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Global Water Report shames SA companies

This year's Global Water Report has painted a bleak picture of how South African companies are managing their water resources.

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With calculations that demand will outstrip supply by as much as 17% by 2030, the report showed companies could end up closing if they did not change their approach to water management.

The report's main finding was that companies were not looking at the risk water scarcity would create and were continuing with "business-as-usual". To rectify this, more ambition was needed, it said.

The report, released on Monday afternoon, is the third of its kind and has come out of the Carbon Disclosure Project, which looks at what companies are doing to lower their carbon emissions. Run from London, the project has found its local home within the National Business Initiative.

Paul Simon, the project's global head, gave a stark warning to the 470 companies that took part across the world. "Water can be a significant driver for innovative and sustainable economic prosperity but its mismanagement can result in significant business failure," he said in the report.

If water use continues at levels it is currently at, 45% of the world's gross domestic product in 2050 – a total of R570-trillion – would be at risk from failing, he said.

Lacking urgency

In South Africa the report, compiled from answers to questionnaires given by 30 JSE-listed companies, found a few good examples of companies with good water management.

But the rest were failing. "This disconnect between the very high risk exposure, and the comparatively lower evidence of response measures, suggests that the South African corporate response is lacking the required urgency," said the report.

Over two-thirds of the companies said water scarcity or supply problems already impacted their ability to operate. Tongaat Hulett said they lost R7-million due to the 2011 drought in KwaZulu-Natal, with Sasol reporting losses of R130-million when its synfuel plant flooded.

But only 57% have quantitative targets in place to do something about this. Only two of the companies had targets relating to the quality of the water they should use and release.

"Not enough businesses appear to be thinking deeply and coherently about how they will operate in the near future," it said. This meant that future shortages would have severe impacts on their operations and supply chains, and this would be exacerbated because they had not planned for these impacts, it said.

Lowering waste and consumption

Some local companies were, however, undertaking ambitious programmes to learn more about their water use and lower their waste and consumption. Gold Fields reported 90% of the water they withdrew was recycled and reused. And SABMiller said it was working with farmers to reduce the water they needed for irrigation, which had seen some of these lower their water use by 30% a year.

The 2030 Water Resource Group, which the water affairs department contributes to, said the country would have a 17% shortfall between the supply and demand of water. In their report on this, they said industry would have to be more efficient with water and sacrifices in some sectors would have to be made to keep the country working properly.

The biggest recent report about future economic impacts, the 2013 Global Risks Report by the World Economic Forum, identified the water-supply crisis as one of its top risks in terms of the likelihood of it happening.

This was amplified by Joanne Yawitch, head of the National Business Initiative, which runs the local programme. "The question of whether South Africa faces a future water crisis will be answered by the ingenuity of all stakeholders and their willingness to engage and collaborate," she said.