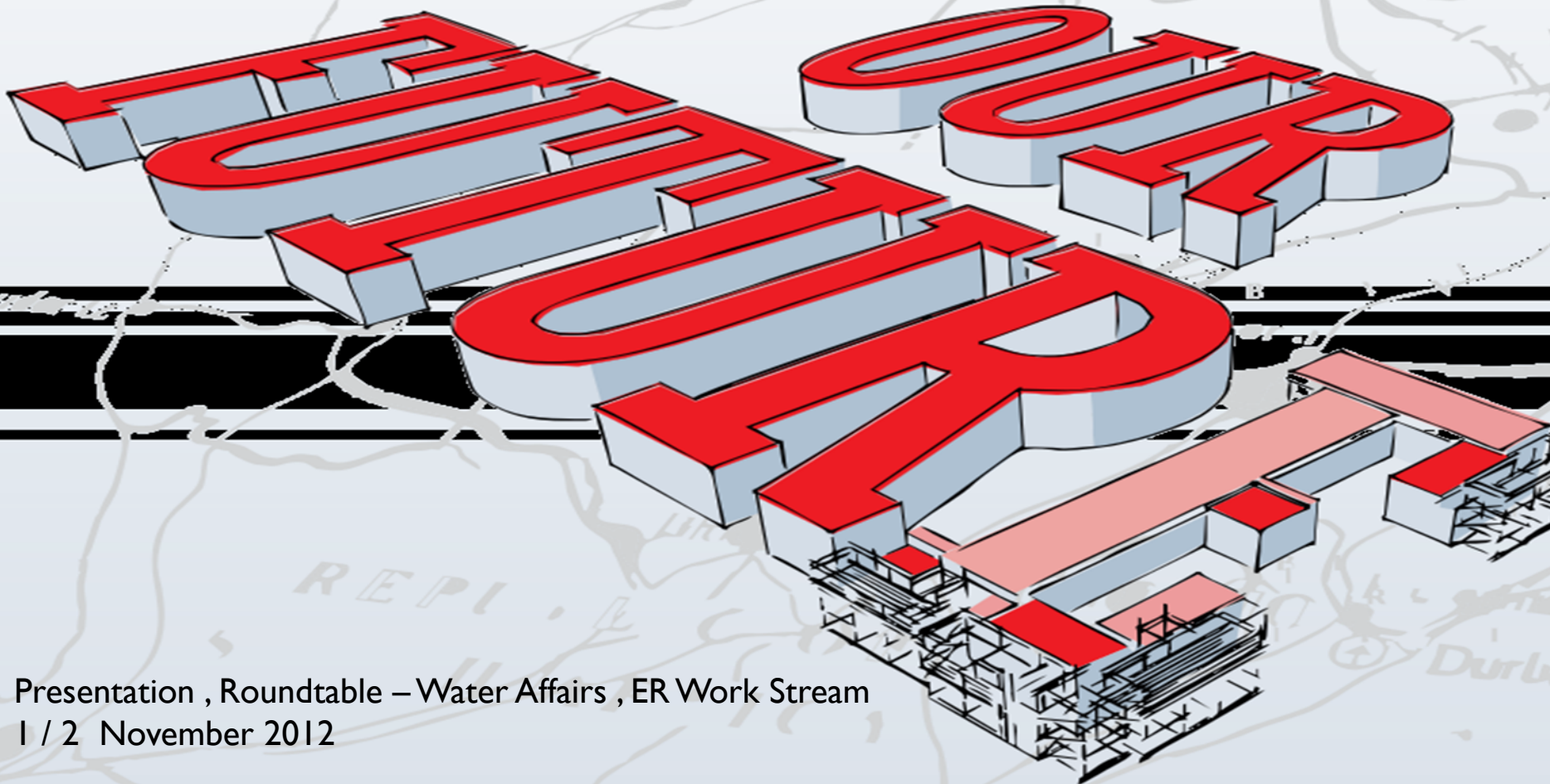


Our future - make it work



Presentation , Roundtable – Water Affairs , ER Work Stream
1 / 2 November 2012

NPC “marching” orders

From today

- Advise government on *implementation of Plan*
- Work with DPM&E to *turn Plan into targets* to be incorporated into future performance and delivery agreements
- “... political parties, companies, school governing bodies, trade unions and many sectors, should also incorporate many aspects of plan in their own long-term planning exercises and implementation plans”- President Zuma, 15 August 2012, Parliament

6TH SEPTEMBER CABINET LEKGOTLA:

- Welcomed plan
- Endorsed objectives and 18 key targets of attaining these;
- Acknowledged NDP as a strategic framework to form basis of future government detailed planning;
- Initiate a government-led process to secure stakeholder participation in mobilizing national ownership;
- Set up a Cabinet Committee to develop targets and integrated implementation plans with FOSAD;
- NPC to assess implementation of plan and refine periodically.

6 Pillars of National Development Plan

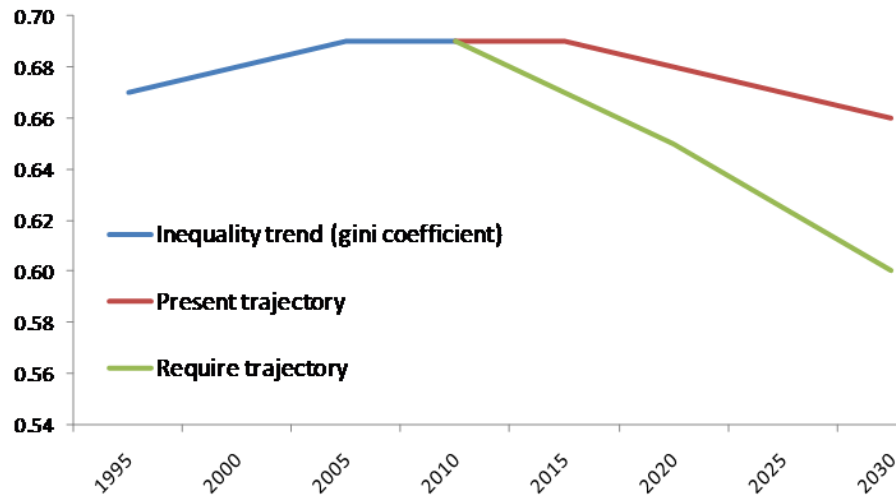
Objectives of Plan are **elimination of poverty** and **reduction of inequality** through

- **Uniting** South Africans of all races and classes around a common programme to eliminate poverty and reduce inequality
- Encourage citizens to be **active** in their own development, in strengthening democracy and in holding their government accountable
- **Raising economic growth**, promoting exports and making the economy more labour absorbing
- Focusing on **key capabilities** of both people and the country
 - Capabilities include skills, infrastructure, social security, strong institutions and partnerships both within the country and with key international partners
- **Building** a capable and developmental state
- Strong **leadership** throughout society that work together to solve our problems

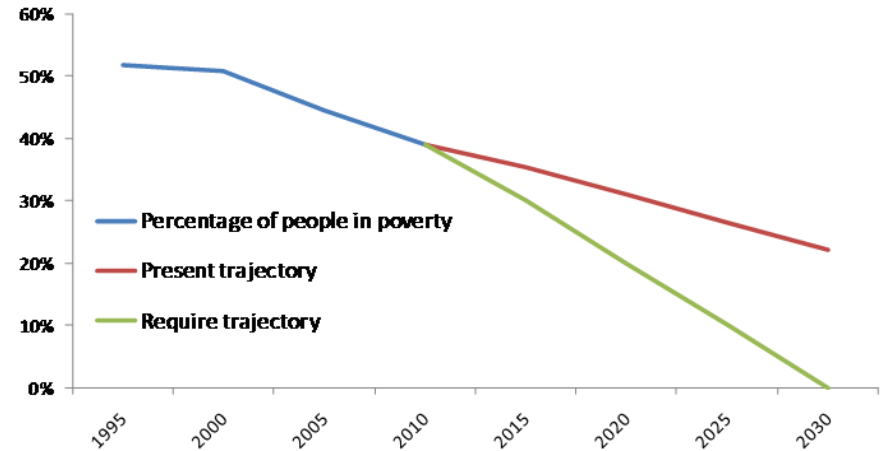
We require an acceleration, step change to meet our objectives

- On the present trajectory, we are not likely to meet our targets

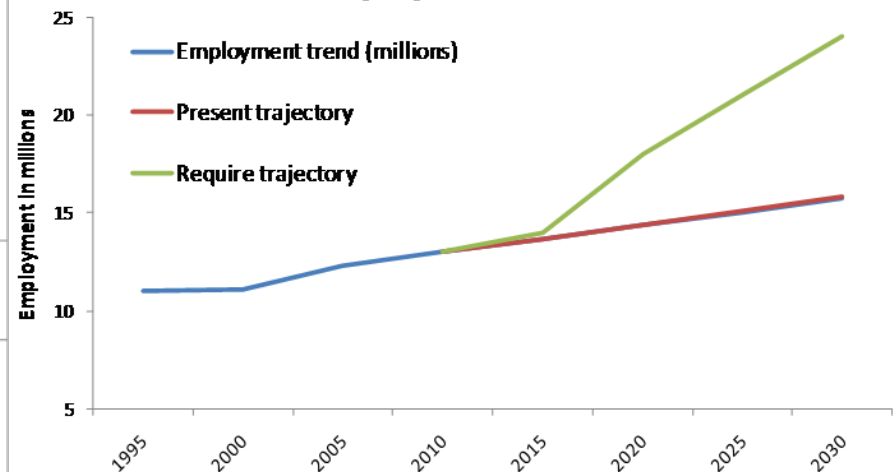
Inequality trends



Poverty trends



Employment trends



Capable and developmental state

- We need a capable and developmental state that acts to resolve historical inequities through delivering better public services and facilitating investment
 - Key failings in the state include the administrative – political interface, long term skills planning, strengthening accountability and improved coordination for implementation
 - Accountability is critical at all levels, starting with parliamentary oversight



Regulation in the NDP

**Urgent need for institutional
reform to build state
capability**

Regulation - Context

- Dominant monopoly providers and limited competition is **likely** in any infrastructure industry, effective economic regulation is a necessity.
- Dedicated Regulators in South Africa have **succeeded** in:-
 - issuing licences
 - developing pricing methods
 - establishing technical and service standards

Regulation - Context

- They have **not achieved** the positive effects initially envisaged.
 - Under performance of electricity, ICT and port sectors
 - The reliability of electricity supply has deteriorated and prices that were previously below economically viable levels are now rising at rates that consumers are unable to absorb.
 - South Africa is slipping down international benchmark rankings.
 - Communications quality, speed and cost are significantly worse in South Africa than in comparable nations, with a similar situation in rail and port performance.

Regulation- Context

- Playing catch-up for infrastructure delivery means that charges have to increase steeply in the short to medium term to make services financially viable.
 - The fact that one new power station (producing 4 800MW of electricity) costs about **twice the entire depreciated capital stock** of existing power stations (producing 40 000MW) illustrates the challenge.
- Moreover, high levels of joblessness and inequality make some of these services unaffordable for most people unless they are subsidised.

Regulation – Context

- Internationally - recent rethinking about the institutional arrangements and design of network regulators.
 - Regulation works best:-
 - there is sufficient political will to support regulation;
 - regulators are legally independent, publicly accountable and their decision-making transparent;
 - where the regulator is backed by adequate institutional and human capacity.

Regulation Commissions Proposals

- In the section on water
 - Investment through appropriate pricing must be considered for economic uses of water and urbanisation;
 - Perhaps consider the institutionalisation of an Independent Economic Regulator

Regulation Commissions Proposals

- Government departments, regulators and utilities must up their game to:-
 - create **investor certainty and encourage new investment**
 - put in place such that the infrastructure is operated efficiently and tariffs can be set at appropriate levels.
 - Regulators can do more to smooth prices and avoid these economic shocks.
- In the long term, users must pay the bulk of the costs for economic infrastructure, with due protection for poor households.
 - The role of government and the fiscus is to provide the requisite guarantees so that the costs can be amortised over time.

Regulation commissions proposals

- The quality of regulation, however, is not just about the regulator.
 - **The state itself must have adequate capacity** and capability to formulate effective policy framework, support the design, establishment, review and improvement of regulators – and to respond adequately to issues identified by capable regulators.
 - Improved regulatory performance is vital for national development. **Capacity-building remains a core challenge, requiring sustained training to improve leadership and technical capabilities.**

Shifts in perception

- What will get **implemented, by when and by whom?**
- When will we **know** as South Africa?
- What are the **consequences** if a particular decision is NOT taken?
- How do we move from parts to the whole?



THANK YOU
VERY MUCH

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