

Growing awareness of SA's water scarcity

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Slightly more than 70% of JSE-listed companies that responded to a survey on SA's water supplies had already experienced financial losses because of water issues, according to a London-based research company that, with the National Business Initiative (NBI), looks at water use in South African companies.



South Africa is predicted to have insufficient water supplies by 2015. The country gets about 50% of the global average annual rainfall.

It is estimated that South Africa will be short of 3bn cubic metres of water by 2030 (17% of expected demand), implying that some tough trade-offs will be needed to allocate domestic water use, agriculture and key industrial activities such as mining and power generation according to the report.

The survey, conducted by the Carbon Disclosure Project (CDP), was sent to 61 JSE top-100 companies deemed to be in a "water-intensive sector" on behalf of 470 global investors representing US\$50tn in assets.

A "significant" 71% of the 30 companies that responded (a response rate of 49%, up from 46% in 2011) reported having already experienced financially material water-related problems, according to the report, which was released in Johannesburg on this week.

There was significant concern regarding the quality of South Africa's physical water infrastructure, the ability of institutions to respond effectively and the "potentially significant additional impact" of climate change on water availability and distribution.

"It is therefore essential for South African business to recognise the strategic value of water, not only in their own operations, but also in their value-chains," the NBI said.

While the responses suggested a growing appreciation of water's strategic value and improved action and governance, only 25% of the respondents required key suppliers to report on water issues.

"This disparity between a very high risk exposure (to water scarcity) and the comparatively lower evidence of response measures, suggests that South African corporate response is lacking the required urgency," the report warned.

The Water Research Commission's chief executive Dhesigen Naidoo said the World Economic Forum's identification of the assurance of water supply as a "high business risk" last year had "taken the conversation away from activists and put it in the boardroom".

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