



# **METRO TRADING SERVICES REFORM AT A GLANCE**



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



## WHY IT MATTERS

- **24 million people** rely on metro electricity, water, sanitation & waste services.
- Trading services **employ ~60 000 people** and generate R150 billion annually.
- Years of decline **threaten jobs, investment, quality of life** & growth.

## THE SOLUTION

A **performance-based** incentive grant for South Africa's 8 metros:

- **Rewards actual improvements** in service reliability and finances.
- **Supports higher investment** in infrastructure.
- **Promotes a virtuous cycle:** Better revenues → More investment → Improved services.

## KEY REFORMS

- **Political commitment** – metro councils back service improvement.
- **Business-like management** – clear accountability & authority.
- **Professional capability** – skilled managers, engineers & support.
- **Financial turnaround** – positive cash flow, stronger creditworthiness.

## IMPACT & BENEFITS

- **Reliable services** for households and businesses.
- **Job creation & economic growth** – metros are the engine of SA's economy.
- **Increased investment** in critical infrastructure.
- **Public accountability** – progress tracked with published data.

## TIMELINE

- **Year 1:** Foundations in place (political support, management capacity, revenue gains).
- **Year 3:** Significant new investments begin.
- **Year 3–5:** Visible improvements in service outcomes.

Find out more: [https://lg.treasury.gov.za/ibi\\_apps/portal/Municipal\\_Trading\\_Service\\_Reform](https://lg.treasury.gov.za/ibi_apps/portal/Municipal_Trading_Service_Reform)

## **SUMMARY**

South Africa's major cities depend on reliable electricity, water, sanitation and waste services to sustain daily life, attract investment and create jobs. Yet, after years of under-investment and weak management, these services are in decline, undermining quality of life and economic growth.

To turn this around, national government is implementing a performance-based incentive grant for the eight metropolitan municipalities. This grant rewards metros for improving financial management, strengthening institutions, and delivering better services.

### **THE REFORM WILL:**

- Restore reliable, safe and financially sustainable trading services.
- Unlock investment by improving cash flows and creditworthiness.
- Support job creation, economic growth, and quality of life for more than 24 million people

Progress will be measured publicly through improved service performance, stronger finances, and higher levels of investment. The reforms are ambitious but achievable, and results will begin to show within the next three years.

# **TRADING SERVICES REFORM IN SOUTH AFRICA'S MAJOR CITIES**

## **PROGRAMME OVERVIEW – SEPTEMBER 2025**

The national government is implementing a performance-based grant to drive a turnaround in electricity, water and sanitation, and solid waste services in South Africa's eight metropolitan municipalities.

The reform is led by the National Treasury, working with the Department of Cooperative Governance and Traditional Affairs, Department of Electricity and Energy, Department of Water and Sanitation, Department of Forestry, Fisheries and the Environment, and the Department of Human Settlements.

These reforms respond to the long-term decline in service reliability, which affects over 40% of South Africans and constrains growth in cities that generate more than two-thirds of the country's economic activity.

## **WHY THE REFORMS MATTER**

Reliable trading services are the foundation for quality of life, investment and jobs. Years of poor maintenance, under-investment and inefficiency have eroded service quality. This not only impacts households and businesses but also costs the country trillions in lost economic growth.

Recognising this, Cabinet has endorsed the reforms as a flagship initiative of Operation Vulindlela Phase II, focused on unlocking barriers to growth.

## **WHAT THE REFORMS AIM TO ACHIEVE**

The goal is to stop the decline and restore reliable, safe, and financially sustainable services. Specifically, reforms will:

- Improve cash revenues and financial stability.
- Increase maintenance and investment.
- Strengthen management and operational efficiency.



- Deliver improved, reliable services to households and businesses.

## HOW THE REFORMS WILL WORK

Metros can access the incentive grant only if they:

1. Secure **political commitment** to reform.
2. Introduce **institutional reforms** that establish accountable, business-like management.
3. Build **strong management capability** through recruitment, training and technical assistance.

The grant is **disbursed only on performance**. It both rewards improvement and directly funds higher levels of investment. Over time, this creates a “virtuous cycle”: better revenues → higher investment → improved service outcomes → stronger financial health.

## KEY ELEMENTS OF REFORM

- **Delegated authority with accountability:** Each trading service must have a single point of accountability, structured as a business unit or entity, supported by sound governance.
- **Professional management capacity:** Large, complex utilities require skilled managers, engineers and technical expertise. Gaps will be addressed through recruitment, training and targeted support.
- **Financial turnaround:** Positive cash flows are essential to expand investment. Grants alone are not enough - services must fund investment from their own revenues and borrowing capacity.

Political support is already evident through metro councils’ approval of improvement plans and roadmaps for all three services.

## WHEN RESULTS CAN BE EXPECTED

These reforms will not fix decades of under-investment overnight. Substantial progress in reliability and sustainability will take at least three years. However, early gains - such as better billing, stronger cash flow and more funds for maintenance - are expected within the first year.

By year three, significant increases in capital investment are anticipated, with visible improvements in service outcomes expected within three to five years.

## WHERE TO FIND OUT MORE

For more details:

[https://lg.treasury.gov.za/ibi\\_apps/portal/Municipal\\_Trading\\_Service\\_Reform](https://lg.treasury.gov.za/ibi_apps/portal/Municipal_Trading_Service_Reform)