	✓	✓	✓	14
Ms M Mkhwanazi (HR Executive Manager)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Prof J George (Acting Executive Manager AARQA)	n/m	n/m	n/m	n/m	n/m	n/m	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	09
Ms Tebogo Kekana (Company Secretary	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	✓	✓	✓	03

Total number of meetings	16

LEGEND

n/m = Not a member
✓ = Present
A = Apology

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is pleased to present its report for the financial year that ended on 31 March 2025.

Audit and Risk Committee's Responsibility

The committee reports that appropriate formal terms of reference were adopted in its Charter, in line with the requirements of Section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27. The committee further reports that its affairs were conducted in compliance with this Charter.

The Effectiveness of Internal Controls

The committee reviewed various reports prepared by both internal and external auditors to assess the adequacy and effectiveness of the internal control environment as well as the Annual Financial Statements (AFS). The assessment is based on the following three (3) parameters: **Satisfactory,** where business process controls were reported as both adequate and effective; **Weak**, if some controls within the business process were reported as ineffective; and **Unsatisfactory**, if some controls within the business process were found to be inadequate and ineffective. The outcomes of the committee's assessment are depicted in the table below and are based on eight (8) business processes.

No.	Business process	Control assessment
01	Compliance	☹
02	Financial health	☺
03	Financial management	☹
03	Human resources	😐
05	Information technology	☹
06	Procurement and contract management	☹
07	Performance management	☹
08	Oversight and monitoring	😐

LEGEND ☺ Satisfactory 😐 Weak ☹ Unsatisfactory

The committee notes with great concern the business processes that are weak and unsatisfactory as well as management's failure to resolve previously reported audit findings. The Committee obtained commitment from management that identified control deficiencies will be resolved to improve the control environment. The Internal Audit will conduct follow-up audits to establish whether corrective actions have been implemented by management and provide feedback to the Committee.

Internal Audit

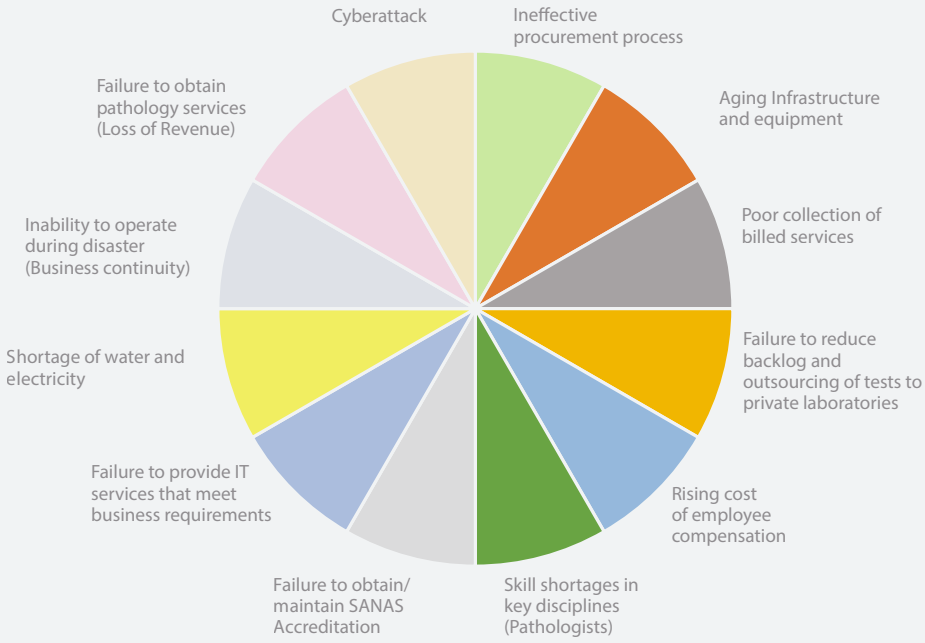
The committee is satisfied with the effective role played by the Internal Audit within the organisation. The committee has reviewed internal audit reports and indicated the need for management to address the reported findings. The reports reviewed include, amongst others:

- Tender Compliance;
- Laboratory Operational Audits;
- Payroll and Human Resources;
- Audit of Performance Information;
- Accounts Receivable and Revenue;
- Procurement and Accounts Payable;
- Information Technology General and Application Controls;
- Cybersecurity; and
- Follow-up on previously reported audit findings.

Risk Management

The NHLS has an Enterprise Risk Management (ERM) framework designed to assist the organisation manage anticipated risks and increase the likelihood to achieve its objectives. The responsibility for risk management resides with management, while the Board plays an oversight role. The Board discharges its responsibility through the Audit and Risk Committee (ARC).

The NHLS has a dedicated Risk Management and Internal Audit Department that coordinates the implementation of the risk management strategy. Risk management processes are embedded throughout the organisation with strategic and operational risk assessment workshops facilitated.



The committee believes that material risks have been identified, management actions and mitigation plans were provided. In exercising oversight, the committee received progress updates on the implementation of risk mitigation action plans.

Fraud and Corruption

Anonymous tip-off platforms for reporting fraud, corruption, and unethical behaviour were operational throughout the financial year. These platforms are administered by an independent service provider. The reported allegations were investigated, and final investigation reports with findings, conclusions, and recommendations were presented to the committee. The committee obtained a commitment from management that recommendations from the investigation reports were being implemented.

During the financial year in June 2024 NHLS experienced cyber fraud which resulted in unauthorised access to systems, networks, database, critical applications. The Committee obtained assurance from management that IT security measures have been upgraded to prevent future cyber security breaches.

Competency of the Finance Department

The committee acknowledges that the Finance department has capacity challenges. Management has committed to remedying the identified gaps to strengthen the skills and competency of the Finance Department.

Evaluation of the Group Annual Financial Statements

During the reporting year, the committee has reviewed the following:

- The audited Group Annual Financial Statements;
- Management report from external auditors;
- Accounting policies and practices;
- Compliance with legal and regulatory provisions; and
- Significant adjustments to Group Annual Financial Statements.

External Auditor's Report

The committee notes with grave concern the Disclaimer Opinion issued on the Financial Statements for the year ended 31 March 2025. This outcome reflects serious weaknesses in financial management, internal controls and governance. The committee regards this as damaging the organisations reputation and stakeholder confidence. The committee concurs with the external auditors' report and is of the opinion that the audited Group Annual Financial Statements should be accepted. The committee notes the potential risk to the financial health of the organisation emanating from provincial departments of health budget cuts resulting in failure to meet their obligations and the National Treasury Instruction number 03 of 2025-2026 which threatens the retention of the current surpluses. Moreover, having had regard to the NHLS's statutory and other responsibilities as well as all factors that may have an impact on the integrity of the financial statements, the committee accepted the application of the going concern premise and recommended that the NHLS board approve the Group Annual Financial Statements.

Mr Koena Nkoko
Chairperson: Audit and Risk Committee
National Health Laboratory Service
Date: 15/09/2025

PART D

Human Resources

PART D: Human Resources

Ms Makgopelo Mkhwanazi

Executive Manager: Human Resources

Executive Summary

In the 2024-2025 financial year, the National Health Laboratory Service (NHLS) invested approximately R5.58 billion in personnel costs, underpinning a skilled and diverse workforce of 8 299 employees. This investment translates to an average personnel cost of R672 770 per employee, reflecting the NHLS' commitment to attracting and retaining qualified professionals essential for delivering high-quality health services.

A significant portion of the personnel expenditure is concentrated within the skilled and professionally qualified salary bands, accounting for approximately 72% of total personnel costs. The NHLS strategically prioritises maintaining technical excellence and operational capacity, which are crucial for fulfilling its public health mandate.

Performance management remains a cornerstone of the NHLS human capital strategy. In 2024-2025, the organisation awarded R5.85 million in performance rewards, representing 1.21% of total personnel costs across all employee categories. This inclusive approach to incentives ensures recognition of excellence at all levels, reinforcing motivation and productivity. Notably, the NHLS offers a structured salary progression system based on performance ratings, with additional once-off payments for high performers, thereby incentivising continued professional growth. The NHLS also prioritised workforce development and capacity building. Over 5 800 employees participated in various training programmes, including short courses, workshops, and continuous professional development initiatives. Furthermore, 665 employees benefited from bursaries aimed at advancing formal higher education qualifications. These efforts align with the organisation's mandate to enhance workforce capability, mitigate operational risks, and ensure compliance with legislative requirements. The NHLS surpassed its statutory training target by achieving 64% workforce participation, exceeding both the HWSETA and internal targets for the year.

Despite these achievements, the NHLS faces challenges in workforce stability and capacity. The overall vacancy rate stands at 10.7%, with particularly high shortages in critical areas such as senior management (22.6%) and professionally qualified roles (16.3%). These gaps pose risks to strategic leadership, decision-making, and the organisation's ability to sustain service quality and operational continuity. Addressing these vacancies through targeted recruitment and retention initiatives is therefore a strategic priority.

Staff turnover during the period was predominantly due to the expiry of fixed-term contracts (74.06%), reflecting the nature of learnerships and development programmes designed to provide workplace exposure and skills development. Voluntary resignations accounted for 15.14% of separations, often driven by career advancement opportunities and remuneration considerations. The NHLS continues to leverage exit interviews and other mechanisms to understand attrition drivers and inform responsive retention strategies.

Disciplinary cases were managed fairly and in accordance with internal policies and legislation. The organisation maintains a strong focus on employment equity, though challenges persist. Representation of persons with disabilities remains significantly below the legislative target, currently at 0.4% compared to the 2% target. To address this, the NHLS is intensifying efforts through targeted recruitment and learnership programmes designed to promote inclusivity and diversity.

Looking ahead, the NHLS is committed to comprehensive workforce planning aimed at closing critical vacancies, enhancing professional development pathways, and strengthening diversity and inclusion frameworks. These strategic initiatives are essential to sustaining organisational resilience, ensuring service excellence, and fulfilling the NHLS's vital role in South Africa's public health landscape amid evolving sector demands.

HUMAN RESOURCES OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources: all financial amounts must agree with those disclosed in the annual financial statements. Where considered appropriate, provide reasons for variances.

Personnel-related expenditure

Table 1: Personnel Cost by programme/ activity/ objective

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Total salary bill	12 944 27	5 580 706	43%	8 299	672 77

The NHLS's total personnel expenditure for the reporting period was approximately R5.8 billion, supporting a workforce of 8 299 employees. The average cost per employee, including all salary and benefits components, was approximately R672 770. This investment in human capital remains critical to sustaining the NHLS's mandate and delivering quality health services.

Table 2: Performance Rewards

Programme//activity/ objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	971 181,85	19 423 636,96	5%
Senior Management	118 804,51	11 880 451,04	1%
Professional qualified	1 313 102,53	129 385 763,91	1,01 %
Skilled	2 079 651,75	195 476 368,48	1,06%
Semi-skilled	1 278 462,82	118 734 803,22	1,08%
Unskilled	89 948,19	8 295 702,52	1,08%
TOTAL	**5 851 151, 65**	**483 199 726,13**	**1,21%**

In the 2024-2025 financial year, the NHLS awarded R5.85 million in performance rewards, representing approximately 1.21% of the total personnel expenditure of R483.2 million across the reported categories. These rewards were allocated across all job bands, from unskilled to top management, reflecting the organisation's inclusive approach to performance recognition.

NHLS offers a 1.5% salary adjustment as performance pay progression for employees who achieve an average performance rating of 3. This amount is not included in the table above, as it forms part of the salary adjustment. Employees who score 4 and 5 receive an additional once-off payment of 1% and 1.5%, respectively, the sum of which is reflected in the table above. Top management does not participate in performance pay progression; they are subject to the performance incentive as outlined in their performance contracts.

Most personnel expenditures are concentrated in the skilled and professional qualified bands, which together account for approximately 72% of the total personnel costs. These categories also received the largest share of performance rewards in absolute terms, reinforcing the NHLS's focus on retaining technical expertise and critical operational staff.

The average personnel cost per employee continues to vary by category, driven by differences in complexity, qualifications, and responsibilities. While professional qualified employees average over R1.25 million annually, operational staff in the skilled and lower bands typically fall between R100,000 and R160,000 per annum.

This distribution of performance rewards is consistent with NHLS's human resources strategy: to balance recognition of high-performing leadership and professionals with equitable incentives for the broader workforce. The approach ensures motivation, retention, and productivity across all operational levels, which are essential for sustaining the organisation's service excellence and future readiness.

Table 3: Training costs

Programme/activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avarage training cost per employee
Non-PIVOTAL* NHLS employees programmes (short courses. workshops. seminars. congresses and continuous professional development interventions)	R3 019 761 245.70	R5 063 591,00	0.17%	5,876	R862.00
PIVOTAL programmes for NHLS employees (higher education qualifications)	R379 289 757.13	R37 788 370.00	9.96%	665	R56 824.00
PIVOTAL programmes for non-employees participating in learnerships. on-the-job training and workplace experience Work Integrated Learning (WIL) This is partially funded by HWSETA (18 Months contract)	R539 970.00	R320 673,00	59.39%	30	R5 344,55
PIVOTAL programmes for non-employees participating in learnerships. on-the-job training and workplace experience. Graduate Internship (24 Months)	R413 977.00	R4 094 50.84	82.38%	23	R177932.34
PIVOTAL programmes for non-employees participating in learnerships. on-the-job training and workplace experience **(137 Diploma+ 135 BHSc for 12 months)**	R738 172.44	R37 264 613.04	50.48%	269	R138 530.16
PIVOTAL programmes for non-employees participating in learnerships. on-the-job training and workplace experience **(239 WIL for 6 months)**	R0.00	R12 585 701.76	0%	239	R52 659.84
TOTALS	**R3 400 743.13**	**R97 117.45**	**202.38%**	**7.102%**	**R432 152.89**

Training Costs

The NHLS fulfils its mandate to analyse the skills needs of its workforce and prioritise skills development by implementing the annual WSP. The organisation provides a variety of learning opportunities in the form of short programmes, in-service conferences and conventions, and continuous professional development programmes to mitigate risk, ensure business continuity, improve service quality and meet regulatory requirements.

While the HWSETA legislation target and NHLS APP are both 60%. the NHLS reached 64% in the 2024-2025 financial year. In the year under review. 5.876 employees participated in conferences. workshops. seminars. on-the-job training. and short learning programmes. both technical and non-technical. This figure represents the number of employees who receive training. NHLS employees who want to further their professional development through formal degrees were awarded a total of 665 bursaries. Regarding the cost containment that was taking place. the NHLS has complied with the statutory obligation by obtaining 64%.

Our goal for the upcoming financial year is to fulfil both the statutory requirement and the 60% target of the NHLS APP. This will be achievable if the procurement department succeeds in finding outside service providers to organise the external courses requested by employees [1].

Our goal for the coming financial year is to fulfil both the legal requirement and the 60% target of the NHLS APP. This will be achievable if the procurement department succeeds in finding external service providers to organise the external courses requested by employees

A total of 239 non-employee learners were enrolled on the six-month Work Integrated Learning (WIL) programme. Although no staff expenditure was recorded, the NHLS invested 12.59 million in training-related costs, resulting in an average training cost of 52 659.84 per learner. This represents a significant investment in the development of future skilled labour for the health sector.

Table 4: Employment and vacancies

Programme/activity/ objective	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Top Management	7	10	6	4	40%
Senior Management	38	53	41	12	22,6%
Professional qualified	844	1128	944	184	16,3%
Skilled	2990	3413	3238	175	5,1%
Semi-skilled	2792	3248	2777	471	14,5%
Unskilled	794	841	833	8	0,95%
Students	718	599	460	139	23,2%
TOTAL	**8181**	**9293**	**8299**	**997**	**10,7%**

While the organisation maintains a relatively healthy overall vacancy rate of 10.7%, a closer examination reveals that certain critical areas require urgent attention. Notably, the senior management and professionally qualified categories reflect elevated vacancy rates of 22.6% and 16.3%, respectively. These high vacancy levels pose significant risks to the organisation's ability to effectively execute strategic initiatives and deliver essential services.

Vacancies within senior management can lead to gaps in leadership, slower decision-making, and reduced capacity for oversight and guidance across departments. Similarly, shortages in professionally qualified roles may affect the availability of technical expertise and the professional skills required to meet organisational objectives and maintain high service standards.

To mitigate these risks, it is essential to implement robust workforce planning processes that accurately forecast staffing needs and identify potential talent shortages before they become critical. Talent acquisition efforts should be intensified, focusing on attracting qualified candidates through competitive compensation, strong employer branding, and targeted recruitment campaigns.

Furthermore, retention strategies must be strengthened to reduce turnover, particularly among high-value employees in these key categories. This may include offering career development opportunities, performance incentives, and initiatives to enhance the overall work environment.

By addressing these areas proactively, the organisation will be better positioned to maintain a balanced and capable workforce, ensuring continuity in leadership and the consistent delivery of quality services.

Table 5: Employment changes

Salary Band	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top Management	7	1	2	6
Senior Management	38	10	11	41
Professional qualified	844	89	93	944
Skilled	2990	408	674	3238
Semi-skilled	2797	745	870	2777
Unskilled	1512	94	106	1293
TOTAL	**8181**	**1347**	**1519**	**8299**

During the reporting period, the organisation experienced both recruitment and attrition across all salary bands. Employment at the beginning of the period stood at 8 181 employees. Over the period, there were 1 347 new appointments and 1 519 terminations, resulting in a net increase of 118 employees and closing the period with a total workforce of 8 299.

The skilled category saw the largest increase in headcount, with 408 appointments and 674 terminations, ending the period with 3 238 employees an increase from 2 990. The Semi-skilled and Unskilled categories both experienced a net decline in employee numbers due to higher termination rates compared to appointments.

The Professionally Qualified band experienced moderate turnover, with 89 appointments and 93 terminations, but still ended with a higher headcount of 944, up from 844. Notably, Senior Management saw a slight net increase from 38 to 41 employees, while Top Management decreased from 7 to 6 employees, reflecting two terminations and only one appointment.

These movements indicate targeted recruitment efforts, particularly in critical skills categories, while also highlighting turnover challenges in some operational bands.

Table 6: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	21	1.38%
Resignation	230	15,14%
Dismissal	50	3,29%
Retirement	88	5,79%
Ill health	5	0,33%
Expiry of contract	1125	74,06%
Other	0	0,00%
TOTAL	**925**	**100%**

The most significant reason for staff departures during the reporting period was the expiry of fixed-term contracts, accounting for 7.06% of all separations. This trend is primarily attributed to the conclusion of learner contracts, which are typically time-bound and aligned to specific training or development objectives. While these appointments are designed to provide practical workplace exposure and skills development, their short-term nature contributes significantly to overall staff turnover figures.

Voluntary resignations accounted for 15.14% of all separations. Common reasons cited include the pursuit of career advancement, improved remuneration, and better work-life balance. To address this, the NHLS conducts exit interviews to understand employee motivations and inform targeted retention strategies aimed at improving engagement, development pathways, and overall job satisfaction. 5.79% of staff exits were due to retirements, reflecting natural attrition. The NHLS has adopted succession planning initiatives to ensure the transfer of institutional knowledge and maintain leadership and technical continuity across key functions.

Dismissals accounted for 3.29%, primarily stemming from disciplinary actions. All such cases are managed in alignment with internal HR policies and labour legislation, ensuring due process, fairness, and compliance.

Sadly, 1.38% of staff exits were due to death. The NHLS provides compassionate support through its Employee Assistance Programme (EAP), offering both emotional and logistical help to colleagues and bereaved families.

Only 0.33% of departures were attributed to ill health, with no other unspecified reasons reported in this cycle.

Table 7: Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	17
Written Warning	16
Final Written warning	26
Dismissal	45
Not Guilty	4
Pending Cases	28
TOTAL	**138**

Table 8a: Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	3	1	1	0	0	0	1
Senior Management	10	19	0	2	5	5	3	4
Professional qualified	147	273	25	53	39	38	74	76
Skilled	779	952	68	97	39	43	39	77
Semi-skilled	789	1035	78	104	34	37	6	66
Unskilled	328	336	7	20	0	4	0	15
TOTAL	**2053**	**2618**	**179**	**277**	**117**	**127**	**122**	**234**

The Department of Employment and Labour (DEL) provides statistics of the economically active population demographics annually, as per race and gender, to align all recruitment processes to achieve the provisions of the Employment Equity Act, No. 55 of 1998. African males and Coloured males remain our employment equity targets at all occupational levels. Indian and White males are the most over-represented when compared to the economically active population demographics. The skilled level remains under-represented in all male races and gender groups.

Table 8b: Equity Target and Employment Equity Status

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	1	1	0	0	0	0
Senior Management	10	15	1	2	5	5	5	5
Professional qualified	321	395	46	40	109	104	148	149
Skilled	1787	1717	158	157	141	137	164	173
Semi-skilled	1497	1478	189	182	38	39	56	58
Unskilled	480	475	22	28	0	1	0	9
TOTAL	**4099**	**4083**	**417**	**410**	**293**	**286**	**373**	**394**

African females are the most under-represented group in senior management and at the professionally qualified level. Indian and White females are over-represented at the senior and professionally qualified levels. All female race and gender groups are over-represented at the skilled level.

Table 8c: Employees with disabilities

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	1	0	1
Senior Management	0	3	0	3
Professional qualified	1	4	2	15
Skilled	3	5	11	15
Semi-skilled	2	5	5	10
Unskilled	2	5	4	6
TOTAL	**8**	**23**	**22**	**41**

The representation of people with disabilities is currently at 0.4%, which is significantly below the compliance target of 2%. Programmes such as learnerships or internships and targeted recruitment are geared towards addressing this underrepresentation.

PART E

Financial Information

PART E: Financial Information

Ms Pumeza Mayekiso

Chief Financial Officer

Introduction

The 2024/25 financial year was characterised by the National Health Laboratory Service (NHLS)'s continued commitment to strengthening its financial position. Despite a decrease in revenue from R12.4 billion in 2023/24 to R11.9 billion in 2024/25, the organisation remained focused on financial sustainability, ensuring that resources were allocated to support strategic priorities. Moreover, the NHLS has maintained a strong financial position for the year ended 31 March 2025. As of 31 March 2025, the provincial Departments of Health debt payable amounted to R9.2billion (2023/24 R7,8 billion). The majority of the debt is owed by KwaZulu-Natal and Gauteng provinces and constitutes R6.3billion of trade receivables. The NHLS will continue to engage the provinces regarding the timely payments of debt in arrears.

The NHLS sustained an unqualified audit opinion with findings for four consecutive financial years. However, this trend was interrupted in the 2023/24 financial year with the issuance of a qualified audit opinion, followed by a further regression to a disclaimer audit opinion in 2024/25. Management has already commenced with the process of compiling action plans which address the underlying root causes of the audit findings and corrective action thereof with the aim to improve the audit outcomes in the following financial year. It must be noted that 2023/24 external audit of was delayed due to the cyber-attack that was experienced by the NHLS and the NHLS only received the final audit report in December 2024. As a result of the delayed finalisation of the audit, the NHLS had a limited period to implement its audit action plan emanating from the 2023/24 audit. Notwithstanding the time limitation, the implementation continued into the 2024/25 financial year, and the impact thereof will start being visible during the 2025/26 financial year. Given the quantum and in some areas the complexity of the findings, management expects to see a steady decline in the material audit findings over future financial years. The NHLS staff remains committed to turning the tide; and achieving an unqualified audit opinion remains a priority of the organisation with the ultimate goal of achieving a clean audit opinion by the 2030 financial year.

Overview: Statement of Financial Position

The NHLS' assets increased from R11.8 billion to R12.1 billion. Cash and cash equivalents increased marginally from R5.7 billion to R5.8 billion in the current year, this is an indication that the NHLS continues to maintain its strong cash position. Current liabilities increased from R1.7 billion to R2.1 billion, mainly due to an increase in payables from exchange transactions, employee benefit obligations, and provisions. The NHLS has maintained strong financial viability and enhanced its cash reserves. The liquidity ratio declined from 6:1 in the prior year to 4.9:1 in 2024/25. However, the organisation remains capable of meeting its obligations as they fall due.

Overview: Statement of Financial Performance

The NHLS generated a deficit of R173 million for the 2024/25 financial year. This is mainly due to the GRAP 104 impairment adjustment that was processed during the current financial year. This adjustment is due to the provincial departments of health's inability to pay the NHLS for services rendered in full and timeously. The historic debt remains an area of concern to the NHLS. The impact of the cyber-attack led to a reduction in the number of tests conducted. Furthermore, no tariff adjustment was implemented during the current financial year.

The organisation's revenue decreased from R12.4 billion to R11.9 billion (a 4% decrease) due to a reduction in the number of tests conducted during the cyber-attack. Revenue from rendering services accounts for 94% (R11 billion) of total revenue. Costs of sales remained stable year on year. Labour costs constituted 53% of the cost of sales. Direct material costs constituted 44% of the cost of sales, compared to 47% in the previous financial year.

Cash Flow

A net cash inflow of R123 million was received in the 2024/25 financial year. This is mainly attributable to a net cash inflow from operating activities. Suppliers were paid R7.1 billion during the year, compared with R6.4 billion in the prior year, with the amount paid in relation to employee costs amounting to R5.4 billion. A net cash outflow from investing activities of R410 million was also incurred. This is mainly attributable to the purchase of laboratory equipment.

Going Concern

Given its significance in the public and private health sectors and its ability to deliver affordable pathology health services to the South African public, the Department of Health has neither the intention nor the need to liquidate or curtail the scale of the NHLS. Management considered a wide range of factors in determining whether the organisation is a going concern. These factors include its current and expected performance as a Schedule 3A public entity and the likelihood of future government funding. For the financial year under review, the NHLS has enhanced cash and cash equivalents at levels that ensure continuity of service.

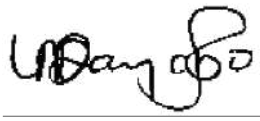
During the 2024/25 financial the Debtors collection remained within an acceptable level, though there has been a reduction from the amount that was received in the previous financial year. The reduction in the amount received is mainly attributable to the budget cuts, and the NHLS will be closely monitoring this in the coming financial years. Albeit the NHLS remains in a strong and stable financial cash position. The separate and consolidated annual financial statements were therefore prepared based on the accounting policies applicable to a going concern. In line with the South African Standards of Generally Recognized Practice, this basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities, contingent obligations, and commitments will occur in the ordinary course of business. This specifically assumes that the debt owed by provinces will continue to be adequately serviced.

Maintenance of Financial Control Systems

The Board is ultimately responsible for systems of internal financial control within the NHLS and places considerable importance on maintaining a strong control environment. Based on assessments of internal and external audits. Internal and external audits have highlighted certain areas where internal controls must be strengthened, and management is committed to addressing these.

Acknowledgements

It is imperative to express appreciation to the Board for the strategic direction. In addition, the CEO's leadership has proven invaluable in carrying out the entity's mandate. The dedication of the NHLS' management and staff has brought the true spirit of service to bear.



Ms Pumeza Mayekiso CA (SA)
Chief Financial Officer

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Healthcare, research and training
Board Members	Prof Jeffrey Mphahlele (Chairpeson) Prof KG Household (Vice-Chairperson) Prof Koleka Mlisana (CEO) Dr Mahlane Kenneth Phalane Dr Lesley Bamford Dr Naledzani Ramalivhana Dr Siseko Martin Mr Jonathan Mallett Mr Koena Joseph Nkoko Mr Michael Sachs Mr Nick Buick Mrs Nicolene van der Westhuizen Ms Thandi Msimango Prof Mpho Klass Kgomo Adv Matefo Majodina Prof Tivani Mashamba-Thompson Ms Nyameka Macanda Mr Sebastian Gelderbloem
Registered office	1 Modderfontein Road Rietfontein Sandringham Johannesburg 2000
Postal address	Private Bag X 8 Johannesburg 2131
Bankers	First National Bank Ltd Investec Limited Old Mutual Rand Merchant Bank
Auditors	Auditor-General of South Africa
Secretary	Ms Tebogo Kekana
Website	www.nhls.ac.za
Practice number	PR5200296
Legislation governing NHLS operations	The National Health Laboratory Service (NHLS) Act, no 37 of 2000 The Public Finance Management (PFMA)Act, no. 1 of 1999 The National Health Act, No. 61 of 2003
Published	10 September 2025

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The reports and statements set out below comprise the consolidated annual financial statements presented to the parliament:

Accounting Authority's Responsibilities and Approval

The NHLS Board (Accounting Authority) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the separate and consolidated annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the consolidated annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditor is engaged to express an independent opinion on the eparate and consolidated annual financial statements and was given unrestricted access to all financial records and related data.

The separate and consolidated annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The separate and consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable, and prudent judgements and estimates.

The Accounting Authority acknowledges that they are ultimately responsible for the system of internal financial control established by the economic entity and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour is applied and managed within predetermined procedures and constraints.

The NHLS received a disclaimer of audit opinion for the 2024-2025 financial year. This outcome underscores persistent challenges in internal controls highlighted in the following key areas; financial management, IT, procurement and performance reporting. The Executive Leadership team accepts this outcome with the seriousness it demands and is working closely with the Board to implement a comprehensive corrective action plan. This plan focuses on strengthening internal controls, reinforcing compliance, and improving cash flow, all of which are aimed at restoring trust and accountability throughout the organisation.

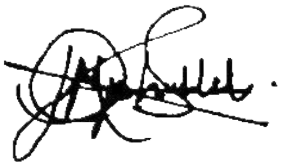
The Accounting Authority has reviewed the economic entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated annual financial statements are prepared on the basis that the entity is a going concern and that the economic entity or the executive authority has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Accounting Authority is primarily responsible for the financial affairs of the entity, they are supported by the economic entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the economic entity's separate and consolidated annual financial statements. The separate and consolidated annual financial statements have been examined by the economic entity's external auditors and their report is presented from page 145.

The separate and consolidated annual financial statements set out from page 158 - 219, have been prepared on the going concern basis, were approved by the Accounting Authority on 27 August 2025 and were signed on its behalf by:



Prof Jeff Mphahlele
Chairperson of the Board
National Health Laboratory Service
Date: 29 August 2025

Prof Koleka Mlisana
Chief Executive Officer
Date: 29 August 2025

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Report on the audit of the consolidated and separate financial statements

Disclaimer of opinion

1. I was engaged to audit the consolidated and separate financial statements of the National Health Laboratory Service and its subsidiary (the group) set out on pages 158 to 219, which comprise the consolidated and separate statement of financial position as at 31 March 2025, consolidated and separate statement of financial performance, consolidated and separate statement of changes in net assets, the consolidated and separate cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. I do not express an opinion on the consolidated and separate financial statements of the public entity, because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report. I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated and separate financial statements in accordance with the Standard of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for disclaimer of opinion

Inventories

3. I was unable to obtain sufficient appropriate audit evidence for inventories for the current year due to the status of record keeping. I was unable to confirm the inventories by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to inventories stated at R974 676 000 and R969 474 000 as disclosed on note 3 and related direct material cost included in the cost of sales stated at R4 181 386 000 and R4 174 855 000 as disclosed on note 21 to the consolidated and separate financial statements, respectively.

Receivables from exchange transactions

4. I was unable to obtain sufficient appropriate audit evidence for receivables from exchange transactions in the current and previous year due to the status of record keeping. In addition, the allowance for impairment on trade debtors was not calculated in accordance with GRAP 104, *Financial instruments* as the public entity applied incorrect inputs and unsupported assumptions to calculate the allowance for impairment. I was unable to confirm the receivables from exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to receivables from exchange transactions, stated at R3 474 320 000 and R3 474 624 000 (2024: R3 712 603 000 and R3 709 712 000) in notes 4 to the consolidated and separate financial statements, and to contribution to debt impairment, stated at R1 657 479 000 and R1 667 886 000 (2024: R949 473 000 and R959 515 000) in note 5 and 26 to the consolidated and separate financial statements, respectively.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Receivables from non-exchange transactions

5. I was unable to obtain sufficient appropriate audit evidence for receivables from non-exchange transactions in the current and previous year due to the status of record keeping. In addition, the allowance for impairment on trade debtors was not calculated in accordance with GRAP 104, *Financial instruments* as the public entity applied incorrect inputs and unsupported assumptions to calculate the allowance for impairment. I was unable to determine the possible misstatement amount of trade receivables from non-exchange transactions and the allowance for impairment on trade receivables from non-exchange transactions, as it was impracticable to do so. I was unable to confirm the receivables from non-exchange transactions by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to receivables from non-exchange transactions stated at R139 973 000 (2024: R288 040 000) as disclosed on note 6 to the consolidated and separate financial statements.

Property, plant and equipment

6. I was unable to obtain sufficient appropriate audit evidence for property, plant and equipment in the current and previous years due to the status of record keeping. In addition, I was unable to obtain sufficient appropriate audit evidence that the impairment assessment was conducted, and the residual values and useful lives of property plant equipment were reviewed at the reporting date as required by GRAP 17, *Property, plant and equipment*. I was unable to confirm the property, plant and equipment by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to property, plant and equipment stated at R1 681 001 000 and R1 678 716 000 (2024: R1 538 914 000 and R1 536 653 000) as disclosed on note 9, and depreciation and impairments included in cost of sales in note 21 stated at R224 303 000 and R224 074 000 to the consolidated and separate financial statements, respectively.

Unspent conditional grants and receipts

7. I was unable to obtain sufficient appropriate audit evidence for the movement of unspent conditional grants and receipts in the current year due to the status of record keeping. I was unable to confirm the unspent conditional grants and receipts by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to unspent conditional grants and receipts stated at R137 457 000 as disclosed on note 16 to the consolidated and separate financial statements.

Employee benefit obligation

8. I was unable to obtain sufficient appropriate audit evidence for employee benefit obligation in the current years due to the status of record keeping. I was unable to confirm the employee benefit obligation by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to employee benefit obligation stated at R408 819 000 as disclosed on note 18 to the consolidated and separate financial statements.

Payables from exchange transactions

9. I was unable to obtain sufficient appropriate audit evidence for accrued expenses in the current year due to adequate internal controls not being in place to maintain records of accounts payable for accruals. I was unable to confirm the accrued expenses by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to accrued expenses stated at R885 649 000 and R884 998 000 as disclosed on note 15 to the consolidated and separate financial statements, respectively.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

10. Trade payables were not accounted for in accordance with the standards of GRAP 104, *Financial Instruments* as trade payables were duplicated and recorded at incorrect amounts resulting in trade payables being understated by R145 377 056 (2024: R140 000 000 -overstatement) respectively in the consolidated and separate financial statements. In addition, there was impact on the surplus for the period and on the accumulated surplus in the consolidated and separate financial statements.

Revenue

11. Revenue from non-exchange transactions was not recognised in accordance with GRAP 23, *Revenue from non-exchange transactions.* The public entity did not recognise services received in-kind from various provincial departments of Health relating to the laboratory accommodation as revenue. I was unable to determine the full extent of the understatement of revenue stated at R11 920 915 000 and R11 916 240 000 (2024:R12 386 678 000 and R12 362 333 000) as disclosed in note 20 to the consolidated and separate financial statements respectively, as it was impracticable to do so.

12. I was unable to obtain sufficient appropriate audit evidence for rendering of services in the current year as management did not have adequate internal controls to maintain the reporting systems. I was unable to confirm rendering of services by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to rendering of services revenue stated at R11 158 443 000 as disclosed on note 20 to the consolidated and separate financial statements.

13. I was unable to obtain sufficient appropriate audit evidence for grant income recognised transactions in the current year as management did not have adequate internal controls to maintain the reporting systems. I was unable to confirm grant income transactions recognised the by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to grant income stated at R137 083 000 as disclosed on note 20 to the consolidated and separate financial statements.

Irregular expenditure

14. Not all irregular expenditure was included in note 38 to the financial statements, as required by section 55(2)(b)(i) of the PFMA. Expenditure incurred in contravention of supply chain management requirements (SCM), which resulted in irregular expenditure of R306 884 264 was not included in note 38 to the consolidated and separate financial statements.

Commitments

15. I was unable to obtain sufficient appropriate audit evidence whether all commitments were recorded, as internal controls had not been established for the evaluation of commitments before their initial entry in the financial records. I could not confirm whether all commitments had been recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to commitments stated at R2 773 481 000 as disclosed on note 33 to the consolidated and separate financial statements.

16. During 2024, the public entity did not recognise all commitments, as required by GRAP 13, Leases, GRAP 17, *Property, plant and equipment* and GRAP 31, Intangible assets. Not all commitments were accounted for, and some commitments were recorded at incorrect amounts. As a result, commitments were understated by R4 900 845 203 in the consolidated and separate financial statements. My audit opinion on the financial statements for the period ended 31 March 2024 was modified accordingly. My opinion on the current year financial statements is also modified because of the possible effect of this matter on the comparability of the commitments for the current period.

Cash flow statement

17. Net cash flows from operating activities was not correctly prepared and disclosed as required by Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from operating activities. I was not able to determine the full extent of the errors in the net cash flows from operating activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated at R533 155 000 and R537 382 000 (2024: R889 188 000 and R887 767 000) in the consolidated and separate financial statements, respectively were necessary.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

18. Net cash flows from investing activities was not correctly prepared and disclosed as required by Standards of GRAP 2, *Cash flow statements*. This was due to multiple errors in determining cash flows from investing activities. I was not able to determine the full extent of the errors in the net cash flows from investing activities, as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from investing activities as stated at R409 747 000 and R406 798 000 (2024: R317 295 000 and R316 411 000) in the consolidated and separate financial statements, respectively were necessary.

Other matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Previous period audited by a predecessor auditor

20. The financial statements of the previous year were audited by a predecessor auditor in terms of section 4(3) of the Public Audit Act 25 of 2004 (PAA) on 9 December 2024. The qualified opinion was expressed due to the following:

    Insufficient and/or inappropriate audit evidence and/or material misstatements were noted on the following line items:

    - Receivables from exchange
    - Receivables from non-exchange
    - Property plant and equipment
    - Revenue
    - Payables from exchange
    - Commitments

Detailed income statement

21. The detailed Income statement set out on pages 218 to 219 does not form part of the financial statements and is presented as additional information. I have not audited this detailed income statement, and we do not express an opinion on it.

Responsibilities of the accounting authority for the consolidated and separate financial statements

22. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

23. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

24. My responsibility is to conduct an audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

25. I am independent of the group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

Report on the audit of the annual performance report

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

27. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 1: Laboratory Service	34-35	Provide cost-effective and efficient health laboratory services to all public sector healthcare providers
Programme 5: Forensic Chemistry Laboratory	43-45	

28. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

29. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets

Report of the Auditor-General to Parliament on the National Health Laboratory Service

30. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

31. The material findings on the reported performance information for the selected programmes are as follows:

Programme 1: Laboratory Service

32. I could not determine if the reported achievements were correct, as I was unable to obtain sufficient appropriate audit evidence whether all tests were recorded. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Programme	Target	Reported achievement
Percentage of TB molecular tests performed within 40 hours	95%	86%
Percentage of CD4 tests performed within 40 hours	95%	91%
Percentage of HIV viral load tests performed within 96 hours	95%	81%
Percentage of HIV PCR tests performed within 96 hours	94%	85%
Percentage of cervical smear screening performed within five weeks	95%	83%
Percentage of laboratory tests (full blood count) performed within eight hours	95%	92%
Percentage of laboratory tests (urea and electrolytes) performed within eight hours	95%	85%

Programme 5: Forensic Chemistry Laboratory

33. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Percentage of blood alcohol tests completed within a normative period of 90 days	80%	87%
Percentage of new toxicology tests completed within 90 days	10%	11%
Percentage reduction of backlogged toxicology cases	50%	7%
Percentage of perishable food samples tested within 30 days of sampling	80%	72%
Percentage of non-perishable food samples tested within 60 days of sampling	80%	68%

Other matters

34. I draw attention to the matters below.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Achievement of planned targets

35. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements. This information should be considered in the context of the material findings on the reported performance information.

36. The tables that follow provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 31 to 51.

Programme 1: Laboratory Service

Targets achieved: 0%

Key indicator not achieved	Planned target	Reported achievement
Percentage of TB molecular tests performed within 40 hours	95%	86%
Percentage of CD4 tests performed within 40 hours.	95%	91%
Percentage of HIV viral load tests performed within 96 hours	95%	81%
Percentage of HIV PCR tests performed within 96 hours	94%	85%
Percentage of cervical smear screening performed within five weeks	95%	83%
Percentage of laboratory tests (full blood count) performed within eight hours	95%	92%
Percentage of laboratory tests (urea and electrolytes) performed within eight hours	95%	85%

Programme 5: Forensic Chemistry Laboratory

Targets achieved: 40%

Key indicator not achieved	Planned target	Reported achievement
Percentage reduction of backlogged toxicology cases	50%	7%
Percentage of perishable food samples tested within 30 days of sampling	80%	72%
Percentage of non-perishable food samples tested within 60 days of sampling	80%	68%

Material misstatements

37. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 1: Laboratory Service and Programme 5: Forensic Chemistry Laboratory. Management did not correct the misstatements, and I reported material findings in this regard.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Report on compliance with legislation

38. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

39. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

40. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

41. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual reports

42. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

43. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and(b) of the PFMA.

44. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided, which resulted in the financial statements receiving a disclaimer of opinion.

Asset management

45. Funds were deposited with institutions that were not approved by National Treasury, as required by Treasury Regulation 31.2.1.

Revenue management

46. I was unable to obtain sufficient appropriate audit evidence that effective and appropriate steps were taken to collect all money, as required by section 51(1)(b)(i) of the PFMA.

Expenditure management

47. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for the disclaimer of opinion the R444 091 000 disclosed in note 38 of the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by evergreen (catalogue expenditure) contracts.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Consequence management

48. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.

49. Investigations were not conducted into some allegations of financial misconduct committed by officials, as required by treasury regulation 33.1.1

Procurement and contract management

50. I was unable to obtain sufficient appropriate audit evidence that goods and services of a transaction value above R1 000 000 were procured by means of inviting competitive bids , as required by Treasury Regulation 16A6.1, paragraph 3.3.1 of NTI 02 of 2021/22 , paragraph 4.1 of NTI 03 of 2021/22 and TR 16A6.4

51. Some of the invitations for competitive bidding were not advertised for a required minimum period, as required by Treasury Regulation 16A6.3(c)

52. I was unable to obtain sufficient appropriate audit evidence that bid adjudication was done by committees which were composed in accordance with the policies of the public entity, as required by Treasury Regulation 16A6.2 (a) and (b).

53. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury Regulation 16A8.3.

54. I was unable to obtain sufficient appropriate audit evidence that contracts and quotations were awarded to suppliers whose tax matters have been declared by the South African Revenue Services to be in order as required by Treasury Regulation 16A9.1(d).

55. I was unable to obtain sufficient appropriate audit evidence that contracts and quotations were awarded to bidders in an economical manner and/or prices for the goods or services were reasonable as required by PFMA 57(b).

56. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with Treasury Regulation 16A6.1 and paragraph 3.2.1 of SCM instruction note 2 of 2021/22.

57. Quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by Treasury Regulation 16A8.4 and Par 7.2 of NTI 03 of 2021/22.

58. I was unable to obtain sufficient appropriate audit evidence that the preference point system was applied in all procurement of goods and services as required by section 2(a) of the PPPFA and Treasury Regulation 16A6.3(b).

59. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the PPPFA and Preferential Procurement Regulation 2022.

60. I was unable to obtain sufficient appropriate audit evidence that contracts were awarded to bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of PPPFA and Preferential Procurement Regulation 2022.

61. I was unable to obtain sufficient appropriate audit evidence that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board and qualified for the contract in accordance with section 18(1) of the CIDB Act and Construction Industry Development Board Regulations 17 and 25(7A).

62. I was unable to obtain sufficient appropriate audit evidence that all extensions or modifications to contracts were approved by a properly delegated official as required by section 56 of the PFMA

63. I was unable to obtain sufficient appropriate audit evidence that persons in service of other state institutions who had a private or business interest in contracts awarded by the public entity did not participate in the process relating to that contract as required by Treasury Regulation 16A8.4.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

Strategic planning and performance management

64. Quarterly reports were not prepared, in accordance Treasury Regulation 30.2.1.

Other information in the annual report

65. The accounting authority is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

66. My opinion on the consolidated and separate financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

67. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

68. As a result of the disclaimer of opinion expressed on the financial statements, I do not conclude on material misstatements of the other information relating to the financial statements. If, based on the work I have performed relating to the audit of performance information and compliance with legislation, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

69. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

70. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

71. The leadership of the entity did not fulfil its responsibilities as prescribed by the PFMA, resulting in significant governance and accountability failures. The accounting authority failed to prevent the incurrence of irregular expenditure and did not ensure that irregular expenditure from prior years was investigated in a timely manner. This undermines the principles of accountability and consequence management as outlined in section 51(1)(e)(iii) of the PFMA and delays the implementation of corrective actions necessary to strengthen internal controls.

72. Furthermore, leadership did not exercise adequate oversight over the development and implementation of audit action plans to address prior years' audit findings. As a result, all previously reported findings recurred in the current financial year, with additional deficiencies identified. This reflects a lack of accountability and commitment to strengthening the internal control environment and undermines efforts to improve audit outcomes and operational effectiveness.

73. There was no evidence that leadership actively monitored or reviewed quarterly performance reports, which compromised transparency and hindered effective monitoring of service delivery. Oversight over the entity's assets was also insufficient, as evidenced by the use of bank accounts not approved by National Treasury, in contravention of treasury regulations. Additionally, governance processes were ineffective in ensuring that annual financial statements were prepared and submitted for audit within the timelines required by the PFMA, reflecting a breakdown in financial accountability and oversight.

74. The governance and leadership structures also failed to establish adequate systems and processes to oversee internal controls related to information technology. The absence of robust backup and data recovery systems further impacted the entity's ability to restore operations in a timely manner following a cyber-attack, exposing the organisation to significant operational and reputational risks.

Report of the Auditor-General to Parliament on the National Health Laboratory Service

75. Management did not implement effective controls to ensure compliance with applicable laws and regulations. Procurement documentation was not readily available when requested for audit purposes, indicating weaknesses in document management and audit preparedness. Controls were not in place to identify non-compliance with supply chain management prescripts, which led to the incurrence of irregular expenditure in contravention of the PFMA.

76. The existing controls were ineffective in preventing irregular expenditure, and there were no adequate processes to identify officials responsible for permitting or incurring such expenditure. Consequently, consequence management processes were not initiated, undermining accountability and the enforcement of corrective actions. Additionally, management did not maintain sufficient records to confirm that all revenue due to the entity was effectively collected, reflecting weaknesses in revenue and financial management.

77. Management did not ensure the timely preparation of annual financial statements, which limited the opportunity for adequate review against the GRAP requirements. Throughout the financial year, daily, weekly, and monthly controls were ineffective, contributing to the poor audit outcomes. As a result, recognition and disclosure requirements were not fully met prior to sign-off of financial statements. Furthermore, management did not comply with the PFMA requirement to submit financial statements within two months after year-end.

78. In addition, management failed to implement effective record-keeping practices for the information under their responsibility. This resulted in incomplete, inaccurate, and inaccessible records, which compromised the credibility of financial reporting and compliance. The lack of proper documentation created limitations and exposure in key business processes, transactions, and balances, ultimately contributing to the entity receiving a disclaimer audit opinion.

79. Management did not adequately design and implement controls over the entity's information technology systems to ensure the reliability, availability, accuracy, and protection of information. Internal Audit raised significant concerns during both the Information Technology General Controls Review and the Application Controls Review. These reviews revealed that critical IT controls were either poorly designed or not implemented, exposing the entity to operational risks and compromising the integrity of data.

80. Despite known weaknesses in the IT control environment, management did not take sufficient corrective action. The lack of secure and reliable system configurations directly impacted the accuracy of reported performance information, undermining the credibility of reporting and the effectiveness of decision-making processes. This reflects a broader failure to align IT governance with operational and reporting requirements.

81. The internal audit function was not fully effective during the period under review, primarily due to its failure to implement the approved internal audit plan in response to risks rated as significant on the entity's risk register. This gap in assurance coverage limited the internal audit unit's ability to provide timely and relevant insights to management and oversight structures. As a result, management was not adequately prepared to compile and support the annual financial statements with complete and accurate listings, and critical issues were not escalated timeously to the appropriate oversight bodies. This reflects a breakdown in the second line of defence and contributed to the entity's lack of audit readiness.

Auditor - General

Pretoria
10 September 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The selected legislative requirements for compliance testing

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2) (c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(3) (c'); 66(5)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation ; 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); ; 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1 16A9; 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c') Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act 12 of 2004 (Precca)	Section 34(1)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; & 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 12.1 and 12.2

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Legislation	Sections or regulations
PPR 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.3; 4.4; 4.4 (a); 4.4 (c) -(d)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; and (b); 3.9
NT SCM Instruction Note 2 of 2021/22	Paragraph 3.2.1; 3.2.4(a); 3.3.1
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1
Erratum NTI 5 of 2020/21	Paragraph 2
Practice Note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

Statement of Financial Position as at 31 March 2025

	Note(s)	Economic entity 2025 R'000	Economic entity 2024 Restated* R'000	Controlling entity 2025 R'000	Controlling entity 2024 R'000
Assets					
Current Assets					
Inventories	3	974 676	557 250	969 474	555 158
Receivables from exchange transactions	4	3 474 320	3 711 602	3 474 624	3 709 712
Receivables from non-exchange transactions	6	139 975	288 040	139 975	288 040
VAT receivable	7	1 032	277	-	-
Cash and cash equivalents	8	5 834 669	5 711 261	5 832 576	5 701 992
		10 424 672	**10 268 430**	**10 416 649**	**10 254 902**
Non-Current Assets					
Property, plant and equipment	9	1 681 001	1 538 914	1 678 716	1 536 653
Living resources	11	145	353	-	-
Intangible assets	10	18 196	10 320	18 196	10 320
Deferred tax	12	5 931	9 488	-	-
		1 705 273	**1 559 075**	**1 696 912**	**1 546 973**
Total Assets		**12 129 945**	**11 827 505**	**12 113 561**	**11 801 875**
Liabilities					
Current Liabilities					
Post retirement medical benefit plan	14	14 229	12 616	14 229	12 616
Payables from exchange transactions	15	1 401 809	1 055 204	1 400 105	1 054 400
Unspent conditional grants and receipts	16	137 457	126 783	137 457	126 783
Provisions	17	151 179	135 879	151 179	135 879
Employee benefit Obligation	18	408 819	370 101	408 819	370 101
Current tax payable		1 901	2 525	-	-
Payables from non-exchange transactions	19	13 236	15 057	13 236	15 057
		2 128 630	**1 718 165**	**2 125 025**	**1 714 836**
Non-Current Liabilities					
Post retirement medical benefit plan	14	977 248	913 137	977 248	913 137
Total Liabilities		**3 105 878**	**2 631 302**	**3 102 273**	**2 627 973**
Net Assets		**9 024 067**	**9 196 203**	**9 011 288**	**9 173 902**
Reserves					
Revaluation reserve	46	582 205	582 205	582 205	582 205
Accumulated surplus		8 441 862	8 613 998	8 429 083	8 591 697
Total Net Assets		**9 024 067**	**9 196 203**	**9 011 288**	**9 173 902**

Statement of Financial Performance

	Note(s)	Economic entity		Controlling entity	
		2025 R'000	2024 Restated* R'000	2025 R'000	2024 R'000
Revenue	20	11 920 965	12 386 678	11 916 240	12 362 333
Cost of sales	21	(9 444 459)	(9 160 515)	(9 423 121)	(9 135 833)
Gross surplus		**2 476 506**	**3 226 163**	**2 493 119**	**3 226 500**
Other income	22	157 199	118 021	157 199	117 991
Operating expenses	26	(3 500 111)	(2 446 075)	(3 506 305)	(2 448 446)
Operating (Deficit) /Surplus	25	**(866 406)**	**898 109**	**(855 987)**	**896 045**
Interest Income	23	693 038	608 378	692 487	607 516
Interest expense	24	(16)	-	(16)	-
(Deficit) /Surplus before taxation		**(173 384)**	**1 506 487**	**(163 516)**	**1 503 561**
Taxation	27	(1)	3 793	(1)	-
(Deficit) /Surplus for the year		**(173 385)**	**1 510 280**	**(163 517)**	**1 503 561**

Statement of Changes in Net Assets

	Revaluation reserve R'000	Accumulated surplus / deficit R'000	Total net assets R'000
Economic entity			
Balance at 01 April 2023	**654 919**	**7 103 718**	**7 758 637**
Changes in net assets			
Revaluation of Land and Buildings	(72 714)	-	(72 714)
Net income (losses) recognised directly in net assets	(72 714)	-	(72 714)
Surplus for the year	-	1 510 280	1 510 280
Total recognised income and expenses for the year	(72 714)	1 510 280	1 437 566
Total changes	(72 714)	1 510 280	1 437 566
Balance at 01 April 2024	**582 205**	**8 615 247**	**9 197 452**
Changes in net assets			
Deficit for the year	-	(173 385)	(173 385)
Total changes	-	(173 385)	(173 385)
Balance at 31 March 2025	**582 205**	**8 441 862**	**9 024 067**
Note(s)	46		
Controlling entity			
Balance at 01 April 2024	**654 919**	**7 088 136**	**7 743 055**
Changes in net assets			
Revaluation of Land and Buildings	(72 714)	-	(72 714)
Net income (losses) recognised directly in net assets	(72 714)	-	(72 714)
Surplus for the year	-	1 503 561	1 503 561
Total recognised income and expenses for the year	(72 714)	1 503 561	1 430 847
Total changes	(72 714)	1 503 561	1 430 847
Balance at 01 April 2024	**582 205**	**8 592 600**	**9 174 805**
Changes in net assets			
Deficit for the year	-	(163 517)	(163 517)
Total changes	-	(163 517)	(163 517)
Balance at 31 March 2025	**582 205**	**8 429 083**	**9 011 288**
Note(s)	46		

Cash Flow Statement

	Note(s)	Economic entity 2025 R'000	Economic entity 2024 Restated* R'000	Controlling entity 2025 R'000	Controlling entity 2024 R'000
Cash flows from operating activities					
Receipts					
Sale of goods and services		11 857 453	11 114 472	11 846 209	11 092 243
Grants		620 714	706 425	620 714	706 425
Interest income		693 682	608 723	692 832	607 861
		13 171 849	12 429 620	13 159 755	12 406 529
Payments					
Employee costs		(5 496 600)	(5 078 371)	(5 478 772)	(5 072 490)
Suppliers - Goods and services		(7 142 078)	(6 462 061)	(7 143 585)	(6 446 272)
Finance costs		(16)	-	(16)	-
		(12 638 694)	(11 540 432)	(12 622 373)	(11 518 762)
Net cash flows from operating activities	31	**533 155**	**889 188**	**537 382**	**887 767**
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(397 920)	(316 441)	397 539)	(315 572)
Purchases of other Intangible assets	9	5	-	-	-
Purchase of other intangible assets	10	(11 832)	(839)	(9 259)	(839)
Purchase of living resources		-	(15)	-	-
Net cash flows from investing activities		**(409 747)**	**(317 295)**	**(406 798)**	**(316 411)**
Net increase in cash and cash equivalents		**123 408**	**571 893**	**130 584**	**571 356**
Cash and cash equivalents at the beginning of the year	8	5 711 261	5 139 368	5 701 992	5 130 636
Cash and cash equivalents at the end of the year		**5 834 669**	**5 711 261**	**5 832 576**	**5 701 992**

The accounting policies on pages 151 to 162 and the notes on pages 163 to 205 form an integral part of the consolidated annual financial statements.

Statement of Comparison of Budget and Actual Amounts

	Budget on Accrual Basis					
	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	25 236	-	**25 236**	4 675	**(20 561)**	
Rendering of services	12 187 407	-	**12 187 407**	11 158 443	**(1 028 964)**	44.1
Miscellaneous sales	-	-	**-**	50	**50**	
Grant Income recognised	4 914	-	**4 914**	8 358	**3 444**	
Fees earned	-	-	**-**	11 076	**11 076**	
Royalties received	958	-	**958**	241	**(717)**	
Bad debts recovered	-	-	**-**	738	**738**	
Internal recoveries	35 224	-	**35 224**	2	**(35 222)**	
Other income	-	-	**-**	(283)	**(283)**	
Sundry Income	839 883	-	**839 883**	80 209	**(759 674)**	44.2
Public contributions and donations	292 535	-	**292 535**	56 858	**(235 677)**	44.3
Interest received - investment	538 948	-	**538 948**	693 038	**154 090**	44.4
Total revenue from exchange transactions	**13 925 105**	**-**	**13 925 105**	**12 013 405**	**(1 911 700)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	598 842	-	**598 842**	620 714	**21 872**	
Other transfer revenue	-	-	**-**	137 083	**137 083**	
Total revenue from non-exchange transactions	**598 842**	**-**	**598 842**	**757 797**	**158 955**	44.5
Total revenue	**14 523 947**	**-**	**14 523 947**	**12 771 202**	**(1 752 745)**	
Expenditure						
Personnel	(6 467 262)	-	**(6 467 262)**	5 580 706)	**886 556**	44.6
Depreciation and amortisation	(343 481)	-	**(343 481)**	(236 190)	**107 291**	44.7
Finance costs	(136)	-	**(136)**	(16)	**120**	
Lease rentals on operating lease	(55 777)	-	**(55 777)**	(43 343)	**12 434**	
Debt Impairment	(40 419)	-	**(40 419)**	(1 657 479)	**(1 617 060)**	44.8
General Expenses	(7 071 580)	-	**(7 071 580)**	(5 420 702	**1 650 878**	44.9
Total expenditure	**(13 978 655)**	**-**	**(13 978 655)**	**(12 938 436)**	**1 040 219**	
Operating deficit	**545 292**	-	**545 292**	**(167 234)**	**(712 526)**	
Loss on disposal of assets and liabilities	(10)	-	**(10)**	**(6 150)**	(6 140)	
Deficit before taxation	**545 282**	**-**	**545 282**	**(173 384)**	**(718 666)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual	**545 282**	**-**	**545 282**	**(173 384)**	**(718 666)**	

Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

Significant Accounting Policies

		Economic entity		Controlling entity	
	Note(s)	2025 R'000	2024 R'000	2025 R'000	2024 R'000

1. Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance and is in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These consolidated annual financial statements have been prepared on an accrual basis of accounting and is in accordance with historical cost convention as the basis of measurement. The economic entity is the consolidation of the NHLS (controlling economic entity) and the wholly owned subsidiary wihich is the controlled entity, South African Vaccine Products (Pty) Ltd (SAVP).

The significant accounting policies applied in the preparation of these consolidated annual financial statements is set out below.

These accounting policies are consistent with the previous year.

1.1 Presentation currency

These consolidated annual financial statements are presented in South African Rands, which is the functional currency of the economic entity and all values are rounded to the nearest thousand (R000), except when otherwise indicated.

1.2 Going concern assumption

These consolidated annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

1.3 Consolidation

Basis of consolidation

Consolidated annual financial statements are the consolidated annual financial statements of the economic entity presented as those of a single entity.The consolidated annual financial statements incorporate the consolidated annual financial statements of the controlling entity and its wholly controlled entity, SAVP. Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidated annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same date. Adjustments are made when necessary to the consolidated annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity. All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

1.4 Key assumptions and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Estimates include:

Significant Accounting Policies

1.4 Key assumptions and sources of estimation uncertainty (continued)

Allowance for impairment

In determining whether an impairment loss should be recorded in surplus or deficit, the economic entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The following is taken into consideration when NHLS calculates the impairment for trade and other receivables: i) the total debtors balance outstanding over a period of 3 financial years; ii) the total billing performed by the NHLS during this 3 year financial period; iii) the total funds received from these NHLS customer over the 3 year financial period; iv) the payment trend for these customers over a period of time; v) a CPI linked interest rate over the period.

Using the factors above the NHLS adjusts its debtors balance from exchange transactions accordingly.

Additional disclosure and balances are included in notes number 4 (Receivables from exchange transaction), 5 (Debt Impairment) and 6 - (Receivables from non exchange transaction) .

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 17 - Provisions.

Useful lives of property, plant and equipment

The economic economic entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment. This estimate is based on industry norm and the input from the end users. Management will increase the depreciation charge where useful lives is less than previously estimated useful lives.

Post-retirement benefits

The present value of the post retirement obligation depends on a number of factors that is determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, contribution inflation, expected retirement age and post retirement mortality rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

An actuarial valuation determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the medical obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality government bond that is denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related medical liability.

Other key assumptions for medical obligations are based on current market conditions. Post -retirement benefits are affected by actuarial assumptions. The carrying amounts and further information on the key assumptions applied as well as sensitivity analysis are included in note 14.

1.5 Property, plant and equipment

Property plant and equipment of the economic entity comprise of buildings, laboratory equipment, lab buildings, plant and machinery,furniture and fixtures, motor vehicles, office equipment, computer equipment, lab buildings, mobile units and buildings – air systems. Lab buildings is improvements made by NHLS to labs in various hospitals that have been capitalised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The economic economic entity has a policy to capitalize assets that have value equal to or greater than R5000 effective from November 2013.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation and any impairment losses except for Land and Buildings. Buildings is carried at revalued amount being the revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated but carried at revalued amount less accumulated impairment losses.

Significant Accounting Policies

1.5 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation reserve.

Any decrease in an asset's carrying amount, as a result of a revaluation is debited directly to a revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve in net assets related to a specific item of property, plant and equipment is transferred directly to retained accumulated surplus when the asset is derecognised.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	*Average useful life
Buildings	Straight line	20-104 years
Laboratory equipment	Straight line	4 - 45 years
Plant and machinery	Straight line	5 -19 years
Furniture and fixtures	Straight line	10 – 45 years
Motor vehicles	Straight line	5 -20 years
Office equipment	Straight line	3 – 30 years
Computer equipment	Straight line	3 - 25 years
Mobile units	Straight line	10 -30 years
Buildings - air systems	Straight line	6 - 15 years
Lab buildings	Straight line	5 -100 years

* The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The NHLS conducts an assessment of the useful lives of all asset classes that have reached the end of their initial pre-defined useful lives. If an asset is still deemed capable of providing future economic benefit to the entity, the useful life is adjusted accordingly and depreciation is applied prospectively. Management updated the average useful lives of assets on the accounting policy. This is not a change in accounting policy but rater an update on the accounting policy as the depreciation was correctly calculating on the extended useful lives annually when management reviewed the useful lives in prior financial years.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential is expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

Items of property, plant and equipment is derecognised when the asset is disposed of or when there is no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Living Resources

Living resources consists of sheep and horses that have been donated and is carried at fair value. The sheep blood is used in the preparation of sterile sheep blood bags sold to laboratories. The horses is used to produce antivenom as well as for the preparation of sterile horse blood bags sold to laboratories.

Significant Accounting Policies

1.6 Living Resources (continued)

A living resource is derecognised when the sheep and horses die and therefore no longer available for use in the production of antivenom or for sale of sterile's. The useful lives of living resources have been assessed as follows:

Item	Useful lives (in years)
Sheep	10
Horses	15

1.7 Intangible assets

Intangible assets for the controlling entity comprise of patents and computer software.

An intangible asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an economic entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the economic entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the economic entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that is attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset can be measured reliably.

The economic entity assesses the probability of expected future economic benefits or service potential using reasonable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there is available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they is tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period for intangible assets is reviewed at each reporting date.
Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Acquired Patents	Straight line	20 years
Acquired Computer software	Straight line	5 - 10 years

Significant Accounting Policies

1.7 Intangible assets (continued)

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential is expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.8 Financial instruments

Classification

The economic entity has the following types of financial assets (classes and categories) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents	Financial asset measured at amortised cost

The economic entity entity has the following types of financial liabilities (class and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting. This the date at which an agreement has been entered, instead of on the date the transaction has been finalised.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that is directly attributable to the acquisition or issue of the financial asset or financial liability.

Significant Accounting Policies

1.8 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review.

Gains and losses

For financial assets and financial liabilities measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The economic entity derecognises financial assets using trade date accounting.

The economic entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, is settled or waived;
- the economic entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the economic entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, economic entity:

- derecognises the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The economic entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Loans from economic entities

These include loans to and from controlling entities and controlled economic entity, is recognised initially at fair value plus direct transaction costs.

The loan from the economic entity is classified as financial liabilities measured at amortised cost.

Significant Accounting Policies

1.8 Financial instruments (continued)

Receivable from exchange and non-exchange transactions

Trade receivables is measured at initially measured at fair value plus transaction costs and is subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for debt for estimated irrecoverable amounts is recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) is considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the measurement is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off is credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables is initially measured at fair value added to or subtracted from transaction costs, and is subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, demand deposits, and deposits. These are initially measured at fair value and subsequently recognised at amortised cost.

Other financial liabilities

Financial liabilities are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.9 Tax

Current tax liability

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods is measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax asset

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable surplus will be available against which the unused tax losses.

A deferred tax asset are measured at the tax rates that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Significant Accounting Policies

1.9 Tax (continued)

Tax expenses

Current and deferred taxes is recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets.

Current tax and deferred taxes is charged or credited to net assets if the tax relates to items that is credited or charged, in the same or a different period, to net assets.

1.10 Inventories

Inventories comprise of raw materials, work in progress, finished goods and consumable stores. These are initially measured at cost.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

1.11 Share capital / contributed capital

Contributed capital is the initial funding received from the shareholder upon establishment of the National Health Laboratory Service.

Contributed capital is stated at par value.

1.12 Employee benefits

Short -term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave, sick leave and bonuses, are recognised in the period in which the service is rendered. Liabilities for short-term employee benefits which are unpaid at year-end are measured at the undercounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.

Post -employment benefits

NHLS provides post-employment healthcare benefits. Members who joined NHLS before 1 January 2003, and KZN members who joined NHLS before 1 October 2006 are eligible for a subsidy of medical scheme contributions in retirement.

1.13 Provisions

Provisions are recognised when:

- the economic entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions is reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions is reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised. Provisions is not recognised for future operating surplus (deficit).

Significant Accounting Policies

1.14 Commitments

Commitments are not recorded in the statement of financial position or in the statement of financial performance. Commitments are disclosed at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management for capital expenditure in a manner that raises a valid expectation that the NHLS will discharge its responsibilities thereby incurring future capital expenditure that will result in the outflow of economic benefits. The amount disclosed is equal to the remaining contract value.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets. NHLS revenue from exchange transactions consist of laboratory test and the sale of antivenoms.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity retains neither continuing managerial involvement to the degree usually associated with
- ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the economic entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Recognition

Revenue is recognised when the laboratory test performed have been logged and billed on the TrackCare system.

1.16 Revenue from non-exchange transactions

Revenue from non-exchange transactions consists of grants and transfers from DoH.

NHLS utilises laboratory accommodation in selected health facilities that require laboratory services, so that NHLS can execute its statutory mandate in specific health care facilities in respect of the Department of health at no cost.

Recognition

Revenue from re-imbursive and non-reimbursive grants is recognised when expenses have been incurred and receipted and the debtor raised.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

1.17 Cost of sales

When inventories are issued, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories are recognised as an expense in the period the write-down or loss occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.18 Interest income

Interest income is recognised in the surplus or deficit when it is earned and due to the NHLS.

Significant Accounting Policies

1.19 Contingent Assets

Contingent assets are possible assets that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is not recognised in the financial statements; however, it is disclosed where an inflow of economic benefits or service potential is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. Contingent assets comprise of legal and labour matters that were pending an outcome of a court ruling or the Commission for Conciliation and Arbitration. Contingent assets are not recognized in the financial statement but are disclosed in the notes to the financial statements

NHLS obtains legal confirmations from legal firms or the legal Department to determine the estimated amounts of the possible asset and if the probability of an inflow of economic benefits or service potential is probable.

1.20 Contingent Liabilities

The NHLS discloses a contingent liability when it has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; it has a present obligation that arises from past events but not recognised because – it is not probable that an outflow of resources will be required to settle an obligation or – the amount of the obligation cannot be measured with sufficient reliability. The NHLS does not recognise a contingent liability in the financial statements, however it is disclosed in the notes to the annual financial statements unless the probability of an outflow of economic benefits or service potential is remote.

Contingent liabilities comprise of legal and labour matters that were pending an outcome of a court ruling or the Commission for Conciliation and Arbitration.

NHLS obtains legal confirmations from legal firms or the legal department to determine the estimated amounts of the possible obligation and if the probability of an outflow of economic benefits is remote. These legal confirmations are then assessed to determine if the NHLS should or should not disclose a contingent liability.

1.21 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Comparative figures have also been restated.

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and when recovered it is subsequently accounted for as revenue in the Statement of Financial Performance. Fruitless and Wasteful expenditure comprises of interest charged for late payments to suppliers.

As at year end, fruitless and wasteful expenditure reported was not yet investigated to establish its reason and determine the required consequence management and recoverability steps before it is condoned or removed from the register.

1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including the PFMA.

The NHLS records irregular expenditure when a transaction is recognised as expenditure in the Statement of Financial Performance in accordance with the Generally Recognised Accounting Practice (GRAP). Once confirmed, irregular expenditure is disclosed as such in the irregular expenditure register and thereafter in the notes to the financial statements. The irregular expenditure amount disclosed in the notes is equal to the value of the linked transaction as per the statement of financial performance.

As at year end, Irregular expenditure reported was not yet investigated to establish its reason and determine the required consequence management and recoverability steps before it is condoned and removed from the register.

Significant Accounting Policies

1.24 Segment information

Reportable segments comprise of Laboratory services, NIOH, NICD, FCL and SAVP. They are defined geographically as well as per activities of the economic economic entity.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the economic entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that is used by management is reported for that segment. If amounts is allocated to reported segment surplus or deficit, assets or liabilities, those amounts is allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities is reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures is those that management believes is determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the economic entity's financial statements.

1.25 Budget information

The approved budget is prepared on a accrual basis and presented by functional classification.

The economic economic entity budget includes all the entities approved budgets under its control.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

The following are regarded as related parties.

a) The SAVP is related to the NHLS as it is a wholly owned subsidiary of the NHLS. All transactions between the NHLS and SAVP which are not at arm's length which is the loan.

b) All entities that report to the NDOH as these are considered to be entities under common control

c) Board and board committee members. Amounts disclosed comprise of board member fees and travel related costs incurred for Board and committee members.

d) The Department of Health as it is the controlling entity of the NHLS and its subsidiary. The amounts disclosed as a related party consists of the grant received from the department.

e) Executive management and the remuneration of executive management. Amounts disclosed comprise of remuneration of the executives that has been incurred by the NHLS for services rendered.

1.27 Other Income

Other income is revenue other than revenue generated in the ordinary course of business. It comprises mainly of sundry income and Public Contribution and Donation. Public Contribution and Donation is recognised in the statement of financial performance when it is due to the NHLS. Sundry income constitutes the reversal of the utilities provision which is greater than three years which is a prescription period. This reversal is recognised in the statement of financial performance.

Significant Accounting Policies

1.28 Unspent Conditional grant

The NHLS receives funding from various grantors. Funding is regulated by contracts. Unspent conditional grants comprise of the balance of funds that were received from grantors; however, no expenditure has been incurred against the funds as per the conditions of the grant agreements. When a conditional grant is received, it is initially recorded as a liability.

Unspent conditional grants are reflected as liabilities on the statement of financial position. The liability is subsequently reduced with amounts equal to expenditure incurred in accordance with the grant agreement which is recognized in the statement financial performance.

1.29 Events after the reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified: those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The NHLS will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date, once the event has occurred.

Notes to the Consolidated Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The following standard and interpretation has not been applied, has been been published and are mandatory for the economic entity's accounting periods beginning on or after 01 April 2024 or later periods. Key changes made to GRAP 104 includes guidance on offsetting financial assets and financial liabilities, changes in classification and new disclosures on credit risk management practices, evaluation of credit losses on financial performance and position and credit risk exposure. The effective date of application was determined to be 1 April 2025. There was no effect on the consolidated annual financial statements for the year ended 31 March 2024.

Standard/ Interpretation:	Effective date: Years beginning on or after	Average useful life
• GRAP 1 (amended): Presentation of Financial Statements (Going Concern)	To be determined	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Impact is currently being assessed

3. Inventories

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Raw materials, components	1 187	1 187	-	-
Work in progress	3 909	621	-	-
Finished goods	131	309	-	-
Consumable stores	969 479	555 163	969 474	555 158
	974 706	557 280	969 474	555 158
Inventories (write-downs)	(30)	(30)	-	-
	974 676	**557 250**	**969 474**	**555 158**

As at 31 March 2025, the NHLS inventory balance amounts to R974 million (2024: R557 million). During the financial year ended 31 March 2025 the NHLS expensed inventory to the value R3.4 billion (2024: R3.6 billion). The main inventory expense is driven by laboratory goods. An amount of R30 million (2024: 14.8 million) was written off during the financial year ended 31 March 2024, the write down mainly relates to obsolete and slow moving stock.

4. Receivables from exchange transactions

Trade debtors	9 846 180	8 475 072	9 845 951	8 472 046
Less: Allowance for impairment on trade debtors	(6 608 014)	(4 986 686)	(6 607 446)	(4 986 737)
Interest receivables	6 050	6 694	6 050	6 694
Other receivables	4 727	5 146	4 692	5 084
Teaching Services*	225 377	212 625	225 377	212 625
	3 474 320	**3 712 851**	**3 474 624**	**3 709 712**
Financial Instruments				
Trade debtors	9 846 180	8 475 072	9 845 951	8 472 046
Allowance for impairment on trade debtors	(6 608 014)	(4 986 686)	(6 607 446)	(4 986 737)
Interest receivable	6 050	6 694	6 050	6 694
Teaching Services*	225 377	212 625	255 377	212 625
	3 469 593	**3 707 705**	**3 499 932**	**3 704 628**
Non Financial Instruments				
Other receivables	5 292	5 146	5 292	5 084

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
4. Receivables from exchange transactions (continued)				
Total receivables from exchange transactions	3 474 320	3 712 851	3 474 624	3 709 712

The NHLS Provincial debt has grown to R9.1bn as at 31 March 2025. Due to the provinces inability to pay their debt in full and timeously, some provinces are unable to service their historic debt due to financial constraints. The following provinces are paying timeously and in full, these include Western Cape, Mpumalanga and Limpopo. The outstanding debt poses a risk to the NLHS financial stability and the NHLS is in continuous engagements with the provincial departments of health to ensure the debt is paid

Outstanding debt from *KwaZulu-Natal Department of Health*

As at 31 March 2025 the KwaZulu-Natal Department of Health owed an amount of R4.02bn (2024: R4.0bn). This represents a 9% increase in the debt as compared to the prior financial year.

A special audit was conducted with relation into the NHLS billing to the KZN DoH between 2008 and 2014 financial years which resulted in the province disputing an amount of R2.08bn. The NHLS continues to engage the KZN DoH with regards to the disputed amount however no resolution has been reached to date. This disputed amount has been impaired in full.

Outstanding debt from Gauteng Department of Health

As at 31 March 2025 the Gauteng Department of Health owed an amount of R1.90bn (2024: R1.63bn). This represents a 17% increase in the debt as compared to the prior financial year

The NHLS is in engagement with the province to clear the outstanding debt.

Outstanding debt from Eastern Cape Department of Health

As at 31 March 2025 the Eastern Cape Department of Health owed an amount of R1.33 bn (2024: R941m). This represents a 42% increase in the debt as compared to the prior financial year.

The province has struggled in the current financial year to pay for its current debt for services rendered due to financial constraints. The NHLS is in engagement with the province to clear the outstanding debt.

Outstanding debt from Northern Cape Department of Health

As at 31 March 2025 the Northern Cape Department of Health owed an amount of R475m (2024: R423m). This represents a 12 % increase in the debt as compared to the prior financial year.

The NHLS is in engagement with the province to clear the outstanding debt.

Outstanding debt from Free State Department of Health

As at 31 March 2025 the Free State Department of Health owed an amount of R523ml (2024: R372ml). This represents a 40% increase in the debt as compared to the prior financial year.

The province has struggled in the current financial year to pay for its current debt for services rendered due to financial constraints. The NHLS is in engagement with the province to clear the outstanding debt.

5. Debt impairment

Contributions to debt impairment provision	1 657 479	949 473	1 667 886	959 515

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
6. Receivables from non-exchange transactions				
Receivables from non-exchange transactions - gross	291 768	403 021	291 768	403 021
Allowance for impairment receivables from non exchange transactions	(151 795)	(114 981)	(151 795)	(114 981)
	139 973	**288 040**	**139 973**	**288 040**
7. VAT receivable				
VAT Control	1 032	277	-	-
8. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	943	833	913	803
Bank balances	139 507	89 768	139 279	89 146
Short-term deposits	5 694 219	5 620 660	5 692 384	5 612 043
	5 834 669	**5 711 261**	**5 832 576**	**5 701 992**
Cash and cash equivalents held by the entity that are not available for use by the economic entity	598 842	547 017	598 842	547 017

None of the cash and equivalent balances is encumbered.

The interest earned on cash at bank and short term deposits ranged from 8.2% to 7.95% (2024:8.12% to 9.66%) and these deposits had an average maturity of 30 days

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment

Economic entity

	2025			2024		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cos/ Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Building Air-systems	4 084	(297)	3 787	431	(226)	205
Buildings	613 676	(150 314)	463 362	612 366	(129 041)	483 325
Computer equipment	539 691	(349 128)	190 563	489 346	(282 965)	206 381
Furniture and Fittings	17 743	(5 181)	12 562	15 449	(4 166)	11 283
Laboratory equipment	1 567 628	(881 724)	685 904	1 408 615	(787 183)	621 432
Land	105 480	-	105 480	105 382	-	105 382
Leasehold property	42 000	20 057	62 057	18 159	24 357	42 516
Mobile units	52 816	(28 726)	24 090	45 786	(26 693)	19 093
Motor vehicles	93 668	(88 230)	5 438	90 905	(72 016)	18 889
Office equipment	61 802	(34 051)	27 751	52 580	(28 243)	24 337
Other property, plant and equipment	92 100	-	92 100	(455)	-	(455)
Plant and machinery	15 112	(7 205)	7 907	12 196	(5 670)	6 526
Total	**3 205 800**	**(1 524 799)**	**1 681 001**	**2 850 760**	**(1 311 846)**	**1 538 914**

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Controlling entity

	2025			2024		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cos/ Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Building Air-systems	4 084	(297)	3 787	431	(226)	205
Buildings	613 676	(150 314)	463 362	612 366	(129 041)	483 325
Computer equipment	539 691	(349 128)	190 317	488 954	(282 983)	205 971
Furniture and Fittings	17 628	(5 098)	12 530	15 329	4 089	11 240
Laboratory equipment	1 562 964	(878 756)	684 208	1 403 723	(784 532)	619 191
Land	105 480	-	105 480	105 382	-	105 382
Leasehold property	42 000	20 057	62 057	18 159	24 357	42 516
Mobile units	52 816	(28 726)	24 090	45 786	(26 693)	19 093
Motor vehicles	93 668	(88 230)	5 438	90 905	(72 016)	18 889
Office equipment	61 749	34 017	27 732	52 527	28 212	24 315
Other property, plant and equipment	91 808	-	91 808	-	-	-
Plant and machinery	15 112	(7 205)	7 907	12 196	(5 670)	6 526
Total	**3 200 377**	**(1 521 661)**	**1 678 716**	**2 845 758**	**(1 309 105)**	**1 536 653**

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2025

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Change in Accounting Estimates R'000	Depreciation R'000	Total R'000
Building Air -systems	205	3 612	(5)	-	-	(25)	3 787
Buildings	483 325	1 310	-	-	96	(21 369)	463 362
Computer equipment	206 381	61 678	(5 762)	(8)	(3 267)	(68 459)	190 563
Furniture and fittings	11 283	2 426	(8)	95	-	(1 234)	12 562
Laboratory equipment	621 432	189 925	(360)	95	(14 211)	(110 976)	685 904
Land	105 382	98	-	-	-	-	105 480
Lease Buildings	42 516	24 352	(19)	-	7 332	(12 124)	62 057
Mobile Units	19 093	7 030	-	-	-	(2 033)	24 090
Motor vehicles	18 889	2 765	-	-	-	(16 216)	5 438
Office equipment	24 337	9 566	(1)	(166)	(3)	(5 982)	27 751
Other property, plant and equipment # 1	(455)	92 199	-	-	-	-	92 100
Plant and machinery	6 526	2 959	-	(15)	-	(1 563)	7 907
Total	**1 538 914**	**397 920**	**(6 155)**	**-**	**(10 053)**	**(239 981)**	**1 681 001**

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Revaluations R'000	Change in Accounting Estimates R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Building Air-systems	219	23	57)	-	-	53	(33)	-	205
Buildings	580 864	-	-	(7 314)	(68 327)	-	(21 221)	(677)	483 325
Computer equipment	214 621	34 082	(203)	(142)	-	25 955	(67 932)	-	206 381
Furniture and fixtures	9 911	2 194	(146)	(66)	-	199	(809)	-	11 283
Laboratory equipment	441 559	238 017	(2 710)	4 993	-	57 177	(117 604)	-	621 432
Land	109 769	-	-	-	(4 387)	-	-	-	105 382
Leasehold Lab buildings	12 430	23 283	(552)	7 809	-	779	(1 233)	-	42 516
Mobile Units	19 154	134	-	676	-	1 322	(2 193)	-	19 093
Motor vehicles	35 079	100	(1 078)	-	-	931	(16 143)	-	18 889
Office equipment	16 306	15 333	(243)	(4 523)	-	2 627	(5 163)	-	24 337
Other property, plant and equipment # 1	99	-	-	-	-	(554)	-	-	(455)
Plant and machinery	3 545	3 275	(3)	(118)	-	687	(860)	-	6 526
Total	**1 443 556**	**316 441**	**(4 992)**	**1 315**	**(72 714)**	**89 176**	**(233 191)**	**(677)**	**1 538 914**

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2025

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Change in Accounting Estimates R'000	Depreciation R'000	Total R'000
Building Air-systems	205	3 612	(5)	-	-	(25)	3 787
Buildings	483 325	1 310	-	-	96	(21 369)	463 362
Computer equipment	205 971	61 678	(5 762)	(8)	(3 117)	(68 445)	190 317
Furniture and fixtures	11 240	2 433	(8)	95	-	(1 230)	12 530
Laboratory equipment	619 191	189 925	(360)	(82)	(13 490)	(110 976)	684 208
Land	105 382	98	-	-	-	-	105 480
Leasehold Lab buildings	42 516	24 352	(19)	-	7 332	(12 124)	62 057
Mobile Units	19 093	7 030	-	-	-	(2 033)	24 090
Motor vehicles	18 889	2 765	-	-	-	(16 216)	5 438
Office equipment	24 315	9 569	(1)	-	(169)	(5 982)	27 732
Other property, plant and equipment # 1	-	91 808	-	-	-	-	91 808
Plant and machinery	6 526	2 959	(15)	-	-	(1 563)	7 907
Total	**1 536 653**	**397 539**	**(6 170)**	**5**	**(9 348)**	**(239 963)**	**1 678 716**

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2024

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers R'000	Revaluations R'000	Change in Accounting Estimates R'000	Depreciation R'000	Impairment loss R'000	Total R'000
Building Air-Systems	242	-	57)	-	-	53	(33)	-	205
Buildings	580 864	-	-	(7 314)	68 327)	-	(21 221)	(677)	483 325
Computer equipment	214 477	33 830	(203)	(142)	-	25 936	(67 927)	-	205 971
Furniture and fittings	9 862	2 190	(146)	(66)	-	199	(799)	-	11 240
Laboratory equipment	439 759	237 429	(2 710)	4 993	-	57 018	(117 298)	-	619 191
Land	109 769	-	-	-	(4 387)	-	-	-	105 382
Leasehold property	12 430	23 283	(552)	7 809	-	779	(1 233)	-	42 516
Mobile Units	19 154	134	-	676	-	1 322	(2 193)	-	19 093
Motor vehicles	35 079	100	(1 078)	-	-	931	(16 143)	-	18 889
Office equipment	16 290	15 330	(243)	(4 523)	-	2 624	(5 163)	-	24 315
Plant and machinery	3 545	3 275	(3)	(118)	-	687	(860)	-	(455)
								-	6 526
Total	**1 441 471**	**315 571**	**(4 992)**	**1 315**	**(72 714)**	**89 549**	**(232 870)**	**(677)**	**1 536 653**

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment	Economic entity 2025 R'000	Economic entity 2024 R'000	Controlling entity 2025 R'000	Controlling entity 2024 R'000
Laboratory building	-	396	-	396
Laboratory equipments	-	10 592	-	10 592
	-	**10 988**	**-**	**10 988**

Notes to the Consolidated Annual Financial Statements

9. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance				
Office equipment	3 612	1 337	3 585	1 332
Building	68 044	76 589	67 634	76 537
Motor vehicle	499	203	499	203
Laboratory equipment	71 797	77 194	71 360	76 712
	143 952	**155 323**	**143 078**	**154 784**

Notes to the Consolidated Annual Financial Statements

10. Intangible assets

Economic entity

	2025			2024		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Actual amounts on comparable basis R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Patents, trademarks and other rights	60	(51)	9	60	(48)	12
Computer software, other	24 037	(5 850)	18 187	12 293	(1 985)	10 308
Total	**24 097**	**(5 901)**	**18 196**	**12 353**	**(2 033)**	**10 320**

Controlling entity

	2025			2024		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Actual amounts on comparable basis R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Patents, trademarks and other rights	60	(51)	9	60	(48)	12
Computer software, other	24 037	(5 850)	18 187	12 293	(1 985)	10 308
Total	**24 097**	**(5 901)**	**18 196**	**12 353**	**(2 033)**	**10 320**

Reconciliation of intangible assets - Economic entity - 2025	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Patents,	12	-	(3)	9
Computer software	10 308	11 832	(3 953)	18 187
Total	**10 320**	**11 832**	**(3 956)**	**18 196**

Notes to the Consolidated Annual Financial Statements

10. Intangible assets (continued)

Reconciliation of intangible assets - Economic entity - 2024	Opening balance R'000	Amortisation R'000	Total R'000
Patents, trademarks and other rights	15	(3)	12
Computer software, other	11 298	(990)	10 308
Total	**11 313**	**(993)**	**10 320**

Reconciliation of intangible assets - Controlling entity - 2025	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Patents, trademarks and other rights	12	-	(3)	9
Computer software,	10 308	9 259	(1 380)	18 187
Total	**10 320**	**9 259**	**(1 383)**	**18 196**

Reconciliation of intangible assets - Controlling entity - 2024	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Patents, trademarks and other rights	15	-	(3)	12
Computer software, other	11 298	839	(1 829)	10 308
Total	**11 313**	**839**	**(1 832)**	**10 320**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000

11. Living resources

Economic entity	2025			2024		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Actual amounts on comparable basis R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Sheep	(70)	46	(24)	169	(93)	76
Horses	240	(71)	169	345	(68)	277
Total	**170**	**(25)**	**145**	**514**	**(161)**	**353**

Reconciliation of Living Resources - Economic entity - 2025	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Sheep	91	-	(10)	81
Horses	18	2	(4)	16
Total	**109**	**2**	**(14)**	**97**

Reconciliation of Living Resources - Economic entity - 2024	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Sheep	86	15	(10)	91
Horses	21	-	(3)	18
Total	**107**	**15**	**(13)**	**109**

12. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax liability

At beginning of year	5 975	5 071	5 975	-
Temporary difference movement on property, plant and equipment	-	18	-	-
Temporary difference on provisions	-	(9)	-	-
Tax loss	-	895	-	-
Adjustment of receivable income tax to deferred tax asset	(44)	-	-	-
Total	**5 931**	**5 975**	**-**	**-**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
13. Loan from economic entity				
Controlled entities				
South African Vaccine Producers (Pty)Ltd	-	-	64 133	53 771
Impairment of loans to controlled entities	-	-	64 133	53 771
	-	-	64 133)	(53 771)
	-	-	-	-

The controlling entity has subordinated it's rights to claim payments of debts of R64,133ml (2024: R53,771ml) owing to it by South African Vaccine Producers (Pty) Limited until the assets of the subsidiary, fairly valued, exceed its liabilities. The report of the Accounting Authority contains further details of the subsidiary.

14. Post - Retirement employee benefit obligation

Carrying value				
Present value of the defined benefit obligation-wholly unfunded	(991 477)	(925 753)	(991 477)	(925 753)
Non-current liabilities	(977 248)	(913 137)	(977 248)	(913 137)
Current liabilities	(14 229)	(12 616)	(14 229)	(12 616)
	(991 477)	**(925 753)**	**(991 477)**	**(925 753)**
Maturity of Obligation				
With a year	(14 229)	(12 616)	(14 229)	(12 616)
Greater than 5 years	(977 248)	(913 137)	(977 248)	(913 137)
	(991 477)	**(925 753)**	**(991 477)**	**(925 753)**
Changes in the present value of the defined benefit obligation are as follows:				
Opening balance	925 753	877 778	925 753	877 778
Contributions by plan participants	(53 839)	(46 777)	(53 839)	(46 777)
Modelling adjustments	-	(3 108)	-	(3 108)
Net expense (income) recognised in the statement of financial performance	119 563	97 860	119 563	97 860
	991 477	**925 753**	**991 477**	**925 753**
Net expense recognised in the statement of financial performance is as follows:				
Service cost	**11 467**	**15 324**	**11 467**	**15 324**
Current service cost	11 467	15 324	11 467	15 324
Net interest on the net defined benefit liability (asset)	84 968	114 582	84 968	114 582
Remeasurements of the net defined benefit liability (asset)	23 128	(32 046)	23 128	(32 046)
Actuarial gains and losses arising from:	23 128	(32 046)	23 128	(32 046)
Changes in demographic assumptions	5 450	(79 609)	5 450	(79 609)
Changes in financial assumptions	15 996	24 088	15 996	24 088
Miscellaneous	1 682	23 475	1 682	23 475
	119 563	**97 860**	**119 563**	**97 860**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000

14. Post - Retirement employee benefit obligation (continued)

Key assumptions used

The value of the provision is dependent on amongst others the demographic profile of employees, mortality, consumer price inflation and bond yields. The Cashflow weighted average maturity or timing of the post-employment medical aid subsidy benefit is 16.1 years (2024: 16.5 years). The normal retirement age used in valuation was 65 years (2024: 65 years).

Discount rate (from government bond yield curve at average duration)	13.20 %	15.10 %	13.20 %	15.10 %
Inflation rate (inflation implied yield curves at average duration	7.80 %	9.40 %	7.80 %	9.40 %
Medical scheme contribution increases (market inflation plus 2%)	9.80 %	11.40 %	9.80 %	11.40 %
Net real Discount rate (at average duration)	3.10 %	3.30 %	3.10 %	3.30 %

Sensitivity analysis

Economic and Controlling entity -2025	One percentage point increase R'000	One percentage point decrease R'000
Discount Rate	(96 144)	114 878
Post- retirement mortality (years)	(31 608)	31 636

Economic and Controlling entity -2024	One percentage point increase R'000	One percentage point decrease R'000
Discount Rate	(89 574)	106 996
Contributions Inflation	107 14	(90 908)
Retirements Age (years)	(32 218)	39 095
Post- retirement mortality (years)	(29 122)	29 139

Risks associated with the plan

The major risks faced by NHLS from the post-employment medical aid subsidy benefit are:

i. Future medical aid contribution increases can exceed projected values, thus leading to higher subsidy benefit payments. If medical scheme contributions are 1% higher than projected, the liability is R115m (11.6%) higher [Prior Year: R105m (11.6%).

ii. Employees may retire early, thus leading to the continuation benefit being paid for longer. If employees retire 1 year earlier, the liability is R39m (3.9%) higher [Prior Year: R39m (4.2%).

iii. Continuation members can live longer than projected, thus leading to higher subsidy payments over a longer period. If continuation member life expectancy improves by 1 year, the liability is R32m (3.2%) higher [Prior Year: R29m (3.1%).

iv. There are other unquantifiable risks that could make the ultimate benefits paid by NHLS to be higher. Examples of these risks are factors that may increase the take-up of benefit and administrative errors.

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000

14. Post - Retirement employee benefit obligation (continued)

Defined contribution plans

It is the policy of the economic entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which is subject to the Pensions Fund Act exist for this purpose.

The economic entity is under no obligation to cover any unfunded benefits.

15. Payables from exchange transactions

Trade payables	333 580	268 467	333 114	268 441
Income received in advance - contract in process	76	146	-	-
Debtors with credit balances	127 204	183 208	127 204	183 208
Accrued expenses	885 649	551 406	884 998	550 779
Other payables*	55 300	51 977	54 789	51 972
	1 401 809	**1 055 204**	**1 400 105**	**1 054 400**

*Other payables are made up of employee cost related liabilities and other sundry payables.

Financial Instruments

Trade payables	333 580	268 467	333 114	268 441
Accrued expenses	885 649	551 406	884 998	550 779
	1 219 229	**819 873**	**1 218 112**	**819 220**

Non Financial Instruments

Income received in advance - contract in progress	76	146	-	-
Debtors with credit balances	127 204	183 208	127 204	183 208
Other payables	55 300	52 977	54 789	51 972
	182 580	**236 331**	**181 993**	**235 180**

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprise of:

Research grants	137 457	126 783	137 457	126 783

Reconciliation of unspent grants

Balance at the beginning of the year	126 783	129 093	126 783	129 093
Additions during the year	598 842	51 729	598 842	51 729
Income recognition during the year	(588 168)	(54 039)	(588 168)	(54 039)
	137 457	**126 783**	**137 457**	**126 783**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000

17. Provisions

Reconciliation of provisions - Economic entity - 2025

	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
DOH utility charges provision [1]	135 879	67 121	25 562	(77 383)	151 179

Reconciliation of provisions - Economic entity - 2024

	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
DOH utility charges provision [1]	138 752	78 311	(8 758)	(72 426)	135 879

Reconciliation of provisions - Controlling entity - 2025

	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
DoH utility charges provision [1]	135 879	67 121	25 562	(77 383)	151 179

Reconciliation of provisions -Controlling entity - 2024

	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
DOH utility charges provision [1]	138 752	78 311	(8 758)	(72 426)	135 879

[1] The DoH utility charges provision relates to utilities and maintenance fees owing to the DoH for various provincial hospital facilities around the country. During the 2020/21, financial year the NHLS developed and implement a new utilities policy that was approved by all the relevant structures. The policy resulted in the reversal of all the utility provisions and accruals older than 3 years as at the 31 March 2021. The policy also defined and provided guidelines for the amounts to be disclosed as the utilities accrual as well as the utilities provision in the consolidated annual financial statements. For the facilities occupied in Northern Cape, Mpumalanga, KZN , management estimates the amount owed to the Department of Health based on prior year estimates as NHLS does not receive invoices from the Department in time. Whereas for facilities occupied in Limpopo, Free State, North West, Gauteng, Eastern Cape and Western Cape, estimates are based on prior year invoices. The timing of the payment due are therefore uncertain.

Notes to the Consolidated Annual Financial Statements

18. Employee benefit obligation Controlling and economic entity	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000

Reconciliation of employee benefit obligation - 2025

	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Leave pay provision	369 437	2 491	(921)	37 167	408 174
Bonus Obligation	664	194	(47)	(167)	645
	370 101	**2 685**	**(968)**	**37 000**	**408 819**

The leave pay obligation relates to vesting leave pay to which employees may become entitled upon leaving the employment of the economic entity. The obligation arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The obligation is utilised when employees become entitled to and are paid for the accumulated leave pay or utilise compensated leave due to them.

The bonus obligation is made up of the following:

Certain employees in bands D and above who are on the cost to company package and elect to structure part of their package as a 13th cheque. The obligation is utilised when employees become entitled to and are paid for their services to the entity. The bonus payable is determined by applying a specific formula based on the employees' total cost to company; and A 13th cheque for employees in bands A to C which is payable in December each year

Reconciliation of employee benefit obligation - 2024

	Opening Balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Leave pay obligation	337 107	4 510	(4 479)	32 299	408 174
Bonus obligation	692	-	-	(28)	664
	337 799	**4 510**	**(4 479)**	**32 271**	**370 101**

19. Payables from non- exchange transactions

Debtors with credit balance from non-exchange transactions	13 236	15 057	13 236	15 057
	13 236	**15 057**	**13 236**	**15 057**

20. Revenue

Sale of goods	4 675	24 345	-	-
Rendering of services	11 158 443	11 472 440	11 158 443	11 472 440
Government grants & subsidies	620 714	706 425	620 714	706 425
Grant income Recognised	137 083	183 468	137 083	183 468
	11 920 915	**12 386 678**	**11 916 240**	**12 362 333**

The amount included in revenue arising from exchange of goods or services are as follows:

Sale of goods	4 675	24 345	-	-
Rendering of services	11 158 443	11 472 440	11 158 443	11 472 440
	11 163 118	**11 496 785**	**11 158 443**	**11 472 440**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
20. Revenue (continued)				
The amount included in revenue arising from non-exchange transactions is as follows:				
Transfer revenue				
Government grants & subsidies	620 714	706 425	620 714	706 425
Grant Income recognised	137 083	183 468	137 083	183 468
	757 797	**889 893**	**757 797**	**889 893**

Information in relation to Cyberattack:

The NHLS was a victim of a severe cyber-attack on 22 June 2024 which negatively impacted the NHLS's ability to perform its mandated functions optimally. Many areas of service delivery were affected and it took a lengthy period of time for the NHLS to get re-establish it normal service delivery position prior to the cyber-attack. Numerous IT services had to be outsourced to aid organisation to recover from the cyber-attack which resulted in additional unbudgeted expenditure The cyber-attack resulted in the NHLS suffering deep financial losses due to the lost revenue due to the entity's inability to deliver on its mandate optimally during the cyber-attack. It also resulted in the NHLS having to incur additional unbudgeted expenditure to remedy the situation and prevent such cyber-attacks going forward. As a result of the cyber-attack on the entity's revenue the NHLS's revenue been negatively affected and during that the time expenses were increased.

21. Cost of sales				
Direct employee costs	5 038 770	4 679 577	5 024 192	4 667 303
Direct depreciation and impairments	224 303	150 421	224 074	150 533
Direct material expenses	4 181 386	4 330 517	4 174 855	4 317 997
	9 444 459	**9 160 515**	**9 423 121**	**9 135 833**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
22. Other income				
Discount received	738	1 112	738	1 112
Miscellaneous other income [1]	8 358	15 451	8 358	15 451
Fees earned	11 076	14 085	11 076	14 085
Internal recoveries	2	5	2	5
Public Contribution and Donation	56 858	30	56 858	-
Utilities Provision write offs [2]	-	72 426	-	72 426
Gain on exchange differences	(283)	6 929	(283)	6 929
Royalties received	241	661	241	661
Sundry income	80 209	7 322	80 209	7 322
	157 199	**118 021**	**157 199**	**117 991**

[1] Miscellaneous other income is generated when the NHLS recovers funds for rental lease agreements, hosts conferences and other charges which need to be recovered from the use of its own facilities such as those used by Contract Laboratory Services.

[2] The Utilities provision write off is in relation to the Utilities policy which was first implemented in 2021/22 financial year and resulted in the write off being processed due to the prescription period.

The amount included in other revenue arising from exchanges of goods or services are as follows:				
Discount received	738	1 112	738	1 112
Miscellaneous other income	8 358	15 451	8 358	9 358
Fees earned	11 173	14 085	11 173	14 085
Internal recoveries	2	5	2	5
Utilities provision write offs	-	72 426	-	72 426
Gains or loss on exchange differences	283	6 929	283	6 929
Royalties	241	661	241	661
Sundry income	2 826	7 322	2 826	7 322
	23 621	**117 991**	**23 621**	**111 898**

The amount included in other revenue arising from non-exchange transactions is as follows:				
Public contributions and donations	56 858	15	56 858	56 858

23. Interest income				
Interest revenue				
Bank	567 540	540 364	566 991	539 512
Interest received - other	125 498	68 014	125 496	68 004
	693 038	**608 378**	**692 487**	**607 516**

24. Interest expense				
Bank	16	-	16	-

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
25. Operating (deficit) surplus				
Operating (Deficit)/Surplus for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	33 747	23 041	33 766	23 042
Motor vehicles				
• Contractual amounts	45	27	45	27
Equipment				
• Contractual amounts	40 391	46 718	40 184	46 447
	74 183	**69 786**	**73 995**	**69 516**
Loss on sale of property, plant and equipment	(6 150)	(4 826)	(6 150)	(4 808)
Amortisation on intangible assets	1 440	1 443	1 440	1 443
Depreciation on property, plant and equipment	234 696	141 742	234 455	141 751
Employee costs	5 580 706	5 160 787	5 562 878	5 142 275

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
26. Operating expenses				
Advertising	1 066	2 157	1 066	2 157
Archiving and Storage	15 843	13 754	15 843	13 754
Auditors remuneration	19 307	4 292	19 307	4 292
Bad debts written off	220 710	1 943	220 710	1 943
Bank charges	20 192	19 092	20 167	19 056
Cleaning	4 431	5 483	4 431	5 481
Computer expenses	1 543	5 023	1 540	5 019
Conferences and seminars	1 555	1 120	1 555	1 112
Consulting and professional fees	22 236	32 807	22 233	32 769
Consumables	22 531	26 579	22 518	26 526
Contributions to debt Impairment	1 657 479	949 473	1 667 886	959 515
Debt collection	264	300	264	300
Delivery expenses	1 017	1 066	1 013	1 066
Depreciation, amortisation and impairments	11 888	(7 143)	11 893	(7 339)
Discount allowed	35 085	38 968	35 085	38 968
Employee Costs	541 935	481 210	538 685	474 972
Entertainment	14	12	14	12
Petrol and oil	28 647	30 637	28 647	30 637
Insurance	17 852	14 396	17 852	14 396
Legal expenses	18 753	9 944	18 753	9 944
Lease rentals on operating lease	43 343	50 458	43 136	50 193
Loss on disposal of assets and liabilities	661	4 826	661	4 808
Loss on exchange differences	-	53	-	-
Medical expenses	17	2	17	2
Minor Assets	6 811	10 603	6 811	10 600
Motor vehicle expenses	13 560	9 725	13 560	9 725
Other expenses	13 598	13 254	13 598	13 254
Packaging	12 789	12 103	12 759	11 649
Postage and courier	1 132	961	1 132	961
Printing and stationery	51 908	57 910	51 876	57 840
Project Management expenses	123	-	123	-
Promotions	150	78	150	78
Promotions and sponsorships	54	304	54	304
Repairs and maintenance	71 798	78 123	71 361	78 072
Research Trust	3 857	415	3 857	415
Royalties and license fees	185	507	185	507
Security	3 443	2 390	3 443	2 390
Software development expenses	67 076	94 959	67 076	94 959
Software expenses	273 384	160 485	273 382	160 450
Staff welfare	10 767	9 887	10 674	9 814
Subscriptions and membership fees	1 379	3 159	1 294	3 124
Telephone expenses	48 939	39 906	48 910	39 868
Training	59 825	58 861	59 825	58 861
Travel - local	43 641	38 052	43 636	38 051
Travel - overseas	189	289	189	289
Utilities	125 777	167 652	125 777	167 652
	3 496 754	**2 446 075**	**3 502 948**	**2 448 446**

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
27. Taxation				
Major components of the tax income				
Current				
Local Income tax	-	(4 741)	-	-
Deferred				
Local income tax - current period	-	(4 741)	-	-
28. Employee related costs				
Basic	3 965 599	3 657 760	3 952 429	3 643 952
Bonus	224 712	212 213	223 863	211 337
Medical aid - company contributions	315 865	304 236	314 528	302 924
UIF	17 192	17 283	17 125	17 210
WCA	17 953	30 989	17 891	30 930
SDL	63 126	57 219	62 966	57 054
Leave pay provision charge	68 027	56 128	67 857	55 886
Training	87	191	1	63
Other allowance [1]	277 490	255 197	277 490	255 197
External bursaries	2 015	3 084	2 015	3 084
Other short term costs	173 075	160 738	172 388	160 108
Defined contribution plans	448 988	401 712	447 768	400 528
Long-term benefits - incentive scheme	6 577	4 037	6 557	4 002
	5 580 706	**5 160 787**	**5 562 878**	**5 142 275**
Employee costs are split into cost of sales and general expenses as follows				
Cost of sales Employees cost	5 038 769	4 680 603	5 024 192	4 667 303
General Expenses-Employee cost	541 937	480 184	538 681	474 972
	5 580 706	**5 160 787**	**5 562 873**	**5 142 275**

[1] Other allowance include shift allowance , subsistence and and travel allowance.

29. Auditors' remuneration				
Fees	19 307	4 292	19 307	4 292

Notes to the Consolidated Annual Financial Statements

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
30. Depreciation and amortisation				
Property, plant and equipment	234 696	141 742	234 455	141 751
Intangible assets	1 440	1 443	1 440	1 443
Living resources	126	93	-	-
	236 262	**143 278**	**235 895**	**143 194**
31. Cash generated from operations				
(Deficit)/Surplus	(173 385)	1 510 280	(163 517)	1 503 561
Adjustments for:				
Depreciation and amortisation	236 190	145 956	250 694	140 821
Loss on sale of assets and liabilities	6 150	4 992	6 150	4 992
Impairment deficit	-	-	-	677
Debt impairment	1 657 479	949 544	1 667 886	959 515
Movements in retirement benefit assets and liabilities	65 724	47 975	65 724	47 975
Movements in provisions	15 300	(2 873)	15 300	(2 873)
Movement in Employee benefits	38 718	32 302	38 718	32 302
Annual charge for deferred tax	-	(3 476)	-	-
Non-cash donations and other in-kind benefits	-	(15)	-	2 166
Other non-cash items	2 067	5 767	914	851
Changes in working capital:				
Inventories	(417 426)	37 103	(414 316)	35 033
Receivables from exchange transactions	(1 401 947)	(1 512 890)	(1 432 796)	(1 518 289)
Receivables from non-exchange transactions	148 067	(120 228)	148 067	(120 228)
Payables from exchange transactions	346 605	(79 966)	345 705	(73 370)
VAT	760	83	-	-
Unspent conditional grants and receipts	10 674	(2 310)	10 674	(2 310)
Payables from non-exchange transactions	(1 821)	(123 056)	(1 821)	(123 056)
	533 155	**889 188**	**537 382**	**887 767**

Notes to the Consolidated Annual Financial Statements

32. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2025 **Financial assets**	**At amortised cost R'000**	**Total R'000**
Receivables from exchange transactions	3 474 320	3 474 320
Receivables from non-exchange transactions	139 976	139 976
Cash and cash equivalents	5 834 669	5 834 669
	9 448 965	**9 448 965**

Financial liabilities	**At amortised cost R'000**	**Total R'000**
Payables from exchange transactions	1 219 229	1 219 229
Payable from non-exchange transactions	13 236	13 236
	1 232 465	**1 232 465**

Economic entity - 2024 **Financial assets**	**At amortised cost R'000**	**Total R'000**
Receivables from exchange transactions	3 711 602	3 711 602
Receivables from non-exchange transactions	288 040	288 040
Cash and cash equivalents	5 711 261	5 711 261
	9 710 903	**9 710 903**

Financial liabilities	**At amortised cost R'000**	**Total R'000**
Payables from exchange transactions	819 873	819 873
Payable from non-exchange transactions	15 057	15 057
	834 930	**834 930**

Controlling entity - 2025 **Financial assets**	**At amortised cost R'000**	**Total R'000**
Receivables from exchange transactions	3 474 624	3 474 624
Receivables from non-exchange transactions	139 975	139 975
Cash and cash equivalents	5 832 576	5 832 576
	9 447 175	**9 447 175**

Notes to the Consolidated Annual Financial Statements

32. Financial instruments disclosure (continued)

Financial liabilities	At amortised cost R'000	Total R'000
Payables from exchange transactions	1 218 112	1 218 112
Payable from non-exchange exchange transactions	13 236	13 236
	1 231 348	**1 231 348**

Controlling entity - 2024 Financial assets	At amortised cost R'000	Total R'000
Receivables from exchange transactions	3 709 712	3 709 712
Receivables from non-exchange transactions	288 040	288 040
Cash and cash equivalents	5 701 992	5 701 992
	9 699 744	**9 699 744**

Financial liabilities	At amortised cost R'000	Total R'000
Payables from exchange transactions	819 220	819 220
Payable from non-exchange exchange transactions	15 057	15 057
	834 277	**834 277**

Financial instruments in the Statement of financial performance Economic entity - 2025	At amortised cost R'000	Total R'000
Interest income	693 038	693 038
Interest expense	(16)	(16)
	693 022	**693 022**

Economic entity - 2024	At amortised cost R'000	Total R'000
Interest income	608 378	608 378
	608 378	**608 378**

Controlling entity - 2025	At amortised cost R'000	Total R'000
Interest Income	692 487	692 487
Interest expense	(16)	(16)
	692 471	**692 471**

Notes to the Consolidated Annual Financial Statements

32. Financial instruments disclosure (continued)

	At amortised cost R'000	Total R'000
Controlling entity - 2024		
Interest income	607 516	607 516
	607 516	**607 516**

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
33.Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	2 770 952	1 791 897	2 770 952	1 791 897
Not yet contracted for and authorised by members				
• Property, plant and equipment	2 529	32 475	2 529	32 472
Total capital commitments				
Already contracted for but not provided for	2 770 952	1 791 897	2 770 952	1 791 897
Not yet contracted for and authorised by members	2 529	32 475	2 529	32 472
	2 773 481	**1 824 372**	**2 773 481**	**1 824 369**

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the economic entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals is fixed for an average of three years. No contingent rent are payable.

Notes to the Consolidated Annual Financial Statements

34. Contingencies

Contingent liabilities	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Claims lodged for damages:	-	-	-	-
Drive Control Corporation	-	37 473	-	37 473
Rapid IT Solution	3 737	432	3 737	432
NHLS v Mdoda Mbangubazi	-	-	-	-
S Dubazane	-	-	-	-
H Molotsi	-	1 759	-	1 759
Bakuthi Trading CC	252	252	252	252
G Mathebula	2 100	188	2 100	188
G Sethosa	-	-	-	-
Masegare & Associates	250	250	250	250
NHLS v PSA obo Tanya Van Rooyen	-	-	-	-
Magidigidi	-	-	-	-
L Gwetha	-	-	-	-
S L Jack	-	632	-	632
S Mahommed	2 950	2 950	2 950	2 950
Horpersa on behalf Molusi	104	104	104	104
Nehawu obo Tshoana Matlale	-	671	-	671
M. Saas	28 120	-	28 120	-
Dr P Swart and 2 Others	-	-	-	-
NEHAWU OBO Sindi Mathebula and 10 Others	-	-	-	-
NHLS v Solidarity obo BJ Mellor	-	-	-	-
NHLS v Tuelo Nteta	-	-	-	-
Corfutrax Logistics CC	16 500	-	16 500	-
	54 013	**44 711**	**54 013**	**44 711**

Gezani Mathebula
There is a labour matter between employee and the NHLS for an amount of R 2,100 million. Judgements was issued in favour of M Mathebula. The NHLS is in the process of appealing the judgement. If NHLS is unsuccessful then backpay to the reinstatement date of May 2018 will apply.

NHLS v Tuelo Nteta
NHLS v Tuelo Nteta NHLS is appealing against the Chairperson's sanction. The employee has since referred the dispute to the CCMA, after he was dismissed. The first sitting of the arbitration was held in January 2025 and it has been postponed to April 2025.

Dr P Swart and 2 Others
The NHLS instituted disciplinary proceedings against Dr Nel, Dr Chajkowski and Dr Swart.The arbitration resumed in December 2024 and was heard again on 26 and 27 February 2025. There is a settlement in progress. The case remains contested.

Rapid IT Solutions
Rapid IT Solutions issued summons against the NHLS claiming breach of contract in the amount of R 3.7 million. The matter is still ongoing.

Grace Sethosa
This is a labour matter between Ms. Sethosa and the NHLS. A review application brought by Ms Grace Sethosa, a former employee, to review and set aside an arbitration award. The possible amount payable may be employee's salary if re-instated. The matter is awaiting allocation of a date for hearing.

Notes to the Consolidated Annual Financial Statements

34. Contingencies (continued)

Silindile Dludla
This is a labour matter between Ms. Dludla and the NHLS. Ms. Dludla filed a review application against the NHLS and it's been opposed by the NHLS. Parties have filed all pleadings and is in a process of filing heads of argument. The outcome of the matter will depend on the court ruling. Ms. Dludla is claiming for reinstatement and/ or payment of a salary retrospectively.

Sayed Mohamed
The Plaintiff issued the letter of demand against the NHLS for alleged medical negligence for the amount of R 2 950 000,00 and he is yet to issue the summons. The NHLS is defending the matter.

Magidigidi
The employee instituted an application for review. The review application is being opposed. There is potential financial exposure of pack pay/settelement costs.

NHLS v PSA obo Tanya Van Rooyen
An arbitration award was handed down in favour of Ms Van Rooyen on 10 December 2024. An application for the arbitration award to be reviewed was filed on 23 January 2025 by the NHLS. There is potential financial exposure of pack pay/settelement costs.

Bakuthi Trading cc
Bakuthi issued summons in the amount of R 0,252 million claiming that it suffered damages as a result of a breach of duty of care placed by the NHLS when awarding the tender. NHLS has filed its plea. NHLS awaits for Bakuthi to file its replication.

Lungisa Gqweta
This is a labour matter between Gqweta. Parties await a set down date at the Labour Court. Outcome will be dependent on a court ruling. The possible amount payable by the NHLS may be the employee's salary if re-instated.

Dubazana
This is a labour matter between a former employee, Ms. Dubazane and the NHLS. This is a review application. Should the employee be successful, the employee could be paid an amount equal to their salary if re-instated.

Masegare & Associates
Masegare & Associates served the NHLS with a notice in terms of section 3 (1) of the Institution of Legal Proceedings against an Organ of State Act. Parties are to engage in discussions in an attempt to settle this matter. Possible financial exposure of R.25million.

Solidarity obo BJ Mellor
There is a matter at the Labour Court regarding implementation of or wage demands. The amount is not yet to be determined and the amount is not known at this stage.

NEHAWU OBO Sindi Mathebula and 10 Other
This is a review. The possible amounts payables equal to 24 months remuneration to each employee.

Hospera on behalf of Molusi
NHLS intends to launch a review application in this labour matter between NHLS and Hospersa obo of Molusi. The amount claimed is R,104 million the employee's monthly salary and benefits.

Tsoana Matlala
The opposing party served and filed heads of argument on 01 April 2025 and appointed new attorneys of record. Arbitration award. The NHLS awaits a date allocation by the Registrar. The amount cannot be determined at this stage.

Notes to the Consolidated Annual Financial Statements

34. Contingencies (continued)

Michael Sass v National Health Laboratory Service and another
M Sass has instituted action proceedings against the NHLS and K Chetty for damages.
The NHLS and K Chetty has filed their notice of intention to defend and an exception. M Sass has requested time to consider the notice.,The amaount claimed is R281,121million.

Corfutrax
The NHLS terminated the services with Corfutrax. Corfutrax has instituted an urgent application. A second arbitration meeting was held and Corfutrax confirmed that the matter can resume. Corfutrax has filed to file its factual witness statements due on 7 May 2025. Corfutrax is claiming damages of R16,5 milliion.

NHLS v Mdoda Mbangubazi
The applicant filed a review application to review a decision of the Public Protector after she had sent a complaint about NHLS to PPSA on the calculation of her pension benefit. The amount cannot be quantified at this stage.

Retention of surplus funds
In terms of section 53(3) of the PFMA, the NHLS as a public 3A entity may not accumulate a surplus funds without prior written approval of National Treasury being obtained. In order to give guidance to public entities and to operational this section of the PFMA, National Treasury had issued Instruction Note 3 of 2025/26, that indicates that a public entity must declare all surpluses to the relevant treasury by 15 September 2025, after the financial year end. The NHLS will submit a motivation and request to retain all of its surpluses to National Treasury by 15 September 2025 once the annual financial statements have been audited and approved. However, should the submission not be approved, NHLS will be required to surrender the current year's surplus as per the calculation of R4.1 billion. The calculation is calculated based on the National Treasury Instruction.

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Contingent assets				
Marian Madfaslina Lloyd Jansen Van Vuureen	2 383	1 630	2 383	1 630
Hamilton Ndlovu	-	159 156	-	159 156
Scriprofs	-	2 042	-	2 042
	236 262	**162 828**	**2 383**	**162 828**

Marian Madfaslina Lloyd Jansen Van Vuureen
There is a matter between the NHLS and Mariana Madfaslina Lloyd Jansen Van Vuureen where the NHLS is claiming the amount of R2.38 million from an ex-employee as a result of breach of contract

Himilton Ndlovu
The NHLS has a potential claim of amounts to be received, however this amount cannot be reliably determined as the NHLS can only have a claim once SARS has fully recovered amounts due to it.

Notes to the Consolidated Annual Financial Statements

35. Related parties

Relationships

Members	Refer to board members emoluments 36
Ultimate controlling entity	National Department of Health
Controlled entities	South African Vaccine Producers (Pty)Ltd
Entities under common control	South African Health Product Regulatory Authority Council for Medical Schemes (CMS) Office of Health Standards Compliance (OHSC) South African Medical Research Council (SAMRC) Health Professional Council of South Africa (HPCSA) South African Nursing Council (SANC) South African Health Product Regulatory Authority (SAHPRA) Management entity providing key management services Refer to key management emoluments Note 36

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Related party balances				
Loan accounts to controlled entity				
South African Vaccine Producers(Pty)Ltd	64 133	53 771	64 133	53 771
Impairment of loan to controlled entity				
South African Vaccine Producers(Pty)Ltd	(64 133)	(53 771)	(64 133)	(53 771)
Revenue -Grant and Subsidy				
National Department of Health	598 842	706 425	598 842	706 425
Employee Related Expenses				
South African Vaccine Producers (Pty)Ltd	17 827	18 511	17 827	18 511

Notes to the Consolidated Annual Financial Statements

36. Key Management and Board members' emoluments

Non -Executive 2025	Committees fees R'000	Reimburse-ments fees R'000	Total R'000
* Dr Balekile Mzangwa	-	-	-
* Dr Lesley Bamford	-	-	-
Dr Naledzani Ramalivhana	-	26	26
Dr Siseko Martin	69	-	69
Mr Jonathan Mallett	193	-	193
* Mr Koena Joseph Nkoko	-	-	-
Prof Michael Sachs	96	-	96
Mr Nick Buick	141	2	143
Adv MJ Majodina	119	2	121
Prof CK Household - Vice Chairperson (01 Nov 2024)	63	-	63
Prof Eric Buch (Contract ended 31 Oct 2024)	200	-	200
Prof Jeffrey Mphahlele -Chairperson (01 Nov 2024)	183	3	186
* Prof Mpho Klass Kgomo	-	-	-
Prof Thanyani Mariba	36	3	39
Prof Tivani Mashamba - Thompson	83	-	83
Ms. Nyameka Macanda	43	-	43
	1 226	**36**	**1 262**

2024	Committee fees & Reim-bursements R'000	Total R'000
*Dr Mahlane Kenneth Phalane	-	-
*Dr Balekile Mzangwa	-	-
* Dr Lesley Bamford	-	-
Dr Naledzani Ramalivhana	33	33
Dr Siseko Martin	95	95
Mr Jonathan Mallett	167	167
* Mr Koena Joseph Nkoko	-	-
Prof Michael Sachs	123	123
Mr Nick Buick	50	50
Mrs Nicolene van der Westhuizen	-	-
Prof Eric Buch	379	379
Prof Jeffrey Mphahlele (Chairpeson)	140	140
* Prof Mpho Klass Kgomo	-	-
Prof Thanyani Mariba	143	143
Prof Tivani Mashamba - Thompson	114	114
Ms. Nyameka Macanda	80	80
	1 324	**1 324**

* Members do not receive board emoluments as they are are employed by state.

Notes to the Consolidated Annual Financial Statements

36. Key Management and Board members' emoluments (continued)

Key Management 2025	Salaries R'000	Bonus R'000	Retirement Contributions R'000	Medical Aid Contribution R'000	Expense Allowance R'000	Other (OID, UIF & SDL Contributions) R'000	Total R'000
Prof K.P. Mlisana (Chief Executive Officer from 01 May 2024, Executive AARQA 01 April 2024 to 30 April 2024)	2 907	148	273	206	5	37	3 576
Mr S.T. Hlongwane (Chief Information Officer contract ended 31 December 2024)	2 645	123	149	110	-	25	3 052
Dr S.M. Kgalamono (Acting Executive NIOH, Director)	2 668	-	266	97	-	32	3 063
Prof A.J. Puren (Executive Director NICD, Acting CEO 01 April 2024 to 30 April 2024)	2 445	145	263	201	3	33	3 090
Ms M. Mkhwanazi (Executive: Human Resources)	2 457	140	225	112	-	32	2 966
Dr C.E.M. Oliphant(Chief Operations Officer: Strategic Initiatives 2023)	2 236	122	196	-	3	28	2 585
Ms P Mayekiso (Chief Financial Officer)	2 168	122	196	68	1	28	2 583
Prof JA George (Acting Executive Manager AARQA 01 May 2024 to 31 January 2025)	2 630	-	15	111	3	31	2 790
Mrs TC Kekana (Company Secretary from 01 March 2025)	567	-	53	42	-	7	669
Mrs ZB Malinga (Company Secretary)	375	-	33	15	-	5	428
Mr J Mukomana (Acting Chief Information Officer Acting from 01 October 2024 to 13 April 2025)	813	-	56	15	-	10	894
Ms. VM Gabashane (Acting Company Secretary (Acting from 29 April 2024 to 05 January 2025)	1 194	-	113	48	-	18	1 373
	23 105	**800**	**1 838**	**1 025**	**15**	**286**	**27 069**

Notes to the Consolidated Annual Financial Statements

36. Key Management and Board members' emoluments (continued)

2024

	Salaries R'000	Retirement Contributions R'000	Medical Aid Contribution R'000	Other fees (Allowance) R'000	Other fees** R'000	Total R'000
Dr K. Chetty (Chief Executive Officer)	2 789	244	-	30	32	3 095
Dr C.E.M. Oliphant(Chief Operations Officer: Strategic Initiatives from February 2023)	2 099	184	-	3	25	2 311
Ms P Mayekiso (Chief Financial Officer)	2 036	184	63	-	25	2 308
Adv M.M Mphelo(Company Secretory until 30 September 2023)	1 347	95	-	-	16	1 458
Mr S.T Hlongwane (Chief Information Officer)	1 982	185	133	-	25	2 325
Prof K.P. Mlisana (AARQA Executive)	2 517	236	185	3	31	2 972
Dr S.M. Kgalamono (NIOH Director)	2 467	250	93	3	30	2 843
Ms M. Mkhwanazi (Executive: Human Resources)	2 314	212	107	-	29	2 662
Prof A.J. Puren (NICD Director)	2 312	248	159	3	29	2 751
Ms VM Gabashane (Acting Comany Secretory from 1 December to 31 March 2024)	527	51	25	2	7	612
	20 390	**1 889**	**809**	**44**	**249**	**23 337**

** Other payments include company contributions for skills development, UIF, expense recoveries and long service awards.

Notes to the Consolidated Annual Financial Statements

37. Risk management

Financial risk management

NHLS's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

NHLS's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance. The economic entity identifies and evaluates financial risks in close co-operation with the NHLS's operating units. The Audit and Risk Committee oversees how management monitors compliance with NHLS's risk policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the NHLS. The Audit and Risk Committee is assisted in its oversight role by the Internal Audit. Internal Audit conducts both regular and adhoc financial reviews of controls in place to mitigate the risk which are reported to the Audit and Risk Committee. There are no significant changes compared to the prior year. Debtors are assessed at year end for recoverability and the necessary provision for impairment is raised accordingly.

Notes to the Consolidated Annual Financial Statements

37. Risk management (continued)

Liquidity risk

At year end the investment in short-term deposits amounted to R5.7bn (2024: R5,6bn).

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments. There are no significant changes to liquidity risk that the NHLS is exposed to when compared to the prior year.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic entity

At 31 March 2025	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Payables from exchange transactions	1 219 229	-	-	-
Payables from non-exchange transactions	13 236	-	-	-

At 31 March 2024	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Payables from exchange transactions	819 873	-	-	-
Payables from non-exchange transactions	15 057	-	-	-

Controlling entity

At 31 March 2025	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Payables from exchange transactions	1 218 112	-	-	-
Payables from non-exchange transactions	13 236	-	-	-

At 31 March 2024	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Payables from exchange transactions	819 220	-	-	-
Payables from non-exchange transactions	15 057	-	-	-

Economic entity

At 31 March 2025	Neither past due nor impaired R'000	Past due but impaired more than two months R'000	Between 2 and 5 years R'000	Over 5 years R'000
Concerntration of Risk	-	-	-	-
• Receivables from exchange transactions	1 598 537	1 875 783	-	-

Notes to the Consolidated Annual Financial Statements

37. Risk management (continued)

At 31 March 2024	Neither past due nor impaired R'000	Past due but impaired more than two months R'000	Between 2 and 5 years R'000	Over 5 years R'000
Receivables from exchange transactions	1 861 589	1 850 014	-	-

Controlling entity At 31 March 2025	Neither past due nor impaired R'000	Past due but impaired more than two months R'000	Between 2 and 5 years R'000	Over 5 years R'000
Receivables from exchange transactions	1 598 408	1 876 216	-	-

At 31 March 2024	Neither past due nor impaired R'000	Past due but impaired more than two months R'000	Between 2 and 5 years R'000	Over 5 years R'000
Receivables from exchange transactions	1 859 449	1 850 263	-	-

There are no changes from previous year in respect of objectives, policies and process for managing the risk and in methods to measure the risks.

Receivables from non-exchange transactions comprise of amounts owed to the NHLS by the grantors who fund the NHLS for various programmes. Any expenditure incurred by the NHLS prior to payment by the grantors is recorded as a receivable. The NHLS is not exposed to risk in relation to these owed amounts as the grantors are highly reputable institutions which have and there is long-term relationship built with these grantors. There are formal agreements in place between the NHLS and grantors, that are honoured by grantors.

Notes to the Consolidated Annual Financial Statements

Credit risk

There are no changes from previous year in respect of objectives, policies and process for managing the risk and in methods to measure the risks.

Credit risk consists mainly of cash deposits, cash equivalents, trade payables and trade debtors. The economic entity's credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Total exposure of trade receivables from exchange transactions is R3.474 bn (2024: R3.711 bn). Majority of receivables are owed by government departments. Due to the current payment disputes with the KZN Provincial Department of Health a total doubtful debt allowance of R2.1bn has been raised for this department. Trade receivables are interest bearing and are generally on 30 day payment terms. All interest on overdue debt has been provided for in full due to various communications received from the relevant government departments indicating they will not be in a position to honour the the additional interest owed to NHLS.

No credit limits were exceeded during the reporting period, and management does not expect any surplus (deficit) from non- performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Cash and Cash equivalents	5 834 669	5 711 261	5 832 576	5 701 992
Receivables from exchange transactions	3 474 320	3 711 602	3 474 624	3 709 712
Receivables from non-exchange transactions	139 975	288 040	139 975	288 040

There are no changes from previous year in respect of objectives, policies and processes for managing risks and in methods to measure the risks. During the year, management discovered that the prior year financial statements did not fully comply with GRAP 104 by disclosing the breakdown of the total exposure to credit risk and the quantitative disclosure of concentration by counterparty as required by GRAP 104. This has been corrected in the current year and the comparative disclosure has also been included.

Market risk

Market risk is the risk that changes in the market prices such as interest rates, will affect the NHLS's income and value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, whilst optimising the return. The entity is exposed to one primary type of market risk, namely, interest rate risk.

Notes to the Consolidated Annual Financial Statements

37. Risk management (continued)

Interest rate risk

As the economic entity has no significant interest-bearing assets. The NHLS's significant interest-bearing assets are cash and cash equivalents where interest is earned at market rates. The accounts are held with reputable financial institutions in line with the PFMA. Any market changes would not significantly affect the entity's income and operating cash flows.

	Economic entity		Controlling entity	
38. Irregular expenditure	**2025 R'000**	**2024 R'000**	**2025 R'000**	**2024 R'000**
Irregular expenditure	444 091	518 528	444 091	518 528
Fruitless and wasteful expenditure	16	-	16	-

Irregular expenditure incurred was a result of non - compliance with various SCM prescripts. Management will conduct a determination test for irregular expenditure incurred in line with National Treasury prescripts.

39. Subordination agreement

The controlling entity, NHLS has agreed to assist the company by subordinating, subject to certain terms and conditions, it's claims against the company in favour of, and for the benefit of the creditors of the company to the value of R 64.million Note that this subordination agreement may affect the terms of repayment of the interest-bearing loan from the shareholder.

The NHLS has by way of written agreement, subordinated its claim of amounts due to it in favour of present, future and contingent creditors of the entity until the assets of the company ,fairly valued, exceed its liabilities.

	Economic entity		Controlling entity	
40. Lease rentals on operating lease	**2025 R'000**	**2024 R'000**	**2025 R'000**	**2024 R'000**
Premises				
Contractual amounts	33 747	23 041	33 766	23 042
Motor vehicles				
Contractual amounts	45	27	45	27
Equipment				
Contractual amounts	40 391	46 718	40 184	46 447
	74 183	**69 786**	**73 995**	**69 516**

Notes to the Consolidated Annual Financial Statements

41. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and that have been affected by prior-year adjustments:

Statement of financial position Economic entity - 2024

Economic entity - 2024

Financial instrument	Note	As previously reported R'000	Correction of error R'000	Restated R'000
Inventories	3	560 598	(3 349)	557 249
Receivables from exchange transactions	4	3 712 189	(586)	3 711 603
VAT	7	274	3	277
Living resources	11	109	244	353
Property, plant and equipment	9	1 538 751	153	1 538 904
Deferred tax	12	2 418	7 070	9 488
Payables from exchange transactions	15	(1 055 196)	(8)	(1 055 204)
Current tax payables		(2 849)	324	2 525
Accumulated surplus		(8 610 138)	(3 860)	(8 613 998)
		(3 853 844)	**(9)**	**(3 848 803)**

Statement of financial performance Economic entity - 2024	Note	As previously reported R'000	Correction of error R'000	Restated R'000
Revenue	20	12 387 196	(518)	12 386 678
Cost of Sales	21	(9 159 399)	(1 116)	(9 160 515)
Other income	22	118 006	15	118 021
Operating expenditure	26	(2 443 942)	(2 133)	(2 446 075)
Taxation	27	(1)	3 794	3 793
Surplus for the year		**901 860**	**42**	**901 902**

42. Segment information

General information

Identification of segments

The reportable segments comprise Laboratory services, National Institute of Communicable Diseases (NICD), National Institute of Occupational Health (NIOH), Forensic Chemistry Laboratory (FCL) and South African Vaccine Products (SAVP). The segments have been identified per the primary functions. The segment in relation to Laboratory Services is the aggregation of Programme 1:Laboratory Services, Programme 2: Academic Affairs, Research and Quality and Programme 6: Administration which are the support functions. The remainder of the segments are the national public institutes and the subsidiary SAVP. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Notes to the Consolidated Annual Financial Statements

42. Segment information (continued)

Segment surplus or deficit, assets and liabilities	Laboratory Services R'000	NIOH R'000	NICD R'000	FCL R'000	SAVP R'000	Total R'000
Controlling entity - 2025						
Revenue						
Revenue from non-exchange transactions	332 689	76 320	226 862	121 924	-	757 795
Revenue from exchange transactions	11 101 437	20 881	36 125	-	4 675	11 163 118
Other Income	99 765	558	56 876	-	-	157 199
Interest received	673 142	5 186	13 134	1 026	550	693 038
Total segment revenue	**12 207 033**	**102 945**	**332 997**	**122 950**	**5 225**	**12 771 150**
Entity's revenue						**12 771 150**
Expenditure						
Cost of sales	8 556 914	129 174	346 882	166 077	21 109	9 220 156
Operating expenses	3 410 830	14 587	45 810	13 658	(19)	3 484 866
Depreciation	200 741	5 503	25 334	4 387	223	236 188
Total segment expenditure	**12 168 485**	**149 264**	**418 026**	**184 122**	**21 313**	**12 941 210**
Entity's revenue	**38 548**	**(46 319)**	**(85 029)**	**(61 172)**	**(16 088)**	**(170 060)**

Controlling entity - 2024	Laboratory Services R'000	NIOH R'000	NICD R'000	FCL R'000	SAVP R'000	Total R'000
Revenue						
Revenue from non-exchange transactions	414 215	81 275	250 574	143 828	-	889 892
Revenue from exchange transactions	11 419 971	24 431	28 038	-	24 863	11 497 303
Other Income	117 551	287	153	-	68	118 059
Interest received	575 976	8 021	21 307	2 213	862	608 379
	12 527 713	**114 014**	**300 072**	**146 041**	**25 793**	**13 113 633**
						13 113 633

Notes to the Consolidated Annual Financial Statements

42. Segment information (continued)	Laboratory Services R'000	NIOH R'000	NICD R'000	FCL R'000	SAVP R'000	Total R'000
Expenditure						
Cost of sales	8 376 157	127 604	331 940	149 590	23 517	9 008 808
Operating expenses	2 351 401	11 328	65 458	17 583	5 405	2 451 175
Depreciation and amortisation	133 751	2 994	12 072	(5 623)	162	143 356
Taxation	-	-	-	-	3 600	3 600
Total segment revenue	**10 861 309**	**141 926**	**409 470**	**161 550**	**32 684**	**11 606 939**
Total segmental surplus/(deficit)	**1 666 404**	**(27 912)**	**(109 398)**	**(15 509)**	**(6 891)**	**12 771 150**

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
43. Tax (paid) refunded				
Balance at beginning of the year	(2 525)	(2 026)	-	-
Current tax for the year recognised in surplus or deficit	-	4 741	-	-
Balance at end of the year	1 901	2 525	-	-
Total segment revenue	**(624)**	**5 240**	**-**	**-**

44. Budget differences

Material differences between budget and actual amounts have been explained below.

44.1. Rendering of services

The variance is due to a reduction in test revenue which decreased in 2024/25 as a result of a reduction in of tests performed during the cyber-attack period. Furthermore, there was no tariff increase for the 2024/25 financial year.

Notes to the Consolidated Annual Financial Statements

44. Budget differences (continued)

44.2. Sundry Income

Sundry Income was lower than anticipated.

44.3. Public Contributions and Donations Contributions received were lower than anticipated.

44.4. Income received – Investment

Interest received was more than anticipated mainly due to the interest earned on the bank balances. The increase is also attributable to the repo rate/interest rate increases by the Reserve Bank.

44.5. Other transfer Revenue

The Grant recognised income was not budgeted in the year under review the anticipated grant funding cannot be reliably estimated as the funding depends on application approved from the grantors.

44.6. Personnel

The variance is caused by vacancies being mainly not filled due to cost containment measures that were implemented by NHLS.

44.7. Depreciation and amortisation

Actual amount of depreciation and amortisation expense is less than budget due to some of the assets reaching the end of their useful lives.

44.8 Debt impairment

The variance is driven by the amount that is owed by the provinces for a prolonged period.
44.9. General Expenses

The underspent is mainly driven by cost containment measures implemented by NHLS.

45. Revaluation reserve

	Economic entity		Controlling entity	
	2025 R'000	2024 R'000	2025 R'000	2024 R'000
Opening balance	582 205	654 919	582 205	654 919
Change during the year	-	(72 714)	-	(72 714)
	582 205	**582 205**	**582 205**	**582 205**

46. Going concern

The financial statements have been prepared based on a going concern basis. The economic entity will have sufficient funds available to finance future operations. Assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

47. Government grants & subsidies

Operating grants				
Government grant and subsidies	620 714	706 425	620 714	706 425

Detailed Income statement

	Note(s)	Economic entity 2025 R'000	Economic entity 2024 Restated* R'000	Controlling entity 2025 R'000	Controlling entity 2024 R'000
Revenue					
Sale of goods		4 675	24 345	-	-
Rendering of services		11 158 443	11 472 440	11 158 443	11 472 440
Miscellaneous other revenue		50	-	-	-
Government grants & subsidies	48	620 714	706 425	620 714	706 425
Other transfer revenue		137 083	183 468	137 083	183 468
		11 920 965	**12 386 678**	**11 916 240**	**12 362 333**
Cost of sales					
Opening stock		(309)	(166)	-	-
Purchases		178	3 466	-	-
Cost of manufactured goods		(9 444 459)	(9 164 124)	(9 423 121)	(9 135 833)
Closing stock		131	309	-	-
	21	**(9 444 459)**	**(9 160 515)**	**(9 423 121)**	**(9 135 833)**
Gross surplus		**2 476 506**	**3 226 163**	**2 493 119**	**3 226 500**
Other income					
Administration and management fees received		8 358	15 451	8 358	15 451
Fees earned		11 076	14 085	11 076	14 085
Royalties received		241	661	241	661
Discount received		738	1 112	738	1 112
Recoveries		2	72 431	2	72 431
Other income		(283)	6 929	(283)	6 929
Sundry income		80 209	7 322	80 209	7 322
Interest received	23	693 038	608 378	692 487	607 516
Government grants		56 858	30	56 858	-
		850 237	**726 399**	**849 686**	**725 507**
Expenses		**(3 502 243)**	**(2 446 075)**	**(3 508 437)**	**(2 448 446)**
Operating (Deficit)/Surplus	25	(175 500)	1 506 487	(165 632)	1 503 561
Finance costs	24	(16)	-	(16)	-
(Deficit) surplus before taxation		(175 516)	1 506 487	(165 648)	1 503 561
Taxation	27	1	(3 793)	1	-
(Deficit) surplus for the year		**(175 517)**	**1 510 280**	**(165 649)**	**1 503 561**

* See Note
The supplementary information presented does not form part of the audited group annual financial statements and is unaudited

Detailed Income statement

	Note(s)	Economic entity 2025 R'000	Economic entity 2024 Restated* R'000	Controlling entity 2025 R'000	Controlling entity 2024 R'000
Operating expenses					
Advertising		1 066	2 157	1 066	2 157
Archiving and Storage		15 843	13 754	15 843	13 754
Auditors remuneration		19 307	4 292	19 307	4 292
Bad debts written off	29	220 710	1 943	220 710	1 943
Bank charges		20 192	19 092	20 167	19 056
Cleaning		4 431	5 483	4 431	5 481
Computer expenses		1 543	5 023	1 540	5 019
Conferences and seminars		1 555	1 120	1 555	1 112
Consulting and professional fees		22 236	32 807	22 233	32 769
Consumables		22 531	26 579	22 518	26 526
Debt Impairment		1 657 479	949 473	1 667 886	959 515
Debt collection		264	300	264	300
Delivery expenses		1 017	1 066	1 013	1 066
Depreciation, amortisation and impairments		11 888	(7 143)	11 893	(7 339)
Discount allowed		35 085	38 968	35 085	38 968
Employee costs		541 935	481 210	538 685	474 972
Entertainment		14	12	14	12
Insurance		17 852	14 396	17 852	14 396
Lease rentals on operating lease		43 343	50 458	43 136	50 193
Legal expenses		18 753	9 944	18 753	9 944
Loss on disposal of assets		6 150	4 826	6 150	4 808
Loss on exchange differences		-	53	-	-
Medical expenses		17	2	17	2
Minor assets		6 811	10 603	6 811	10 600
Motor vehicle expenses		13 560	9 725	13 560	9 725
Other expenses		13 598	13 254	13 598	13 254
Packaging		12 789	12 103	12 759	11 649
Petrol and oil		28 647	30 637	28 647	30 637
Postage		1 132	961	1 132	961
Printing and stationery		51 908	57 910	51 876	57 840
Project Mananagement expenses		123	-	123	-
Promotions		150	78	150	78
Promotions and sponsorships		54	304	54	304
Repairs and maintenance		71 798	78 123	71 361	78 072
Research Trust		3 857	415	3 857	415
Royalties and license fees		185	507	185	507
Security		3 443	2 390	3 443	2 390
Software development expenses		67 076	94 959	67 076	94 959
Software expenses		273 384	160 485	273 382	160 450
Staff welfare		10 767	9 887	10 674	9 814
Subscriptions and membership fees		1 379	3 159	1 294	3 124
Telephone expenses		48 939	39 906	48 910	39 868
Training		59 825	58 861	59 825	58 861
Travel - local		43 641	38 052	43 636	38 051
Travel - overseas		189	289	189	289
Utilities		125 777	167 652	125 777	167 652
		3 502 243	**2 446 075**	**3 508 437**	**2 448 446**

* See Note
The supplementary information presented does not form part of the audited group annual financial statements and is unaudited

APPENDIX

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	2 923 792	4 801 176
Adjustment to opening balance	-	-
Opening balance as restated	2 923 792	4 801 176
Add: Irregular expenditure confirmed	444 092	518 528
Less: Irregular expenditure condoned by National Treasury	-	(706 984)
Less: Irregular expenditure approved for de-recognition by the Board	-	(1 688 928)
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recoverable and written off	-	-
Closing balance	**3 367 884**	**2 923 792**

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to the prior year and identified in the current year	-	-
Irregular expenditure for the current year	444 092	518 528
Total	**444 092**	**518 528**

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	444 092	518 528
Irregular expenditure under investigation	-	-
Total	**444 092**	**518 528**

c) Details of irregular expenditure condoned

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned by National Treasury	-	(706 984)
Irregular expenditure approved for de-recognition by the NHLS Board	-	(1 688 928)
Total	**-**	**(2 395 912)**

The NHLS subsequent to year end has established the Loss Control Function that is conducting the loss control processes on the irregular expenditure and fruitless and wasteful expenditure. The process is still ongoing and not yet finalised.

d) Details of irregular expenditure removed - (not condoned)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure not condoned and removed	-	-
Total	**-**	**-**

Based on the processes of loss control function underway a 'Nil' value has been recorded as loss that requires recovery.

e) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure written off	-	-
Total	**-**	**-**

To date a 'Nil' value has been recorded as a write off.

Additional disclosure relating to Inter-Institutional Arranagements

f) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliances)

Description
The NHLS was not involved in an inter-institutional arrangement.

No additional disclosure with regards to interinstitutional arrangements.

g) Details of irregular expenditure where an institution is involved in an inter-institutional

Not applicable.

h) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
The disciplinary action in response to the SIU are underway.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	1 609	1 609
Adjustment to opening balance	-	-
Opening balance as restated	1 609	1 609
Add: Fruitless and wasteful expenditure confirmed	16	-
Less: Fruitless and wasteful expenditure recoverable	-	
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	**1 625**	**1 609**

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	16	-
Fruitless and wasteful expenditure for the current year	-	-
Total	**16**	**-**

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

The NHLS subsequent to year end has established the Loss Control Function that is conducting the loss control processes on the irregular expenditure and fruitless and wasteful expenditure. The process is still ongoing and not yet finalised.

c) Details of fruitless and wasteful expenditure recoverable

None.

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	**-**	**-**

Include discussion here where deemed relevant.

Disciplinary steps taken
None

The NHLS subsequent to year end has established the Loss Control Function that is conducting the loss control processes on the irregular expenditure and fruitless and wasteful expenditure. The process is still ongoing and not yet finalised.

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a. Details of material losses through criminal conduct

There were no material losses through criminal conduct identified.

b. Details of other material losses

No other material losses were identified.

c. Other material losses recoverable

There were no material losses recoverable as there were none incurred.

d. Other material losses not recoverable and written off

None.

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RP246/2024
ISBN: 978-1-77997-202-6
Title of Publications: National Health Laboratory Service Annual Report 2023/2024

NATIONAL HEALTH LABORATORY SERVICE

health
Department:
Health
REPUBLIC OF SOUTH AFRICA