

6. STAKEHOLDER UNDERSTANDING AND SUPPORT

STAKEHOLDER INTERACTION

One of the pillars that underpin Umgeni Water's core business is regular, relevant and transparent stakeholder engagement. This is a requirement in terms of legislation and Shareholder expectations, but Umgeni Water, for its part, also conducts stakeholder interaction on a voluntary basis, exceeding by far the minimum requirements.

The organisation employs an array of communication tools to engage with its stakeholders, among them, meetings, briefing sessions, media conferences and statements, seminars, workshops, internal publications and surveys.

In the reporting year 2011/2012 Umgeni Water upped the tempo of interaction, reaching across the entire spectrum of stakeholder categories (Statutory, Contracted and Non-Contracted), some on multiple occasions as a result of both need and organisational imperatives. In a word, the cordial relations that have been cemented have set an exciting challenge for Umgeni Water to sustain its efforts in the year ahead.

Fundamental to Umgeni Water's stakeholder engagement is its strict adherence to the organisation's Stakeholder Communication Framework and Plan, which stratifies stakeholders into three categories: Statutory, Contracted and Non-Contracted, with clearly defined levels of interaction by the Board, Executive Management and Management and the nature of information to be provided and received. The Stakeholder Communication Framework and Plan ensures that the information provided by Umgeni Water is accurate and relevant, and that feedback is received and responses provided as soon as is practically possible.

The table below shows the stakeholders with whom the Board (Accounting Authority), Chief Executive (Accounting Officer) and officials interact and the nature of this interaction.

Table 6.1: Umgeni Water's Stakeholder Profile and Engagement.

Stakeholder	Nature of Interaction
Statutory	
Minister of Water and Environmental Affairs	Shareholder Compact; tariff; expectations of Executive Authority; statutory submissions; strategy planning for water sector.
Department of Water Affairs	Implementation of DWA's strategic objectives for water boards.
National Treasury	Compliance with Public Finance Management Act and National Treasury Regulations; financial performance and organisational viability and sustainability.
Contracted	
Customers: eThekweni MM; Msunduzi LM; Ugu DM; iLembe DM; Sisonke DM, uMgungundlovu DM;	Tariff consultation as per Municipal Finance Management Act; confirmation of Bulk Supply and satisfaction with Service Level agreements.
Employees	Information communication regarding organisational performance and policy issues, including: Medical aid presentations and survey; Wellness Day and World Aids Day; Staff Information Sessions and Executive Site visits; staff recognition and awards.
Organised labour (National Education, Health and Allied Workers' Union)	Organised labour appropriately informed and engaged on key organisational and sector issues: consultation on Human Resources policies; wage negotiation; surveys, medical aid; presentations; Wellness Day and World Aids Day; staff and operational matters; discussion on annual budget.
Suppliers	Supply chain processes awareness briefings; service and products issues; skills level of construction staff; Extended Public Works Programme compliance.

Stakeholder	Nature of Interaction
Non-Contracted	
Water research and academia	Water sector knowledge, water and wastewater research and skills development.
Water sector utilities in South Africa and Africa.	Exchange and expansion of water sector knowledge and interventions to enhance water quality and service delivery.
Chambers of business	Participation as member; knowledge gathering relating to water and waste, air quality, environmental sustainability; information, communication and technology; innovation & development.
Media	Annual Report; statements and interviews granted on operational, strategic and sector issues.
Non-Government organisations and community-based organisations	Information sharing on new projects. Engagement on need for declaration of servitudes.

- **Statutory** - stakeholders who have a regulatory or oversight function over Umgeni Water, among them the Minister of Water and Environmental Affairs, the Portfolio Committee on Water and Environmental Affairs, the National Treasury and the different tiers of Government, with whom the organisation is required to interact on a regular basis in order to ensure that statutory reporting requirements are met.

In the period under review, a Minister's Forum was formed for the purpose of engagement between the Minister and Chairpersons of water boards. The inaugural Forum meeting was attended by the Chairperson of the Board of Umgeni Water, and discussions were held on DWA-water board governance aspects. The meeting also sought to define and standardise the relationship between the Executive Authority and Accounting Authority, and Director-General and Accounting Officer, among others. The Forum further ingrained alignment of DWA and water boards' vision, strategy, plans and Shareholder Compact with National Government priorities, and set the scene for water boards' future contributions to strategic sector debates.

- **Contracted** - there are contractual obligations between Umgeni Water and customers (among them Water Services Authorities, Department of Water Affairs and suppliers) and between Umgeni Water and employees, and between Umgeni Water and organised labour.
- **Non-contracted** - all other stakeholders

The Minister of Water and Environmental Affairs is the Executive Authority (EA) of water boards, including Umgeni Water, and is mandated to monitor performance with regards to service delivery, operational efficiency, water quality, infrastructure investment, financial and commercial viability and governance and regulatory compliance. This EA oversight role is exercised in terms of stipulations of the relevant sections of the Water Services Act, Act 108, amended in 1997 (WSAct), the Public Finance Management Act, 1 of 1999 (PFMA), as well as Regulations Gazetted in terms of these Acts and other relevant legislation and policy requirements.

In the period under review, high-level engagements by the Board and Executive Management of Umgeni Water took place with a wide range of stakeholders, both in terms of legislative requirements and on a voluntary basis. These stakeholders included:

- The Minister of Water and Environmental Affairs
- The Portfolio Committee on Water and Environmental Affairs
- The Provincial Government of KwaZulu-Natal
- Executive Administration of the Department of Water Affairs

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- National Treasury
- The six Water Service Authority customers of Umgeni Water (Mayors and Executive Management)
- OR Tambo District Municipality
- Mbizana Local Municipality
- Water Utilities Corporation of Botswana
- Investors
- Other South African water institutions
- Media
- Organised labour (National Education, Health and Allied Workers' Union)
- Non-union staff

In the course of execution of stakeholder interaction, Umgeni Water received positive feedback from the majority of major stakeholders, among them the Minister of Water and Environmental Affairs, the Portfolio Committee on Water Affairs, the Office of KwaZulu-Natal Premier and the KwaZulu-Natal MEC for Corporate Governance and Traditional Affairs. Further to this, an in-depth stakeholder survey was conducted by an independent supplier among a wide mix of stakeholders to test, among others, perceptions of and attitude to service delivery standards, level of awareness of the brand and problem areas that require attention. In response to the findings, an action plan has been developed to address challenges and opportunities.

In the normal course of implementation of its mandate, Umgeni Water either generates or attracts media attention. During the review period extensive publicity was given to Umgeni Water in multi-media platforms on a range of topics. Interaction centred around annual organisational performance, issues of an operational nature and strategic planning to enhance future water resource availability and supply. The majority of coverage was either positive or neutral in nature, reflecting the high level of confidence stakeholders have in Umgeni Water.

Umgeni Water continued to occupy prominence in the Province of KwaZulu-Natal. This was assisted by Umgeni Water's participation, as partners to the organisers, in the Duzi Canoe Marathon, Comrades Marathon, Umgeni Water Marathon, the Royal Show and the Garden Show. In a similar vein, the annual financial results and other outcomes of the 2010/2011 reporting year were presented to major stakeholders, including the Executive Authority, investors, the media and customers. The response received was an overwhelming endorsement of the good-standing and high reputation of the organisation.

Of significance during 2011/2012 were five ground-breaking developments:

- A highly successful stakeholder interaction session, attended by the senior leadership of all six WSA customers and DWA. The occasion was a breakfast meeting to share information on the Blue Drop process, and recognise the WSA-UW partnership performance in the Blue Drop certifications, in which nine Blue Drop Awards were received in 2012.
- The constructive outcomes of the abovementioned stakeholder attitudinal and perception survey.
- Presentations to and dialogue with the Executive Committees of municipal councils on Umgeni Water's infrastructure plans. During this process, challenges faced by municipalities were identified and, where possible, joint solutions developed with the Board and Executive Management of Umgeni Water. These engagements were held with the iLembe District Municipality, Ugu District Municipality, Sisonke District Municipality, uMgungundlovu District Municipality, Msunduzi Local Municipality and eThekweni Metropolitan Municipality.
- Site visits conducted jointly with customers to inspect progress with construction of major infrastructure projects, among them the Maphumulo Bulk Water Supply Scheme, the Mbizana Regional Bulk Water Supply Scheme and Mhlabatshane Bulk Water Supply Scheme.

- Successful collaboration and inputs with the KwaZulu-Natal Provincial Government centred on the 2011 Climate Change Summit; participation in Provincial Planning Lekgotla, and joint planning for a function to mark the completion of construction of the Mhlabatshane Dam.

Engagements also occurred with civil society for various reasons and through various means. These included public participation in Environmental Impact Assessments scoping for planned and impending infrastructure projects, among them the Richmond pipeline, Lower Thukela Bulk Water Supply Scheme, Maphumulo Bulk Water Supply Scheme Phase 2 and the Imvutshane Dam. Public participation is a prerequisite of legislation and has to occur before a Record of Decision is issued to enable construction activity to commence. Other major civil society initiatives were a function to mark the end of construction of the Mhlabatshane Dam and a function to mark the end of construction of the Maphephethwa Water Treatment Works. At the Mhlabatshane function, arranged by Umgeni Water, the Department of Water Affairs and the Ugu District Municipality, an estimated 4,000 residents attended and enthusiastically participated in activities. Community outreach projects were also undertaken and included water education-related presentations to learners at the Royal Show; participation by an estimated 5,000 children in Umgeni Water's water classrooms and participation by communities in projects undertaken by Umgeni Water to manage and reduce pollution of rivers. In the next financial year a new initiative is to be launched to manage Umgeni Water's Corporate Social Investment (CSI) activities, which will fine tune the structure in which CSI is presently implemented.

Umgeni Water also has membership of a range of organisations, among them: Water Institute of South Africa, Engineering Council of South Africa, South African Institute of Race Relations, Durban and Pietermaritzburg Chambers of Commerce, South African Council of Natural Science and Water Environment Federation. It also maintains relations with South African and European educational institutions for the purpose of research, training of graduates and exchange of information.

Internal engagement occurred in the form of Staff Information Sessions and Site Visits, both of which are effective platforms that allow staff to have dialogue with the Executive on work-related issues, and also receive information, first hand, from the Chief Executive and General Managers on organisational performance. Questions raised by staff receive an immediate response and, if not possible, research is conducted before response is provided. In addition, employees were kept informed through communiqués from the Acting Chief Executive and Executive capturing key internal and operating environment issues.

Information sharing often reveals the critical role Umgeni Water plays in assisting its stakeholder constituency to make informed decisions. It also provides a platform for Umgeni Water to gauge and learn about the internal and external environments and determine how to respond to them. In the course of these interactions, many new stakeholders are also identified and new relationships developed, to the mutual benefit of Umgeni Water and affected and/or interested parties.

There were many other highlights in the past financial year - accomplishments that resulted from the commitment and hard work of members of the Board, Executive and staff of Umgeni Water. The future holds promise for enhanced relations that can only have the effect of making the operating environment of Umgeni Water a more pleasant and enabling one. For their part, the Board, Executive and Management will continue to play an active role in ensuring that stakeholder interactions stay in focus and are in line with Umgeni Water's strategic objective to remain customer and stakeholder oriented. As this objective is achieved, year after year, more credence is added to Umgeni Water's outcome to obtain stakeholder understanding, support and satisfaction.