



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

DWS making progress in reducing overdraft amidst growing municipal water debt

27 February 2018

Cape Town: The Department of Water and Sanitation (DWS) presented itself before Parliament's Standing Committee on Public Accounts (SCOPA) this morning. The meeting was part of Parliament's oversight function over the department focusing specifically on the incidences of irregular expenditure reported by the Auditor-General in the 2016/17 financial year and an overdraft of R 2,7 billion in the department's Water Trading Entity (WTE) account for the same financial year.

The department has previously briefed the committee in relation to the overdraft of the Water Trading Entity which has been as a result of failure by municipalities to pay for services received coupled with significant budgetary cuts totaling R 2,6 billion in the 2016/17 financial year.

Currently, the department is owed R 11 billion by municipalities and water boards with the debt having risen by R 1,3 billion between 01 April 2017 and 31 January 2018.

As a corrective step and in agreement with National Treasury, the department has decreased the overdraft to R 1,9 billion in the current financial year exceeding the targeted R 748 million decrease by 31 March 2018 as agreed with National Treasury.

The above figures are reflective of the constrained environment within which the department has found itself wherein municipal debts are increasing at an average rate of R 1 billion year-on-year and with a declining fiscal allocation from the fiscus to the department.

The department however is committed to eradicate the overdraft over the next financial year and similarly to increase its debt recovery methods to enhance the ability of the department to deliver new infrastructure and to maintain and rehabilitate existing infrastructure.

In this regard, the Portfolio Committee on Water and Sanitation has previously convened a committee comprising of the various affected portfolios, specifically the National Treasury, Cooperative Governance and Traditional Affairs as well as the South African Local Government Association to seek means of finding solutions to the current debt crisis that is adversely affecting the smooth financial operations of the department.

The department welcomes the oversight of SCOPA and will continue to support any effort that seeks to assist in coordinating the responsible management of financial obligations by debtors of the department, mainly municipalities, and those of the department.

Flowing from the presentation and engagement at SCOPA, the DWS notes the Committee's decision to institute a full Parliamentary Enquiry into the department. In this regard, the DWS will support all parliamentary processes and believe that this will assist all parties to bring the matter to a close.



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