



6.0

STAKEHOLDER UNDERSTANDING AND SUPPORT



STAKEHOLDER INTERACTION

One of the pillars that underpin Umgeni Water's core business is regular and relevant 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 interact with its stakeholders, among them, engagements, meetings, briefing sessions, media conferences

and statements, seminars, workshops, internal publications and surveys.

Key to Umgeni Water's stakeholder engagement is its unwavering adherence to the organisational Stakeholder Communication Strategy, 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 Strategy ensures that the information provided by Umgeni Water is accurate and relevant, and that feedback is received and responses provided timeously.

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, No. 108 of 1997 (WSA), 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 2012/2013 all statutory submissions were provided on time and met and exceeded the Shareholder's expectations.

Table 6.1: Umgeni Water Stakeholders and Basis for Engagement

Statutory Stakeholders	
<p><i>Stakeholders who have a regulatory or oversight function over Umgeni Water and with whom the organisation is required to interact on a regular basis in order to ensure that statutory reporting requirements are met.</i></p> <ul style="list-style-type: none"> • Minister of Water and Environmental Affairs, • Department of Water Affairs, • Portfolio Committee on Water and Environmental Affairs, and • National Treasury <p><i>The Basis for Engagement: delivery on mandate, responsive to 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 resource planning mobilisation, investing in water infrastructure, ensuring efficient water usage and conservation and water quality management, demonstrating a well-governed and efficiently run entity, ensuring performance with financial and predetermined objectives and plans to deliver long-term sustainability.</i></p>	
<ul style="list-style-type: none"> • Office of the Premier of KwaZulu-Natal • KwaZulu-Natal Provincial Government departments and notably MEC for Cooperative Governance and Traditional Affairs • KwaZulu-Natal Planning Commission <p><i>The Basis for Engagement: affordable tariff, growth as a catalyst for economic expansion, delivery on mandate and alignment to policy, partner in service delivery, accelerated service delivery and corporate governance.</i></p>	
<p>EXISTING CUSTOMERS</p> <ul style="list-style-type: none"> • eThekweni Metropolitan Municipality • iLembe District Municipality • Ugu District Municipality • Sisonke District Municipality • uMgungundlovu District Municipality • Msunduzi Local Municipality 	<p>POTENTIAL CUSTOMERS</p> <ul style="list-style-type: none"> • Newcastle Local Municipality • Amajuba District Municipality • Umzinyathi District Municipality • uThukela District Municipality • Other KZN Municipalities
<p>OTHER CUSTOMERS</p> <ul style="list-style-type: none"> • Alfred Nzo District Municipality • Mbizana Local Municipality <p><i>The Basis for Engagement with customers: Service delivery agreements, assurance of supply, both quality and quantity, care and support, responsive to needs, tariff consultation, partnerships in socio-development initiatives and new products and services.</i></p> <p><i>Umgeni Water has been appointed Implementing Agent for the Department of Water Affairs to construct the Greater Mbizana Bulk Water Scheme, which will be handed over to the Alfred Nzo District Municipality for operation and management. The beneficiary of the scheme is the Mbizana Local Municipality.</i></p>	
<ul style="list-style-type: none"> • Employees of Umgeni Water • National Education, Health and Allied Workers' Union <p><i>The Basis for Engagement: 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, equitable jobs, fair labour practice, good working conditions, enabling work environment and communication, fair-market related compensation and service conditions and sound performance management and recognition system. Umgeni Water is turn expects engaged employees, productivity, delivery and return on investment.</i></p>	
<ul style="list-style-type: none"> • Suppliers and Service Providers • Investors and other Financial Institutions <p><i>The Basis for Engagement: Compliance with legislation for fair and equitable procurement, supplier development, transparency, business opportunities, integrity, fair treatment, fair pricing, fair payment terms, partnerships in BBBEE 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>	



Non-contracted Stakeholders
<p>Community and Civil Society Institutions</p> <p><i>The Basis for Engagement: Umgeni Water demonstrating conservation and responsible use of resources, providing a clean and safe environment, exercising responsible citizenship, demonstrating transparency in corporate governance, creating jobs, providing information and opportunities. In turn Umgeni Water solicits a social licence to operate, recognition for creating value, respect for property and collaboration in protecting remotely situated water assets.</i></p>
<p>Chambers of Business</p> <p><i>The Basis for Engagement: Umgeni Water providing assurance of supply, both quality and quantity, information on tariff, demonstrating responsible citizenship. In turn Umgeni Water solicits recognition for creating value, pollution prevention and safe-guarding of water supply resources.</i></p>
<p>Media and general public</p> <p><i>The Basis for Engagement: access to information, demonstrating accountability, transparency and good governance. In turn Umgeni Water expects responsible reporting and media integrity.</i></p>
<ul style="list-style-type: none"> • National Sector Institutions, among them, the South African Association of Water Utilities, • International Sector Institutions, including Athi Water (Kenya), Water and Sanitation Company of Benguela (Angola), • Ministry of Land, Infrastructure, Transport and Tourism (Japan) and World Toilet Organisation (based in Singapore). <p><i>The Basis for Engagement: exchange and expansion of water sector knowledge, partnerships and collaborative water and wastewater research, which in turn will enable organisational learning and growth.</i></p>

In the period under review, Financial Year 2012/2013, high-level engagements and interactions took place with a wide range of stakeholders, both in terms of legislative requirements and on a voluntary basis.

The engagements that took place were consistent with the information requirements contained in the **Table 6.1** above. In addition, the organisation interacted with stakeholders, outside of contracts and agreements, on water resources as the focal point of planning in the Province of KwaZulu-Natal and on strategic partnerships in Africa aimed at the exchange of sector knowledge.

In the course of execution of stakeholder interaction, Umgeni Water received positive feedback from the majority of stakeholders, among them the Minister of Water and Environmental Affairs, the Portfolio Committee on Water and Environmental Affairs, the Office of KwaZulu-Natal Premier and the KwaZulu-Natal MEC for Corporate Governance and Traditional Affairs. The cordial relationship that exists with the Provincial Government of KwaZulu-Natal was reflected in a request by the Planning Commission to assist in finding solutions to the water supply-related problems that were being experienced in the Amajuba and Umzinyathi districts in Northern KwaZulu-Natal.

Further to this positive feedback, there was extensive media coverage of Umgeni Water in the period under review. The media coverage of the organisation, in print, broadcast and online, was in the form of positive, balanced and neutral

reports. It is worth noting that media coverage of Umgeni Water is monitored by an independent company, and evaluation of media coverage is based on reports supplied by this company. In the South African water sector Umgeni Water held joint second place with Rand Water for frequency of media coverage received in part of the period 2012/2013. The positive feedback from stakeholders, coupled with the favourable media coverage received, cumulatively reflect the high level of confidence stakeholders have in Umgeni Water.

Of significance during the Financial Year 2012/2013 were several ground-breaking developments, which again underscore the deep understanding and support Umgeni Water enjoys among its stakeholders. These developments were:

- Hosting of major events that illustrated the crucial role that Umgeni Water plays in socio-economic development and the empowerment of communities through the provision of bulk infrastructure. These events were: the commissioning of Phase 1 of the Maphumulo Bulk Water Supply Scheme, launch of construction of the Greater Eston Bulk Water Supply Scheme and the Richmond Pipeline,
- The formal implementation of a Corporate Social Investment (CSI) Policy and appointment of a CSI Committee, which has resulted in more targeted financial contributions being made by Umgeni Water for the funding of CSI projects,



- An intensification of stakeholder engagement with customers – both current and potential – at which Umgeni Water was able to learn, first hand, the challenges being faced with water supply and potable water quality and participate in joint problem solving, and
- High-level engagement of potential customers for the purpose of offering Umgeni Water's expertise in the operation and management of bulk infrastructure. In this context a strategy and implementation plan for expansion and growth of the organisation has been developed and involves the provision of water services and water related products.

In an endeavour to promote sector knowledge and co-operation, Umgeni Water continued to collaborate with water boards, including Rand Water, Mhlatuze Water and Magalies Water. These collaborations were, in the main, in the areas of exchange of knowledge and best practices.

From an academic perspective, Umgeni Water further entrenched its relationship with universities in South Africa and elsewhere in which it shared best practice, knowledge and research in areas related to water treatment. In South Africa, Umgeni

Water already works with the Durban University of Technology and the universities of KwaZulu-Natal, Stellenbosch, Pretoria, Cape Town and Western Cape. Collaboration with these educational institutes is in areas of climate change, design of dams and bacteriological analytical methods. The organisation also maintains relations with the National Treasury, Water Service Authorities and South African and European educational institutions for the purpose of research, training of graduates and exchange of information.

Engagements occurred with civil society for various reasons and through various means. In addition to events related to water supply infrastructure, the major civil society initiatives were:

- The successful hosting of the Umgeni Water Marathon and a soccer tournament featuring Umgeni Water and its customers and attended by the public,
- The Royal Show where, among others, Umgeni Water shared information with the public on water treatment processes, and
- A Broad-Based Black Economic Empowerment briefing for suppliers and potential suppliers to Umgeni Water.



Umgeni Water also has membership of a range of organisations, among them: the Water Institute of Southern Africa, Engineering Council of South Africa, South African Institute of Race Relations, Durban and Pietermaritzburg Chambers of Commerce, and the South African Council for Natural Scientific Professions.

Internal engagements occurred in the form of quarterly Staff Information Sessions, which are effective platforms that allow the Executive to share information with staff on organisational performance and other crucial developments, and for staff to pose questions to the Executive. 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 and through a quarterly column by the Chief Executive, called from the Desk of the CE.

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 strategic objective to obtain stakeholder understanding, support and satisfaction.

The relationship Umgeni Water has with its stakeholders is based on transparency and mutual respect, and the organisation's achievements, including positive feedback, are testimony to the success it has achieved in stakeholder relations. In the year ahead Umgeni Water will continue to meet its obligations and establish new relationships in order to further consolidate its position in the broader community of Water Sector institutions and as the Leader of the Water Sector in KwaZulu-Natal.