



BRIEFING ON REGULATIONS STRATEGIC TASK TEAM

**Water Sector Leadership Group
17 – 18 June 2009**



water & forestry

Department:
Water Affairs and Forestry
REPUBLIC OF SOUTH AFRICA





RATIONALE

- RSTT has met twice since last WSLG – Feb & June
- Agreed Chair – Neil Macleod
- Agreed TOR, with objective of supporting DWEA & its regulatory partners to fulfil their mandate and vision by providing **strategic oversight and guidance** for:-
 - the immediate implementation of the Water Services Regulations Strategy on an incremental basis, starting with its identified priorities, and
 - the development & finalisation of an integrated Regulatory Framework for the Water Sector .



PROGRESS

- Water Quality Conference & Blue/Green Drop Certification huge success (Report tabled tomorrow)
- Media has played constructive role and deepened public knowledge on water & pollution issues
- Integrated Water Regulatory Framework completed in March. Working group identified to give in-depth comment.
- Working group identified to work with DWEA on regulation of Water Services Tariffs, including Treasury & SALGA, noting hard to regulate municipal tariffs if not regulating all tariffs in value chain & without ringfencing



PROGRESS

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- Two WRC studies on regulation completed

- 1) **analysing regulatory mechanisms, legislation & policies globally to benchmark best practice and identify gaps.**

- Independent regulator cost R60 -90 million, 65 to 112 staff
- DWEA regulation cost R40 – 67 million, 48 to 81 staff

- 2) **Framework for Regulating competencies of water services managers**

- Critical gap is regulation of competencies & skills. Professional bodies carry regulatory function but need progressive legislation for professions especially in municipal environment.
- Modelling to give framework for WS Managers' competencies was done in hope of being able to roll out



PROGRESS

- In July SALGA embarking upon programme of action to:
 - Survey WSA's needs to enhance understanding & implementation of regulations
 - Analyse current regulatory capacity v's required capacity
 - Suggest optimal Regulations Framework for Municipalities
- Discussion document for Strengthening WS Recourse in SA developed by Mvula looking at international best practice. Key points:
 - Citizens must be informed and enabled to create platforms & access the systems for recourse



PROGRESS

- Means to hold service providers are key – eg legislated user platforms and/or institutionalisation of mechanisms
- Funding and independence are critical, noting if driven/funded by service provider, user platforms can be co-opted
- Focus :-
 - Drive & implement programmes of action, including building of regulatory capacity
 - Local government regulations (Municipal Indaba Plan)
 - Civil society engagement
 - Institutional arrangements & resourcing



ISSUES

- Lack of clarity on the institutional form of regulation creates uncertainty in the sector
- Doubt on the vision & commitment for an independent regulator. Suggested that it should be a medium term vision rather than long term, as already conflict of interest (eg blue drop certification & hosting of 2010)
- Local regulation not moving well as the WSA/WSP separation of roles is a huge challenge, that can only be addressed through revision of WS Act. Progress on revision is very slow



ISSUES

- Lack of capacity throughout the regulations arena is of major concern, but specifically on the resourcing of the CME and Regulations Units, which leads to ineffectiveness on enforcement issues
- Need vision and clarity on the support role of DWEA. Mixed messages creating confusion
- Long delays in issuing of licenses leads to inability to enforce conditions
- Delay in responding or approving draft Integrated Regulatory Framework for consultation is seriously retarding progress.