



Commercialising Weather and Climate Services: The South African Experience

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Background

- **Science, Engineering and Technology Institution (SETI) Review recommendations→**

NMS was to become a parastatal Science Council and provide:

- a) Core weather service to the State on agreement and payment;**
 - b) Additional services to State departments on a fully compensatory basis;**
 - c) All other services for compensation and according to agreements**
- **NMS was to be designated as the official provider of meteorological information, advice and data**
 - **Prime goal: provision of efficient meteorological services to safeguard life and property**

Planning for Commercialisation



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Justification

- **Steady decrease of operational funding from 1988-1998;**
- **Reduced upper air observations (less than 40% of the 1997 level);**
- **Ability to respond to the challenge of climate change;**
- **Concern about the deterioration of observations network- and its influence on sustainable development, climate change research and aviation safety;**
- **Existence of private sector who used meteorological information for revenue generation, for free.**

Formalisation

Cabinet approval in October 1998 for the NMS to become a statutory body operating within a parastatal environment under the following conditions:

- **Obligations should be embodied in an Act of Parliament;**
- **Govern by a Board of focussed stakeholders accountable to the relevant Minister for delivery of agreed goods;**
- **NMS to remain a State asset (not privatization);**
- **NMS would be able to earn an income for services over and above its obligations as a national weather agency.**

Formalisation



Government Gazette

REPUBLIC OF SOUTH AFRICA

Vol. 432 Cape Town 29 June 2001 No. 22422

THE PRESIDENCY

No. 592 29 June 2001

It is hereby notified that the President
has assented to the following Act,
which is hereby published for general
information:—

**No. 8 of 2001: South African Weather
Service Act, 2001**

- *SAWS Amendment Act, Act No. 48 of 2013),*
- *Public Finance Management Act (PFMA), Act No. 1 of 1999 and associated Treasury Regulations.*



KEY SAWS RESPONSIBILITIES



The objects of SAWS are:

- *to maintain, extend and improve the quality of meteorological services and ambient air quality-related information services ;*
- *to provide public good services and commercial services to all South Africans;*
- *To fulfil the international obligations of the Government under the Convention of the International Civil Aviation Organisation as the MET Authority;*
- *to be the long-term custodian of a reliable national climatological record and ambient air quality services;*
- *fulfil the international obligations of the Government under the Convention of the WMO;*

BENEFICIARIES



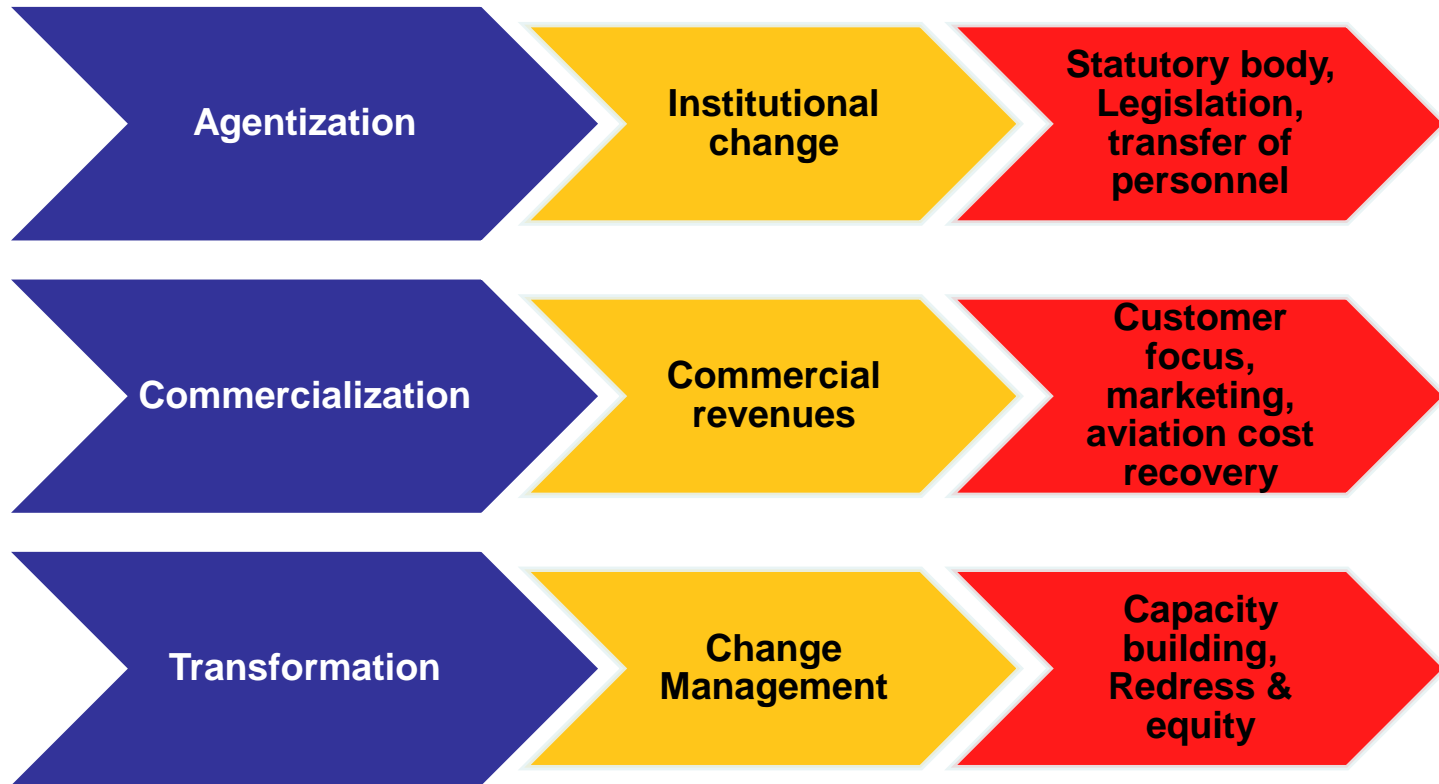
Implementing the Commercial Mandate



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Process followed



Note: All three processes occurred simultaneously

Potential pitfalls

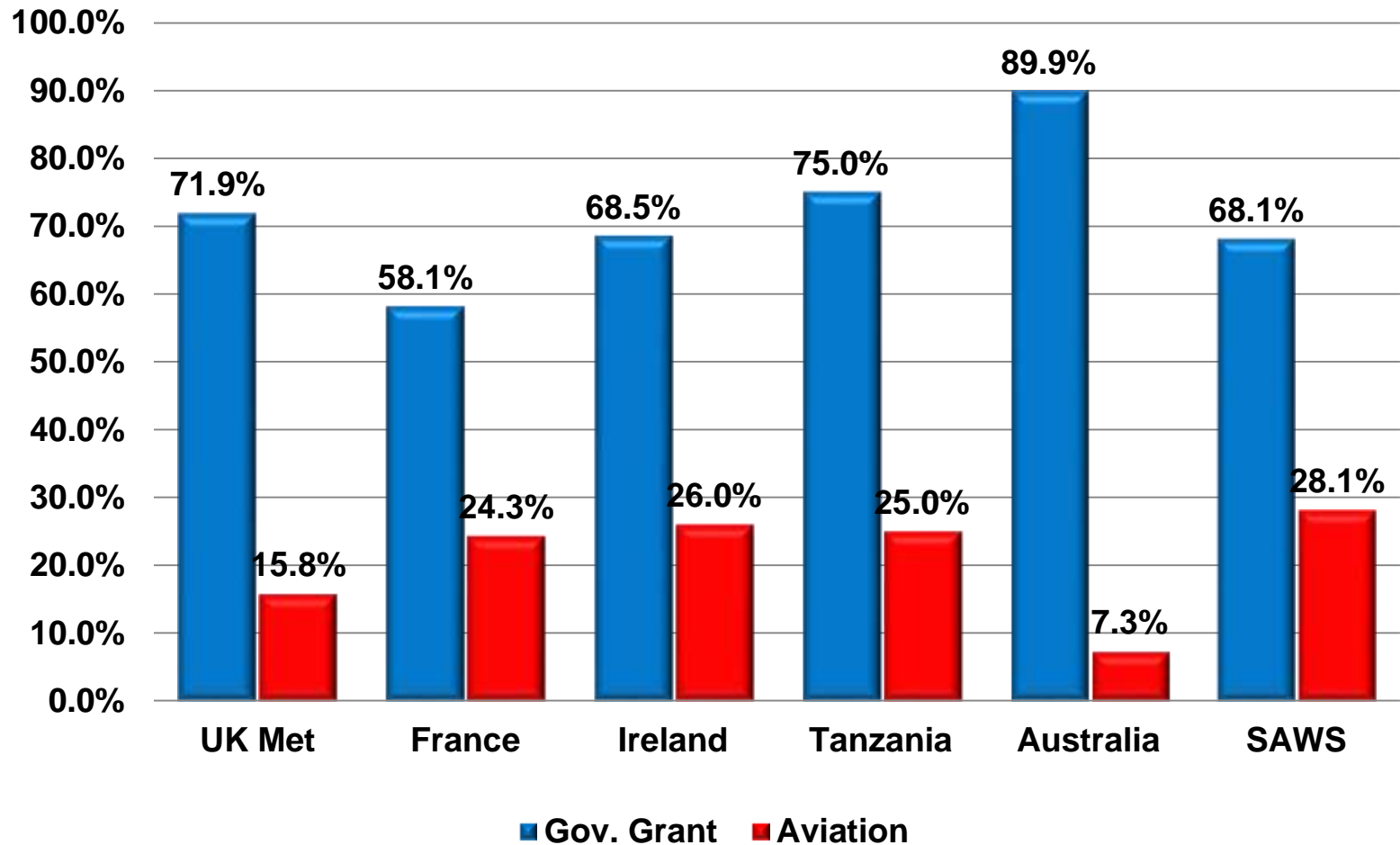
- **A risk exists whereby an NMS having the responsibility of product dissemination for Public and Commercial Good, will focus on the revenue-generating Commercial Good Services;**
- **It is important for the PG functions to be clearly defined in order to avoid this risk;**
- **NMSs in their dual role as entities need to respect the rules of the market;**
- **NMSs will have no exclusive rights in the commercial space (no monopoly);**
- **NMSs will remain responsible for data collection and transmission;**
- **There is no alternative stakeholder (now or in the foreseeable future) to take over these observational infrastructure costs.**

Some hidden costs

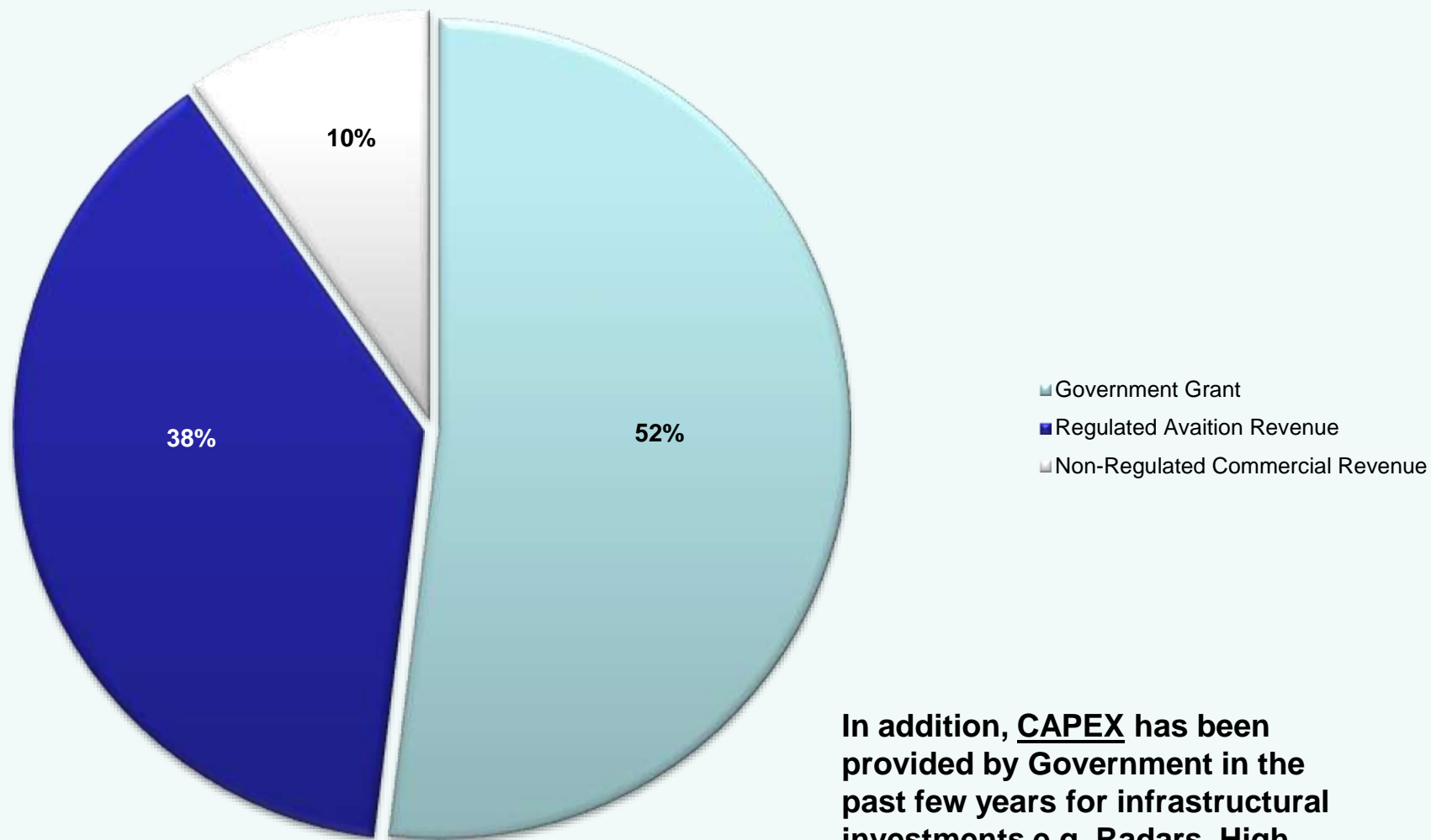
- **Municipal rates (Water & Electricity);**
- **Maintenance and rental of premises;**
- **Telephones;**
- **Cost of Governing structures;**
- **Costs involved in the Act and legislative process;**
- **Own insurance;**
- **Other liabilities (e.g. Accumulated leave)**
- **Establishment of support services (Finance, Commercial and HR, Communications etc.)**
- **Assets: Inventory of all capital equipment- Weather radars, aircraft, furniture, vehicles, met instrumentation, computers, land and building etc.)**



Grant-Aviation in 2006/7



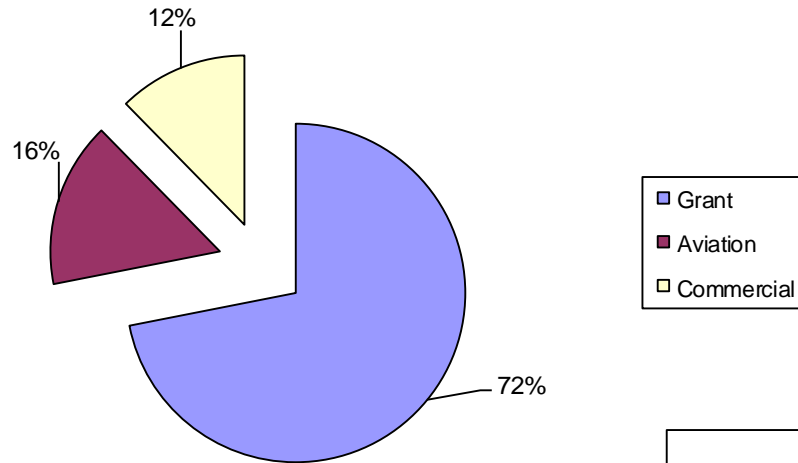
SAWS Revenue streams(2014/15)



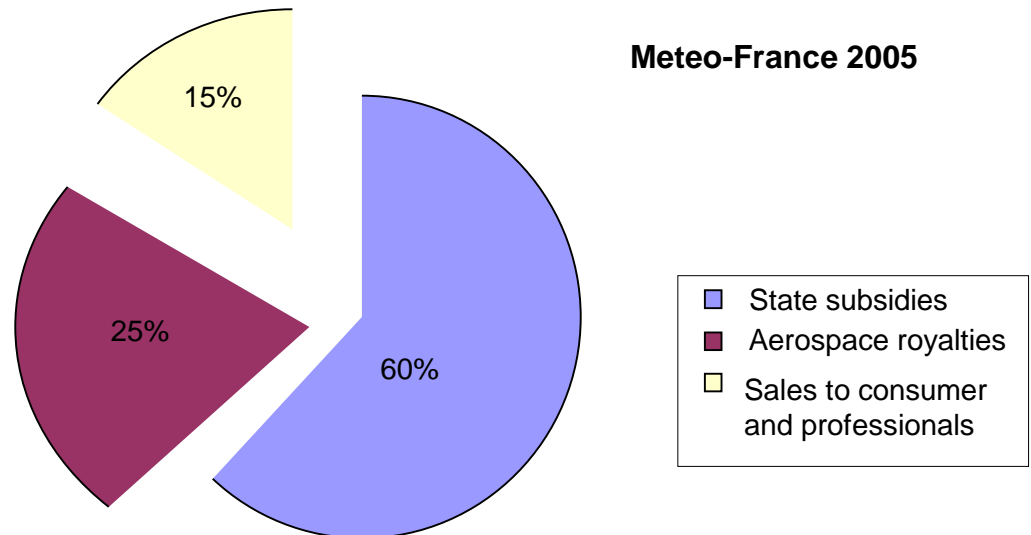
In addition, CAPEX has been provided by Government in the past few years for infrastructural investments e.g. Radars, High Performance Computer etc.

Other international examples

UK Met Office Revenue 2004/05



Meteo-France 2005



Partnerships with Public and Private Sector

PARTNERS



HydroLogic



Technology Partners

Research Hydro and Agro Met products



Distribution Partners

E.g. Adoption of commercial partners

- ❖ Approximately 35% of total Non-regulated commercial revenue
- ❖ Revenue has increased by Approximately 32% year-on-year
- ❖ Growth in Revenue of over 500% since 2010

Conclusion



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Critical Success Factors for commercial success

- **Excellence in Service Delivery of Core Service and additional commercial services and products;**
- **Successful aviation cost recovery;**
- **Effective partnerships;**
- **Growth strategy for commercial revenues;**
- **Culture of customer focus and innovation;**
- **International recognition.**

Summary

- **Proactive MET Service - reduce bureaucracy, allow NMS to anticipate and respond to user needs (Service Delivery);**
- **Adequate resources - Capital and other investments to modernize the NMS and increase financial resources**
- **Detailed planning- provide enabling legislative framework for Transformation, Agentization and Commercialization;**
- **Critical: Support by Government/ Ministry**
- **Essential: Stakeholder engagements**
- **Lengthy legal process;**
- **Awareness of hidden costs, inventory of assets and adequate budgeting;**



Questions?