

Ruling on municipal debts is a slam-dunk win

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Gavel. File photo. - File photo.

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South Africans can celebrate the crowning of a new people's hero following Tuesday's Constitutional Court judgment declaring that new homeowners are not responsible for the municipal debts of previous owners.

Peter Livanos, managing director of municipal debt specialist New Ventures, says he has spent R11-million on legal costs since 2000 - when the law he opposed was promulgated - and had been driven by a desire to see justice for his clients.

"I made a promise to them and to myself to get this matter resolved. It has caused a lot of misery, and lots of money has been wasted, but I feel vindicated," he said.

Livanos is now bracing himself for the sequel to the judgment: hundreds, perhaps thousands, of claims for compensation from homeowners who have been forced to pay other people's debts in an unlawful manner. The businessman deserves to get rich in taking on what should be slam-dunk cases.

Municipalities, most of which have been making hay while the sun shines with an interpretation of the law that always seemed illogical to reasonable people, will be nervously totting up the extent of their potential liabilities, but there is little pleasure in recording this: ratepayers will foot the bill in the end.

Another consequence of the ConCourt ruling should be more broadly welcomed. With the scrapping of an unjust way of collecting old debts, municipalities will be forced to pay more attention to stopping debts building up in the first place.

As Justice Edwin Cameron noted in his judgment, they have a range of options, including cutting off water and electricity supplies and preventing the transfer of a property until debts are settled.

The consequence of the judgment should, therefore, be better-run local government and a fairer society.

<https://www.timeslive.co.za/ideas/2017-08-31-ruling-on-municipal-debts-is-a-slam-dunk-win/>