



# **Institutional Realignment Project**



## **Presentation to the Water Sector Leadership Group Meeting**

13 November 2008

Department of Water Affairs and Forestry



# INTRODUCTION

## Objectives:

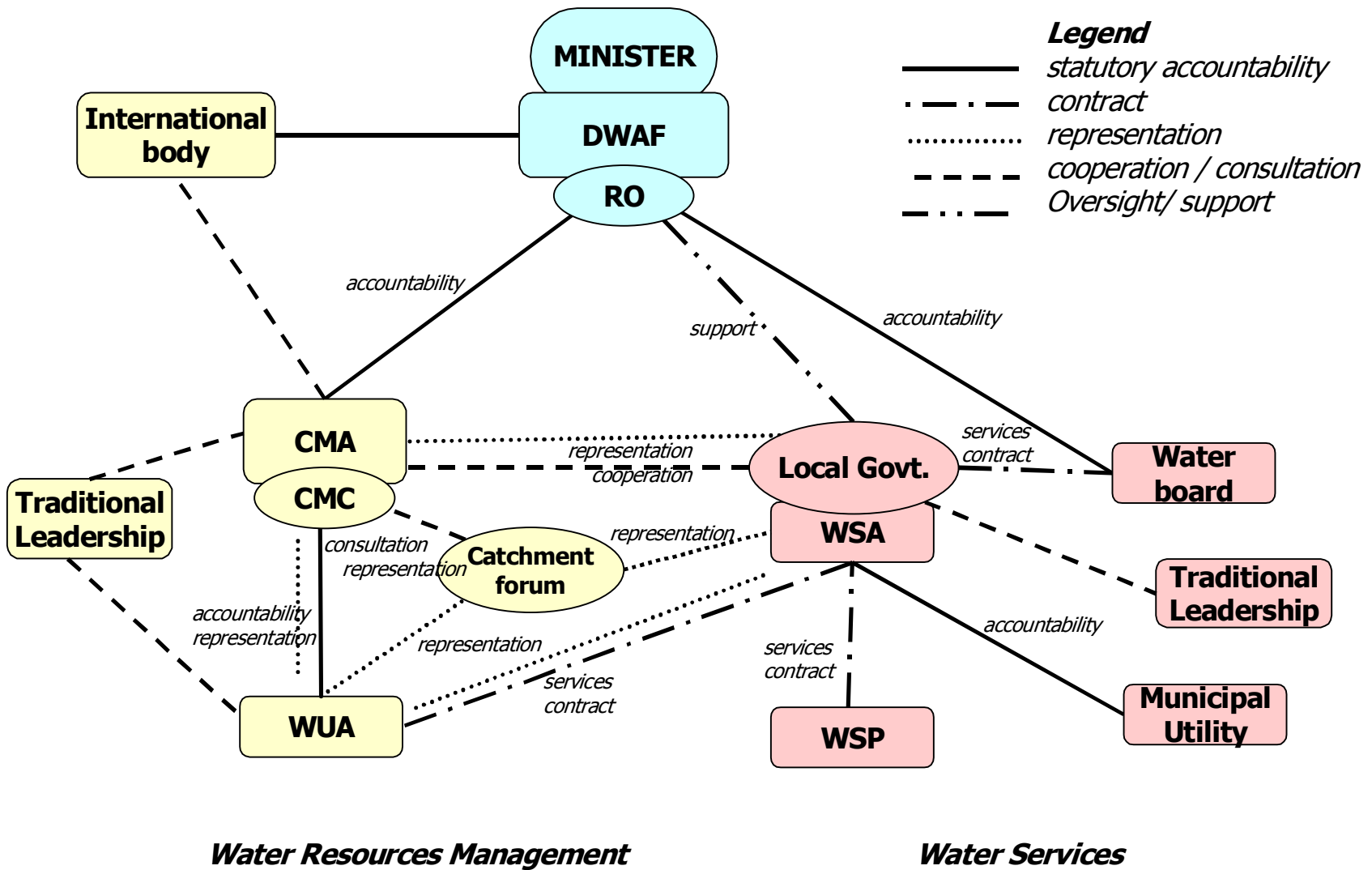
- To bring to a close the long running restructuring of the sector
- To streamline and clarify roles and responsibilities of various institutions
- Strengthen and develop capacity for regulation and oversight
- To redefine the arrangement of institutions reporting to the Minister
- To strengthen service delivery through effective institutional relations



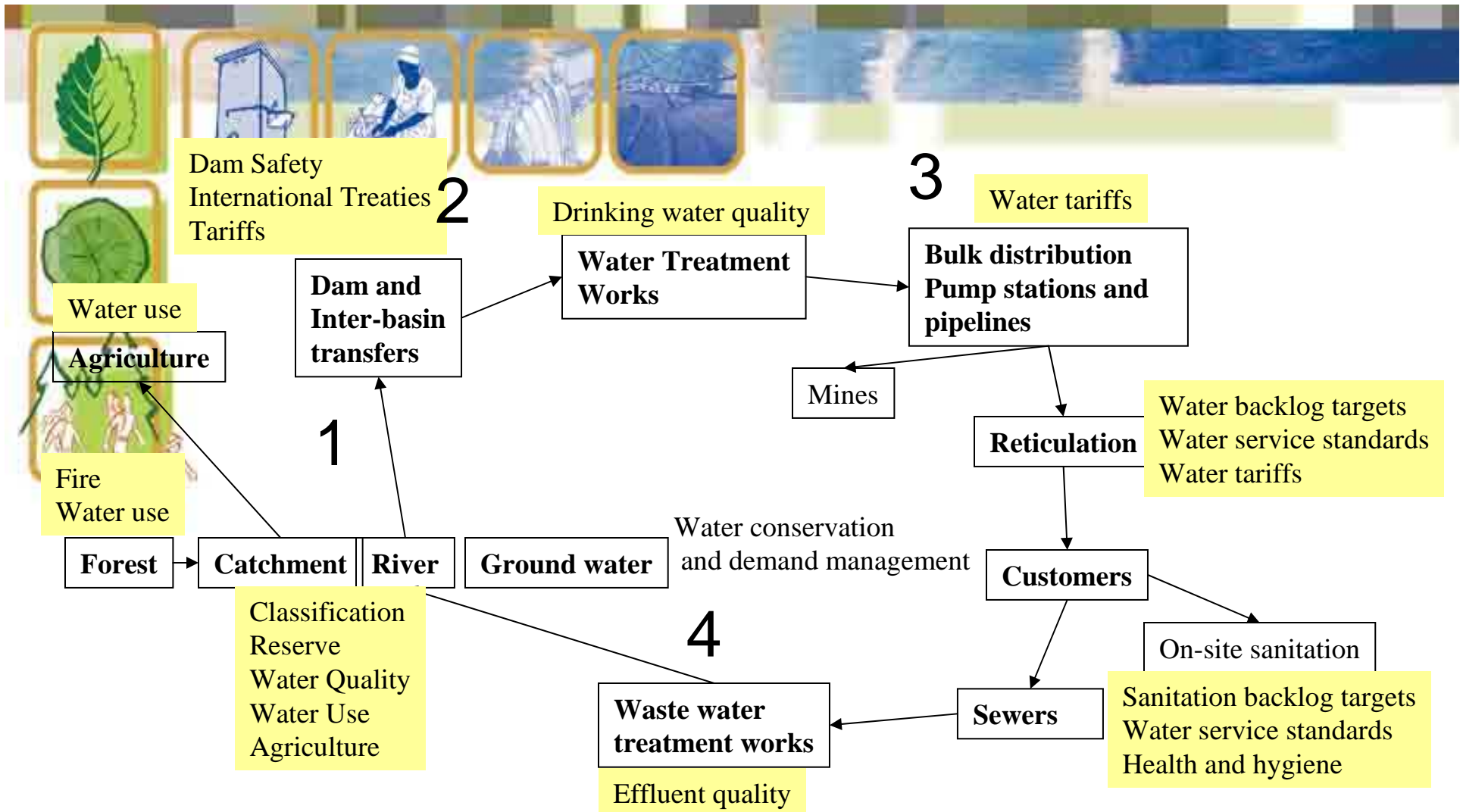
# BACKGROUND

## Legislative mandate

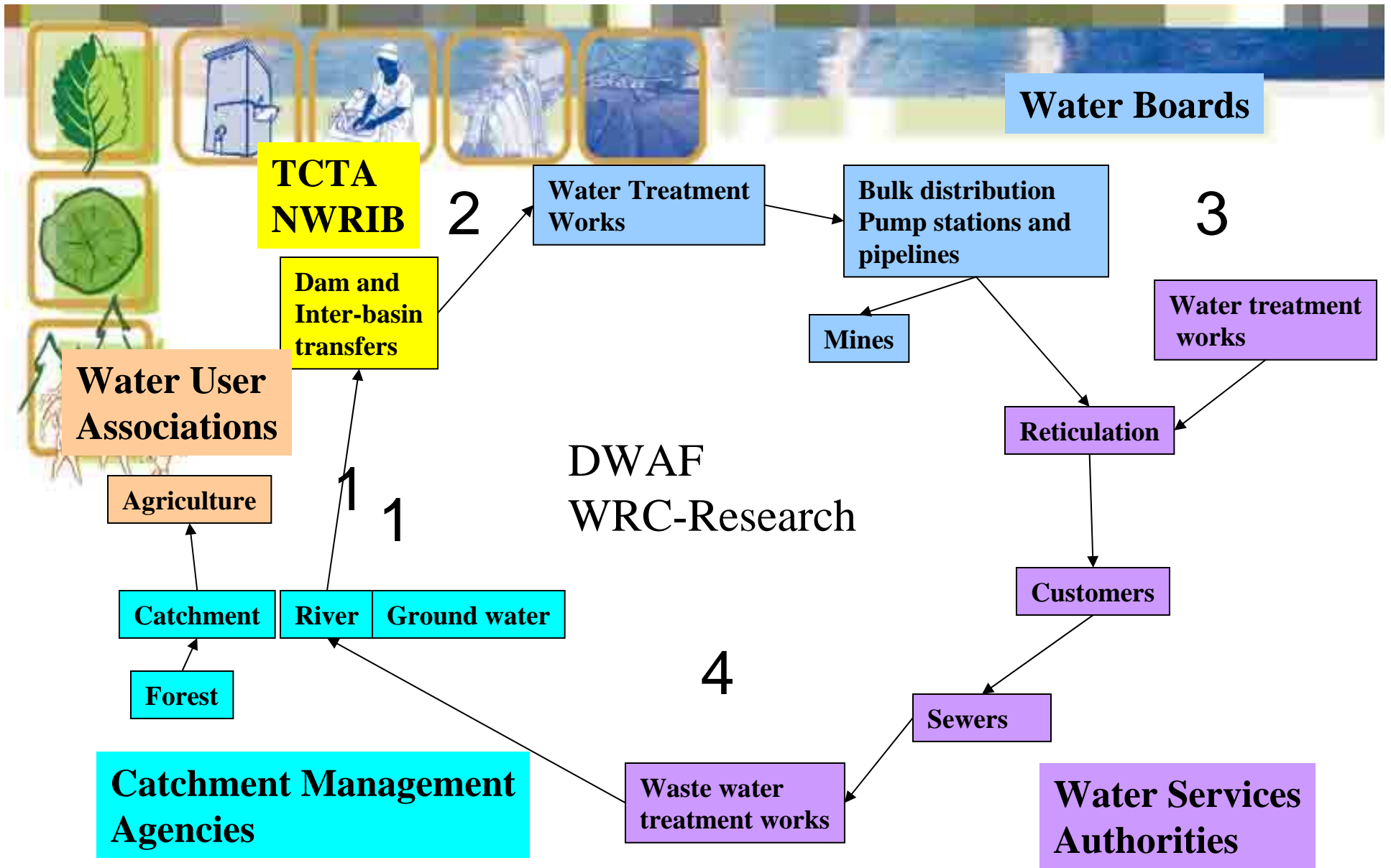
- The Department derives its mandate mainly from a number of legislations including the South African Constitution; National Water Act (NWA) No 36 of 1998; Water Services Act (WSA) No 108 of 1997; the National Forests Act of 1998 and Public Finance Management Act (PFMA) Act No 1 of 1999, amended in 1999.



Primary institutional relationships between various water sector institutions



## Water Sector – Primary Regulatory Aspects



## Water Sector Institutions



# Key Challenges

- Slow pace of establishment of institutions
  - Wide span of control for the Minister
  - Muddled interpretation of roles and responsibilities
  - Limited oversight capacity
  - Limited regulatory capacity
  - Shortage of skills
  - Financial and economic viability



## KEY CHALLENGES

Financial viability of some WB's

Effect of Institutional Reform Process on nature (financial arrangements) & size (boundaries) of WB's

Unhealthy relationship between majority of WB's & Municipalities due to –

⑩ Price of water sold by WB's

⑩ Section 78 processes

⑩ Transfer of DWAF assets to WSA's / Municipalities

Governance problems- Where some board members are not familiar with the work that they have to play oversight on

Lack of effective systems-such as financial, HR, technical systems



## KEY CHALLENGES

Lack of water use entitlement for HDI's

Voluntary establishment process

Financial viability & institutional capacity

Reporting lines to the Minister and the  
Department

Capacity building & training programmes for  
HDI's & emerging farmers

Transfer of DWAF staff



## The emerging model



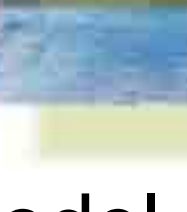
- From the engagement with various stakeholders the proposed model emerged
- The support from the current consultation process is encouraging
  - This model will enable the establishment of a reduced number of CMAs
  - It will enable the development of an overall regulatory mechanism.



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- It will enable development and strengthening of relationships amongst various water institutions.
- It will enable the development of water utilities to ensure “ wall to wall” coverage of water services authorities
- Provides for the delegation of Water User Associations to CMAs as sub catchment management entities
- Defines the relationship of WUA with other institutions



## Benefits of the model

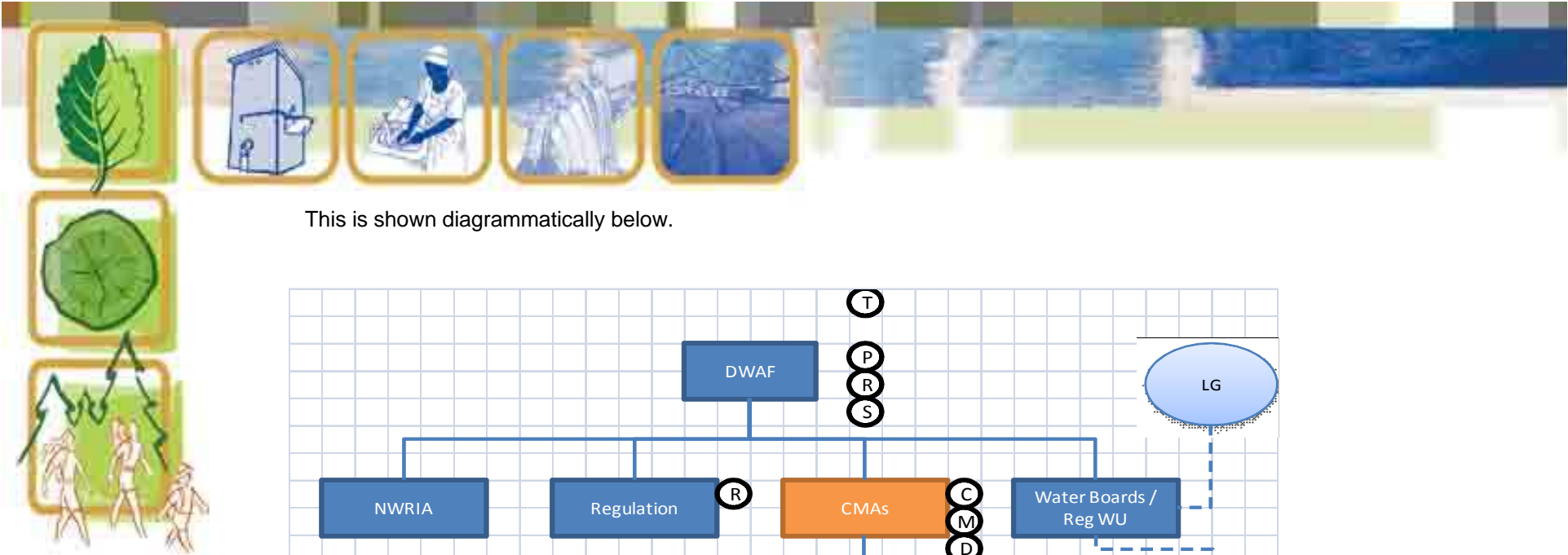


- Provides room for IWRM, Dublin Principles
- Clarifies distinctly the roles and responsibilities in terms of the relevant legislation
- Provides the sector the opportunity to grow and identifies gaps in capacity
- Costs associated with water resources and water services management will be clearly defined
- Fewer and streamlined institutions for the Minister to oversee
- Elimination of duplications and sometimes unnecessary competition, thus saving costs

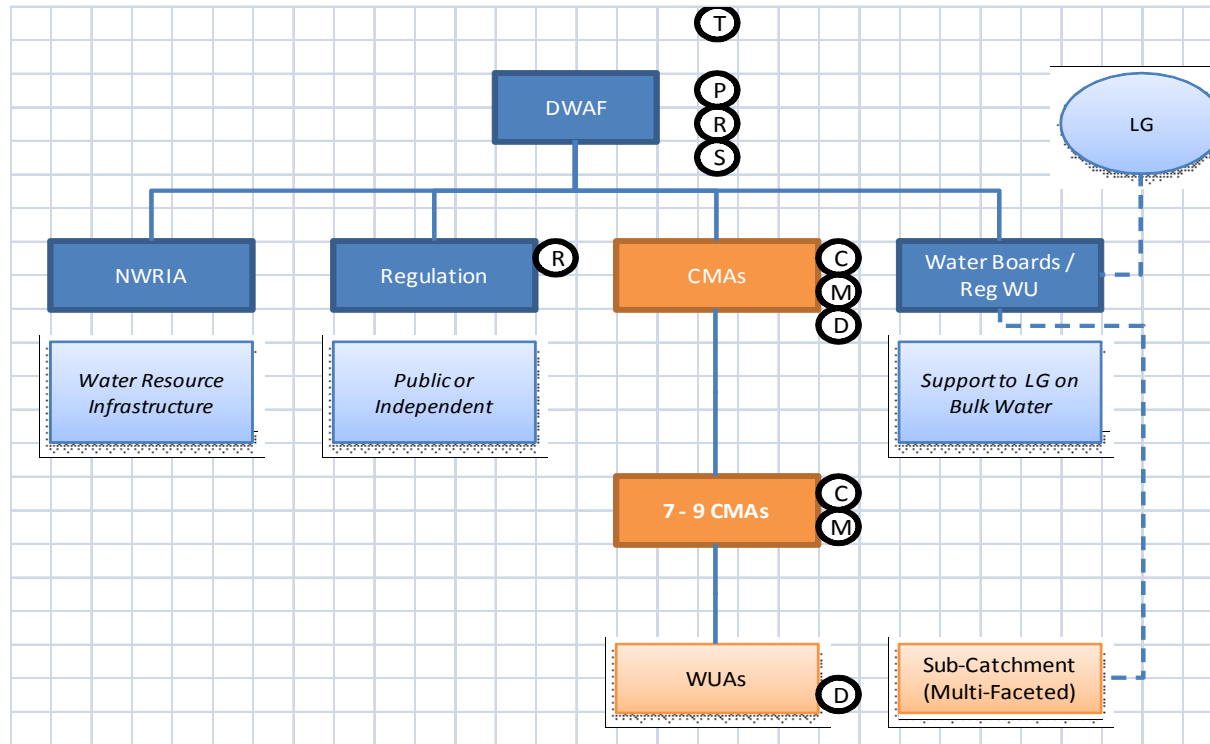


# Principles

- Address the span of control and relationships
- Strengthen institutional capacity in the value chain
- Maximize service delivery
- Impact on water pricing for socio economic growth
- Strengthen capacity to collect revenue
- Strengthen Regulation and Oversight



This is shown diagrammatically below.



\* T= tariff, P= integrated planning, R= regulation, S= strategy and policy development



## The DWAF



The Department will remain a sector leader and retain the following functions:

- Norms and Standards for Tariff setting and water use charges
- Integrated Planning
- Policy and strategy development
- Support (interim) and intervention
- Regulation and Oversight
- National Water Resources Infrastructure



## Catchment Management Agencies



- Responsible for effective Integrated Water Resources Management (IWRM). They will develop, manage and regulate water resources in their respective water management areas.



## Water Management Area reconfiguration proposal

- Limpopo/Crocodile West Marico rivers to cover the entire Limpopo Basin, draining to the Limpopo and Luvuvhu
- Olifants (including Letaba)
- Inkomati/Usuthu to simplify the international arrangements with Mozambique and Swaziland



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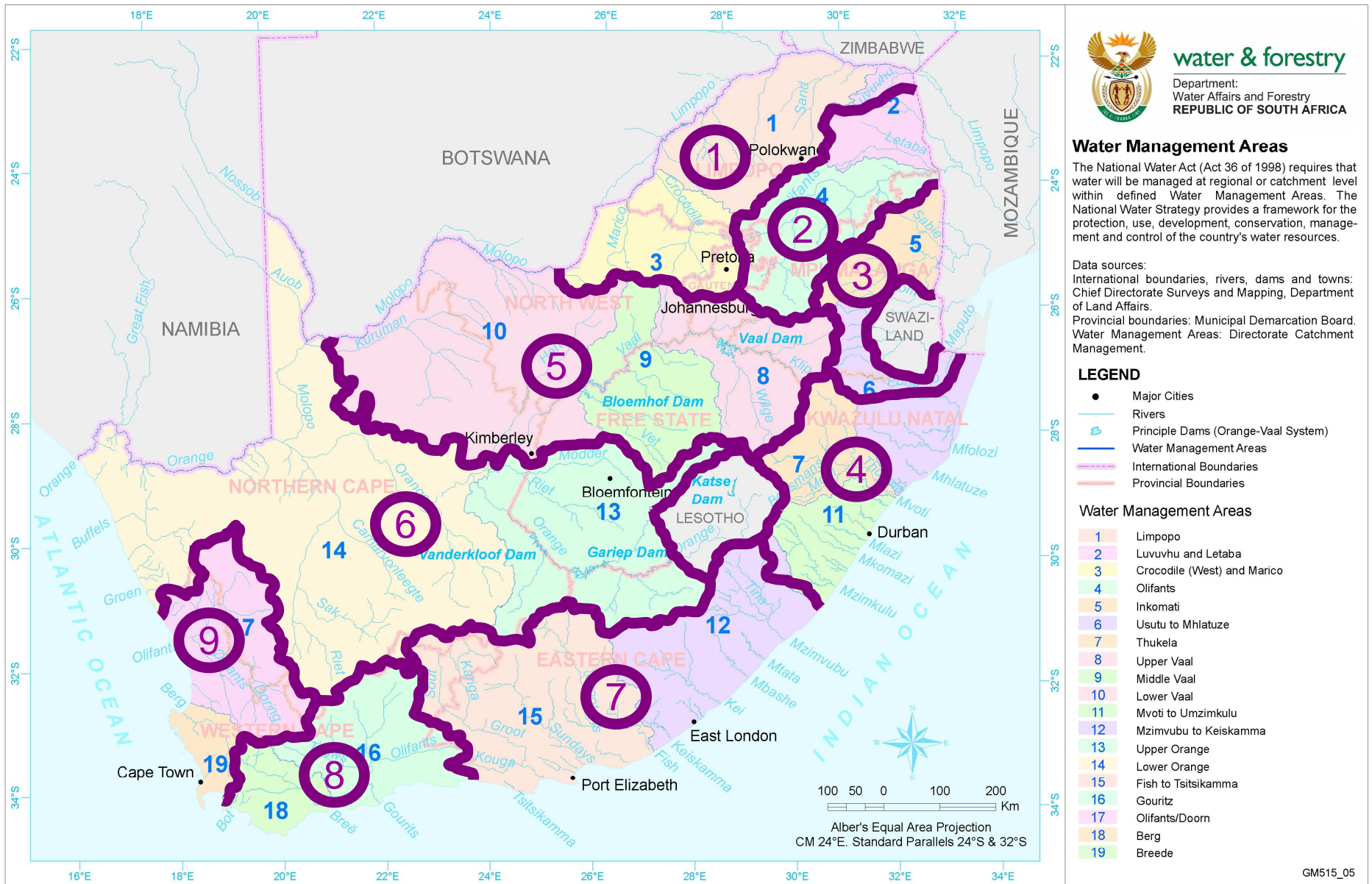
- uThukela to include all KZN rivers except uSuthu
- Vaal to manage Vaal river as integrated system
- Orange to manage the Orange river as an integrated system
- Eastern Cape Coastal Rivers to cover the entire Eastern Cape, except upper Orange



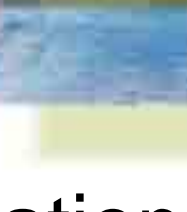
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- WC South Coast rivers to cover the south eastern part of the province
- WC West Coast rivers to cover the western part of the WC, portion of the NC draining to the Doom River, very dry area.



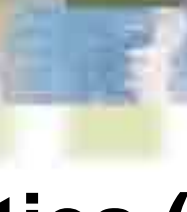
**Republic of South Africa: Water Management Areas**



## Water User Associations



- The number of Water User Associations will be reviewed to reflect on them as sub catchment management entities
  - This will improve accountability, local water management, transformation and integration
  - Redefine the span of control to the Minister
  - Improve relationship with Local Government and Water Utilities
  - Improve capacity by sharing with other entities
  - This will be in line with other applicable models in the World



## Water Utilities (WU)



- The proposal here is to reconfigure Water Boards and their boundaries and convert them to Provincial boundaries aligned Water Utilities. This will give effect to the much discussed regionalization of management of regional bulk water schemes for the benefit of all stakeholders concerned, whilst at the same time ensuring a wall to wall coverage of Provinces and Municipalities by effective, capacitated water services institutions.
- The WU operation of bulk sewage works should be considered positively



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- The boundaries of some water boards should be reviewed, increased or reduced or merged and reconfigured as water utilities
- The constitution of the boards of water utilities should be such that it promotes regional presence, shareholding could be by the Minister of Water Affairs and Forestry and the MEC for Local Government in a particular Province
- The management of water resources infrastructure by these utilities must be carefully considered in the light of the role of the Department in this regard
- Current capacity will be taken into consideration to benefit the new dispensation




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- The operation of bulk regional potable water supply schemes must be the responsibility of these entities and the larger municipalities (metros) with sufficient capacity
- The amendment of the Water Services Act to accommodate this position is critical
- This will also necessitate the amendment of the Municipal Structures Act of 1998 as amended and the Municipal Systems Act(2000) in the areas of powers and functions
- The LG 2 level system must be reviewed by the relevant authority (LM and DM)



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- The review of White Paper led by DPLG to consider this position
  - Municipal Entities and Private Sector WSP are critical for reticulation and supported by Water Utilities on bulk water availability
  - There will be hybrid configuration of the water utilities taking into account the dynamics of various Provinces

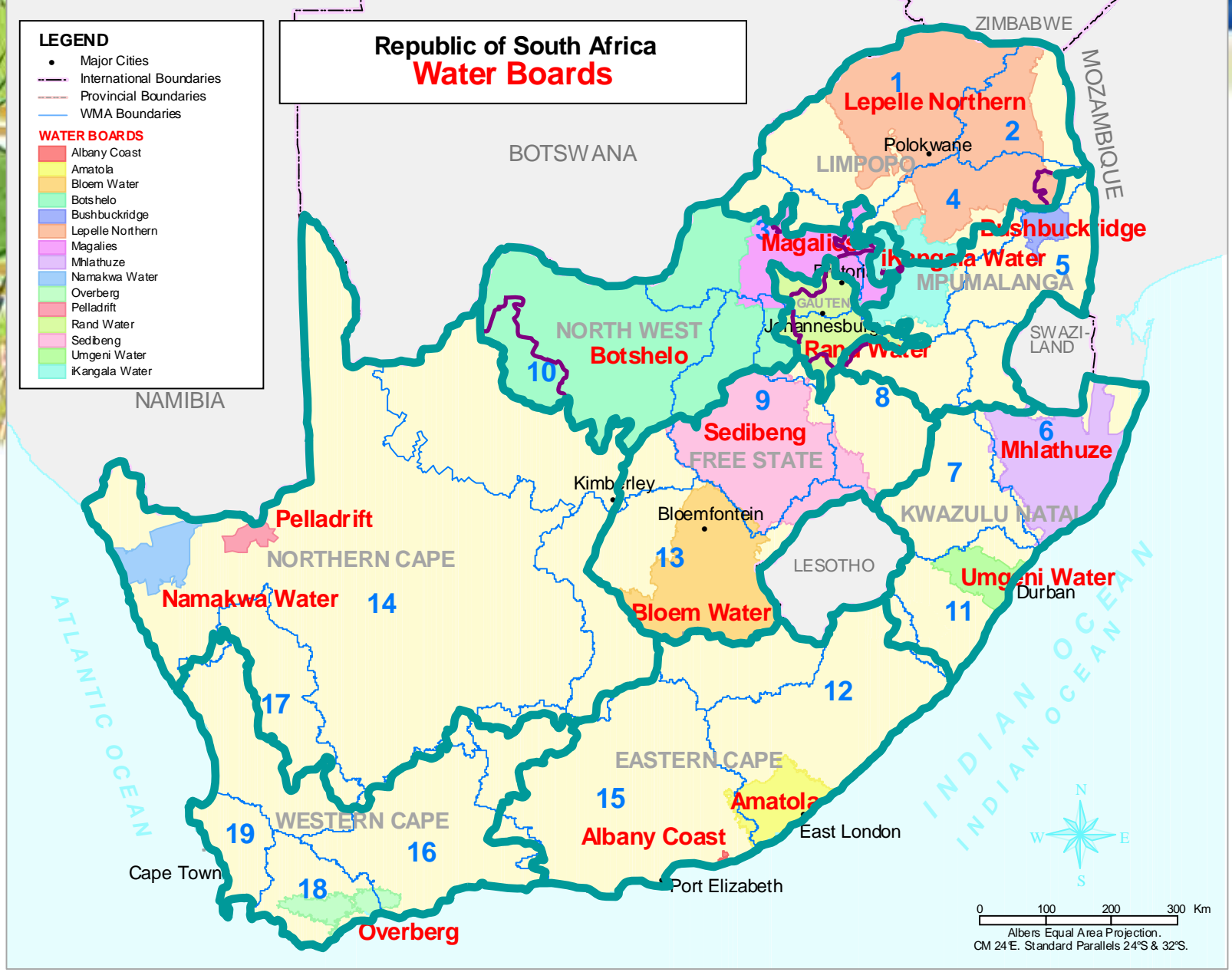
**LEGEND**

- Major Cities
- - - International Boundaries
- - - Provincial Boundaries
- - - WMA Boundaries

**WATER BOARDS**

- Albany Coast
- Amatola
- Bloem Water
- Bots'helo
- Bushbuckridge
- Lepelle Northern
- Magalies
- Mhlathuze
- Namakwa Water
- Overberg
- Pelladrift
- Rand Water
- Sedibeng
- Umgeni Water
- Kangala Water

**Republic of South Africa**  
**Water Boards**



0 100 200 300 Km  
Albers Equal Area Projection.  
CM 24°E. Standard Parallels 24°S & 32°S.



## The Regulator



- There is some thinking currently on the future of Regulations in the country-Project led by the Presidency that should guide our own process
- Cabinet Lekgotla gave guidance on the future of regulation in the country
- There is a regulatory framework project currently underway within the Department which will also shed light on the nature of regulation in the sector being guided by the 2 processes above
- The Regulatory functions are currently performed by DWAF until the final position is taken



# Way Forward



- Complete the consultation-18 November 2008
- Finalize the financial and technical viability analysis, including the risks – January 2009
- Incorporate input from the sector into the project document – November 2008
- Engage in legislative review processes
  - Water Services Act, Municipal Structures Act, Municipal Systems Act
- Development of an implementation plan