

STAKEHOLDER UNDERSTANDING AND SUPPORT

STAKEHOLDER INTERACTION

One of the key Strategic Objectives of Umgeni Water is to increase customer and stakeholder value. In pursuance of this, customer and stakeholder interaction is a vital component. As a result, Umgeni Water's leadership, management and officials engage with stakeholders that are impacted on, affected by or have an interest in, the mandate and core functions of the organisation. Stakeholders of Umgeni Water have been categorised into four groups: Statutory, Strategic, Contracted and Non-Contracted. Engagements with stakeholders take place as a mandatory legislative requirement, as part of contractual obligations and on a voluntary basis. These engagements are both scheduled and unscheduled.

Umgeni Water engaged with all targeted stakeholders in the year under review and, overall, received positive and constructive feedback for future strategies, plans and programmes.

Engagement with the Minister of Water and Sanitation, the Acting Director-General of the Department of Water and Sanitation (DWS), National Treasury and SALGA, took place on numerous occasions, including for formal appraisal of strategy, business plan implementation and performance indicators as per Shareholder Compact, as well as during Minister forums hosted by DWS. A summit was also convened by the Water and Sanitation Ministry to encourage private-public partnerships for the investment in water infrastructure.

All statutory documents for the year were timely submitted.

Engagements with the Department of Water and Sanitation also took place on the subjects of drought relief and drought mitigation measures, as well as a media visit to Lower Thukela Bulk Water Scheme to showcase this project. Other engagements related to bulk potable water and future year tariff charges took place with the Ministry of Water and Sanitation and all customers.

Umgeni Water also had an opportunity to engage with the Office of the Premier and CoGTA on issues of water resources shortages in the Mgeni System and on major projects, among them the uMkhomazi Water Project.



UMGENI WATER STAKEHOLDERS



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**COMMISSIONING OF
LOWER THUKELA BWSS**

Media coverage of the organisation, in print, broadcast and online, was in the form of positive, neutral and negative reports. Media coverage of Umgeni Water is monitored by an independent company and evaluation of media coverage is based on reports supplied quarterly by this company. Positive coverage was significant, in part, because of the organisation's effective management of water shortages that prevented failure of the Midmar and Albert Falls dams, and completion and commissioning of two strategic projects: the Lower Thukela Bulk Water Supply Scheme and upgrade of the Midmar Water Treatment Works. The appointment of a Board (on an interim basis) in the first quarter of the financial year under review also received extensive publicity.

A large number of customer engagements took place, including both strategic and operational engagements. Engagements with Umgeni Water's customers focused on performance with respect to bulk supply agreements, service delivery needs, infrastructure plans, status of water resources and water conservation. Engagements also took place with customers to explore cost-effective means of mitigating the effects of water shortages. Events that were either hosted by Umgeni Water or in which the entity participated, were:

- Joint launch of the National Water Week (KZN) with the Department of Water and Sanitation;
- Community function to commission the upgrade of the Midmar Water Treatment Works;
- A dam safety event held to prevent drowning in dams and rivers;

- A Supplier Forum;
- Hosting of visiting delegations from South Sudan Ministry of Water Resources and Irrigation and from Overberg Water Board; and
- Presentation of Umgeni Water's annual performance to two separate stakeholder sessions, one for the media and the other for customers and financial institutions.

Umgeni Water is aware of the importance of maintaining a healthy internal pulse and created opportunities during the year for engagement with employees and employee union (NEHAWU). This included a staff information session, visits to sites, meetings with the employee union, annual staff awards session, commemoration of special days in the year, sport fun days, induction of new employees and communiqués designed to inform employees of events and Ministerial announcements and speeches.

Interaction with communities, together with customers and other key stakeholders, was made possible through the following:

- Corporate Social Responsibility initiatives;
- Dissemination of water and environmental education to learners and other attendees and interaction directly with the public at the annual Royal Agricultural Show. Awareness of the role, functions, competencies, products and services of a water utility was created;
- The Umgeni Water Marathon further provided socialised interactions between employees and the public; and
- Special day/week events, including Water Week, Environment Day and Women's Day, and commissioning of the upgraded Midmar Water Treatment Works, among

several others, provided opportunities for community outreach and awareness creation.

Umgeni Water kept abreast of water-related knowledge through collaboration and knowledge exchange with water utilities in South Africa, Europe and the United States of America.

Further opportunity to engage water sector peers was made possible through attendance of the Institute of Municipal Engineers of Southern Africa Conference and Exhibition and the Biennial Conference and Exhibition of the Water Institute of Southern Africa.

Suppliers, notably small, medium and micro enterprises, were engaged during a forum, where Umgeni Water provided information to current and potential suppliers to help increase future B-BBEE opportunities. In addition, Umgeni Water interacted with the Durban Chamber of Commerce, Pietermaritzburg Chamber of Business, the South African National Civic Organisation and Human Rights Commission and provided an overview of the entity's five-year capital infrastructure programme, water resource shortages in the Mgeni System, bulk potable water tariff increase for financial year 2018/19 and status of proposed disestablishment of Mhlathuze Water and its incorporation into Umgeni Water.

The relationship Umgeni Water has with its stakeholders is based on transparency and mutual value creation. The feedback received in the year bears testimony to the healthy and robust stakeholder relations enjoyed by Umgeni Water.

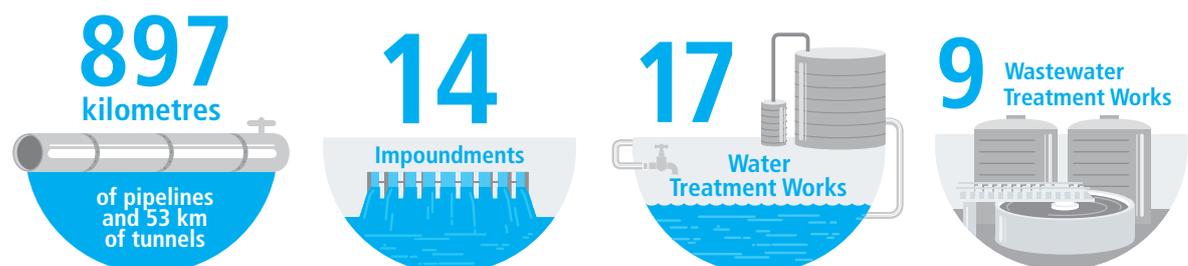


Table 7.1: Umgeni Water Stakeholders, Basis for Engagement and Value Proposition

Umgeni Water Stakeholders, Basis for Engagement and Value Proposition	
<p>Statutory Stakeholders <i>Stakeholders who have a regulatory or oversight function over Umgeni Water, among them being the Minister of Water and Sanitation, the Department of Water and Sanitation, the Portfolio Committee on Water and Sanitation and National Treasury. Umgeni Water, a state-owned entity, is required to interact with these stakeholders on a formal and regular basis in order to ensure that statutory obligations are met and there is alignment with the government's objectives, strategies and plans.</i></p>	
<ul style="list-style-type: none"> ○ Minister of Water and Sanitation ○ Portfolio Committee on Water and Sanitation 	<ul style="list-style-type: none"> ○ Department of Water and Sanitation ○ National Treasury
<p>Basis for engagement: <i>delivery on mandate, compliant with Water Services Act, Public Finance Management Act and other pertinent legislation and regulations, delivering strategy and plans aligned to government outcomes and Executive Authority expectations, demonstrating adequate water resource planning mobilisation, investing in water infrastructure, ensuring efficient water use and conservation and water quality management, demonstrating a well governed and efficiently run entity, ensuring performance in line with financial and predetermined objectives and plans to deliver sustainability, a partner that shows alignment with water sector communication strategies and plans, and a leader that contributes to establishing synergies in value chain and water sector.</i></p>	
<p>Umgeni Water and the National Government both desire: <i>a high performing, well governed state-owned enterprise that mobilises resources in an equitable and cost-effective manner to advance key national objectives.</i></p>	
<p>Strategic Stakeholders <i>Provincial and some national stakeholders to whom Umgeni Water provides information relating to organisation performance, water resource status, capital infrastructure plans, solutions to prolonged bulk water supply interruptions and expertise available to assist vulnerable water boards and municipalities.</i></p>	
<ul style="list-style-type: none"> ○ KwaZulu-Natal (KZN) Provincial Stakeholders, including, Office of the Premier, KZN CoGTA and KZN Planning Commission ○ South African Local Government Association (SALGA) ○ South African Association of Water Utilities (SAAWU) 	<ul style="list-style-type: none"> ○ South African Human Rights Commission ○ Mhlathuze Water ○ uThukela Water (Pty) Ltd
<p>Basis for engagement: <i>structured implementation plan to enhance assurance of supply and extend water services to previously un-served communities, affordable tariff, water resource adequacy and sustainability as a catalyst for economic expansion, delivery on mandate and alignment to policy and National and Provincial Development Plans, partner in service delivery, accelerated service delivery, Corporate Governance, benchmarking and strategic information exchanges, collaboration in major events and celebrations and proactive measures to mitigate effects of prolonged water shortages and supply interruptions.</i></p>	
<p>Umgeni Water, KZN Province and other Strategic Stakeholders desire: <i>sound water services delivery partnerships, affordable services, role in ensuring regional economic growth and development and exchange of strategic information.</i></p>	
<p>Contracted Stakeholders <i>Stakeholders with whom Umgeni Water has contracted to provide or purchase products, services and goods. They include customers, suppliers and investors and, in the case of employees and organised labour, provision of employment and accompanying service benefits.</i></p>	
<p>Water Service Authorities in KwaZulu-Natal with whom Umgeni Water has bulk supply agreements comprise of:</p>	
<ul style="list-style-type: none"> ○ eThekweni Metropolitan Municipality ○ Msunduzi Local Municipality ○ uMgungundlovu District Municipality ○ iLembe District Municipality 	<ul style="list-style-type: none"> ○ Ugu District Municipality ○ Harry Gwala District Municipality ○ uThukela District Municipality (concluded in November 2017)
<p>Basis for engagement: <i>service agreements, assurance of supply, quality and quantity, care and support, responsive to needs, tariff consultation, partnerships in socio-development initiatives and partnerships in CSI initiatives.</i></p>	
<p>Umgeni Water and WSA customers both desire: <i>a high performing, efficient, effective and responsive Water Services Provider.</i></p>	
<ul style="list-style-type: none"> ○ Employees of Umgeni Water 	<ul style="list-style-type: none"> ○ National Education, Health and Allied Workers' Union (NEHAWU)
<p>Basis for engagement: <i>compliance with collective agreement, demonstrating relevance as an organisation that adds value to the sector, regular feedback and communication regarding sector issues and organisational performance, regular information sharing and feedback on entity events planned and held, equitable jobs, fair labour practice, good working conditions, enabling work environment and communication, fair market-related compensation and service conditions, sound performance management and recognition system and engaged employees, productivity, delivery and return on investment.</i></p>	
<p>Umgeni Water management, union and staff all desire: <i>an equitable company whose policies, practices, systems and feedback create motivated, engaged and aligned employees.</i></p>	
<ul style="list-style-type: none"> ○ Suppliers and Service Providers 	<ul style="list-style-type: none"> ○ Investors and other Financial Institutions
<p>Basis for engagement: <i>compliance with legislation for fair and equitable procurement, supplier development, transparency, business opportunities, integrity, fair treatment, fair pricing, fair payment terms, partnerships in B-BBEE and capacity building towards more inclusive economic participation and Corporate Social Investment (CSI), environmental management and supplier footprint reduction – water, energy and materials</i></p>	
<p>Umgeni Water and suppliers desire: <i>an equitable company whose policies, practices, systems and feedback create responsive and high performing suppliers that deliver against contractual agreements.</i></p>	

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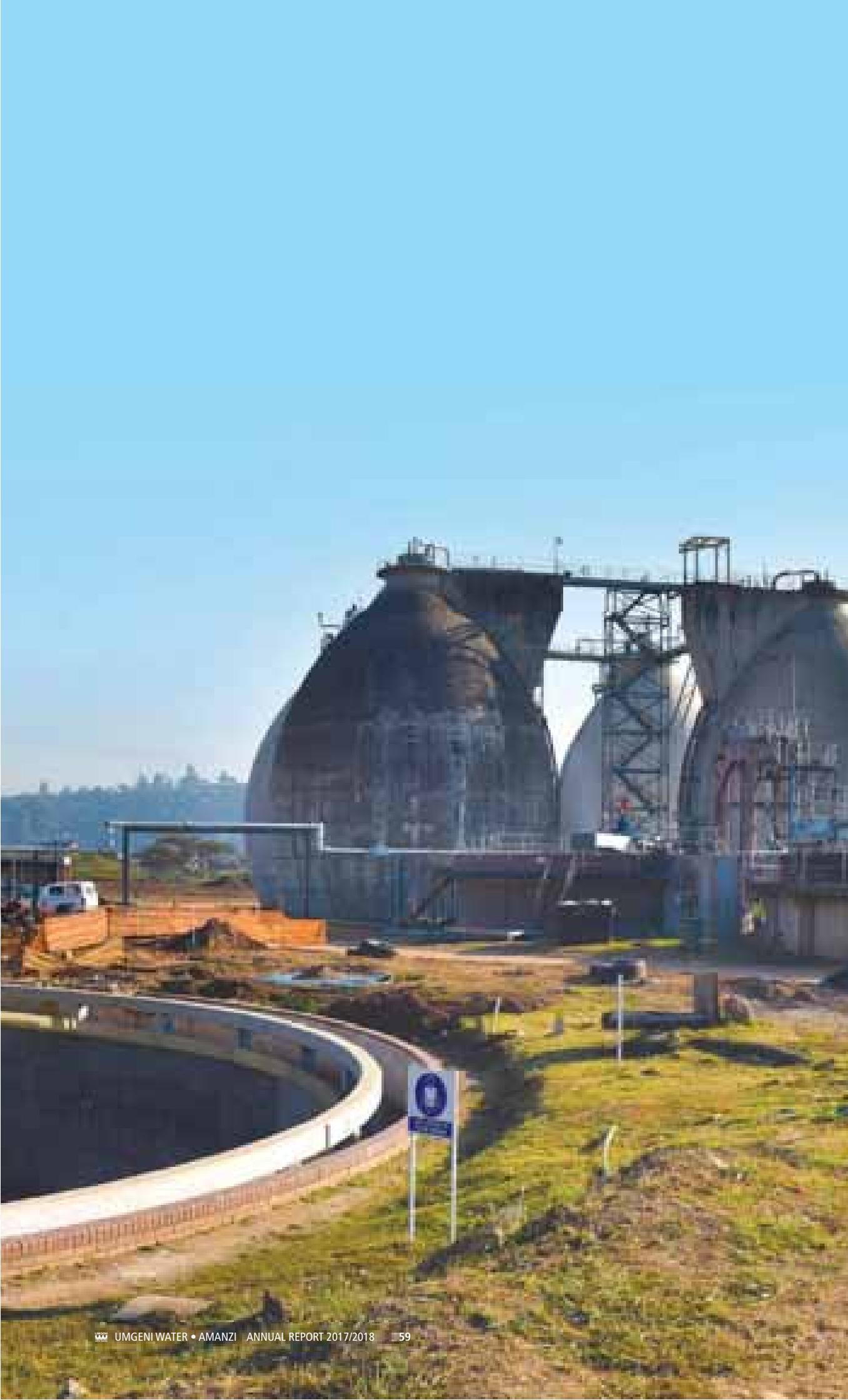
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Table 7.1: Umgeni Water Stakeholders, Basis for Engagement and Value Proposition (continued)

Umgeni Water Stakeholders, Basis for Engagement and Value Proposition	
Non-contracted Stakeholders	
<i>Stakeholders to whom Umgeni Water demonstrates its value as a socially responsible, efficient and high performing entity.</i>	
<ul style="list-style-type: none"> Community and Civil Society Institutions 	
Basis for engagement: <i>Umgeni Water's demonstration of conservation and responsible use of resources, provision of clean and safe environment, exercising of responsible corporate citizenship, demonstration of transparency in Corporate Governance, job creation and provision of information and opportunities. In turn, Umgeni Water requires endorsement of social licence to operate, recognition for creating value, respect for property and collaboration in protecting remotely situated water assets.</i>	
<i>Umgeni Water and communities/civil society desire: a sustainable entity that adds value to society through sound balance of economic growth, social development and environmental sustainability.</i>	
<ul style="list-style-type: none"> Chambers of Commerce, Business and Industry 	
Basis for engagement: <i>Umgeni Water's provision of assurance of supply, quality and quantity, information on tariff, demonstration of responsible corporate citizenship and information sharing on infrastructure development projects. In turn, Umgeni Water encourages recognition for creating value, pollution prevention and safeguarding of water supply resources.</i>	
Umgeni Water and business desire: <i>a sustainable entity that adds value to society through sound balance of economic growth, social development and environmental sustainability.</i>	
<ul style="list-style-type: none"> Media and general public 	
Basis for engagement: <i>access to information, demonstrating accountability, transparency and good governance. In turn, Umgeni Water expects accurate and balanced reporting and media integrity.</i>	
Umgeni Water and media/public desire: <i>a sustainable entity that adds value to society.</i>	
<ul style="list-style-type: none"> Water Research Commission Water Institute of Southern Africa Other National water sector institutions 	
Basis for engagement: <i>information exchange and knowledge management, collaboration in water research and development, support for water centres of excellence, student internships and experiential training and exposure, study tours and site visits, collaboration in major events, such as National Water Week, and participation in international exhibitions, specifically in Africa, knowledge management, networking and responding to bilateral agreements between South Africa and other African countries and continental water utilities.</i>	
Umgeni Water and water sector-related institutions desire: <i>a partner and sector collaborator that contributes to knowledge and skills development for the country, province and region.</i>	



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