

Food & Water Security in South Africa WEEKLY MONITOR

22 April - 28 April 2017

Prepared by Augustus Consulting

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1.0 Key Weekly Trends, Themes and Issues

- **South Africa's food manufacturing sector hit hard by the country's credit-ratings downgrade to junk status as food giant Pioneer Foods announces the collapse of a deal that would have created Africa's largest consumer goods company**
- **ANC's parliamentary caucus will once again push for the re-opening of the lodging of land claims window, despite a backlog in processing old claims amid an increasingly acrimonious land debate in South Africa**
- **Lenasia residents in Johannesburg protest against people they claim to have occupied land illegally amid the deepening land crisis in South Africa**
- **South Africa ranks a lowly 16th among the top 19 fastest growing countries in Africa amid growing socio-economic and political uncertainty in the country**
- **South Africa's major banks, Standard Bank and Nedbank join FNB in cutting the economic growth forecast for the country as South Africa's political and economic woes mount**
- **South Africa considers establishing a strategic grain reserve as a drought mitigation and food security strategy**
- **Fuel price rise adds to downgrade woes as South African consumers struggle amid growing socio-political and economic uncertainty**
- **Most forecasters suggest another dry El Niño spell is on the way for South Africa amid growing socio-political and economic problems in the country**
- **South Africa's President Jacob Zuma vows to explore land expropriation without compensation as the ANC gears up towards its elective conference in December as the unresolved land question continues to haunt South Africa**

- **Cape Town announces that the city's feeder dams only have enough water for another 88 days as the drought crisis deepens**
- **South Africa's Department of Water and Sanitation says the average dam levels have increased in 7 provinces but decreased in the Western Cape and North West provinces**
- **Organisation Against Tax Abuse (Outa) is investigating water infrastructure deals and suspected financial mismanagement at South Africa's Department of Water and Sanitation**
- **Cape Town residents could soon have to adhere to even tougher water restrictions as the City of Cape Town's dam levels continue to plummet, despite significant rainfall in the city**
- **City of Cape Town to hike water tariffs in July by 19% as a strategy to compel residents to use less water amid a devastating drought**

1.1 Food Security

1.1.1 South Africa's food manufacturing sector hit hard by the country's credit-ratings downgrade to junk status as food giant Pioneer Foods announces the collapse of a deal that would have created Africa's largest consumer goods company

On 23 April, *Sunday Times Business* reported that Pioneer Foods is the first confirmed corporate casualty of South Africa's credit-ratings downgrade. The food giant has announced the collapse of a deal that would have created Africa's largest consumer goods company.¹

1.1.2 ANC's parliamentary caucus will once again push for the re-opening of the lodging of land claims window, despite a backlog in processing old claims amid an increasingly acrimonious land debate in South Africa

On 24 April, *Sowetan Live* reported that the ANC's parliamentary caucus will once again push for the re-opening of the lodging of land claims window, despite a backlog in processing old claims.²

1.1.3 Lenasia residents in Johannesburg protest against people they claim to have occupied land illegally amid the deepening land crisis in South Africa

On 25 April, *Times Live* reported that residents have burnt tyres and blocked the K43 road in Lenasia in the south of Johannesburg, metro police said on Tuesday.³

¹ Downgrade kills first big deal, Palesa Vuyolwethu Tshandu, Pericles Anetos and Lutho Mtongana, *Sunday Times Business*, 23 April 2017, <http://www.timeslive.co.za/sundaytimes/business/2017/04/23/Downgrade-kills-first-big-deal>

² ANC MPs push for new land claims, Bongani Nkosi, *Sowetan Live*, 24 April 2017, <http://www.sowetanlive.co.za/news/2017/04/24/anc-mps-push-for-new-land-claims>

³ Lenasia residents protest 'illegal occupants', Kgaugelo Masweneng, *Times Live*, 25 April 2017, <http://www.timeslive.co.za/local/2017/04/25/Lenasia-residents-protest-illegal-occupants1>

1.1.4 South Africa ranks a lowly 16th among the top 19 fastest growing countries in Africa amid growing socio-economic and political uncertainty in the country

On 25 April, Fin24 reported that South Africa ranks a lowly 16th among the top 19 fastest growing countries in Africa, according to a new report by AfrAsia Bank and New World Wealth.⁴

1.1.5 South Africa's major banks, Standard Bank and Nedbank join FNB in cutting the economic growth forecast for the country as South Africa's political and economic woes mount

On 26 April, *Business Day* reported that Standard Bank and Nedbank join FNB in downward revisions as Reserve Bank maintains positive outlook.⁵

1.1.6 South Africa considers establishing a strategic grain reserve as a drought mitigation and food security strategy

On 26 April, *Reuters* reported that South Africa, the continent's biggest maize producer, hard hit by an El Niño-triggered drought last year, is considering a strategic reserve as a buffer against future shortages, its agriculture minister told Reuters.⁶

1.1.7 Fuel price rise adds to downgrade woes as South African consumers struggle amid growing socio-political and economic uncertainty

On 26 April, *IOL Business* reported that the hefty fuel hike of 50c a litre expected next Wednesday is the result of the weakening rand subsequent to the cabinet reshuffle and the consequent ratings downgrade.⁷

1.1.8 All forecasters suggest another dry El Niño spell is on the way for South Africa amid growing socio-political and economic problems in the country

On 26 April, *Business Day* reported that the Western Cape has had hot, dry conditions for the past few months, a cause for concern about the prospects of 2017 winter crop production.⁸

⁴ SA in bottom 5 of fastest growing countries in Africa, Carin Smith, Fin24, 25 April 2017, <http://www.fin24.com/Economy/sa-in-bottom-5-of-fastest-growing-countries-in-africa-20170425>

⁵ Banks cut growth forecast for SA, Sunita Menon, Business Day, 26 April 2017, <https://www.businesslive.co.za/bd/economy/2017-04-26-banks-cut-growth-forecast-for-sa/>

⁶ SA considers strategic grain reserve, Ed Stoddard, Reuters, 26 April 2017, <http://www.iol.co.za/business-report/markets/commodities/sa-considers-strategic-grain-reserve-8824835>

⁷ Fuel price rise adds to downgrade woes, Helmo Preuss, IOL Business Report, 26 April 2017, <http://www.iol.co.za/business-report/economy/fuel-price-rise-adds-to-downgrade-woes-8827162>

⁸ WANDILE SIHLOBO: All forecasters suggest another dry El Niño spell is on the way, Wandile Sihlobo, Business Day, 26 April 2017, <https://www.businesslive.co.za/bd/opinion/columnists/2017-04-26-wandile-sihlobo-all-forecasters-suggest-another-dry-el-nio-spell-is-on-the-way/>

1.1.9 South Africa's President Jacob Zuma vows to explore land expropriation without compensation as the ANC gears up towards its elective conference in December as the unresolved land question continues to haunt South Africa

On 27 April, *Times Live* reported that President Jacob Zuma has vowed to explore land expropriation without compensation as the ANC gears up towards its elective conference in December.⁹

1.2 Water Security

1.2.1 Cape Town announces that the city's feeder dams only have enough water for another 88 days as the drought crisis deepens

On 24 April, *News24* reported that the City of Cape Town on Monday said the city's feeder dams only have enough water for another 88 days.¹⁰

1.2.2 South Africa's Department of Water and Sanitation says the average dam levels have increased in 7 provinces but decreased in the Western Cape and North West provinces

On 24 April, *Eyewitness News* reported that the Water & Sanitation Ministry says average dam levels have increased slightly week-on-week and are up by 0.5% to 73.5%. Last year levels were at 54.9% over the same period.¹¹

1.2.3 Organisation Against Tax Abuse (Outa) is investigating water infrastructure deals and suspected financial mismanagement at South Africa's Department of Water and Sanitation

On 26 April, *Business Day* reported that the Organisation Against Tax Abuse (Outa) is investigating suspected financial mismanagement at the Department of Water and Sanitation.¹²

1.2.4 Cape Town residents could soon have to adhere to even tougher water restrictions as the City of Cape Town's dam levels continue to plummet, despite significant rainfall in the city

On 26 April, *Eyewitness News* reported that Cape Town residents could soon have to adhere to even tougher water restrictions as the City of Cape Town's dam levels continue to plummet, despite significant rainfall in the city on Wednesday.¹³

⁹ The 'land question' will be discussed in the coming weeks, says Zuma, Nathi Olifant, *Times Live*, 27 April 2017, <http://www.timeslive.co.za/politics/2017/04/27/The-'land-question'-will-be-discussed-in-the-coming-weeks -says-Zuma>

¹⁰ 88 days of water in Cape Town left, James de Villiers, *News24*, 24 April 2017, <http://www.news24.com/SouthAfrica/News/88-days-of-water-in-cape-town-left-20170424>

¹¹ The water flows: Dam levels up in 7 provinces, down in W. Cape, North West, Masego Rahлага, *Eyewitness News*, 24 April 2017, <http://ewn.co.za/2017/04/24/south-africa-sees-slight-increase-in-dam-levels>

¹² Outa in own probe of water infrastructure deals, Khulekani Magubane, *Business Day*, 26 April 2017, <https://www.businesslive.co.za/bd/national/2017-04-26-outa-in-own-probe-of-water-infrastructure-deals/>

1.2.5 City of Cape Town to hike water tariffs in July by 19% as a strategy to compel residents to use less water amid a devastating drought

On 28 April, *Eyewitness News* reported that the City of Cape Town says that from July, residents will be paying more for water.¹⁴

2.0 Daily Infographics: Climate change is a growing threat to agriculture sectors and has serious implications for food security

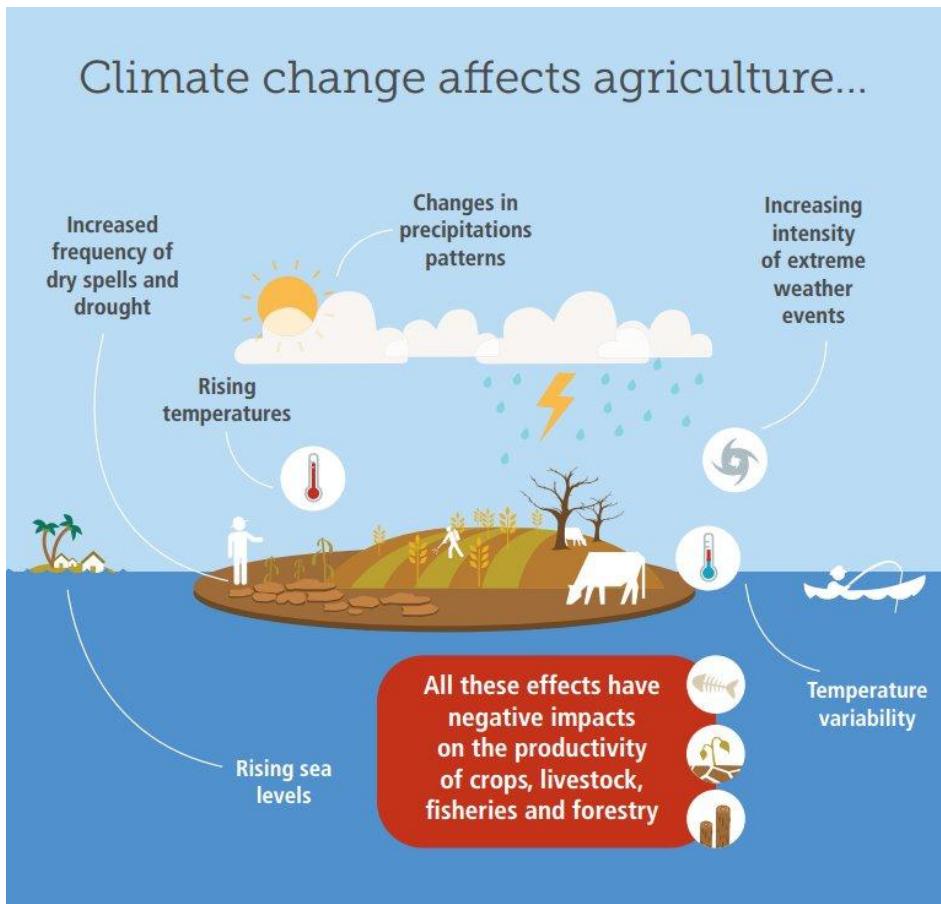


Figure 1. Climate change is a growing threat to agriculture sectors and has serious implications for food security (Source: FAO Knowledge)

¹³ CT dam levels continue to plummet, tighter water restrictions, Xolani Koyana, *Eyewitness News*, 26 April 2017, <http://ewn.co.za/2017/04/26/cape-town-dam-levels-continue-to-plummet>

¹⁴ City of CT to hike water tariffs in July, Xolani Koyana, *Eyewitness News*, 28 April 2017, <http://ewn.co.za/2017/04/28/city-of-ct-to-hike-water-tariffs-in-july>

3.0 Overall Assessment

- ❖ South Africa needs to urgently establish a strategic grain reserve as a drought mitigation strategy. Indeed, food security is a national security issue. It is therefore scandalous that South Africa, a country in which the majority of people consume maize as a staple food, has no strategic grain reserve.
- ❖ Furthermore, South Africa is urged to urgently establish the ‘Grain Marketing Board of South Africa’ (GMBSA) which would be responsible to establishing and managing the strategic grain reserve. As part of this initiative, the government of South Africa is urged to support and encourage the largely marginalized emerging farmers to contribute grain to the GMBSA’s strategic grain reserve. This is an excellent opportunity for the government to build the capacity of emerging farmers as part of the transformation process in the agricultural sector.
- ❖ South Africa is also urged to establish the ‘South African National Water Authority’ (SANWA) to oversee and manage South Africa’s fragmented water sector system. Water security is national security and the government needs to play a more meaningful role in this key sector that continues to be dominated by private interests.
- ❖ South Africa is urged to declare the drought in the country as a national crisis in order to dispel the gravely misleading notion that the drought is over. Indeed, all indications are that another dry El Niño spell is on the way for South Africa. Therefore, the country needs to prepare effectively for this reality.
- ❖ The government of South Africa needs to match its policy statements with concrete action in order to finally and effectively address the perennial land problem in the country. The more the government delays, the harder it will become for the government to address this festering problem in the future. Decisive action is required now on the land issue in South Africa before it threatens food security and national security in the country.