

**ADDRESS BY THE KWAZULU-NATAL MEC FOR ECONOMIC
DEVELOPMENT AND TOURISM, MICHAEL MABUYAKHULU ON THE
OCCASION OF THE UMKHANYAKUDE WATER SUMMIT**

4 FEBRUARY 2013

Programme Director;

The District Mayor of Umkhanyakude Municipality, His Worship Councillor Vilane;

Mayors Present;

Members of Parliament Present;

Councilors Present;

Amakhosi;

Dignitaries Present;

Ladies and Gentlemen;

All protocol observed.

It gives us pleasure as the Ministry of Economic Development and Tourism to be part of this summit where we are discussing the important issue of how we can work together as a collective to speed up the delivery of water to our people, particularly in this district of Umkhanyakude.

Programme Director, as many of you would have noticed, one of the biggest ironies about this summit is that we are meeting in a hotel which is overlooking one of the biggest dams in South Africa, which has not been, in our view, fully harnessed to deliver this precious resource to our people. As all of us know, Umkhanyakude is one of the districts which has the highest backlogs when it comes to the delivery of water. Therefore, this summit is called upon to come up with practical and tangible resolutions on how to accelerate the delivery of water in Umkhanyakude.

Programme Director, because of the very reason that we represent the Ministry of Economic Development and Tourism; we will make our address looking at issues through an economic prism.

As many of you are aware, our starting point is that water is a strategic resource, which is not only necessary for life but also a medium for economic development. Since the onset of democracy in South Africa in 1994, the role of water in the lives of South Africans has undergone considerable change, and continues to do so. While access to water for basic needs is acknowledged as a right, there is a growing need to access water for economic uses. It is an accepted fact that water is inextricably linked to economic growth and development. Water is an input into almost all production - agriculture, manufacturing, mining and heavy industry. Without a stable water supply, these activities are constrained and economic growth is restricted.

Programme Director, the role that water plays is fundamental to food and energy security, economic growth, maintaining health and sustaining the livelihoods of the people. The availability of good-quality water is considered an imperative condition amongst other for alleviating poverty. This means that there is a constant and ever-increasing pressure on it as a natural resource and therefore our duty as government is to ensure that it is wisely managed and distributed so that it does not become a limiting factor to economic growth in this province and country.

The 1998 National Water Act states that government is regarded as the public trustee of the nation's water resources and "must ensure that water is protected, used, developed and conserved in a sustainable and equitable manner for the benefit of all persons". This is a key responsibility for government and may not always be achieved in the correct manner so in today's address we would like to highlight some of the key issues that we need to take into consideration at this water summit.

The first issue is that of water scarcity. Many research reports released by leading academic institutions in this province and country have stressed the fact that South Africa as a whole is a water scarce country and that there is a high probability that by 2025 we will be facing water shortages. According to

world rankings, South Africa is ranked as the 30th driest country in the world as it only receives 500mm of rain per year, which is less than the world average of 860mm per year. The province of KZN has a slight advantage in this regard as it receives about 1000mm of rain per year; however it is also the second most populated province in the country and therefore has a high demand for water usage. This demand for water usage is only going to continue as we see increased levels of urbanization in the province, and increasing demand from economic sectors. Research reports show that we can expect water demand to rise by 52% within the next 30 years.

If we consider the impacts of rural-urban migration alone we see that this will have significant impacts on water resources and place them in direct competition with agriculture for water supplies in our province. Urbanization also brings with it environmental impacts, which alter natural land surfaces into impermeable surfaces, such as tarred roads, buildings and other types of structures, which block the passage of rainwater into the earth. This increases the flow velocity of water over land, carrying with it polluting materials and depositing these into rivers, lakes and dams, deteriorating water quality and causing pollution problems which further contribute to the potential water scarcity problems that we face.

Programme Director, the issue of water scarcity and increased demand can to a large degree be a silent threat to economic development as far too often water is taken for granted as the intricacies in its supply are far removed from the public eye. This leads onto the second key issue that we need to all think about when discussing water and that is the issue of planning and managing our water resources. As a province if we are to deal effectively with scarce water resources we need long term solutions that need to be sought in the management of our water resources. The standard response to water shortage in the past has been “build more dams”. Although this may be a short-term strategy it is not going to be sufficient for the long run. It needs to be highlighted that the planning and management of our water resources cannot be separately dealt with by one institution in the province but we need inter-sphere planning if we are going to achieve success in this field.

If we are to start thinking about planning for water resources in the context of economic development, the following are issues that we need to take into consideration. Developing effective water sector policies can be troublesome because firstly, water has unique physical properties, complex economic characteristics and important cultural features that distinguish it from all other resources. Secondly, water resource management is administratively complicated because it involves legal, environmental, technological, economic and political considerations. Very often economic policy-makers can make the mistake of confronting policy issues one at a time, stating policy objectives in single dimensional terms. This approach presents difficulties because a policy aimed at achieving a single objective usually has unintended and unrecognized consequences. As Water managers and policy-makers we need to assess the entire range of government interventions to understand fully the economic, social and environmental impacts on our region and population.

A key factor that needs to be remembered is that improving water resource management requires recognizing how the overall water sector is linked to the prospering of the provincial economy. Equally important, we believe, is that economic policy makers need to understand how alternative economic policy instruments influence water use across different economic sectors in the province as well as among households.

For too long, many water managers have failed to recognize the connection between economic policies and their impact on water usage. It needs to be remembered that economic policies that are not aimed specifically at the water sector can still have a strategic impact on resource allocation and aggregate water demand in the economy. The most obvious example is government decisions on expenditures on irrigation, flood control or dams.

Another point to remember in managing water resources is that many water management problems are site-specific and so we cannot always make uniform policy decisions. For example water consumption and quality requirements are tied to local populations and development levels, and local water availability is very much dependent on local climatic variations. So as

an UMkhanyakude district we need to have a clear understanding of the local climatic conditions and the key sectors, which will influence water, demand going forward.

In this regard there is also a key unique factor that needs to be understood when planning for water supply, which is found throughout South Africa. This relates to the fact that all of our centres of economic development are located on watershed divides. This is found nowhere else in the world, as it is usually the global norm for large cities to be located on rivers, lakes or seashores. This implies that our major cities are fairly isolated from water sources and it has taken major engineering and technology to mobilize the water needed to sustain industrial and urban areas. The problem with this is the sustainability thereof. As these industrial and urban areas grow in size it is going to become more difficult and costly to mobilize greater volumes of water to support the increased demand.

Another important area of consideration is that because water sources have been highly engineered, water management is typically relegated to the engineering domain. However what we are finding is that we are losing professional expertise in this field on a national, provincial and local level as we do not have enough up and coming water engineers entering the industry.

This is something that needs to be addressed if we want to have effective management of our provincial water resources because the greater the demand for water, the more relevant professional people in this industry will become and the greater the pressure on these professionals will be to find unique solutions for unique local water challenges and problems. We therefore need to place a lot of focus on acquiring and attracting the right skills to the water resource management sector if we want to achieve success in this in our province.

As a province we also need to take into consideration in our planning the potential consequences that climate change will have on our water resources. The national Department of Water Affairs expects that the net effect of climate

change will ultimately reduce the availability of water, although the effects will be disproportionately distributed, with greater variability reflected in bigger and more frequent floods and prolonged periods of drought. It is expected that KZN will be prone to more flooding. Climate change also presents specific challenges to water infrastructure as more extreme wetting and drying cycles result in greater soil movement and make water and sewerage pipes more prone to cracking. Increases in intense rainfall events will place soil dams at risk and increase siltation of dams and estuaries. Coupled with higher temperatures, intense rainfall effects can also cause problems with water quality. Consequently, the much bigger man-made challenges that have been highlighted will merely be superimposed on the greater risk of system collapse and the necessity to plan that much more effectively. It is therefore imperative that the possible effects of climate change should be considered in the future design and management of our water resource systems.

The likely effects of climate change make it important that as a province we look at ways of diversifying our water mix within the province. Therefore factors such as desalination, use of ground water and recycling of grey water will become more important in our planning for future water resources in the province. This again links back to the issue of skills and education because future water resource management will require an import of additional skills to deal with the potential new areas of water supply and should therefore be something that we plan for as a province.

The last area that we would like to address is that of demand side management of water usage. Traditionally, water has been regarded as a free resource. Any costs for water are usually associated with the cost of processing and delivery alone, rather than allocating any intrinsic value to the resource. It has been argued that, without a satisfactory pricing mechanism, consumers have no motivation to use water more efficiently, as they receive no indication of its relative value on the market. Thus, there is growing interest internationally in the use of water pricing to curb demand, as well as to generate revenue to cover the cost of providing water supplies and maintaining infrastructure.

Many academics and policymakers have recommended that the price of water be rationalized, allowing costs of development and delivery to be passed to users. The national Department of Water Affairs is expected to spend billions on water infrastructure projects over the next three years. However, some analysts, in accordance with international trends, believe that South Africa's pricing of water should reflect the cost of the infrastructure required to deliver the resource, with such pricing policies required to come into play over the medium to long term, as well as be reflected in integrated national plans. It is argued that, if consumers do not pay the proper price for water, improvements in the water sector will never be realized.

Although there is a lot of economic merit to this argument it must be remembered as was stated at the beginning of my speech that access to water is acknowledged as a basic right and therefore with any economic policy we need to understand its implication for the people and in particular the poor. A study done in the eThekweni region found that poor households reacted a lot stronger to price increases with their demand for water consumption falling by more than 50% whereas the richer households demand fell only 10% in response to the same price increase. This indicates that the poor are a lot more sensitive to price hikes than the richer households and therefore demand management will have negative consequences for the poor that will need to be addressed if such a policy is to be looked at.

A summit such as this is vital for consideration of how we plan effectively and sustainably for our future water resources in this district and in the province. Let us not take for granted that adequate water supply is always going to be available and let us not allow water scarcity to be the factor that results in the failure of this province to achieve economic and social development.

Let us rather ensure that the planning and management of our water resources is mainstreamed into all our decision making so that we are prepared and well equipped for current and future needs. Water is life and we need to ensure its supply for all generations. But more importantly such a summit should be measured by what groundbreaking steps it takes to speed

up the delivery of water to our people, many of whom still do not have access to this resource. We dare not fail!

I thank you