

Organisational Profile

2.1 LEGISLATIVE MANDATE

Umgeni Water is a public entity established in 1974 to provide water services - water supply and sanitation services - to other water services institutions in its service area. The organisation operates in accordance with the Water Services Act (Act 108 of 1997) and the Public Finance Management Act (Act 1 of 1999) as amended, amongst others, and is categorised as a National Government Business Enterprise. Umgeni Water reports directly to the Department of Water and Sanitation through the Chairman of the Board and the Chief Executive. The Executive Authority of the water board is the Minister of Water and Sanitation.

2.2 ACTIVITIES OF UMGENI WATER

The primary activities of Umgeni Water, as pronounced in section 29 of the Water Services Act, is to provide water services (water supply and sanitation services) to other water services institutions in its service area.

In addition, section 30 of the Water Services Act, enables Umgeni Water to undertake other activities, provided these do not impact negatively on the organisation's ability to perform its primary activity. These include:

- Providing management services, training and other support services to other water services institutions, in order to promote co-operation in the provision of water services,
- Supplying untreated or non-potable water to end-users who do not use the water for household purposes,
- Providing catchment management services to or on behalf of the responsible authority,
- With the approval of the water services authority having jurisdiction in the area, supplying water directly for industrial use, accepting industrial effluent and acting as a water services provider to consumers,
- Providing water services in joint venture with water services authorities, and
- Performing water conservation functions.



Humble beginnings –
Head Office in 1974



Growth and
expansion

Accommodating growth – Head Office
Phase 2 construction in 1990s



Maphumulo Bulk Water Supply Scheme
Imvutshane Dam Construction

2.3 Supply Area and Customers (Refer to map)

Umgeni Water's current operational area is bounded by the uThukela River in the North, the Mtamvuna River in the South, the Indian Ocean in the East and Drakensberg Mountains in the West and covers a total of 21155 square kilometres and has a population of 6 million people (1.64 million households). Umgeni Water has its head office in Pietermaritzburg and is supported by Regional Offices spanning its supply area.

The organisation primarily derives its revenue from the sale of bulk potable water to its six customers:

- eThekweni Metropolitan Municipality,
- iLembe District Municipality,
- Ugu District Municipality,
- Harry Gwala District Municipality,
- uMgungundlovu District Municipality, and
- Msunduzi Local Municipality.

A total of 440 million cubic metres of potable water per annum (1205 Ml/d) are supplied to these customers.

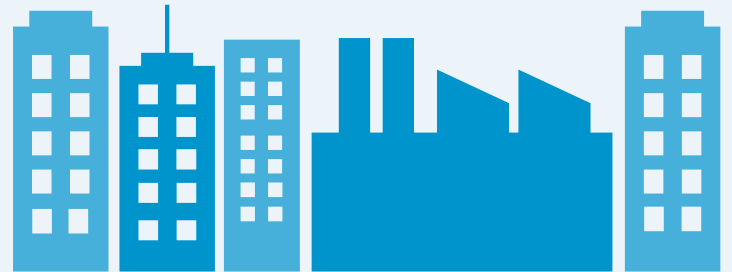
Umgeni Water's infrastructure assets in support of its potable water business comprise:

- Approximately 746 kilometres of pipelines and sixty-six (66) kilometres of tunnels,
- Fourteen (14) impoundments, of which six (6) are managed on behalf of the Department of Water and Sanitation and two (2) on behalf of the Ugu District Municipality,
- Fourteen (14) water treatment works, of which two (2) are managed on behalf of the Ugu District Municipality, and
- An additional fourteen (14) small water treatment works and ten (10) borehole schemes which are managed on behalf of the iLembe District Municipality.

The organisation also treats bulk wastewater totalling 28 million cubic metres per annum (75 Ml/d) and in support of this operates four (4) major wastewater treatment works.



UMGENI WATER'S
CUSTOMERS AND
INFRASTRUCTURE
ASSETS IN SUPPORT
OF ITS POTABLE
WATER BUSINESS



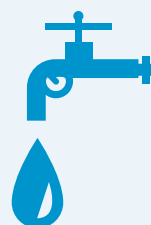
6 MUNICIPAL CUSTOMERS



14 BULK WATER
TREATMENT WORKS

21155 KM²

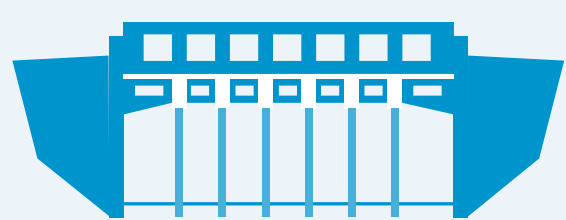
OF OPERATIONAL
AREA



746 KILOMETRES
OF PIPELINES

66
KILOMETRES
OF TUNNELS

14 DAMS

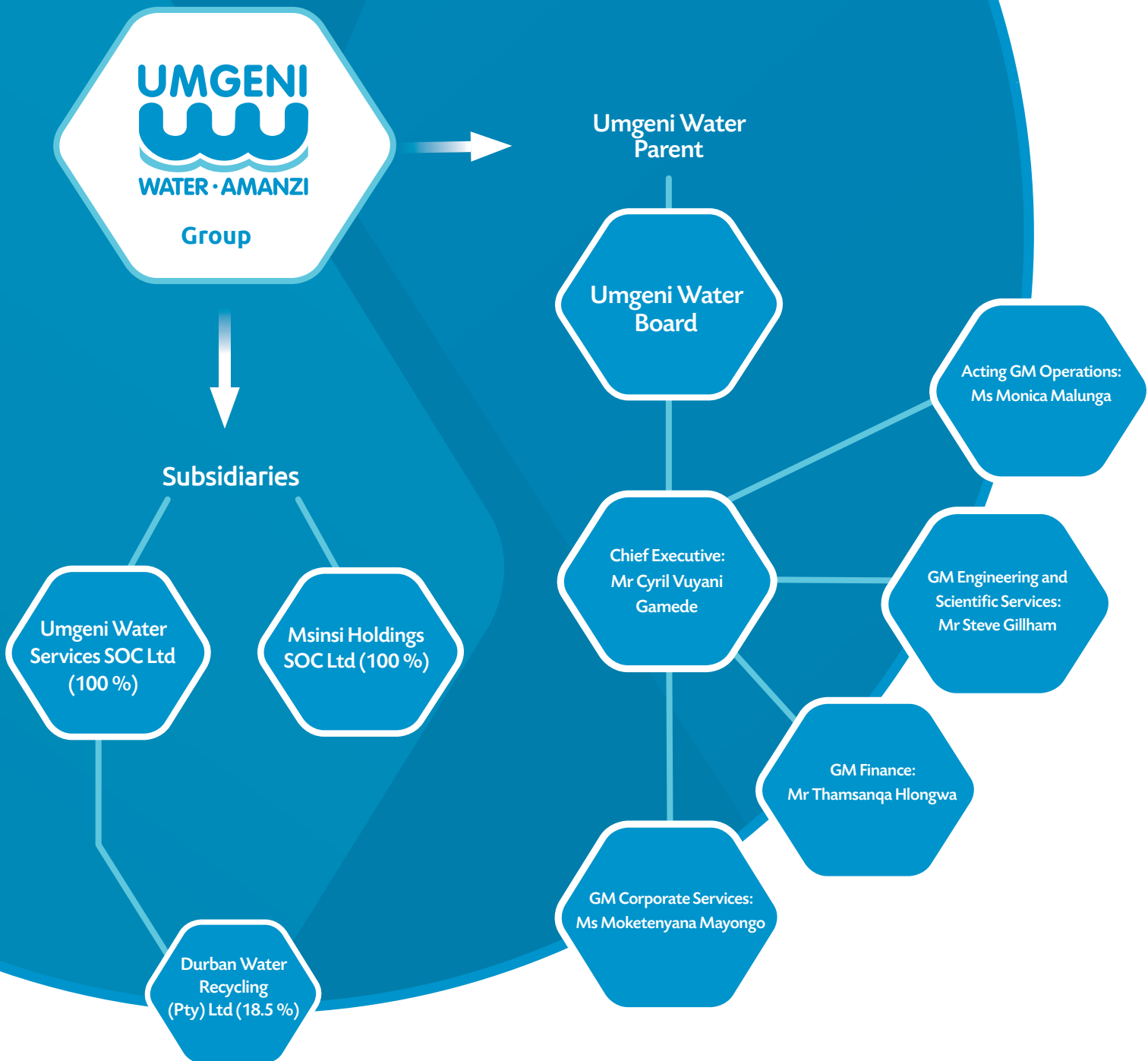


440 MILLION M³
OF POTABLE WATER PER ANNUM
(1205 ML/D)



Lower Thukela Abstraction
Site construction.

2.4 Structure of Umgeni Water



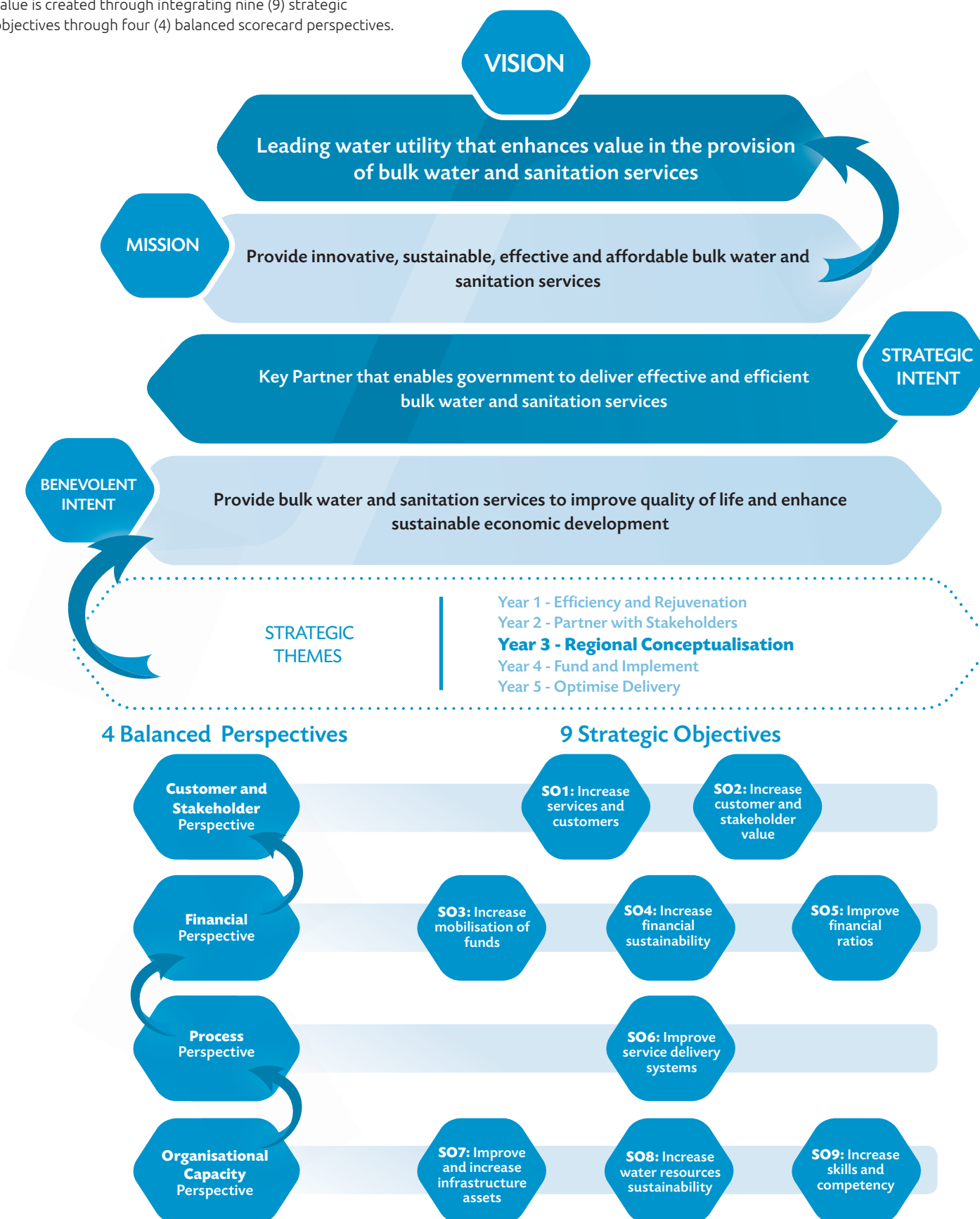
There have been no changes in the organisation's top structure in the past year, which, in addition to the Office of the Chief Executive, comprises divisions for: Operations, Engineering and Scientific Services, Finance, and Corporate Services, each of which is headed by a General Manager. The Chief Executive, as the Accounting Officer, guides the day-to-day activities of the organisation, while a non-executive Board, whose members are appointed by the Minister of Water and Sanitation, is the Accounting Authority and provides strategic leadership to the organisation.

The organisation has 1020 employees (permanent and contract) in its group. There are two subsidiaries in which Umgeni Water has 100% shareholding, Umgeni Water Services SOC Ltd and Msinsi Holdings SOC Ltd. Umgeni Water Services holds an 18.5% investment in Durban Water Recycling (Pty) Ltd.

In 2013/2014, Umgeni Water's income was R2.20 billion and the surplus generated was R682 million. Umgeni Water has total reserves of R4.4 billion.

2.5 Umgeni Water Strategy

Umgeni Water's current strategy map illustrates the manner in which sustainable value is created through integrating nine (9) strategic objectives through four (4) balanced scorecard perspectives.



2.6 Ten Outcomes for Sustainable Value Creation

Umgeni Water's integrated strategy targets ten (10) outcomes

1. Product Quality (Water and Wastewater)



Is achieved when Umgeni Water produces potable water and wastewater in full compliance with statutory and reliability requirements and consistent with customer and environmental needs.

2. Customer Satisfaction



Is achieved when Umgeni Water provides reliable, responsive, and affordable services in line with explicit, customer-agreed service levels and receives timely customer feedback to maintain responsiveness to customer needs and emergencies.

3. Stakeholder Understanding and Support



Is attained when Umgeni Water engenders understanding and support from statutory, contracted and non-contracted bodies for service levels, tariff structures, operating budgets, capital improvement programmes, risk management decisions and water resources adequacy.

4. Community and Environmental Sustainability



Is achieved when Umgeni Water is explicitly cognisant of and attentive to the impacts it has on current and future community sustainability, supports socio-economic development, and manages its operations, infrastructure, and investments to protect, restore, and enhance the natural environment, whilst using energy and other natural resources efficiently.

5. Financial Viability



Is achieved when Umgeni Water understands the organisational life-cycle costs and maintains a balance between debt and assets while managing operating expenditures and increasing revenues. In addition, the organisation aims at a sustainable tariff that is consistent with customer expectations, recovers costs and provides for future expansion.

6. Operational Optimisation



Is achieved when Umgeni Water has on-going, timely, cost-effective, reliable and sustainable performance improvements in all facets of its operations, minimises resource use, loss, and impacts from day-to-day operations and maintains awareness of information and operational technology developments to anticipate and support timely adoption of improvements.

7. Operational Resiliency



Is achieved when Umgeni Water's leadership and staff work together to anticipate and avoid problems and proactively identify, assess, and establish tolerance levels for, and proactively and effectively manage a full range of business risks, consistent with industry trends and system reliability goals.

8. Infrastructure Stability



Is achieved when Umgeni Water's understands the condition and costs associated with critical infrastructure assets and maintains and enhances the condition of all assets over the long-term. This is done at the lowest possible life-cycle cost and acceptable risk levels, is consistent with customer service and statutory-supported service levels, and consistent with anticipated growth and system reliability goals. The organisation further assures that asset repair, rehabilitation, and replacement efforts are coordinated to minimise disruptions and other negative consequences.

9. Water Resources Adequacy



Is achieved when Umgeni Water assesses the scarcity of freshwater resources, investigates sustainable alternatives, manages water abstractions assiduously and has access to stable raw water resources to meet current and future customer needs.

10. Leadership and Employee Development



Is achieved when Umgeni Water is a participatory, collaborative organisation dedicated to continual learning and improvement, recruits and retains a workforce that is competent, motivated, and adaptive and works safely, ensures institutional knowledge is retained and improved, provides opportunities for professional and leadership development, and creates an integrated and well-coordinated senior leadership team.



Maphethethwa Water Treatment Works.

2.7 Strategic Statements of Umgeni Water and its Functional Divisions

Umgeni Water Strategic Statement: We will lead the process of providing solutions via an innovative, vigorous growth path, to increase sustainable water supply in order to satisfy the developmental water services requirements in our region, which contribute to Government Objectives.

Board Strategic Statement: We will consider internal and external factors, consult with stakeholders, develop a strategy, authorise implementation, manage resources, manage risks and oversee implementation, to produce a valid and approved strategic plan, deliver on strategic objectives and provide sound corporate governance, to achieve our vision and mission in order to contribute towards Government Objectives

Chief Executive Office: We will position and lead the organisation, plan activities and allocate resources, implement strategy, manage risk, champion corporate governance, partner with stakeholders, to deliver

organisational objectives, to achieve a well governed, vibrant, committed, sector-relevant and engaged organisation that delivers on its mandate.

Operations: We will position ourselves, plan, structure, mobilise resources, source, specify, operate and maintain our infrastructure, abstract, treat, sell, distribute, monitor, conserve and re-use water, to deliver quality, effective, affordable water services to our stakeholders, which will deliver on organisational objectives.

Engineering and Scientific Services: We understand water demand, resources and technology to implement infrastructure and manage water quality, optimise treatment processes and drive social and environmental initiatives to provide innovative and optimal engineering and scientific solutions, to achieve sustainability and public health, in order to meet organisational objectives.



Finance: We will plan, mobilise, account for and report on resources, manage financial risk, proactively implement procurement strategies, and maintain internal control and systems, which result in funding, control, efficient, effective and economical supply of requisites, support and monitoring of the business, to deliver sound financial management and corporate governance, to contribute towards organisational objectives.

Corporate Services: We will provide a specialised, diverse and essential enabling service through the provision of holistic Human Capital management, property and security management, management of ICT systems and computing infrastructure and Legal services to enhance organisational service delivery capacity.