**MEDIA STATEMENT**

**COMMITTEES TO INVITE NATIONAL TREASURY ON FUNDING FOR WATER BOARDS**

**Parliament, Wednesday, 11 November 2020 –** A joint meeting of the Portfolio Committee on Human Settlements, Water and Sanitation and the Portfolio Committee on Cooperative Governance and Traditional Affairs resolved to invite the National Treasury to find solutions to on funding challenges facing water boards following the decision not to increase the 2020/21 bulk water tariffs. The proposed meeting will happen before parliament rises this year.

The decision for a zero tariff increase for bulk water was based on the impact of Covid-19 on household finances. However, the decision which will have a negative impact on the cash flow of water boards.

While the committees welcomed the intentions of the zero tariff increase, it is concerned by National Treasury’s seeming unwillingness to extend funding to ensure the survival of the water boards experiencing difficulty, a situation further exacerbated by Covid-19. This stance is projected to cause financial problems, particularly for four water boards, and will affect their viability.

It is also concerning that the instructions from both committees to all stakeholders, including the departments of Water and Sanitation and of Cooperative Governance and Traditional Affairs, the National Treasury and the South African Local Government Association (Salga) to work collaboratively to resolve the issue of water tariffs is not gaining traction with National Treasury. Both committees believe that only through collaboration can these challenges be resolved.

Both committees have also raised concerns with Salga that while the department has taken a progressive decision not to increase bulk water tariffs, some municipalities have continued to approve tariffs increases at rates higher than what water boards originally proposed for 2020/21 financial year, undermining the intention of the zero tariffs increases and putting further pressure on already distressed households.

Both committees highlighted their concerns on the impact of the increases on the end user, particularly the poor. “It is concerning that municipalities such as the City of uMhlathuze increased their tariffs by 21,5%, Ekurhuleni Metropolitan Municipality (MM) by 13%, Tshwane MM by 9% and Bela-Bela Local Municipality by 12%, despite the 0% tariff increase by the water boards. This undermines the spirit and intentions of the freeze in tariff increases and adds a further burden to families already struggling due to Covid-19,” said Ms Machwene Semenya, the Chairperson of the Portfolio Committee on Human Settlements, Water and Sanitation.

Also concerning to both committees is the fact that the zero tariff increase had no significant impact on the settlement of the current municipal accounts, not to mention the historical debt. “Payment of services is a key driver of sustainability and a workable solution must be found, ensuring that municipalities honours their debt to agencies rendering services to them,” said Ms Faith Muthambi, the Chairperson of the Portfolio Committee on Cooperative Governance and Traditional Affairs.

The current challenges and unilateral increases of tariffs by municipalities has heightened the need to establish a water sector regulatory mechanism to manage disputes between parties impartially. Successive committees have called for the establishment of a regulatory mechanisms that will insulate the department from being both a referee and a player on tariff determination processes.

The committees noted the progress on consultation on the 2021/22 tariff increases and will contribute to the discussion to ensure that tariff increases are considerate and incorporate many views. In line with this, the committees have highlighted the continued need for cooperation in dealing with this matter so that water is never too expensive for the people, while ensuring that infrastructure is able to deliver quality services.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, WATER AND SANITATION, MS MACHWENE SEMENYA, AND THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, MS FAITH MUTHAMBI.**

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