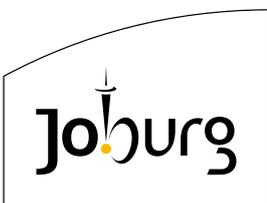
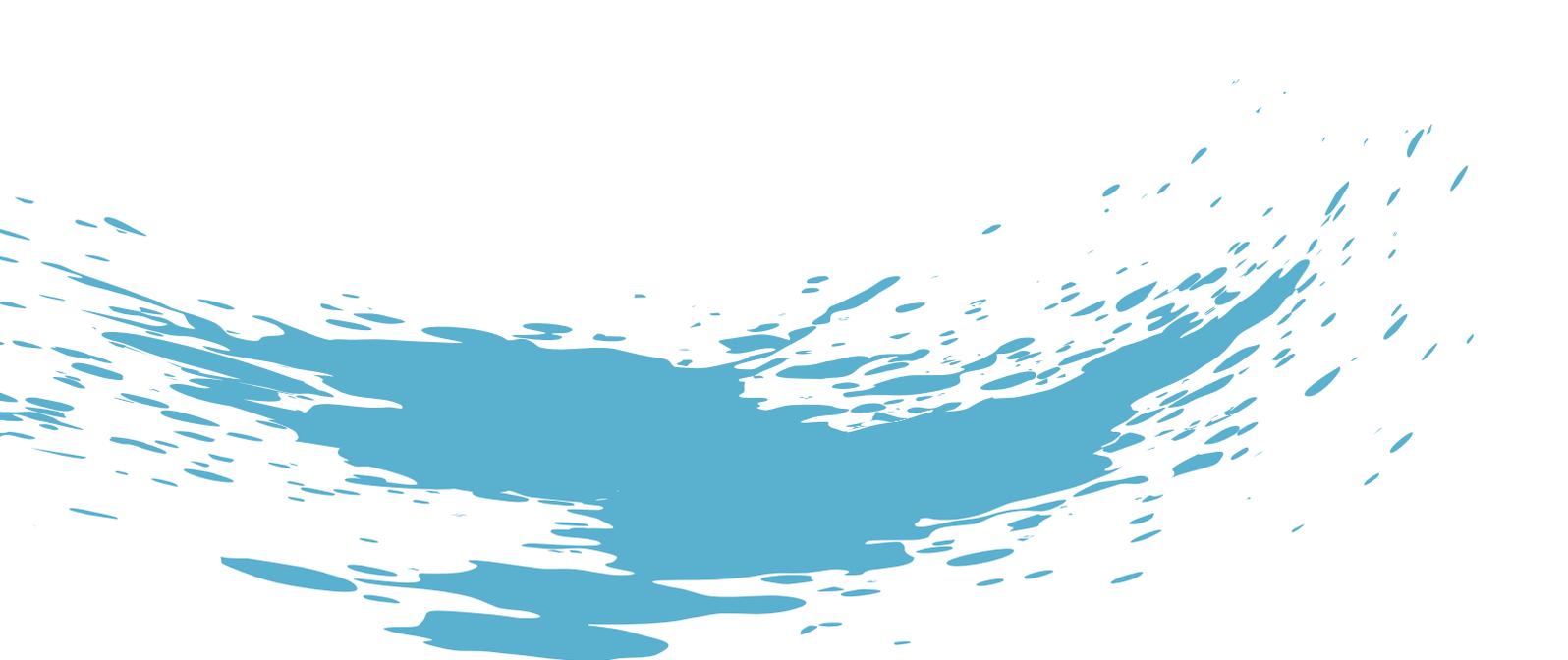


JOHANNESBURG WATER BUSINESS PLAN 2017/18





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Official Sign-off



Ntshavheni Mukwevho
Acting Managing Director
29 June 2017



Member of Mayoral Committee: Environment, Infrastructure & Services Department
Councillor Nico de Jager
29 June 2017

List of Acronyms

| | |
|---------------|---|
| ADP | Artisans Development Programme |
| AET | Adult Education and Training |
| AMD | Acid Mine Drainage |
| ARPL | Artisan Recognition of Prior Learning |
| B-BBEE | Broad-Based Black Economic Empowerment |
| BCM | Business Continuity Management Systems |
| BP | Business Plan |
| CAPEX | Capital Expenditure |
| CDS | Common Distribution System |
| CIDB | Construction Industry Development Board |
| CoJ | City of Johannesburg |
| CRM | Customer Relations Management |
| CSA | Capacity Support Agent |
| EAM | Enterprise Asset Management |
| EE | Employment Equity |
| EPWP | Expanded Public Works Programme |
| FY | Financial Year |
| GDS | Growth and Development Strategy |
| GHG | Greenhouse Gas |
| GVA | Gross Value Added |
| IAD | Internal Audit Department |
| IDP | Integrated Development Plan |
| ISO | International Organisation of Standardisation |
| ICT | Information and Communication Technology |
| JW | Johannesburg Water |
| KPI | Key Performance Indicator |
| LGSETA | Local Government Sector Education and Training Authority |
| MD | Managing Director |
| MFMA | Municipal Finance Management Act |
| MTEF | Medium-Term Expenditure Framework |
| NDP | National Development Plan |
| NOSA | National Occupational Safety Association |
| NQF | National Qualification Framework |
| OHS | Occupational Health and Safety |
| PESTEL | Political, Environmental, Social, Technological, Environmental, Legal |
| PWD | People with Disabilities |
| RPL | Recognition of Prior Learning |
| SDA | Service Delivery Agreement |
| SANS | South African National Standard |
| SDGs | Sustainable Development Goals |
| SME | Small and Medium Enterprise |
| SMME | Small, Medium and Micro Enterprise |
| SWM | Smart Water Meter |
| SWOT | Strengths, Weaknesses, Opportunities and Threats |
| TCTA | Trans Caledon Tunnel Authority |
| WDM | Water Demand Management |
| WC/WDM | Water Conservation/Water Demand Management |
| WWTW | Water Waste Treatment Works |
| WOL | War on Leaks |

Chapter 1: Executive Summary

The City of Johannesburg (CoJ) has defined a framework for its new political strategic vision. In an integrated effort to provide a sense of direction and to realise the Growth and Development Strategy 2014 (GDS) outcomes below, nine key strategic priorities have been defined.

Outcome 1: A growing, diverse and competitive economy that creates jobs

Outcome 2: Enhanced, quality services and sustainable environmental practices

Outcome 3: An equitable and inclusive society with high quality of life

Outcome 4: Caring, safe and secure communities

Outcome 5: An honest, transparent and responsive local government that prides itself on service excellence

Table 1: CoJ priorities

| Priority Number | Priorities |
|-----------------|--|
| 1 | Promote Economic Development and attract Investment towards achieving 5% economic growth |
| 2 | Ensure pro-poor development that addresses inequality and provides meaningful redress |
| 3 | Create culture of enhanced service delivery with pride |
| 4 | Create a sense of security through improved public safety |
| 5 | Create an honest and transparent City that fights corruption |
| 6 | Create a City that responds to the needs of residents |
| 7 | Enhancing our financial sustainability |
| 8 | Encourage innovation and efficiency through program me such as Smart City |
| 9 | Preserve our natural resources for future generations |

Over the past few years, Johannesburg Water (JW) has prioritised planning for a sustainable future by securing CoJ water needs; investing in infrastructure to service growth and demand; reducing carbon footprint; reducing water losses; and managing water demand.

In formulating the 2017-2021 business plan, JW took into account the key drivers that impact on JW's business, as well as potential threats described in the risk framework.

JW's key future focus will be to enhance and improve consumer engagement, such as fully engaging consumers on critical matters in respect of service delivery. An example of this would be improving response times to water burst and blockages and informing consumers about planned water disruptions. Extensive educational and awareness programmes will also continue to be rolled out to address vandalism and misuse of infrastructure.

Subsequently, JW has adopted the City Priorities as its key strategic priorities to maintain sustainability in water services provision, as well as assist CoJ in addressing the challenges it faces. Johannesburg Water has a series of high level projects and interventions to deliver on the City Priorities and GDS 2040 outcomes. These interventions will contribute towards the attainment of JW's six strategic goals as outlined below, and achieve the newly outlined City Priorities.

Strategic Goal 1: Utilise infrastructure delivery to create jobs, support SMMEs and attract investments

Strategic Goal 2: Deliver water and sanitation service of good quality that is accessible, reliable and efficient in an environmentally responsible/sustainable way

Strategic Goal 3: Improve customer and stakeholder satisfaction

Strategic Goal 4: Enhance sound financial management, sustainability and clean governance

Strategic Goal 5: Use of technology for effective and efficient operations

Strategic Goal 6: Invest in our staff to sustain optimal performance and service focused culture with committed people

Key interventions that will serve as attributes in the realisation of JW's strategic goals are as follows:

- Replace and renew water and sewer infrastructure.
- Conduct education and awareness programmes to positively influence consumer behaviour on water and infrastructure usage.
- Reduce infrastructure backlogs; identify and eliminate infrastructure bottlenecks; and ensure minimum 24 hours security of supply across all supply zones through the construction of reservoirs.
- Maintain profitability and cash flow to support the organisation's financial sustainability, and improve on metering to generate strong cash flows to fund capital requirements while maintaining good liquidity and solvency ratios.
- Implement the Small Medium and Micro Enterprise (SMME) Development Programmes – contractors are to be developed to Construction Industry Development Board (CIDB) Grade 4 through the contractors programme and five community development projects.

JW's most important function is the sustainable provision of water services. This is achieved by ensuring the company is able to deliver improved levels of services into the future whilst protecting the environment, operating responsibly within served communities, and providing effective stewardship of infrastructure assets.

JW considers infrastructure development as the development of new infrastructure for new access; expansion of services; and operating and maintenance of existing infrastructure. New infrastructure aims to respond to issues of planning for the expected demand; ensuring sustainable provision of the services to new users; and the refurbishment of existing infrastructure to support sustainable services provision and ensure reliable of services to consumers that are currently serviced. JW's capital programmes are also categorised to respond to existing services and future expected demand.

Analysis of the capacity requirements of JW takes cognisance of training needs; attrition due to resignations (retention of scarce skills) and retirements; and employee wellbeing. It also addresses changing needs in the staff complement due to growth and/or restructuring. The Company is committed and focused to develop current and future skills requirements of employees by adopting a holistic approach towards skills development initiatives. Training Interventions for 2017 to 2021 are categorised as Technical Training Programmes and comprise of Apprenticeships; Technical Learnerships; Technical Skills Programmes; Compliance Training and Artisan Recognition of Prior Learning (ARPL). The second category is the Non-Technical Training interventions which include Basic Education and Training (AET); Learnerships (non-technical related occupations); occupational directed skills programmes; soft skills programmes and Recognition of Prior Learning (RPL). The company has a Subsidised Education System in place to assist employees to obtain approved qualifications through tertiary studies.

Chapter 2: About Johannesburg Water

2.1 Vision

To be a water and sanitation utility that works.

2.2 Mission

To provide all the people of Johannesburg with access to quality water and sanitation services by:

- Delivering a professional, sustainable, affordable and cost-effective service
- Pro-poor development
- Creating a customer-focused culture that responds to the needs of citizens, customers and business
- Valuing and developing its employees to build a sustainable capacity
- Safeguarding public health and safety within the City of Johannesburg
- Preserving natural resources for future generations
- Managing assets and leveraging on technology.

2.3 Values

- Teamwork
- Accountability
- Cost effectiveness
- Communication
- Customer service

2.4 Core Mandate/Purpose/Objectives

JW is a municipal entity, wholly owned by the City of Johannesburg (CoJ) and is mandated to provide water and sanitation services to the residents of Johannesburg. The company's strategic objectives are linked to the Shareholder's objectives through the Service Delivery Budget Implementation Plan (SDBIP) and cluster plans whereby JW is assigned to the Sustainable Services Cluster. In addition, the relation between the company and the Shareholder is governed through the Service Delivery Agreement (SDA), which is reviewed from time to time.

The entity supplies 1 572 Mℓ/day of potable water, procured from Rand Water, through a distribution network of 11,896 km, 116 operational reservoirs and water towers, and 35 water pump stations. The spent wastewater is then collected and reticulated via 11,786 km of wastewater network and 37 sewer pump stations, and treats 973 Mℓ/day of sewage at its six wastewater treatment works, where two of its biogas-to-energy plants (which convert methane gas to energy) are located. JW provides potable water services to an area ranging from Midrand in the north to Orange Farm in the south, and Alexandra and others in the east to Roodepoort in the west.

JW buys water from Rand Water, a parastatal bulk water supplier, which treats raw water to high quality standards and sells it to other municipalities, including JW. The water is pumped 80.3 km uphill from the Vaal River, near Vereeniging. The Vaal River itself is augmented by two major inter-basins transfer schemes, the uThukela River in northern KwaZulu-Natal and the Senqu River in the Lesotho Highlands.

JW's Business Plan is based on the CoJ's Growth and Development Strategy (GDS 2040) – a long-term planning framework that addresses, amongst others, forecasts of future water supplies, water demands, customer needs, basic services and operating constraints.

The long-term key drivers that impact the provision of water and sanitation services to achieve the growth and developmental needs of the City towards the year 2040 are: continuity of supply (due to scarcity of water); water infrastructure; coverage of water and sanitation; strategic partnerships; climate change; and protection of the environment. In prior years JW has prioritised key programmes that respond to outputs 1, 3 and 4 of the GDS 2040

and to key IDP programmes by implementing demand management initiatives, reduction of pipe bursts, maintaining high quality of drinking water and improving quality of discharged effluent to the rivers. One of JW's achievements in the last three to five years has been the consistent compliance with drinking water quality standards. JW will continue to build on such strengths and maintain the high levels of compliance for both drinking water and wastewater.

2.5 Key Performance Functions

JW operates in six regions, with ten network depots and six wastewater treatment plants. The population of Johannesburg has increased by 11.6% between 2011 and 2016, consequently the entity supplies ±590,000 domestic, commercial and industrial customers and serves an estimated consumer base of about 4.9 million people (IMS Global Insight 2016).

The key performance areas of JW are to increase customer service; reduce interruptions and ensure reliable services; increase access to basic services; contribute towards national development goals; protect the environment; improve financial ratios; improve liquidity/cash flow; improve infrastructure conditions; and ensure organisational excellence. Customer services will improve with increased levels of response times to water and sewer infrastructure failures as JW strives to achieve 100% compliance to Service Level Agreement standards and correctly read customers' meters on a monthly basis.

The company strives to provide reliable services through capital expenditure programmes and approved operational and maintenance plans. Achieving these goals, as well as a continued effort to sample more than 500 drinking water samples throughout CoJ, will ensure that good quality drinking water is supplied to all residents in the City. It is imperative that all residence of CoJ at least have access to basic water and sanitation. This is achieved by the roll out of basic water and sanitation to informal settlements to improve the percentage water and sanitation coverage in these areas. These services include communal taps at a 100 m radius (water), Ventilated Improved Pit-latrines (VIP's), communal ablution blocks and alternative sanitation technology.

Job creation to promote economic development and attract investment towards achieving 5% economic growth, will be achieved by creating job opportunities based on the Expanded Public Works Programme (EPWP) as well as contractor development. The percentage Broad-based Black Economic Empowerment (B-BBEE) spend is also enhanced to support qualifying enterprises. Protection of the environment is important and is achieved by limiting sewer spills at wastewater treatment works and discharging a compliant final effluent back into the river systems through properly maintained wastewater treatment works. Pollution levels are reduced by offsetting Greenhouse Gas (GHG) emissions from biogas projects at the wastewater plants.

JW needs to be financially sustainable. This will be achieved by reducing non-revenue water to acceptable levels through various initiatives. Water demand will continuously be reduced by implementing the recently approved Water Consumption/Water Demand Management (WC/WDM) Strategy. Profits need to be increased while bad debts will be managed, to obtain a clean audit opinion from the Auditor-General. To improve financial sustainability, adequate replacement and refurbishing of water and sewer infrastructure, and electro-mechanical equipment at the wastewater works and pump stations is required.

Attention to JW's human resources and health and safety practices will contribute to organisational excellence. The company will implement sound employment equity practices and retain employees with critical skills. Training and development of internal staff and external candidates is implemented to maintain a skilled workforce. Occupational health and safety (OHS) compliance through NOSA's star rating system is implemented to ensure the health and safety of employees and the public.

2.6 Implementation and Past Performance Overview

Table 2 reflects the highlights of service delivery performance and targets for the 2014/15 and 2015/16 financial years. The performance trends indicate an increase in performance which impacts service delivery positively.

Table 2: Past service delivery performance overview

| IDP Programmes/ Priorities | Key Performance Indicator | 2014/15 Target | 2014/15 Actual | 2015/16 Target | 2015/16 Actual |
|--------------------------------|---|-------------------|-------------------|-------------------|-------------------|
| Developmental Service Delivery | Total B-BBEE procurement recognition spent from qualifying small enterprises and exempted micro enterprises | 135% | 117% | 125% | 118% |
| Reliable Service | Water bursts restored within 48 hours as a ratio of jobs completed | 95% | 81% | 95% | 84.29% |
| | Sewer blockages cleared within 24 hours as a ratio of jobs completed | 95% | 93% | 96% | 93.46% |
| | Compliance with drinking water standards | 98% | 99.80% | 99% | 99.80% |
| Basic Services | Informal households with access to water – LOS1 | 90.05% | 94.01% | 96.14% | 96.15% |
| | Informal households with access to sanitation – LOS1 | 44.11% | 44.60% | 46.37% | 46.59% |
| Demand-side Management | Water consumption per capita | 308 lcd | 320 lcd | 308 lcd | 309 lcd |
| | % NRW | 35% | 35.8% | 32% | 35.30% |

Chapter 3: Strategic Analysis

3.1 PESTEL Analysis

The situational analysis, as outlined in Table 3, helps to identify the key external (macro-environment level) factors that might affect JW; identify the external factors that may change in the future; and understand the high level factors that have an impact on the company.

Table 3: PESTEL

| Categories | Factors |
|-------------|---|
| Political | New local government arrangements, mandate, priorities and strategy Service delivery protests |
| Economical | High unemployment levels Rising cost of living Water tariff increases Rising labour costs Non-payment for services and illegal connections Impact of country's downgrade to junk status |
| Social | Population growth rate is increasing Low consumer awareness on service charter Higher immigration rates Informal settlements requirements High density settlements |
| Technology | Rate of technological change Research and development Access to new technology Smart City requirements Maximising City wifi/broadband coverage |
| Environment | Drought and floods Quality environmental standards Growth in water demand Acid mine drainage Carbon emissions |
| Legislative | Water policy By-laws on water restrictions Enforcement of municipal by-laws Education of consumers on recent and revised by-laws Compliance to regulations relevant to JW's business Encroachment by informal settlements over servitudes and infrastructure |

3.2 SWOT Analysis

The SWOT analysis, as reflected in Table 4, guides JW to identify the positives and negatives inside the organisation and externally. The analysis has been undertaken to develop full awareness of JW's current situation to strengthen both strategic planning and decision-making. The organisational strategies address the weaknesses while maximising opportunities.

Table 4: SWOT Analysis

| Internal | External |
|---|--|
| <p>Strengths</p> <ul style="list-style-type: none"> Industry knowledge Committed personnel Disaster management mechanism Risk resilient | <p>Opportunities</p> <ul style="list-style-type: none"> New technology Good governance structures Acid mine drainage (AMD) as an alternative water source |
| <p>Weaknesses</p> <ul style="list-style-type: none"> Consumer engagements Inadequate integrated planning Inadequate capital funding Cash flow and liquidity problems Aging infrastructure | <p>Threats</p> <ul style="list-style-type: none"> Growth in demand outstripping supply Adverse economic conditions and bad debts Climate change effects AMD effects for climate change Diffuse pollution from informal settlements Aging infrastructure – underinvestment |

Chapter 4: 2016–2021 IDP Priorities and JW Strategic Goals

The CoJ has provided key strategic priorities to attain the outcomes outlined in the GDS 2040. JW, in return, has defined programmes and interventions that will contribute to the attainment of the following priorities:

- Priority 1: Promote Economic Development and attract Investment towards achieving 5% economic growth
- Priority 2: Ensure pro-poor development that addresses inequality and provides meaningful redress
- Priority 3: Create culture of enhanced service delivery with pride
- Priority 4: Create a sense of security through improved public safety
- Priority 5: Create an Honest and transparent City that fights corruption
- Priority 6: Create a City that responds to the needs of residents
- Priority 7: Enhancing our financial sustainability
- Priority 8: Encourage innovation and efficiency through programme such as Smart City
- Priority 9: Preserve our natural resources for future generations

To deliver its strategic vision, JW has set a series of high-level strategic goals, as indicated in Table 5, which supports the City priorities.

Table 5: Strategic Goals

| JW Strategic Goal | City Priority |
|---|---|
| <p>Strategic Goal 1: Utilise infrastructure delivery to create jobs, support SMMEs and attract investments</p> | <p>Priority 1: Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment</p> <p>Priority 3: Create a culture of enhanced service delivery with pride</p> <p>Priority 9: Preserving our resources for future generations</p> |
| <p>Strategic Goal 2: Deliver water and sanitation service of good quality that is accessible, reliable and efficient in an environmentally responsible/sustainable way</p> | <p>Priority 3: Create a culture of enhanced service delivery with pride</p> |
| <p>Strategic Goal 3: Improve customer and stakeholder satisfaction</p> | |
| <p>Strategic Goal 4: Enhance sound financial management, sustainability and clean governance</p> | <p>Priority 7: Enhancing our financial sustainability</p> <p>Priority 5: Create an honest and transparent City that fights corruption</p> |
| <p>Strategic Goal 5: Use of technology for effective and efficient operations</p> | <p>Priority 8: Encourage innovation and efficiency through programme such as Smart City</p> |
| <p>Strategic Goal 6: Invest in our staff to sustain optimal performance and service-focused culture with committed people</p> | <p>Priority 3: Create a culture of enhanced service delivery with pride</p> |

4.1 Strategic Goal 1: Utilise infrastructure delivery to create jobs, support SMMEs and attract investment

Strategic Goal 1 was developed to support City Priorities 1, 3 and 9 (refer to Table 5). The following activities, as described in this section, will be undertaken in achieving this goal:

- Priority 1: Promote Economic Development and attract Investment towards achieving 5% economic growth,
- Priority 3: Create a culture of enhanced service delivery with pride and
- Priority 9: Preserving our natural resources for future generations.

4.1.1 Capital Investment

JW's capital programmes support the CoJ GDS 2040 outcomes as well as the nine CoJ priorities, as adopted at the Mayoral Lekgotla in 2016. These programmes focus mainly on upgrade and renewals of networks, expansion of wastewater treatment works, storage capacity and water demand management initiatives. The programmes incorporate the national outcomes as reflected below:

- **Outcome 2:** A long and healthy life for all South Africans
- **Outcome 4:** Decent employment through inclusive economic growth
- **Outcome 5:** A skilled and capable workforce to support an inclusive growth path
- **Outcome 6:** An efficient, competitive and responsive economic infrastructure network
- **Outcome 8:** Sustainable human settlements and improved quality of household life
- **Outcome 10:** Environmental assets and natural resources that is well protected and continually enhanced.

Existing Infrastructure for continued service delivery and long-term profitability

The renewal rate requirement of infrastructure for the Johannesburg Water and sewer networks is 1.55% and 1.48% respectively. The useful life of each network is 64.6 and 67.6 years respectively. Based on the existing infrastructure, the renewal rates and the target number of repairs per 100 km, the optimum annual investment at 2015/16 Rand values is shown in the table below:

| Infrastructure | Repairs R 000 | Renewals R 000 | Value of Water Loss Due to Burst R 000 | Total Cost R 000 |
|----------------|------------------|-------------------|--|---------------------|
| Water Network | 20,400 | 243,200 | 1,700 | 265,300 |
| Sewer Network | 10,700 | 334,700 | 0 | 345,500 |
| Totals | 31,100 | 578,000 | 1,700 | 610,800 |

This optimal annual investment will increase as the City grows and inflation. It is predicted that water pipeline materials, such as uPVC and HDPE, will have useful lives of around 80 years. This should have a positive effect on the renewal rate (i.e. reduction) as a greater proportion of the network, over time, consists of these materials. The current investment in existing infrastructure in 2015/16 is shown in the table below:

| Infrastructure | Repairs R 000 | Renewals R 000 | Value of Water Loss Due to Burst R 000 | Total Cost R 000 | Additional Cost Above Optimum R 000 |
|----------------|------------------|-------------------|--|---------------------|---|
| Water Network | 326,100 | 173,100 | 27,300 | 526,500 | 261,200 |
| Sewer Network | 254,600 | 54,100 | - | 308,700 | - |
| Totals | 580,700 | 227,200 | 27,300 | 835,200 | 261,200 |

This demonstrates that without the correct renewal rate of infrastructure, the costs of owning the assets are not minimised and an additional amount of an estimated R261.2 million was spent in the 2015/16 financial year. As the renewal rate and therefore investment is lower than the optimum, the costs have shifted from renewal or capital expenditure to repairs or operational expenditure. For water this consists the cost of repairing burst water pipes and additional water purchases from Rand Water, while for sewer the cost of repairing blocked sewer pipes. In addition, each year of under-investment in renewal in infrastructure results in a gradual deterioration of and therefore value of the infrastructure asset. In other words, the depreciated replacement cost (DRC) is lower than it should be. The

net result is there is a higher ongoing cost of owning the asset and the value of the asset is lower than it should be. Costs have shifted from capital expenditure to operating expenditure.

The solution to the under-investment in infrastructure is the replacement of portions of the pipe networks and the components of other infrastructure, the wastewater treatment works, reservoirs and pump stations that have reached the end of their useful life (have high burst, blockage, and electrical and mechanical failures). This means that a renewal rate greater than the norm that is needed for infrastructure assets in good condition (e.g. 1.55% for water and 1.48% for sewer networks) is required to overcome the backlog. The alternative sources of funding as discussed in section 7.1.4 will be considered for infrastructure funding.

The current replacement cost (CRC) of JW's immovable assets amount to R 55 billion. These assets range from wastewater treatment works and wastewater networks to water supply networks. On average, 54% of the assets' useful life has been consumed. Table 6 summarises JW's immovable assets per sub-category, including the projected failure period. It is evident that assets worth R12.650 billion will fail within ten years, while 53% has more than 20 years' remaining useful life. Over the next ten-year period, JW needs to invest a total of R1.2 billion per annum on infrastructure renewal to improve the longevity of its assets, however, the renewals funding requirements exclude upgrades and expansions of infrastructure, which mainly serve for economic and future development.

Table 6: Immovable Assets CRC

| Asset Sub-Categories | Remaining Useful Life (Years) CRC Amount (R'000) | | | | |
|----------------------------|--|--------------|--------------|--------------|---------------|
| | 0-5 | 6-10 | 11-15 | 16-20 | More than 20 |
| Water Supply Networks | 3,747 | 1,706 | 2,683 | 478 | 11,482 |
| Wastewater Supply Networks | 2,770 | 1,625 | 2,601 | 3,191 | 13,664 |
| Wastewater Treatment Works | 1,161 | 1,641 | 183 | 1,417 | 1,334 |
| Total | 7,678 | 4,972 | 5,467 | 5 086 | 26,481 |
| % Composition | 15% | 10% | 11% | 10% | 53% |

JW proposed a budget of R2.3 billion over a three-year period to address its infrastructure renewal needs and backlog. Table 7 provides a detailed breakdown of the capital budget per category. In 2017/18 a total of R795 million will be invested in various programmes that will give effect to the political direction of the new administration.

Table 7: Three-year Capital Budget

| Category | 2017/18 R'000 | 2018/19 R'000 | 2019/20 R'000 |
|----------------------------------|----------------|----------------|----------------|
| Corporate Requirements | 8,500 | 4,500 | 4,500 |
| Water Demand Management | 120,135 | 60,000 | 60,000 |
| Operate and Maintain | 41,000 | 61,000 | 71,000 |
| Upgrading and Renewal | 282,000 | 249,391 | 230,500 |
| New Infrastructure | 57,500 | 22,225 | 31,000 |
| Planning and Engineering Studies | 20,000 | 20,000 | 21,500 |
| Information Technology | 10,000 | 10,000 | 10,000 |
| Marginalised Areas Programme | 56,700 | 35,000 | 31,000 |
| Bulk Wastewater | 199,170 | 244,000 | 302,950 |
| Total | 795,005 | 706,116 | 762,450 |

Figure 1 indicates the split of the CAPEX per programme, with an emphasis on infrastructure upgrade and renewal.

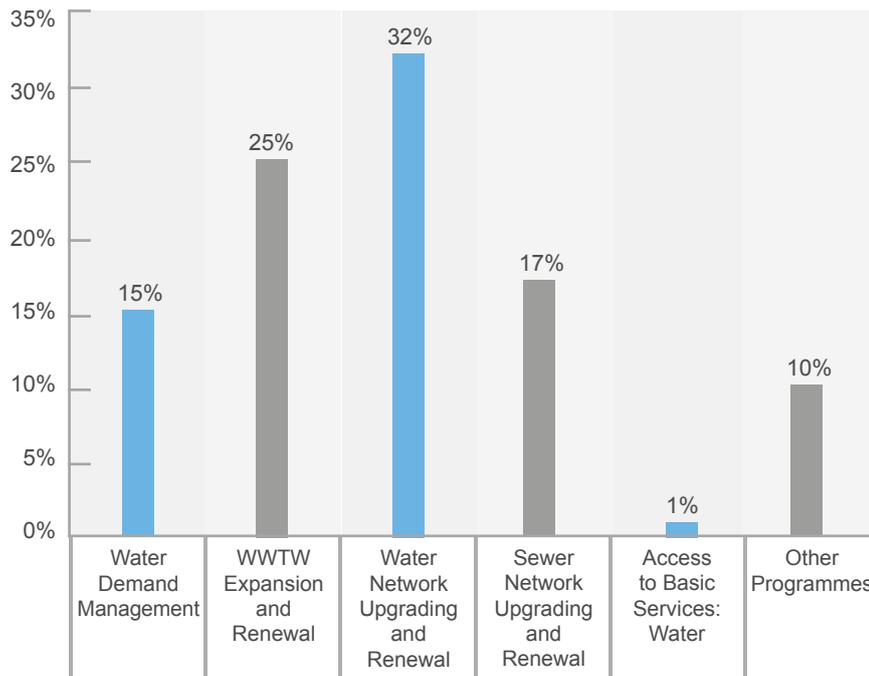


Figure 1: CAPEX per Programme

4.1.2 Wastewater Treatment Works Programme

JW plans to roll out a series of high-level projects and interventions to increase current infrastructure capacity (see Annexure A). Lanseria (50 Mℓ) Wastewater Treatment Works is one of the major capital projects to be implemented, however, a lack of funding means the implementation will be delayed. It is envisaged that the actual construction will commence in the 2020/21 financial year, after the completion of the environmental authorisation process. Upon completion, the project will provide additional sanitation capacity for approximately 50,000 households. This project will reduce the current pressure on the Northern Wastewater Treatment Works (WWTW) and unlock economic development, resulting in job creation and poverty alleviation in the City. The project will further positively contribute to protecting the environment and mitigating climate change. Less pressure on the Northern WWTW equates to fewer environmental spills, and new technologies at the new Lanseria WWTW will increase energy efficiency. A further positive impact on the environment will result from the decommissioning of several network pump stations.

In addition, in the coming five years, JW will continue to roll out bulk wastewater infrastructure projects, which include upgrades, renewals and expansion in six WWTWs. Expansion of the Northern WWTW, Unit 5, Module 2 was initiated in the current financial year (2016/17). It is envisaged that construction will commence towards the end of the 2017/18 financial year, depending on funding availability. Upon completion the project will provide the CoJ with an additional 50 Mℓ/day sewerage treatment capacity to connect an additional 50,000 households, which in turn unlocks development opportunities for the CoJ. Through this process more jobs will be created within the City, reducing the unemployment rate, as well supporting SMMEs by means of sub-contracting opportunities during the implementation phase.

Table 8 indicates programmes that will be rolled out in the next three years. These projects, especially the ones related to renewal of old infrastructure, will impact positively on the environment in terms of reducing operational failures linked to spills into receiving rivers.

Table 8: Wastewater Treatment Programme

| Project | Additional Capacity | 2017/18 Budget (R'000) | 2018/19 Budget (R'000) | 2019/20 Budget (R'000) | Output |
|---|------------------------------------|------------------------|------------------------|------------------------|---|
| Olifantsvlei Heating and Mixing | Operational efficiency improvement | 31,500 | 38,000 | 25,000 | <ul style="list-style-type: none"> Operational efficiency improvement Job creation and SMME support Environmental protection |
| Bushkoppies Balancing Tank | Operational efficiency improvement | 37,400 | 19,000 | 35,000 | |
| Goudkoppies Refurbishment | Operational efficiency improvement | 45,600 | 32,000 | 66,000 | |
| Northern Works Expansion and Refurbishment (Unit 5, Module 2) – 50 Ml/d | 50 Ml/d | 28,500 | 88,000 | 160,000 | <ul style="list-style-type: none"> Additional 50,000 H/H equivalent Attract investment, create jobs and support SMMEs |
| Driefontein Concrete Lining | Operational efficiency improvement | 5,100 | 54,000 | 6,000 | <ul style="list-style-type: none"> Operational efficiency improvement Job Creation and SMME support Environmental protection |
| Lanseria WWTW (50 Ml/d) | 50 Ml/d | 5,000 | 5,000 | 5,000 | <ul style="list-style-type: none"> Additional 5,000 H/H equivalent Attract investment, create jobs and support SMMEs |
| WWTW Replacement, General (Including Ennerdale) | | | 8,000 | 6,000 | <ul style="list-style-type: none"> Operational efficiency improvement Job creation and SMME support Environmental protection |
| Total | 100 Ml/d | 199,000 | 244,000 | 303,000 | 100,000 H/H |

4.1.3 Pipe Replacement Programme

JW has implemented a pipe replacement programme over the past five years. In terms of the programme water and sewer networks were targeted to replace a total of 900 km of water network and 800 km of sewer network. By the end June 2016, 461 km and 78.8 km water and sewer pipes have been replaced respectively. JW will, in the next five years, continue to replace water and sewer network infrastructure that has a remaining useful life of less than two years. It plans to replace 633 km of water network and 456 km of sewer network. In the rolling out of the Pipe Replacement Programme, JW intends to use SMMEs and local labourers, thereby creating jobs and transforming the social and economic standing of the City's residents. The pipe replacement will contribute to the reduction of the number of water bursts and sanitation blockages per kilometre respectively, which will in turn improve the CoJ's service levels. The reduction of water burst frequency will further have a positive impact on the continued provision of quality drinking water, because fewer breakages in the water system would mean fewer chances for compromised water quality. Also, with fewer blockages within the City's river/stream network, the sewer pipe replacement will ensure less environmental damage to our rivers and streams. Table 9 provides detailed plans of the Water Pipe Replacement Programme, with an average renewal rate of 1.2% per annum.

Table 9: Water pipe replacement plan

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--------------|---------------|---------------|---------------|----------------|----------------|----------------|
| JW Depot | Length (m) | Length (m) | Length (m) | Length (m) | Length (m) | |
| Region A | 3,500 | | | 20,720 | 2,995 | 27,215 |
| Region B | 17,300 | 20,100 | 28,840 | 61,800 | 60,500 | 188,540 |
| Region C | 12,100 | 7,035 | 2,245 | 27,085 | 56,570 | 105,035 |
| Region D | 15,100 | 31,190 | 21,970 | 78,150 | 75,560 | 221,970 |
| Region E | | | | 1,795 | 9,015 | 10,810 |
| Region F | 19,000 | | | 40,395 | 20,115 | 79,510 |
| Total | 67,000 | 58,325 | 53,055 | 229,945 | 224,755 | 633,080 |
| Renewal rate | 0.66% | 0.60% | 0.50% | 2.10% | 2.10% | 1.21% |

Table 10 indicates the detailed sewer pipe replacement per city-wide regions over five years. These sewer projects will assist in reducing the high occurrence of sewer blockages in these areas. Replacement of 456 km equates to replacement of 91 km per annum at an average renewal rate of 0.76%. Extensive sewer replacements have been undertaken in Region F in the past year, hence it not included in the next five-year plan, while Region E has been excluded pending the finalisation of the Soweto Infrastructure and Upgrade Project.

Table 10: Sewer pipe replacement plan

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|--------------|---------------|---------------|---------------|----------------|----------------|----------------|
| JW Depot | Length (m) | Length (m) | Length (m) | Length (m) | Length (m) | |
| Region A | 3,500 | | | 2,226 | 23,636 | 29,362 |
| Region B | 1,747 | | 15,423 | 87,787 | 7,509 | 112,466 |
| Region C | 5,154 | 6,308 | 10,704 | 5,681 | 106,677 | 134,524 |
| Region D | 10,174 | 46,991 | 30,514 | 22,486 | 22,781 | 132,946 |
| Region E | - | - | - | 33,625 | - | 33,625 |
| Region F | 13,000 | - | - | - | - | 13,000 |
| Total | 33,575 | 53,299 | 56,640 | 151,804 | 160,603 | 455,923 |
| Renewal rate | 0.30% | 0.40% | 0.50% | 1.30% | 1.30% | 0.75% |

4.1.4 Upgrades and Storage Infrastructure

The IHS Global Insight 2016 indicated that the population of Johannesburg increased by 11.6% between 2011 and 2016 to 4.9 million people. Population growth has a direct impact on the demand for water infrastructure to meet population needs with regard to providing quality water supply within 24 hours and with correct pressure. Through the Infrastructure Upgrades Programme JW intends to meet CoJ's ever growing population needs, which in return will support the City's economic growth target. The ability of JW to provide good and reliable infrastructure that offers better and quality water services will provide a basis for investor confidence in the City – attracting new investment.

In the coming five years, JW will start rolling out major network infrastructure upgrade projects, positioning CoJ as a preferred investment destination. Infrastructure upgrade projects will ensure continuous development of key municipal developmental nodes within the City. Table 11 provides the detailed water infrastructure network upgrade projects geared for implementation in 2017/18.

Provision of potable water of highest quality and discharging effluent that complies with our licence conditions remain key in ensuring quality services that meet the Blue and the Green drop requirements respectively.

Table 11: Project values and output

| Name of Project | Estimated Project Value (R'000) | 2017/18 Budget (R'000) | Output | Region |
|-----------------------------|---------------------------------|------------------------|--|--------|
| Halfway House Water Upgrade | 20,000 | 5,000 | 5.4 km new bulk supply main | A |
| Sandton Water Upgrade | 90,000 | 5,000 | 11.9 km increased capacity to supply mains | B |
| Linbro Water Upgrade | 30,000 | 10,000 | 0.7 km increased capacity to supply mains | B |
| Aeroton Water Upgrade | 15,000 | 2,000 | 5 km increased capacity to supply mains | D |
| Crown Gardens Water Upgrade | 10,000 | 2,000 | 2.5 km increased capacity to supply mains | D |
| Protea Glen Water Upgrade | 12,000 | 2,000 | 3.7 km increased capacity to supply mains | E |
| Zondi Water Upgrade | 10,000 | 10,000 | 0.5 km increased capacity to supply mains | E |
| Total | 323,000 | 36,000 | | |

JW is committed to 24-hour service storage, as per its Customer Service Charter. In rolling out network upgrade projects JW will also construct two new reservoirs and five water towers. Over the five-year period, it is projected that additional equivalent storage capacity of 53,750 households will be created – attracting housing development investors within the City. Table 12 indicates the planned reservoirs and their projected outputs.

Table 12: Storage capacity projects and output

| Project | Storage Capacity (ML) | Proposed Budget 2017/18 (R'000) | Output | Region |
|-------------------------|-----------------------|---------------------------------|--|--------|
| Erand Tower | 0.75 | 14,000 | Additional water storage of 500 H/H equivalent | A |
| Carlswald Reservoir | 13 | 4,000 | Additional 13,000 H/H equivalent | A |
| Halfway House Reservoir | 20 | 10,000 | Additional 20,000 H/H equivalent | A |
| Blue Hills Tower | 1.8 | 5,000 | Additional 1,000 H/H equivalent | A |
| Robertville Tower | 2.25 | 10,000 | Additional 2,250 H/H equivalent | C |
| Aeroton Direct Tower | 1.4 | 3,000 | Additional 1,000 H/H equivalent | F |
| Crown Gardens Tower | 1.1 | 10,500 | Additional 1,000 H/H equivalent | F |
| Total | 40.3 | 56,500 | Additional 38,750 H/H equivalent | |

4.1.5 Economic Development Nodes

In an effort to re-energise the City's economy, the CoJ has identified economic developmental nodes that need attention in the coming five years, including Inner City; Randburg; Roodepoort (mining belt); and Transit-oriented Development Areas. In the Inner City, JW will continue to implement superimposed sewer projects that are geared towards resolving the sewer problem in Bruma Lake, with investigations completed as part of phase one. JW also plans to finalise the refurbishment of the Hector Norris Pump Station in 2017/18. In the Randburg and Roodepoort nodes, JW will continue to engage with the City's planning department to align its programme with the City's vision or strategic direction in respect of these two nodes.

Transit-oriented Development Areas

Transit-oriented Development Areas is one of CoJ's special programmes designed to correct the imbalances of the past. The programme is geared toward ensuring that high density human settlements are developed within the CoJ. This initiative will attract more people to the City or working zones, while also being provided with mobility through public transport (Rea Vaya).

In support of Transit-oriented Development, JW has identified various capital projects that are geared to support the expected population and economic activities within the nodes. The company will provide additional water supply infrastructure and sanitation service capacity to support higher density settlements. The initial plan was to

commence with project construction in the 2015/16 financial year, after needs analyses were done in 2014/15. However, due to a re-based budget, designs commenced in 2015/16 and continued into 2016/17. Construction work will commence in the 2017/18 financial year. Table 13 provides detailed projects which JW will implement in support of the programme.

Table 13: Economic development nodes

| Node | Project Name | 2017/18 Budget (R'000) | 2018/19 Budget (R'000) | 2019/20 Budget (R'000) | Output |
|--------------|---|------------------------|------------------------|------------------------|---|
| Louis Botha | Water Upgrade (1.4 km) and 37 Mℓ Reservoir (Linksfeld) | 10,000 | 20,000 | 20,000 | <ul style="list-style-type: none"> • Support densification initiatives on economic development areas or zones • Create jobs • Provide SMME support • Promote private investment |
| | Sewer Upgrade (5.4 km) | 10,000 | - | - | |
| Empire-Perth | Water Upgrade (7.2 km) and 26 Mℓ Reservoir (Hursthill) and 2 Mℓ Tower (Brixton) | 15,000 | 15,000 | 13,000 | |
| | Sewer Upgrade (3.5 km) | 10,000 | - | - | |
| Turffontein | Water Upgrade (2.2 km) and 2.5 Mℓ Water Tower (Forest Hill) | 10,000 | 10,000 | 10,000 | |
| | Sewer Upgrade (5.1 km) | 10,000 | - | - | |
| Total | | 56,000 | 45,000 | 43,000 | Total: R144,000 |

Inner City Programme

The Inner City Programme, comprising the Johannesburg CBD and adjacent suburbs, has been defined as a priority development node for CoJ. Similar to Transit-oriented Development Areas, its vision is to provide higher density, mixed-use development in support of the Growth and Development Strategy.

JW has defined a number of upgrading and renewal projects required to support the proposed development. A total need of approximately R530 million has been identified for infrastructure upgrading and renewal. In the 2017/18 to 2019/20 financial years, provision of R101 million has been made for water (R73 million) and sewer (R28 million) renewals. These budgetary allocations form part of JW's Infrastructure Renewal and Upgrade Programme. To ensure alignment with the expected outcomes, the balance of the projects will be prioritised through engagement with the CoJ once the phasing of the programme has been determined.

4.1.6 Job Creation Programme and SMME Support

The National Development Plan (NDP) sets the target for reducing South Africa's unemployment rate to 6% in 2030. *The Quarterly Labour Force Survey Quarter 3, 2016* indicates that the national unemployment rate is at 27.1%, with more than 50% of female youth unemployed – the highest population group affected. To reduce the high levels of unemployment, the CoJ aims to achieve 5% economic growth over five phases. Achieving this target will in turn enable the City to increase job creation. In line with the City's commitment to support SMMEs, JW will continue to implement various programmes that are geared toward job creation and the development and empowerment of SMMEs, including repairs and maintenance of infrastructure with an increased focus on townships.

JW plans to spend R160 million (R112 million of its capital and operational budget) in the 2017/18 financial year by supporting 91 SMMEs while creating 943 decent jobs in the same period. JW's Job Creation Programme will ensure maximum participation of youth, women and people with disabilities to transform the economic and social standing of the community within the City. Tables 14–16 provide the overall plan for each programme.

Pipe Replacement Contractor Development Programme

JW will continue with its Learnership Contractor Development Programme in 2017/18 (phase 3) to reduce unemployment within the CoJ. The programme will capacitate local SMMEs to achieve a Construction Industry Development Board (CIDB) Grading 4 CE by the end of June 2018, whereafter trained contractors will assist the City in the roll out of its Pipe Replacement Programme. The second intake will of 30 learner contractors to be trained over three-year period.

Water and Sewer Networks Repairs and Maintenance

JW experiences a large number of pipe failures, blockages and bursts on both water and sewer mains, especially in areas like Ivory Park, Alexandra, Diepsloot, Orange Farm and sections of Soweto. As a result of high level of water pipe burst and sewer pipes blockages, JW runs the risk of not adhering to its Customer Charter with regard to response times. In an effort to mitigate the identified risk, the company intends to expand its Repairs and Maintenance Programme, first implemented in the Alexandra township and referred to as the "Alex Model". The programme intends to appoint local "as and when" contractors with the necessary expertise to attend to infrastructure failures on the water and sewer infrastructure on behalf of the company. The purpose of this programme is to ensure that problems are attended timeously, with the added benefit of local business opportunities and employment in these targeted areas. The programme intends to support 25 SMME contractors from local communities with relevant CIDB grading in 2017/18 and create 175 decent jobs.

Installation of Basic Services

JW's Basic Services Programme intends to create decent jobs and improve the livelihood of the masses trapped in poverty. As this programme is mostly implemented in informal settlements, JW intends to empower local communities in the roll out of both basic water and sanitation services. Through this programme, JW intends to appoint local SMMEs to install communal stand pipes and ventilated improved pit-latrines (VIPs) throughout the City. Based on allocated budget, it is envisaged that water backlog will be cleared in 2018/19, while sanitation will take longer. In order to ensure support, local contractors will be assisted by the main contractor, who will be appointed by JW as mentor. It is anticipated that in 2017/18, six local SMMEs will be appointed and 30 decent jobs will be created. The number of local SMMEs and jobs to be created will increase as the basic services funding increases.

Job Creation in Other Services

Through targeted sub-contracting the main contractor on selected capital projects will be utilised to empower SMMEs procured through the Job Creation Programme.

Unbundling of the chemical toilet contracts has been identified as a potential job creator, whereby the current model will be phased out and contracts will be reorganised to include more suppliers in various categories of supply. It is anticipated that more local contractors will benefit as opposed to the current arrangement whereby less than five suppliers have been appointed.

In order to increase job creation opportunities, reinstatement of civil infrastructure in areas not used by vehicles, standpipe maintenance in informal settlements, and water infrastructure manhole maintenance are also identified as potential job creation initiatives.

As part of its SMME development initiative, JW will include three measures that require internal user departments to: (i) set aside at least 30% of budgets for SMME procurement; (ii) unbundle large projects to suit SMME CIDB grading and capacity in particular instances; and (iii) encourage larger businesses not only to subcontract but also form partnerships with SMMEs that will result in transfer of skills and improve their capacity and expertise.

Table 14: Job creation plan 2017/18

| Job Creation – Year One Outputs (2017/18) | | | | | | | |
|---|-----------------|-------------------------|-------------------------|-------------|----------------------|---------------------|-------------|
| Programme Name | No. of Entities | Entities Owned by Youth | Entities Owned by Women | No. of Jobs | CAPEX Budget (R'000) | Opex Budget (R'000) | Region |
| Pipe Renewal | 60 | 26 | 24 | 738 | 150,000 | - | All |
| O&M | 25 | 13 | 12 | 175 | - | 75,400 | A,D,E and G |
| Installation of Basic Services | 6 | 2 | 4 | 30 | 10,000 | 30,000 | C and G |
| Total budget | 91 | 41 | 40 | 943 | 160,000 | 105,400 | |

Table 15: Job creation plan 2018/19

| Job Creation – Year One Outputs (2017/18) | | | | | | | |
|---|-----------------|-------------------------|-------------------------|-------------|----------------------|---------------------|-------------|
| Programme Name | No. of Entities | Entities Owned by Youth | Entities Owned by Women | No. of Jobs | CAPEX Budget (R'000) | Opex Budget (R'000) | Region |
| Pipe Renewal | 30 | 14 | 16 | 270 | 50,000 | - | All |
| O&M | 25 | 13 | 12 | 175 | - | 75,400 | A,D,E and G |
| Installation of Basic Services | 6 | 2 | 4 | 30 | 10,000 | 30,000 | C and G |
| Total budget | 61 | 29 | 32 | 475 | 60,000 | 105,400 | |

Table 16: Job creation plan 2019/20

| Job Creation – Year One Outputs (2017/18) | | | | | | | |
|---|-----------------|-------------------------|-------------------------|-------------|----------------------|---------------------|-------------|
| Programme Name | No. of Entities | Entities Owned by Youth | Entities Owned by Women | No. of Jobs | CAPEX Budget (R'000) | Opex Budget (R'000) | Region |
| Pipe Renewal | 30 | 14 | 16 | 600 | 150,000 | - | All |
| O&M | 25 | 13 | 12 | 175 | - | 75,400 | A,D,E and G |
| Installation of Basic Services | 6 | 2 | 4 | 30 | 10,000 | 30,000 | C and G |
| Total budget | 61 | 41 | 40 | 805 | 160,000 | 105,400 | |

4.2 Strategic Goal 2: Deliver water and sanitation services of good quality that is accessible, reliable and efficient in an environmentally responsible/sustainable way

Strategic Goal 2 was developed to support City Priority 3 (To create a culture of enhanced service delivery with pride). The following activities, as described in this section, will be undertaken in achieving this goal:

- Priority 3: Create a culture of enhanced service delivery with pride

4.2.1 Provision of Basic Services

JW provides basic water and sanitation services to informal settlements. The proposed figure of 183,895 households in informal settlements has been used as a basis to project coverage targets. However, the total number of households in informal settlements will be confirmed during the mid-year review.

Provision of Basic Water

Access to basic water (LoS1) has been provided to 149,546 of the 183,895 households in informal settlements, with a coverage of 82.64%. This means that the remaining 34,349 households are provided with water services at a nominal service level (water tankers) and require upgrading to LoS1 in the form of communal water standpipes.

JW plans to provide 2,428 households with access to basic water in 2016/17, thereby increasing the coverage to 151,974. In 2017/18 JW will upgrade 2,290 households to LoS1, resulting in increased coverage of 154,264 (equivalent to 83.89%) in informal settlements. The programme will also provide opportunities for job creation during project implementation.

Provision of Basic Sanitation

Access to basic sanitation has been provided to 70,576 of the 183,895 household in informal settlements, with a coverage of 38.38% by the end of 2015/16. The balance of 114,519 households (backlog) is being provided with a nominal service (chemical toilets) and requires upgrading to LoS1. During 2016/17, an additional 600 households will be upgraded to LoS1, which will result in in increased coverage of 69,976 (equivalent to 38.05%) in informal settlements. In 2017/18, JW plans to upgrade 2,240 households to LoS1, resulting in an increased coverage of 72,216 (equivalent to 39.27%) in informal settlements. By 2020/21 JW envisions coverage of 42.53% in informal settlements with an 8,839 additional households serviced from 2016/17. This will result in an increase in coverage to 78,215 households.

A partnership with CoJ Housing will be established to address some of the challenges, in particular congestions through re-blocking of informal settlements. Alternative sanitation technologies will also be explored to determine suitable interventions for areas with geotechnical challenges.

4.2.2 Protection of the Environment

The WWTW programmes discussed under Strategic Goal 1 are primarily geared to ensure compliance of JW's effluent, which contributes to the protection of the environment and mitigate effects of climate change.

4.3 Strategic Goal 3: Improve customer and stakeholder satisfaction

Strategic Goal 3 was developed to support City Priority 3 (To create a culture of enhanced service delivery with pride). The following activities, as described in this section, will be undertaken to achieve this goal:

- Priority 3: Create a culture of enhanced service delivery with pride

4.3.1 Stakeholder Relations and Communication

JW's overall satisfaction score of 69% in 2016 is an improvement of 3% compared to 66% in 2015. Most households and businesses scored JW above 70%, which indicates that most of the respondents are satisfied with water and sanitation services across the City.

JW's status as the only municipal water and sanitation provider in CoJ should never be the reason for bad customer experiences and improving customer experience across all channels remains a key priority for the organisation. While the overall satisfaction rating is high across segments based on water quality and sanitation services; constant and uninterrupted water supply; and technical staff (despite long turnaround times), JW will give particular attention in 2017/18 to those operational areas that create bad customer experiences. The following service areas will be improved:

Frequent Service Interruption

Thirty-five percent of business and corporate customers are not satisfied with frequent service interruptions that have a negative impact on their operations.

Interventions for 2017/18 FY:

- JW has embarked on a multi-year Pipe Replacement Programme that will have a positive impact on reducing the number of bursts across the City, as mentioned elsewhere in this document
- JW will continue with the implementation of its operational and maintenance plans that focuses on preventative maintenance. This will reduce the bursts and blockages in its networks.

Slow Response to Service Interruptions

Thirty-one percent of customers think "JW takes long to attend to problems, but does ultimately make a point to resolve problems".

Interventions for 2017/18 FY:

- The organisation will persist with its productivity project to have six jobs per day per water team and five jobs per day per sewer team. This has already resulted in a 26% increase in water and 28% increase in sewer productivity year-on-year.

Meter Readings/Incorrect Bill

The billing system seems to be a concern. Fifty-seven percent of customers complain about estimations, inaccurate bills, over-charging, interest on bills and being charged on meters that do not belong to them. The interventions, as detailed in Strategic Goal 4, will be implemented for 2017/18 FY

Call Centre

Twenty-six percent of clients said the call centre was not helpful at all.

Interventions for 2017/18 FY:

- JW will engage with the CoJ call centre team to increase their knowledge of water and sanitation services in the City
- The protocol on the sharing of information between JW and CoJ will be updated annually.

Communication

Forty percent (40%) of JW customers are not impressed with the communication between them and JW. Some stated that communication was non-existent, especially when it comes to interruption of water services, emphasising the fact that not receiving notification in this regard severely affects operations. They hardly receive any feedback on issues raised with the organisation.

Interventions for 2017/18 FY:

- Currently JW uses SMS alerts and online postings to inform customers of service interruptions. The organisation will embark on a city-wide campaign for more customers to subscribe to its SMS alerts and follow updates on social media
- Regular engagements with stakeholders across different segments will be increased to inform, educate and obtain buy-in
- Targeted public education on the correct use of water and sewer infrastructure and resources will be expanded.

JW has a robust Stakeholder Engagement Programme to forge sustainable partnerships with stakeholders. Table 17 provides a high-level breakdown of the stakeholder segmentation for the organisation and planned engagement strategies.

Table 17: Stakeholder segmentation

| Stakeholder | What matters to them? | What concerns them/risks? | How does JW respond to their concerns? | How does JW communicate with them? |
|----------------------------|---|---|--|--|
| Customers | <ul style="list-style-type: none"> • Recognition/affirmation/to be valued • Dignity • 24/7 access • Quality services – access, safety, reliability, affordability • Responsive JW (seen) • <i>Batho Pele</i> • Organisational excellence – correct statements, effective customer service, and problem resolved first time | <ul style="list-style-type: none"> • Cost of services • Perceived lack of quality water • Sanitation/health • Customer experience: service interruptions, lack of consultation, lack of information, smart meters imposed, unprofessionalism of frontline staff | <ul style="list-style-type: none"> • Frontline staff training • Education and awareness campaigns • Improve alerts of interruptions • Correct meter readings • Proper reinstatement | <ul style="list-style-type: none"> • Unmediated engagement • Social media • SMS gateway • Out-of-home media • Own media • Electronic media • Broadcast media • Multi-channel distribution • Councillors |
| Employees and Trade Unions | <ul style="list-style-type: none"> • Job security • Clear vision/direction • Conditions of service • Recognition/affirmation/valued • Fairness • Opinions count • Two-way communication • Responsive JW | <ul style="list-style-type: none"> • Gap between Executive Management and junior levels • Information gatekeeping • New technology • Increased cost of living • Inconsistent application of Performance Assessments | <ul style="list-style-type: none"> • Communicate decisions of Top Management • Quarterly MD engagement with staff • Mandatory quarterly business unit staff meetings • Scheduled meetings with unions • Information on intranet • Include unions on intranet | <ul style="list-style-type: none"> • Unmediated engagement • Internal social media network • Incentives/recognition • Electronic and print media • Push notifications |

| Stakeholder | What matters to them? | What concerns them/risks? | How does JW respond to their concerns? | How does JW communicate with them? |
|-----------------------------------|--|---|--|---|
| Suppliers and Service Providers | <ul style="list-style-type: none"> Realistic terms of reference/ specifications Fair competition Transparent procurement procedures Cash flow | <ul style="list-style-type: none"> Delayed payment Non-payment Changes in contract price Variance orders Ineffective dispute resolution Termination of contracts B-BBEE compliance | <ul style="list-style-type: none"> Communicate track record Strengthen dispute unlocking mechanism Company procedures and policies | <ul style="list-style-type: none"> Unmediated engagement Correspondence Project update meetings Emails Website |
| Communities and Community Leaders | <ul style="list-style-type: none"> Recognition Equality <i>Batho Pele</i> Agenda must be accommodated Responsive JW | <ul style="list-style-type: none"> Lack of <i>Batho Pele</i> Safety Employment opportunities | <ul style="list-style-type: none"> Action list Safety protocol Complaints procedure and access Feedback/results of above Emails | <ul style="list-style-type: none"> Unmediated engagement Online media Traditional methods Electronic and social media Broadcast media SMS notifications Push notifications |
| Government and Regulatory Bodies | <ul style="list-style-type: none"> Provision of services Compliance Consultation Information sharing Disaster/Crisis Management Plan Policy compliance | <ul style="list-style-type: none"> Non-compliance to standards Non-compliance in finance and administration legislation and policy Lack of information sharing | <ul style="list-style-type: none"> Interventions Success of interventions Access information | <ul style="list-style-type: none"> Compliance reports Traditional methods Presentations |
| Media | <ul style="list-style-type: none"> Reliable source Information integrity Effective media liaison Sufficient data Human angle | <ul style="list-style-type: none"> Access Content integrity Lack of information | <ul style="list-style-type: none"> Timeous news alerts Check/ verify Newsroom visits Incidental media briefings Educational tours | <ul style="list-style-type: none"> Unmediated engagement Online media Social media Email updates |
| Special Interest and Peer Groups | <ul style="list-style-type: none"> Access to information Information sharing | <ul style="list-style-type: none"> Lack of credible information/partnerships | <ul style="list-style-type: none"> Access channels JW agenda/ opportunities for partnerships | <ul style="list-style-type: none"> Unmediated engagement Online media Traditional methods |

4.4 Strategic Goal 4: Enhance sound financial management, sustainability and clean governance

Strategic Goal 4 was developed to support City Priorities 5 and 7 (Creating an honest and transparent City that fights corruption and Enhancing our financial sustainability). The following activities, as described in this section, will be undertaken in achieving this goal:

- Priority 5: Create an honest and transparent City that fights corruption
- Priority 7: Enhancing our financial sustainability.

4.4.1 Financial Impact

The revenue function, which includes the customer call centre, invoicing of customers, and collection of monies from customers, is outsourced to CoJ's Revenue and Customer Relations Management Department. JW has a team of 13 employees who are tasked with assisting platinum customers with credit control.

Over the past few years, JW's financial performance has been below budgeted levels. This is mainly due to adverse economic conditions and an incomplete customer database. In order to improve financial performance, JW established its Metering and Revenue Project. The objectives of the project are to enhance revenue by identifying missing customers; ensure that all customers are billed at the correct tariff; and ensure that all customers are billed monthly for services rendered.

4.4.2 Financial Management

The company has an approved delegation of authority matrix to ensure that approval of transactions and/or activities is done at an appropriate level. These delegations also ensure that there is segregation of duties for incompatible functions. In addition, to make the procurement process more transparent, the company is considering the feasibility of performing public adjudication of tenders.

4.4.3 Financial Sustainability

Financial sustainability is critical to ensure that JW delivers water and sanitation services to the residents of Johannesburg. Over a number of years, JW has had challenges regarding its liquidity, leading to a decrease in infrastructure investment. The detailed financial plan is included in Chapter 4 of this document. Table 18 below represents the critical financial sustainability ratios.

Table 18: Critical financial sustainability ratios

| | Adjustment budget | | Budget | |
|--------------------------|-------------------|---------|---------|---------|
| | December 2016 | 2016/17 | 2017/18 | 2018/19 |
| Current ratio | 0.81 | 0.84 | 1.07 | 1.54 |
| Solvency ratio | 1.9 | 2.01 | 2.36 | 2.70 |
| Cash cover (days) | 0.07 | 30 | 30 | 40 |

In order to improve the current financial ratios above, JW has devised a strategy which includes: (1) improving and integrating revenue chain systems and processes; (2) improving revenue; (3) improving customer experience; and (4) minimising risks within the value chain.

4.4.4 Improve and Integrate Systems and Processes

Processes to work in sync to ensure alignment to the strategic goals. Systems integration is crucial to support the value chain and to ensure realisation of key objectives. These include a clear application process, infrastructure development and sanctioning, meter reading, losses management and reporting.

4.4.5 Increase Revenue

Meter Reading

- The Meter Reading Department will ensure completeness of the JW customer database for both conventional and prepaid consumers.
- Establish systematic monitoring of revenue movements through improved technology and innovative analytical methods.
- Improve the business customers database and ensure focused attention on reading ratio as well as billing of both water and sewerage.

Commercial Loss

To reduce commercial losses, the following will be undertaken:

- Continuously investigate proactive revenue enhancements projects, areas of efficiency and optimisation
- Special focus on undeveloped areas, customers categorised as 'organisations' and business customers
- Quality control of Top 100 consumers will be initiated to map out the data handling error process
- An illegal connection team was appointed to mitigate water theft, and the intention is to institutionalise revenue management and protection within commercial losses.

Improve Customer Experience

The following will be undertaken to improve general service delivery and to deliver according to customer expectations:

- Customer surveys to identify areas of concern and address those
- Revisiting the customer interface process with CoJ to ensure that it supports the improvement of customer experiences
- Proactive education and communication with customers in conjunction with stakeholder management
- Internal stakeholder integration process to visibly put the customer at the centre
- Recommendations to stakeholders to demonstrate 'customer centric' programmes in their operations.

Minimise Risks

- Improve governance and financial controls through system-managed reconciliations and exception reports, and ensure clear segregation of duties and continuous monitoring
- Develop structured training and development programmes to improve core skills in meter reading and commercial losses management, and ensure effectiveness in operations
- Focused attention to areas of by-law non-compliance to ensure a clean audit
- Address risk of employee safety to improve commitment and effectiveness.

The purpose of these initiatives is to ensure that revenue that is recognised is complete and accurate. The Metering and Revenue Project will focus on the following areas:

- Enforcement of the credit control policy by disconnecting all non-paying customers and regular reviews to ensure that customers are not illegally reconnected
- Ensuring that all business accounts are billed on actual meter reading, thus increasing the payment levels from this customer category
- Metering of all unmetered areas to ensure that revenue is accurately recorded
- Increased credit control efforts to ensure monies are collected from all residents for services rendered
- Ensuring that all new developments are added to the billing system timeously and are being billed for services rendered
- Strengthening of the Commercial Loss Unit to ensure audits on stands are done to minimise illegal connections and to ensure all stands are billed for relevant services
- By-law enforcement to be increased to reduce illegal use of water and to ensure compliance
- By-law enforcement for prepaid customers and ensuring that these customers vend on a regular basis.

4.4.6 Clean Governance

The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King IV Code on Corporate Governance. Through this process, the Shareholder and other stakeholders will derive assurance that the entity is ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices.

JW has entrenched its risk management reviews and reporting. Compliance assessments are conducted in terms of the Companies Act, 2008; the Municipal Systems Act, 2000 (MSA); and the Municipal Finance Management Act, 2003 (MFMA). Annual Board assessments and evaluations are conducted and an Annual Report for the previous year completed in accordance with the terms of Section 121 of the MFMA; all of which asserts to give assurance the company is on a good footing.

Furthermore, the City's Governance Framework assists the City as a group to better understand the governance structure and principles required to ensure effectiveness and accountability. The framework also aims to improve the capacity and capability of the Board of Directors and managing executives to effectively manage the entity and efficiently account to the City as sole Shareholder.

The Board and Management recognise that the entity has a mandate to deliver services derived from a political structure and aligned to the City's strategy.

Even though JW received unqualified audit opinions for 2013/14, 2014/15 and 2015/16 it has nevertheless taken the findings in the Auditor-General's management letter seriously by improving the resolution rate of the findings. The outcomes of the findings are an improvement of the control environment of the business.

The resolution of findings is as a matter of course overseen by the Audit Committee on a quarterly basis.

The Board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility; accountability; and fairness and transparency, has been a defining characteristic of JW since the company's establishment in November 2000.

The fundamental objective has always been to do business ethically, while building a sustainable company that recognises the short-and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the Board is sensitive to the legitimate interests and expectations of the company's stakeholders.

The Board and Management recognise that the entity is formed under a political structure. As such, it has a social and moral standing in society with all the attendant responsibilities. The Board is therefore responsible for ensuring that the entity protects, enhances and invests in the wellbeing of the economic, social, and natural environment, and to pursue its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

The Board provides quarterly and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the Service Delivery Agreement (SDA), the MFMA and the MSA.

JW has a unitary Board, which consists of a minority of executive and a majority of non-executive directors. The Board is chaired by a non-executive director. The Board meets regularly (at least quarterly) and retains full control of the company. It remains accountable to the City of Johannesburg Metropolitan Municipality as its single Shareholder, through the company, its stakeholders, and the citizens of Johannesburg.

In order to enhance good governance, JW will minimise and reduce deviation purchases, avoid irregular and unauthorised expenditure and revitalise the Bid Committee processes to improve cycle times. This will be achieved through having a framework contract, using transversal contracts from the National Treasury, and implementing a visible project management tool to monitor and manage Bid Committee processes.

4.4.7 System of Internal Control

JW has employed the services of internal auditors as per the MFMA Section 165 (1, 2) requirements. The Internal Audit Department (IAD) provides an independent, objective assurance and consulting activity designed to add value and improve JW's operations. The IAD assists JW to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The IAD will add value to ensure JW accomplishes its objectives by:

- Developing and implementing a risk-based three-year rolling Strategic Audit Plan ending 30 June 2020, which is approved by the Board
- Annually preparing an assessment report expressing an opinion (Statement of Internal Control) on the adequacy and effectiveness of the system of internal control on issues of deficiencies not addressed or resolved by Management on quarterly basis. The report will form the basis of the Audit Committee Report
- Apply principles of the Combined Assurance Framework by integrating and aligning assurance processes within JW to maximise risk and governance oversight and control efficiencies, as well as optimise overall assurance to the Board, considering the company's risk appetite
- Providing and ensuring that both the unresolved Internal Audit and AGSA findings are prioritised as part of the plan. The updated finding/tracking register will be continuously monitored and communicated to Management and other relevant stakeholders.

The resolution rate for Internal Audit findings for 2015/16 was at 72% and as at Q2 of 2016/17 it was 73%. Internal Audit will continue to follow-up on unresolved findings to ensure the Management resolution rate improves.

4.4.8 Combat Fraud and Corruption

JW has prioritised fraud risk management as per the MFMA. This environment has a zero tolerance to acts of fraud and corrupt activities. The entity will investigate any internal or external individual, group or company that commits or tries to commit fraud or corrupt activities through its systems, officials or clients, with everything it has – even to the court of law.

Internal Auditing, Risk Management, Internal Controls and Tip-offs Anonymous Hotline assist in detecting fraudulent and corrupt activities. All reported cases, internally and externally, are registered, monitored and investigated by the Forensic Investigation Team to ensure they are resolved and people are held accountable. The cases that have been resolved in the past financial year (2015/16) are 11 from 42 which translate into 26%. The resolution rate as at Q2 of the current financial year (2016/17) is 56.25% (18 cases of 32). A fraud awareness campaign is scheduled to be rolled out in the 2017/18 financial year.

4.5 Strategic Goal 5: Use of technology for effective and efficient operations

Strategic Goal 5 was developed to support City Priority 8 (To encourage innovation and efficiency through the Smart City programme). The following activities, as described in this section, will be undertaken in achieving this goal:

- Priority 8: Encourage innovation and efficiency through programme such as Smart City.

4.5.1 Information Communication and Technology

Information and communication technology (ICT) plays a key role in strategically enabling the entity to deliver better services through the use of technology. This includes the provision of ICT services and support to the organisation's key projects and strategic priorities. On top of this the service also provides operational support to ensure continuity of service provision to the organisation. In addition to the two key technological projects detailed hereunder, the ICT department will deploy added value services to improve operational efficiencies within the entity. The services are:

- Roll out of wireless access points to operations sites to expand connectivity and accessibility to information with the added benefit of reducing associated 3G data costs
- Transforming the business to digital, in particular converting paper-based forms to digital forms and therefore reducing associated printed material costs and, more importantly, delivering value through functional business process efficiencies
- Addressing the negative impact of power outages on operations through the installation of localised, uninterruptible power supply units to provide continuity of key water and sewer services to the citizens of the City
- The roll out of video conferencing services to improve communication and reinforce working relationships across workforces and teams. The service will contribute towards the company's productivity programmes by reducing staff travelling time and associated costs.

The above activities will be carried out with due consideration to the development and transfer of skills to the staff in the IT Department; supporting the objective to become a self-sustained unit in delivering ICT services to the entity.

Workforce Optimisation

JW services between 26,000 and 30,000 work orders per month. The effective and efficient scheduling of work orders is key in the day-to-day operations of the entity to ensure the timeous delivery of quality services to the citizens of the City of Johannesburg. The goal is to provide a technology platform that manages and optimises the service delivery value chain end-to-end – from the time a customer engages with JW through to fulfilment of a service request.

At the heart of the solution is the ability to dynamically and intelligently manage the value chain from end-to-end. It will track all the activities prior to, during, and after the service to optimise performance at the moment of customer/asset engagement. Figure 2 depicts the workforce optimisation technology solution at a high level.

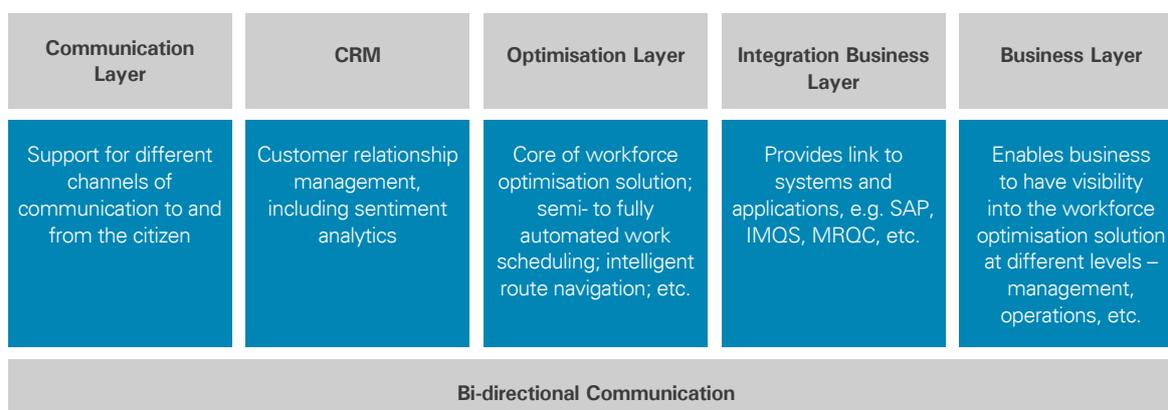


Figure 2: Workforce Optimisation Technology Solution

The Communication Layer provides the interface between the Dispatch Centre and citizens. Different channels of communication need to be supported for citizen engagement including: voice, email, SMS messaging/USSD, social media and a mobile app. The mobile app will enable citizens to log water and sewer incidents and include geolocation and receive notifications on the status of logged incidents.

The Customer Relationship Management Layer includes sentiment analytics and will be used to track and monitor requests from citizens. This means that knowledge of the relationship between the entity and the citizen can be seen by anyone at any time. Sentiment analytics compliments CRM in that it combines smart technology to evaluate statements found across various social platforms to determine whether they are positive or negative with respect to the entity. Over time the entity can determine whether their actions improve or damage sentiment about the organisation and evaluate how communication efforts affect attitudes towards the entity and its services.

The Optimisation Layer represents the heart of the solution. It performs the optimisation of the workforce against a number of criteria, including: forecast and planned jobs, business rules, street routing, predefined policies, service level agreement (SLA) compliance, automated and semi-automated job scheduling, route optimisation, dynamic job scheduling, and weighted key performance indicators (KPIs).

The Integration Business Layer provides the interface between the platform and the entity's business applications such as SAP, IMQS and SCADA. This layer writes all transactions and data into a business warehouse. The business warehouse forms part of the business analytics solution, described hereunder.

The Business Layer provides the interface between business and the solution. The workforce crews access their work schedules via a mobile device. This eliminates the need for a paper-based system and significantly streamlines the process of assigning work to the teams. Information on the entity's assets is easily accessible via the device, including asset history and conditioning. Every activity performed on the mobile device is tracked and recorded back into the Dispatch Centre and CRM with real-time feedback to the citizen. Line Management has real-time visibility into the workforce and operations, tracking progress against work orders. Using business analytics, Management can extract data to determine patterns and predict future outcomes.

The benefits of the Workforce Optimisation Solution include:

- A communication platform for citizens
- Greater visibility of citizens' perceptions (sentiment analytics)
- Improved communication – real-time updates of service requests back to the citizen
- Semi- to fully automated work scheduling with smart features, e.g. route navigation, work prioritisation, dynamic job scheduling, etc.
- Business analytics
- Greater visibility into operations with real-time information accessible from any device.

Digital Dashboard Business Analytics

The Digital Dashboard is a solution to provide information to business on the operations of the company with a view to gain insight and drive business planning. The role of IT has shifted from that of data guardian to that of 'information broker'. In its simplest definition, business analytics is a broad category of computer software solutions that enables a company or organisation to gain insight into its critical operations through reporting applications and analysis tools. In any organisation there are a number of silos of information which provide a challenge in terms of access, security, understanding the data, and the ability to have a concise but single view of the information.

Another key objective of the Digital Dashboard is to provide Management with key business indicators to support decision-making. Analytical tools enable business not only to see real-time activities but also have a glance at past trends. This information can then be developed for 'what if' scenarios and provide potential insight into answering what next, in other words, predictive analytics.

With the Business Warehouse from the IDC the entity will have the power to harness and store information from different databases, e.g. Meter Reading, SAP, Water Prepayment (Syntell CDS), Asset Management (IMQS) and seamlessly present the information to anyone across different technology platforms, e.g. desktop, smartphone, tablet device, etc.

The benefits of the Digital Dashboard include:

- Improving the decision-making process (quality and relevance)
- Speed up decision-making process
- Better alignment with strategy
- Realising cost efficiencies
- A timeous response to user needs for availability of data
- A single, unified view of enterprise information
- Sharing information with a wider audience
- A standardised reporting platform (business, users and citizens)
- Building a skilled pool of resources.

4.6 Strategic Goal 6: Invest in our staff to sustain optimal performance and a service-focused culture with committed people

Strategic Goal 6 was developed to support City Priority Goal 3 (To create a culture of enhanced service delivery with pride). The following activities, as described in this section, will be undertaken in achieving this goal:

- Priority 3: Create a culture of enhanced service delivery with pride

4.6.1 Sustaining Optimal Performance and a Service-focused Culture

Capacity Building and Skills Retention

JW's capacity building objectives for the next five years, including the 2017/18 financial year, are aimed at addressing training needs; attrition due to resignations (retention of scarce skills) and retirements; employee wellbeing; and addressing changing needs in the staff complement due to growth and/or restructuring.

Capacity building in terms of skills development is directly linked to the skills needs projected for the next five years. To this end, the company conducts a skills audit once every five years to identify the company's current skills and knowledge, as well as the skills and knowledge it requires. A training needs analysis is conducted annually to identify the training needs at employee, departmental or organisational level in order for JW to perform effectively. This investment in staff skills development ensures a culture of lifelong learning and quality service delivery through committed people.

Company culture is an important factor in achieving optimal performance and remaining service focused. To this end regular job satisfaction assessments are completed with the next assessment starting in 2016/17 and concluding in 2017/18. Implementation plans for the improvement areas will be rolled out in 2017/18. Company performance also plays an important role, and in this regard employee contribution is critical. Annual performance plans are agreed with employees and are cascaded through the organisation based on the company's KPIs.

Skills Development

JW has a total budget of R15.3 million for its training and development environment in 2016/17. At present, the company has a number of initiatives underway for staff, which are mainly aimed at skills programmes and qualifications, and which include the following:

- The apprenticeship programme for plumbers is underway, learnerships for plumbing and wastewater treatment is active and Recognition of Prior Learning (RPL) initiatives for technical and water treatment staff who have the required experience were successfully rolled out, with a number of employees already qualified
- Twenty-seven employees have recently received accreditation for their Adult Education and Training (AET) efforts in literacy and numeracy
- JW partners with three SETAs in a number of initiatives which will continue in 2017/18 and 2018/19.

Table 19: Training and Development Programmes

| Seta | Total Value | Target Group | Details of Training |
|-----------------------|-------------|---|---|
| Services Seta | R1,140,000 | 30 unemployed youth | Project Management |
| EW Seta | R2,250,000 | 15 currently employed apprentices 2 fulltime bursaries for unemployed youth 5 interns on one year internships | Plumbing Civil Engineering Various disciplines |
| Local Government Seta | R3,100,000 | 60 unemployed youth | 15 plumbing learnerships 45 wastewater treatment operators |

Over the past three years, the company has exceeded its target for training expenditure, as provided for in the Balanced Score Card.

JW is committed and focused to develop current and future skills requirements of employees, but also to provide learners from previously disadvantaged communities with learning opportunities. These interventions increase their portability within the company and marketability for jobs outside the company. In this regard, the company is adopting a holistic approach towards skills development initiatives. Training interventions for 2017 to 2021 are categorised as Technical Training Programmes that comprises apprenticeships; technical learnerships; technical skills programmes; compliance training and artisan recognition of prior learning (ARPL). The second category is non-technical training interventions which include AET; learnerships (non-technical occupations); occupational directed skills programmes; soft skills programmes and RPL. The company has a subsidised education system in place to assist employees to obtain approved qualifications through tertiary studies.

Workshops and courses are specially arranged to ensure technicians, technologists and engineers are equipped with relevant and current knowledge and skills in different engineering fields. Accumulation of continuous professional development points ensure they are able to perform optimally in their professions.

The company is also actively involved in the War on Leaks (WOL) Programme that was launched on 28 August 2015 in the Eastern Cape by the President of South Africa. JW entered into a SLA with Rand Water, who is the appointed implementing agent for the WOL Programme, to deploy unemployed learners at various JW worksites to gain the necessary workplace exposure. The company committed to accommodate a total of 60–100 learners at any given time for the duration of the project and depending on operational requirements. Thus far, the first group of 60 have been successfully provided with experiential training. It is envisaged that this will continue till the end of the project in 2020.

The WOL Programme has the following main objectives:

- To reduce high levels of water losses and create public awareness on how to conserve and save water
- To train 15,000 artisans and plumbers over a three-year period (leak repairs).

During the next five years, in support of the Community Development Programme, JW aims to contribute in terms of its social responsibility initiatives, skills development and incubation programmes by recruiting unemployed youth from areas in and around Johannesburg. The objective is to train a group of about 60 unemployed youth in plumbing, water reticulation and new venture creation skills and then incubating and assisting these learners in registering co-operatives until they are self-sustainable. It is envisaged that this project will be funded by the Local Government Sector Education and Training Authority (LGSETA).

JW's training and development interventions will not only increase the overall competencies of employees and external learners, but will also provide a vehicle for the company to have a steady skills pool to recruit from. Apprentices are recruited within and outside the company and annual intake targets are determined by the projected need of artisans as well as available apprentice positions within the structure. A total of 15 apprentices can be trained per cycle based on need. This project is continuous to ensure a steady supply of artisans who are qualified and fit for purpose in terms of JW's operational job requirements in the following trades:

- Plumbing
- Electrical
- Fitting
- Turning
- Diesel mechanic
- Welding
- Instrument mechanic
- Bricklaying.

In order for JW to meet the Green Drop requirements in terms of staff competency levels, learnerships are focused on employees who need to achieve qualifications related to specific occupations. Employees with more than four years' experience in trade-related jobs will be assisted to achieve artisan status through the ARPL Programme. The company intends to take about 50 employees per year through the ARPL process. The first group of up to 20 employees (General Workers and Operators) will start the ARPL process in 2017 and are due for completion in 2018. The following learnerships are offered:

- Water and wastewater reticulation services (NQF levels 1–4)
- Wastewater process control (NQF Level 1–4).

At lower levels, an Adult Education and Training (AET) Programme had been in place for a number of years. This programme will continue until the company has reached acceptable literacy and numeracy levels for all employees (50–100 learners at any given time).

As part of JW's initiatives to develop skilled human resources in predominantly scarce skills to assist it in achieving its core mandate of service delivery, two programmes are in place, namely the Internship and Bursary schemes. The Bursary Programme focuses predominantly on the field of civil engineering where students join JW as trainees after completion of their studies. The programme not only contributes towards youth empowerment and poverty alleviation, but also ensures that a pipeline of scarce skills are developed within the company. There are currently 17 bursars and the programme has been running since 2002, with all successful graduates having been employed in permanent positions. To date, 60 bursaries have been awarded and over 95% have successfully completed their studies and obtained employment in the company. The bursary programme is ongoing and it is estimated that there will be, on average, 16 bursars at any given time over the long-term, contributing to a skilled and capable workforce. Of the 16 bursars in 2017/18 at least ten will be joining JW as trainees at the beginning of 2018, resulting in the recruitment of additional bursars to maintain the original number that can be accommodated.

The Internship Programme is an enabling platform through which unemployed graduates are provided with the opportunity to gain practical workplace experience to enhance their skills. The programme provides for at least 13 interns per annum and has been running since 2003, with interns appointed on one-year internships. To date, 96 internships have been successfully completed. While the intention of this programme is social responsibility, the adventitious consequence is the creation of an additional pool of suitably qualified and experienced potential employees and many interns do in fact get appointed to permanent positions. There is currently a process underway to recruit the next intake of interns for the 2017/18 period and approximately 2,500 applications were received. In addition to JW's intention to have at least 13 interns across the various disciplines in 2017/18, the company has also partnered with the National Research Foundation and the Department of Science and Technology to accommodate at least four interns annually in the field of science.

4.6.2 Committed People

Talent Management

JW has an active retention strategy which aims to improve retention rates, particularly of scarce skills, while at the same time decreasing the associated costs of high turnover. Since the company started implementing this strategy, turnover has decreased significantly with the target for both scarce skills and all staff turnover (97%) being consistently maintained over the past few years.

A number of programmes are in place to cement the low turnover rate and encourage retention, including: availability of career counselling; proper on-boarding and induction programmes; and regular analysis of exits. In addition, an ongoing executive coaching programme has been in place since 2012. In terms of scarce skills, two specific programmes have been implemented, namely the Engineering Capacitation Programme and the Specialist Career Grade, both promoting the professional development of engineers and scientists. JW has managed to build up its engineering capacity to 24 professionally registered engineers, technologists and technicians with the Engineering Council of South Africa. The long-term output of this programme is 34 registered professionals by the 2020/21 financial year.

Health and Safety

The company considers safety a high priority and continually strives to promote the safety, health and wellbeing of its employees, as well as protecting the environment while rendering quality services to its clients. To date, the organisation has implemented the NOSA 5 Star System, with a 4 Star rating/accreditation target for 2017/18 (with the view of increasing the target in 2018/19). JW is also in the process of implementing an Environmental Management System based on the ISO 14001 system. The company is currently in the final stages of developing the procedures and standards to meet new NOSA 4 Star requirements. Assessments will start mid-June 2017.

Baselines for medical surveillance are in place for employees in high risk occupations and will be rolled out further to include all employees over the next three years.

Implementing these systems will give the organisation an enhanced image; enabling JW to manage its risks, improve both sustainability and business performance; improve legal compliance, and reduce the costs associated with incidents and non-compliance. To achieve this JW is currently involved on an ongoing basis in:

- Health monitoring programmes, including pre-employment medical screening
- Developing guidelines and standards and procedures to be followed
- Environmental monitoring to identify the negative and positive environmental aspects and impacts associated with JW's activities
- Continuous awareness to inculcate a culture of health, safety and environmental management in the organisation
- Managing contractors to ensure that all contractors appointed by JW comply with relevant occupational health and safety and environmental legislation
- Regular monitoring, assessment and evaluation of JW activities to identify gaps within the implemented SHE management systems.

Recruitment

In an increasingly competitive global market for limited skills it is critical that JW provides a comprehensive working environment that will attract, retain and motivate the right calibre of employees. The company's recruitment process serves as the first stage in ensuring quality service and sustainable optimal performance. Identifying and attracting suitable applicants depends on the effectiveness of sourcing strategies, e.g. the job design system which ensures that the job profiles used in drafting advertisements attract the right candidates for the job.

Reducing the time it takes to fill vacancies has also been prioritised, and a target of 11 weeks has been set for the filling of a vacancy for the 2016/17 financial year. The company has thus far achieved 11.5 weeks average turnaround time for recruitment based on the 2015/16 assessment. This target will be decreased by one week to reach a turnaround time of ten weeks in 2017/18 and ultimately seven weeks by 2021. To accelerate the filling of positions, the standard operating procedure for recruitment has been reviewed to ensure timelines are specified and adhered to. It is important to note that the company's economic and financial position continues to be the biggest threat to filling vacancies.

To date, JW has managed to fill funded vacancies within the requisite time period and although it took longer in the scarce skills categories, the company has been able to attract talent.

Employment Equity

JW acknowledges that the society it serves is very diverse and as such it is important to develop a culture of diversity that goes beyond achieving the numbers through workforce representation. At present, a target of 3.91% has been set for employees with disabilities. This target will increase to 4.91% by 2017/18. The percentage of female representation will increase from 26% at present to 28.5% in 2017/18. Thereafter a new three-year plan will be developed and will take into consideration trends for the past three years. The company has managed to achieve an actual representation of 3.57% for employees living with disabilities and this compares well against the 2% target set by the Department of Labour. In so far as the representation of females is concerned, the company has achieved 27.60% to date and it is envisaged that by 30 June the actual representation would be 28.5%.

The challenge is that it gets more difficult to achieve the targets due to the lack of candidates presenting themselves for employment in technical fields. However, the company has made sufficient progress with the elimination of barriers to ensure that it meets its targets over the next three years.

In support of the above, the company will be rolling out a structured approach to the employment of persons with disabilities to support current recruitment efforts. As the company continues to employ more employees with disabilities, it is imperative to sensitise JW employees and managers on disability awareness to ensure the working environment is supportive and non-discriminatory to all employees. Members of the Employment Equity Committee have been trained on disability awareness and will be conducting awareness sessions in their respective workplaces. JW regards workplace accessibility as very important, and as such audits are conducted from time to time to identify barriers and put in place mitigation mechanisms.

Departmental plans are developed annually to ensure targeted recruitment and selection and to ensure that all departments contribute to the company's Employment Equity (EE) Plan. The Employment Equity Committee will continue to monitor EE and equitable employment practices within the company and advise all departments accordingly. The current EE Plan is due for review in 2017 and this process will start in July with a view to agreeing to a new plan with effect from 1 January 2018, which has set targets for different race groups and gender per occupational category for 2017/18 FY.

Chapter 5: Sustainable Development Goals

Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable development calls for concerted efforts towards building an inclusive, sustainable and resilient future for people and planet. For such development to be achieved, it is crucial to harmonise three core elements: economic growth, social inclusion and environmental protection. To this end, there must be promotion of sustainable, inclusive and equitable economic growth; creating greater opportunities for all; reducing inequalities; raising basic standards of living; fostering equitable social development and inclusion; and promoting integrated and sustainable management of natural resources and ecosystems.

On 25 September 2015 at the United Nations Summit, several countries including South Africa adopted a set of 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda. They are integrated and indivisible and seek to build on the Millennium Development Goals, completing what these did not achieve and balancing the three dimensions of sustainable development. It is important to note in a review of long-term strategic planning for CoJ, that South Africa will be expected to deliver on these goals, targets and indicators, which in turn cascades down to municipalities in their focus on service delivery and sustainability. Each goal has specific targets to be achieved over the next 14 years. For the goals to be reached, everyone needs to do their part: government, the private sector and civil society. It is against this backdrop that JW commits to conduct its business in a manner that support the attainment of the seven SDGs which are applicable to the nature of the business, namely:

- **SDG 5:** Gender Equality
- **SDG 6:** Clean Water and Sanitation
- **SDG 8:** Decent Work and Economic Growth
- **SDG 9:** Industry, Innovation and Infrastructure
- **SDG 11:** Sustainable Cities and Communities
- **SDG 12:** Responsible Consumption and Production
- **SDG 13:** Climate Change.

The following section discusses the company's responses to the aforementioned seven SDGs and the performance measured in Table 20, which indicates the key performance areas and indicators that are linked to the SDGs and targets are reflected in the Balanced Scorecard Annexure B.

Table 20: SDGs and Key Performance Indicators

| SDG Goals | Key Performance Area | Key Performance Indicator |
|----------------|--|---|
| Goal 5 | Female representation | % female employees at elementary levels (Grades A1 to C2) |
| Goal 6 | Drinking water quality | Percentage compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) |
| | Access to water in informal settlements | Percentage informal households with access to water at minimum LoS1 |
| | Access to sanitation in informal settlements | Percentage informal households with access to sanitation at minimum LoS1 |
| Goal 8 | Jobs created | No. of job opportunities created based on EPWP |
| | | Number of SMMEs supported via community upliftment projects |
| Goal 9 | Water and sewer infrastructure development | Renewal rate of water and sewer networks; and wastewater treatment works based on value |
| Goal 11 | Roll out of bulk infrastructure in Louis Botha, Empire-Perth and Turffontein | Water mains construction: 2.2 km of water mains upgrade |
| | | Construction of 2.5 Mℓ water tower and pump station |
| | | 26 Mℓ reservoir and a 2 Mℓ water tower |
| | | Upgrading of approximately 5.1 km of collector sewers. |

| SDG Goals | Key Performance Area | Key Performance Indicator |
|-----------|----------------------------|--|
| Goal 12 | Water use efficiency | Water litres consumption per capita per day |
| | Water losses | % non-revenue water |
| | Infrastructure development | Renewal rate of water and sewer networks and WWTW based on value |
| Goal 13 | Environmental pollution | % final effluent compliance in all WWTW |

5.1. SDG 5: Achieve gender equality and empower all women and girls

The company aims to end all forms of discrimination against women through the implementation of the Employment Equity Plan. The objective of the plan is to provide advancement opportunities for members from designated groups, especially females and people with disabilities (PWD) who are suitably qualified, by ensuring proportional representation in the occupational profiles of Johannesburg Water in line with set targets, this will ensure women's full and effective participation and equal opportunities at all levels within the organisation.

5.2. SDG 6: Ensure access to water and sanitation for all

The organisation plans to continue rolling out water standpipes to achieve universal and equitable access to safe and affordable drinking water for all. In addition, Ventilated Improved Pit-latrines (VIPs) will be rolled out to achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of those in vulnerable situations. The use of technology will be fast tracked in the sanitation space to implement alternative sanitation technologies.

JW will work towards improving river water quality by reducing pollution caused by blocked sewers, minimising release of untreated wastewater at our WWTW and substantially increasing recycling treated effluent and safe re-use. Although potable water is provided by the bulk service provider, the organisation will ensure that the distribution thereof is conducted in a manner that doesn't compromise its quality from point of sale to the taps of consumers.

The WC/WDM Programme will be accelerated to increase water use efficiency to address water scarcity and substantially reduce the number of people suffering from water scarcity.

5.3. SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

The creation of quality jobs remains a major challenge for almost all economies now and will remain so well beyond 2015, especially in the CoJ with a high Gini coefficient of 0.66, well above the distress level of 0.4 identified by the United Nations (UN). The aim for a 5% gross value added (GVA) will go a long way in addressing this challenge.

Sustainable economic growth will require societies to create the conditions that enable people to have quality jobs that stimulate the economy while not harming the environment. Job opportunities and decent working conditions are also required for the whole working age population. Persistence of youth unemployment, income inequality and poverty remains. The CoJ unemployment rate at September 2016 was 27.1% (official definition) with youth most affected.

Through the EPWP and Community Development Programmes the company will create job opportunities as well as decent jobs while promoting inclusivity to the mainstream economy. It will also continue to support entrepreneurship, creativity and innovation, and encourage the formalisation and growth of SMMEs, through access to financial services, among others. In creating decent jobs with equal pay for work of equal value, focus will be given for all women and men, including young people and persons with disabilities.

5.4. SDG 9: Build resilient infrastructure, promote sustainable industrialisation and foster innovation

Through the Asset Management Plan the organisation will develop and upgrade quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all. The focus should be on upgraded infrastructure that is sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

5.5. SDG 11: Make cities inclusive, safe, resilient and sustainable

The CoJ has identified sustainable human settlements as a key priority for this term of office. Among these is CoJ's commitment to provide basic services and infrastructure to all settlements, regardless of the settlement's state of formality. The City is re-stitching itself through 'corridors of freedom' in order to reverse apartheid's spatial planning.

5.6. SDG 12: Ensure sustainable consumption and production patterns

This goal is aligned to the programmes of goals 6, 8 and 9, namely water demand management; the Asset Implementation Plan; access to basic services; EPWP; and the Community Development Programme.

5.7. SDG 13: Take urgent action to combat climate change and its impacts

In response to this challenge JW has recognised the use of biogas as a means of contributing towards the reduction of greenhouse gas emissions. In this case Methane gas, which is a by-product at the WWTW, is converted to energy and that energy is fed back to the plant's grid. This initiative also aligns to the Green Economy Programme. Table 21 indicates the potential energy to be generated by this process.

Table 21: Potential for Heat Generation

| Works | Treatment Capacity (Ml/day) | Sludge Produced (dry tons) | Actual Power Required (MW) | Potential Electrical Capacity (MW) | Potential Heat Generation (MWh/d) |
|--------------|-----------------------------|----------------------------|----------------------------|------------------------------------|-----------------------------------|
| Driefontein | 32,000 | 9 | 0.6 | 0.3 | 7.5 |
| Northern | 447,000 | 85 | 8.0 | 4.4 | 110.8 |
| Olifantsvlei | 214,000 | 62 | 4.4 | 2.1 | 52.9 |
| Goudkoppies | 136,000 | 40 | 2.4 | 1.3 | 32.7 |
| Bushkoppie | 218,000 | 63 | 3.5 | 2.1 | 52.9 |
| Total | 1,047,000 | 259 | 18.85 | 10.2 | 256.8 |

Chapter 6: Priority Implementation Plans

6.1 Priority Implementation Plans

Table 22 contains institutional priority programmes that JW will contribute to realise mayoral priorities. KPIs are also provided to monitor performance.

Table 22: Priority Implementation Plans

| IDP Programme | Key Performance Indicator | Baseline 2015/16 | Target 2016/17 | Target 2017/18 | Target 2018/19 | Target 2019/20 | Key Interventions | 2017/18 Budget per programme | | 2017/18 Quarterly Targets | | | | Means of Verification |
|--|--|--|---|---|---|---|--|------------------------------|------------|---|---|---|---|---------------------------------|
| | | | | | | | | CAPEX R'000 | OPEX R'000 | Q1 | Q2 | Q3 | Q4 | |
| Water Demand Management | Percentage NRW | 35.3% NRW | 30% NRW | 32% NRW | 30% NRW | 28% NRW | 1. Pressure Management 2. Mains Replacement 3. Retrofitting and Renewal projects 4. Active and Passive Leak Detection 5. Metering and Revenue Protection Project | 500 | 100,000 | A/T | A/T | A/T | 32% | IWA Water Balance |
| Sustainable Human Settlement Upgrade Programme | Audit opinion | Unqualified Audit | Clean Audit | Clean Audit | Clean Audit | Clean Audit | 1. Compliance with all relevant audit requirements 2. Addressing matters raised by AG in management letter | | Nil | A/T | A/T | A/T | A/T | AG Report |
| | % meters correctly read on a monthly basis | 87.5% meters correctly read on a monthly basis | 95% meters correctly read on a monthly basis | 90% | 90% | 90% | 1. Regionalised meter reading 2. T-code Project | 50 | | 90% | 90% | 90% | 90% | Meter reading ratio |
| Sustainable Human Settlement Upgrade Programme | Number of units (structures) in informal settlements with access to water at minimum LoS1 | 136,802 of households in informal settlements with access to water at minimum LoS1 | 2,428 units (structures) in informal settlements with access to water at minimum LoS1 | 2,290 units (structures) in informal settlements with access to water at minimum LoS1 | 2,153 units (structures) in informal settlements with access to water at minimum LoS1 | 2,024 units (structures) in informal settlements with access to water at minimum LoS1 | Provision of basic services | 10,000 | | 0 units (structures) in informal settlements with access to water at minimum LoS1 | 0 units (structures) in informal settlements with access to water at minimum LoS1 | 687 units (structures) in informal settlements with access to water at minimum LoS1 | 2,290 units (structures) in informal settlements with access to water at minimum LoS1 | Contractors payment certificate |
| | Number of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 66,895 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 600 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 2,240 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 2,133 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 2,012 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | Provision of basic services | 30,000 | | 0 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 448 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 1,029 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | 2,240 of units (structures) in informal settlements with access to sanitation at minimum LoS1 | Contractors payment certificate |

6.2 Day-to-day Operations

The daily operational programme of the core departments/entities that play a supporting role in ensuring the organisation functions properly are in Table 23.

Table 23: Day-to-Day Operations

| Key Programmes 2017/18–2019/20 | Key Performance Indicator (2017/18) | Baseline (2015/16) | Target 2016/17 | Target 2017/18 financial year | 2017/18 Budget (per Programme) | | 2017/18 target (Tangible, measurable targets that fulfil the requirements of being SMART) | | | |
|--------------------------------|---|--|---|--|--------------------------------|------------|---|--|--|--|
| | | | | | CAPEX R'000 | OPEX R'000 | Q1 | Q2 | Q3 | Q4 |
| Water Pipe Replacement | Length of water pipeline replaced | 140 km water pipeline replaced | 30 km water pipeline replaced | 112 km water pipeline replaced | 36,000 | | 0 km water pipeline replaced | 25 km water pipeline replaced | 65 km water pipeline replaced | 112 km water pipeline replaced |
| Water Pipe Replacement | No. of bursts per 100 km/length | 319.01 bursts per 100km/length | 249 bursts per 100km/length | 391 bursts per 100km/length | N/A | | 98 bursts per 100km/length | 196 bursts per 100km/length | 293 bursts per 100km/length | 391 bursts per 100km/length |
| Sewer Pipe Replacement | Length of sewer pipeline replaced | 7 km sewer pipe line replaced | 60 km sewer pipe line replaced | 37 km sewer pipe line replaced | 104,700 | | 5 km sewer pipeline replaced | 15 km sewer pipe line replaced | 20 km sewer pipe line replaced | 37 km sewer pipe line replaced |
| Sewer Pipe Replacement | No. of sewer blockages per 100 km/length | 461.87 blockages per 100 km/length | 447 blockages per 100 km/length | 504 blockages per 100 km/length | N/A | | 126 blockages per 100 km/length | 252 blockages per 100 km/length | 378 blockages per 100 km/length | 504 blockages per 100 km/length |
| Quality of Water | Percentage compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | 99.8% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | 99% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | 99% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | | N/A | 99% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | 99% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | 99% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | 99% compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) |
| Human Capacity Building | Total training expenditure as percentage of identified ratio of total payroll | 1.83 total training expenditure as percentage of identified ratio of total payroll | 1.5 total training expenditure as percentage of identified ratio of total payroll | 50 total training hours per person spent on formal training | | 10,000 | 10 total training hours per person spent on formal training | 22 total training hours per person spent on formal training | 35 total training hours per person spent on formal training | 50 total training hours per person spent on formal training |

Chapter 7: Financial Plan

7.1 Financial Indicators

Revenue is budgeted to increase to R10.4 billion in the 2017/18 financial year, which is an increase of 18% on the forecast of R8.9 billion in 2016/17. This is mainly due to tariff increases as well as the anticipation of no water restrictions in 2017/18. In 2016/17 the country was hit with a severe drought which has seen the implementation of water restrictions and media campaigns requesting residents to reduce their water consumption. In response to the water shortage, Rand Water and the Department of Water and Sanitation reduced the supply of water by 15%. This had an impact on revenue for the 2016/17 financial year. It should also be noted that the provision of free basic services to all has been revised and registered indigents will only receive these from 2017/18.

The budget going forward was calculated on the basis of no water restrictions and that water restrictions will be lifted before the beginning of the next financial year, i.e. 1 July 2017. Figure 3 indicates revenue trends.

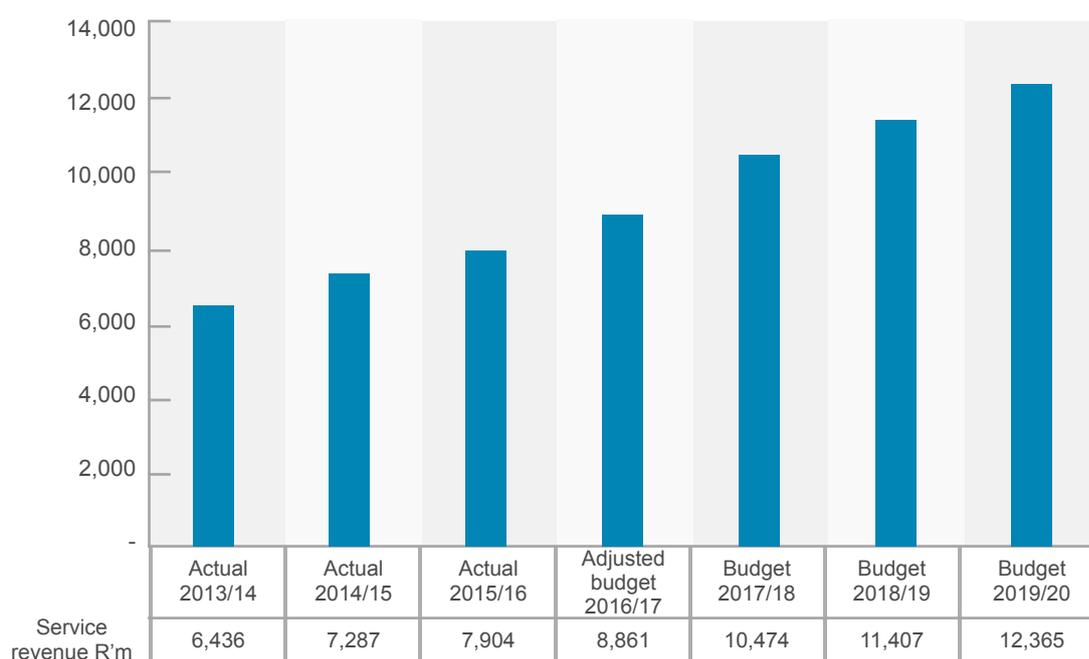


Figure 3: Revenue trends

The average proposed tariff increase for 2017/18 is 12.2%. This is based on the Rand Water gazetted tariff increase of 10.2% and a retail margin of 2% to fund capital projects and loans. The increase is above both the inflation rate and the inflation target set by the South African Reserve Bank and may have a negative impact on consumer payment levels. The increase, however, does not adequately cover funding for the capital expenditure required to replace infrastructure reaching the end of its useful life over the next few years. Therefore, additional loans will be required to fund the shortfall. It should also be noted that the free basic services to all have been revised and will only be received by registered indigents.

Bulk purchases consist of the purchase of potable water from Rand Water. The price is determined by a combination of a government pricing strategy which is linked to producer inflation for the raw water, as well as the costs incurred by Rand Water for the treatment of the water. For 2017/18, the increase from Rand Water will be 10.2%. This includes the Acid Mine Drainage (AMD) charge, which is levied by the Department of Water and Sanitation through the Trans Caledon Tunnel Authority (TCTA) to the Vaal River water users through Rand Water; the AMD charge was not separately levied in the raw water cost.

The bulk water volume purchases budget has been based on current consumption patterns with a 1.2% allowance for increases, which is below the population growth per the 2011 census.

The impact of water demand management initiatives, such as pressure valve management, active leakage control and the prepaid metering project, have been factored into the calculation. These initiatives are expected to yield a reduction in the cost of water purchases.

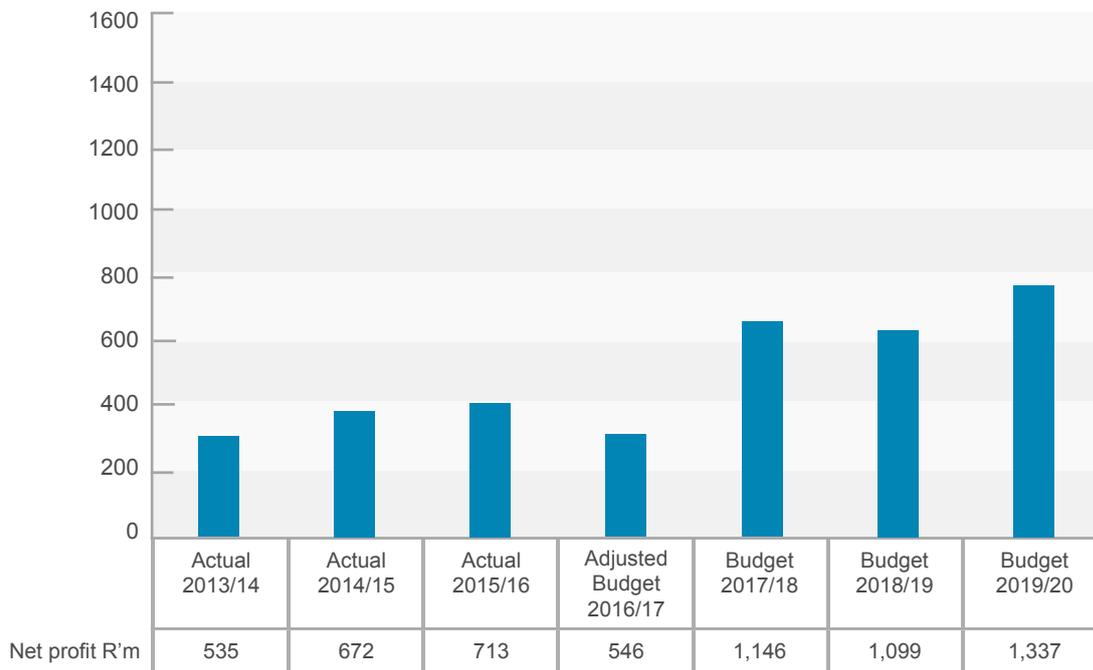


Figure 4: Net Profit

The net profit of the company remained constant in 2015/16 due to an increase in billed volumes and efficient management of company resources. The adjusted forecast for 2016/17 has been revised down by R228 million from the original budget of R773 million as a result of reduced sales due to the drought and reduced supply from Rand Water. The budgeted profit for 2017/18 is R1.146 million.

Debt impairment/bad debt has been increasing steadily over a number of years, as reflected in Figure 5.

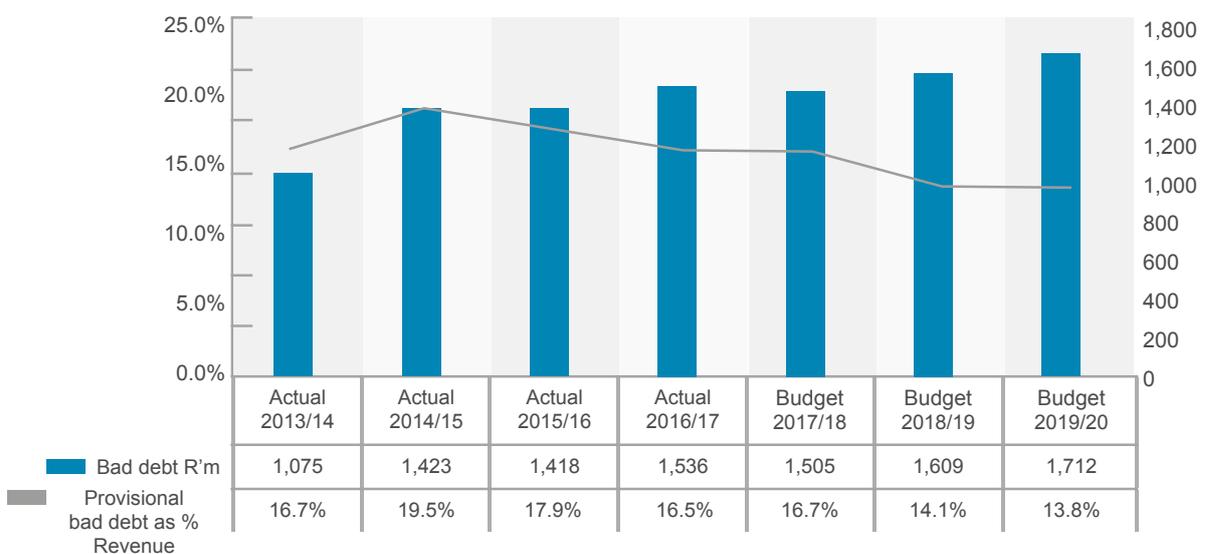


Figure 5: Debt Impairment

Debt impairment/bad debt for 2017/18 is projected at R1.505 billion, as compared to the adjusted budget of R1.536 billion for 2016/17. This is based on a payment level of 83%, as compared to the adjusted payment level of 83.5% in 2016/17. The increasing bad debt is of concern since it negatively impacts on availability of funds for service delivery and capital expenditure. To improve the situation, enforcement of the credit control policy will continue by disconnecting all non-paying customers and regular reviews to ensure that customers are not illegally reconnected. Additionally, credit control efforts will increase to ensure monies are collected from all residents for services rendered.

Control over Operating Costs

General expenses will increase to R706 million due to increased maintenance on water and sanitation infrastructure, software licences for IT systems, communications, and increased electricity demand.

The operating costs per major category are reflected in Figure 6.

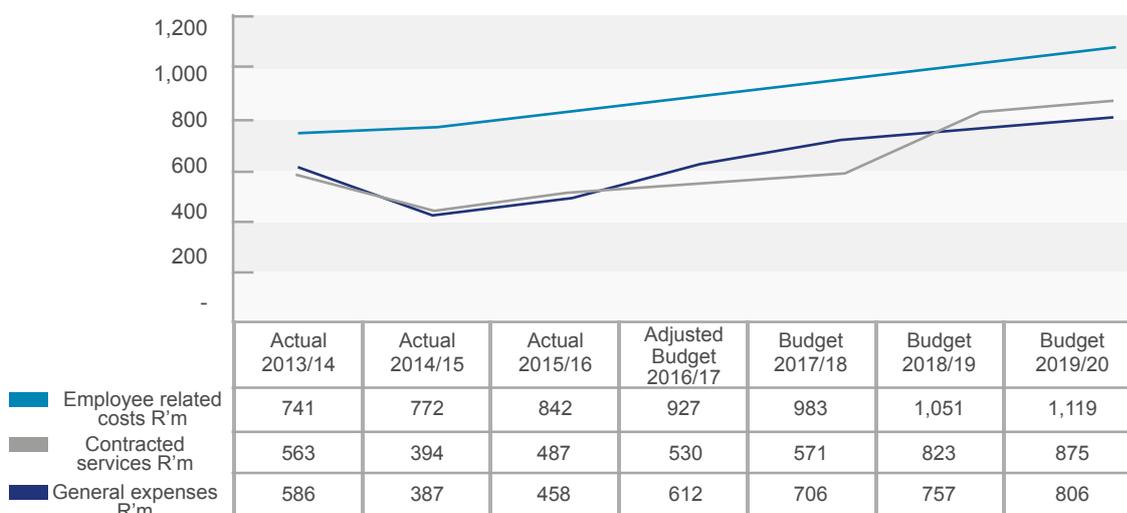


Figure 6: Operational Expenses

Employee-related cost is budgeted to increase from R927 million in 2016/17 to R983 million in 2017/18 (6% increase). The primary increase is due to inflation parameters set by the City with no new positions added.

The total employee cost as a percentage of total operating costs remained well below the 30% benchmark of the CoJ and National Treasury as illustrated in Figure 7.

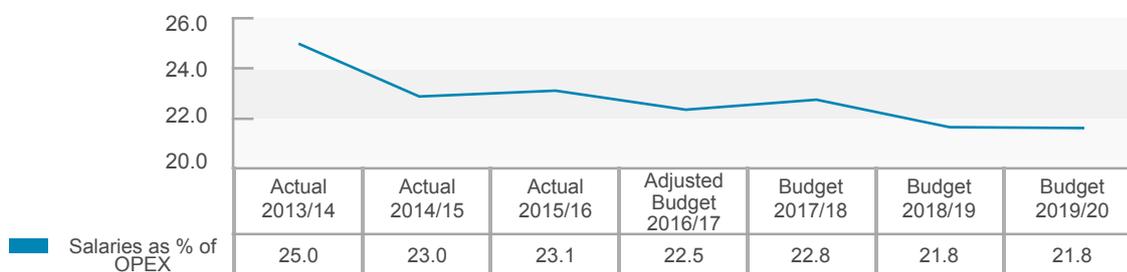


Figure 7: Salary Trends

The company ended the 2015/16 year on 23.1% salaries to operating expenses. The revised budget for 2016/17 will be 22.5% and the budget for 2017/18 is 22.8%. The ratio is within the National Treasury's benchmark of 30%. The operating expenses used for this calculation include the debt impairment, as per Figure 6.

The budget for contracted services (excluding the CoJ service fee) will be increased to R571 million from R530 million in 2016/17. The major increase in contracted services is as a result of additional expenditure relating to repairs and maintenance to water and sewer infrastructure, including repairs to collapsed sewer, under rad drilling, construction and retrofitting of chambers and pipe work. There are also plans to service 3,550 households with VIP services (2,240 in 2017/18 plus the backlog of 1,775 from 2016/17).

7.1.2. Cash Generated from Operations

The low payment level from customers remains a concern. During 2015/16 the payment level was 84.2% and the forecast for 2016/17 is 83.5%. The budgeted payment level in 2017/18 is 83.3% and will require a major effort from the Revenue Collection Department of CoJ as well as from the internal Credit Control Department, which is responsible for credit collections of the water and sewer only accounts. It should, however, be noted that there will be an improvement in payment levels from 2015/16 to 2018/19, as illustrated in Figure 8.

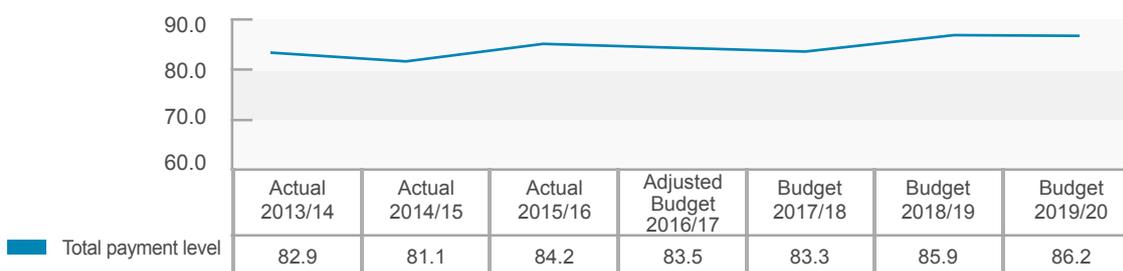


Figure 8: Payment Levels

The continued focus on improving billing and collections by the Revenue and Customer Relations Department at the CoJ should result in a slight decline in collection for 2017/18 and improved collection of outstanding monies for the 2017/18 and 2019/20 financial years.

The cash balance is swept to CoJ in terms of the treasury management arrangement. At the end of 2015/16, JW had cash reserves of R331 million. The projected cash reserve for the Medium-Term Expenditure Framework (MTEF) is reflected in Figure 9.

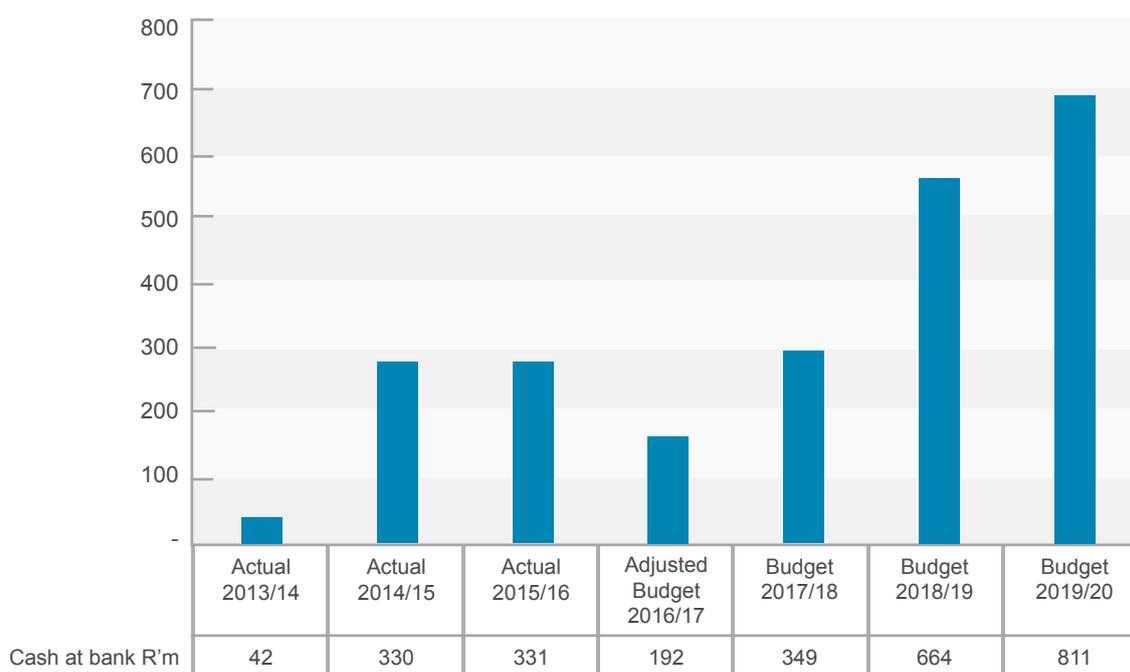


Figure 9: Cash at Bank

The cash position for 30 June 2017/18 is budgeted at R349 million (forecast 2016/17: R192 million). The main contributor to the improvement is the high budgeted payment levels, which is the RSSC's main focus for the financial year. The high cash projection is as a result of the higher revenue and profit projection and the cash will contribute in funding for infrastructure.

7.1.3. Solvency

The entity budgeted to be in a strong solvency position, with its total assets exceeding the total liabilities by R7.4 billion in 2017/18. The solvency ratio as at 30 June 2018 is 2:30 as illustrated in Figure 10.

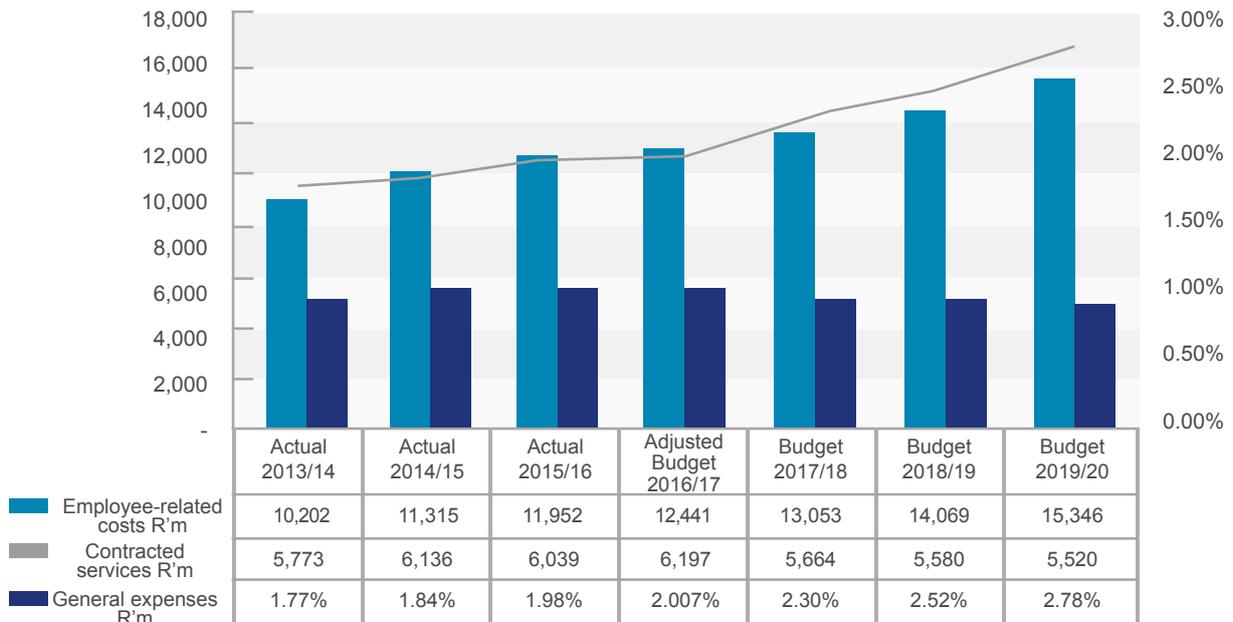


Figure 10: Solvency Ratio

7.1.4. Capital Projects

The capital expenditure is budgeted as follows:

- June 2018 R795 million
- June 2019 R706 million
- June 2020 R762 million.

The capital budget has decreased from what was previously approved by CoJ to address backlogs, upgrading and renewal of ageing infrastructure and new infrastructure requirements.

The source of funding for CAPEX is reflected in Figure 11. Own funding depends largely on increased payment levels. The affordability of funding for infrastructure remains a challenge, especially if payment levels do not improve or deteriorate due to prevalent economic conditions.

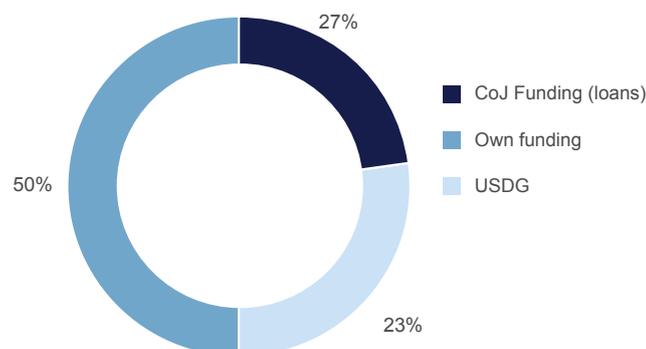


Figure 11: Sources of Funding

7.1.5. Revenue and Tariff Analysis

It is proposed that the six kilolitre (kℓ) free basic water allocated per household per month be discontinued for all households other than indigents, the last of whom will continue to receive 10, 12 and 15 kℓ per month per household. It is proposed that differential tariff increases continue to be applied to different tariff bands for domestic water and prepaid water and sanitation tariffs (refer to Tables 24 and 25).

A rate of 12.2% is applied to institutional and industrial/commercial water consumption up to 200 kℓ per customer and a rate of 15% for consumption exceeding 200 kℓ. The tariff for all other services provided is to be increased by 12.2% for 2017/18. The total average tariff increase for all services provided would be approximately 12.2%.

When calculating tariff increases, consideration was given to poorer households by limiting the increases to be in line with inflation, despite a much larger increase from Rand Water for bulk water. The increase in the 6–10 kℓ category is limited to 6.2%, while high water users will have to pay an increase of 20% to encourage responsible water usage.

The trend of tariff increases can potentially make it unaffordable for households to afford water sold and other services provided by JW. This may increase the provision for bad debts and negatively impact the financial sustainability of the CoJ. To improve the situation, enforcement of the credit control policy by disconnecting all non-paying customers and regular reviews to ensure that customers are not illegally reconnected will continue and also increase credit control efforts to ensure monies are collected from all residents for services rendered.

The second contributor to the affordability of our services is the sovereign credit downgrade of the country, which will have the following impact:

- More South Africans pay more on interest
- Food, electricity and petrol prices increase
- Unemployment increases due to retrenchments and factory shut downs
- Low confidence therefore low investments and no new jobs created
- The rand will be worth less making imported goods more expensive.

7.1.6. Proposed Tariff Increase

Domestic water and prepaid water and sanitation tariffs will be increased as follows:

- >0–6 kℓ to be charged
- >6–10 kℓ 6.2%
- >10–15 kℓ 9.1%
- >15–20 kℓ 11.2%
- >20–30 kℓ 12.2%
- >30–40 kℓ 13.2%
- >40–50 kℓ 15.0%
- >50 kℓ 20.0%.

Institutional and industrial/commercial tariffs are to be increased by:

- Consumption up to 200 kℓ at 12.2%
- Consumption exceeding 200 kℓ at 15%
- All other tariffs increased by 12.2%.

Table 24 depicts tariff increases per band (consumption levels).

Table 24: Proposed 2016/17 Tariffs

| Tariff Bands (kℓ) | 2016/17 Approved Tariff (R) | Proposed Tariff Increase (%) | 2017/18 Proposed Tariff (R) | Motivation |
|-------------------|-----------------------------|------------------------------|-----------------------------|--|
| 0–6 | 0.00 | 0% | 7.14 | Propose to charge for the first 6 kℓ of water |
| >6–10 | 7.14 | 6.2% | 7.58 | Proposed tariff increase below Rand Water tariff increase to accommodate low income groups |
| >10–15 | 12.07 | 9.10% | 13.17 | This band still represents a low consumption group of customers. Tariff increase still below Rand Water's proposed tariff increase |
| >15–20 | 17.65 | 11.2% | 19.63 | This band still represents a low consumption group of customers. Tariff increase still below Rand Water's proposed tariff increase |
| >20–30 | 24.03 | 12.20% | 26.96 | The average tariff increase is applied to this tariff band as it represents the average household consumption |

| Tariff Bands (kℓ) | 2016/17 Approved Tariff (R) | Proposed Tariff Increase (%) | 2017/18 Proposed Tariff (R) | Motivation |
|-------------------|-----------------------------|------------------------------|-----------------------------|---|
| >30-40 | 25.81 | 13.2% | 29.22 | The percentage tariff increase in this band is set to subsidise free basic services. The idea is to reduce unnecessary usage of water, thereby encouraging economic and sustainable consumption |
| >40-50 | 32.27 | 18.0% | 37.11 | Unnecessarily high consumption of water in private households is discouraged by applying a higher percentage increase to the tariff band |
| >50 | New | 20% | 38.72 | Higher usage of water will pay a higher tariff rate |

Table 25: Proposed Water Restriction Prepaid Domestic

| Kℓ per Connection per Month | 2015/16 Tariff (R/Kℓ) | 2016/17 Tariff (R/Kℓ) | 2017/18 Tariff (R/Kℓ) * |
|-----------------------------|-----------------------|-----------------------|-------------------------|
| 0-6 | Free | 0 | 5.87 |
| >6-10 | 5.26 | 5.53 | 5.87 |
| >10-15 | 7.05 | 7.69 | 8.39 |
| >15-20 | 13.28 | 14.62 | 16.25 |
| >20-30 | 20.32 | 23.00 | 25.81 |
| >30-40 | 21.76 | 24.72 | 27.98 |
| >40-50 | 27.85 | 32.00 | 36.80 |
| >50 | New | New | 44.16 |

7.1.8. Proposed Water Restriction Tariff

A new water restriction tariff was introduced in 2016/17. The aim of these tariffs is to encourage residents to save water during water restrictions. The tariff is applicable for consumption over 20 kℓ per month. Tables 26 and 27 depicts water restriction tariffs per band (consumption levels).

Table 26: Proposed Water Restriction Tariff – Domestic

| Kℓ per Connection per Month | Normal Tariff (R/Kℓ) | Water Restriction Tariff | | Water restriction Tariff (R/Kℓ) |
|-----------------------------|----------------------|--------------------------|------------|---------------------------------|
| | | % Increase | R Increase | |
| 0-6 | 7.14 | 0% | 0.00 | 7.14 |
| > 6-10 | 7.58 | 0% | 0.00 | 7.58 |
| >10-15 | 13.17 | 0% | 0.00 | 13.17 |
| >15-20 | 19.45 | 0% | 0.00 | 19.45 |
| >20-30 | 26.96 | 15% | 4.04 | 31.01 |
| >30-40 | 29.22 | 35% | 10.23 | 39.44 |
| >40-50 | 37.11 | 50% | 18.56 | 55.67 |
| >50 | 38.72 | 60% | 23.23 | 61.96 |

Table 27: Proposed Water Restriction Prepaid – Domestic

| Kℓ per Connection per Month | 2016/17 | 2017/18 | | | |
|-----------------------------|---------------|------------------------|------------|--------------------------|---------------------------------------|
| | Tariff (R/Kℓ) | Proposed Tariff (R/Kℓ) | % Increase | Rand per Increase (R/Kℓ) | Final Water Restriction Tariff (R/Kℓ) |
| 0-6 | Free | 5.87 | 0% | 0.00 | 5.87 |
| > 6-10 | 5.53 | 5.87 | 0% | 0.00 | 5.87 |
| >10-15 | 7.69 | 8.39 | 0% | 0.00 | 8.39 |
| >15-20 | 14.62 | 16.11 | 0% | 0.00 | 16.11 |
| >20-30 | 23.00 | 25.81 | 15% | 3.87 | 29.68 |
| >30-40 | 24.72 | 27.98 | 35% | 9.79 | 37.78 |
| >40-50 | 32.00 | 36.80 | 50% | 18.40 | 55.20 |
| >50 | New | 44.16 | 60% | 26.50 | 70.66 |

Chapter 8: Management and Organisational Structure

JW is well-resourced to respond to service delivery imperatives and achieving its plans through a number of strategic initiatives.

Interventions planned for the 2017/18 financial year are based on the following assumptions:

- The current staff complement of 2,600 will remain stable and not increase or decrease by more than 3–5% (80 to 130 people)
- The skills development initiatives are aimed at delivering training to a total value of 1.85% of the salaries and allowances budget. This is in line with the 2015/16 expenditure percentage and will increase in line with the increase in total expenditure on salaries and allowances resulting from annual increases
- With regard to recruitment initiatives, the assumption is made that attrition will be stable. Similarly, the targets set for EE are based on the assumption that both attrition and the recruitment of additional staff will be in line with past experience.

Based on the above, the capacity of the Human Resources function is considered appropriate to deliver on the plans for the 2017/18 financial year.

8.1 Organisational Structure

The organisational structure that is envisaged to serve JW through 2017/18 is illustrated in Figure 12.

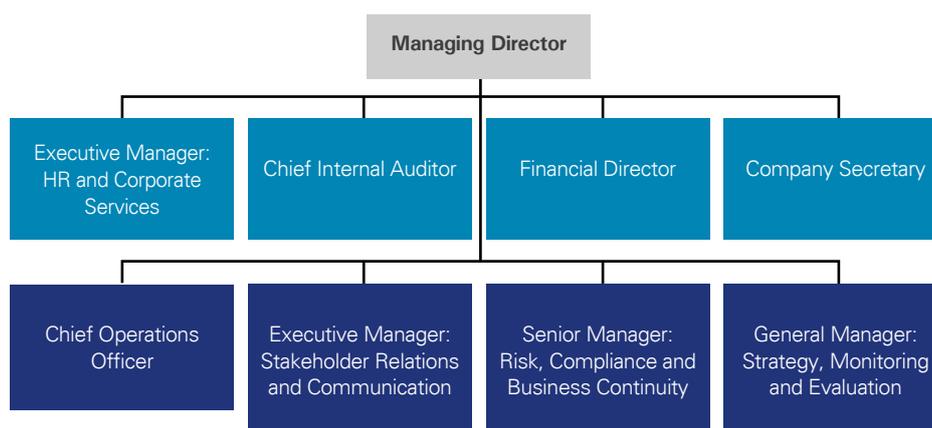


Figure 12: Organisational Structure

8.1.1 Analysis of the Company Organisational Structure

The top three levels in the company are indicative of the major departmental heads. The span of control is adequate and will serve the company in the delivery of its mandate in 2017/18.

8.1.2 Management Team: Direct Reports to the Managing Director

The organisational structure, as reflected in Figure 12, reflects the lean nature of JW's Management team, with the Managing Director's span of control providing for eight direct reports, one of whom is appointed in an office support function. The structure provides for a combination of officials responsible for governance, combined assurance and risk management as well as a Chief Operations Officer that oversees service delivery.

It should be noted that with the exception of the Managing Director's contract, which is due to expire in 2017/18, the relatively newly appointed Executive team assures stability and continuity.

Chapter 9: Risk Management

As articulated in the MFMA, 2003, this section covers a summary of any risks in terms of achieving revenue projections, as well as expected major shifts in revenue patterns and any non-discretionary expenditure.

JW has adopted an entity-wide risk management approach, which has been rolled out at a strategic level across all business units for identification of strategic, operational, fraud and compliance risks. To add value to the organisation and the business planning process, and ensure that JW achieves its objectives, the Risk Management function will fulfill the following responsibilities:

- Develop and implement an enterprise-wide Risk Management System and tools (infrastructure) to ensure that JW is at the forefront of best practice in the discipline
- Develop and implement the Business Continuity Management (BCM) System
- Develop, implement and maintain a Compliance Management System that will enable JW to comply with all business-related laws and regulations
- Monitor adherence to the enterprise risk and communicate compliance and business continuity management policies and frameworks in line with CoJ requirements to all governance structures.

In pursuance of the above functions and as a basis for planning, the Risk and Compliance Management Department conducted a risk maturity assessment to determine the position of JW on the risk maturity scale. In addition, the assessment will ascertain the measures required to ensure JW's risk and compliance is in a position to support the company in the management of its risks and achievement of its objectives. The assessment is based on a risk capability maturity scale of 1–5 with 1) Unaware, 2) Fragmented, 3) Top Down, 4) Systematic Maturity and 5) Risk Intelligent. The assessment concludes that JW is currently at 2.7 in the fragmented category. In this regard JW plans to be at level 4 (Systematic Maturity) by the end of the 2018/19 financial year.

The Risk and Compliance Management Department has created a three-year Risk and Compliance Management Plan to reach the said maturity level.

Annexures

Annexure A: Summary of Capital Programmes

| Name of Programme | Project Name | Capital Budget (R'000) | | | Return on Investment | CoJ Regions |
|--|--|------------------------|---------|---------|--|---------------|
| | | 2017/18 | 2018/19 | 2019/20 | | |
| Water Demand Management | Infrastructure upgrade and renewal (retrofitting and leaks repair) | 120,135 | 60,000 | 60,000 | Total water savings of 36,000 MI per annum (R245 million water saving per annum at a current rate of R6.81/Kl) | City-wide |
| | Pipe replacement | 105,000 | 60,000 | 50,000 | Potential water savings of 1,296 MI/annum on completion of programme equivalent to R8.8 million/year). | City-wide |
| | O&M category (including pressure management) | 41,000 | 61,000 | 71,000 | Potential water savings of 1,296 MI/annum on completion of programme equivalent to R8.8 million/year). | City-wide |
| Bulk Wastewater Expansion and Upgrades | Olifantsvlei heating and mixing/ refurbishment | 31,500 | 38,000 | 25,000 | Treatment service continuity | D and F |
| | Bushkoppies balancing tank/ refurbishment | 37,400 | 19,000 | 35,000 | Treatment service continuity | D |
| | Goudkoppies (refurbishment) | 45,600 | 32,000 | 66,000 | Treatment service continuity | D and F |
| | Northern Works (refurbishment) 460 MI/d | 28,500 | 88,000 | 160,000 | Treatment service continuity | A, B, C and E |
| | Driefontein concrete lining overflow/ refurbishment | 51,000 | 54,000 | 6,000 | Treatment service continuity | C |
| | Lanseria 50 MI/d | 5,000 | 5,000 | 5,000 | Treatment capacity for 50 000 H/H equivalent | C |
| | Ennerdale (refurbishment) | 170 | 3,000 | | Treatment service continuity | G |
| | WWTW general (biogas) | | 5,000 | 5,000 | Treatment service continuity | City-wide |
| Reservoirs | Blue Hills tower 1.8 MI | 5,000 | | | Storage capacity for 1,800 H/H equivalent | A |
| | Pretoriusrand reservoir 10 MI | | 4,225 | 5,000 | Storage capacity for 10,000 H/H equivalent | A |
| | Pretoriusrand tower 1.2 MI | | 1,000 | 9,000 | Storage capacity for 1,200 H/H equivalent | A |
| | Robertville tower 2.25 MI | 10,000 | | | Storage capacity for 2,250 H/H equivalent | C |
| | Diepsloot reservoir 40 MI | | | 5,000 | Storage capacity upgrade for 40,000 H/H equivalent | A |
| | Diepsloot tower 1.6 MI | | | 2,000 | Storage capacity upgrade for 1,600 H/H equivalent | A |
| | Woodmead reservoir 20 MI | | | 10,000 | Storage capacity for 20,000 H/H equivalent | E |
| | Halfway House reservoir 20 MI | 10,000 | | | Storage capacity for 20,000 H/H equivalent | A |
| | Carlswald reservoir 13 MI | 4,000 | | | Storage capacity for 13,000 H/H equivalent | A |
| | Crown Gardens tower 1.1 MI | 10,500 | | | Storage capacity upgrade for 1,100 H/H equivalent | F |
| | Aeroton tower 1.4 MI | 3,000 | | | Storage capacity 1,000 H/H equivalent | F |
| | Erand tower 0.75 MI | 14,000 | | | Storage capacity 500 H/H equivalent | |
| | Kensington booster 1.4 MI | | | 1,000 | Storage capacity 1,400 H/H equivalent | F |
| | Lawley high level reservoir 10 MI | | | 2,000 | Storage capacity 10,000 H/H equivalent | G |
| | Dobsonville reservoir 15 MI | | 2,000 | | Storage capacity 15,000 H/H equivalent | D |
| | Meadowlands tower 1 & 2, 3.45 MI | | 2,000 | | Storage capacity 3,450 H/H equivalent | D |
| | Meadowlands reservoir 20 MI | | 7,000 | | Storage capacity 20,000 H/H equivalent | D |
| | Doorkop West reservoir 50 MI | | 5,000 | 2,000 | Storage capacity 1,500 H/H equivalent | A |
| Sewer Upgrade | Sewer pipe replacement (City-wide) | 52,700 | 56,000 | 61,500 | Reduced number of blockages | City-wide |
| Water Upgrade | Water pipe upgrade (networks) | 91,000 | 93,000 | 75,000 | To maintain capacity for current demand and create capacity for future demand to support developments | City-wide |
| Other | Small projects, IT, engineering studies and operational capital | 129,500 | 110,891 | 106,950 | Water supply continuity | City-wide |
| Total | | 795,005 | 706,116 | 762,450 | | |

Annexure B: Strategic Balanced Scorecard

| Mayoral Priorities | Strategic Goals | Key Performance Indicator | Weight | Baseline 2015/16 | 2016/17 O2 Actual | 2017/18 Target | Q1 Target | Q2 Target | Q3 Target | Q4 Target | 2018/19 Target | 2019/20 Target | 2020/21 Target | KPI Owner | RE# |
|---|--|---|--------|--|---|--|---|---|---|---|---|---|---|---|--|
| Priority 1: Promote Economic Development and attract investment towards achieving 5% economic growth | Strategic Goal 1: Utilise infrastructure delivery to create jobs, support SMMEs and attract investments Weight: 25% | No. of sewer blockages per 100 km of network length | 20% | 461 sewer blockages per 100 km of network length | 251 sewer blockages per 100 km of network length | 504 sewer blockages per 100 km of network length | 126 sewer blockages per 100 km of network length | 252 sewer blockages per 100 km of network length | 378 sewer blockages per 100 km of network length | 504 sewer blockages per 100 km of network length | 523 sewer blockages per 100 km of network length | 542 sewer blockages per 100 km of network length | 550 sewer blockages per 100 km of network length | COO | 1 |
| | | | | 319 water pipe bursts per 100 km on network length | 192 water pipe bursts per 100 km on network length | 391 water pipe bursts per 100 km on network length | 98 water pipe bursts per 100 km on network length | 196 water pipe bursts per 100 km on network length | 293 water pipe bursts per 100 km on network length | 391 water pipe bursts per 100 km on network length | 406 water pipe bursts per 100 km on network length | 422 water pipe bursts per 100 km on network length | 427 water pipe bursts per 100 km on network length | COO | 2 |
| | | | | 1.34 renewal rate of water and sewer networks; and WWTW based on value | 0.1 Renewal rate of water and sewer networks; and WWTW based on value | 0.91 renewal rate of water and sewer networks; and WWTW based on value | 0.2 renewal rate of water and sewer networks; and WWTW based on value | 0.4 renewal rate of water and sewer networks; and WWTW based on value | 0.6 renewal rate of water and sewer networks; and WWTW based on value | 0.9 renewal rate of water and sewer networks; and WWTW based on value | 0.8 renewal rate of water and sewer networks; and WWTW based on value | 0.9 renewal rate of water and sewer networks; and WWTW based on value | 0.9 renewal rate of water and sewer networks; and WWTW based on value | 0.9 renewal rate of water and sewer networks; and WWTW based on value | COO |
| Priority 3: Create a culture of enhanced service delivery with pride | | Renewal rate of water and sewer networks; and WWTW based on value | 20% | 98% CAPEX spend | 29% CAPEX spend | 95% CAPEX spend | 15% CAPEX spend | 45% CAPEX spend | 65% CAPEX spend | 95% CAPEX spend | 95% CAPEX spend | 95% CAPEX spend | 95% CAPEX spend | COO | 4 |
| | | | | 118% B-BBEE procurement on qualifying SMMEs | 127% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs | 125% B-BBEE procurement on qualifying SMMEs |
| Priority 9: Preserving our natural resources for future generations | | No. of job opportunities created based on EPWP | 10% | 1,542 job opportunities created based on EPWP | 80 job opportunities created based on EPWP | 1,391 job opportunities created based on EPWP | 348 job opportunities created based on EPWP | 625 job opportunities created based on EPWP | 904 job opportunities created based on EPWP | 1,391 job opportunities created based on EPWP | 1,186 job opportunities created based on EPWP | 1,273 job opportunities created based on EPWP | 1,283 job opportunities created based on EPWP | COO | 6 |
| | | | | 127 SMMEs supported through community upliftment projects | 100 SMMEs supported through community upliftment projects | 91 SMMEs supported through community upliftment projects | 0 SMMEs supported through community upliftment projects | 0 SMMEs supported through community upliftment projects | 60 SMMEs supported through community upliftment projects | 91 SMMEs supported through community upliftment projects | 61 SMMEs supported through community upliftment projects |

| Mayoral Priorities | Strategic Goals | Key Performance Indicator | Weight | Baseline 2015/16 | 2016/17 O2 Actual | 2017/18 Target | Q1 Target | Q2 Target | Q3 Target | Q4 Target | 2018/19 Target | 2019/20 Target | 2020/21 Target | KPI Owner | REF# | |
|---|---|---|--------|--|--|---|---|---|---|---|---|---|---|---|------|---|
| Priority 3: Create a culture of enhanced service delivery with pride | Strategic Goal 2: Deliver water and sanitation service of good quality that is accessible, reliable and efficient in an environmentally responsible/sustainable way Weight: 21% | % compliance with drinking water quality standard on E. Coli (SANS 241) | 10% | 99.80% compliance with drinking water quality standard on E. Coli (SANS 241) | 100% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | 99% compliance with drinking water quality standard on E. Coli (SANS 241) | COO | 8 |
| | | | | 96.15% informal H/H with access to water at minimum LoS1 | 96.14% (136,802) informal H/H with access to water at minimum LoS1 | 83.89% (154,264) informal H/H access to water at minimum LoS1 | 82.64% (151,974) informal H/H with access to water at minimum LoS1 | 83.02% (152,661) informal H/H with access to water at minimum LoS1 | 83.89% (154,264) informal H/H with access to water at minimum LoS1 | 86.16% (158,441) informal H/H with access to water at minimum LoS1 | 87.19% (160,343) informal H/H with access to water at minimum LoS1 | COO | 9 | | | |
| | | | | 46.59% informal H/H with access to sanitation at minimum LoS1 | 46.59% (66,895) informal H/H with access to sanitation at minimum LoS1 | 39.27% (72,216) informal H/H with access to sanitation at minimum LoS1 | 38.30% (70,424) informal H/H with access to sanitation at minimum LoS1 | 38.66% (71,096) informal H/H with access to sanitation at minimum LoS1 | 39.27% (72,216) informal H/H with access to sanitation at minimum LoS1 | 41.52% (76,361) informal H/H with access to sanitation at minimum LoS1 | 42.53% (78,215) informal H/H with access to sanitation at minimum LoS1 | COO | 10 | | | |
| | | % final effluent compliance in all WWWTW | 25% | 74.70% final effluent compliance in all WWWTW | 72.6% final effluent compliance in all WWWTW | 90% final effluent compliance in all WWWTW | 90% final effluent compliance in all WWWTW | 90% final effluent compliance in all WWWTW | 90% final effluent compliance in all WWWTW | 90% final effluent compliance in all WWWTW | 92% final effluent compliance in all WWWTW | 93% final effluent compliance in all WWWTW | 94% final effluent compliance in all WWWTW | COO | 11 | |

Note 1: Capital budget linked

Note 2: Sub-contracting model to be used

Note 3: Reliant on device management aspects

Note 4: Change of KPI year-on-year

AT = Annual Target

Annexure B continued

| Mayoral Priorities | Strategic Goals | Key Performance Indicator | Weight | Baseline 2015/16 | 2016/17 O2 Actual | 2017/18 Target | Q1 Target | Q2 Target | Q3 Target | Q4 Target | 2018/19 Target | 2019/20 Target | 2020/21 Target | KPI Owner | REF# | | | |
|---|---|---|--------|---|---|--|--|--|--|--|--|--|--|--|--|--|---|---|
| Priority 3: Create a culture of enhanced service delivery with pride | Strategic Goal: 3 Improve customer and stakeholder satisfaction Weight: 20% | Water litres consumption per capita per day | 30% | 309 | 292.86 | 299 | 299 | 299 | 299 | 299 | 297 | 295 | 293 | COO | 12 | | | |
| | | | | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day | water litres consumption per capita per day |
| | | | | 84.29% water bursts restored within 48 hours of notification | 90.18% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | 95% water bursts restored within 48 hours of notification | COO | 13 |
| | | | | 93.46% sewer blockage cleared within 24 hours of notification | 94.86% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 96% sewer blockage cleared within 24 hours of notification | 97% sewer blockage cleared within 24 hours of notification | 97% sewer blockage cleared within 24 hours of notification | 97% sewer blockage cleared within 24 hours of notification | COO | 14 |
| | | | | 87.50% meters correctly read on a monthly basis | 82.32% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | 90% meters correctly read on a monthly basis | FD | 15 |
| Priority 5: Create an honest and transparent City that fights corruption | Strategic Goal 4: Enhance sound financial management, sustainability and clean governance Weight: 20% | % Non-revenue water | 40% | 35.3% Non-revenue water | 37.6% Non-revenue water | 32% Non-revenue water (Physical = 14.8, commercial = 17.2) | AT | AT | AT | AT | 30% Non-revenue water (Physical = 13.8, commercial = 16.2) | 28% Non-revenue water (Physical = 13.0, commercial = 15.0) | 26% Non-revenue water (Physical = 12.0, commercial = 14.0) | COO | 16 | | | |
| | | | | R2,131 million net profit before bad debt provision | R699 million net profit before bad debt provision | R2,652 million net profit before bad debt provision | R680 million net profit before bad debt provision | R1,346 million net profit before bad debt provision | R1,988 million net profit before bad debt provision | R2,652 million net profit before bad debt provision | R2,850 million net profit before bad debt provision | R3,050 million net profit before bad debt provision | R2,709 million net profit before bad debt provision | R2,850 million net profit before bad debt provision | R3,050 million net profit before bad debt provision | FD | 17 | |
| Priority 7: Enhancing our financial sustainability | | Audit Opinion | 20% | Clean audit opinion | AT | Clean audit opinion | AT | AT | AT | Clean audit opinion | N/A | N/A | N/A | FD | 18 | | | |

| Mayoral Priorities | Strategic Goals | Key Performance Indicator | Weight | Baseline 2015/16 | 2016/17 O2 Actual | 2017/18 Target | Q1 Target | Q2 Target | Q3 Target | Q4 Target | 2018/19 Target | 2019/20 Target | 2020/21 Target | KPI Owner | REF# |
|--|--|---|--------|-----------------------|--|---|--|--|---|---|---|--|--|-----------|------|
| Priority 8: Encourage innovation and efficiency through programme such as Smart City | Strategic Goal 5: Use of technology for effective and efficient operations | Number of business units fully deployed with Business Analytics Dashboard | 100% | New | New | Ops and MRD business units fully deployed with Business Analytics Dashboard | Ops business unit 25% deployed with Business Analytics Dashboard | Ops business unit fully deployed with Business Analytics Dashboard | MRD business units 25% deployed with Business Analytics Dashboard | Ops and MRD business units fully deployed with Business Analytics Dashboard | FI business unit fully deployed with Business Analytics Dashboard | SCM business unit fully deployed with Business Analytics Dashboard | CAPEX and Risk business units fully deployed with Business Analytics Dashboard | FD | 19 |
| | Weight: 4% | | | | | | | | | | | | | | |
| Priority 3: Create a culture of enhanced service delivery with pride | Strategic Goal 6: Invest in our staff to sustain optimal performance and service-focused culture with committed people | % female employees at elementary levels (Grades A1-C2) | 25% | New | 24.4% female employees at elementary levels (Grades A1-C2) | 28% female employees at elementary levels (Grades A1-C2) | 26% female employees at elementary levels (Grades A1-C2) | 27% female employees at elementary levels (Grades A1-C2) | 27.5% female employees at elementary levels (Grades A1-C2) | 28% female employees at elementary levels (Grades A1-C2) | 29% female employees at elementary levels (Grades A1-C2) | 31% female employees at elementary levels (Grades A1-C2) | 33% female employees at elementary levels (Grades A1-C2) | HR&CS | 20 |
| | Weight: 10% | Total training hours per person spent on formal training events | 25% | 45.7 hours per person | NA | 50 training hours per person spent on formal training events | 10 training hours per person spent on formal training events | 22 training hours per person spent on formal training events | 35 training hours per person spent on formal training events | 50 training hours per person spent on formal training events | 55 training hours per person spent on formal training events | 55 training hours per person spent on formal training events | 55 training hours per person spent on formal training events | HR&CS | 22 |
| | | NOSA star rating achievement | 25% | 25% of OHSAS audit | AT | 4 Star NOSA rating achievement | Gap assessment and training OHS staff | Implementation an addressing gaps | Implementation an addressing gaps; review progress | 4 Star NOSA rating achievement | 4 Star NOSA rating achievement | 4 Star NOSA rating achievement | 5 Star NOSA rating achievement | HR&CS | 23 |

Annexure C: KPI Definitions, Calculations and Means of Verification

| Ref # | KPI | Definition | KPI Calculation Formula | Means of Verification |
|-------|---|--|---|--|
| 1 | Number of sewer blockages per 100 km of network length | Frequency of sewer blockages being experienced as an indication of the sewer infrastructure performance and condition | (A) Number of works orders received sewer main blockages/(B)total length of sewer mains/100 (C) A / B = Number of blockages per 100 km (monthly) | System-generated Ops indicator report, IMQS infrastructure lengths and Excel calculation sheet |
| 2 | Number of water pipe bursts per 100 km on network length | Frequency of water bursts being experienced as an indication of water infrastructure performance and condition | (A) Number of works orders received R&M mains + number of works orders received R&M valves and hydrants/(B) Total Length of water mains/100 | System-generated Ops indicator report, IMQS infrastructure lengths and Excel calculation sheet |
| 3 | Renewal rate of water and sewer networks; and WWTW based on value | Renewal rate of water and sewer networks; and WWTW electromechanical components based on value | Renewal rate = total cost of infrastructure renewal expenditure divided by network replacement cost + WWTW electromechanical replacement cost | Excel calculation sheet on renewal rate based on asset value |
| 4 | Percentage CAPEX spend | The rand value expressed as a percentage of capital budget spend against the allocated budget | A= CAPEX spend B= CAPEX allocate % CAPEX spend= (A/B)* 100 | Reports drawn from SAP system |
| 5 | % total B-BBEE procurement recognition spent on qualifying SMMEs | The B-BBEE procurement recognition spent figure for EMEs & QSEs comprises the total measured procurement spend from each supplier in this category, where EME are all exempted micro enterprises with a turnover of less than R10m and QSE are qualifying SMEs with a turnover of between R10m–R50m with a B-BBEE scorecard or affidavit B-BBEE procurement spend is based on actual expenditure incurred (i.e. invoiced amounts) All goods and services procured within the relevant financial year, comprising operational and capital expenditure | Formula: A = sum of (B x C) where: (A) is the sum total of B-BBEE procurement spend (B) is the value of procurement falling within the total measured procurement spend from each supplier (C) is the recognition level of each supplier with a B-BBEE certificate | |
| 6 | | The Expanded Public Works Programme (EPWP) was initiated by the South African Government and is aimed at creating 4.5 million work opportunities by employing labour-intensive methods | N/A | Excel database sheet with number of jobs created |

| Ref # | KPI | Definition | KPI Calculation Formula | Means of Verification |
|-------|---|---|---|--|
| 7 | % Capex spend= (A/B)*100 | Reports drawn from SAP system | NA | Excel database sheet with the list of SMMEs supported |
| 8 | Percentage compliance with drinking water quality standard on <i>E. Coli</i> (SANS 241) | The percentage of drinking water samples complying with the SANS 241 <i>E. Coli</i> standard to the number of drinking water samples taken | (A) Number of tests Complying/(B) Number of tests (C) A / B = % compliance (monthly) | System-generated drinking water quality report on LIMS |
| 9 | % informal H/H with access to water at minimum LoS1 | A basic water service refers to provision of water in informal settlements through the installation of communal standpipes | % coverage = (cumulative no. of households serviced / total no. of households in informal settlement | Excel % coverage sheet report with number of household services |
| 10 | % informal H/H with access to sanitation at minimum LoS1 (cumulative no. of H/H) | A basic sanitation service refers to provision of sanitation in informal settlements through the installation of Ventilated Pit-latrines (VIPs) and ablation blocks | % coverage = (cumulative no of households serviced / total number of households in informal settlement | Excel % coverage sheet report with number of household services |
| 11 | % final effluent compliance in all WWTW | The overall percentage compliance of the wastewater treatment plants to the compliance parameters as stipulated in their individual water use licences | (Total number of daily samples per works per indicator per month complying with the limit in the water use licence) / (total number of daily samples per works per indicator per month) x 100 = % monthly compliance per works per indicator in the water use licence | System-generated effluent quality LIMS reports and Excel calculation sheets |
| 12 | Water litres consumption per capita per day | Volume of water supplied to each person per day, including losses being experienced on the reticulation system | (A) system input volume in the period under review, (B) population as per Census 2011 with 3.5% growth per year and (C) the number of days of the period under review. (D) H/H water consumption per capita per day = a/b/c | Bulk system input volumes xcel sheet based on RW and cross-boundary invoices and Excel calculation sheet |
| 13 | Percentage Water bursts restored within 48 hours of notification | The percentage water bursts repaired within 48 hours to the number of water burst reported as one of the service delivery functions linked to customer satisfaction | (A) Number of WO completed (major and minor bursts) in time (B) Number of WO received (major and minor bursts) A/B = % response time (monthly) | System-generated regional response time (RRR) report |
| 14 | Percentage of sewer blockages cleared within 24 hours of notification | The percentage sewer blockages cleared within 24 hours to the number of sewer blockages reported as one of the service delivery functions linked to customer satisfaction | Number of WO completed (sewer main blockages) in time (B) Number of WO received (sewer main blockages) A/B = % response time (monthly) | System-generated RRR report |

| Ref # | KPI | Definition | KPI Calculation Formula | Means of Verification |
|-------|---|--|---|---|
| 15 | % meters correctly read on a monthly basis | The percentage actual metered connection read to readable metered connections as one of the principal billing functions that links customer consumption with revenue performance | Number of meters billed on actual readings/ Number of meters downloaded on CoJ Billing = % | |
| 16 | Percentage non-revenue water | Percentage reduction of the three components of non-revenue water, including physical (real) losses, commercial (apparent) losses and authorised unbilled metered and non-metered consumption | Using sum of prior 12 month moving data(A) Total System Input Volume(B) Billed Metered Consumption(C) Billed Unmetered Consumption(D) Unbilled Unmetered Consumption(E) (A - B - C)/A*100 = % Non-Revenue Water(F) (A - B - C - D)/A*100 = % Water Losses(G) (28% * F)/A*100 = % Apparent Losses (Commercial Losses)(H) F - G = % Real Losses (Physical Losses)(I) D/A*100 = % Unbilled Unmetered Consumption (Commercial Losses)(J) G + I = % Commercial Losses | CoJ zonal water balance Excel calculation sheet |
| 17 | Rand net profit before bad debt provision | Bad debts are accounts receivable that a business cannot collect. The provision is used to estimate bad debts which businesses incur because customers sometimes cannot pay their bills on time, or at all. Bad debt provisions are recorded as an expense on the income statement; reduce the net profit as an allowance for doubtful debts which in turn reduce accounts receivable on the balance sheet | Net profit + bad debt provision + CoJ service fee | |
| 18 | Clean audit opinion | The financial statements are free from material misstatements (in other words, a financially unqualified audit opinion) and there are no material findings on reporting on performance objectives or non-compliance with legislation | N/A | AGSA Report |
| 19 | Number of business units fully deployed with Business Analytics Dashboard | Develop Digital Dashboards for business units | There is no KPI calculation formula for the item. Each dashboard, however, will be constructed on business unit KPIs which will be used to track and monitor in respect of the dashboard implementation | A dashboard for the business unit targeted. There will be a specification document and a project plan. The specification document will consist of KPIs for each business unit |

| Ref # | KPI | Definition | KPI Calculation Formula | Means of Verification |
|-------|---|---|---|---|
| 20 | % female employees at elementary levels (Grades A1–C2) | Total female employees as a percentage of the total staff complement as at the end of the year and every quarter in the elementary/ semi-skilled occupations designated at grades A1–C2 | No of female employees Grade A1–C2/ total staff complement Grades A1–C2 | SAP HRIM system reports |
| 21 | % staff designated as PWD | The total number of people living with disabilities employed by the company as a percentage of the total staff complement of the company as at the end of the year and every quarter | No. of people living with disabilities employed/total staff complement | SAP HRIM system reports |
| 22 | Total training hours per person spent on formal training events | Average training hours per person spent on formal training events away from the workplace | Total number of hours recorded in SAP HRIM for the quarter/year divided by the average staff complement for the period under review | SAP HRIM system reports |
| 23 | NOSA star rating achievement | OHS Compliance through NOSA star rating | N/A – report directly from the accreditation agency (NOSA) | Report from the accreditation agency (NOSA) |

Annexure D: Financials

Dashboard of key information for the years 2017 to 2020

| | Actual 2015/16 | Original budget 2016/17 | Adjusted 2016/17 | Budget | | |
|--|-------------------|-------------------------------|---------------------|------------------|------------------|------------------|
| | | | | 2017/18 | 2018/19 | 2019/20 |
| CPIX | 5.7% | 5.9% | 5.9% | 6.2% | 5.9% | 5.4% |
| Tariff rate | 13.9% | 13.2% | 13.2% | 12.2% | 8.9% | 8.4% |
| Tariff rate – cost of sales | 13.5% | 11.9% | 11.9% | 10.2% | 6.9% | 6.4% |
| Revenue | 8,361,144 | 9,211,044 | 8,860,910 | 10,754,464 | 11,703,211 | 12,677,386 |
| CAPEX – funding source | 1,010,394 | 736,636 | 736,636 | 795,006 | 706,116 | 762,450 |
| Grant funded CAPEX (USDG) | 307,925 | 76,950 | 76,950 | 182,183 | 56,715 | 84,085 |
| External (CoJ) | 676,279 | 445,769 | 445,769 | 211,770 | 186,629 | 411,491 |
| Own funding/BSC | 26,190 | 213,917 | 213,917 | 401,053 | 462,772 | 266,874 |
| Cash position | 330,558 | 594,949 | 191,968 | 341,689 | 576,430 | 808,640 |
| Profit | 713,060 | 773,490 | 545,687 | 1,437,813 | 1,364,369 | 1,606,965 |
| Payment level (total) | 84.2% | 83.5% | 82.9% | 85.8% | 86.0% | 86.3% |
| Profit before bad debt provision | 2,131,401 | 2,309,450 | 2,081,647 | 2,983,061 | 3,015,050 | 3,362,050 |
| Interest charges | 345,905 | 400,052 | 327,963 | 336,811 | 394,385 | 522,587 |
| Profit before capital transfers | 58,725 | 696,540 | 465,479 | 1,255,630 | 1,307,654 | 1,522,880 |

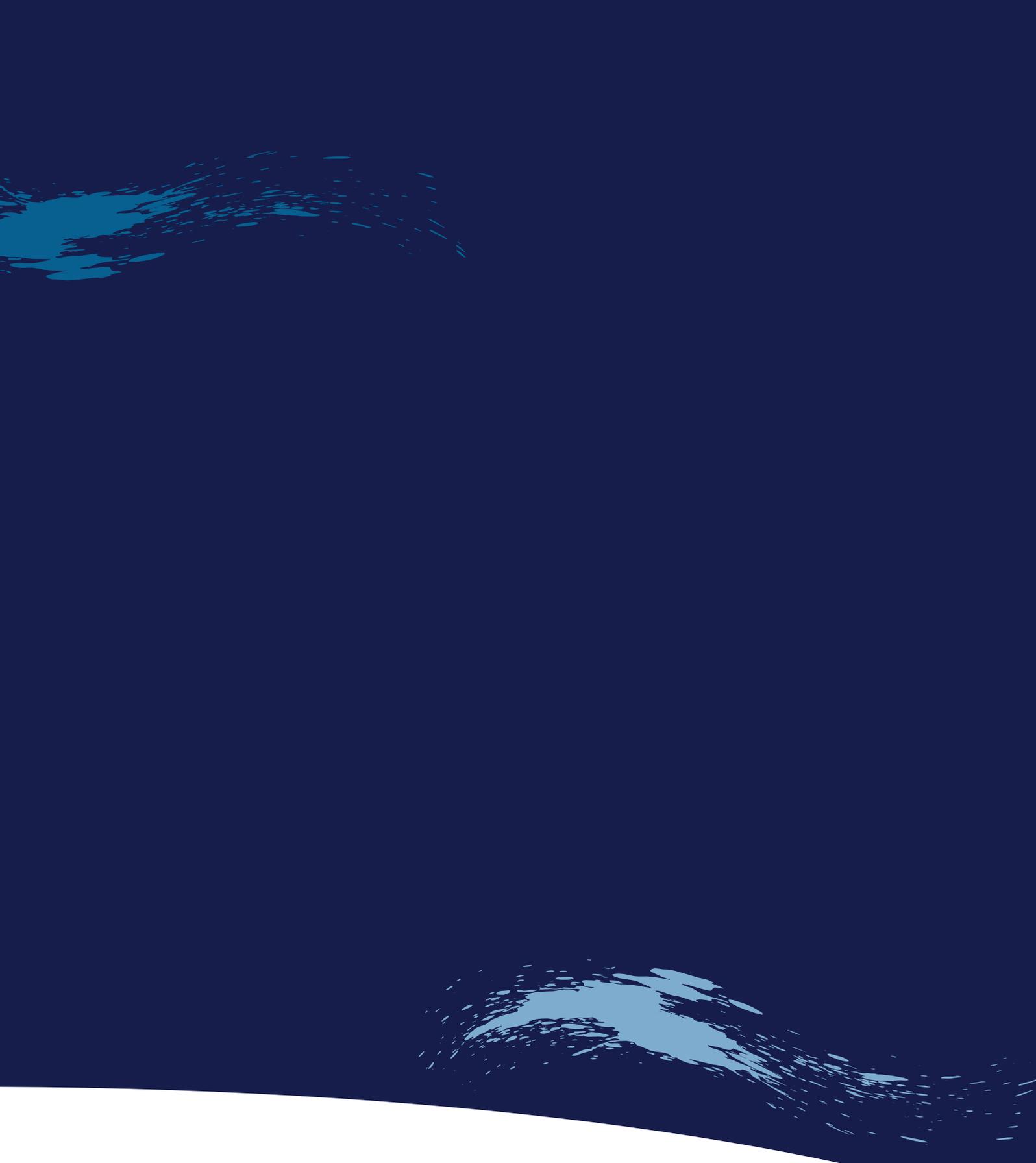
Statement of Financial Performance

| R'000 | Actual 2015/16 | Original budget 2016/17 (yr 1) | Revised budget 2016/17 (yr 1) | Budget | | |
|---|--------------------|---|--|--------------------|--------------------|--------------------|
| | | | | 2017/18 (YR 1) | 2018/19 (YR 2) | 2019/20 (YR 3) |
| Revenues | | | | | | |
| Operating income generated | 7,930,809 | 9,211,044 | 8,860,910 | 10,754,464 | 11,703,211 | 12,677,386 |
| Service charges – water revenue from tariff billings | 7,930,809 | 9,211,044 | 8,860,910 | 10,754,464 | 11,703,211 | 12,677,386 |
| Cost of sales | (3,962,690) | (4,178,880) | (4,061,947) | (4,915,210) | (5,254,359) | (5,590,638) |
| Bulk purchases – water | (3,962,690) | (4,178,880) | (4,061,947) | (4,915,210) | (5,254,359) | (5,590,638) |
| Gross margin | 3,941,119 | 5,032,165 | 4,798,963 | 5,839,254 | 6,448,852 | 7,086,748 |
| Gross profit margin % | 49.9% | 54.6% | 54.2% | 54.3% | 55.1% | 55.9% |
| Other income | 654,335 | 76,950 | 80,208 | 182,183 | 56,715 | 84,085 |
| Other revenue | 654,335 | - | 3,258 | - | - | - |
| Deferred income release | - | 76,950 | 76,950 | 182,183 | 56,715 | 84,085 |
| Expenditure | (3,642,713) | (4,033,363) | (4,111,743) | (4,350,666) | (4,864,354) | (5,174,431) |
| Employee-related costs – wages and salaries | (842,163) | (926,043) | (927,041) | (983,440) | (1,051,312) | (1,118,597) |
| Contracted services | (487,161) | (518,228) | (529,518) | (570,847) | (822,628) | (874,880) |
| CoJ service fee | (184,201) | (202,728) | (202,728) | (216,222) | (231,141) | (245,934) |
| General expenses – other | (458,293) | (611,766) | (611,766) | (706,107) | (757,102) | (805,951) |
| Repairs and maintenance | (11,855) | (27,363) | (27,363) | (36,756) | (39,292) | (41,807) |
| Depreciation | (240,699) | (211,276) | (277,368) | (292,046) | (312,198) | (332,178) |
| Contributions – bad debts | (1,418,342) | (1,535,960) | (1,535,960) | (1,545,248) | (1,650,681) | (1,755,085) |
| Profit/(loss) before interest | 952,741 | 1,075,751 | 767,429 | 1,670,771 | 1,641,213 | 1,996,402 |
| Net interest and sundry items | (239,681) | (302,262) | (221,742) | (232,958) | (276,844) | (389,437) |
| Interest income – internal (CoJ) | 27,699 | - | 8,431 | - | - | - |
| Interest income – external bad debt | 78,525 | 97,790 | 97,790 | 103,853 | 117,541 | 133,150 |
| Interest of CoJ shareholder loans | (25,936) | (16,019) | (16,019) | (6,167) | - | - |
| Interest on mirror conduit loans | (280,526) | (354,338) | (281,839) | (303,322) | (371,184) | (502,374) |
| Commercial interest payable | (39,442) | (29,695) | (30,105) | (27,322) | (23,201) | (20,213) |
| Sundry income/(expenses) | - | - | - | - | - | - |
| Profit/(loss) after finance costs, before FV adjustments | 713,060 | 773,490 | 545,687 | 1,437,813 | 1,364,369 | 1,606,965 |
| Taxation payable | | - | | - | - | |
| Net surplus/(loss) for the year | 713,060 | 773,490 | 545,687 | 1,437,813 | 1,364,369 | 1,606,965 |
| IAS adjustments | | | | | | |
| Retained income for the period | 713,060 | 773,490 | 545,687 | 1,437,813 | 1,364,369 | 1,606,965 |
| Retained income at beginning of period | 4,984,519 | 5,661,119 | 5,697,579 | 6,243,266 | 7,681,079 | 9,045,448 |
| Prior year adjustments | | - | | - | - | |
| Retained income at end of period | 5,697,579 | 6,434,609 | 6,243,266 | 7,681,079 | 9,045,448 | 10,652,412 |

Statement of Financial Position

| R'000 | Actual 2015/16 | Current F/Y | | Budget | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2016/17 Budget | 2016/17 Budget | 2017/18 Yr (1) | 2018/19 Yr (2) | 2019/20 Yr (3) |
| Assets | | | | | | |
| Non-current assets | 9,568,573 | 9,685,007 | 10,027,969 | 10,450,751 | 11,067,345 | 11,664,982 |
| Fixed assets (net book values) | 9,568,573 | 9,685,007 | 10,027,969 | 10,450,751 | 11,067,345 | 11,664,982 |
| Land and buildings | 104,211 | 286,347 | 94,793 | 87,102 | 92,241 | 97,222 |
| Plant and equipment | 8,236,613 | 8,863,249 | 8,726,771 | 9,206,763 | 9,749,962 | 10,276,460 |
| Furniture and fittings | 8,417 | 10,820 | 6,815 | 5,213 | 5,520 | 5,818 |
| Office equipment | 6,725 | 3,234 | 3,642 | 559 | 592 | 624 |
| Other fixed assets | 1,212,608 | 521,283 | 1,195,948 | 1,151,113 | 1,219,029 | 1,284,857 |
| Other non-current assets | | - | | - | - | - |
| Biological assets | | | | | | |
| Current assets | 2,383,615 | 3,169,631 | 2,412,764 | 2,595,232 | 2,914,216 | 3,763,525 |
| Service debtors | 5,949,020 | 9,006,885 | 6,844,196 | 6,918,727 | 7,164,548 | 8,056,282 |
| Less: Provision for bad debt | (4,049,533) | (6,905,342) | (4,790,937) | (4,843,109) | (5,015,183) | (5,299,993) |
| Sundry debtors | 14,912 | 14,820 | 15,792 | 16,771 | 17,761 | 18,720 |
| Inventory | 67,159 | 77,074 | 76,024 | 80,737 | 85,501 | 90,118 |
| Cash and equivalents | 330,558 | 594,949 | 191,968 | 341,689 | 575,430 | 808,640 |
| CoJ | 71,499 | 831,240 | 75,718 | 80,412 | 85,156 | 89,755 |
| Other UAC's of CoJ | | 4 | 4 | 4 | 4 | 4 |
| Total employment of capital | 11,952,189 | 12,854,638 | 12,440,732 | 13,045,983 | 13,981,562 | 15,428,507 |
| Equity and liabilities | | | | | | |
| Capital and reserves | 5,697,581 | 6,815,955 | 6,243,268 | 7,681,081 | 9,045,450 | 10,652,414 |
| Share capital and premium | 1 | 1 | 1 | 1 | 1 | 1 |
| Retained income | 5,697,580 | 6,815,954 | 6,243,267 | 7,681,080 | 9,045,449 | 10,652,413 |
| Non-current liabilities | 2,948,839 | 3,957,238 | 3,336,111 | 2,648,194 | 2,779,343 | 3,323,364 |
| Mirror conduit external loans | 2,367,130 | 3,440,916 | 2,757,213 | 2,210,605 | 2,376,926 | 2,956,311 |
| Shareholder loan | 64,972 | - | 64,972 | - | - | - |
| Other external loans | 409,560 | 409,177 | 409,177 | 331,464 | 290,031 | 248,598 |
| Deferred income | - | - | - | - | - | - |
| Fleet lease obligation | 17,740 | 10,007 | 18,787 | 19,951 | 21,129 | 22,270 |
| Employee benefit obligations | 89,437 | 97,138 | 85,962 | 86,173 | 91,257 | 96,185 |
| Current liabilities | 3,305,769 | 2,081,446 | 2,861,353 | 2,716,708 | 2,156,769 | 1,452,729 |
| Trade creditors | 1,270,921 | 300,387 | 770,507 | 575,620 | 580,801 | 437,924 |
| Accruals and provision | 74,978 | 87,898 | 79,402 | 84,325 | 89,300 | 94,122 |
| Consumer deposits – services | 323,480 | 216,162 | 327,362 | 347,658 | 368,170 | 388,051 |
| Value added tax | 42,943 | 406,505 | 45,477 | 48,296 | 51,146 | 53,907 |
| CoJ | 1,226,309 | 460,555 | 1,226,309 | 1,226,309 | 613,155 | - |
| Other UAC's of CoJ | 9,872 | 26,264 | 10,455 | 11,103 | 11,758 | 12,393 |
| Current portion of non-current liabilities | 351,189 | 583,256 | 395,766 | 416,943 | 435,605 | 459,128 |
| Fleet lease obligation | 6,077 | 418 | 6,077 | 6,454 | 6,834 | 7,203 |
| Total equity and liabilities | 11,952,189 | 12,854,638 | 12,440,732 | 13,045,983 | 13,981,562 | 15,428,507 |





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