

Food & Water Security in South Africa WEEKLY MONITOR

17 June – 23 June 2017

Prepared by Augustus Consulting

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1.0 Key Weekly Trends, Themes and Issues

- **Moody's says the steep decline in South Africa's business confidence is a setback to economic growth recovery and will dampen investment amid growing political uncertainty in the country**
- **Khayelitsha land invaders granted bail as South Africa's land crisis deepens**
- **South Africa's Automobile Association (AA) predicts petrol price to drop next month**
- **Moody's, the only credit rating agency to still rate South Africa's sovereign credit rating above junk, looks likely to give this country a further downgrade in December**
- **South Africa's consumer inflation remains within the Reserve Bank's 3%-6% target range in May, with the consumer price index (CPI) ticking up to 5.4%, from 5.3% in April, as food prices rose 7%, and prices of food and non-alcoholic beverages were up 6.9% from a year earlier**
- **Man killed, wife injured in Limpopo farm attack as farm violence continues to haunt South Africa**
- **The South Africa Survey published by the SA Institute of Race Relations shows that the number of people receiving social grants in South Africa increased by 328% in 15 years, while those with jobs increased by only 24% as the country struggles with increasing unemployment, socio-political problems and slow economic growth**
- **Meat and petrol price increases drive up May CPI food inflation in South Africa amid reports that the surge in food inflation was largely driven by meat, given the ongoing cattle herd restocking process resulting from the drought**
- **Consulting Engineers SA (Cesa) says that political turmoil and instability weighed heavily on South Africa's economy in the first quarter of 2017, after growth in 2016 came in well below the government's expectations as the country's gross fixed capital formation fell for the first time since 2009**

- **Economic Freedom Fighters leader Julius Malema declares that land is central issue in South Africa as the land debate intensifies**
- **City of Cape Town to increase fines for water guzzlers as drought conditions are expected to persist**
- **Cape Town water consumption spikes as dam levels remain critical as the water crisis deepens**
- **Cape Town set to have temporary water production plants in operation in August as the drought takes its toll**
- **Department of Water and Sanitation urges South Africans to use water wisely as dam levels remain low**
- **Bloem Water cuts its water supply to Manguang to 30% over an R340m outstanding debt**
- **City of Cape Town hopes to have desalination and other plants up and running and pumping out up to 500 million litres of drinking water a day by the end of August**

1.1 Food Security

1.1.1 Moody's says the steep decline in South Africa's business confidence is a setback to economic growth recovery and will dampen investment amid growing political uncertainty in the country

On 19 June, *Reuters* reported that the steep decline in South Africa's business confidence is a setback to economic growth recovery and will dampen investment, ratings agency Moody's said on Monday.¹

1.1.2 Moody's, the only credit rating agency to still rate South Africa's sovereign credit rating above junk, looks likely to give this country a further downgrade in December

On 19 June, *Business Day* reported that the only credit rating agency to still rate SA's sovereign credit rating above junk, Moody's, looks likely to give this country a further downgrade in December.²

1.1.3 Khayelitsha land invaders granted bail as South Africa's land crisis deepens

On 20 June, *Ground Up* reported that on Monday, six people involved in the "Town Two" land occupation arrested on Friday appeared in the Khayelitsha Magistrate Court on charges of public violence.³

¹ Moody's: SA's low business confidence setback to growth recovery, Reuters, 19 June 2017, <http://ewn.co.za/2017/06/19/moody-s-sa-s-low-business-confidence-setback-to-growth-recovery-1>

² SA seems set for second Moody's downgrade in December, Robert Laing, Business Day, 19 June 2017, <https://www.businesslive.co.za/bd/economy/2017-06-19-sa-seems-set-for-second-moodys-downgrade-in-december/>

³ Khayelitsha land occupiers granted bail, Thembela Ntongana, Ground Up, 20 June 2017, <http://www.news24.com/SouthAfrica/News/khayelitsha-land-occupiers-granted-bail-20170620>

1.1.4 South Africa's Automobile Association (AA) predicts petrol price to drop next month

On 20 June, *eNCA* reported that there was good news for motorists on Tuesday, with the Automobile Association (AA) predicting a fuel price drop next month.⁴

1.1.5 South Africa's consumer inflation remains within the Reserve Bank's 3%-6% target range in May, with the consumer price index (CPI) ticking up to 5.4%, from 5.3% in April, as food prices rose 7%, and prices of food and non-alcoholic beverages were up 6.9% from a year earlier

On 21 June, *Business Day* reported that consumer inflation remained within the Reserve Bank's 3%-6% target range in May, with the consumer price index (CPI) ticking up to 5.4%, from 5.3% in April.⁵

1.1.6 Man killed, wife injured in Limpopo farm attack as farm violence continues to haunt South Africa

On 21 June, *News24* reported that a 67-year-old man was killed and his wife seriously injured after they were attacked in their home in Cheerio Farm, Limpopo police said.⁶

1.1.7 The South Africa Survey published by the SA Institute of Race Relations shows that the number of people receiving social grants in South Africa increased by 328% in 15 years, while those with jobs increased by only 24% as the country struggles with increasing unemployment, socio-political problems and slow economic growth

On 21 June, *Sowetan Live* reported that the number of people receiving grants has increased by 328% in 15 years, while those with jobs increased by only 24%, according to the latest South Africa Survey published by the SA Institute of Race Relations.⁷

1.1.8 Meat and petrol price increases drive up May CPI food inflation in South Africa amid reports that the surge in food inflation was largely driven by meat, given the ongoing cattle herd restocking process resulting from the drought

On 21 June, *ANA* reported that on average, prices increased by 0.3 percent between April and May, in line with market expectations.⁸

⁴ Petrol price expected to drop next month, *eNCA*, 20 June 2017, <http://www.enca.com/money/petrol-price-expected-to-drop-next-month>

⁵ Consumer inflation stabilises within target range, Sunita Menon, *Business Day*, 21 June 2017, <https://www.businesslive.co.za/bd/economy/2017-06-21-consumer-inflation-stabilises-within-target-range/>

⁶ Man killed, wife injured in Limpopo farm attack, Jeanette Chabalala, *News24*, 21 June 2017, <http://www.news24.com/SouthAfrica/News/man-killed-wife-injured-in-limpopo-farm-attack-20170621>

⁷ More South Africans receive grants than have jobs: IRR, Staff Writer, *Sowetan Live*, 21 June 2017, <http://www.sowetanlive.co.za/news/2017/06/21/more-south-africans-receive-grants-than-have-jobs-irr>

⁸ Meat and petrol price increases drive up May CPI food inflation, *ANA*, 21 June 2017, <http://citizen.co.za/business/business-news/1548373/meat-petrol-price-increases-drive-may-cpi-food-inflation/>

1.1.9 Consulting Engineers SA (Cesa) says that political turmoil and instability weighed heavily on South Africa's economy in the first quarter of 2017, after growth in 2016 came in well below the government's expectations as the country's gross fixed capital formation fell for the first time since 2009

On 22 June, *Business Day* reported that Consulting Engineers SA (Cesa) says "political turmoil and instability" weighed heavily on SA's economy in the first quarter of 2017, after growth in 2016 came in well below the government's expectations.⁹

1.1.10 Economic Freedom Fighters leader Julius Malema declares that land is central issue in South Africa as the land debate intensifies

On 22 June, *The Citizen* reported that investors should not fear black land ownership, says fiery EFF leader.¹⁰

1.2 Water Security

1.2.1 City of Cape Town to increase fines for water guzzlers as drought conditions are expected to persist

On 18 June, *Eyewitness News* reported that with drought conditions expected to persist in Cape Town, the municipality is expected to get tougher on residents who abuse water.¹¹

1.2.2 Cape Town water consumption spikes as dam levels remain critical as the water crisis deepens

On 19 June, *eNCA* reported that water users in Cape Town are being asked not to increase their consumption.¹²

1.2.3 Cape Town set to have temporary water production plants in operation in August as the drought takes its toll

On 20 June, *Eyewitness News* reported that the City of Cape Town is hoping to see the first of its temporary water production plants in operation by the end of August.¹³

⁹ Political turmoil 'dented economy', Mark Allix, *Business Day*, 22 June 2017, <https://www.businesslive.co.za/bd/companies/industrials/2017-06-22-political-turmoil-dented-economy/>

¹⁰ Land is beginning and end – Malema, Eric Naki, *The Citizen*, 22 June 2017, <http://citizen.co.za/news/1548613/land-beginning-end-malema/>

¹¹ City of CT to increase fines for water guzzlers, Xolani Koyana, *Eyewitness News*, 18 June 2017, <http://ewn.co.za/2017/06/18/city-of-ct-to-increase-fines-for-water-guzzlers>

¹² Cape Town water consumption spikes as dam levels remain critical, *eNCA*, 19 June 2017, <http://www.enca.com/south-africa/cape-town-water-consumption-spikes-as-dam-levels-remain-critical>

¹³ CT set to have temporary water production plants in operation in August, Lindsay Dentlinger, *Eyewitness News*, 20 June 2017, <http://ewn.co.za/2017/06/20/temporary-water-production-plants-set-for-ct>

1.2.4 Department of Water and Sanitation urges South Africans to use water wisely as dam levels remain low

On 19 June, *TNA* reported that some dams across the country continue to decline week on week and the Department of Water and Sanitation has renewed calls to the public to use water wisely.¹⁴

1.2.5 Bloem Water cuts its water supply to Manguang to 30% over an R340m outstanding debt

On 20 June, *News24* reported that Bloem Water has cut its water supply to Manguang to 30% over an R340m outstanding debt. Water shortages were expected to occur on Tuesday evening.¹⁵

1.2.6 City of Cape Town hopes to have desalination and other plants up and running and pumping out up to 500 million litres of drinking water a day by the end of August

On 22 June, *Times Live* reported that by the end of August, Capetonians will no longer be totally reliant on their struggling dams for water.¹⁶

2.0 Weekly Infographics: The challenge of our lifetime: How to ensure nutrition for everyone under climate change

¹⁴ As dam levels are low public urged to use water wisely, TNA Reporter, 19 June 2017, <http://www.thenewage.co.za/as-dam-levels-are-low-public-urged-to-use-water-wisely/>

¹⁵ Manguang water supply cut over multimillion-rand debt, Iavan Pijoo, News24, 20 June 2017, <http://www.news24.com/SouthAfrica/News/manguang-water-supply-cut-over-multimillion-rand-debt-20170620>

¹⁶ Two months until Capetonians will be drinking seawater, Dave Chambers, Times Live, 22 June 2017, <https://www.timeslive.co.za/news/south-africa/2017-06-22-two-months-until-capetonians-will-be-drinking-seawater/>



Figure 1. The challenge of our lifetime: How to ensure nutrition for everyone under climate change (Source: AgriFoodAID)

3.0 Overall Assessment

- ❖ **Socio-political and economic outlook: The country's socio-political and economic environment continues to deteriorate**
- ❖ **Recycled wastewater is a better, cheaper and sustainable option for South Africa rather than desalination**
- ❖ **The spike in social grants beneficiaries in South Africa indicates that the poor, marginalized and unemployed people in the country are increasingly struggling to put food on the table**