

02 November 2022

For attention:
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BUSA's SUBMISSION ON THE DRAFT NATIONAL PRICING STRATEGY FOR WATER USE CHARGES.

INTRODUCTION

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 where businesses of all sizes and 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 would like to thank the Department of Water and Sanitation for the opportunity to provide comments on the Draft National Pricing Strategy for Water Use Charges.

It needs to be recognised that increases in the price of water will impact critical economic sectors, such as the Agricultural sector, in terms of sustainable irrigation financing and ultimately on all water users. DWS must understand these impacts from a socio-economic impact assessment detailing how the draft pricing strategy will affect all water users.

Understanding the impact of the increase in costs and reduction on water users is essential, which is not clear in the draft Strategy. The draft strategy is not clear on many aspects, such as the type of charges to be levied over and above the fiscal contribution to the National DWS and municipal allocations etc.; a common misalignment in the draft strategy is the interchangeable use of "prices" and "charges" for water. Water users should be given detailed information on the methods used to determine charges and the impact of these charges.

BUSA recommends that an updated draft strategy be provided for further consultation before finalising the current strategy.

Regards,
Happy Khambule
Energy and Environment Manager
Business Unity South Africa

Annexure A

Table of content	BUSA COMMENTS
Definitions	
Capital Unit Charge (CUC)	The review must consider the types of charges and what is intended to be covered, as there could be overlap.
1. Introduction	
1.1 Why this pricing strategy?	
1.2 What are the objectives of the pricing strategy?	<p>How will neglected and mismanaged treatment works and infrastructure be funded?</p> <p>BUSA suggests that due recognition should also be given to the water pricing strategy's role to ensure that water-dependent industries remain economically viable and competitive. A delicate balance must be struck between sustainable institutions and promoting water use efficiency without undermining the competitiveness of resource-intensive industries such as agriculture. A more nuanced approach should be followed as not all water can feasibly be redirected to other economic activities due to a lack of infrastructure to divert the water to other</p>

	<p>economic activities. This factor should be considered when calculating the charges within each water management area.</p> <p>Users cannot pay again where there has already been investment through charges for these expenses over the years.</p>
<p>Ensure that there is adequate funding for the effective operation, maintenance and development of waterworks by the Department and other water management institutions.</p>	<p>How will funding be secured for dysfunctional treatment works and infrastructure resulting from neglect and mismanagement?</p> <p>Users cannot pay again where there has already been investment through charges for these expenses over the years.</p> <p>On municipal accounts, there is an indication of a "fixed" charge and a charge based on "consumption". How is the fixed charge currently used, as this should be for maintenance and infrastructure?</p> <p>Municipalities are not using funds appropriately and setting them aside for the intended purpose. There are reports that municipalities do have finances but that they are misused. This</p>

	speaks to the need for capacity and will to be built around budgeting, ring-fencing, and general fiscal discipline.
Facilitate financial sustainability of water management	There cannot be financial sustainability; if so, many costs are duplicated, and extensive cross-subsidisation exists.
Promote/facilitate water use efficiency. In the context of water scarcity, it is critical to ensure an efficient allocation, which requires that the price of water reflects its scarcity value, to ensure firstly that water is conserved and secondly that some water is redirected for optimal economic benefits while not harming social benefits.	<p>The scarcity of water must not only be reflected in its price and municipal actions to fix leaks and be responsive when there are reports of issues.</p> <p>This needs to provide more comfort that water will also be prioritised for economic activities that result in economic growth and employment.</p>
Establish a water resource pricing regime for the economic Principles of raw water Pricing.	What about pricing for alternative water sources, such as groundwater, atmospheric water, treated and reused water, and desalinated water? Will this be relied upon by water service providers on a "take and pay" principle?
The Pricing Strategy for Raw water Use charges focuses on water resource management charges (1) that include waste discharge (7); and water resource development/infrastructure, raw water charge (2). In addition, the National Water Resource	Which Strategy is this document depicting, as it is not called by either of these names?

<p>Pricing Strategy provides for non-consumptive use which includes impeding or diverting the flow in a watercourse, engaging in a controlled activity; altering the bed, banks, course or characteristics of a watercourse.</p>	
<p>1.3 Pricing Strategy Principles</p>	
<p>In terms of S61 – 62 of the NWA the Minister may, subject to regulations on financial assistance to resource poor farmers , provide financial assistance to users. The achievement of social equity is one of the considerations in setting differentiated charges. Such financial assistance must be funded from funds appropriated by Parliament. S57(5) of the NWA prohibits any charges that constitute the imposition of a tax, duty or levy.</p>	<p>BUSA suggests that this be unpacked in the strategy to assure users that they are not paying a tax, levy, or duty.</p> <p>Where is this shortfall expected to be recovered from? A strategy to recover this shortfall should be developed instead of increasing tariffs.</p>
<p>Users pay to recover costs: The intent of the pricing strategy is to provide for the full recovery of costs associated with the management, use, conservation and development of water resources and the associated administrative and institutional costs.</p>	<p>This should only be the case for well-managed resources, including capital investments and maintenance.</p> <p>A discussion was held around the principle of full cost accounting: supported but needs to be defined. What are the elements included, and what are the boundaries? We need to understand the breakdown of costs that need to be provisioned. E.g., per tonne of product so there can be better planning by industry.</p> <p>Discussion held on itemised billing: it does happen to an extent, but there are still estimation challenges. Members reported different kinds of billing.</p>
<p>Accountability and governance: Water management institutions must ensure funds are managed transparently, and</p>	<p>How will this be policed/monitored? E.g., It is said that up to 35% of water is lost through leakages before it reaches the end</p>

<p>water resource services and development are undertaken in a cost effective and efficient manner to ensure affordable charges.</p>	<p>consumer; what is the recourse to water management institutions that let this happen?</p> <p>Users can only continue to pay for resources that are managed appropriately, as the costs are efficient. This threatens business sustainability from a cost and resource availability perspective that risks negative economic impacts. It also threatens future investments in the water and other sectors as fewer available funds exist.</p>
<p>1.4 Legal mandate of pricing strategy</p>	<p>Where and how does planning for climate adaptation related to water get undertaken? For example, KZN is now a flood-stricken region and better stormwater management are required.</p>
<p>enabling the provision of financial assistance and the use of water pricing to support the redress of racial and gender imbalances in access to water and to support the redistribution of water for transformation and equity purposes (section 61 and 62)</p>	<p>Redistribution should not affect existing users by being left without access to water as it will significantly negatively impact agricultural activities such as, e.g. production of crops and the financial stability of the agricultural sector.</p>
<p>1.5 Water use not subject to pricing</p>	<p>How is this determined and regulated? Activities could start small but then grow to a commercial scale. Then it is only fair that water charges should come into effect</p>
<p>Permissible water use as described under Schedule 1 of the NWA. A person may use water in or from a water resource for purposes such as reasonable domestic use, subsistence farming, animal watering and fire-fighting as set out in Schedule 1 of the NWA. Schedule 1 use is exempted from water use charges determined in terms of this strategy.</p>	<p>"Subsistence farming" is not explicitly provided for in Item 1 of the Schedule.</p> <p>Is this a reference to i(b)(i) and (ii), where the following is provided for: "take water for use on land owned or occupied by that person, for -</p> <p>i) small gardening not for commercial use; and</p>

	ii)the watering of animals (excluding feedlots) which graze on and within the grazing capacity of that land; “.
1.6 Categories of water uses	
Section 56 of the National Water Act instruct the Minister to establish a Pricing Strategy for charges for any water use described in Section 21. The pricing strategy prioritises services of water stated below, and over time will charge for most defined water use after consultations with stakeholders. With the implementation of the waste discharge charge system, most of the below-mentioned use will be charged for.	Is it clear which use will not be charged for? It is not clear what "most defined water use" refers to.
Table 1: Categories of water uses Abstraction use: (e) engaging in a controlled activity identifies as such in section 37 (1) or declared in section 38© (1)	There is no 38(1) in NWA, Act 36 of 1998
Non – consumptive	No 38(1) in NWA
2. Water User Categories	
Figure 2: Proposed water user categories for charging purposes Hydropower	Sustainability matters: can we afford this? Do we need this?
Industry and Mining	Ecosystem services should be included. An indication of the proportion and absolute amount of water loss and other non-revenue water should be shown under the "municipal" section. For example, to provide context, the following is proposed to be added: "Of the 22%, x% is lost through leaks while a further x% is water for which costs are not recovered."

	<p>This figure should also indicate which is potable water and which is not.</p> <p>Furthermore, the lack of alignment between this draft Strategy and the draft NWRS3 is concerning as it states the following: "Agriculture, including afforestation and livestock watering, is the largest user at 66% of the total water use, followed by municipal and domestic use at 27% (including industrial and commercial users provided from municipal systems), with power generation, mining and bulk industrial use, livestock and conservation and afforestation jointly making up the remaining 12%."</p> <p>Cost apportionment cannot rely on inaccurate or varying information.</p>
3. Categories of Charges	
Water Resources Management Charges	This needs to be amended based on the now 6 CMAs.
Economic Regulation Charges	<p>The economic regulator still needs to be finalised. So, will the charges for this come up only when the Regulator exists? A lot more clarity is required in this regard. Are they suggesting that regulatory commissioners will be appointed?</p> <p>This should be funded out of the Department's budget.</p> <p>There cannot be charges to set up charges. The Regulator must be funded from the fiscus.</p>
3.1 Water Resources Management Charge	Care should be taken to ensure that the input costs are not inflated by having two institutions. The water users should not bear the costs of a gradual transition from management by

	<p>DWS national or regional offices towards the CMA dispensation. While revenue collection and enforcement may be outside this policy's scope, the pricing mechanisms must go together with increased enforcement.</p> <p>BUSA suggest that a percentage of the water resource management charge should be ring-fenced toward ensuring greater compliance and reducing non-revenue water use.</p>
<p>Table 2: water resource management activities</p> <p>9. Maintenance and Restoration of Ecosystems to improve water resources</p>	<p>Why is waste control not included, as our river water resources are full of rubbish/ human waste?</p>
<p>Water related institutional development (Stakeholder Management empowerment)</p>	<p>An increase in community protest actions has been noted at critical pump stations. Industry requires stakeholder engagement to protect assets and develop and implement strategies to protect these assets better. Provision needs to be made for funding for better security measures.</p>
<p>3.1.1 TAKING WATER FROM A WATER RESOURCE</p>	<p>“Poor farmers” - No definition is provided in this strategy or the Act.</p> <p>“Poor tree growers” No definition is provided in this strategy or the Act.</p>

	<p>Redistribution should not have the effect that existing water user farmers are left without access to water. A previous comment is relevant.</p> <p>It is stated that this integrates abstraction and discharge – which is not accurately reflected in the title.</p>
Municipal users will attract all abstraction related water resources management costs pro rata to its share of total productive use in the WMA.	What is intended with the difference between: "pro rata to use in the WMA" versus "pro rata to its share of total productive use in the WMA"?
Strategic users will attract all abstraction related activity costs pro rata to use in the WMA.	<p>So far, strategic use has only been linked to power generation. Are there other areas that require advocating for strategic water use?</p> <p>Are any other uses already defined as strategic but not yet listed in the draft Strategy?</p>
The allocation of functions, in terms of abstraction and waste discharge related users, will be in terms of Table 2. Integrated costs for abstraction and waste discharge activities will be split between the two charges, in relative proportion to the management effort. The Department will set a nominal, justifiable charge where certain actions cannot be accurately costed at a national scale.	<p>Clarity is required:</p> <p>Billing for the various charges must be itemised whether the municipality is the biller or the DWS.</p> <p>The term "nominal" is concerning, and its intention should be clarified. "Nominal" implies the cost will not be aligned with the principle of full cost accounting, raising sustainability concerns.</p>
In situations where there is an under recovery of costs, or where there is limited revenue opportunities in the WMA, to cover the costs of public interest functions, i.e. activities that are in the interest of the broader society, the Department will provide fiscal support to the affected CMAs.	<p>Clarity is required:</p> <p>In what circumstances would this be the case, and would it be permanent or temporary?</p>
In WMAs where both the Department and CMAs are performing W RM functions, income will be shared pro-rata to input costs	BUSA calls for transparency. Business cannot continue to cross-subsidise other users, activities, and management.

<p>and this split will be reflected in all sectoral charges. These charges will need to be apportioned according to the collection/billing of the income within the different sectors, in cases where cross subsidisation is required the Minister needs to approve.</p>	
<p>3.1.2 WRMC FOR WASTE DISCHARGE RELATED WATER USE</p>	<p>Raw water quality is known to have deteriorated, specifically in the Integrated Vaal River System. This has led to increased salt generated upon the treatment, contributing to the waste discharged. The waste generated on-site could primarily be based on the receiving water quality, and this must be recognised if further development of the waste discharge charge system is developed.</p>
<p>S21 Waste Discharge related water use</p>	<p>At least two of these Section 21 activities speak to the inclusion of non-point sources. For example, by definition, discharging waste or water-containing waste into a water resource includes non-point sources that may not be controlled. How will the costs associated with this be recovered? Above, it is implied that taxes will cover these portions. This is not sustainable - neither is expecting others to cover the costs when they are not responsible for the waste/wastewater.</p>
<p>The budgeted water resources management activity costs allocated to waste discharge related water use will be allocated to the water use categories according to the ratio of management effort applied in the WMA..</p>	<p>As noted above, this must be transparent in its price setting and billing through itemisation. Does this mean the total costs of a treatment works, for example, will be divided proportionally amongst the sources of the incoming wastewater? If so, BUSA recommends that this not be at a high level, such as “industrial”, but at a facility level through monitoring of wastewater at the various points of discharge.</p>

<p>The pricing strategy considers the costs through the full lifecycle of the infrastructure and therefore makes provisions for four components to this charge; namely:</p> <ul style="list-style-type: none"> • Operations and Maintenance (O&M) • Depreciation/Refurbishment • Future Infrastructure Build Charge (FIBC), and • Capital Unit Charge (CUC). 	<p>Clarity is required: Is the wording suggesting that the Water Resources Management Charge is made up of two charges: for abstraction (that seems to include a cost for abstraction and waste discharge activities) and for treatment (discharge-related)? In turn, the discharge-related part of the overall charge comprises the Operations and Maintenance, Depreciation/Refurbishment, Future Infrastructure Build Charge and Capital Unit Charge.</p>
<p>These charges will be based on annually updated capital and operational expenditure plans of institutions managing water resources infrastructure and will take into account parliamentary appropriations and other contributions. It will be a differentiated tariff for the water use categories, and all charges will be scheme specific except the FIBC, which will be determined nationally.</p>	<p>Transparency is needed regarding the calculation methodologies.</p>
<p>In terms of development of new infrastructure or the augmentation of existing infrastructure, Department funding will in future be confined mostly to social water resource development or betterment projects, which conform to the purpose, set out in Section 2 of the N WA where the demand is not driven by specific commercial water users or sectors.</p>	<p>Please provide clarity. Integration of the projects with the CMA's is not clear.</p>
<p>Funding of water resources management infrastructure, such as gauging stations will be funded by the Department, if it supports the national monitoring network, and by users at a WMA or scheme level, if the monitoring infrastructure is needed for non-national purposes.</p>	<p>What is the model/policy regarding how this cost allocation may change given the growing/shrinking number/volume of users in the area? How will the period that these charges should be recovered be determined?</p>

<p>The application of the four components of the infrastructure charge will therefore vary, depending on the funding arrangements of the schemes.</p>	<p>To confirm, the understanding is that these four charges form part of the infrastructure charge that is an element of the discharge-related charges. What could different funding arrangements be contemplated?</p>
<p>The funding of commercially viable new water infrastructure will be done by off-budget debt financing through institutional arrangements.</p>	<p>More information is required in this regard. What do these arrangements entail?</p>
<p>3.2 Water Resource Infrastructure Charges</p>	
<p>3.2.1 The Operations and Maintenance Charge (O&M)</p>	
<p>The indirect costs are the costs which cannot be directly attributed to a specific scheme, but which contribute towards the sustainable management of the water system. This includes the regional/ area office. Indirect operation and maintenance costs will be allocated to the different sectors in an equitable manner.</p>	<p>What does equity mean in this case? Should this be referring to an equal manner - every billable "person" should pay the same amount - is it based on the number of users or the volumes supplied, for example? This draft Strategy needs to delve into these details to ensure transparency, at least at the outset. What controls are to be in place to ensure the efficient operation of these areas that will contribute to indirect costs?</p>
<p>3.2.2 The Depression Charge</p>	<p>“inadequacy” This must be explored in more detail. Appropriate planning should result in this aspect not featuring much in the charge. The other factors are rational as they are calculated based on science and existing knowledge if the infrastructure is used appropriately (fit-for-purpose and used as designed). “refurbish” Surely refurbishment is not the only activity that will take place - in some instances, new infrastructure will be required given</p>

	<p>technological advancements and growth in demand (e.g., climate change planning).</p> <p>“prioritised” The principle of planned maintenance does not come through strongly in the draft Strategy. Basing refurbishment on a priority basis - albeit necessary for the short term given the current state of the resources - implies a reactive rather than a proactive approach. South Africa needs to learn from the challenges faced by Eskom.</p>
3.2.3 The Future Infrastructure Build Charge (FIBC)	<p>It is also unclear what the nature of the FIBC levy is – whether it is a levy or amounts to a tax, the imposition of which is prohibited by section 57(5) of the National Water Act of 1998. Section 57(7) reads: “No charge made under this Act may be of such a nature as to constitute the imposition of a tax, levy or duty.” This needs to be clarified.</p>
The portion of the scheme that is social and commercial may be reclassified from time to time, as economic development and household incomes improve in a project supply area.	<p>This must be developed, proposed transparently, and engaged with stakeholders contributing to the charge.</p>
The FIBC will be calculated at a national level, such that all users (as listed in figure 2 on Page 13), pay the same charge per m3.	<p>Charges must be itemised on accounts.</p>
3.2.4 Capital Unit Charge (CUC)	

<p>The CUC will be determined for each scheme and will provide for the debt service requirements on these commercially viable projects, within a reasonable period of 20 years and taking cognisance of affordability, the economic life and the timing of potential future augmentation of the infrastructure.</p>	<p>It needs to be clarified why there is a separate charge for debt servicing if the projects are commercially viable. If there is to be a base charge for the water that does not cover the capital costs, then the separate debt servicing costs would be expected to reduce over time until new builds are required. It is more sustainable to calculate the likely annual cost of servicing the debt and keep it smooth over the years so that there are no price shocks every 10 - 20 years, for example. This approach would require financial management and cash flow from other sources - the latter being more important in the first few years until the revenue catches up with the costs.</p>
<p>3.2.5 Assurance of Supply</p>	
<p>3.2.6 Hydropower</p>	<p>from a water management perspective, hydroelectricity generation should not be considered an acceptable reason to release water from a dam. South Africa has insufficient water resources to release water solely for hydroelectricity. It can, at most, be a by-product when water needs to be released during times of flood</p>
<p>3.3 Waste Discharge Charge System</p>	<p>Given the stated logic of this charge, it should only be applied where the wastewater discharged into the system is of inferior quality than that being abstracted. In certain cases, in aquaculture, for instance, the quality of the water discharged is better than that of the water abstracted from the resource. In this</p>

	instance, the 'polluter pays' should dictate that no charge is applicable.
The WDCS is therefore applicable to all dischargers but will only be implemented where identified interventions are to be affected.	This is very broad and needs more information regarding where it could be implemented. Further information is required.
<p>3.3.1 Waste Mitigation Charge</p> <p>i. Removal of load from the water resource: costs for developing and operating regional mitigation schemes initiatives or projects for the reduction of water quality loads within the water resource.</p>	"Water quality loads" is this the correct term?
The Waste Mitigation Charge will be charged on water quality variables that critically impact on the RQOs or WQPLs, which will be selected with due consideration to the type of waste discharge sources, the nature of the waste typically discharged, and the cost-effectiveness of monitoring different variables	This indication is too high-level for it to be meaningful to those who are potentially going to be liable for the charge. Further information is required.
The WMC will facilitate the recovery of the full costs to mitigate the impacts of waste discharge on surface water resources. It will be a charge to registered water users, discharge waste in the impacted catchments, and depend on the net waste load (load in discharge, less load in intake) in the return flows and not on the concentration. The Department will be responsible for the costs associated with load that cannot be charged to registered water users (registered point source and registered discharge to land facilities	<p>How will pollution from non-point sources be considered to ensure the objectives are met? It does not help if only certain pollution is dealt with as the resource is not likely to meet the requirements. The charge must depend on the specific discharge point rather than the total waste load – otherwise, dischargers will not be billed fairly. However, the fact that there is already payment for discharge-related activities requires discussion.</p> <p>What the last sentence means needs to be clarified: why would register point sources and registered discharge to land be the</p>

	Department's responsibility when charges are already levied for the discharge?
3.4 Water Research Levy (WRL)	
The WRL is used for the promotion of water research and development on behalf of the nation and is levied in terms of Section 11 of the Water Research Act (WRA). It empowers the Minister, with the concurrence of the Ministry of Finance, to set tariffs in respect of water research charges levied on quantities of water supplied, or made available for use, for agricultural purposes, urban purposes, industrial purposes or any other purposes. While the Department will collect the WRL on behalf of the WRC, the WRL remains independent of changes in water use charges governed by the pricing strategy.	There must be ring-fencing of the levy, as it is an additional tax being placed on the industry for a specific purpose that should be Government's existing responsibility from the fiscus.
The WRCC is payable by the municipal, industrial & mining, agriculture and strategic water use sectors.5 water research levy will be based on the projected annual research requirements for the sector, contained in Water Research Business Plan, and will be levied on registered volumes for abstractive uses in the applicable water use sectors. The levying of water research charges on registered volumes will be phased in over a 3-year period, from the current use of volume of water supplied.	"WRCC" is not defined in the list of acronyms.
3.5 Economic Regulator Charge (ERC)	Why should this be levied from users and not covered under the Department's budget? At some point, we need to understand what functions the Department pays for vs. what the users pay for. The status of the Independent Economic Regulator still needs to be determined.

<p>The Economic Regulator Charge is proposed as a separate category, and it is intended to fund the activities of the Economic Regulator. It should be noted that the activities of the Economic Regulator are not part of the costs to produce water, but that the Economic Regulator has a critical role to play in all aspects of the water value chain. The NWA does not currently provide for levying a charge for these activities, and the ERC will only be implemented once the necessary legislation provides for such charges.</p>	<p>In effect, then, it is a part of producing water. Why must the user pay for the Regulator? This should be funded from the fiscus unless it is to be independent of the Government besides implementing what is required. If the latter is the case, then it becomes the users' Economic Regulator that must be accountable to those paying and not Government. This principle requires much more profound reflection.</p>
<p>The scope of the economic regulatory activities and the basis for calculation of the charge is included in Appendix. DWS will review the policy position on the exclusion and/or exemption of other sectors from paying the WRCC.</p>	<p>When and what is to be reconsidered? This draft Strategy appears haphazard and premature from a policy development perspective. The policy should be set first, and this should consider what type of charges are to be levied over and above the financial contribution to the national DWS, municipal allocations, etc., as well as who is to pay these extra charges and on what basis.</p>
<p>3.6 Application of Charges to Water User Categories</p>	
<p>3.7 Indexation of Charges</p>	
<p>3.8 Summary of Charges</p>	
<p>Appendix 1: Implementation of the pricing strategy</p>	
<p>1.1 Removal of pricing strategy cap</p>	<p>It should be considered in an area with more resource-poor users vs commercial users so that the latter do not pay a heavy subsidy for the resource-poor compared to similar users in other geographic regions.</p> <p>The timeline is vague.</p>

1.2 Measurement of Water Use	
1.3 Treatment of Reserve Funds for Depreciation and FIBC	More detail on the process is required.
Prior to developing new water infrastructure projects, Department will assess the viability of undertaking water conservation and demand management, including alien vegetation clearing and rehabilitation or protection of natural infrastructure, as a cost effective alternative to developing new water infrastructure projects.	Reduction of losses from the system should also be prioritised.
1.4 Application of the Pricing Strategy for Natural Disasters	More detail and clarity are needed on this.
1.5 Veld and forest fires and floods	
1.6 Droughts	
1.7 Purchase of “extra water”	Best to fully define the exceptional circumstances so that there is no doubt. To be relevant to all "scheduled irrigators"? The collecting of funds should be policed effectively to avoid free riders.
1.8 Multi – Year Charges	
1.9 Approval of Water Use Charges	
The Minister approves the water use charges for government waterworks and for water resource management. The Economic Regulator reviews and advises the Minister on aspects such as revenue, cost and tariff trends, substantive parameters such as the affordability of tariffs, collection ratios and efficiency, the impact of an adjustment of tariffs on sectors	Is there a public consultation process?

and/or on the revenue and sustainability of the WTE, as well as compliance with the pricing strategy and other regulatory guidelines and requirements. ⁸ The Minister presents the charges to the Portfolio Committee for their input, but the Minister remains ultimately responsible for approving the water use charges.	
It must be noted that if water use charges are too low they may lead to non-viable institutions, sub-optimal water resources services and overall deterioration of the water resources. Therefore, a need to adjust to higher real charges within a limited time period to accommodate the cost of effective and financially sustainable water management institutions, taking cognisance of affordability constraints within user sectors.	Is there a public consultation process?
1.10 Payment and Collection of Water Use Charges	
The Minister may appoint any appropriate body as a billing agent, such as a water board, CMA, WUA or other external body. The proportion of the income collected by these agencies that may be retained by the agent must be contractually agreed with the Department. Unless other arrangements are approved by the Department or CMA, all water use categories, with the exception of the irrigation and stream flow reduction sectors, will be invoiced on a monthly basis.	This must be a transparent process for which there must be standards/regulations.
1.11 Implementation Date	
8. The Economic Regulator is not independent and reports to Minister; it is thus part of DWS and can currently only advise the Minister of the tariff determination process. Legislation amendments are required to provide the Economic Regulator	What are the intentions for the powers of the Regulator?

with the necessary powers and mandate to approve water use charges.