

Select Committee on Appropriations Hearing on the Provincial and Municipal Disaster Relief grants 2017/18

Presenter| National Treasury | 13 June 2018



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Provincial Disaster Relief Grant (PDRG)

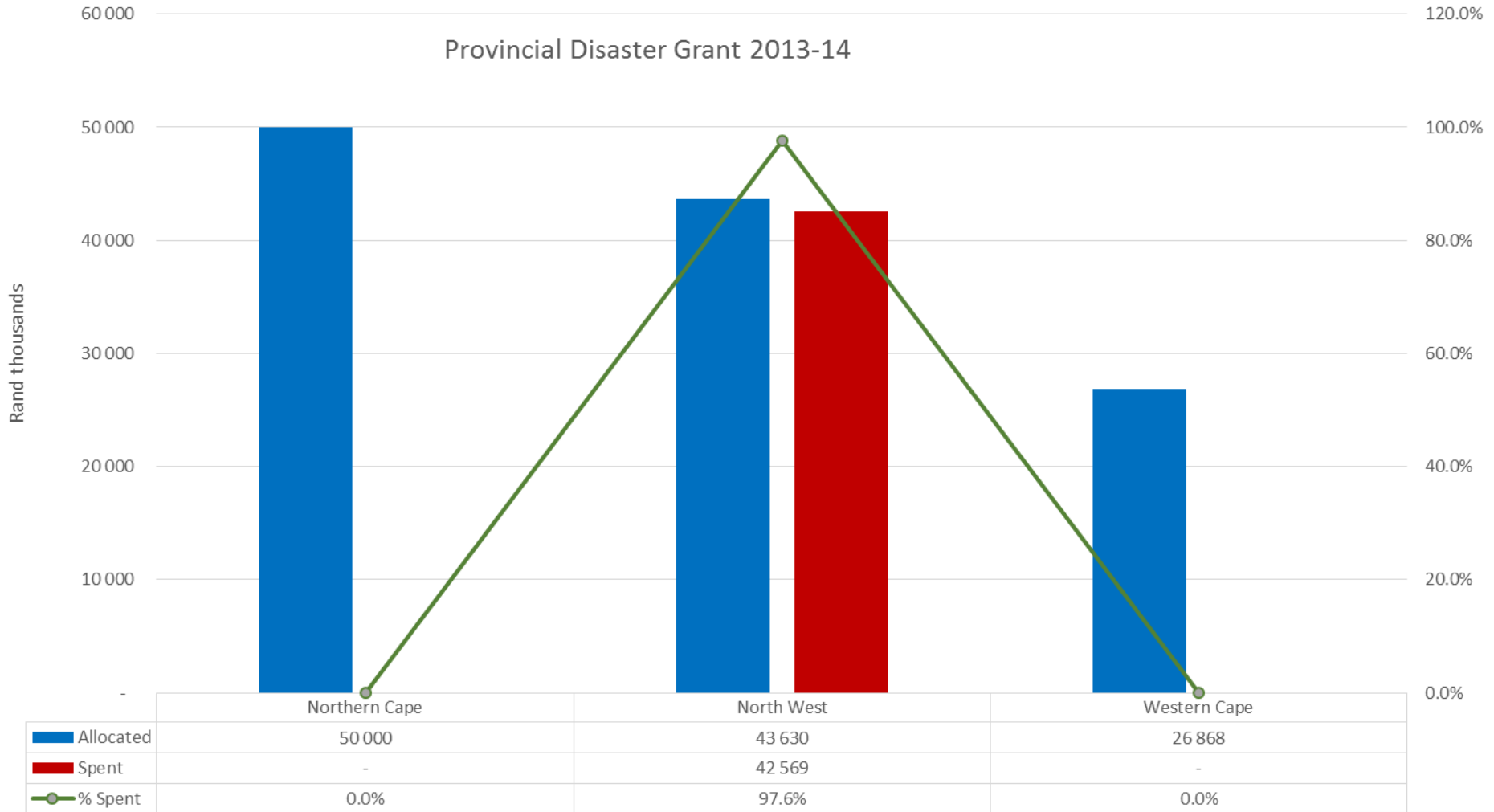
- Purpose of grant
 - The PDRG is a schedule 7, part A conditional grant to provinces and the purpose of the grant is to provide for the release of funds for disaster response.
- Outcomes and outputs
 - The main outcome of the grant is to mitigate the consequences of disasters by providing for :
 - Emergency repair of critical infrastructure and;
 - Emergency provision of goods and services

Provincial Disaster Relief Grant (PDRG)

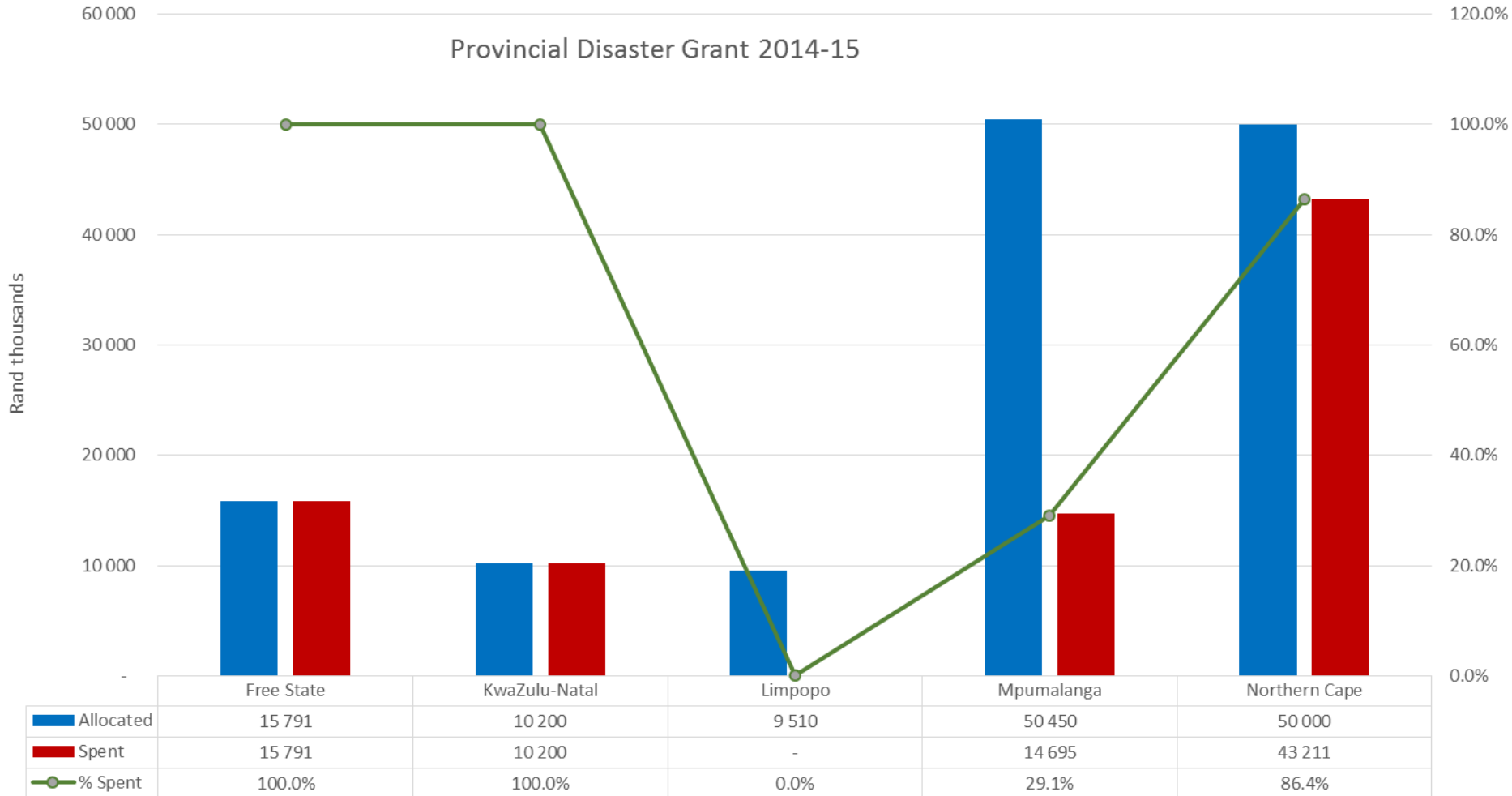
- The PDRG is only allocated to provinces once their submissions are approved through the disaster management process.
- Stakeholders in the process include:
 - The province (Provincial Treasury and department and the Provincial Disaster Management Centre (PDMC))
 - The National Disaster Management Centre (NDMC)
 - National Treasury
- Applications for funding must include:
 - Classification letter
 - Declaration of a state of disaster
 - Number of people affected and sectors and the extent of the damages
 - Total funding required
 - Cost benefit analysis of projects to be implemented.

Financial Performance

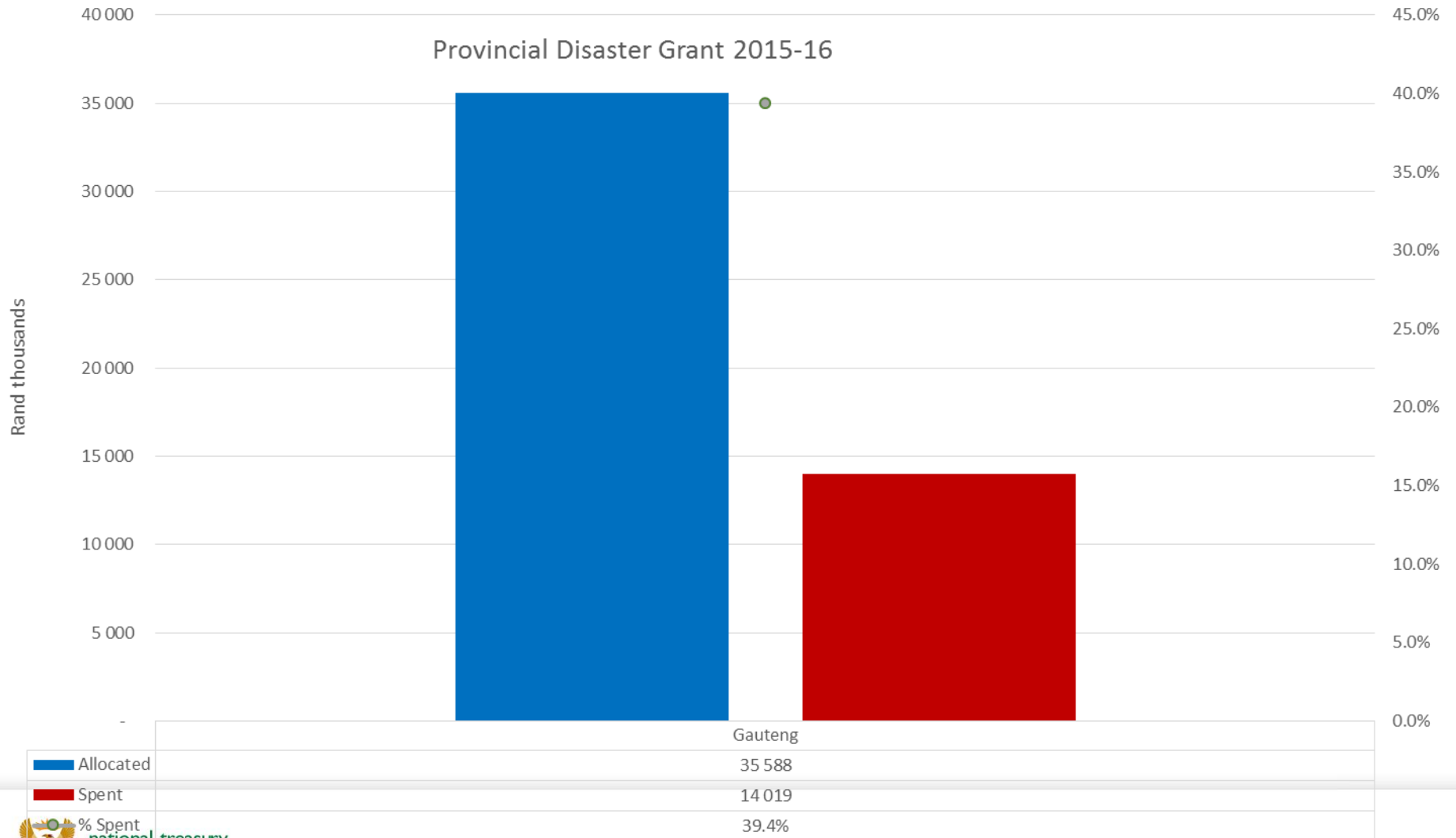
Allocation vs Spending 2013-14



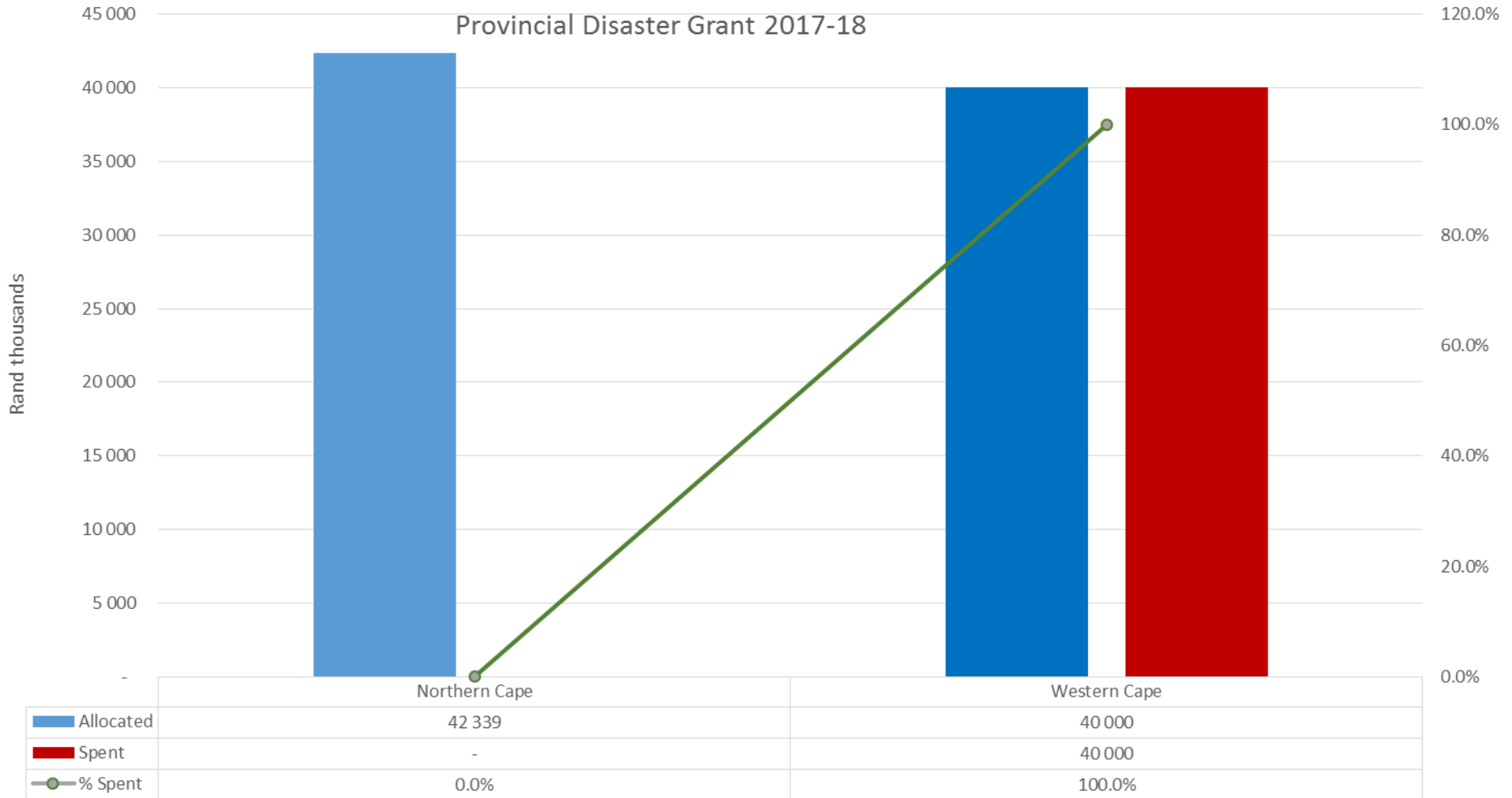
Allocation vs Spending 2014-15



Allocation vs Spending 2015/16



Allocation vs Spending 2017-18



Municipal Disaster Grants

- There are two municipal disaster grants, namely:
 - Municipal Disaster Relief Grant
 - To enable a timely response to immediate needs after a disaster has occurred
 - To provide for the immediate release of funds for disaster response
 - Municipal Disaster Recovery Grant
 - To restore functionality of municipal infrastructure following a disaster
 - To rehabilitate and reconstruct municipal infrastructure damaged by a disaster
- Both grants are administered by the Department of Cooperative Governance

Municipal Disaster Grants

- Municipal Disaster Relief Grant
 - The grant is allocated to municipalities once a disaster is declared and classified based on reports from assessments conducted by the National and Provincial Disaster Management Centres and affected sectors of immediate disaster relief needs.
- Municipal Disaster Recovery Grant
 - The grant is allocated based on approved post disaster reconstruction and rehabilitation assessment reports by the National and Provincial Disaster Management Centres and affected sectors.
 - Projects for disaster reconstruction and rehabilitation considered once they have been submitted for verification within a six month time frame following a disaster

Municipal Disaster Relief Grant Performance – 2013/14 to 2016/17

Province	2013/14			2014/15			2015/16			2016/17		
	Total Availa	Expenditure	Exp as %	Total Availa	Expenditure	Exp as %	Total Availa	Expenditure	Exp as %	Total Available	Expenditure	Exp as %
R'000												
Eastern Cape												
Free State												
Gauteng												
KwaZulu Natal	34,124	27,454	80.5%	24,665	3,781	15.3%				118,075	117,810	99.8%
Limpopo	87,661	41,632	47.5%	292	292	100.0%						
Mpumalanga				10,575	10,575	100.0%						
Northern Cape												
North West												
Western Cape	22,061	17,345	78.6%									
TOTAL	143,846	86,431	60.1%	35,532	14,648	41.2%	-	-	-	118,075	117,810	99.8%

Current MDRG spending reflects 5 percent exp against R341 million allocation between EC, NC and WC – Linked to drought

Municipal Disaster Recovery Grant Performance – 2013/14 to 2016/17

MDRG (Recovery) Performance 2013/14-2016-17 per province

Province	2013/14			2014/15			2015/16			2016/17		
	Total Available	Expenditure	Exp as % Available	Total Available	Expenditure	Exp as % Available	Total Available	Expenditure	Exp as % Available	Total Available	Expenditure	Exp as % Available
R'000												
Eastern Cape	111,350	58,261	52%	8,611	6,743	78%						
Free State												
Gauteng				14,878	992	7%						
KwaZulu Natal	38	38	100%	54,377	-	0%	87,215	84,423	97%	90,000	54,649	61%
Limpopo	264	264	100%	5,382	-	0%	20,836	17,397	83%			
Mpumalanga				36,147	-	0%	27,221	25,064	92%	20,000	15,133	76%
Northern Cape												
North West												
Western Cape	6,688	102	2%	74,159	26,069	35%	50,849	19,540	38%	30,000	30,000	100%
TOTAL	118,340	58,665	50%	193,554	33,804	17%	186,121	146,424	79%	140,000	99,782	71%

An amount of R26 million was gazetted against Merafong municipality in Gauteng province – repair of sinkholes and the damage to infrastructure

Challenges

- Inadequate capacity to deal with the submission process as well as the implementation across the different sphere of government.
- Poor disaster risk management and climate change strategies in provinces
- Poor quality submissions from provinces resulting in the application process being delayed.
- Slow verification of submissions, with requests for funding to National Treasury coming late in the financial year. Transfers to provinces are subsequently made in the last week of the financial year.
- Funds transferred late in the financial year have a lower probability of being spent, as was the case with northern Cape, which was not able to pass an adjustment budget.

Conclusion

- Capacity in the whole value chain of immediate disaster relief must be enhanced to ensure submissions made are thoroughly thought through, in order to ease any delays in approval and transfer of funds.
- Quality of disaster risk management strategies and climate change strategies must improve in order to serve as an aid to mitigation of disasters and its effects
- The application process should be streamlined with uniform standard documents and processes (e.g. standard submission and reporting templates)
- For disasters occurring in the last quarter of the financial year, the NDMC and PDMC must fast track applications to ensure that provinces have sufficient time to utilise the funds.
- Coordination and communication must be strengthened to ensure that all legislative processes are in place and all role players are aware of what is expected of them.
- The NDMC and PDMC should improve the monitoring and oversight of allocated funds to provinces and produce reports that reflect the impact of such allocations. Quarterly non financial reporting in terms of DoRA not submitted regularly.

Thank you