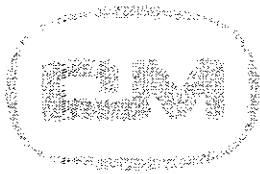


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CHAMBER OF MINES OF SOUTH AFRICA
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16 October 2011

Adv Johnny de Lange, MO
Chairperson Portfolio Committee: Water and Environment Affairs
Attention: Ms Madubela

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RE: CHAMBER OF MINES COMMENTS ON NATIONAL WATER RESOURCE STRATEGY2

The Chamber of Mines welcomes the opportunity granted by the Portfolio committee on Water and Environmental affairs to comment on the review and development of the National Water Resource Strategy drafted by the department of Water Affairs.

The Chamber supports the objectives of NWRS 2 and the strategic direction it provides to holistic water resources management in South Africa. Upon analysing the strategy, the chamber noted certain positive actions presented in the strategy and at the same time identified some shortcoming which needs to be addressed in the strategy. Therefore, please find attached the Chamber of Mines comments on the recently published National Water Resource Strategy for your consideration.

Yours sincerely

Mr Nikosi Lesufi
Senior Executive: and Health
Chamber of Mines of South Africa

COUNCIL OF THE CHAMBER: G Briggs, J Chowapiwa (Ma), I Cross (Ms), M Cutifani, E Dorward-King (Dr),
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PW Steenkamp, M Teke, P Turner, W Uys, BR van Rooyen, J Wallington.



CHAMBER OF MINES COMMENTS ON THE REVIEW OF THE NWRS

A. GENERAL COMMENTS

1. The latest strategy document has been transformed a great deal from the previous document. Given its intended objective Chapter 2 is indeed a good read for someone who has no insight into water management in general. Nevertheless, some of the issues in this section are either 'brushed over' or misrepresented thereby misleading the target market. For instance, poor planning in municipalities has largely been the source of ageing and non maintained water infrastructure and as a consequence contributes to pollution in our water resources. Hence the statement on page 15 around "*...considerable backlogs in the rehabilitation of water infrastructure...*" is misleading and should be corrected to reflect the actual situation on the ground.
2. It is stated that the strategy is meant to be a legal instrument to plan, develop and manage water resources in an integrated manner, however, this should be demonstrated in the document through a plan with deliverables and timeframes, especially issues pertaining to the actual development of water resources to meet the needs i.e. water infrastructure. The national water resource strategy is not providing sufficient strategic direction, accountabilities (as far as practically possible), objectives, targets, action plans and timeframes in a way that is aligned with the requirements as set out in the Water Act.
3. Furthermore, in the first paragraph of section 4.1, specifically questions business including mining on its commitments to water resources management, this is clearly a misrepresentation of facts because there is a huge initiative around water conservation and management and substantive investment have been made to support this especially regarding investment has been undertaken in this industry for a number of years now. In some instances, mining companies have invested substantial amount of resources to water infrastructure to ensure sustainability of water supply, which in other cases companies are also supplying water to municipalities. This paragraph can be re-written to encourage further proactive measures from all sectors rather than to paint such a gloomy picture especially for an industry sector such mining.
4. The reality of facts must be presented as such. For instance this document emphasizes the need for Developmental Water Management (DWM) and it makes a worrying theoretical assertion of over yield in places such as Polokwane when in reality industry will be struggling to attain water use licenses as soon as the Waterberg area becomes fully industrialized. In the same vein, the reference again to shortage of skill in the government poses another challenge to the Strategic Integrated Projects (SIPs) as overseen by the Presidential Infrastructure Coordinating Commission (PICC). These are specific targeted projects from the Presidency and as such the NWRS must provide for support and effective implementation of these SIPs. This provision will further enable industry, given the development need in the targeted areas, to obtain the requisite legislative go ahead such as water use licenses without the usual unnecessary hindrances when investing in the SIPs areas.
5. It is also mentioned that the NWRS 2 is aligned with other national development strategies, however, this is done in theory as mentioned in the document but in practical terms, the national development

strategies pronounces on big plans for development which might not come into fruition due to uncertainties of water availability.

6. One of the key thorny areas for the mining industry in terms of water resources management has always been the delays in terms of the licensing and the strategy is not providing any direction as to how the department is planning to move from red tape to smart tape licensing regime.
7. It is not clear why and how business (exclusively) can have competing interest with particularly previously marginalized communities when there are other sectors within such communities that pose a competition for water. Furthermore, it is government responsibility to provide and supply water that meet minimum quality standards and therefore the statement "*A decline in water quality can result in the need for pre-treatment, which is an additional cost to businesses*" must either be deleted or clarified.
8. The assertion around 65% of the 792 wetlands being threatened must be referenced because this points to failure or non coordination of government policies such as EIA's, Biodiversity Act, etc.
9. Section 3, i.e. Water management issues must also identify none or lack of or poor revenue collection by municipalities as a contributing handicap in the system. An estimate of this revenue must be indicated and hence this will provide a near enough picture of the funding gap that is alleged to be in the region of R338 billion.

Legal issues vs. policy implementation

The draft strategy highlights institutional issues in terms of service delivery as likely sources of conflicting mandates in water service delivery and to that extent both the NW Act and the Water Services Act are currently being reviewed. Will the timing for the conclusion of both the legislative reviews and the strategy coincide to enable an effective implementation of the strategy?

B. SPECIFIC COMMENTS

1. Addressing Challenges

The strategy requires commitment from all stakeholders to embrace DWM however further on it indicates challenges for water managers across the board that the latter should understand what is required, etc. This challenge is consistent with shortage of human resources as already identified in the draft strategy and to a large extent shortage of capacity within the water sector. Water management needs commitment from all stakeholders including in government and with this the approach and hence implementation of DWM will require sufficient capacity all round. It is therefore necessary for the government to detail how the latter capacity will be attained in the short, medium and long terms and this must also be consistent with other strategy deliverables.

The Strategy makes some pronouncements on enhancement water governance and developmental water management however, this is taken over to the actual critical thrusts or actions in the NWRS 2, hence the ideas presented here might be lost.

2. **Core strategy 2: Putting water at the centre of integrated development planning and decision.**

This section of the strategy that alleges that water is not reflected in macro and sector strategies, water is not valued and appreciated as a scarce resource by business community. From a business perspective, this is not entirely true because water is considered as a material issue in conducting a sustainable and viable mining business, thus companies have invested substantial resources in water conservation and water demand management as well as water infrastructure programmes. Water resources have got a big influence on decision making in mining developments. The fact that other sectors or water users are not taking water issues seriously should not be taken as a general position for business and be taken as the state of affairs.

The principles anchoring this core strategy are welcomed; however, this must be transferred to the actions outlined in this section.

3. **Core strategy 3: Ensuring water for equitable growth and development**

The national department of Water Affairs needs to effectively use its stakeholder interactions for precisely purposes stated within this core strategy. The water sector leadership group is one such institution that if properly used by the department can address planning challenges alluded to in this section of the draft strategy. Perhaps there needs to be a revision of the terms of reference of the WSLG in line with this core strategy to begin to address these challenges. Consequently, the department needs to ensure that the inputs and outcomes of the WSLG are filtered through each and every directorate within the department including the various DWA regional offices.

Most importantly intergovernmental coordination amongst DWA with key economic departments in South Africa is pivotal to attainment of the principles of this core strategy. It is encouraging to see that there is an action around the improvement of intergovernmental governance amongst other actions under this core strategy,

Table 5, should also be cascaded to subsector level, to also include a response and alignment with mining strategies, and other important sectors of the SA economy.

4. **Core strategy 4: Contributing to a just and equitable SA**

To address developmental issues highlighted here, it might also be necessary to develop a clear interphase and work programme within the implementation plan of the draft strategy between the DWA-WSLG and the Presidential Infrastructure Coordinating Commission (PICC) to ensure that development objectives of the SIPs are not compromised by challenges in the water sector especially from government. This should again be extended to other sectors of the economy such as mining etc.

This section refers to the fact that water must be allocated in such a manner that it brings maximum benefit to all. This statement is quite subjective, hence there is a need for a development of a systematic and a transparent approach to achieve this. Perhaps it would be ideal that the strategy reflects on the actions that DWA is going to take to ensure the realization of this goal.

5. **Core Strategy 5: Protecting water ecosystems**

One of the actions amongst in this core strategy is the dedicated programmes to deal with AMD and this is already in existence, thus there should be an appreciation of existing programmes to manage AMD

problems. This core strategy omits to mention the threats that mal functional municipal waste system is exerting on the water quality of our freshwater system and the actual actions to address that. The actions highlighted in these sections are things that are already being done.

6. Core Strategy 6: Implementing water use efficiency, conservation and water demand management.

The first action to be considered in this regard before one could put together a dedicated programme for setting targets for sectors is to undertake a baseline assessment. The focus should be on developing measures for achieving water use efficiency and not target.

7. Core Strategy 7: optimizing and stretching our water resources

One other fundamental principle to optimize our water resource is through robust implementation of the law. Thus, there is a need to strengthen the implementation of certain provision of the National Water Act to effectively realize the aspirations highlighted in this core strategy.

8. Core Strategy 8: Achieving effective water governance and developmental water management. This section is incomplete without mentioning proposals for effective cooperation and partnership between the DWA and Business to effectively management water resources in the country.

9. Core Strategy 9: Embedding sustainable business principles and practices

The strategy introduces four business principles that will form the foundation of sustainable water resources and infrastructure development, however, fails to translate these principles into tangible actions to achieve the aforesaid principles.

10. Core Strategy 10: Implementing a water sector investment framework

This section does not acknowledge the draft developed by DWA to develop a water infrastructure framework and the actual key fundamental principles embedded in that framework.

11. Core Strategy 11: Engaging the private and water use sectors

The DWA under the leadership of its Director General formed the Water Sector Leadership Group, which is a good platform of the public sector and private sector to engage on critical issues affecting the sector, which is a good starting point.

12. Infrastructure development and management

The strategy mentions the development of the water investment framework and strategy, of which in our view this has already being developed, even though the industry is not sure of the status of the actual FINALISED document.

Given the extent of the problems around water infrastructure in the country, DWA should have presented an infrastructure development plan in this section of the strategy.

13. Climate Change

This section makes reference to the water sector climate change response strategy, thus the response measures articulated in this particular sector should be clearly outlined in the strategy document, especially actions relating to the water sector adaptive strategies or actions towards the impacts of climate change i.e. floods, drought etc.

14. Key strategic actions

The draft strategy puts an enormous burden on its implementation by CMAs. The formation of CMAs has been an on-going challenge for years for the department and the handful of CMAs that are existent cannot perform this duty by themselves. The department needs to put a deadline for the establishment and operation of CMAs firstly and this should be within the top 5 strategic actions and not be at number 70, before it pronounces partnerships with CMAs on the implementation of this draft strategy.

What happens with the CMAs that have been set up for the WMAs that were determined in 1999?

Part 4 of the Act enables the Minister to disestablish a catchment management agency or make changes to its water management area, for reasons which include the need to reorganise water management institutions for more effective water resource management. An agency may also be disestablished if it does not operate effectively. Section 87 allows for the Minister to direct a catchment management agency which is in financial difficulties or is being otherwise mismanaged or is unable to exercise its powers or perform its duties effectively due to dissension among the members of the board or water users within its water management area; or has failed to comply with this Act to take any action specified by the Minister. Section 89 allows for the transfer of assets and liabilities after change of water management area or disestablishment of a CMA. None of these aspects are covered pertinently in the Notice.

15 Acid Mine Drainage

The Chamber of Mines has been invited to Parliament on several occasions to give account on the issue of AMD as it plagues particularly the Witwatersrand Basin. It is the Chamber's understanding that discussions around the management of AMD have received sufficient attention from the mining industry and senior management in government and as such processes are currently underway to address the plight of AMD.

The NWRS2 needs to take cognizance the background and current work being undertaken by government through the Inter-Ministerial Committee and the industry at large regarding the plight of acid mine drainage (AMD) as a result of mining historical legacies in the affected areas such as the Witwatersrand basin.. The development and finalization of this strategy must provide holistic approach to its principle of developmental water management because whilst sustainable mitigation measures are currently being explored to deal with AMD the latter cannot be discounted from the equation of potential sources for water supply. The industry acknowledges the fact that currently the legislation exist to deal with AMD in the current operational mines and the mines have taken the necessary steps to manage AMD emanating from their sites. However, it is important to mention that a policy gap still exist in terms of the government strategy to deal with AMD resulting from historical legacy of mining i.e. derelict and ownerless mines.

C. RECOMMENDATIONS

Taking into consideration the comments provided above, the chamber would like to recommend the following actions:

1. The Chamber recommends that the strategy be revised to include objectives supported by implementation instruments, in a form of measurable action plans with clear accountabilities and time frames for implementation, especially in the following areas of concern by the mining industry:
 - a. Water use licensing/authorisation
 - b. Security of water supply for the mining industry
 - c. Intergovernmental approach to management of environmental legacies
 - d. Establishment of Catchments Management Agencies
 - e. Capacity of government to administer the National Water Act
2. The Chamber would therefore like to see AMD as a result of historical mining operation being one of the cornerstones of the NWRS2 especially actions e covering all pertinent issues such AMD being used as a resource for water supply (potable-domestic, industrial etc), funding models and institutional arrangements.