

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 1452 [NW 1703E]

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Mrs S P Kopane (DA) to ask the Minister of Finance:

- (1) Whether the National Treasury approved any overdraft facility for any provincial health department (a) in the (i) 2007-08, (ii) 2008-09 and (iii) 2009-10 financial years and (b) for the 2010-11 financial year; if so, (aa) for which provinces, (bb) in which years and (cc) what (aaa) amount was requested in each case and (bbb) was the motivation in each case;
- (2) whether any provincial health department requested an extension of their overdraft during the abovementioned period; if so, (a) which provincial health department, (b) in which financial year and (c) what (i) additional amount was requested in each case and (ii) was the motivation in each case;
- (3) what amount in interest has each province paid in each of the abovementioned financial years?

NW1703E

REPLY

- (1) The National Treasury did not approve any overdraft facility for any provincial health department during the 2007/08, 2008/09, 2009/10 nor 2010/11 financial years.

Section 17 of the PFMA establishes the provincial treasury with the MEC for Finance as the head of the provincial treasury. Section 21 of the PFMA puts the provincial treasury of a province in charge of that province's Provincial Revenue Fund in line with the provisions of section 226 of the Constitution.

The provincial treasury is thus responsible for cash management to ensure that departments are in a position to meet their obligations. All nine provinces have accounts at the Reserve Bank-Corporation for Public Deposits (CPD). The CPD provides provinces and the National Treasury with an investment option and a borrowing facility. This account is part of a portfolio that includes provincial accounts. The total portfolio is prohibited from being overdrawn.

During the 2008/09 financial year the following provincial treasuries approached national treasury to extend their overdraft facilities in the CPD, namely: KwaZulu-Natal, Free State and Northern Cape with R800 m, R242 m and R139 m respectively, which was approved.

In all of these cases the Provincial Revenue Fund was under pressure as a result of overruns on departmental budgets especially health and education.

During the 2009/10 financial year the Gauteng provincial treasury approached national treasury for a R1.5 billion extension of its overdraft facility, which was approved for the 2010/11 financial year.

To date no new requests for increases in overdraft limits have been received during the 2010/11 financial year.

- (2) The National Treasury did not receive any requests from any provincial department of health for an extension of their overdraft during the above mentioned period. Such requests, if made, would have been directed to a provincial treasury as the custodian of provincial finances, who in turn will determine whether to apply to the National Treasury or not.
- (3) To get a sense of total interest paid, the question should be directed to provincial treasuries. However interest paid for each year on the CPD is as follows:

Debit Interest Paid by Provinces at the Corporation for Public Deposits

Province	Financial Year			
	2007/2008	2008/2009	2009/2010	Total
Eastern Cape	-	-	14,066.16	14,066.16
Free State	-	74,002.66	-	74,002.66
Gauteng	-	105,637,934.24	22,042,106.68	127,680,040.92
KwaZulu Natal	1,086,680.58	101,793,698.78	48,837,807.14	151,718,186.50
Limpopo	714,846.76	240,147.84	-	954,994.60
Mpumalanga	-	-	-	-
Northern Cape	3,166,889.73	16,177,956.79	2,486,846.17	21,831,692.69
NorthWest	1,762,933.26	552,654.51	72,020.92	2,387,608.69
Western Cape	0.11	-	-	0.11
Total	6,731,350.44	224,476,394.82	73,452,847.07	304,660,592.33

Source: Corporation for Public Deposits