

# South Africa's water sector—a case study in state capture

December 5 2016, by Mike Muller

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A lot of what is being presented as radical economic transformation initiatives in South Africa is simply state capture by a corrupt elite. The water sector provides a lens through which this issue can be viewed in a very practical way. The consequences will be dire if the situation is not addressed.

The minister of water affairs and sanitation [Nomvula Mokonyane](#), stands at the centre of the unfolding [tragedy](#). Billions of rands are at stake in a story that threatens the lives and livelihoods of all water users.

So, are the controversial activities of some political leaders ensuring that water comes out of the taps in rural villages? Have their decisions contributed to the security of the water supplies that are needed to keep industries working and the economy of the country growing? Is the country making the right investments in its water future? Is there value for money? Is the right infrastructure being built, in the right place, and is it built properly?

At the most basic level, the [number of people](#) whose taps no longer provide a reliable water supply grew by almost 2 million between 2011 to 2015. This is a problem particularly in rural areas but it is spreading to urban areas as well. In Mangaung, one of South Africa's eight metropolises, [70%](#) of people questioned, reported water cuts that lasted more than two days in 2015. In most cases, it has been shown that the problem is [bad management](#) not a shortage of water.

At the other end of the scale, the picture is no better. [Expansion](#) of the biggest and most important water supply scheme in the country, the Vaal River System, is more than five years late.

## **Destructive political intervention**

The effective functioning of the Vaal system underpins a large part of the country's economy and around 35% of the population. Its failure would have disastrous consequences for lives and livelihoods and every year's delay costs at least R500 million.

The main reason for the latest delay is that Mokonyane has spent two years changing the rules and governance of the project. Her stated reasons for doing this include that the changes were part of government's [economic transformation](#) agenda to ensure that a broader array of companies could compete for contracts.

To push through this position, she [fired Dr Zodwa Dlamini](#), South Africa's chief delegate in charge of a daily project oversight in Lesotho. She replaced Dlamini with a lawyer with no engineering or water knowledge.

Then she [cancelled a tender](#) that had already been closed after reportedly meeting with officials of the company that was excluded because it did not have the required expertise.

## **More scandals**

In between the township tap and the big dams of Lesotho, there are many more sad stories. Newspaper [reports](#) tell of huge contracts given to political friends – R4 billion in Limpopo Province alone. There are many question marks over their performance and Limpopo remains one

of the worst performing provinces with 60% of its households suffering long interruptions in supply in 2015.

In October Mokonyane's department took out full page advertisements [boasting](#) that the Auditor General had given them a "clean audit". But then in November the Auditor General highlighted the department as one of the [worst offenders](#) for billions of rands of irregular expenditure.

Mokonyane then claimed that the irregularities were [due to drought](#) despite the fact that they occurred after three years of normal to above average rainfall in the province concerned.

Meanwhile, officials in the national government and water professionals have been horrified to learn that, in the Free State, the minister and mayor of Mangaung are pushing ahead with proposals to build a [R2 billion pipeline](#) to bring more water to the city from the Gariep Dam on the Orange River. [Technical studies](#) -- carried out by the Mokonyane's department -- show that this is three times more expensive than other alternatives that could meet the city's needs for the next 20 years. If this project goes ahead, it will reduce funds for water provision in the province by more than a R1 billion.

## **Radical transformation**

Mokonyane has [justified](#) her actions on the grounds that she is promoting radical economic transformation. But what does that mean and is it true?

In 2015 the handover report of the first [National Planning Commission](#) said that radical change was necessary to end poverty and inequality and ensure a prosperous South Africa.

The commission spoke of the need to move away from narrow black

economic empowerment benefiting only a few people to more broad-based approaches. The shift emphasised supporting people engaged in productive activities rather than just middlemen. It pointed out that new economic tools would be needed to achieve this. Conventional economic policies would need to be interrogated and support, such as long-term low-income loans, would need to be provided.

It is important to consider decisions that are being taken today and ask whether they are moving the country in this direction.

My contention is that, based on what's happening in the [water sector](#), they are not. When companies without capabilities are appointed to do jobs, they have two choices. They can appoint others to do the work for them, the traditional middleman approach. Or they will try to do the job themselves, resulting in delays and cost overruns.

Take a large project like the [Polihali Dam](#) and tunnels for Lesotho Highlands Phase 2. This is no small job.

The Polihali dam will be 169 metres high, almost as tall as one of Johannesburg's tallest buildings, the Ponte City. The tunnel, big enough to drive a double decker bus down, will be over 30 kms long. So choosing inexperienced contractors could result in disastrous delays and cost overruns.

If decisions taken in the name of radical transformation put the water supplies to major centres at risk of interruption, economic activity will stagnate or move elsewhere. With it will go the jobs and opportunities to engage more people in the economy. Already, many South African corporations are worrying about the water security of their operations in places like Gauteng.

## **Playing into the pockets of the elite**

When money is wasted there will simply be less available to provide services to those who do not yet have them. This will in turn reduce demand for the basic goods and services in house building and construction that should be part of any radical economic transformation.

Mokonyane faces mounting [criticism](#) for her handling of water matters. Her department has reportedly been the subject of [investigations](#) by the public protector and the police's Special Investigating Unit. In response she has [appointed her own task team led by a lawyer to investigate](#). Whether its work will be independent is highly questionable.

The view through the lens of water is thus clear. The shenanigans in the [water](#) sector have little to do with radical economic transformation. They are more about the ongoing enrichment of a new elite.

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