

WATER

Key to Wealth Building in Limpopo

Limpopo, historically one of the most impoverished provinces in South Africa, is one step closer to unlocking the doors to economic and social prosperity. Lani van Vuuren reports.

In May a Memorandum of Agreement (MoA) was signed between the Department of Water Affairs & Forestry (DWAF) and 23 mining companies involved in exploiting the mineral resources of the Eastern Bushveld complex regarding the R7,4-billion second phase of the Olifants River Water Resources Development Project (ORWRDP). The project involves the construction of the De Hoop Dam on the Steelpoort River to bring much needed bulk water supply infrastructure to the expanding mining sector and around 800 000 people on the Nebo Plateau in Sekhukhune district.

The MoA encapsulates the principles of agreement required for the conclusion of water supply agreements with the mines, and provides the necessary secured revenue flow to make the

project bankable. The agreement specifically commits the mines to sign off-take agreements with DWAF for all future water requirements on a take-or-pay basis where the mines will pay for their respective costs based on allocated capacity, regardless of water use. The signature of the MoA enables the mines to start or continue their applications for mining licenses.

"This MoA will take us one step forward in our preparations to implement a bulk distribution system to convey raw water stored by the De Hoop Dam to places where the water could be treated and further distributed to small households and large industrial users," said Minister of Water Affairs & Forestry Lindiwe Hendricks at the signing ceremony. The project is being constructed through a mixture of private sector and State funding.

Mining houses all over the world have been eyeing Limpopo's vast mineral resources. The province is home to some of the world's richest reserves of platinum, chrome, diamonds, coal and copper. However, new mining developments have been seriously hampered by the lack of water supply. By ensuring a secure supply of water, it will allow these mines and their support industries to proceed with a further estimated investment of R40-billion. This could see the establishment of as many as 90 000 jobs and generate an additional income of R2,3-billion a year in wages to this impoverished region of South Africa.

According to DWAF, the ORWRDP can be compared to the establishment of Rand Water in Johannesburg in 1903, which resulted in the construction of much needed bulk water supply infrastructure, such as the Vaal Barrage and the Vaal Dam. This allowed the Witwatersrand to build one of the most powerful gold empires in the world.

The first phase of the ORWRDP, which involved the raising of Flag Boshielo Dam, near Marble Hall, by 5 m, has been completed. This project was completely funded by the mining sector in the province.

Construction on the realignment and construction of new roads around the De Hoop Dam started in 2007. TCTA has been appointed to oversee funding and implementation of the project. The dam will have a yield of 72 million m³/a.



Lani van Vuuren

The signatories of the Memorandum of Understanding. A total of 23 mining companies signed the agreement with the Department of Water Affairs & Forestry.

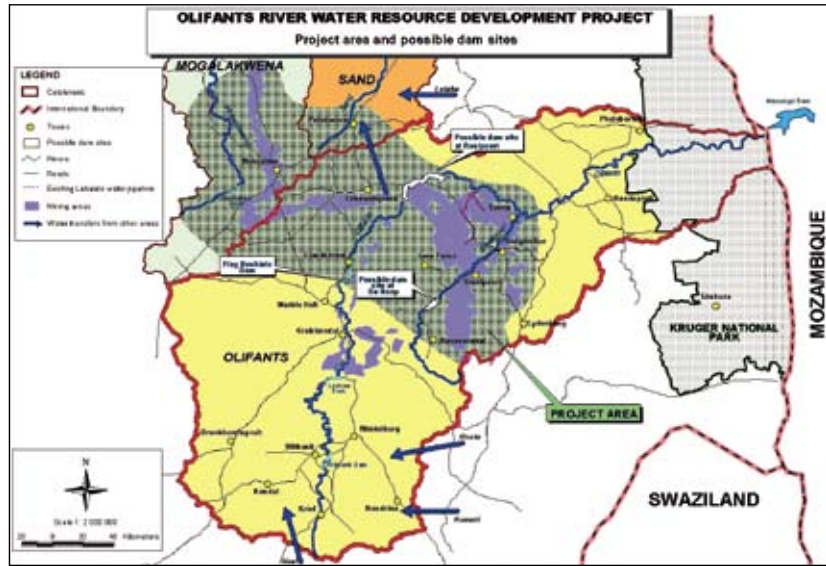
In addition to supplying water to the mines and surrounding communities, De Hoop Dam will also provide water for a new pumped storage scheme to be constructed by Eskom. The scheme, dubbed Project Lima, will provide an additional 1 500 MW to the national grid.

About 300 km of 700 mm- to 1000 mm-diameter pipelines bulk raw water pipelines will be constructed over a phased period as part of the project. However, water services authorities (mostly municipalities) will have to construct their own treatment works and distribution pipelines to convey water to their communities.

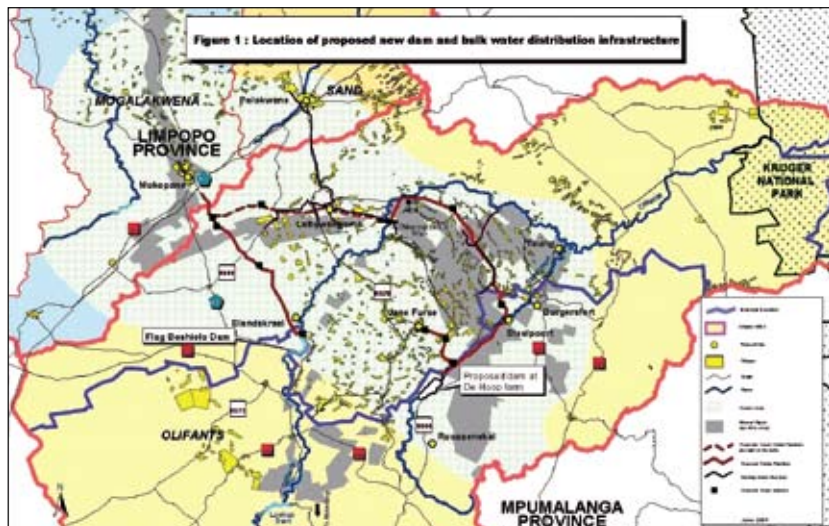
Hendricks issued a stern warning to the mining companies, saying that while her department realised the importance of the mines in generating economic wealth for the country, it would be keeping a close eye on their environmental compliance. "Private sector must realise that it has a responsibility, and the mining operations that will take place must be done in a responsible manner to sustain the livelihood for the generations still to come and to ensure that they do not pollute the water resources. It is a concern that water quality in some areas is being compromised as a direct result of mining. This is not acceptable and DWAF will be keeping a close eye to ensure there is compliance with the provisions of the law."

Commenting on the MoA, Dean Pelser of the Joint Water Forum said: "After many years of discussions with fellow mining houses, this long distant dream has become a reality." The Joint Water Forum represented the mining companies in discussions around the agreement. "Without the collaboration between the various mining houses, the critical mass required to support such a substantive project would not have been realised."

"We are now one step closer to unlocking Limpopo's economic wealth," said Pelser. "This would not have been possible without water."



Locality of De Hoop Dam.



The location of the Olifants River Water Resources Development Project.

Minister of Water Affairs & Forestry Lindiwe Hendricks and Dean Pelser of the Joint Water Forum (right) sign the Memorandum of Agreement.

