

Sod turning ceremony of the Vaal River Eastern Sub-system Augmentation Project
Speech by Ms BP Sonjica, Minister of Water Affairs and Forestry
Vaal Marina, Vaal Dam, Gauteng
2 March 2006

Ladies and Gentlemen

I am proud today to be officiating at this sod turning ceremony of the Vaal River Eastern Sub-system Augmentation Project (VRESAP) marking the commencement of physical construction of this pipeline project due to its importance to all people of the country. At first glance this may seem to be elevating this pipeline project to a far higher importance than it normally would be considered. We could not have wished for a more appropriate way to start off our annual water awareness campaign for 2006.

As you know March is the month in which we traditionally celebrate national Water Week which is a significant awareness week for the Department of Water Affairs and Forestry and serves as a powerful campaign mechanism to popularise the importance of water to the general public, as well as to the general water stakeholder group. National Water Week also gives us an opportunity to showcase successes and inroads made by government in delivering on access to water to the public, a basic human right, which is enshrined in our constitution.

The 2006 national Water Week theme is "Water for Growth and Development", which emphasises the fact that water is an essential factor in all sectors of economic and social development, as it is a necessary input for all types of economic activity and livelihood practices. Adequate, reliable water availability is a prerequisite for investment, growth and poverty alleviation. The allocation of water across different uses, and the policies and practices that are used to manage, deliver and finance water, creates incentives for specific economic activities in particular geographical areas.

These incentives influence the structure of the economy, reinforce and induce specific spatial patterns of growth, which, in turn, have an overall impact on national development paths, local economic growth, distributive equity and environmental transformation. It is in this light that I ask you to see this ceremony in its true perspective, one which is providing the security of water supply to the all important power generation and petro-chemical industries.

The eastern high veld area of Mpumalanga is underlain by extensive coal deposits. Most of South Africa's thermal electricity generating capacity is situated on these coalfields and operated by Eskom. This area is effectively the powerhouse of South Africa. Conventional thermal power stations require large quantities of cooling water for their operation. In addition, the SASOL petrochemical industry based on coal is also located on the same coalfield.

The uninterrupted provision of electricity and fuel by these two industries is critical for the economy of South Africa and also for our neighbours. Without this security of water supply during the periodic droughts, which characterise our subcontinent, Eskom could be faced with the prospect of blackouts and power rationing which would play havoc on all sectors of the economy. We all recall the inconvenience caused by power cuts, not even to mention the economic losses that could result from frequent power interruptions. The shortages of fuel which were experienced during December 2005 reminded all of us of what could happen if refineries are unable to function.

Over the years, a complex system of interconnected water supply schemes linking river catchments adjacent to the eastern high veld coal deposits was developed thereby providing sufficient water for these industries at a high level of security. The water schemes also provide smaller quantities of water for domestic and other industrial users.

Growth projections in electricity demand have indicated that all power stations will soon be required to operate at full capacity while previously mothballed power stations in the area will also have to be re-commissioned. The water demand from SASOL will also increase due to changes in process and increased production. Expected deterioration of water quality will also lead to an increase in water requirements for both major customers. The combined effect of these changes together with projected increased demand by domestic and industrial users requires that additional bulk water resources be provided to augment those of the existing eastern Vaal River sub-system to maintain this high level of assurance of supply.

The initiation of construction of the project today marks the culmination of a planning process which started some years ago when analyses showed that the levels of assurance could be violated (and hence water supplies fail to deliver the quantity required) as early as 2007, during serious drought conditions.

Thus the planning and implementation process was fast tracked to reduce the risk of water shortage occurring should the worst-case drought scenario arise. Although these catastrophic drought occurrences should seldom occur, they present a very real threat for which provision must be planned. Bitter experience has also taught us

that infrastructure needs to be provided before the onset of a drought and that infrastructure provided only during the drought period is usually not able to mitigate the effects adequately so that the full benefits are only derived in subsequent droughts.

I must commend my departmental engineers who initially lead the multi-disciplinary team from project inception. The Trans-Caledon Tunnel Authority (TCTA) has been drawn into implementation using a combination of expertise of the private sector and my Department. Credit must also be given to the close co-operation of the major users, Eskom and SASOL. Without full meaningful participation of all parties, we would have not been able to roll out this major infrastructure Project in the relatively short time available. This shows that we are still capable of delivering major water resource infrastructure. It is my Department's function to manage the water resources of the country for the benefit of all and this is a concrete example of this in action.

Looking around us at the completely full Vaal Dam, it is difficult to imagine the scenario that drives the need for this project and the concerns expressed that the water supply would fail before the project could be completed. Now we face a different sort of problem of constructing an inlet tower in much deeper water than the 34 percent of capacity which we experienced early this year. At that time the levels of water in the storage dams continued to fall and the prospect of below average inflows looked very real. Such are the vagaries of our arid country.

As the power stations and many industries that require electricity to function are crucial for the continued economic growth and sustenance of the country as a whole, it is of critical importance that the water resources be augmented to ensure that an acceptable level of assurance is built into the water supply network in order to maintain its functioning under the drought scenarios projected. This augmentation project is designed to cater for these needs until 2030.

A reliable power supply underpins a thriving economy while the thriving economy brings greater employment, higher standards of living and a much-needed better life for all. The benefits of this project should thus filter through to all users of electricity in all corners of the country while the spin-off of a thriving economy can even extend to those not currently connected to Eskom power. In a similar vein this water supply will provide water security for SASOL while allowing for expansion of their business enterprise also to the benefit of the wider economy with positive spin-offs in many different directions.

In a developing country such as ours facing tremendous backlogs in services and development, the demands on the National Treasury to supply funding for development is greater than our limited resources allow. This usually means that projects must be prioritised to determine funding requirements. This project is one of the first water projects (other than the Berg Water Project) being funded off budget with funds borrowed on the open market under very favourable terms by TCTA. The customers will be repaying the full development and operational costs of the project costs. This allows for freeing up limited treasury funds for more socially oriented uses.

The implementation of this project will present many challenges. Our contractors are joint ventures, which have been formed to comply with our legislation for preferential procurement to allow black owned companies to participate in large projects. This offers opportunity for growth whilst working with partners to achieve the set goals. The contract conditions include specifications for procuring of goods and services from various categories of local, black empowerment enterprises and small, medium and micro enterprises. The contracts also stipulate minimum levels for the employment of local labour. The sheer size of this project will tax the provision of construction materials whilst there are currently large investments in the building of new infrastructure in the country. According to earlier reports the manufacturing of pipes required for this project will occupy as much as 25 percent of the country's steel production capacity.

The implementation agreement between my Department and TCTA also requires the pooling of resources of the two institutions. This was done in compliance with a decision of Cabinet to establish a national water resource infrastructure agency by amalgamating the TCTA and my Department's infrastructure branch.

It is in this context that I understand that the achievement of the completion date of October 2007 will be very challenging. I hereby extend my best wishes for a successful completion of this important project to all those that will be spending time and effort during the next 20 months.

We indeed have much to celebrate today after the recent good rains in many parts of the country and the start of this auspicious project. I would also like to appeal to all of you to recognise World Water Day on 22 March 2006 and celebrate safe drinking water with us.

I thank you.

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