**MEDIA STATEMENT**

**GOVERNANCE IMPROVEMENTS AT WATER BOARDS ARE THE RESULTS OF HEIGHTENED OVERSIGHT AND CORRECTIVE INTERVENTION**

**Parliament, Tuesday, 13 July 2021 –**The Portfolio Committee on Human Settlements, Water and Sanitation has acknowledged a general improvement in governance at water boards as evidenced by the positive audit outcomes for Umgeni Water, Magalies Water and Rand Water.

The committee this morning received a briefing from the three water boards on their 2019/20 annual reports. The committee welcomed the information that Magalies Water received a clean audit, which was a commitment made to the committee by the board and senior management. Similarly, the achievement of unqualified audit opinions by Umgeni and Rand Water creates a favourable platform for the achievement of the constitutional right for access to water for all.

“Both the department and the Portfolio Committee committed themselves following the release of the previous financial year to strengthening oversight over the water boards to ensure good governance, which is a bedrock for delivery of quality services. We are pleased to see the results of this commitment,” said Ms Machwene Semenya, the Chairperson of the committee.

**MAGALIES WATER**

1. The committee welcomes the achievement of 93% of strategic targets for the 2019/20 financial year which is critical in the delivery of services to the people of South Africa.
2. The committee also welcomes the achievement of water quality levels as per the South African National Standard for drinking water 241 of 2015.
3. Also, the committee welcomes the announcement that for the 2019/20 financial year, the water board did not incur any irregular expenditure. This is representative of adherence to good governance requirements.

**RAND WATER**

1. The committee welcomes the strong financial position that the entity has maintained despite the challenges of defaulters and pressures as a result of Covid-19.
2. The committee is concerned about the R183.5 m in irregular expenditure for the current financial year which represents a risk to good governance.
3. Furthermore, the committee welcomed the consistent achievement of the national drinking water standard and delivery to customers on the SANS 241 Composite Indicator

**UMGENI WATER**

1. The committee welcomed the achievement of 88% of strategic targets but has called for a value added analysis to ascertain how the attainment of targets has impacted on the delivery of quality services.
2. In line with point 1, the committee is concerned that only 55% of infrastructure development milestones were met. The committee welcomes the information that the Water Board spend performance for the year was R840 million, of which R549 million was spent on bulk infrastructure augmentation, expansion, upgrades and rehabilitation projects, of which R184 million (22%) went towards projects for rural development, the committee has urged for the achievement of greater targets.
3. The committee welcomes the strong financial position the entity has maintained, with R4.2 billion revenue generated and its strengthening of the balance sheet to R10.7 billion

**DEFAULTERS**

The committee remains concerned about the perpetual risk factor caused by defaulting municipalities and non-payment of services to the water boards. While the committee acknowledges the work done by government to resolve this matter, it remains concerned by the impact of the lack of finality has on the water boards, including negative impact on working capital of the water boards, risk of credit downgrades, risk to implementing Capex programmes and the inability to maintain already existing infrastructure. The committee has called for the Cabinet to move with speed to find solutions to this perennial challenge.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON HUMAN SETTLEMENTS, WATER AND SANITATION, MS MACHWENE SEMENYA.**