



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

CLARITY ON FINANCIAL SUPPORT OF R5 BILLION ALREADY MADE AVAILABLE TO MUNICIPALITIES FOR COVID-19 RESPONSE

National government has made available more than R5 billion in support to municipalities to assist them in responding to the COVID-19 pandemic in the 2019/20 municipal financial year. This support is assisting municipalities to provide additional access to basic services for vulnerable communities during the lockdown and to sanitize public transport facilities as the economy undergoes a phased re-opening.

The largest amounts have been made available through the reallocation of conditional grant funds already allocated to municipalities in 2019/20. While the 2019/20 national and provincial financial years ended on 31 March 2020, the municipal financial year runs until 30 June 2020. This means that grant funds transferred from national government before the end March 2020, still had another 3 months to be spent by municipalities.

National Treasury has granted approvals that funds transferred to municipalities but not contractually committed can be reallocated to be used to respond to the COVID-19 pandemic. These reallocations approved in terms of section 20(6) of the Division of Revenue Act, 2019, include:

- R2.4 billion in Urban Settlements Development Grant allocations to metropolitan municipalities. These funds will be used for providing water and sanitation, mainly in under-serviced informal settlements and to cover the increased costs of more frequent waste management and other services.
- R1.5 billion in Municipal Infrastructure Grant allocations can be reallocated for the provision of water and sanitation, including where urgent maintenance is needed to restore the functionality of water infrastructure.
- R970 million in Public Transport Network Grant allocations may be reallocated, mainly for sanitisation of public transport facilities.
- R306 million in the indirect Regional Bulk Infrastructure Grant was reallocated at the end of the 2019/20 national financial year and transferred to Rand Water to fund the roll-out of water tanks to supply communities without reliable access to water services.



A further amount of R151 million has been approved for release from the Municipal Disaster Relief Grant to support non-metropolitan municipalities with the costs of sanitisation, and increased provision of other municipal services. Government is also supporting municipalities to reallocate funds from other conditional grants that are projected to be underspent.

Details of further support to municipalities in the 2020/21 municipal financial year will be announced when the Minister of Finance tables the special adjustment budget to respond to the COVID-19 pandemic that was announced by the President.

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