



water & sanitation

Department:
Water and Sanitation
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

Umgeni and Mhlathuze Water Boards briefed the Portfolio Committee.

07 March 2019

The Portfolio Committee (PC) on Water and Sanitation met with the two KwaZulu-Natal (KZN) water boards, Umgeni and Mhlathuze. The purpose of the meeting held on the 06th March 2019 was for the tabling of the annual reports for the 2017/2018 financial year by the two water boards.

This was the first of the weekly PC meetings that will see all the department's water boards presenting their respective annual reports until the 20th March when Parliament is dissolved.

Umgeni Water Board led by the Chairperson of the board Ms Gabisile Mathenjwa and the Chief Executive (CE) Mr Thami Hlongwa, CA (SA), presented first and the latter covered the financial aspects of the report. In her overview Ms Mathenjwa painted a positive outlook as she shared how Umgeni Water again illustrated its strong financial resilience. "In the reporting year, group revenue totalled R2.90 billion and a net surplus of R1.19 billion was achieved, partly as a result of cost containment measures through optimisation of water production processes, and recovery from the drought in the second half of the financial year", she highlighted. She also noted that Umgeni Water was building the biggest dam in KZN post 1994.

The CE of Umgeni Water highlighted that, as at 30th June 2018, the Umgeni Water Group comprised of a head count of 1 231 employees and a balance-sheet with an asset value of R11.54 billion, of which reserves totalled R8.09 billion.

Umgeni Water has six traditional customers that cover 32% of the KZN geographical area and are home to 67% of households. These are: eThekweni Metropolitan Municipality, iLembe District Municipality, UGu District Municipality, Harry Gwala District Municipality, uMgungundlovu District Municipality, and Msunduzi Local Municipality. "With a newly acquired seventh customer, uThukela District Municipality, the focus area in 2019 will cover 44% of the KZN geographical area and 73% of households", added Hlongwa.

Members of the PC took turns in applauding a well-detailed report and the unqualified audit that the water board had received from the Auditor General (AG). The Whip of the PC, Mr Derrick Mnguni, however warned against complacency as he urged the board not to rest on its laurels and continuously push for a clean audit.

Among the numerous clarity seeking questions the committee sought information on: Climate resilience, temporary jobs created during project constructions, contributions towards the creation of black industrialists, and the capacity to manufacture construction material and chemicals.

Mhlathuze Water Board with a delegation of 11 board members led by the Chairperson Ms Thabi Shange and Interim Chief Executive Mr Mthokozisi Duze was next to table its report. Mhlathuze was represented by all board members as it was their first time appearing before the PC. The new Board was appointed on the 05th December 2018.

The CE kicked off the presentation by highlighting that Mhlathuze owns and operates one of the biggest off-shore effluent disposal systems in the country. Through their drought



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interventions of Nongoma and Abaqulusi projects, there was identification and protection of water sources, as well as borehole reticulation, benefitting a total of approximately 3379 residents.

The overview of Mhlathuze's organisational performance showed that the 2017/2018 financial year received a clean audit in contrast of the 2016/2017 set of performance information that was riddled with qualifications. "Based on performance rate of 68% for 2017/2018, no performance bonuses were paid to any management staff and an overall qualified audit opinion was expressed by the AG", added Duze.

Inputs by the AG's office indicated that: the water board no longer has an accounting authority that is also a chief executive; the water board has dealt with non-smart indicators, predetermined objectives, and the proposed merger of the water boards. Qualifications on matters have all since been cleared; irregular expenditure was cleared from the 2014/15 and 2015/16 financial years; and that disciplinary hearings resulted in consequence management.

The Portfolio Committee commended the new board for its good performance. They also reiterated that they be kept abreast of the progress on interventions by the water board in municipalities as well as in the region.

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