
NEWS UPDATE FROM THE NBI

6 December 2017

How deep is the South African water crisis?

Perhaps there is no more inappropriate a metaphor to kick off with. We have the opposite problem. We should rather ask how shallow is the water crisis? South Africa is in trouble. The NBI will launch the 8th annual CDP report on Wednesday the 6th December (today) and the news is not good. The simple reality is that the private sector needs to make the management and governance of water a national priority. We need to reverse the inward focus and really start to engage with government at all spheres to apply our expertise in support of national water management.

The reality is that we are a dry country vulnerable to climate change and that our water supply is highly likely to get worse. On top of that we have growing levels of demand that will see demand outpace supply by 2030. This is exacerbated by failing infrastructure and poor governance.

Let's look at a few facts:

- 46% of water services authorities self-declare themselves to be in crisis
- Only a third of engineering posts at the Department of Water and Sanitation are currently filled
- Roughly 56% of wastewater treatment facilities are in a critical or very poor state based on available figures, with the situation worsening
- Water pricing is not cost reflective
- The current water sector funding shortfall stands at R33bn per annum
- On average 36% (maximum is 55% and minimum is 17%) of water in municipal infrastructure is lost before it reaches the consumer, a total of 1.4 billion m³

Let's make no mistake: the water crisis in South Africa is not borne of purely existential threat. Through good practice and collaboration on the national water problem we can significantly increase our water security.

But the problem is only in the Western Cape... right? Well no. The drought in northern KwaZulu-Natal persists (dam levels are at 46% vs Western Cape dam levels at 35%) and although dam levels remain good in other parts of the country there is still a significant challenge in ensuring long term water supply. The impacts on major South African companies (with a financial impact approaching a billion Rand based on 2017 CDP data) are occurring in catchments/provinces with ostensibly high dam levels: Limpopo, the Vaal and Orange, as illustrated in the figure below.

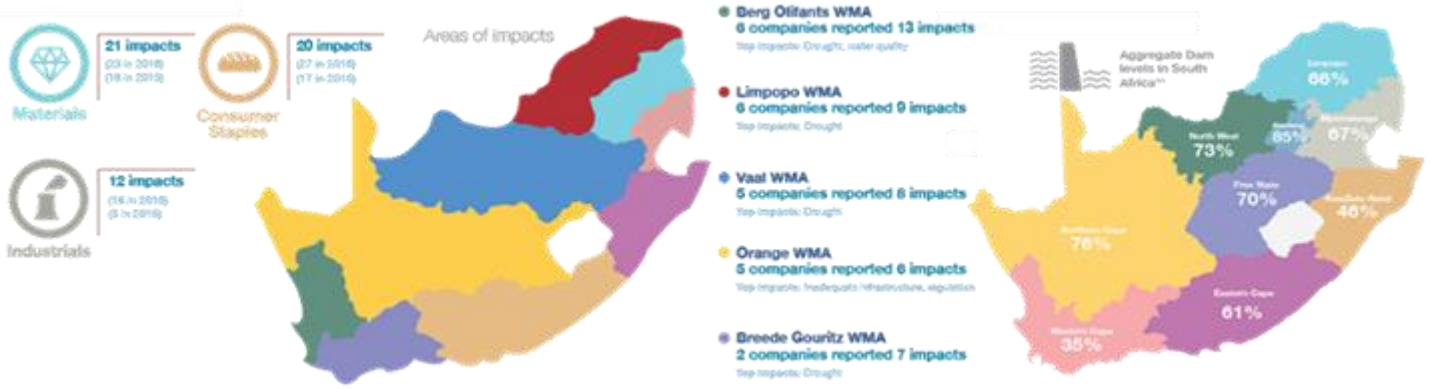


Figure 1: Detrimental water impacts for specific sectors and WMAs in South Africa (NBI, 2017)

But what about the Western Cape, one of our tourism crown jewels. If you are a numbers person the chart below will make you shiver (originally brought to our attention by a tweet from Anton Eberhard, an energy guru).

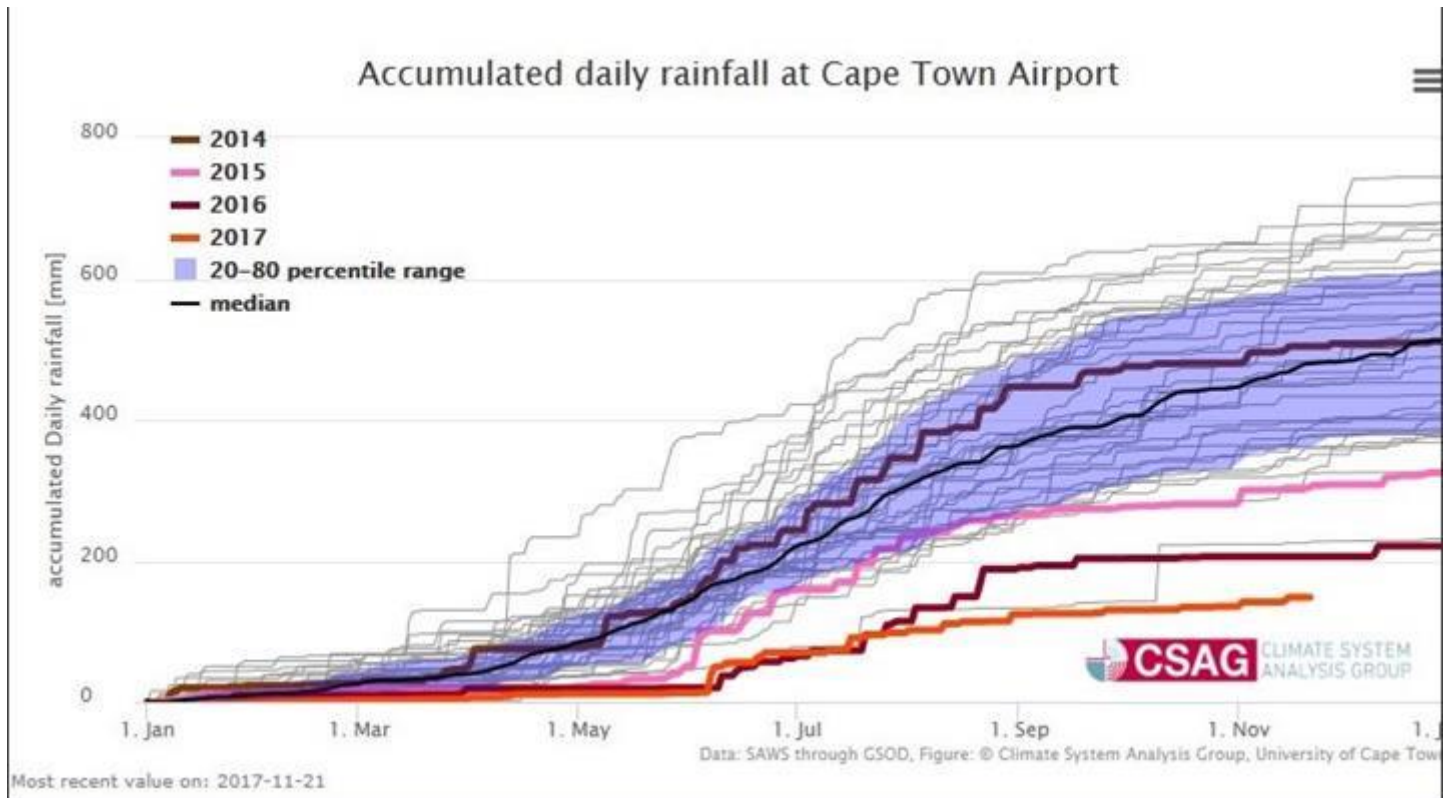


Figure 2: Accumulated daily rainfall at Cape Town airport (CSAG, 2017)

The Western Cape is in a 1 in 100 year drought and it looks like this year will be worse than the last two. Of course we hope that it isn't but we must plan that it will be worse and even that next year will be worse. According to the City of Cape Town (<http://coct.co/water-dashboard/>) we need to be planning to stop day zero (the day the taps run dry in Cape Town), currently predicted for the 20th of May 2018. This is true. But we really need to be planning for a potential day zero event even earlier next year in the Western Cape.

We cannot effectively describe how hard we should be working to prevent day zero! The costs to the economy, welfare and human lives are not something we can tolerate.

What opportunities are there specifically for NBI member companies to engage? The NBI has a robust established water programme that members can participate in.

Commit to Water Stewardship and make the We Mean Business commitment on Water Security:

Making a public commitment to water stewardship and security will align your organisation behind this important priority. In addition to the important leadership message it will send to the market it will plug you into an important international community of practice around water stewardship. Find more information on the We Mean Business water security commitment [here](#). Existing signatories are Tongaat Hulett, Woolworths, Tiger Brands and Royal Bafokeng Platinum. The NBI also runs a water stewardship capacity building and awareness programme with our global partner the [CEO Water Mandate](#). You can find more resources on the [NBI website](#).

Join the Western Cape Drought Task Force:

The NBI hosts a Western Cape Drought Task Force, a partnership between the Western Cape Government, the City of Cape Town and NBI member companies. The intent is to lend disaster response, business continuity, risk management, communications and logistics skills to the government in their crisis response. This is a serious and critical endeavour and companies participating should be prepared to invest both capital and time. Current participating companies are: AECl, Arup, ERM, FirstRand (including FNB and Wesbank), Johnson & Johnson, Massmart, MMI, Nedbank, Pick n Pay, Sanlam, Shell, Tsogo Sun and Woolworths.

Respond to CDP Water:

We have no doubt that companies who respond to CDP Water each year (a request for water data made on behalf of global investors managing US\$69 trillion of assets) are more aware of water risk and the management response required. Join us on the 6th December or watch our social media feed (@NBISA) and [website](#) for more information. Currently there are 45 of South Africa's largest companies responding to CDP water.

Become a partner in UWASP:

The uMhlathuze Water Stewardship Partnership (UWASP) is a partnership between business, government and civil society intent on finding collaborative solutions to the water challenges facing the uMhlathuze area (which includes the important industrial area and export port of Richards Bay). We believe that this is an excellent model for expanding to other water management areas that will provide policy, behavioural and hard and soft infrastructure solutions. This will both create business opportunities (creating jobs) and mitigate against the social and economic risks water shortages bring. Existing and committed partners include the International Water Stewardship Programme (IWaSP), NBI, WWF South Africa, Mondi, Tongaat Hulett, the Department of Water and Sanitation, the Pongola to Umzimkulu Proto CMA, uMhlathuze Water, Richards Bay Minerals, Transnet, Grindrod and the Strategic Water Partners Network (SWPN).

Participate in Kopano ya Metsi:

Kopano ya Metsi (which means 'meeting for water') is a Danish Ministry of Foreign Affairs funded project which has established a partnership between business and government to look at the possibility of public private partnerships in the finance of water sector infrastructure. We will have a particular focus on using Public Private Partnerships (PPPs) in waste water treatment. Ultimately we hope to establish a pilot study as an example of how business and government can work together to enhance service delivery.

Get involved in catchment management and catchment strategy:

Early in 2018 the South African National Biodiversity Institute (SANBI) will be launching a project focussed on enhancing water security through catchment management and protection. The NBI has a small component of this project to provide private sector input in catchment management strategy and finance.

Engage with catchment stakeholder and especially government of all spheres:

Water risk is highly driven by context. To put it simply, your water risk at the mouth of the Tugela and in Laingsburg in the Karoo is very different. Water is also a shared risk and you must engage with your local stakeholders and especially government. A number of NBI member companies have partnerships with local government (including Santam's Partnership for Risk and Resilience and Anglo American's Municipal Capacity Building Programme). The NBI is exploring how we can scale up and enhance these pioneering programmes by bringing in additional company support.

To make a commitment or for further information please contact [Steve Nicholls](#) (Head of Environment), [Alex McNamara](#) (Programme Manager for Water and Climate), [Michelle Hiestermann](#) (Project Manager for UWASP) or [Maanda Rashaka](#) (Project Manager for Kopano ya Metsi) on 011 544 6000.

Business Action for Sustainable Growth

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