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# MEDIA STATEMENT: WATER AND SANITATION COMMITTEE WELCOMES TOUGH ACTION TAKEN BY NATIONAL TREASURY TO ADDRESS DEBT OWED TO WATER BOARDS

PRESS RELEASES

**Parliament, Wednesday, 20**

**November 2024** – The

Portfolio Committee on Water and Sanitation has welcomed the National Treasury’s intention to invoke section 216(2) of the Constitution to withhold equitable share from defaulting municipalities that owe large amounts of money to water boards for bulk services.



The committee received briefings yesterday from National Treasury, the Department of Water and Sanitation and the South African Local Government Association (SALGA) on a response with solutions to the problem of the enormous debt municipalities owe to water boards.

“The measures by the National Treasury represent the necessary tough love needed to overcome the current challenges. We are hopeful that these measures should invoke the realisation of the need to pay for services to ensure the viability of, not only the water boards, but the entire water value chain,” said Mr Leon Basson, the Chairperson of the committee.

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The committee is of the view that the intended actions are measured and intended to achieve the greater good for the sector. Also, the committee considers the “carrot and stick approach” essential in an environment in which municipalities have not committed to paying water boards for services rendered. “By only releasing portions of the equitable share on conditions that the first portion of the equitable share to be released will be strictly used to pay water board accounts. Should this condition be met then the second portion of the equitable share will be released with its own conditions. This could be the corrective measure needed to prevent Vaal Central and Magalies Water from bankruptcy,” Mr Basson emphasised.

The committee has always maintained that the R23.7 billion owed to water boards is unsustainable and presents a security and socio-economic risk that the country can ill afford. Similarly, the committee had called for tough measures to be taken against municipalities to stop the tide of accumulating debt.

While the committee acknowledged that the measures are short term, the implementation of medium- to long-term measures such as enabling private-sector partnerships within the sector and enhancing renegotiating repayment agreements between water boards and municipalities requires urgent action.

The committee noted concerns raised by SALGA relating to the funding model of the local sphere of government and the ripple effect of debt owed to municipalities. The committee highlighted the need for the adoption of a culture of payment of services across the board. In line with this, the committee encouraged both municipalities and water boards to adopt robust debt collection mechanisms that will ensure sustainable cash flow management.

“At the centre of the current crisis is the unwillingness to pay for services rendered. Left unchecked, this culture will lead to the systematic collapse of the water value chain. These measures should help change this culture and ensure the viability of water boards and the sector as a whole,” Mr Basson emphasised.

The committee will continue to monitor the situation to ensure that the interventions produce the intended results.

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