



From the Desk of the Chief Executive



We have not had a chance to engage in the New Year: a belated welcome back from your summer break. I hope it was a pleasant one during which you took time off to relax and enjoy the merriment of Christmas and New Year. I had been away as well and now feel reinvigorated and ready to take on 2014 with renewed energy. Let's hope that the resolutions you made on New Year eve are accomplished; if they are not, don't be disappointed because it is after-all a human quality – or weakness – to passionately want to embrace change that is often elusive.

"Where appropriate and practical, I urge you get involved or support the activities that have been planned. Clearly, there is relevance in the saying that life begins at 40, and in the case of Umgeni Water a promising new path of growth and expansion is on the horizon"

Before we begin to discuss Umgeni Water's plans and projects for 2014, I thought we should briefly reflect on some of our key activities of the few months gone by as these activities underpin all that we seek to achieve in stakeholder engagements and relationships. If the truth be told, the period since we last communicated through this column was an extremely busy one, punctuated by many accomplishments and some disappointments. But, I guess, it is the nature of the sector we are in that allows both celebration over success and reflection and remedial action over below-par performance.

Presidential visit to Spring Grove Dam and Bruntville

In the past quarter (Quarter 2 of the Financial Year 2013 – 2014) we were involved in a multitude of stakeholder interactions, from the level of the Presidency, to the Premier and to Mayoral engagements that continued to enhance Umgeni Water brand and position of the organisation as the leading Water Utility in KwaZulu-Natal. Perhaps the highlight of these engagements was Umgeni Water's participation, along with the Department of Water Affairs and the Trans-Caledon Tunnel Authority, in the planning of President Jacob Zuma's visit to Spring Grove Dam, where he performed the commissioning ceremony. The President was impressed with the work that had gone into putting the Spring Grove Dam commissioning function together. At a public event the same afternoon in Bruntville, Estcourt, he praised Umgeni Water for its role in making it possible for municipalities to supply water to communities within their areas of jurisdiction.

While we are humbled by the President's recognition of Umgeni Water's contribution to creating a better society, we must not forget that there is still a great deal that has to be done before our country achieves a semblance of equity in basic service provision. The civil unrest in the form of protests that are occurring on a regular basis reflects both the impatience and anger of people who are still waiting for the provision of a reliable supply of safe drinking water and proper sanitation – services that you and I expect and take for granted. Umgeni Water, as an entity of State responsible for the implementation of bulk potable water infrastructure, will not and cannot see itself removed from the environment in which it operates. In fact, the unrest that is occurring is a stark reminder that Umgeni Water has to roll-out its Capex Infrastructure Programme at a quicker pace in order to further capacitate its customers to deliver water services. During the current Financial Year the Executive of Umgeni Water will place increased focus on how and where infrastructure development can be further streamlined and accelerated in order to assist municipalities and our Government meet their developmental priorities at a faster rate.

Engagement with the Cabinet of the KwaZulu-Natal Government

As the year drew to a close, the Executive of Umgeni Water was given a wonderful opportunity to address the full Cabinet of the KwaZulu-Natal Government during its last sitting in December. This engagement – the first with the Premier and his Cabinet - was negotiated to release details of a due diligence that was conducted on the Ngagane and Biggarsberg bulk water supply schemes in Northern KwaZulu-Natal which Umgeni Water is assessing for the possibility of operating and managing on behalf uThukela Water. The presentation to the Cabinet provided a platform for Umgeni Water to create increased awareness of its role

'While we are humbled by the President's recognition of Umgeni Water's contribution to creating a better society, we must not forget that there is still a great deal that has to be done before our country achieves a semblance of equity in basic service provision'

and competencies, its ability to rescue and manage problematic bulk schemes and of its plans for future growth and expansion in line with the mandate that has been issued by the Minister of Water and Environmental Affairs. The Premier appreciated the endeavour made by Umgeni Water to share information with the Provincial Government and issued an invitation to Umgeni Water to make proposals on how the Provincial Government could eradicate the water provision challenges it is facing in rural areas. The Executive will continue to address critical constituencies on the

Ngagane and Biggarsberg due diligence, with the next presentations scheduled to be made to the Mayors of Amajuba, Umzinyathi and Newcastle.

Customer Engagements

Umgeni Water continues to place high value on engagements with its customers, reflected again by four meetings that took place during the period of my last communique to you and now. Municipal engagements took place with iLembe, uMgungundlovu, Ugu and eThekweni. A common trait at some of these engagements was robust discussion over the Spring Grove Dam Capital Unit Charge (CUC). The position the Executive has taken thus far, and will continue to take, is that the role of Umgeni Water is not that of the initiator of the CUC, but the collection agency for TCTA and the Department of Water Affairs. So, what the Executive has said in the clearest of terms is that any disagreement with the need or reason, or refusal, to pay the CUC should indeed be raised with TCTA and/ or DWA. Otherwise these meetings were characterised, in the main, by both constructive and healthy sharing of information and discussion – all of which collectively underscore the cordial relationship that exists between Umgeni Water and its customers. It is extremely important to appreciate and understand that Water Service Authorities and Umgeni Water are partners in a venture that allows consumers to lead healthy and a good quality of life. Any deviation from this benevolent intent will lead to unnecessary acrimony in which the losers will be consumers.

Community Outreach

A function to commemorate the completion of refurbishment of Nagle aqueducts 3 and 4 provided an opportunity for Umgeni Water share in this occasion with the surrounding communities. To this end, a function was held at the Ndlokolo Primary School in Ngcolosi, Inanda, which was attended by the Mayor of eThekweni, James Nxumalo, Amakhosi, Ward Councillors and at least 300 members of the community. The event served as a platform to explain the reason and importance of the project and to also impress upon the community the need to conserve water and to protect water supply infrastructure. Communities are important stakeholders in our business because they can play a critical role in preventing vandalism of infrastructure – which, if it occurs, has major implications on cost and service delivery.

Annual Report Road Shows

Now that Annual Report 2012-2013 is done and dusted, I'd like to take stock of the efficacy – or otherwise – of the road shows we had undertaken. Stakeholders to whom Umgeni Water's annual performance was presented were the media, the Executive Authority (represented by the Regional Office of DWA), Customers, Civil Society, Investors and Financial Institutions. There was positive response to these presentations, which again illustrates stakeholder confidence and support for this organisation. I am delighted to say that Umgeni Water is able to borrow on the open market without difficulty – and financial institutions are extremely keen to lend – as a result of its strong balance sheet.

Now for the future – 2014 and beyond

There is good and not-so-good news that awaits us as we begin the long haul into 2014. For the purpose of creating and maintaining a positive mood, let's begin with the good news. The dawn of the new Financial Year (1st July 2014) will coincide with the 40th anniversary of Umgeni Water which, by all accounts, had humble beginnings in a dilapidated building in Pietermaritzburg. Believe it or not, the then-Umgeni Water Board was established with a staff of four, and my predecessor at that time was also the Chairman of the Board. Interesting times and an interesting situation!

You are fully aware of how the brand has evolved over four decades to become a highly respected entity with a focused role, mandate and mission. The staff of Umgeni Water – both long-standing and current – has been instrumental in the transformation of the organisation and for many of its accomplishments. Your pivotal role, along with that of the various Boards and Executives, have given us more than adequate reasons to mark the occasion of the 40th anniversary with a sense of joy, achievement and reminiscence .

Starting 1st July 2014 a programme of activities will begin to mark this occasion. These activities, ranging from competitions for staff, conferences, a book on the 40 years of Umgeni Water to a function for the launch of this book hopefully attended by the Minister of Water and Environmental Affairs, will be held over a period of 12 months. An inter-divisional committee is to be established to plan and implement these activities, and the committee will keep you informed on progress, dates, etc. As I have already stated - and to which I passionately subscribe – that the rebirth of Umgeni Water post-apartheid and its successes and achievements have been as a result of your commitment and hard work. Therefore, the commemoration of Umgeni Water's 40 years of existence is also a tribute and recognition of your contribution – in the past, the present and in the future. Where appropriate and practical, I urge you get involved or support the activities that have been planned. Clearly, there is relevance in the saying that life begins at 40, and in the case of Umgeni Water a promising new path of growth and expansion is on the horizon.

Growth and Expansion

One of the key concentrations in the months ahead will be attempts to give tangible meaning to future plans to generate new business and, consequently, new revenue streams. In this regard, we will engage uThukela Water and its partners, the municipalities of Amajuba, Umzinyathi and Newcastle. These discussions will revolve around the bulk water systems of Ngagane and Biggarsberg and other services these municipalities and the neighbouring uThukela District Municipality may require in the future. Closer to home and in an endeavor to increase penetration into existing markets, we will ascertain what additional products and services our present customers require.

Marketing, Branding and Positioning Conference

As a strategy to support and promote expansion and growth, a Marketing, Branding and Positioning Conference will be held, tentatively scheduled for May 2014. Participants in this conference, to be hosted by Umgeni Water, will include current and potential customers and private sector companies doing business in the water sector. The purpose of the conference is to showcase Umgeni Water, its expertise, services and the products that it offers. Information provided by Umgeni Water at the conference will assist struggling municipalities to engage Umgeni Water to tailor-make solutions to the challenges they are facing in water quality, water provision and wastewater treatment.

National Water Week

National Water Week will be observed from 17th – 23rd March 2014. This is an event in which Umgeni Water participates actively. This year National Water Week will coincide with the 20th anniversary of our country's democracy, therefore, the activities that are being planned will highlight the progress our Government has made with the provision of water to marginalised communities, with specific reference to backlog elimination. For Umgeni Water's part, the organisation will observe the event through the launch of construction of the Lower Thukela Bulk Water Supply Scheme and the commissioning of the Mhlabatshane Bulk Water Supply Scheme. These will be community-focused events, to which the Minister of Water and Environmental Affairs, the Premier of KwaZulu-Natal and Mayors will also be invited.

National Treasury Directive on Cost Savings

As we are all aware, the economic slowdown in our country – and other parts of the developing world – is having severe negative impact on Government spending which, in turn, is affecting growth, job creation and delivery of services. In response to this dire situation and to curtail non-essential spending, the National Treasury has issued a directive to all Government departments, State-owned entities and other organs of State to begin cutting back on expenditure. Umgeni Water is an entity of State that is also required to implement cost-cutting measures. In early January, the National Treasury directive, containing areas for spending curbs, was circulated to all Umgeni Water staff. Umgeni Water has to adhere to this directive; hence all employees are required to implement these measures. Please, I expect full co-operation from staff in ensuring that the areas identified for zero or reduced expenditure are not transgressed. The prudent use of resources now could hold the potential of preventing severe cost-reduction measures in the future.

Finally, as I bid farewell until my next communique, I'd like to leave you with these wise words of author Mark Twain, who said the secret of getting ahead is getting started; and the secret of getting started is breaking complex and overwhelming tasks into small manageable tasks and then starting on the first one.

Yours in Genuine Black Economic Empowerment

Cyril Vuyani Gamede

Chief Executive

