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9 January 2018

MEDIA STATEMENT

RESTORATION OF WATER PRESSURE – EMFULENI LOCAL MUNICIPALITY

Rand Water condemns the occupation of its business premises by a delegation from the Emfuleni Local Municipality on Tuesday, 9th January 2018, and considers such action to have been entirely unnecessary. Such action suggests that Rand Water had taken steps against the Municipality and that all efforts to discuss and reach understanding and resolve matters between the parties were unsuccessful, when the opposite is true.

It is regrettable that in spite of ongoing negotiations and the prevailing spirit of cooperation and understanding on the part of Rand Water, the Emfuleni Local Municipality resorted to blockading the gates to the entrance of Rand Water Head Office. It is also wholly incorrect to say such action was in response to steps taken by Rand Water to reduce water supply due to non-payment on the part of the Municipality.

Rand Water remains committed to finding a lasting solution, and has remained in communication and engagement with all relevant stakeholders; and would like to place on record the following facts:

1. Rand Water and Emfuleni reached a settlement agreement in December 2017 relating to debt that had been accumulated over the last 4 years, and around which numerous agreements were previously entered into, which the municipality had repeatedly failed to honor leading to the debt reaching levels of R431 789 101. 95 by the 22nd of November 2017. Upon agreeing on the payment plan, water supply was restored on the strength of this December 2017 agreement. The preceding credit control action taken by Rand Water, in the last quarter of 2017 was a necessary step in the process of ensuring sound financial management and sustainability.
2. At the same time that the agreement was entered into, Rand Water and Emfuleni Local Municipality agreed that in order to assist the Municipality to manage its finances and prevent spiraling debt levels, Rand Water's supply to the area would not be at full capacity in order to keep the municipality's monthly bill at the level of R50 million per month which was identified by the municipality as what they could afford;

3. Emfuleni Local Municipality, then undertook to execute a plan that they had compiled that would assist with managing water demand in the area, engaging communities on water usage and payment for services, and to ensure adequate storage in their reservoirs. The plan included detailed technical work, especially with respect to the refurbishment of municipal water networks and upgrades to its reservoir management protocols; this was intended to ensure efficient operations, reduce water losses and prevent adverse impact of reduced supply on communities.
4. Emfuleni Local Municipality proposed a monthly supply cap on the basis of affordability. This was to ensure that communities still received an “acceptable” amount of water and were not unduly compromised due to the servicing of the debt with Rand Water.
5. Even though the municipality did not fully honor the terms of the settlement agreement in December 2017, and was in fact over R45 million short in its payment, Rand Water did not introduce any further water restrictions as a result of non-payment or part payment. There was until today a 20% reduction in supply as a result of the request from the municipality to cap supply to stay within levels affordable to them. The Municipality was at all material times in breach of the December 2017 Settlement Agreement.
6. Consequently, it was not necessary to blockade Rand Water premises to challenge credit management actions as the restrictions that were in place since the December 2017 settlement agreement was reached, were at the request of representatives of Emfuleni Local Municipality and the effects of such were supposed to be managed by the municipality.

It is important to note that should Rand Water be placed in further and on-going financial risk the entity will be plunged into a debt crisis which will impact all municipalities currently serviced by Rand Water and curtail the ability of Rand Water to finance the building of future Bulk water infrastructure or even to undertake adequate maintenance of its very extensive network. This would have very dire consequences for the entire Gauteng Province/Region and other parts of the country serviced by Rand Water.

We remain committed to open and honest engagement that would enable us to balance all the interests of our various stakeholders.

For the facilitation of media interviews on this matter please contact:

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