

Organisational Profile

Overview

Umgeni Water was established in June 1974 to supply bulk treated water to municipalities in its designated operational area. Over the years the organisation has grown into the largest bulk water supplier in KwaZulu-Natal and has an operational area of 21 155 square kilometres.

The organisation derives its revenue from the sale of bulk potable water to its customers, which comprise six municipalities in KwaZulu-Natal, namely, eThekweni Metro, iLembe District Municipality, Sisonke District Municipality, uMgungundlovu District Municipality, Ugu District Municipality and Msunduzi Local Municipality. A total of 416 million kilolitres of potable water is currently supplied to customers.

The organisation is dependent on reliable infrastructure to provide assurance of supply to its customers. The infrastructure assets that the organisation owns, or manages comprise:

- ◆ Approximately 514 kilometres of pipelines and 118 kilometres of tunnels,
- ◆ Twelve dams,
- ◆ Twelve water works, and
- ◆ Four wastewater works.

These include:

- ◆ Five dams managed on behalf of the Department of Water Affairs,
- ◆ Two dams managed on behalf of the Ugu DM,
- ◆ Two water works managed on behalf of the Ugu DM, and
- ◆ One wastewater works managed on behalf of the Umgungundlovu DM.

A further eighteen water works, seven off-site reservoirs, nineteen boreholes and one untreated water supply scheme, are managed on behalf of the iLembe DM.

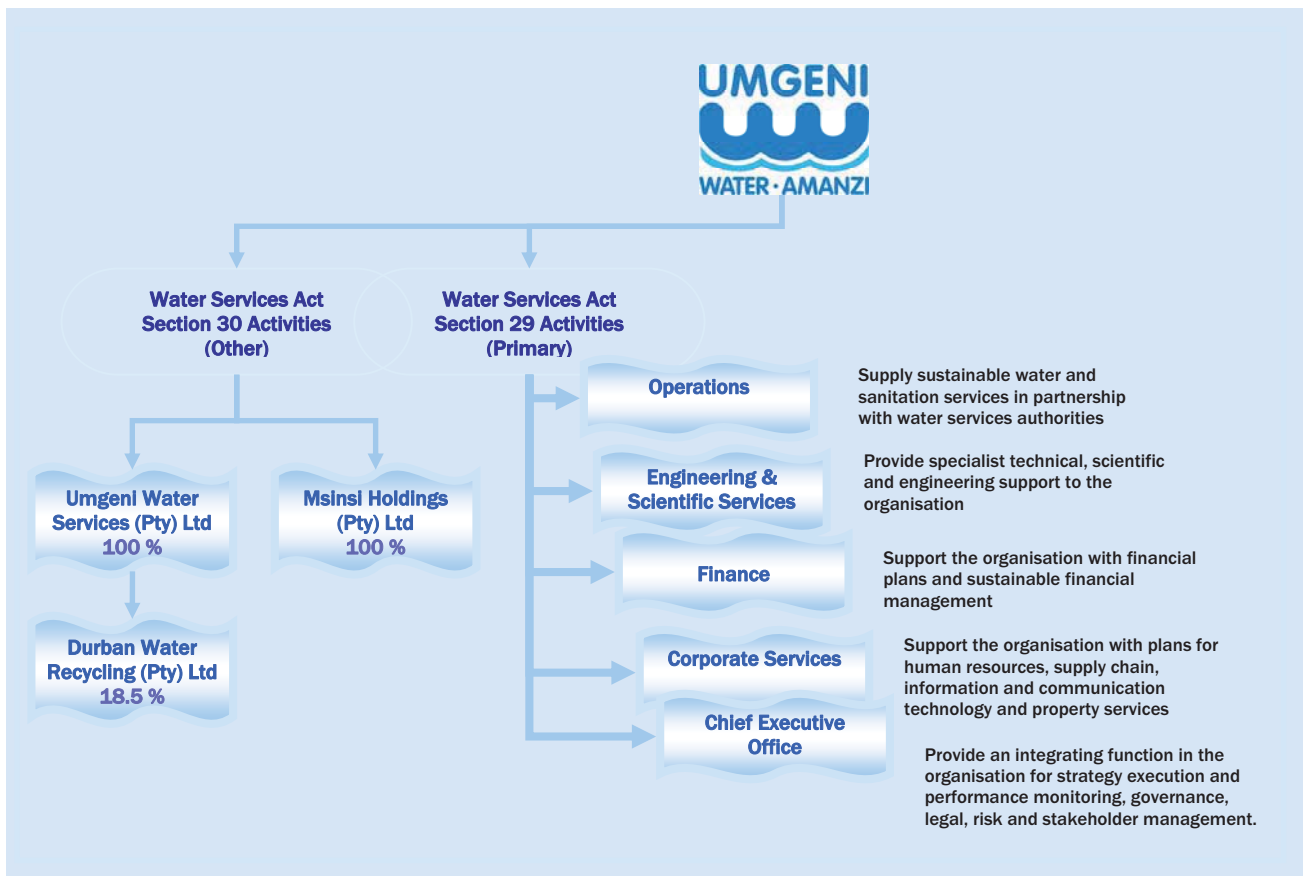
The organisation works in accordance with the Water Services Act (Act 108 of 1997) and the Public Finance Management Act (Act 1 of 1999), amongst others, and its Executive Authority is the Minister of Water and Environmental Affairs.

Organisational Structure

The organisational structure with subsidiaries is shown in Figure 1.1. The organisation also owns Msinsi Holdings and during the year had continued the process of disposing of its shareholding in Msinsi Holdings, such that it could focus on its core business activities in pursuit of its mission.

The total number of employees in the organisation at 30 June 2009 was 825 for the parent company, which included 92 contract employees.

Figure 1.1: Organisational Structure



The organisation's Mission, Strategic Intent, Vision and Values continue to provide a clear framework for formulation and implementation of its strategic objectives and delivery on its water services mandate.

Its business, as articulated in its mission, is the provision of water and sanitation services to local government.

Mission

"To provide effective and affordable bulk water, bulk sanitation and related solutions to local government in accelerating the water sector's national developmental agenda"

We want to be recognised as a strategic and sustainable partner of municipalities, creating distinct shareholder value through providing bulk water and

sanitation services as a catalyst for local economic development and supporting government's developmental agenda.

Strategic Intent

"A key partner in enabling local government to deliver effective water services"

Our long term aspiration is to become the first-choice water utility in the developing world and to **leave a positive legacy** in the areas we serve.

Vision

"To be The Number One Water Utility in the Developing World"

Values

Six core values underpin our business.

Customer Focus

Partnering with municipalities to proactively identify and provide integrated sustainable solutions to enhance their capacity to deliver in accordance with their mandates.

Integrity

We commit ourselves to the highest ethical standards by dealing with all internal and external stakeholders in an honest and transparent manner in order to engender trust. We appreciate the same integrity from our customers, suppliers, partners and other stakeholders.

Developmental Approach

We deliver sustainable and appropriate water and sanitation solutions that improve the quality of life and contribute to the human development agenda.

People

We value and respect all people equally.

Environmentally Sustainable

We are committed to protecting our diminishing natural resources and reducing pollution in all areas of our involvement.

Excellence

We value the use of innovation, knowledge and intellectual capital, from our staff, customers, strategic partners and stakeholders, to enhance our delivery of water and sanitation services.

Stakeholder Profile

The organisation places a high value on developing and maintaining cordial relations with all its stakeholders. This is done to ensure that stakeholders are informed of the activities of the organisation that impact on them, and that the organisation is able to carry out its primary functions in a sustainable way. The importance we attach to stakeholder relations is underscored by the fact that two of our strategic objectives are dedicated to exceeding customer expectations and managing stakeholder relations.

Stakeholder engagement is, in the main, undertaken by the Board, Executive Management and Senior Managers of the organisation. In the period under review, interaction took place with key stakeholders, including:

- ◆ **The organisation's shareholder, the Ministry of Water and Environmental Affairs (previously, the Department of Water Affairs and Forestry),**
- ◆ **The Executive Authority, the Minister of Water and Environmental Affairs,**
- ◆ **The Department of Water Affairs,**
- ◆ **The Parliamentary Portfolio Committee on Water and Environmental Affairs,**
- ◆ **Municipal customers and their political principals,**
- ◆ **The Government's National Treasury.**

The nature and frequency of discussions between the organisation and the abovementioned category of stakeholders are determined by performance agreements signed between the Board of Umgeni Water and the Executive Authority (Shareholder Compact), and the Chief Executive of Umgeni Water and municipal customers (Bulk Supply Agreements), as well as by relevant legislation.

The agreements pertain to organisational delivery, in the areas of its core business and financial

performance, and the organisation's stakeholder meetings serve the purpose of monitoring such performance and resolving challenges. Strategic organisational documents, the Five Year Business Plan and Annual Report, and quarterly organisational performance reports are also submitted to the Department of Water and Environmental Affairs and other key stakeholders.

In the year under review, the organisation also interacted, on separate occasions, with:

- ◆ **The KwaZulu-Natal Provincial Government,**
- ◆ **The other water utilities in KwaZulu-Natal: uThukela Water and Mhlathuze Water,**
- ◆ **Organised labour, and**
- ◆ **Civil society, including Community Based Organisations and environmental NGOs.**

While these latter engagements are not a compliance requirement, they are nevertheless indispensable to the organisation's need to reach out to, and receive feedback from, grassroots constituencies within our area of operation.

As a matter of course, feedback is received from the Executive Authority and customers in specific areas contained in the Shareholder Compact and Bulk Supply Agreements respectively.

The organisation has performed consistently well over the past five years, including the Financial Year 2008/9, in meeting its obligations. As a result, the organisation has been commended by the Ministry of Water and Environmental Affairs for good corporate governance, notably, in respect of compliance with the Water Services Act and Public Finance Management Act.

Further examples of our stakeholder engagements and collaboration may be found throughout our report.