The festive season is almost upon us again, and it is a time to be merry in the company of loved ones and friends. An entire year has come and gone, and it seems as if it was only a short while ago that the festive season of 2011 had been with us.

As we prepare to unwind, relax and celebrate, it is important to pause for a moment and reflect on the year that has passed. This moment of reflection will help us gauge how far we have come and what still needs to be done in order to accomplish the objectives we had set for 2012. To face the future with confidence, we need to draw from lessons of the past.

For Umgeni Water, 2012 has been a successful year in many respects, but also one that produced some daunting moments - from which we have learnt, acted and had been praised for our quick response. I refer in particular to the water supply interruptions that occurred in Ballito almost a year ago. At the height of the situation in Ballito, our relationship with the customer lurched from excellent to challenging, but we have happily overcome this and have been able to restore confidence through intensive interaction and the implementation of various projects that will remove supply bottlenecks. Today, the relationship between Umgeni Water and all of its customers, including Ilembe, is both cordial and constructive and, as we enter the New Year, we are looking forward to closer co-operation with the Political Leadership and Executive Management of these Water Service Authorities (WSAs).

In 2012 there were many accomplishments that continued to position our organisation as a high-performing and financially sustainable entity that adds value to our customers, to the almost 5 million consumers of water in our supply area and to the Executive Authority to whom we report. These accomplishments would not have been possible without your contribution, as colleagues and partners in our organisation. I now want to share some of our successes with you:

**Strategic support to Local Government**

- Four projects have been completed and are ready to be commissioned:
  - Upgrade of the South Coast booster pump station. This will enhance assurance of supply to the eThekwini and Ugu supply areas in the Middle and Upper South Coast.
  - Mhlabatshane Dam, which is part of the Mhlabatshane Bulk Water Supply Scheme. The key objectives of the Mhlabatshane Bulk Water Supply Scheme are to address backlogs and enhance water service levels to several communities within the Umzumbe and Hibiscus Coast municipalities’ areas of jurisdiction.
  - The Hazelmere to La Mercy Bifurcation pipeline. This project was completed in about 10 months and is intended to augment supply in order to prevent supply interruptions occurring again in parts of the Ilembe District.
  - Maphepethwa Water Treatment Works, which will serve the community of rural Inanda.

- In addition, R228 million was spent on the implementation of key rural development infrastructure projects which included the Greater Eston Bulk Water Supply Scheme; Maphumulo Bulk Water Supply Scheme Phase 1; Lower Thukela Bulk Water Supply Scheme and Richmond Pipeline.

- The support we provided enabled all of our WSA customers to obtain Blue Drop certification for nine systems. As you are aware, Blue Drop awards are made for excellence in water quality management.

- As part of our pledge to continue supporting our customers in obtaining Blue Drop certification, we convened a breakfast workshop where the nature of support available from Umgeni Water and the requirements for Blue Drop certification were presented.

- We partnered with the Department of Water Affairs and Ugu District Municipality in arranging a public function where the benefits of the Mhlabatshane Dam was presented to the communities of Umzumbe and Hibiscus Coast.
The difference we continue to make to the lives of people through our Corporate Social Investment initiatives, among them schools, water classrooms, the provision of boreholes at rural schools that do not have access to safe drinking water, job creation through infrastructure projects and the economic empowerment of emerging enterprises.

It was through your talents, hard work and dedication that we have been able to provide this strategic support to our customers and Government and also ensure that an adequate and reliable supply of potable water was provided to them. Whatever I may say will never be enough, but accept my grateful thanks and appreciation for your efforts. I salute and thank the unsung heroes and heroines of this organisation for a job well done and for the sacrifices made in going the extra mile.

One of the bones of contention among Black-owned businesses was the lack of clarity on how they could become service providers on Umgeni Water’s infrastructure projects, and on the application of Umgeni Water’s Broad-Based Black Economic Empowerment Policy. To this end, a new BBEE model has been launched at Umgeni Water that facilitates established companies to share 30% of Umgeni Water-awarded contracts with emerging Black-owned businesses. This will ensure the transfer of skills and access to work, resulting in economic empowerment and value to stakeholders. The revised BBEE model of Umgeni Water was formally presented to Senior Managers of Umgeni Water and suppliers of goods and services to the construction industry – both current and potential - at two briefing sessions. Black Economic Empowerment is a key objective of the Government and part of the upliftment process of historically disadvantaged individuals, communities and companies. Umgeni Water, for its part, has an unwavering commitment to this process and, in line with this, reviewed and changed its BBEE Policy to make it more effective.

**Other Stakeholder partnerships**

It is important to note that we continue to enjoy excellent relationships with our customers, the Ministry of Water and Environmental Affairs, the Regional Office of the Department of Water Affairs, the Provincial Government of KwaZulu-Natal and Civil Society formations. This has been made possible through the organisation’s consistent compliance with contractual requirements, articulated in the Shareholder Compact signed with the Minister of Water and Environmental Affairs and with Bulk Supply Agreements that we have with five of our six customers, and through extensive engagement with our customers. To this end, it has been a busy year for the Board and Executive Management as we travelled the length and breadth of KwaZulu-Natal and Eastern Cape for engagement with key stakeholders. In the end, it was worth it as these engagements allowed us to look, learn, share experiences and receive information critical for the development of future relationships and support.

In the New Year there will be further strengthening of partnerships with our customers and potential customers as we prepare to launch our business growth plan that is intended to expand our existing business and attract new business from municipalities that require the expertise and support of Umgeni Water. The strategies we have chosen to increase our customer base and business holds both exciting and challenging prospects, but we are confident that a market exists for the products, services and expertise we have to offer.

**Our challenges**

As we look back with nostalgia at our achievements and successes in 2012, we should not forget the challenges we face now and in the future. These include responding to the slowdown in the economy (which ultimately impacts on the volume of water purchased by our customers), responding to climate change and maintaining a financially sustainable and burgeoning organisation that will continue to occupy its rightful place as an entity that adds value to the lives of ordinary people.

We have to also continuously remain vigilant about the risks pertinent to our environment and functions – both existing and emerging – and ensure that we have both sufficient and practical mitigation measures in place in order to cushion the effects of these risks.
At the same time, it is realistic to begin preparing for further input into deliberations that are taking place to realign or develop a water sector of the future. Our input is vital in shaping the new sector as we have solid understanding of what is expected of institutions such as Umgeni Water and how to deliver on these expectations.

And importantly, as 2012 draws to a close, we must also remain focused on the fact that the work we began must be brought to finality. To this end, we will work in close co-operation and liaison with all our customers and stakeholders to ensure that we continue to meet their expectations and this organisation continues to make a difference.

As colleagues, you have a crucial role to play in Umgeni Water attaining its objectives. Without your input, there will be a huge void.

**Conclusion**

I want to wish you and everybody close to you a joyous festive season and a prosperous New Year. I also want to thank all staff who will be working over the festive period and cannot be with their loved one. Our thoughts will be with you. For some people, the coming holiday season will not be a joyous occasion because of personal circumstances or loss. Our thoughts, hearts and prayers are with you as well. As some of you make the long journey home and various destinations, please drive safely.

**Acknowledgements**

- Board, Executive and Employees of Umgeni Water for the positive results produced in 2012
- Our customers, eThekwini, iLembe, Ugu, Sisonke and uMgungundlovu and Msunduzi for their loyal support
- The Ministry of Water and Environmental Affairs, the Department of Water Affairs (National and Regional Offices) for their strategic support
- The Portfolio Committee for Water and Environmental Affairs for its ongoing support and understanding
- The Provincial Government of KwaZulu-Natal for extending a warm welcome to us as we endeavour to expand relations
- All Civil Society formations with whom we engage and interact: Thank you for your co-operation, understanding and support