



**EASTERN CAPE PROVINCIAL LEGISLATURE**  
**Democratic Alliance Member of the Provincial Legislature**  
The Hon. Retief Odendaal, MPL.



**Provincial Legislature**  
**Private Bag x0051**  
**Bhisho, 5605**

**Cell: 082 462 0668**

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**DATE: 6<sup>th</sup> April 2020**

**HON MVOKO MPL**  
**MEC PROVINCIAL FINANCE AND EXPENDITURE**  
**EASTERN CAPE**

Dear Hon Mvoko,

**RE: URGENT BUDGET AMENDMENTS TO ASSIST DEPARTMENT OF HEALTH IN DEALING WITH THE COVID-19 PANDEMIC**

I trust you are keeping well.

In reference to the aforementioned subject matter, I'm sure that you will agree that the Appropriation Bill that we tabled in the house a little over a month ago will be hopelessly inadequate to prepare the province for the COVID-19 pandemic.

While I am confident that you and your staff at Provincial Treasury will be proactive in assisting the Department of Health by whatever means, to equip the department to wage war against this pandemic, the financial affairs of the Health department remains a cause for grave concern.

In the absence of the final figures as at year end last week, we anticipate that the accruals of the Department of Health will come close to a staggering R2.9 billion for the financial year 2019/20. Considering the financial commitments of the department for the financial year at hand, as well as the contingent liabilities insofar as medicolegal claims are concerned, the Department of Health is factually insolvent.

This again highlights the unfortunate inability of the administration to deal with the ever-increasing accruals which have seen creditors of the Department of Health experiencing huge delays in receiving payment for goods and services rendered.

This state of affairs is likely to now be exacerbated by the fact that the department will have no choice but to proceed with unplanned, emergency procurement for goods and services that will be utilised in the fight against the Covid-19 pandemic.

Against this backdrop it is my considered opinion that Provincial Treasury must immediately rework the 2020/21 budget and propose budget cuts across all departments in order to assist the Department of Health with their cash flow and overall liquidity.

The aforesaid commitment of additional funding to the Department of Health will no doubt go a long way in alleviating any concerns that potential contractors or service providers may have in contracting with the department with regards to goods and services required by the province in the fight against the Covid-19 pandemic.

In this regard the Democratic Alliance wants to make the following suggestions insofar as departmental budget cuts are concerned:

- 1) R350 Million in respect of Travel and Subsistence (A total of 47,5% of total budget);
- 2) R 50 Million in respect of Departmental Catering (A total of 43,1% of total budget);
- 3) R350 Million in respect of Cost of Employment (A total of 0.6% of total budget);
- 4) R 25 Million in respect of Cost of Advertising (A total of 40% of total budget);
- 5) R25 Million in respect of Training and Development (A total of 9,2% of budget);
- 6) R25 Million in respect of Office Stationary (A total of 15,2% of budget);
- 7) R100 Million in respect of Cost of Communication (G&S) (A total of 31,7% of budget);
- 8) R75 Million in respect of Transfers to Provincial Entities (The respective entities would be required to identify savings within their own respective budgets. This amount constitutes 4.8% of the total budget for transfers to provincial entities for the year. Provincial entities however received an 11.8% increase in budget for the 20/21 MTEF).

Collectively, these savings total R1 Billion, the majority of which would be taken from non-core service delivery budget line items that will not have a direct impact on service delivery within the province. The savings in Cost of Employment can be affected by invoking a moratorium on the filling of administrative vacancies for the year at hand.

Kindly note that I have requested the Hon Lwana MPL to liaise with you and the Speaker with the aim of scheduling a special sitting of the Provincial Finance and Expenditure Committee, either by electronic means or in the ordinary manner. I trust that you will agree that there are no bigger threat to our people and the economy of the Eastern Cape than this pandemic and as such the Department of Health needs to be given whatever resources necessary to fight this battle.

I furthermore trust that you will receive my correspondence favourable.

Should you have any queries please do not hesitate to contact me.

Sincerely,



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**Retief Odendaal, MPL**

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**CC: Hon S GOMBA, MPL**

MEC OF HEALTH

**HON MM DIMAZA, MPL**

CHAIRPERSON PC HEALTH

**HON VG LWANA, MPL**

CHAIRPERSON PC FINANCE AND PROVINCIAL EXPENDITURE

**HON RS STEVENSONS, MPL**

LEADER OF THE OPPOSITION

**HON J COWLEY, MPL**

DA SHADOW MEC HEALTH

**FREEDOM. FAIRNESS. OPPORTUNITY. DIVERSITY.**