

OVERVIEW OF UTHUKELA WATER FUNCTIONS AND VALUE CREATION

uThukela Water is a multijurisdictional bulk water service provider to the Water Service Authorities of the Newcastle municipality and the Umzinyathi and Amajuba district municipalities. The municipalities are the shareholders and parent bodies of the Entity. (See Annual Report for more details)

The Entity's functions are in relation to bulk water services; plan, design, build, own, operate, maintain, environmental management, rehabilitate, modify, repair, organise, co-ordinate, monitor, evaluate, report and provide information on all bulk water service activities to and on behalf of the parent municipalities.

The parent municipalities are responsible for water reticulation systems, customer billing and customer services within their control areas.

uThukela Water's joint integrated strategy targets the following outcomes;

1. **Production quality** – production of quality bulk water in full compliance with SANS 241 standards to the parent municipalities for distribution and sale within their reticulation networks.
2. **Sustainable bulk water service delivery** – provides a safe, reliable, responsive and affordable bulk water service in line with explicit, parent body agreed service levels and is responsive to their needs and emergencies.
3. **Water resource adequacy** – continually monitors, assesses and plans the scarcity of water resources, investigates sustainable alternatives, manages water abstractions assiduously and ensures stable access to raw water resources to meet current and future needs.
4. **Stakeholder understanding and support** – engenders understanding and support from parent, statutory, contracted and non-contracted bodies for service levels, bulk water tariff structures, operating budgets, capital improvement, risk and performance management and water resource adequacy.
5. **Community and environmental sustainability** – 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 and effectively.
6. **Financial viability** – understands the organisational life cycle costs and maintains a balance between debt and assets while managing operating expenditure and maintaining revenue streams. The Entity aims at a stable bulk water tariff that is measurable within the industry and is customer sensitive and is aimed at recovering costs and provides for future development.
7. **Operational resilience** – working together towards anticipating and avoiding problems proactively identifying, assessing and establishing tolerance levels for, and proactively and efficiently managing these risks consistent with industry trends and system reliability goals.
8. **Operational resilience** – has a regular, timely, cost effective, reliable and sustainable performance system in place to gauge all facets of its operations, minimise resource use, minimise water loss, impacts from daily operations and maintains awareness of information and technological developments to anticipate improvements.
9. **Infrastructure stability** – a full understanding for and appreciation of costs associated with its critical infrastructures and maintains and enhances the condition hereof over the short and long term and within financial constraints. This is achieved at the lowest possible life

cycle cost and within acceptable risk tolerance levels. Best use of scarce financial resources is utilised to ensure asset repair, rehabilitation and replacement in order to minimise and prevent disruptions and other negative consequences.

10. **Leadership and development** – integrated, participative and collaborative organisation dedicated to continual learning development and improvement and retains a stable workforce that is competent, motivated, and adaptive and works safely providing opportunities for professional leadership and development.