

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 2829

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Mr M Waters (DA) to ask the Minister of Finance:

Whether the National Treasury will bail out the provincial health departments who have (a) overspent and/or (b) over-drafts on their budgets; if not, (i) why not and (ii) what steps will the departments take to eradicate their debts; if so, (aa) what plans, (bb) when will this bail-out happen and (cc) how much will be given to each province?

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REPLY:

No, National Government will not bail out provincial health departments that have overspent their budgets and / or have overdrafts on their budget. Such a bail-out would not only reward those who do not comply with the PFMA but also undermine section 214 of the Constitution on the equitable division of revenue raised nationally.

- (i) The bailout will create a moral hazard and will compromise the principles of fairness within the intergovernmental system. Such a bailout will reward provinces that are not prudent and efficient in managing their finances.
- (ii) Provinces are currently busy instituting cost-containment measures and assessing inefficiencies within their entire provincial budgets to redirect savings to health departments. KwaZulu-Natal has succeeded in turning around the finances of their health department through such cost-containment measures. This demonstrates that provinces have the ability to manage their finances in an effective manner.
 - aa. Not applicable.
 - bb. Not applicable.
 - cc. Not applicable.