

3 May 2019

**Department of Water and Sanitation**  
**Private Bag X995**  
**Pretoria**  
**001**

Attention: Mr Trevor Balzer  
Mr Tendani Nditwani

**Dear Sirs**

**SUBMISSION TO THE DEPARTMENT OF WATER AND SANITATION (DWS) IN RELATION TO THE UPCOMING WATER AND SANITATION OPERATION PHAKISA**

**BACKGROUND**

BUSA is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and sectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at the national and international levels. BUSA's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive.

As a principal representative of business in South Africa, BUSA represents the views of its members in several national structures and bodies, both statutory and non-statutory. BUSA also represents businesses' interests in the National Economic Development and Labour Council (NEDLAC).

BUSA thanks the Department of Water and Sanitation for the opportunity to submit comments for consideration on the proposed Water and Sanitation Operation Phakisa.

**COMMENTS**

1. BUSA is concerned about the substantial expenditure required for implementation of the Phakisa at a time when government departments are experiencing significant financial constraints to fulfil their core functions. Based on experience from participation in previous Operation Phakisa engagements, commitment required from the private sector is onerous in terms of financial and human resources but with limited return through implementation of agreed actions. The key challenges to ensuring water security for all citizens of South in terms of availability and quality that is fit for purpose have been identified through numerous

consultative mechanisms and could be addressed through a more focused, cost effective outcome-based consultative process.

2. It is understood that the focus of the Phakisa is to implement the recommendations of the National Water and Sanitation Master Plan. BUSA is concerned that consultation on the plan was limited and that the current document does not incorporate stakeholder comments. A draft final document for has not been gazetted for public comment nor brought to Nedlac for engagement.
3. Volume 3 of the Master Plan: Schedule of Action - includes an extensive number of actions and associated costs that cannot be implemented due to financial constraints. There is an unrealistic expectation that the Phakisa will unlock funding to progress with implementation.
4. Water insecurity and regulatory issues were identified and highlighted as key constraints to economic development and job creation during the Job Summit held during 2018. The Presidential Job Summit Framework Agreement includes a number of strategic interventions to promote a resilient water sector that have been discussed and agreed by Government, Business, Labour and Community. Implementation of Commitments made under the Presidential Job Summit Agreement Framework should be a focus of the DWS.

## **STRATEGIC ISSUES**

The proposed structure for the Phakisa comprises six workstreams with a large number of actions identified in the Master Plan. This is a complex structure that lacks focus and direction on addressing the national strategic issues. If support for the Phakisa is affirmed by Cabinet, the structure must be more focussed and strategic to develop credible, practical and implementable actions.

BUSA believes not more than four work streams should be attempted in order to focus on a few priorities.

### **Workstream 1: Municipal water and sanitation services**

Priorities for business in this workstream include:

1. The deteriorating condition of municipal infrastructure with a lack of technical and financial resources to implement maintenance, repairs and upgrades.
2. Poor institutional and governance structures and financial management at many municipalities.
3. Municipal indebtedness to bulk water suppliers and attempts to force large customers to become customers of municipalities.
4. High water losses and increasing levels of non-revenue water.
5. Deteriorating quality of water resources due to poor operations and management of wastewater treatment plants and sewer networks.

## **Workstream 2: Water for different users**

Priorities for business in this workstream include:

1. General approaches to water supply and demand including demand management.
2. Increase in extent of infestation of alien and invasive plant species, particularly within water catchments of national importance.
3. The need to implement appropriate technologies, particularly in rural areas, where access to water needs to be affordable, acceptable and accessible.

## **Workstream 3: New approaches to financing**

Priorities for business in this workstream include:

1. Tariff setting and funding mechanisms.
2. Greater private sector participation in the water sector.

## **Workstream 4: Legislation and policy**

Priorities for business in this workstream include:

1. Licensing issues – See the input on regulatory issues attached as “**Annexure A**”.
2. Need to simplify institutional arrangements and ensure integration.
3. Extend implementation of one environmental system for mining to all sectors.
4. Eliminate duplicate financial provisions for mining.
5. Explore more water re-use opportunities.

## **WAY FORWARD**

BUSA believes that proposed 8-week duration of the Phakisa could be significantly reduced if more comprehensive preparation was undertaken. It is also almost impossible for most business people to commit to a Phakisa of this length as they all have other jobs. Further preparation should include reduction of the complexity of the agenda and the development of solid working documents for each work stream prior to any engagement.

BUSA requests a bilateral engagement to refine the approach to the consideration of key issues before the agenda is finalised.