



The Quality of Drinking Water -
Is the consumer getting value for money?

*Implementing the Regulation of
Potable Water in Malta -
Value for money to the consumer*



MALTA RESOURCES AUTHORITY

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Malta Resources Authority

Established by Parliament through the Malta Resources Authority Act XXV of 2001

- ▼ Independent authority;
- ▼ Responsible for the regulation of water, energy and mineral resources.



Main Functions of the MRA with respect to activities related to energy, water & mineral resources

- ◆ Regulation and monitoring of all operations;
- ◆ licensing / authorisations for regulated operations;
- ◆ ensuring fair competition;
- ◆ establishing minimum quality and security standards including the development and maintenance of efficient systems;
- ◆ studies, research and investigation;
- ◆ economic regulation;
- ◆ establish environmental protection measures;
- ◆ ensure international obligations entered into by Government are complied with;
- ◆ formulation and implementation of policies and strategies.



Specific sectoral functions

MRA responsible to :

- ◆ secure and regulate acquisition, production, storage, distribution or other disposal of water for domestic, commercial, industrial or other purposes;
- ◆ secure and regulate conservation, augmentation and operation of water resources and the sources of water supply;
- ◆ secure and regulate treatment, storage, disposal, use or re-use, as appropriate, of sewage, waste water, sludge and storm water run-off;
- ◆ secure and regulate provision of adequate systems of public sewers and to ascertain their cleanliness, safety and efficiency;
- ◆ ensure safe discharge, reception, treatment and disposal of trade effluent;
- ◆ encourage and regulate re-use of treated effluent;
- ◆ ensure proper and fit disposal of waste water sewage;
- ◆ maximise use of storm water run-off.



ACT XXV of 2001

- ◆ Separation of operational and regulatory functions;
- ◆ MRA entrusted with regulatory functions previously held by WSC;
- ◆ Addressed previous institutional weaknesses:
 - ▼ potential conflicts of interest from previous dual role of WSC;
 - ▼ stakeholders' perception of lack of transparency;
 - ▼ lack of adequate enforcement due to greater focus on operational aspects in view of historical problems associated with water supply;
 - ▼ lack of monitoring of corporate performance by an independent body;
 - ▼ lack of adequate customer protection generally associated with monopolies.



Main Stakeholders

- ◆ Consumers:
 - ▼ main focus of MRA's operations;
- ◆ Regulated utility (WSC & its subsidiary):
 - ▼ national basic service provider;
- ◆ Private operators in groundwater abstraction:
 - ▼ competition for limited resources and associated negative impacts on the aquifer;
- ◆ Other regulators:
 - ▼ interfacing with the MRA to provide a one stop-shop service.
- ◆ Government



Water Services Corporation

Given its stature, the service it provides to the country and overwhelming importance it has in water supply to consumers, regulation of WSC is the main subject of presentation

- ◆ Water Services Corporation
 - ▼ Established by WSC ACT XXIII of 1991 - responsible for the development, maintenance and promotion of a safe and efficient water production and distribution system
- ◆ Malta Desalination Services Ltd.
 - ▼ Subsidiary company - responsible for operation and maintenance of RO plants



Value for money

Is the Authority's contribution to improvement in the quality of service significantly greater than the cost to the country?



Strategic Objectives

Developed with the benefit of reference to plans of other established regulators overseas - e.g. Environmental Agency & OFWAT (UK), Water Resource Development Commissions (USA)

- Stewardship of natural water resources;
- Effective regulation of the economic and financial efficiency of the water industry, ensuring fair competition;
- Ensuring targets set by Government and country's international obligations are attained;
- Ensuring consumer confidence and satisfaction on regulated services;
- Building an active and informed constituency on water related issues;
- Addressing water related issues through sound science and technological methods.



Existing water resources

Background :

- ◆ Groundwater protection difficult in Malta:
 - ▼ high population density and high competition for available resources;
 - ▼ small land area and intense pressures on resources;
 - ▼ other factors.
- ◆ Conflicts arising from limited water resource availability;
- ◆ Malta planning to introduce groundwater polishing to attain EU drinking water quality standards:
 - ▼ Irresponsible groundwater exploitation and anthropogenic polluting activities make the polishing process more difficult and expensive
 - ▼ render raw groundwater useless / damaging both for irrigation and other direct applications



MRA Strategic Objective:
Stewardship of natural water resources

Strategies & Actions:

- ◆ *Short term:* Conduct groundwater allocation studies recognising requirements of all competitors (utility, agriculture and industry) to ensure optimisation
 - ▼ Development of options;
 - ▼ Wide stakeholder consultation process;
 - ▼ Decision making and enforcement.

- ◆ *Longer term:* Promote and direct implementation of Water Framework Directive
 - ▼ Effective and coherent water policy to achieve good water status



Existing water industry

Background & issues MRA seeks to address:

- ◆ Consumers' concerns in relation to potable water supply :
 - ▼ Negative perceptions associated with operation of large organisations (WSC):
 - ▲ bureaucracy, lack of transparency and inflexibility to consumer demands;
 - ▼ High operating costs and demands on public funds;
 - ▼ Perceptions on water tariffs;
 - ▼ Quality of the products and services delivered:
 - ▲ (e.g. water quality variations, inadequate water supply in some areas, long response time to address consumers' complaints);
 - ▼ Environmental and other impacts associated with utility's operations.



Existing water industry (2)

Background & issues MRA seeks to address :

- ◆ Increasing consumer demands and higher expectations for:
 - ▼ value for money;
 - ▼ better quality of service provided;
 - ▼ greater access to information;
 - ▼ environmental issues.
- ◆ Various overlaps also exist with other regulators:
 - ▲ Environmental regulation (e.g. with respect to groundwater);
 - ▲ Health regulation (e.g. with respect to quality of drinking water);
 - ▲ Consumer protection and regulation (quality of service by regulated monopolies).
- ▼ Need for systematic reporting and effective collaboration.

MRA Strategic Objective:

Effective regulation of economic & financial efficiency of water industry, ensuring fair competition

Strategies & Actions:

- ◆ Identify inefficiencies in utility's operations;
- ◆ Transparent and clear economic regulatory framework:
 - ▼ Establish agreed programme with clear timeframes and targets to eliminate inefficiencies
 - ▼ Establish rational tariff structures and price limits for regulated services on basis of true economic costs, affordability and taking into account social dimension
 - ▼ Setting operating expenditure and efficiency targets;
 - ▼ Assessment of utility's operations, budget plans, investment programmes; capital and recurrent expenditure;
 - ▼ Monitoring and auditing operations.

MRA Strategic Objective:

Ensuring targets set by Government & country's international obligations attained

Strategies & Actions:

- ◆ Transposition & implementation of EU water Directives:
 - ▼ Support EU accession process;
 - ▼ Monitor obligations arising out of relevant EU Directives.



Non-monetary benefits

Other strategic objectives:

- Ensuring consumer confidence and satisfaction on regulated services;
- Building an active and informed constituency on water related issues;
- Addressing water related issues through sound science and technological methods.

No direct monetary benefits but fundamental for effective implementation of regulation and resource management



MRA Strategic Objective:

Consumer confidence & satisfaction on regulated services

Strategies & Actions:

- ◆ Develop standards of service;
- ◆ Develop water supply regulations;
- ◆ Market research to gauge public satisfaction and perceptions;
- ◆ Tackle consumer complaints as they arise.



MRA Strategic Objective:

Building an active and informed constituency on water-related issues

Strategies & Actions:

- ◆ Groundwater monitoring :
 - ▼ Mechanisms for monitoring groundwater qualitative & quantitative status;
- ◆ Develop stakeholder consultation procedures:
 - ▼ Framework for effective participation of stakeholders in decision process;
 - ▼ Enforcement following decisions & wide stakeholder consultation process:
- ◆ Environmental reporting:
 - ▼ Establish mechanisms for reporting to stakeholders, EU & others;
 - ▼ Develop Authority's website;
 - ▼ Develop and implement water conservation programmes and educational campaigns.



Addressing water related issues through sound science and technological methods

- ◆ Technological innovations characterised industry's development;
- ◆ Innovative solutions increase competitiveness, cost reduction and improvement in operating performance.

Strategies & Actions:

- ◆ Participate in EU international programmes and international initiatives as opportunity arises e.g.:
 - ▼ EU Fifth Framework Programme;
 - ▼ Short and Medium Term Environmental Action Programme (SMAP);
 - ▼ EuroMed Regional Programme for Local Water Management;
 - ▼ Global Water Partnership.