

**NATIONAL ASSEMBLY**  
**QUESTION FOR WRITTEN REPLY**  
**QUESTION NUMBER: 2526 [NW3027E]**  
**DATE OF PUBLICATION: 26 AUGUST 2022**

**2526. Mr N Singh (IFP) to ask the Minister of Finance:**

Whether all the disaster relief funds that were promised to KwaZulu-Natal for the rehabilitation of flood-damaged areas have been transferred; if not, why not; if so, (a) what total amount has been transferred, (b) for which projects and (c) how will the effective use of such funds be monitored and/or evaluated?

NW3027E

**REPLY**

I can only answer for funds committed by National Treasury to KwaZulu-Natal for disaster relief, and what portion of these funds have been transferred. I cannot answer for the funds that are committed by the province or municipalities from their equitable share and budget allocations.

**(i) *Immediate disaster response grants from national government***

Disaster relief funds are available from four Schedule 7 grants in the 2022 Division of Revenue Act. These funds are limited to immediate relief – not envisaged to fund repair and reconstruction of damaged infrastructure and are intended to assist all provinces and municipalities. Following a disaster, the Provincial Disaster Management Centre (PDMC), coordinates and verifies submissions from provincial departments and municipalities due to a disaster that are funded through the disaster response grants. Applications are subsequently forwarded to the National Disaster Management Centre (NDMC), which conducts its analysis and verification. A similar approach is followed for funding requests from the *emergency housing grants*, with provincial departments of human settlements required to send applications to the national Department of Human Settlements (DHS). If satisfied with the applications, the NDMC and DHS make recommendations to the National Treasury for the approval. Once approval is granted, funds are disbursed to provinces and municipalities, who can use the funds immediately.

Applications for funding from the four disaster response grants did not reach the National Treasury until mid-June 2022, the latest reaching the National Treasury on 27 July 2022. Of the R1 billion (announced? Source??), R674.1 million has been approved to date, to fund immediate response by the KwaZulu-Natal (KZN) Department of Human Settlements and several municipalities in KZN and the Eastern Cape. Of the R674.1 million approved to date, R547.7 million is for KZN. Below is a breakdown of the R1 billion, showing the amounts requested, approved, and transferred to date.

**Table 1: Funds for immediate relief in 2022/23**

R'000	DoRA allocation	Requested R'000	Approved R'000	Transferred to date	DoRA funds available
Provincial Disaster Response Grant	145 328	-			145 328
Provincial Emergency Housing Grant	325 764	342 132	325 764	140 000	-
Municipal Disaster Response Grant	371 420	331 661	331 661	331 661	39 759
Municipal Emergency Housing Grant	175 412	16 600	16 600	8 313	158 812
<b>Total</b>	<b>1 017 924</b>	<b>690 393</b>	<b>674 025</b>	<b>479 974</b>	<b>343 899</b>

Table 2 outlines the immediate disaster response funding approvals by province. Of the R674.1 million approved to date, R547.7 million is for KZN.

**Table 2: Disaster relief grant approval and transfers by province**

R'000	Approved funds			Total	Transferred to date
	KwaZulu-Natal	Eastern Cape	North-West		
<b>Human Settlements</b>	<b>325 800</b>	<b>16 600</b>	-	<b>342 400</b>	<b>148 313</b>
Provincial Emergency Housing Grant	325 800	-	-	325 800	140 000
Municipal Emergency Housing Grant	-	16 600	-	16 600	8 313
<b>Co-operative Governance</b>	<b>221 850</b>	<b>109 811</b>	-	<b>331 661</b>	<b>331 661</b>
Municipal Disaster Response Grant	221 850	109 811	-	331 661	331 661
<b>Total disaster relief grants</b>	<b>547 650</b>	<b>126 411</b>	-	<b>674 061</b>	<b>479 974</b>

### ***Why the total approved amounts have not all been transferred***

#### *Provincial Emergency Housing Grant (PEHG)*

The KZN province requested R342.1 million to fund the provision of 4 983 Temporary Residential Units (TRUs). Only R325.8 million could be approved as this was the baseline for this grant in 2022/23. The balance (R16.3 million) of the requested amount is awaiting conversion of R120 million from the *Municipal Emergency Housing Grant* which currently has R158 million available.

The approved funds is being transferred in tranches. R140 million was transferred to the KwaZulu-Natal Department of Human Settlements in June 2022, the balance will be transferred once the province has spent at least 80 per cent of the first tranche. As at the end of August 2022, the province has only spent R53 million, or 38 per cent of the funds transferred; and has delivered only 1 076 TRUs across all districts in the province.

There have been no further requests for funding by KZN from this grant.

#### *Municipal Emergency Housing Grant (MEHG)*

No MEGH applications were received for KZN municipalities. Funding requests for KZN municipalities were submitted by the KZN department of Human Settlements and have been approved through the PEHG.

One MEGH application has been submitted to National Treasury and approved to date, R16.6 million to fund 258 temporary residential units in Alfred Nzo District Municipality in the Eastern Cape. Only R8.3 million has been transferred to date. The second tranche will be transferred when the municipality spends at least 80 per cent of the 1st tranche. To date, the municipality has not yet reported any expenditure on the first transfer made to it.

## (ii) Reprioritisations

Over and above the funding approved from the emergency response grants, R4.6 billion in reprioritisations has been approved and disbursed to date. Of this amount R4.4 billion was for the KZN Department of Human Settlements, KZN department of Transport and municipalities in KZN. This comprises of reprioritisations within conditional grants and transfer advancements.

**Table 3: Reprioritisations**

	R'000	KwaZulu-Natal	Eastern Cape	North-West	National	Total
<b>Human Settlements</b>		<b>1 387 032</b>	<b>105 710</b>	<b>54 928</b>	-	<b>1 547 670</b>
Human Settlements Development Grant		733 086	105 710	54 928	-	893 724
Informal Settlements Upgrading Partnership Grant: Provinces		189 217	-	-	-	189 217
Informal Settlements Upgrading Partnership Grant: Metros		124 429	-	-	-	
Urban Settlements Development Grant		340 300				340 300
<b>Water and Sanitation</b>		<b>65 000</b>	<b>10 000</b>	-	-	<b>75 000</b>
Water Services Infrastructure Grant		65 000	10 000			75 000
<b>Co-operative Governance</b>		<b>41 260</b>	-	-	-	<b>41 260</b>
Municipal Infrastructure Grant		41 260				41 260
<b>Small Business Development</b>		-	-	-	<b>50 000</b>	<b>50 000</b>
Flood relief programme		-	-	-	50 000	50 000
<b>Transport</b>		<b>2 910 892</b>				
Provincial roads from equitable share		1 881 718				
Provincial Roads Maintenance Grant		1 029 174				
<b>Total reprioritisation</b>		<b>4 404 184</b>	<b>115 710</b>	<b>54 928</b>	<b>50 000</b>	<b>4 624 822</b>

## (iii) Post-disaster repair and recovery

The responsibility of repairing infrastructure damaged by disasters lies with the municipality or line department responsible for the infrastructure that is damaged. If the province or municipality does not have sufficient resources then national government is approached to intervene.

The repair of infrastructure and other damages that falls outside the category of immediate needs are funded through an adjustments budget or annual budget, depending on the timing of the disaster and submission to National Treasury. This funding is appropriated in terms of section 30 of the Public Finance Management Act which allows the Minister of Finance to table an adjustments budget for, amongst others, unforeseeable and unavoidable (U&U) expenditure. Decisions around unforeseeable and unavoidable expenditure are taken by a committee of Cabinet, chaired by the President. Once the decisions are taken, the Minister of Finance will table an Adjusted Appropriation Bill and the Division of Revenue Amendment Bill, as part of the Medium-Term Budget Policy Statement.

## (b) Projects to be funded by the approved funds

The R325.8 million approved from the PDRG will fund the provision of 4 983 temporary residential units in KZN. Of these, 3 000 are for eThekweni Metropolitan Municipality, accounting for R196 million of the funds approved. A breakdown of how much will be spent in each district/municipality is provided in Table 4.

**Table 4: Breakdown of PDRG approval for KZN**

Municipality	No. TRUs	Amount approved
uMkhanyakude	17	1 111 376
uThukela	67	4 380 130
uMzinyathi	45	2 941 878
uMgungundlovu	172	11 244 513
Zulu land	26	1 699 752
eThekwini	3000	196 125 226
iLembe	921	60 210 444
Harry Gwala	143	9 348 636
King Cetshwayo	62	4 053 255
Ugu	511	33 406 663
Amajuba	19	1 242 126
<b>Total</b>	<b>4 983</b>	<b>325 764 000</b>

The R331.7 million approved from the MDRG and transferred to several municipalities in KZN and the Eastern Cape will fund the repair of municipal infrastructure including water and sanitation, roads, and storm water infrastructure. Of this amount, KZN municipalities account for R221.9 million (this is the total amount the KZN municipalities applied for) as shown in the Table 5 below.

**Table 5: KZN MDRG approvals**

Municipality	Requested R'000	Approved R'000	Transferred to date R'000
uGu District Municipality on behalf of Ray Nkonyeni Local Municipality	2 000	2 000	2 000
Ray Nkonyeni Local Municipality	19 100	8 100	8 100
uMsunduzi Local Municipality	620	620	620
uMkhambathini Local Municipality	8 200	8 200	8 200
iLembe District Municipality	19 523	19 523	19 523
Inkosi Langalibalele Local Municipality	48 950	48 950	48 950
Alfred Duma Local Municipality	14 414	14 414	14 414
KwaDukuza Local Municipality	109 043	109 043	109 043
<i>Total MDRG (KZN)</i>	<i>221 850</i>	<i>210 850</i>	<i>210 850</i>

The balance (R109.8 million) of the approved amount is allocated to several municipalities in the Eastern Cape for the same purpose.

Not included in the table above is eThekwini Metro's application of R185 million from this grant, for the repair of water and sanitation, roads and storm water infrastructure. This is provisionally approved and is awaiting the conversion of the *Provincial Disaster Response Grant*, which remains upsent as no applications for funding from this grant have been received. The conversion of this grant needs to be done through publication of a Gazette. National Treasury is in the process of issuing this Gazette, only then can the funds be transferred to eThekwini Metro.

**(c) Reporting and monitoring of expenditure and the procurement process**

Funding to respond to this disaster will be subject to the necessary procurement and reporting conditions. Provinces and municipalities are required to spend funds in line with the applicable allocation conditions and reporting requirements as outlined in the 2022 Division of Revenue Act. The National Treasury has also issued further guidance on the monthly reporting of disaster relief expenditure in terms of the respective Standard Chart of Accounts for each sphere.

The need for increased pro-active governance measures with regard to supply chain management and procurement processes during this time is paramount. Organs of state have been advised to consider using their internal audit committees to undertake audits of procurement to respond to the effects of the damage caused by the 2022 April floods.

In recognising that the budget is responding to an extraordinary event and that the normal course of ex-post auditing may be inappropriate, the Auditor-General is also conducting real time audits across the planning and implementation value chain. These audits provide management with real time information, allowing for a real-time response to the audit findings by accounting officers and authorities.