

**MINISTRY:**

**HUMAN SETTLEMENTS, WATER AND SANITATION**

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NO.: 1034**

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**Mrs M R Mohlala (EFF) to ask the Minister of Human Settlements, Water and Sanitation:**

In view of the fact that an estimated funding of at least R7,2 billion is required to finance key water resources development projects over the next 10 years, as noted in the National Water and Sanitation Master Plan, where prioritised development projects such as the Crocodile West River system, Olifants River system and Letaba River system may be delayed if funding is not sourced, how will (a) her department source the specified funding and (b) the time frames be met? NW1217E

**REPLY:**

1. The Department of Water and Sanitation (DWS) does not have the financial resources to build all the key infrastructure within a period of 10 years. Therefore, the department relies on the Trans-Caledon Tunnel Authority (TCTA) for implementation of mainly off-budget national water infrastructure. The TCTA does this by progressing projects to a state of bankability and securing finance, followed by the procurement of design and construction services. .The sustainability of off-budget funding, on which the DWS must increasingly rely to fund infrastructure given the limited fiscal space, means that water sector institutions must be sustainable by ensuring that water tariffs are cost-reflective, fully implemented and can repay debt. The debt owed by municipalities has a huge impact on our inability to roll out our infrastructure projects. If this level of self-sufficiency cannot be achieved, project funders rely heavily on government guarantees, which the fiscus is finding increasingly difficult to accommodate.

1. Notwithstanding the challenges of funding of the mega water projects indicated above, the following project status can be reported for the Crocodile West River System, the Olifants River system and Letaba River System:

* **The Olifants River Water Resources Development Project (ORWRDP)** is intended tosupply water to the Waterberg Coal Fields, Eskom the Lephalale Municipality, utilizing surplus return flows from Gauteng being discharged into the Crocodile River Catchment. Due to the unavailability of funding for the implementation of the complete integrated project, alternative off-budget funding opportunities and re-sequencing options for phases 2C to 2E) are being explored in order to accelerate implementation. A decision on the latter is imminent in this regard. The status of the project is as follows:
  + Estimated required budget: R12 billion
  + The Record of Implementation Decision has been issued to TCTA for a transfer capacity of 75 million m3/a.
  + The amended Implementation and Water Supply Agreement were submitted to the DWS for review and sign-off.
  + Construction contract awarded – October 2021.
  + Start of Construction - January 2022.
  + Water Delivery – January 2026.
* **The Mokolo and Crocodile River (West) Water Augmentation Project (MCWAP)** is intended to increase water supply for energy generation (Medupi Power station) and coal mining development). Phase 1 of this project was commissioned in 2014 and is already in operation. MCWAP-2A consists of an abstraction weir, a 160 km water transfer pipeline with capacity of 75 million m3/annum. Phase 2 of the Project (ORWRDP-2) is meant to implement the remaining of the bulk distribution conveyance system to increase water security for domestic and industrial use in Sekhukhune, Polokwane and Mogalakwena, as well as the mining sector. The status of the project is as follows:
  + Estimated costs: R12.4 billion
  + Contract Award: 31 October 2021
  + Construction start: January 2022
  + Water delivery January 2026
* **The Groot Letaba River Water Development Project (Nwamitwa Dam)** entails provision for the ecological water reserve, domestic and irrigation water requirements in the Greater Letaba area of Limpopo. Thestatus of the project is as follows:
  + Estimated costs: R3.8 billion
  + Design report and tender documentation completed
  + Identification of properties which will be affected by the new dam has been completed.