



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

OUTSTANDING MUNICIPAL WATER DEBT MEDIA BRIEFING NOTES

26 NOVEMBER 2017

SPEAKER'S NOTES:

- Last week the department commenced with the issuing of notices to atleast 30 municipalities notifying them that the department would terminate bulk water supply should they fail to pay their water debts due to the department and water boards by 08 December 2017.
- The department is currently owed R10,7 billion for water supplied of which R3,9 billion is owed to the Water Trading Entity of the department and R6,8 billion is owed to the various Water Boards
- Of the above debt, R7 billion has been outstanding for a period exceeding 120 days. This is amounts to R3,5 billion to the WTE and R3,5 billion to the Water Boards
- In terms of the Municipal Financial Management Act (MFMA), municipalities are required to pay for bulk services within 60 days of receiving the relevant invoices

- Section 41 of the MFMA further mandates the National Treasury to monitor payments made by municipalities for these services
- The department and the Water Boards have at various levels sought to resolve the outstanding debt matter using various structures within the state such as the Inter-Governmental Relations framework and to date these have failed to yield the desired outcomes
- There have also been instances where the department has been forced to undertake legal action to recover debt owed. To date we have issued 59 summonses and have 6 judgments granted by the courts against the Mangaung Metropolitan Municipality, OR Tambo District Municipality and the Phumelela, Dr Pixley ka Isaka Seme, Emfuleni, Nketoana Local Municipalities.
- Of these, it is only the OR Tambo District Municipality that is currently servicing the debt in line with a payment plan agreed to with the department. The rest are still failing to settle the debt and as such the debt is rising unabated.
- To arrest the growing debt and recover the monies due to the department, we have since come to the important yet unfortunate decision of issuing notices to the affected municipalities to either pay by 08 December 2017 or face water cuts.
- Section 59 (3) (b) of the National Water Act allows the DWS to restrict or suspend the flow of water to defaulting municipalities. We have as of Friday, 24 November 2017 communicated with all the affected municipalities notifying them of our decisions in this regard consequent to their failure pay.
- We have also identified 30 municipalities whose individual debt exceeds R50 million and is older than 6 months, and will be writing to the National Treasury

requesting that the equitable share due to these municipalities be withheld until a payment arrangement is agreed to by the municipality and a payment to cover the most recent invoice has been made.

- The current failure by municipalities to pay the debt owed adversely affects the department and threatens the future water supply of the department. Monies collected by the WTE are critical for the following:
 1. Building of new infrastructure
 2. Operations and Maintenance of existing infrastructure
 3. Water Quality and Pollution Control; and the
 4. Repayment of loans

- The department's Water Trading Entity and the Water Boards must at all times strive to be financially viable and maintain a healthy financial state. The failure to recover monies owed for services rendered severely compromises their abilities to meet the above financial standards.

- Beyond the actions we have announced, we will be taking the matters raised up with the relevant departments, particularly the departments of cooperative governance and traditional affairs and Finance to seek long term solutions to the municipal debts for the supply of bulk water services.

Dankie

Ngiyabonga