

A dynamic background image featuring a large, energetic water splash in shades of blue and white. Several water droplets are suspended in the air above the main splash, creating a sense of movement and freshness. The overall composition is clean and modern, emphasizing the theme of water.

Integrated **Annual Report** 2024|2025



a world class African city



Johannesburg Water



Vikela Amanzi, Protect Our Tomorrow



Johannesburg Water (SOC) LIMITED

Registration No: 2000/029271/30

2024/25 INTEGRATED ANNUAL REPORT

(in terms of Section 121 of the Local Government: Municipal Finance Management Act,
No. 56 of 2003
and
Section 46 of the Local Government: Municipal Systems Act,
No. 32 of 2000)

Company Information

Registration Number	2000/029271/30
Registered Office Address	65 Ntemi Piliso Street Newtown Johannesburg 2113
Postal Address	P O Box 61542 Marshalltown Johannesburg 2107
Email Address	info@jwater.co.za
Telephone Number	011 688 1400
Website Address	www.johannesburgwater.co.za
Bankers' Information	Standard Bank of South Africa and ABSA Bank Limited
Auditors	Auditor-General of South Africa



Vision

A world class African water and sanitation utility.



Mission

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



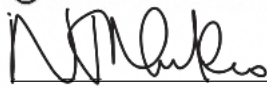
Approval

Kgaugelo Mahlaba
Chief Financial Officer


Signature

03-12-2025
Date of approval

Ntshavheni Mukwevho
Managing Director


Signature

03-12-2025
Date of approval

Dineo Majavu
Chairperson of the Board


Signature

03-12-2025
Date of approval

Councillor Jack Sekwaila
Member of the Mayoral
Committee (MMC)
Environment and
Infrastructure Services
Department (EISD)


Signature

04/12/2025
Date of approval

Table of Contents

CHAPTER ONE: LEADERSHIP AND CORPORATE PROFILE.....13

Section 1: Member of the Mayoral Committee's Foreword.....	14
Section 2: Chairperson's Foreword.....	16
Section 3: Managing Director's Report.....	18
Section 4: Chief Financial Officer's Report.....	22
Section 5: Corporate Profile and Overview of the Entity.....	24
Section 6: Strategic Objectives and Goals.....	28

CHAPTER TWO: GOVERNANCE.....36

Section 1: Composition, Key Activities and Remuneration of the Board.....	37
Section 2: High-level Organisational Structure.....	53
Section 3: Governance of Stakeholder Relationships.....	56
Section 4: Risk Management.....	57
Section 5: Anti-corruption and Fraud Investigations.....	70
Section 6: ICT Governance and Performance.....	72
Section 7: Compliance with Laws and Regulations.....	75

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE.....81

Section 1: Highlights and Achievements.....	82
Section 2: Service Delivery Challenges.....	86
Section 3: Response to Strategic Direction.....	92
Section 4: Performance against Service Standards.....	95
Section 5: Performance against Pre-determined Objectives.....	100
Section 6: Public Satisfaction in Municipal Services.....	111
Section 7: Recommendations and Plans for the next Financial Year.....	112

CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT.....114

Section 1: Employee Remuneration (Total Costs Including Executives).....	115
Section 2: Key Vancancies.....	118
Section 3: Employment Equity (EE).....	120
Section 4: Skills Development and Training.....	124
Section 5: Performance Management.....	126
Section 6: Disciplinary Matters and Outcomes.....	126
Section 7: Leave and Productivity Management.....	127
Section 8: Employee Benefits.....	128
Section 9: Occupational Health and Safety Programmes.....	132
Section 10: Security Management.....	135
Section 11: Corporate Social Responsibility.....	137

CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE.....140

Section 1: Statement of Financial Position and High-Level Notes.....	141
Section 2: Statement of Financial Performance and High-Level Notes.....	142
Section 3: Cash Flow Statement and High-Level Notes.....	144
Section 4: Capital Projects and Expenditure.....	144
Section 5: Ratio Analysis.....	158
Section 6: Supply Chain Management and B-BBEE.....	160
Section 7: Pending Litigations and Possible Liabilities.....	173
Section 8: Insurance Claims.....	173
Section 9: Statement on Amounts owed by and to Government Departments and Public Entities.....	174

CHAPTER SIX: INTERNAL AND EXTERNAL AUDIT FINDINGS.....176

Section 1: Progress on Internal Audit Plan.....	177
Section 2: Progress on Resolution of Internal Audit Findings.....	178
Section 3: Progress on Resolution of AGSA Audit Findings.....	182
Section 4: Overall State of Internal Controls.....	185

APPENDICES:

Appendix A: Board of Directors; Committee Allocation and Attendance.....	194
Appendix B: Committee and Committee Purpose.....	198
Appendix C: Third-Tier Administrative Structure.....	202
Appendix D: Functions of Entity.....	206
Appendix E: Recommendations of the Audit Committee 2024/25.....	207
Appendix F: Long-term Contracts and Public-Private Partnership.....	214
Appendix G: Municipal Entity/Service Provider Performance Schedule.....	215
Appendix H: 2024/25 Declaration of Interest – Johannesburg Water’s Executive Management.....	216
Appendix I: Capital Expenditure – New and Upgraded/Renewal Programmes: Including USDG, EFF and CRR.....	222
Appendix J: Capital Programme by Project (Current Year).....	223

FINANCIAL STATEMENTS.....226

Abbreviations

AET	Adult Education and Training
AFS	Annual Financial Statements
AGM	Annual General Meeting
AGSA	Auditor-General of South Africa
AoPO	Audit of Predetermined Objectives
APP	Annual Procurement Plan
AWOL	Absence without Leave
BA	Bachelor of Arts
BAdmin	Bachelor of Administration
B-BBEE	Broad-Based Black Economic Empowerment
BCom	Bachelor of Commerce
BCompt	Bachelor of Accounting Science
BCP	Business Continuity Plan
BEng	Bachelor of Engineering
BOQ	Bill of Quantities
BSc	Bachelor of Science
BTech	Bachelor of Technology
Capex	Capital Expenditure
CBD	Central Business District
CCTV	Closed-Circuit Television
CIDB	Construction Industry Development Board
CIU	Customer Interface Unit
CoJ	City of Johannesburg
CoJ HSD	City of Johannesburg Human Settlements Department
COSO	Committee of Sponsoring Organisations
CPI	Consumer Price Index
CRM	Customer Relationship Management
CRMP	Compliance Risk Management Plan
CRUM	Customer Relations and Urban Management
DBSA	Development Bank of Southern Africa
DIFR	Disabling Injury Frequency Rate
DTIC	Department of Trade, Industry and Competition
DWS	Department of Water and Sanitation
EAM	Enterprise Asset Management
EAP	Economically Active Population
EAP	Employee Assistance Programme
ECSA	Engineering Council of South Africa
EE	Employment Equity
EPL	Employers Practices Liability
EPWP	Expanded Public Works Programme
ERM	Enterprise Risk Management
ERWAT	East Rand Water Care Company
ESG	Environment, Social and Governance
ESP	Expanded Social Package
EXCO	Executive Committee
FMCMM	Financial Management Capability Maturity Model

FSM	Field Service Management
GBV	Gender-Based Violence
GDE	Gauteng Department of Education
GDS 2040	Joburg 2040 Growth and Development Strategy
GJTMC	Greater Johannesburg Transitional Metropolitan Council
GLU	Government of Local Unity
GPA	Group Personal Accident
GRAP	Generally Recognised Accounting Practice
GSAR	Gross Sickness Absenteeism Rate
GTAC	Government Technical Advisory Centre
HR	Human Resources
HSRC	Human Sciences Research Council
IAC	Independent Audit Committee
IAR	Integrated Annual Report
ICT	Information and Communications Technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
IMQS	Infrastructure Management Query Software
IOD	Injury on Duty
IR	Inherent Risk
IRP	Infrastructure Renewal Project
ISO	International Organisation for Standardisation
ISPPIA	International Standards of Professional Practice of Internal Auditing
IT	Information Technology
JMPD	Johannesburg Metropolitan Police Department
JOSHCO	Johannesburg Social Housing Company
JPC	Joburg Property Company
JRA	Johannesburg Roads Agency
JW	Johannesburg Water
KPA	Key Performance Area
KPI	Key Performance Indicator
LLB	Bachelor of Laws
LTA	Limited Technical Area
MBA	Master's in Business Administration
MBL	Master of Business Leadership
MDG	Millennium Development Goals
MFMA	Local Government: Municipal Finance Management Act, No. 56 of 2003
MFMP	Certificate in Municipal Financial Management
MMC	Member of the Mayoral Committee
MPhil	Master of Philosophy
MSA	Local Government: Municipal Systems Act, No. 32 of 2000
mSCOA	Municipal Standard Chart of Accounts
MTC	Metro Trading Company
ND	National Diploma
NDP	National Development Plan
NMSS	Northern Metropolitan Substructure

NRW	Non-Revenue Water
NT	National Treasury
NWA	National Water Act, No. 36 of 1998
NWWTW	Northern Wastewater Treatment Works
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act, No. 85 of 1993
OT	Operations Technology
PMU	Project Management Unit
POPI	Protection of Personal Information Act, No. 4 of 2013
PPP	Public-Private Partnership
PPPFA	Preferential Procurement Policy Framework Act, 2000
PPR	Preferential Procurement Regulations 2017
PRP	Pipe Replacement Plan
PRV	Pressure Reducing Valve
PWD	People with Disabilities
RFQ	Request for Quotation
RMIP	Risk Management Implementation Plan
RR	Residual Risk
SABC	South African Broadcasting Corporation
SACNASP	South African Council for Natural Scientific Professions
SAICE	South African Institute for Civil Engineers
SANAS	South African National Accreditation System
SANS 241	South African National Standards 241
SAPS	South African Police Service
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SDBIP	Service Delivery and Budget Implementation Plan
SDG	Sustainable Development Goal
SG	Strategic Goal
SHE	Safety, Health and Environment
SLA	Service Level Agreement
SMME	Small, Micro and Medium Enterprises
SOP	Standard Operating Procedure
SR	Strategic Risk
SS	Strategic Shift
STS	Standard Transfer Specification
TA	Transaction Advisor
TAS	Turnaround Strategy
TLCK	Transitional Local Council of Krugersdorp
TOD	Transit-oriented Development
UAT	User Acceptance Testing
UIF	Unemployment Insurance Fund
UIFWE	Unauthorised, Irregular, Fruitless and Wasteful Expenditure
UPS	Uninterruptible Power Supply
USDG	Urban Settlements Development Grant
VIP	Ventilated Improved Pit

WIP	Work in Progress
WPR	Water Pipe Replacement
WULA	Water Use Licence Application
WWTW	Wastewater Treatment Works
WAD	World AIDS Day
WCWDM	Water Conservation and Water Demand Management
WDM	Water Demand Management

About this Report

Johannesburg Water (JW), a municipal entity wholly owned by the City of Johannesburg (CoJ), is pleased to present its Integrated Annual Report (IAR) for the period 1 July 2024 to 30 June 2025.

This report aligns with best practices in integrated reporting. It includes the principles of integrated reporting contained in the International Integrated Reporting Council (IIRC) Framework, published by the IIRC in December 2013. The IAR is guided by various codes and standards, including the King IV Report on Corporate Governance for South Africa (King IV Report).

Johannesburg Water has applied Circular 63 of the Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA), issued by the National Treasury, to prepare the IAR. The Circular prescribes the content that municipalities should cover in their annual reports. The 2024/25 IAR provides all the required data and tables.

To comply with the local and international sustainable reporting best practice guidelines, the report also considers financial, social and economic factors in reporting Johannesburg Water's operations. The guidelines and legislative and policy frameworks applied in the report include the following:

Reporting requirements as per MFMA Circular 63

Generally Recognised Accounting Practice (GRAP)

Section 46(1) of the Local Government: Municipal Systems Act, No. 32 of 2000 (MSA)

The IIRC Framework

The King IV Report

National Treasury Guidelines and Regulations

Discussion papers issued by the South African Integrated Reporting Committee and the IIRC

The Millennium Development Goals

The National Development Plan (NDP): Vision 2030

The Joburg 2040 Growth and Development Strategy (GDS 2040)

The Integrated Development Plan (IDP)

The Service Delivery and Budget Implementation Plan (SDBIP)

Johannesburg Water's outcomes are aligned with those set out in the CoJ 2022–2027 IDP and the GDS 2040, which make up the collective and shared vision for the future of Johannesburg.

Basis of Preparation and Presentation

Materiality concerning the inclusion of information in the report refers to matters that could substantively affect the organisation's ability to create value over the short-, medium- and long term.

Johannesburg Water has premised its framework under two main categories: quantitative and qualitative materiality.

Quantitative Materiality

Detailed in Table 1 below are the financial indicators that are widely used and accepted in the accounting profession as a basis for calculating materiality.

Table 1: Financial Indicators used for Calculating Materiality

Element	Range to be Applied on the Basis of Annual Figures (%)
Gross Profit	1–2
Total Expenditure	0.5–1
Total Assets	0.5–2
Total Revenue	0.25–1

Johannesburg Water has assessed its operational activities in terms of the above indicators. On the basis of our understanding of the nature of the operations, we

believe that the categories stated in Table 2 below reflect the material classes of transactions more accurately for the Entity in determining the 2024/25 materiality.

Table 2: Material Classes in Determining Materiality

Element	Range Based on Annual Figures (%)	2024/25	2024/25		2023/24	
		Budget (R)	Minimum (R)	Maximum (R)	Minimum (R)	Maximum (R)
Budgeted Gross Profit	1–2	9.3 billion	93 million	185 million	88 million	175 million
Budgeted Total Expenditure	0.5–1	18.3 billion	92 million	183 million	78 million	156 million
Budgeted Total Assets	0.5–2	22.3 billion	112 million	446 million	108 million	430 million
Budgeted Total Revenue	0.25–1	17.98 billion	45 million	179 million	41 million	165 million

The following factors were considered in determining materiality levels:

- Gross profit incorporates service charges and the bulk purchases. The gross profit highlights the performance of the main function of Johannesburg Water and provides a good indication of the financial health of the Company.
- The Company operates as a subsidiary of the CoJ and is part of the local sphere of government. The size of the budget is therefore a critical indicator

of the delivery of services, and for this reason materiality was also considered by looking at the net profit, which summarises the operational revenue and expenditure budget for the year.

- Johannesburg Water's main function is to provide water and sanitation services to the residents of Johannesburg through bulk infrastructure. It was therefore appropriate to consider total asset value in determining materiality.
- The generation of service revenue is a key objective of the Company as it is the key source for funding the infrastructure used to provide services.

The overall materiality level was determined to cover all ranges of the elements listed above. The lowest maximum level was determined to be R179 million, based on the total revenue, while R112 million was determined as the highest minimum, based on total assets. The overall materiality was therefore set at R112 million for the 2024/25 financial year, which presents a fair representation of quantitative materiality. This encourages greater levels of accountability for the Company and promotes good governance.

The following are by their nature considered material:

- Fruitless and wasteful expenditure;
- Irregular expenditure; and
- Losses of any form.

Qualitative Materiality

Qualitative materiality includes items that may be material either by nature or by context. Materiality is not only related to the size of the entity and the elements of its financial statements. Misstatements that are critical either individually or in the aggregate may have a material effect on the Company.

Qualitative materiality that is premised on the Company's risk assessment is set as follows:

- Any item or event for which specific disclosure is required by legislation, the King IV Report or Accounting Standards
- Any fact discovered, of which its omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or Council

- Any matter that could substantively affect the organisation's ability to create value in the short-, medium- and long term
- Any participation outside of the approved Strategic Plan
- All losses in respect of criminal conduct
- Any criminal or disciplinary steps taken because of such losses
- Any material irregular expenditure and fruitless and wasteful expenditure
- Assurance Process for the Integrated Annual Report (IAR)

The Board, assisted by the Audit and Risk Committee, Human Resources and Social and Ethics Committee, as well as the Service Delivery, Procurement and Information and Communications Technology Oversight Committee, is ultimately responsible for the integrity and completeness of the IAR and any supplementary information. The Board has applied its collective mind to the preparation of the IAR and has concluded that it is presented under the applicable legislation and the IIRC Framework.

The Board considered the 2024/25 IAR, together with the Annual Financial Statements (AFS). It considered the completeness of the material items it deals with, and the reliability of information presented in line with the combined assurance process.

CHAPTER ONE:

LEADERSHIP AND CORPORATE PROFILE

Stakeholders Impacted: Shareholders, Communities and Business

Strategic Response: Strategic Goals 4 and 5



Ntshavheni Mukwevho
Managing Director



Shaniseka Mathebula
Chief Audit Executive



Gugulethu Phakati
Chief Operations Officer



Kethabile Mabe
Executive Manager:
Governance and Legal Services



Kgaugelo Mahlaba
Chief Financial Officer



Nondumiso Mabuza
Executive Manager:
Stakeholder Relations and
Communication



Raisebe Gaveni
Executive Manager:
Human Resources and
Corporate Services



Thokoziile Hlakoane
Executive Manager:
Risk Compliance and Business
Continuity

Section 1:

Member of the Mayoral Committee's Foreword

The 2024/25 financial year was a defining period for Johannesburg Water — a year in which we balanced the pressures of a demanding service environment with the opportunity to innovate, strengthen partnerships and deliver lasting improvements for our residents.

Our work this year was strategically aligned with both the Provincial Growing Gauteng Together Strategy 2030 and the City of Johannesburg's (CoJ) Growth and Development Strategy (GDS) 2040. These frameworks provide the foundation for Johannesburg Water's contribution to sustainable economic growth, inclusive development and the provision of quality basic services. We have continued to align our programmes with the City's Integrated Development Plan (IDP) and have ensured that our initiatives advance its strategic objectives.

To meet our IDP targets, corrective actions were implemented across several operational areas. These included strengthening preventative maintenance schedules to reduce unplanned outages, improving co-ordination with Rand Water during planned maintenance and fast-tracking alternative water-supply projects, such as borehole development in underserved communities. These interventions have increased our ability to sustain services and address infrastructure backlogs.

Central to our delivery approach was the continued rollout of the Water Security Strategy, our blueprint for achieving a water-secure Johannesburg by 2040. This strategy provides practical actions to safeguard supply, reduce losses and embed water conservation into everyday life, while also ensuring alignment with broader provincial and national water-security goals.



Councillor Jack Sekwaila
Member of the Mayoral Committee (MMC)
Environment and Infrastructure Services Department

During the period under review, Johannesburg Water played an important role in the City's preparations to host the G20 Summit in November 2025 by ensuring that water and sanitation infrastructure met the highest operational standards. This involved targeted infrastructure inspections, proactive maintenance and the deployment of rapid response teams to guarantee service continuity during this globally significant event.

Public participation and accountability remained at the heart of our work. We expanded our engagement methods by holding more frequent councillor forums, hosting ward-level public meetings and increasing our presence at community events.

While we have made noteworthy progress, we recognise that there are areas for further improvement. These include accelerating infrastructure renewal to reduce service interruptions, improving the speed of fault resolution, and expanding our water conservation campaigns to reach more households and businesses. These corrective actions will form part of our ongoing commitment to strengthen service delivery in the year ahead.

This Annual Report reflects a year of commitment, innovation and collaboration. I extend my sincere appreciation to the Board, management, employees and all stakeholders whose dedication has driven our progress. Together, we are building a water-wise Johannesburg — one that is resilient, inclusive and prepared for the demands of the future.

It is important to emphasise that we have a responsibility as Mayoral Committee members to prioritise the well-being of our community's environment, protect its vital infrastructure and deliver necessary services to all residents. By ensuring that Johannesburg Water's business goals, objectives and budget are strictly in line with the City's IDP, I have upheld and exercised my responsibilities and have done so with the aim of serving the residents of Johannesburg.

I would like to express my deepest gratitude to every

member of Johannesburg Water, whose unwavering dedication and efforts have been the driving force behind our progress. In addition, I want to convey my appreciation to our outgoing Board members and stakeholders, whose confidence and support inspire us to continuously improve and bring about new innovations to service delivery. I congratulate our incoming Board members on their appointment and look forward to engaging with them to ensure that we take our service-delivery mandate to new heights.



Councillor Jack Sekwaila

Member of the Mayoral Committee (MMC)
Environment and Infrastructure Services Department

30 November 2025

Section 2

Chairperson's Foreword

It is with a feeling of great responsibility and pride that I present the Johannesburg Water Annual Report for the 2024/25 financial year. This period has been marked by decisive action to address service-delivery challenges, strengthen our operational resilience, and align our work with the CoJ's long-term growth and sustainability objectives.

Over this financial year, the Board diligently fulfilled its duty to oversee and monitor the Company's operations to improve its performance. This was facilitated by the ongoing implementation of the Company's seven strategic goals, which are comprehensively described in our business plan.

Business Overview

Despite a complex operating environment that is characterised by economic pressures, climate variability and increasing demand for basic services, we have achieved significant milestones that underscore our commitment to providing reliable, high-quality water and sanitation services to all residents. Key among these milestones is the notable reduction in Non-Revenue Water (NRW) which is a true testament that the NRW initiatives are yielding positive early results. We expect to see an even greater reduction as these initiatives reach maturity.

Our Turnaround Strategy (TAS24) remained the cornerstone of our efforts to increase operational efficiency, reinforce governance and improve customer service. This strategic framework guided critical interventions, including the successful transfer of the revenue and billing function from the CoJ to Johannesburg Water — a milestone that will improve billing accuracy, improve revenue optimisation and strengthen financial sustainability. At the same time, we advanced alternative water-supply initiatives, such as the drilling of boreholes in informal settlements, with the effect of improving water access for communities that are most vulnerable to supply interruptions.

Financial Sustainability

A firm collection level is essential for the Entity's financial sustainability. The Board noted a slight improvement in the payment level against the targeted output. This is certainly a step in the right direction but is by no means at



Dineo Majavu
Chairperson of the Board

the level where the Entity ought to be, and much needed oversight will continue to be exercised to ensure further improvements. It is worth noting that the revenue closed positively when compared to prior years. The Board will continue to exercise oversight of this area to ensure that there is no revenue regression.

Key among the critical areas of focus to ensure financial sustainability are:

- Effectively managing rising bulk purchases
- Ensuring the reduction of NRW
- Intensifying by-law enforcement to improve credit control

Service Delivery/Manufacturing

Infrastructure renewal is always a key priority as it serves to unlock economic opportunities and assists in making Johannesburg an attractive investment hub. The Entity continued to deliver on its mandate of ensuring the supply of water and sanitation services of good quality. It ensured that all the residents of the City have access to clean and healthy potable water.

As part of its pledge to embrace technology, the Entity explored several ways of creating efficiencies to expedite interactions with customers. It is in view of this pledge that we have explored the implementation of Field Services Management as part of the customer interface. This measure will assist in improving operational efficiencies, which may culminate in higher levels of customer satisfaction.

Capital Allocation

The Board notes that the capital expenditure target was exceeded. The performance was attributed to the fleet lease disclosed as Capex. Regardless, the City's cashflow restrictions culminated in some contractors suspending construction owing to cashflow limitations. While this has affected the pace of infrastructure development and service expansion, the Board emphasises that prudent financial management and maintaining service continuity was its priority. Going forward, the Board has implored management to increase the monitoring of capital projects and explore mitigation measures with the City regarding cashflow limitations. We remain committed to ensuring that capital allocation supports sustainable service delivery and value for our customers and stakeholders.

Sustainable Development, Social and Relationship Dynamics

Over the 2024/25 financial year, governance and integrity continued to underpin our work. The Board intensified oversight through the Integrity Management Strategy, which ensures that ethical leadership, transparency and accountability are embedded in all our operations. We took proactive steps to combat fraud and corruption while embedding King IV-aligned corporate governance practices and robust risk management frameworks to safeguard our resources and sustain public trust. The specific ethics initiatives are set out in the Ethics Statement, which appears in Section 5: Corporate Profile and Overview of the Entity.

The Board continues to play a vital role in upholding corporate governance standards within the Entity and is dedicated to ensuring that the Entity is responsive and accountable to the communities it serves. The Entity recognises the legitimate concerns raised by communities regarding service interruptions and infrastructure challenges and remains firmly committed to enhancing transparency, responsiveness, and overall service excellence. In support of this commitment, we are intensifying customer communication and public engagement efforts to ensure that residents receive clearer and more timely outage information, consistent service status updates, and improved feedback mechanisms.

These efforts are not only aimed at improving the customer experience, but also at rebuilding trust and demonstrating Johannesburg Water's commitment to meeting the needs and expectations of the communities it serves.

We have proactively engaged with key stakeholders, including the City of Johannesburg, the Cooperative Governance and Traditional Affairs department, the Department of Water and Sanitation and Rand Water.

These strategic partnerships are critical to service improvement as they ensure a coordinated approach to resource management, infrastructure investment and regulatory compliance.

Future Focus

The Board has flagged the following programmes to expedite in the 2025/26 financial year:

- Infrastructure development and capital expenditure
- Reduction of NRW
- Increased cash collections

Going into the 2025/26 financial year, the Board will also be overseeing the full implementation of the Entity's Turnaround Strategy as this strategy seeks to address matters regarding the financial sustainability of the Entity and the slow rate of infrastructure investment.

The Board commits to monitoring the implementation of the turnaround strategy on a continuous basis. The Board reaffirms its alignment with governance reforms, fiscal discipline, accountability measures, and a continued commitment to service excellence and will ensure targeted focus in these areas.

Conclusion

I extend my deepest appreciation to the Board of Directors, management, employees and all stakeholders, whose dedication, hard work and collaboration have been the driving force behind our progress this year.

In conclusion, our collective resolve will be our driving force in confronting our challenges decisively — ensuring that each day marks an improvement on the previous day. With robust plans already in place, our focus must now turn to disciplined and effective execution. It is only through sustained progress that we will restore Johannesburg to its rightful standing and reaffirm the trust and confidence of all our stakeholders.

With gratitude.



Dineo Majavu
Chairperson of the Board

30 November 2025

Section 3

Managing Director's Report

It gives me great pleasure to present to our stakeholders the fundamentals of our 2024/25 financial year performance. I must admit, the road was not very smooth over this financial year as it was characterised by several service-delivery challenges. Action plans were put in place to deal with these challenges in an effort to ensure continuous delivery of services. These action plans will be continued in the upcoming 2025/26 financial year, particularly in areas of the business where targets were not achieved.

For integrated reporting, the factors that flow through Johannesburg Water to create its value are enshrined within the six capitals: economic, manufactured, intellectual, human, social and relationship, and natural capital. The disclosures in this Integrated Annual Report (IAR) take cognisance of these capitals. While our operating environment was hurt by the mobility issues that resulted from fleet shortages in the first half of the financial year, other crucial mitigatory measures were deployed to ensure that the business continued to operate. I must admit, these measures were not as austere as we had hoped they would be, as there were dependencies in some instances, especially in relation to fleet services. While this was the case, the Entity was geared up to ensure that our customers were not left in stranded when it came to service-delivery issues, as we had put measures in place to ensure that water and sanitation services were accessible most of the time.

In instances where challenges were experienced, our stakeholders were engaged and kept up to date about any incidents related to service interruptions and turnaround times. Service-delivery teams were organised in a manner that would detect deficient infrastructure that needed to be revamped to circumvent service-delivery interruptions.



Ntshavheni Mukwevho
Managing Director

The provision of basicservices, especially basic water, remains a concern as we step into the new financial year. We are continuing to invest in alternative methods of water supply, which will be more attractive and efficient to our communities, especially in informal settlements, where off-grid solutions have been explored in the form of underground water. This will enable our mandate of delivering water and sanitation services to our residents as empowered by the Service Delivery Agreement (SDA).

A turnaround plan that was developed and approved by the Board and Council is currently in its infancy stage of implementation. The implementation of this plan will assist the Entity to operate in a more efficient and expeditious manner. Key among the elements entailed in the plan are a shift of the way in which we interact with our customers, stakeholders and the interested and affected parties. A synopsis of our performance against some of the key areas of the business, coupled with progress on the national key empowerment initiatives, is presented below.

Financial Performance

The revenue for the year was R18.072 billion, which is more than the R17.053 billion achieved in the 2023/24 financial year. This revenue was made up of water sales of R10.374 billion (2023/24: R10.068 billion) and sanitation services of R7.610 billion (2023/24: R6.981 billion) with an additional R88 million from other exchange transactions. The Revenue Enhancement Project invoiced R300 million, resulting from the stand-by-stand audits conducted throughout the financial year

review. The recorded meter-reading ratio submitted to bill for the financial year was 90.26% against a target of 92%. This was an improvement when compared to the 85.36% achieved in the 2023/24 financial year. A further improvement is expected in the coming year as we continue to repair faulty meters and implement the Meter to Cash Project. In addition, the Entity embarked on a robust and intensive by-law enforcement mechanism, which will be expedited in the upcoming financial year. The collection rate was 74.84% against a budgeted collection rate of 74.80% for the 2024/25 financial year. This had a positive effect on the current ratio, which closed at 1.56 against a budget of 1.5, and it was an improvement when compared to the restated position of 1.41 recorded in the 2023/24 financial year. More interventions will be explored and expedited in collaboration with the CoJ to ensure further improvement in the next financial year.

Infrastructure Upgrade and Renewal

The Entity managed to replace 20.451 km and 14.741 km against the annual targets of 15.6 km and 16 km for water and sewer pipes, respectively. In real essence, the Entity needs to replace pipes in a range of 175 km to 185 km per annum. The reality, though, is that the CoJ's infrastructure is gradually ageing, and the Entity has backlogs concerning its infrastructure. While the sewer pipe replacement programme was negatively affected by procurement challenges that are detailed later in the report, the reality is that more investment is required in this area to accelerate the programme and reduce the current backlog. The water pipe replacement programme will aid the Entity in its endeavour to reduce the physical water losses, which will have a positive impact on our infrastructure performance. Greater investment is required for the pipe replacement programme to enable the Entity to achieve at least 2% of the network's asset value, and this would be attained by leveraging external investment participation through the infrastructure fund, amongst other initiatives. Our current total network lengths are 12 528 km and 11 955 km for water and sewer, respectively.

Capital Allocation

The capital allocation enabled the Entity to meet the capital plans for the year as it managed to spend 101.64% of its capital expenditure against a target of 95%. Regardless, the infrastructure programme implementation was negatively affected by the cashflow

restrictions, which triggered late payments to service providers. This situation led to a number of projects being suspended as service providers encountered cash-flow challenges. The Entity continues to engage the Shareholder to discuss this matter, with a view to create an enabling environment for adequate implementation of projects and programme readiness for the next financial year.

Service Delivery

The Entity achieved mixed results in the delivery of services to the communities that it serves. On the one hand, it achieved a positive performance in providing basic sanitation to informal settlements, where 1 796 additional households were serviced against a target of 1 700. On the other hand, it recorded a substantial decline in the provision of basic sanitation in that only an additional 174 households in informal settlements were provided with access to sanitation against a target of 1 250. The challenges in this regard are detailed in Chapter 3 of this report, which deals with the provision of basic services.



The Entity achieved 70.35% in terms of the number of bursts repaired within 48 hours of notification against a target of 85%. The corresponding sewer blockages cleared within 24 hours of notification closed at 90.89% against a target of 92%. The Entity continues to implement more interventions to improve resolution times, especially in relation to pipe bursts. In addition, the human-capital capacity of the response teams is being strengthened with a massive recruitment of general workers.

The Entity conducts a customer satisfaction survey on an annual basis. There was notable improvement for the year under review as the Entity attained a 73.6% customer satisfaction level, a 1.6% improvement on the previous financial year's survey.

Procurement and Small Business Development

The Entity provided support to 122 Small, Micro and Medium Enterprises (SMMEs) against a target of 97, and these enterprises were compliant with the Broad-Based Black Economic Empowerment (B-BBEE) requirements. This is evident in the Entity's achievement of a 134% (2023/24: 133%) B-BBEE recognition on SMMEs against a target of 125%.

In line with our goal to create jobs and support SMMEs, Johannesburg Water ensures that all its labour-intensive programmes provide job opportunities to support the national Expanded Public Works Programme (EPWP). This programme created 1 449 job opportunities in the reporting year against a target of 1 403.

Intellectual, Human and Employment Equity

The Company recorded 2.54% on the representation of staff designated as People with Disabilities (PWD) against a target of 2.68%. Through the corresponding indicator to address the gap in female representation, the Entity has managed to achieve 36.92% against an annual target 38.50%. Although this reflects under performance it nevertheless serves an indication that the Entity is dedicated and committed to supporting the national policy and legislative requirements regarding

employment equity and other relevant legislation. In addition to this, the Entity implemented 71% of its Internal training plan to ensure that its employees are continually upskilled to perform their responsibilities.

The Entity ensured that all its operations were handled with caution and in compliance with the health and safety regulations. This was proved with the achievement of 1.4 in the Disabling Injury Frequency Rate (DIFR) against a target of 1.5. The Company will continue to emphasise the importance of adhering to the health and safety protocols to all our employees, to ensure a safe working environment.

The Entity's staff complement of 2 822 included 1 618 positions at unskilled and semi-skilled levels (978 and 640 respectively), while 990 employees were at a skilled level and 187 at a professional level. Nineteen employees were at Senior Management and eight at Top Management level. Johannesburg Water also employed 73 cleaners and 289 security guards, whose salaries are administered by the CoJ. The Entity had no vacancies at the executive management level.

Social and Stakeholder Relationships

The Company recognises that fair treatment and strong relationships with core stakeholders are crucial for long-term profit and business success. For the period under review, the Company consulted various stakeholders to inform and educate them about the importance of using water responsibly and the correct use of sewer infrastructure, especially in hotspot areas. We responded to various media queries and issued media statements to ensure that our stakeholders were kept informed about any water-related issues and developments within the City. We further maintained our regular contact with ward councillors, community members and other key stakeholders to ensure that we acquired political and community buy-in for all the infrastructure upgrading projects that we implemented within our communities.

Other Matters

The related trading parties, as described in the Local Government: Municipal Finance Management Act, 2023 (MFMA), are restricted to the CoJ through the cluster system, and there is no sharing of power or functions with these entities, or the Environment, Infrastructure and Services Department. The Entity attained an unqualified audit opinion. Measures are in place to address this outcome towards achieving a clean audit opinion. The Entity maintained an up-to-date strategic risk register for the 2024/25 financial year, which included 17 strategic risks that were monitored during the reporting period, with quarterly reports being considered by the Audit and Risk Committee, the Board, and the Group Risk and Governance Committees.

Looking Forward and Appreciation

The Entity looks forward to continuing to support the outcomes of the Government of Local Unity by commencing with the rollout of a series of high-level projects and interventions that seek to increase the current infrastructure capacity to support the CoJ's economic development needs.

Our compliance level in terms of wastewater treatment for 2024/25 was at 70.9% (2023/24: 76.10%). This has undesirable implications and is a decline on the previous year. With this in mind, the Entity will be looking to recover in this area to achieve compliance levels of 80%.

The Entity, in collaboration with institutions of higher learning, has successfully explored the possibility of implementing an alternative water-supply initiative in a form of boreholes/underground water.

I wish to express my sincere gratitude to the helpful Board, the Shareholder, management and employees, for their devoted work and commitment to delivering on the Entity's mandate.

Together, let us continue to be focused on unity going into the 2025/26 financial year and ensure the highest level of commitment and dedication to delivering services to the residents of the CoJ as we uphold our local government initiatives.

I thank you.



Ntshavheni Mukwevho
Managing Director

30 November 2025



Section 4

Chief Financial Officer's Report

Johannesburg Water continued to show strong financial resilience despite challenging economic conditions. The low economic growth path of the South African economy continued during the 2024/25 financial year.

The Entity's revenue grew by 5.98% to R18.072 billion, driven by the tariff increase, and the Entity achieved a surplus of R1.822 billion for the financial year ending 30 June 2025. The liquidity of the Entity was

positive with a closing cash balance of R4.045 billion. The Entity will continue with its active working capital management and treasury controls in the new financial year to monitor the cash flow balance. This is despite



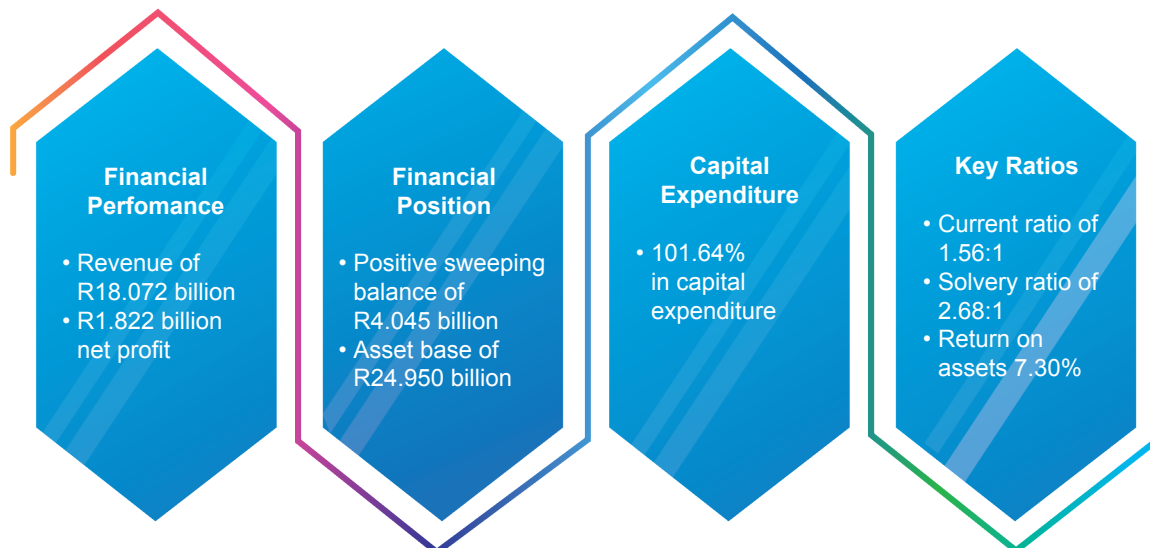
Kgaugelo Mahlaba
Chief Financial Officer

the threat of lower recovery in revenue and collection levels. The Entity was able to spend 101.64% of its allocated capital budget.

Financial Performance Overview

The key financial performance indicators are summarised in Figure 1 below.

Figure 1: Financial Performance



The revenue growth was largely attributable to the approved tariff increase of 9.3%.

The collection rate was 74.84%. The budgeted collection rate for the 2024/25 financial year was 74.80%. The collection level remains a challenge as customers continue to default on their current and old debts.

Operating expenditure increased by 4.33% from the prior financial year to R17.879 billion as a result of normal inflation-related increases. Salaries were well contained and comprised 19.59% of total operating expenditure, which is below the National Treasury benchmark of 25-40%. Debt impairment increased by 12.61% from the prior financial year's figure of R4.383 billion.

Successful and Unsuccessful Initiatives

Although the initiatives to collect revenue through the City's organised 'War Room' intensified during the year, these initiatives have not yet yielded the desired results and are ongoing. The budgeted collection rate was 74.80%, and the actual performance was 74.84%.

The Entity has continued to implement revenue-enhancement initiatives, which have included investigations into illegal connections; stand audits; revenue completeness projects; and the roll out of Standard Transfer Specification (STS) meters in specified areas.

The City implemented cashflow restrictions, which impacted the Entity's ability to settle creditors on time. As of 30 June 2025, amounts owing to creditors totalling R1.1 billion had not been paid because of these restrictions.

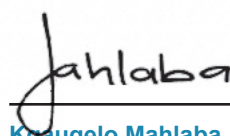
The Entity embarked on a by-law enforcement drive to ensure that all consumers of water were turned into customers. This initiative will be continued in the upcoming financial year. Support from the

Johannesburg Metropolitan Police department and the Public Order Police is critical in this regard.

Outlook

The Entity planned much earlier in the 2024/25 financial year to ensure that the capital programme is implemented timeously, with a view to improving capital spending in the 2025/26 financial year. The capital budget has been increased to R1.7 billion, which reflects the Shareholder's commitment to accelerating service delivery.

I would like to take this opportunity to thank the Johannesburg Water Board, the Board committees and the Executive Committee members for their unwavering support throughout the financial year.



Kgagelo Mahlaba
Chief Financial Officer

30 November 2025



Section 5

Corporate Profile and Overview of the Entity



Vision

A world class African water and sanitation utility.



Mission

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

- Delivering a professional, sustainable, affordable and cost-effective service
- Upgrading services in marginalised areas
- 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 CoJ
- Preserving natural resources
- Managing assets and leveraging on technology



Values

- We value and promote **teamwork**
- We take **accountability** for our individual and team performance
- We deliver **customer service** that we have promised
- We ensure that **communication** with our stakeholders is a priority
- We build **cost-effectiveness** into our business activities
- Teamwork **accountability** for our individual and team performance

Core Mandate

Johannesburg Water (SOC) Ltd was incorporated on 21 November 2000 and commenced business on 1 January 2001.

Johannesburg Water is a municipal entity wholly owned by the CoJ and is mandated to provide water and sanitation services as principal activities to the residents of Johannesburg. The Company's strategic objectives are linked to the Shareholder's priorities through the Service Delivery and Budget Implementation Plan (SDBIP), the Integrated Development Plan (IDP), and cluster plans by which Johannesburg Water is assigned to the Sustainable Services Cluster. In addition, the relationship between the Company and the Shareholder is governed through the SDA, which is reviewed from time to time.

The Entity provides services to an area stretching from Orange Farm in the south to Midrand in the north, Roodepoort in the west and Alexandra in the east. The operating environment is as of local government, with no competitors for the services offered. The Company employed 2 822 people as of 30 June 2025 and operates within six regions, with 10 network depots and six wastewater treatment plants. (See Figure 2.) The Company also employed 73 cleaners and 289 security guards, whose salaries are administered by the CoJ.

As of the end of June 2025, the Entity supplied on average 1 725 Mega litres per day of potable water, procured from Rand Water, through a water distribution network of 12 526 km, 111 reservoirs and water towers, and 31 water pump stations. Wastewater was collected and reticulated through 11 956 km of wastewater networks and 38 sewer pump stations. Johannesburg Water treated on average 993 Mega litres per day of sewage at its 6 Wastewater Treatment Works (WWTW).

Demographics of Johannesburg

Johannesburg is a developing city. The settlement sprang up in 1886 when prospectors found gold in the area. It quickly transformed into the biggest city in South Africa and the economic heart of Gauteng and the country. Today, the city continues to attract people looking for opportunities.

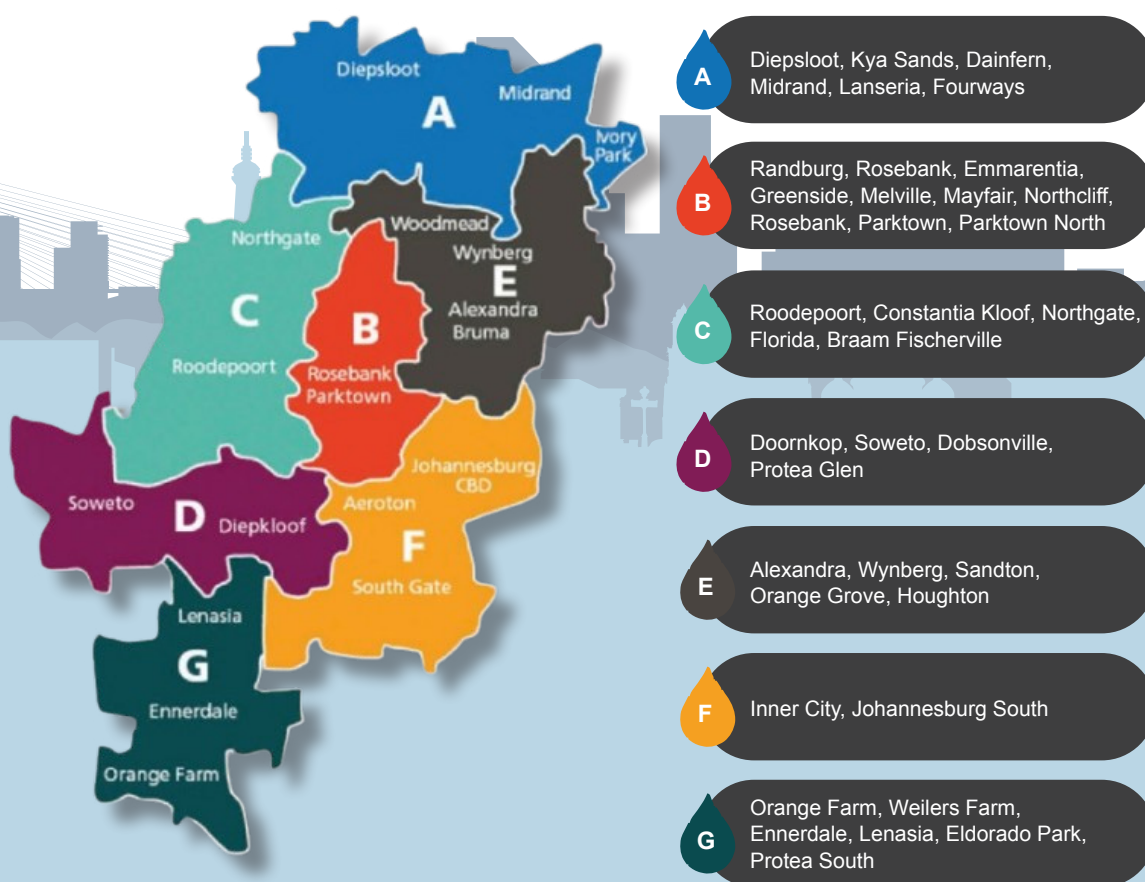
The population of the CoJ is estimated to be 6.4 million, making it the biggest metro by population size in South Africa. Johannesburg's population constitutes about 40% of the Gauteng population and 10% of South Africa's overall population. Statistics South Africa projects that by 2026, the population of Johannesburg will have grown by 0.7 million people.

Significant Factors that Affect the External Environment

Most people migrate to Johannesburg in search of work and better opportunities. Johannesburg attracts migrants seeking economic opportunity, access to services, political asylum and refuge. While migration has many benefits for the city, such as cultural, political and social plurality, it also presents several challenges as the CoJ must find ways to accommodate more people in the already stretched resource pool. Most people who come to Johannesburg move to the city from other parts of Gauteng. This coupled with the effects of climate change poses a significant challenge, considering that South Africa is a water-scarce country. These factors have a direct impact on the Entity's ability to meet rising water demand.

It is estimated that, currently, there are 2.28 million households in Johannesburg.² Trends indicate that the average household size in the CoJ is starting to increase. The expected growth in the number of homes within Johannesburg in the next five years and the impact of climate change will require careful planning for housing, social services and infrastructure.

Figure 2: City of Johannesburg Regions



Ethics Statement

Johannesburg Water is committed to the highest standards of ethics, integrity and legal compliance in all aspects of its operations. We expect the same commitment from every organisation that we engage with.

The Board has adopted the CoJ's Governance Protocol, which guides the conduct of directors and reinforces ethical decision-making. In line with this, the Human Resources and Social and Ethics Committee provides oversight to ensure that the Company is a responsible employer and that the communities we serve are treated with fairness and respect.

Our Code of Conduct, which is endorsed by the Board, applies to all employees and is aligned with Schedule 2 of the Municipal Systems Act (2000). It requires staff to act with integrity, objectivity and accountability in compliance with the law and Company policies.

Employees are expected to avoid any actual or perceived unethical business dealings. Management has a duty to set the tone by leading with honesty, transparency and fairness. This commitment is reinforced through our Ethics Policy and Integrity Management Strategy.

Breaches of the Code of Conduct or related policies are treated as serious offences and dealt with accordingly. Employees and stakeholders may report concerns anonymously through a CoJ-managed tip-off hotline. New employees are introduced to the Company's ethics framework during induction to ensure alignment with our values from the outset.

All employees must declare their interests annually and avoid relationships that may compromise their duties or conflict with Company values. Directors are similarly required to disclose any interests related to Board or Committee matters, in this way embedding accountability and promoting an ethical culture. Key initiatives during the year included:

- Promoting our ethics slogan to strengthen internal and external recognition of our ethical values
- Monitoring and managing the Fraud Risk Register to mitigate significant and emerging risks
- Updating the Fraud Prevention Plan to address fraud-related risks proactively
- Embedding awareness of the Code of Conduct and Ethics Policy in the induction programme
- Participating in International Fraud Awareness Week (18–22 November 2024) to demonstrate our commitment to eradicating fraud and corruption
- Running a social media fraud awareness campaign to discourage bribery in water service delivery and to promote ethical practices, under the hashtags:Johannesburg Water is equally committed to sustainable development. We work

to minimise negative impacts on society and the environment while supporting the health and prosperity of the communities we serve. Our approach ensures that economic, social and environmental considerations shape our business decisions. Our social responsibility practices align with the United Nations Global Compact, the Organisation for Economic Co-operation and Development (OECD) recommendations and the Companies Act (No. 71 of 2008), which require commitment to human rights, labour standards, environmental stewardship and fighting corruption.

The Board's strong focus on ethics provides a framework for responsible decision-making and reflects our enduring commitment to integrity in everything we do.

#WaterWithoutCorruption

#SayNoToBribes

#NoBribesJustService

**ETHICS FIRST,
ALWAYS AND
FOREVER!**

Section 6

Strategic Objectives and Goals

Johannesburg Water's vision is to become a world-class African water and sanitation utility. To fulfil this vision, Johannesburg Water delivers on its seven strategic goals, which are linked to the Shareholder's strategic direction as outlined in the IDP.

In addition, the Entity has taken cognisance of the King IV Report's principles 4 and 5. These principles contend that the governing body should appreciate that the organisation's core purpose, its risks and opportunities,

strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process. In addition, the principles suggest that the governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects. Table 3 sets out the Entity's short-, medium- and long-term strategic goals.

Table 3: Material Classes in Determining Materiality

Short-Term Goals	Medium-Term Goals	Long-Term Goals	Impacted Outcome
Replace and renew infrastructure	Expand infrastructure to increase capacity	Roll out infrastructure delivery to create jobs, support SMMEs and attract investments	<ul style="list-style-type: none"> Jobs created SMMEs developed Improved quality of service
Increase access to services	Maintain a high level of access to services of good quality	Deliver water and sanitation service of good quality that is accessible, reliable and efficient	<ul style="list-style-type: none"> Improved quality of life and development-driven resilience for all Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low-carbon economy
Promote environmental conservation and sustainability	Minimise and prevent environmental pollution	Operate in a manner that promotes environmental conservation and sustainability	Provide a resilient, liveable, sustainable urban environment – underpinned by smart infrastructure supportive of a low-carbon economy
Understand our customer and stakeholder needs	Establish our customer and stakeholder satisfaction needs	Improve customer and stakeholder satisfaction	Stakeholder satisfaction
Establish the customer base	Convert all consumers into customers	Increase sound financial management, sustainability and good governance	Sound financially stable entity
Gain efficiencies and service quality through IT standardisation	Manage IT like a business: customer-focused; proven, competitive and trusted service provider	Use technology for effective and efficient operations	Effective and efficient Entity
Motivate employees	Inculcate a high-performance culture	Invest in our staff to sustain optimal performance and service-focused culture	Productive workforce

The short- and medium-term performance achievements and target outcomes are measured through the Balanced Scorecard. For ease of implementation and reporting on the CoJ's long-term priorities, the CoJ has divided the 2022/27 IDP implementation approach into various clusters, with Johannesburg Water, among other entities, falling under the Sustainable Services Cluster. Table 4 presents the Mayoral priorities.

Table 4: Mayoral Priorities

Priority	Definition
Priority 1	Good governance
Priority 2	Financial sustainability
Priority 3	Energy mix
Priority 4	Sustainable service delivery
Priority 5	Infrastructure development and refurbishment
Priority 6	Job opportunity and creation
Priority 7	A safer City
Priority 8	Active and engaged citizenry
Priority 9	Sustained economic growth
Priority 10	Green economy
Priority 11	A smart City

Out of the 11 Mayoral priorities that have been outlined, the Sustainable Services Cluster has deliverables and outcomes aligned to priorities 1 to 9 and 11. These are the focus areas in the implementation of the set priorities. The long-term achievements for the 2024/25 period and the targets for the 2022/27 IDP are detailed in Table 5 below.

Table 5: Basic Services Delivery Performance for 2024/25 and Targets for the 2022/27 IDP

IDP Programme	Key Performance Area (KPA)	Service Delivery Performance for 2024/25 and Targets for the 2022/27 IDP				
		2024/25	2025/26	2026/27	2027/28	2028/29
Transforming Sustainable Human Settlements	Access to basic services in informal settlements	174 additional households were provided with access to basic water at minimum LoS1 in informal settlements	800 additional households to be provided with access to basic water at minimum LoS1 in informal settlements	2 000 additional households to be provided with access to basic water at minimum LoS1 in informal settlements	2 000 additional households to be provided with access to basic water at minimum LoS1 in informal settlements	2 000 additional households to be provided with access to basic water at minimum LoS1 in informal settlements
		1 796 additional households were provided with access to basic sanitation at minimum LoS1 in informal settlements	2 300 additional households to be provided with access to basic sanitation at minimum LoS1 in informal settlements	3 050 additional households to be provided with access to basic sanitation at minimum LoS1 in informal settlements	3 500 additional households to be provided with access to basic sanitation at minimum LoS1 in informal settlements	3 500 additional households to be provided with access to basic sanitation at minimum LoS1 in informal settlements

Alignment of the Strategic Goals with the CoJ's Priorities and Programmes

As stated above, Johannesburg Water is driven by seven strategic goals, which are aligned with the CoJ priorities. In executing the Shareholder's mandate, Johannesburg Water has taken cognisance of the vision of the CoJ, which is detailed in the Joburg 2040 Growth and Development Strategy (GDS 2040). In this light, the strategic goals and programmes as well as the Johannesburg Water turnaround strategic shifts have been developed to support the GDS 2040 outcome two, which is: a resilient, liveable, sustainable urban environment underpinned by infrastructure supportive of a low-carbon economy.

The following strategic goals (SGs) and strategic shifts (SSs) were geared to drive the organisation toward its goals for the year under review. To accelerate implementation and advance service delivery towards the attainment of socio-economic transformation, Johannesburg Water focuses on the implementation of the CoJ's strategic agenda. The seven SGs and five SSs, which are linked to the Mayoral strategic priorities, the Government of Local Unity (GLU) objectives, and the Johannesburg Water priority programmes, are listed in Table 6.

Table 6: Strategic Alignment of Mayoral Priorities, Strategic Goals, Strategic Shifts and Programmes

Mayoral Priorities	GLU Objectives	Johannesburg Water Strategic Goal	Johannesburg Water Strategic Shift	Johannesburg Water Programme
P1: Good Governance	<ul style="list-style-type: none"> Attaining a clean audit Running a functional, corruption-free administration with deterrent mechanisms in place Optimising City resources and increasing productivity for improved service delivery Preserving Shareholder value in Municipal Entities Professionalising local government to ensure that citizens have a positive experience with the City and receive quality care in all facilities 	SG 5: Enhance sound financial management, sustainability and good governance.	SS 1: Re-align the customer and revenue value chain and increase cash collections. SS 2: Restructure the financial relationship with the City for mutual success. SS 3: Re-establish independent corporate governance for effective performance.	<ul style="list-style-type: none"> Good Governance. Zero Tolerance of Fraud and Corruption. Enhance Supply Chain Management (SCM). Corporate Governance. Non-Revenue Water. Ethics Awareness. Integrity Management.
P2: Financial Sustainability.	<ul style="list-style-type: none"> Optimising the use of the City's resources Improving productivity and managing human resources efficiently Adopting a customer-centric approach Stabilising the City's revenue base Maintaining healthy financial ratios and guarding the City's status Revising and implementing the City's Financial Development Plan By focusing on these principles, the City aims to ensure its financial sustainability, which is vital to the ongoing delivery of basic services and the funding of initiatives aimed at realising the GDS 2040 vision 	SG 5: Enhance sound financial management, sustainability and good governance.		<ul style="list-style-type: none"> Financial Performance and Management Non-Revenue Water. By-Law Enforcement Revised Credit Control Strategy Revised Tariff Structure Alternative Infrastructure Funding Mechanisms. Public-Private Partnerships (PPPs).

Mayoral Priorities	GLU Objectives	Johannesburg Water Strategic Goal	Johannesburg Water Strategic Shift	Johannesburg Water Programme
P4: Sustainable Service Delivery	<ul style="list-style-type: none"> • Providing bulk services • Conducting repairs and maintenance (planned and unplanned, with a maintenance-mix ratio of 40/60) • Stabilising the network – reducing network outages • Improving reliability and quality of supply • Conducting infrastructure upgrades and development, including installing electricity cables and a water pipe replacement programme • Mitigating losses (technical and non-technical) • Improving cleanliness levels in the City (RCR level 3 to level 1) • Expanding the Separation at Source (S@S) programme • Clearing illegal dumping spots • Converting facilities into integrated waste management facilities • Rehabilitating polluted sites (rivers) • Creating increased capacity for Wastewater Treatment Works (WWTW) and reservoir storage • Implementing a Water Conservation and Demand Management Programme • Initiating an alternative Waste Treatment Technologies Programme 	SG 2: Deliver water and sanitation services of good quality that are accessible, reliable and efficient.	SS 4: Ramp up investment in both asset renewal and expansion.	<ul style="list-style-type: none"> • Infrastructure Upgrade. • Repairs and Maintenance of Networks. • Water Quality Assurance.
P5: Infrastructure Development and Refurbishment.	<ul style="list-style-type: none"> • Prioritising sustainable delivery of essential services such as water, sanitation, energy and waste management, in addition to fostering eco-mobility through the promotion of mass public transportation • Implementing human settlements through strategic spatial planning and economic and social investment 	SG 3: Operate in a manner that promotes environmental conservation and sustainability.	SS 4: Ramp up investment in both asset renewal and expansion.	<ul style="list-style-type: none"> • Wastewater Treatment Works (WWTW). • Water Demand Management Systems. • Water Quality. Environmental Compliance.

Mayoral Priorities	GLU Objectives	Johannesburg Water Strategic Goal	Johannesburg Water Strategic Shift	Johannesburg Water Programme
	to address the effects of apartheid spatial planning, which have resulted in the fragmentation of communities and the establishment of informal settlements			
P6: Job Opportunity and Creation P9: Sustained Economic Growth	<ul style="list-style-type: none"> • Attracting firms to invest in the City • Encouraging reinvestment from existing businesses • Supporting and nurturing entrepreneurship • Promoting small and medium-sized enterprises • Providing livelihoods through the informal sector, given the high levels of unemployment • Unlocking the economic potential of tourism 	SG 1: Utilise infrastructure delivery to create jobs, support SMMEs and attract investment.	SS 4: Ramp up investment in both asset renewal and expansion.	<ul style="list-style-type: none"> • Economic Developmental Nodes. • Upgrading and Renewal of Networks. • Expansion of WWTW. • Transit-oriented Development (TOD) and Corridors of Freedom. • Water Demand Management. • Reservoir Storage Capacity.
P7: A Safer City		SG 2: Deliver water and sanitation service of good quality that is accessible, reliable and efficient.	SS 4: Ramp up investment in both asset renewal and expansion.	<ul style="list-style-type: none"> • Prevention of Infrastructure Theft and Vandalism.
P8: Active and Engaged Citizenry		SG 4: Improve customer and stakeholder satisfaction.	SS 1: Re-align the customer and revenue value chain and increase cash collections.	<ul style="list-style-type: none"> • Realign Customer and Revenue Value Chain. • Internal Communication. • Customer Satisfaction Survey. • Stakeholder Engagement and Public Participation. • Public Education. • Media Relations and External Communication. • Community Engagements. • Campaigns and Outreach.

Mayoral Priorities	GLU Objectives	Johannesburg Water Strategic Goal	Johannesburg Water Strategic Shift	Johannesburg Water Programme
P11: A Smart City		SG 6: Use of technology for effective and efficient operations.	SS 5: Establish capability for effective implementation.	<ul style="list-style-type: none"> Field Service Management (FSM, including Customer Mobile App). Customer Relationship Management (CRM). Business Process – Digital by Design (eProcurement, eRecruitment, etc.). Innovation and Technology Programmes. Non-Sewered Sanitation.
		SG 7: Invest in our staff to sustain optimal performance and a service- focused culture with committed people.	SS 5: Establish capability for effective implementation.	<ul style="list-style-type: none"> Recruitment and Selection of Talent. Training and Development Programmes for Staff, Leaders and Youth. Performance Management to drive high performance. Succession Planning and Career Management. Employee Engagement and Transformation. Organisational Design and Review. Provision of Facilities and Fleet Management Services to enable service delivery.

Value Creation

In 2011, the CoJ committed itself to building a promising future for the communities of Johannesburg. Through an intensive consultative process, the CoJ and its people adopted the GDS 2040, which reflects the aspirations of a livable, sustainable, and resilient city. These aspirations were solidified in the 2022/27 IDP. These plans are executed on an annual basis through the SDBIP, which is informed by the annual CoJ priority programmes.

Johannesburg Water has set out its business model with inputs, business processes and outputs that are in line with principles 4 and 5 of the King IV Report.

Figure 3 below demonstrates the value-creation process in support of the CoJ strategy. It further presents how we create value for our stakeholders through our core processes and how we deliver on our mandate.

As part of its business ethos, the Entity recognises the interdependencies between the business and a range of inputs, including human, social and natural capital. In turn, the business delivers a meaningful impact on society and its various communities that goes beyond mere financial performance.

The value-creation process is linked to the Entity's SDBIP and GDS 2040 performance. The resource plans for implementing the strategy are detailed in Chapters 3 and 4 of this report.

Johannesburg Water's business model is premised on the need to provide water and sanitation services while providing the Shareholder with a revenue stream. The value proposition is to provide potable water and sanitation services to formal and informal households and businesses, and industries.

The Company has defined communication channels in place. The relationship with stakeholders is premised on the annual IDP public-participation process, which holds the Company accountable to the communities it serves as required by legislation. The Company has achieved this through key activities supported by key resources. Rand Water, City Power, Eskom, the Department of Water and Sanitation, the CoJ's Human Settlements Department (CoJ HSD) and the Johannesburg Roads Agency (JRA) are valued as key partners. At the beginning of the year, the Company planned to generate revenue of R17.898 billion while keeping its cost low and profit before bad debts of R5.713 billion, in this way creating Shareholder value. The financial results are discussed in Chapter 5.

Figure 3: Johannesburg Water Value-Creation Process

Input

Financial Capital (2023/24) closing balances

- R2.810 billion sweeping balance
- R17.053 billion in sales revenue
- R17.137 billion operating costs
- R1.668 billion staff costs
- R22.643 billion asset base

Manufactured Capital

- 12 520 km of water distribution networks
- 11 933 km of wastewater networks
- 129 reservoirs and water towers
- 37 water pump stations
- 38 sewer pump stations
- 6 WWTW

Intellectual Capital

- Joburg 2040 GDS
- Integrated Development Plan 2022–2027
- Smart City Strategy
- City reputation, branding and investment attraction potential.
- The community-based planning programme
- Business Plan

Social and Relationship Capital

- Residents and rate payers
- Vulnerable communities
- Targeted stakeholder groups (e.g., women, youth and the elderly)
- Media, NGO's and academic stakeholders
- Cooperative relationship with the Shareholder.

Natural Capital

- (Natural resources consumed)
- Water
- Energy (electricity and fuel)

Vision

A World class African water and sanitation utility

Mission

To provide all CoJ citizens with quality water and sanitation services by:

- Delivering a sustainable affordable and cost-effective service;
- Upgrading services in marginalised areas;
- Creating a customer-focused culture;
- Valuing and developing employees to build sustainable capacity;
- Safeguarding the health and safety of Johannesburg Water's employees, contractors and the general public;
- Improving the protection of the environment; and
- Managing assets and leveraging technology to enhance the level of security and quality of supply.

Corporate Values

- We value and promote teamwork
- We take accountability for our individual and team performance.
- We deliver a customer service that we have promised.
- We ensure that communication with our stakeholders is a priority.
- We build cost effectiveness in our business activities.

Output

Context

- Six applicable National Outcomes (NDP)
- Seven SDGs
- Joburg 2040 Growth and Development Strategy
- GDS Outcomes driven through four Clusters

Key Risks

- Failure of the Johannesburg Water Turnaround Strategy 2024
- Inadequate Funding of Operational and Infrastructure (Renewal, Mega & Expansion Projects) Funding
- Declining payment levels
- Wastewater Spillages
- Increasing Non-Revenue Water
- Security of Supply (Water demands outstripping supply).
- Bulk Infrastructure Failure
- Public Health and Safety
- Significant Dependencies on City Compromising Long-term Planning, Optimal Operations/ Service Delivery & Sustainability
- Inability to recover from Major Business Interruptions and Disasters
- Slow Adoption of New Technologies
- Climate Change Adverse Events
- Cyber Security Breaches
- Stakeholder Dissatisfaction
- Vandalism and Theft of Infrastructure
- Inability to effectively attract, develop and retain talent for the stability of the organisation and its op-rations.
- Unethical Behaviour

Strategy/GDS Principles

- Improved quality of life and development-driven resilience for all.
- Provide a resilient, liveable, sustainable urban environment – underpinned by smart
- Infrastructure supportive of a low carbon economy.
- An inclusive, job-intensive, resilient, competitive, and smart economy that harnesses the potential of citizens.
- A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive

Opportunities

- Improved investment attraction
- Optimal use of City's key assets
- Creation of Sustainable Human Settlements
- Improved citizen participation
- Growth of the informal business sector
- Enhanced support for SMMEs and Cooperatives

Outputs/ Programmes

- A society characterised by healthy living for all.
- A safe and secure city
- Sustainable and integrated delivery of water
- Sustainable and integrated delivery of sanitation
- Sustainable human settlements
- Climate change resilience and environmental protection
- Job-intensive economic growth
- Increased competitiveness of the economy
- A 'Smart' City of Johannesburg, that is able to deliver quality services to citizens in an efficient and reliable manner (cross-cutting output)
- Partnerships, intergovernmental and international relations
- A responsive, accountable, efficient, and productive metropolitan government
- Financially sustainable and resilient city
- Meaningful citizen participation and empowerment
- Guaranteed customer and citizen care and service

Economic Sustainability

- R4.045 billion sweeping balance
- R18.072 billion in sales revenue
- R6.758 billion profit before bad debt provision
- 101.64% in capital expenditure.
- 1 449 EPWP jobs created
- 122 SMMEs were supported
- 134% of procurement recognition spent on B-BBEE.
- 90.29% of actual water meter readings submitted to bill
- 20.451km of water pipes replaced
- 14.741 km of sewer pipes replaced
- 99.4% water quality compliance
- 70.35% of water bursts repaired within 48 hours.

Administrative Sustainability

- 74.84% payment level
- 90.29% of actual water meter readings submitted to bill
- Unqualified audit opinion

Environmental Sustainability

- 100% compliance with sludge guidelines
- 99.4% water quality
- 70.9% effluent compliance
- 90.89% of sewer blockages cleared within 24 hours
- 70.35% of water bursts repaired within 48 hours
- 244.69/c/d water consumption per capita

Social Sustainability

- 1 796 households in informal settlements were provided with access to basic sanitation.
- 174 households in informal settlements were provided with access to basic water





CHAPTER TWO: GOVERNANCE

Stakeholders Impacted: Shareholder and Communities
Strategic Response: Goals 5 and 6



Section 1:

Composition, Key Activities and Remuneration of the Board

Figure 4: Governance Interface within the Entity



Board Composition

Johannesburg Water has a unitary Board, which consists of executive and non-executive directors. During the period under review, the Board was chaired by Non-Executive Director, Mr Sipho Mthembu. After the closing of the financial year changes were made to the composition of the Board with the appointment of Ms Dineo Majavu as the chairperson of the Board following the Annual General Meeting (AGM) on 31 July 2024, together with the appointment of new directors. The Board meets regularly (at least quarterly) and retains complete control of the Company. It remains accountable to the CoJ Metropolitan Municipality as its single Shareholder.

As the chairperson of the Board, Ms Dineo Majavu is a Non-Executive Director and remains independent. She has no pecuniary interests in Johannesburg Water.

Prior to the AGM held on 31 July 2024, the Board of Directors of the Company comprised the following members:

Mr Sipho Mthembu (Chairperson)
Mr Molate Mashifane
Mr Pholoso Matjele
Mr Siphamandla Mnyani – retired on 31 July 2024
Mr Kgaile Mogoye
Mr Lunga Bernard – retired on 31 July 2024
Ms Zandile Meeleso
Ms Pamela Mabece
Mr Julius Maputla – retired on 31 July 2024
Mr Ntshavheni Mukwevho (Managing Director)
Mr Kgaugelo Mahlaba (Chief Financial Officer)

On 31 July 2024, the Shareholder (City of Johannesburg) at its AGM for the year ended 30 June 2024 resolved to retire three non-executive directors, retain six non-executive directors and appoint five new non-executive directors.

The Board of Directors of the Company comprises the following members:

Ms Dineo Majavu (Chairperson)
Mr Pholoso Matjele
Mr Kgaile Mogoye
Ms Zandile Meeleso
Mr Sipho Mthembu
Ms Pamela Mabece
Mr Molate Mashifane
Mr Kefiloe Mokoena
Ms Thabiso Kutumela
Mr Collen Sambo
Mr Makoko Makgonye
Mr Ntshavheni Mukwevho (Managing Director and Executive Director)
Mr Kgaugelo Mahlaba (Chief Financial Officer and Executive Director)

The Board is satisfied that it contains the appropriate mix of knowledge, skills, experience and diversity and that it is sufficiently independent to discharge its fiduciary duties effectively and with the requisite objectivity. The Board is appointed by the Shareholder, which considers gender balance, among other factors, in making the appointments.

As prescribed by section 166 of the MFMA (2003) and the Companies Act (2008), the Shareholder appointed the following independent Audit and Risk Committee members effective 31 July 2024:

Mr Bongani Nkosi
Mr Mmathume Nkadameng
Ms Pulane Thobejane
Dr Bangani Mpangalasane

Ms Thobejane and Dr Mpangalasane resigned as independent Audit and Risk Committee members with effect from 18 November 2024 and 17 April 2025, respectively.

Board Members



Ms Dineo Majavu (Chairperson)

Role

- Non-Executive Director

Period of Service

- 31 July 2024 to date

Age

- 35

Qualifications

- Bachelor of Arts (BA) degree
- Bachelor of Arts Honours degree in Media Studies

Skills and Expertise

- Project co-ordination and facilitation
- Researcher and report writer
- Advocacy and training
- Administration
- Flexible and organiser

Professional Registration: None

Other Directorships

- Ehlanzeni College (Council Member)



Mr Ntshavheni Mukwevho

Role

- Managing Director

Period of Service

- *1 September 2017 to date

Age

- 49

Qualifications

- Bachelor of Technology (BTech): Eng (Civil)
- Master of Business Leadership (MBL)
- Certificate in Municipal Financial Management

Skills and Expertise

- Engineering and operation management
- Construction management
- Project management
- Water purification and distribution system
- Sewerage-collection systems

Professional Registration: None

Other Directorships

- Radiant Amber Holdings (Pty) Ltd

***Reappointed 01 September 2022 following the Entity's recruitment processes.**



Mr Kgaugelo Mahlaba

Role

- Chief Financial Officer

Period of Service

- 1 March 2024 to date

Age

- 43

Qualifications

- Certificate in Municipal Financial Management
- National Diploma (ND) Credit Management
- BCTA
- CTA
- CA (SA)
- CIMA case study

Skills and Expertise

- Financial planning and analysis
- Financial reporting
- Budget management
- Capital budgeting and valuations
- Finance transformation

Professional Registration: SAICA

Other Directorships

- Techmonet (Pty) Ltd
- Brave Blue Holdings
- Firsthand Advisory Services
- Invest Africa Holdings
- Matoaka (Pty) Ltd



Mr Pholoso Matjele

Role

- Non-Executive Director

Period of Service

- 31 July 2024 to date

Age

- 48

Qualifications

- Certificate in Risk Management for Projects
- Certificate for Public Financial Management IMF
- Certificate Entrepreneurship in Emerging Economies (EEE)
- Master's in Business Administration (MBA)
- Postgraduate Diploma in Advanced Business Management
- Certificate in Investment and Finance
- Bachelor of Commerce (BCom), Marketing and Business Management

Skills and Expertise

- Municipal revenue management strategy development
- Utilities (energy and water) solution strategy developer
- Business development and sales strategy
- Business growth and market research consultancy
- Industry market dynamics mechanisms and solutions speciality
- Organisational development and leadership strategy
- Leadership and management training speciality
- Stakeholder management strategy
- Strategic management consultancy
- Diversity management strategy
- Political and situational risk management strategy

Professional Registration: Institute of Directors Southern Africa (IOD-SA).

Other Directorships

- Global Economic Fraternal (GEF) Business Association
- Audit Committee: Fezile Dabi District Municipality



Ms Zandile Meeleso

Role

- Non-Executive Director

Period of Service

- 01 March 2023 to date

Age

- 55

Qualifications

- Diploma in Human Resources

Skills and Expertise

- Administration

Professional Registration: None

Other Directorships

- None



Mr Molate Mashifane

Role

- Non-Executive Director

Period of Service

- 01 March 2023 to date

Age

- 37

Qualifications

- Master of Business Management and Administration (MBA)
- Postgraduate Diploma – Business Management and Administration
- Postgraduate Diploma – Risk Management
- Postgraduate Diploma – Project Management (Cum Laude)
- BA Degree in Government, Administration and Development

Skills and Expertise

- Leadership and governance
- programme and project management
- Strategic planning
- Stakeholder management
- Team leadership
- Research
- Speech writing
- Change management
- Public speaking

Professional Registration: Institute of Directors SA

Project Management Institute

Other Directorships

- MBS Consulting
- Driftwood Logistics



Ms Thabiso Kutumela

Role

- Non-Executive Director

Period of Service

- 31 July 2024 to date

Age

- 41

Qualifications

- Certificate in Advanced Administrative Law – 2019
- Certificate in Risk Compliance and Governance – 2018
- Master of Laws degree – 2013
- Certificates in Advanced Company Law – 2009
- Certificate in Competition Law – 2008
- Bachelor of Laws (LLB) – 2006
- BCom – 2004

Skills and Expertise

- Corporate governance
- Risk management
- Compliance

Professional Registration: None

Other Directorships

- Independent Regulatory Board for Auditors
- Shekinah Consulting (Pty) Ltd
- Waterberg Railway (Pty) Ltd (Not active)
- Siyabangena Investments (Pty) Ltd (Not active)



Mr Kefiloe Mokoena

Role

- Non-Executive Director

Period of Service

- 31 July 2024 to date

Age

- 39

Qualifications

- BCom in Project Management
- Fundamentals Project Management and Community
- Managing Health and Nutrition in Adverse Conditions
- Facilitate Learning using Variety of Given Methodologies
- Business Writing and Presentation Skills

Skills and Expertise

- Planning and co-ordinating
- Engagement
- Organising
- Facilitation

Professional Registration: None

Other Directorships

- None



Mr Kgaile Mogoye

Role

- Non-Executive Director

Period of Service

- 01 March 2023 to date

Age

- 40

Qualifications

- MBA
- Master of Science in Medicine (Cum Laude)
- Bachelor of Science (BSc) Honours in Microbiology
- BSc in Microbiology

Skills and Expertise

- Strategic leadership and interpersonal skills
- Negotiation and conflict resolution
- Risk compliance and monitoring
- Policy development, implementation and monitoring
- Research techniques and scholarly publication
- Implementation of quality management systems
- Critical thinking, problem solving and analytical skills
- Good planning and organising skills

Professional Registration: Health Professions Council of South Africa (Medical Scientist)

Other Directorships

- Crafty Embroideries (Pty) Ltd
- EasyRise (Pty) Ltd



Ms Pamela Mabece

Role

- Non-Executive Director

Period of Service

- 01 March 2023 to date

Age

- 37

Qualifications

- BA Governance and Developmental Studies – UNISA
- Postgraduate Diploma in Management – Regent Business School
- BSc Honours – Environmental Management
- BSc Environmental Science
- Professional Scientist registered with SACNASP
- Envision Sustainability Professional with Institute for Sustainable Infrastructure
- Young African Leader Alumni specialising in Public Governance

Skills and Expertise

- Environmental compliance, management and auditing
- Environmental permitting
- Crisis management and change management
- Project management, planning and execution
- Strategy development and execution
- Environmental and social management
- System development and implementation
- Water quality monitoring
- Development of Environment, Social and Governance (ESG) policies
- Environmental incident management
- Environmental investigations and reporting
- Stakeholder management
- Training, coaching and mentoring.
- Integrated risk management
- ESG reporting

Professional Registration: None

Other Directorships

- None



Mr Makoko Makgonye

Role

- Non-Executive Director

Period of Service

- 31 July 2024 to date

Age

- 50

Qualifications

- BTech Degree in Education Management
- Practical Project Management

Skills and Expertise

- Project management
- Education, training and development
- Conflict resolution
- Stakeholder relations
- Labour relations
- Fundraising and financial management
- Facilities and resources management
- Estate agency – SCM
- Policy development and Planning
- Sales

Professional Registration: None

Other Directorships

- Pristi Hygiene
- KO Akavango
- Sologadi Enterprises
- Dithebi Risk Consultants
- Machipe Investment
- Mogama Lifish NPC
- Reepathutse Properties



Mr Collen Sambo

Role

- Non-Executive Director

Period of Service

- 31 July 2024 to date

Age

- 39

Qualifications

- BCom Accounting

Skills and Expertise

- Credit analysis and risk assessment
- Problem-solving and conflict resolution
- High-pressure performance
- Accounting knowledge
- Procurement expertise
- Risk management expertise
- Adaptability and quick learning
- Team collaboration and leadership
- Strong work ethic and accountability

Professional Registration: South Africa Institute of Professional Accountants (SAIPA): Trainee Accountant (2009 – 2010)

Other Directorships

- Vutomi 1007 (Pty) Ltd



Mr Sipho Mthembu

Role

- Non-Executive Director

Period of Service

- 01 March 2023 to date

Age

- 45

Qualifications

- National Diploma Safety Management

Skills and Expertise

- Supervision
- Administration

Professional Registration: None

Other Directorships

- None

Board Committee Composition

During the financial year, the Board had three standing Board committees:

- Audit and Risk Committee
- Human Resources and Social and Ethics Committee
- Service Delivery, Procurement and Information and Communication Technology Oversight Committee (Service Delivery, Procurement and ICT Oversight Committee)

From 1 July 2024, and prior to the AGM held on 31 July 2024, these Board committees were made up of the following members.

Audit and Risk Committee

- Molate Mashifane (Non-Executive Director; Chairperson)
- Siphamandla Myani (Non-Executive Director)
- Solly Pooe (Independent)
- Collen Sambo (Independent)
- Mokganedi Masibi (Independent)
- Zodwa Tlale (Independent)

Human Resources and Social and Ethics Committee

- Kgaile Mogoye (Non-Executive Director; Chairperson)
- Zandile Meeleso (Non-Executive Director)
- Lunga Bernard (Non-Executive Director)
- Pamela Mabece (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Service Delivery, Procurement and ICT Oversight Committee

- Pholoso Matjele (Non-Executive Director; Chairperson)
- Sipho Mthembu (Non-Executive Director)
- Julius Maputla (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

From the AGM that was held on 31 July 2024 to 30 June 2025, the Board Committees were established as follows.

Audit and Risk Committee

- Molate Mashifane (Non-Executive Director; Chairperson)
- Collen Sambo (Non-Executive Director)
- Bongani Nkosi (Independent)
- Mmathume Nkadimeng (Independent)
- Pulane Thobejane (Independent) – resigned on 18 November 2024

Bangani Mpangalasane (Independent) – resigned on 17 April 2025

Human Resources and Social and Ethics Committee

- Thabiso Kutumela (Non-Executive Director; Chairperson)
- Zandile Meeleso (Non-Executive Director)
- Kefiloe Mokoena (Non-Executive Director)
- Kgaile Mogoye (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Service Delivery, Procurement and ICT Oversight Committee

- Makoko Makgonye (Non-Executive Director; Chairperson)
- Dineo Majavu (Non-Executive Director)
- Pamela Mabece (Non-Executive Director)
- Siyabonga Mthembu (Non-Executive Director)
- Pholoso Matjele (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Nominations Committee – Recruitment of Executive Manager: Risk, Compliance and Business Continuity

- Ntshavheni Mukwevho – Managing Director (Chairperson)
- Molate Mashifane – Chairperson of Audit and Risk Committee
- Mmathume Nkadimeng – Independent Member of the Audit and Risk Committee

Zulu Xaba – Independent Expert **Nominations Committee – Recruitment of Executive Manager: Governance and Legal Services**

- Dineo Majavu – Chairperson of the Board (Chairperson)
- Ntshavheni Mukwevho – Managing Director
- Collen Sambo – Non-Executive Director of Audit and Risk Committee
- Mavhungu Ramurunzi – Independent Expert

Nominations Committee – Recruitment of Executive Manager: Human Resources and Corporate Services

- Ntshavheni Mukwevho – Managing Director (Chairperson)
- Thabiso Kutumela – Chairperson of Human Resources and Social and Ethics Committee
- Kgaile Mogoye – Non-Executive Director of the Human Resources and Social and Ethics Committee
- Shamila Singh – Independent Expert

The Board, as the custodian of the Company, serves as the custodian of governance. The Board has established necessary Board committees with specific terms of reference and delegated powers to assist the committees in discharging their responsibilities. The Company's day-to-day running has been devolved to the Managing Director through a formal schedule of delegated powers. The Managing Director, in turn, devolves powers to his executive team to carry out and implement the Company's strategic objectives. The Board is satisfied that this system of delegation contributes effectively to role clarity.

Roles and Functions of Various Board Committees

The Service Delivery, Procurement and ICT Oversight Committee's roles and responsibilities include, among others, overseeing matters concerning the following:

- The operations, capital expenditure, customers and communications of the Company
- The implementation, monitoring and review of the Information and Communications Technology (ICT) strategy and related policies

The Human Resources and Social and Ethics Committee's role and responsibilities include, among others, the following:

Audit and Risk Committee

- Overseeing that the Company is compliant with labour laws and ensuring the development and implementation of a human resources plan
- Monitoring the Company's activities related to social and economic development and good corporate citizenship

The Committee considered the Remuneration Policy and is satisfied that it is aligned with the Company's ability to achieve its objectives.

The Audit and Risk Committee's roles and responsibilities include, but are not limited to, the following:

- Ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities
- Ensuring that the combined assurance received is appropriate for addressing all the significant financial reporting risks facing the Company
- Overseeing the internal audit
- Assessing the Company's performance on a quarterly and annual basis
- Overseeing the development and annual review of the Company's enterprise-wide risk strategy and plan for recommendation to the Board
- Monitoring implementation of the enterprise-wide risk management policy and plan by means of risk management systems and processes
- Overseeing that the risk management plan is widely disseminated throughout the Company and integrated into its day-to-day activities
- Ensuring that management considers and implements appropriate risk responses

The Audit and Risk Committee reviewed the Annual Financial Statements (AFS), including the applicable accounting policies, with management to ensure the accuracy and consistency of the information contained in the statements.

As part of its key focus areas, the Audit and Risk Committee monitored the effectiveness of the Finance and Internal Audit functions, including the functions of the Chief Financial Officer and the Chief Audit Executive. The committee is satisfied with the effectiveness of these functions.

The Audit and Risk Committee provided and maintained oversight over internal controls and, through the audit strategy, managed the relationships between the internal and external audit functions. The results of these activities are discussed in greater detail in the report of the Audit and Risk Committee included in the AFS.

Key Focus Areas of Board Committees

The Board committees have the following key focus areas:

- Recommendation of the Business Plan to the Board for approval
- Recommendation of the IAR to the Board for approval
- Approval of the Social and Ethics Quarterly Report
- Review of the Strategic Risk Register
- Input into the setting of strategic direction
- Oversight over compliance with relevant legislation
- Recommendation of Company policies to the Board for approval
- Oversight of ICT governance

The Committees are satisfied that they have fulfilled their responsibilities in following their respective terms of reference.

Board Assessment 2024/25

In terms of the CoJ Group Policy on the Governance of the Group Advisory Committees, Municipal Entities Boards of Directors and Independent Audit Committees, the Shareholder is responsible for the annual assessment of the Board's performance.



Table 7: Schedule of Attendance of Meetings (Attendance of Meetings from 1 July 2024 to 31 July 2024, Prior to AGM held on 31 July 2024)

Directors and Independent Members	Board	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery, Procurement and ICT Oversight Committee	Nominations Committee	Total
	11	6	4	3	11	
Dineo Majavu	11/11	-	-	3/3	4/4	18/18
Molate Mashifane	11/11	6/6	-	-	4/4	21/21
Pholoso Matjele	10/11	-	-	3/3	-	13/14
Thabiso Kutumela	11/11	-	4/4	-	3/3	18/18
Sipho Mthembu	11/11	-	-	2/3	-	13/14
Makoko Makgonye	11/11		-	3/3		14/14
Kgaile Mogoye	9/11	-	3/4	-	3/3	15/18
Collen Sambo	11/11	6/6	-	-	4/4	21/21
Kefiloe Mokoena	10/11	-	4/4	-	-	14/15
Zandile Meeleso	11/11	-	4/4	-	-	15/15
Pamela Mabece	11/11	-	-	3/3	-	14/14
Ntshavheni Mukwevho	11/11	-	4/4	3/3	11/11	29/29
Kgaugelo Mahlaba	9/11	-	4/4	3/3		16/18
*Bongani Nkosi		6/6	-	-		6/6
* Pulane Thobejane**		1/2	-	-		1/2
* Mmatume Nkadimeng		6/6	-	-		6/6
* Bangani Mpangalasane**		1/4	-	-		1/4

*Independent Member of the Audit and Risk Committee

** Either resigned or contract expired before the end of the reporting period



During the year under review, the Board and Board committees convened special meetings to consider the issues discussed below.

Human Resources and Social and Ethics

27 November 2024

- Remuneration Policy: Bonus and performance increase 2023/2024
- Performance bonuses: Executive management for July 2021 to June 2022

Audit and Risk

28 and 30 August 2024

- Auditor General: Audit Strategy and Engagement Letter with Johannesburg Water
- Annual Report for the Financial Year ending 30 June 2024
- Materiality Framework for the Financial Year 2023/2024
- Submission of Johannesburg Water AFS 30 June 2024
- 2023/24 Annual Performance Report

26 and 28 November 2025

- Approval of Integrated Annual Report for Financial Year Ending 30 June 2024
- Auditor General Management Report for the Period 2022/23
- Auditor General Request for additional fee for audit overrun 2023/24
- Deviation Report: Amendments to the 2024/25 Business Plan
- 2022/23 Company Performance
- Approval of the AFS for the Year ending 30 June 2024

25 June 2025

- Submission of motivations of Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE) to the Audit and Risk Committee and Board for approval to write off
- Company Turnaround Strategy (TAS24) progress

Board

12 July 2024

- Recruitment of the Chief Operations Officer

14 August 2024

- Composition of Board committees
- Board nomination committees for filling of executive management positions
- Board and Board committees Year Planner 2024/25

30 August 2024

- Materiality Framework for Financial Year 2023/24
- Annual Report for the Financial Year ending 30 June 2024
- 2023/24 Annual Performance Report
- Submission of Johannesburg Water AFS June 2024

29 November 2024

- Auditor General Management Report for the Period 2023/24
- Approval of Integrated Annual Report for Financial Year ending 30 June 2024
- Deviation Report: Amendments to the 2023/24 Business Plan
- 2023/24 Company Performance
- Approval of AFS for the Year ending 30 June 2024

07 December 2024

- Amendment of Supply Chain Management Policy
- Remuneration Policy: Bonus and Performance Increase 2023/24

10 February 2025

- Board engagement with the Member of the Mayoral Committee (MMC) and Acting City Manager

10 April 2025

- Briefing on Presidential Johannesburg Working Group

30 June 2025

- Submission of motivations of UIFWE to Audit and Risk Committee and Board for approval to write off
- Company Turnaround Strategy (TAS24) progress

During the year under review, the Shareholder representatives were invited to all Board and Board committee meetings. The Auditor-General of South Africa (AGSA) was invited to attend the Audit and Risk Committee meetings.

Table 8: Attendance at Group Meetings

Type of Meeting	Fees (R)
D Majavu Chairpersons' quarterly – 07 August 2024	2,000
D Majavu Chairpersons' quarterly – 24 October 2024	2,000
D Majavu Chairpersons' quarterly – 03 February 2025	6,000
D Majavu Chairpersons' quarterly – 05 May 2025	4,000

Directors' Remuneration

Director remuneration is regulated through the CoJ Group Policy on the Governance of the Group Advisory Committees, Municipal Entities Boards of Directors and Independent Audit Committees.

The fees presented in the table below were approved and became effective on 05 October 2021. There were no changes to the fee structure during the period under review.

Table 9: Non-Executive Director Fee Structure

Type of Meeting	Fees (R)
Board	
Chairperson – Meeting	16,000
Member – Meeting	12,000
Audit and Risk Committee	
Chairperson – Meeting	10,000
Member – Meeting	8,000
Human Resources and Social and Ethics Committee	
Chairperson – Meeting	10,000
Member – Meeting	8,000
Service Delivery, Procurement and ICT Oversight Committee	
Chairperson – Meeting	10,000
Member – Meeting	8,000

Non-Executive Director Fees – 1 July 2024 to 30 June 2025

Table 10: Non-Executive Director Fees Prior to AGM held on 31 July 2024 (1 July 2024 to 31 July 2024)

Description (All Amounts Are Before Tax)	Non-Executive Director: Sipho Mthembu* (R)	Non-Executive Director: Molate Mashifane* (R)	Non-Executive Director: Pholoso Matjele (R)	Non-Executive Director: Siphamandla Mnyani (R)	Non-Executive Director: Kgaile Mogoye* (R)	Non-Executive Director: Lunga Barnard (R)	Non-Executive Director: Zandile Meeleso (R)	Non-Executive Director: Pamela Mabece (R)	Non-Executive Director: Julias Maputla* (R)
Salaries and Wages Normal Overtime	-	-	-	-	-	-	-	-	-
Contributions: Pensions, Medical Aid and Other	-	-	-	-	-	-	-	-	-
Allowances: Travel and Motor Car, Accommodation, Subsistence	-	-	-	-	-	-	-	-	-
Other Benefits (Specify) Bonus	-	-	-	-	-	-	-	-	-
Meeting Fees Paid to Non-Executive Directors	0,000*	0,000*	34,000	32,000	0,000*	32,000	32,000	32,000	0,000*
Retainer Paid to Non-Executive Directors	-	-	-	-	-	-	-	-	-
TOTAL	0,000*	0,000*	34,000	32,000	0,000*	32,000	32,000	32,000	0,000*

*Employee of the state and not eligible to receive fees

The fees paid to the Independent Audit and Risk Committee (IAC) members from 1 July 2024 to 31 July 2024 (prior to the AGM held on 31 July 2024) are set out in Table 11 below.

Table 11: Meeting Fees for IAC Members

Description (All Amounts Are Before Tax)	Independent Member Mokganedi Masibi (R)	Independent Member Solly Poore (R)	Independent Member Zodwa Tlale (R)	Independent Member Collen Sambo (R)
Meeting Fees Paid	0,000*	8,000	8,000	8,000
TOTAL	0,000*	8,000	8,000	8,000

*Employee of the state and not eligible to receive fees

Description (All Amounts Are Before Tax)	Non-Executive Director: Dineo Majavu (R)	Non-Executive Director: Siphon Mthembu (R)	Non-Executive Director: Molate Mashifane (R)	Non-Executive Director: Pholoso Matjele (R)	Non-Executive Director: Thabiso Kutumela (R)	Non-Executive Director: Kgaile Mogoye (R)	Non-Executive Director: Makoko Makgonye (R)	Non-Executive Director: Zandile Meeleso (R)	Non-Executive Director: Pamela Mabece (R)	Non-Executive Director: Kefiloe Mokoena (R)	Non-Executive Director: Collen Sambo (R)
Salaries and Wages Normal Overtime	-	-	-	-	-	-	-	-	-	-	-
Contributions: Pensions, Medical Aid and Other	-	-	-	-	-	-	-	-	-	-	-
Allowances Travel and Motor Car Accommodation, Subsistence	-	-	-	-	-	-	-	-	-	-	-
Other Benefits (Specify) Bonus	-	-	-	-	-	-	-	-	-	-	-
Meeting Fees Paid to Non-Executive Directors	270,000	0,000*	0,000*	0,000*	168,000	214,000	0,000	186,000	188,000	152,000	236,000
Retainer Paid to Non-Executive Directors	-	-	-	-	-	-	-	-	-	-	-
TOTAL	270,000	0,000*	0,000*	0,000*	168,000	214,000	0,000	186,000	188,000	152,000	236,000

Meeting fees for IAC Members Post AGM held on 31 July 2024 (31 July 2024 to 30 June 2025)

Description (All Amounts Are Before Tax)	Independent Member Bongani Nkosi	Independent Member Mmatume Nkadimeng	Independent Member Pulane Thobejane	Independent Member Bangani Mpangalasane
(R)	(R)	(R)	(R)	(R)
Meeting Fees Paid	72,000	0,000*	8,000	0,000*
TOTAL	72,000	0,000*	8,000	0,000*

*Employee of the state and not eligible to receive fees

Travel expenses paid to non-executive directors and independent Audit and Risk Committee members who are State employees are reflected in Table 12.

Table 12: Travel Expenses

Description	Non-Executive Director Kgaile Mogoye (R)
Travel Expenses Paid	536
TOTAL	536

Board Induction and Information

The Board induction for non-executive directors appointed at the AGM held on 31 July 2025 was held on 22 and 23 August 2024. The second part of the induction, which involved visiting Johannesburg Water sites, was held on 28 February 2025.

All Company information is captured in a document-management system that is under the control of the Company Secretary. Board members have unrestricted access to the Company Secretary and all Company records and documents.

Disclosure of Conflict of Interest

At every meeting of the Board or one of its committees, a specific item is included in the agenda on the declaration of conflict of interest. During the year under review, no conflicts of interest were declared. The attendance and declaration of interest records are stored electronically and are open for scrutiny.

Policy Review and Adoption

For the year under review, the following policies were approved by the Board, as reflected in Table 13 below.

Table 13: Policy Approval

Policy Description	Approval Date	Implementation Date
Compliance Management Policy	18 October 2024	18 October 2024
Enterprise Risk Management Policy	18 October 2024	18 October 2024
Harassment Policy	18 October 2024	18 October 2024
Knowledge Management Policy	18 October 2024	18 October 2024
Supply Chain Management Policy	07 December 2024	07 December 2024
Security Management Policy	25 April 2025	25 April 2025
Records Management Policy	25 April 2025	25 April 2025

Section 2:

High-Level Organisational Structure

The management structure as depicted in Figure 5 relates to those managers who are deemed to be appointed in terms of the provisions of section 56 of the Local Government: Municipal Systems Act, 2000 (MSA). A summary of the executive management team is provided in Figure 5. The structure is reviewed, amended and improved where necessary. The organogram presented in Figure 5 demonstrates how the Entity's core business feeds into the different departments.

Figure 5: Executive Management

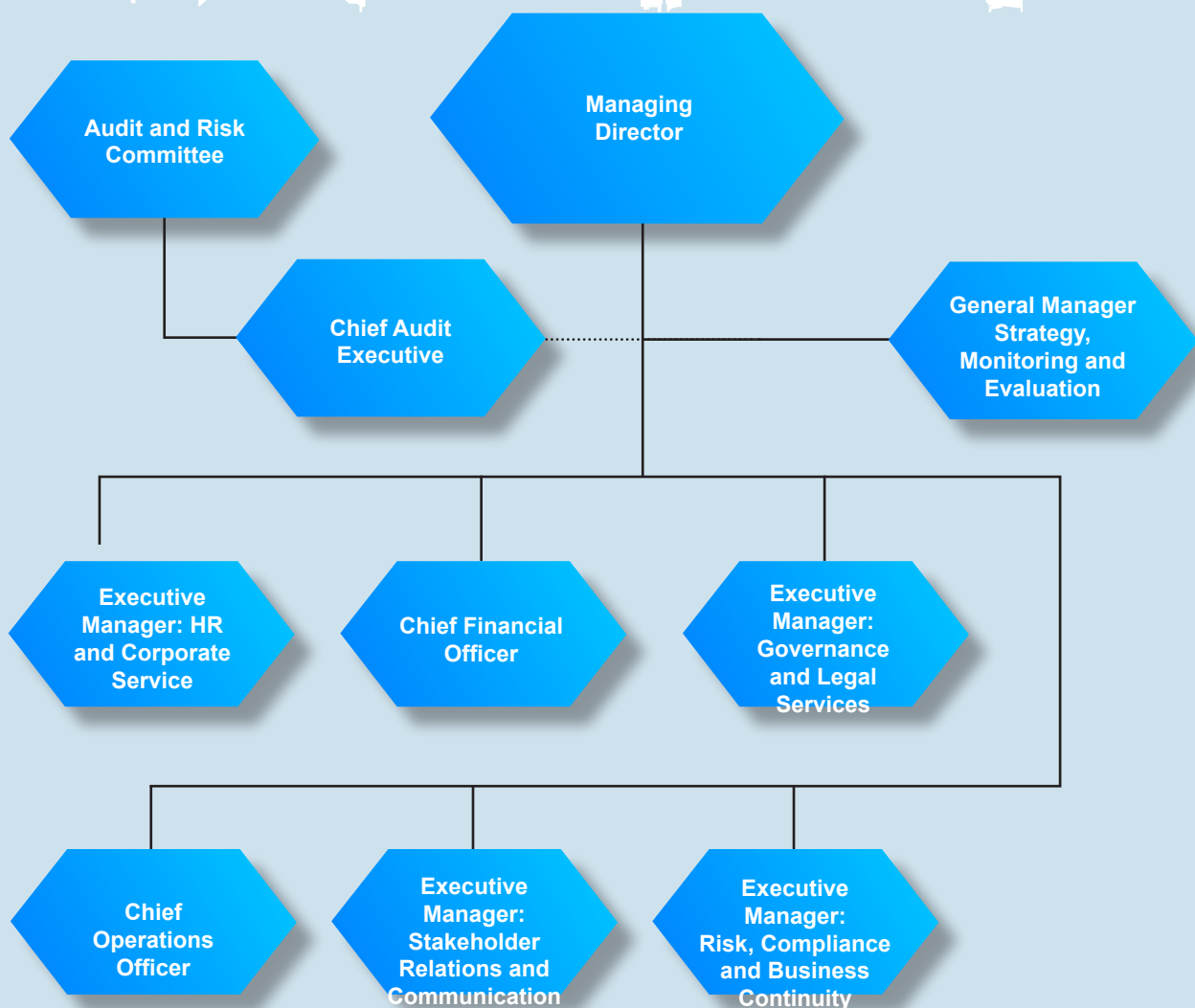


Table 14: Executive Management

Name	Position	Contract Type	Qualifications	Skills and Expertise
Ntshavheni Mukwevho * (Appointed 1 September 2017) *Reappointed 01 September 2022 following the Entity's recruitment processes.	Managing Director	Fixed term expiring on 31 August 2027	<ul style="list-style-type: none"> • BTech: Eng (Civil) • Master of Business Leadership (MBL) • Certificate in Municipal Financial Management (MFMP) 	<ul style="list-style-type: none"> • Engineering and operations management • Construction management • Project management • Water purification and distribution system • Sewerage collection systems
Kgaugelo Mahlaba (Appointed 1 March 2024)	Chief Financial Officer	Permanent	<ul style="list-style-type: none"> • ND Credit Management • BCTA • CTA • CIMA Case Study • Chartered Accountant CA (SA) • Certificate in Municipal Financial Management (MFMP) 	<ul style="list-style-type: none"> • Financial planning and analysis • Financial reporting • Internal and external audit • Budget management • Process mapping and improvement • Capital budgeting and valuations
Shaniseka Mathebula (Appointed 1 August 2021)	Chief Audit Executive	Fixed term expiring on 31 July 2026	<ul style="list-style-type: none"> • Bachelor of Accounting Science (BComp) • Postgraduate Diploma: Internal Auditing • Certified Internal Auditor (CIA) • Associate General Accountant (AGA) SAICA • Certificate in Municipal Financial Management (MFMP) 	<ul style="list-style-type: none"> • Internal audit • Financial management • Governance, risk management and internal control
Gugulethu Phakathi (Appointed 01 August 2024)	Chief Operations Officer	Permanent	<ul style="list-style-type: none"> • ND (Mechanical Engineering) • BTech Degree (Mechanical Engineering) • SMS Pre-Entry Programme Certificate 	<ul style="list-style-type: none"> • Build environment • Programme and project management • Engineering and operations management • Construction and engineering management • Water treatment and reticulation systems
Raisebe Gaveni *(Appointed 06 January 2020) *Reappointed 06 January 2025 following the Entity's recruitment processes	Executive Manager: HR and Corporate Services	Permanent	<ul style="list-style-type: none"> • Bachelor of Administration (BAdmin) • BAdmin Honours Degree (Industrial Psychology) • Advanced Certificate in Human Resource Management • Master of Science in Human Resources • Certificate in Municipal Financial Management (MFMP) 	<ul style="list-style-type: none"> • Recruitment and selection • Performance management • Talent and succession management • Organisational culture and change management • Employee health and wellness • Transformation • Leadership development and knowledge management • Employee relations • Corporate social investment

Name	Position	Contract Type	Qualifications	Skills and Expertise
Thokozile Hlakoane *(Appointed 01 January 2020) *Reappointed 01 January 2025 following the Entity's recruitment processes	Executive Manager: Risk, Compliance and Business Continuity	Permanent	<ul style="list-style-type: none"> • BCom (UP) • Certificate in Municipal Financial Management (MFMP) • Certified Ethics Officer (Reg. No. EO359 (The Ethics Institute)) • Lloyds of London Autumn Worldwide Certificate Programme • Emerging Management Development Programme (SAMDI – South African Management Development Institute) • Local Government Management Programme (Belgravia Institute of Management) 	<ul style="list-style-type: none"> • Risk management • Financial management • Governance Ethics management • Forensics • Insurance • Occupational health and safety (OHS)
Kethabile Mabe *(Appointed 1 February 2020) *Reappointed 01 February 2025 following the Entity's recruitment processes	Executive Manager: Governance and Legal Services	Permanent	<ul style="list-style-type: none"> • LLB • Management Advancement Programme • Admitted attorney of the High Court of SA • Certificate in Municipal Financial Management (MFMP) • Postgraduate Diploma: Corporate Governance 	<ul style="list-style-type: none"> • Legal services • Human resources management • Customer relations management • Legislative compliance • Strategic communication • Facility management • Secretariat services
Nondumiso Mabuza (Appointed 1 March 2021)	Executive Manager: Stakeholder Relations and Communication	Fixed term expiring on 28 February 2026	<ul style="list-style-type: none"> • BA Communication Science • BA Communication Science Honours • Master of Philosophy (MPhil) Communication Management • Certificate in Municipal Finance Management 	<ul style="list-style-type: none"> • Public participation and outreach management • Public relations management • Corporate communication management • Stakeholder relationship management • Strategic planning • Project and events management • Customer relationship management

Section 3:

Governance of Stakeholder Relationships

In the 2024/25 financial year, the Entity intensified its efforts to strengthen and expand its engagement with both internal and external stakeholders. These initiatives were aimed at reputation management, deepening collaboration, enhancing service delivery and reinforcing trust in the Entity. Stakeholder engagement remained a strategic priority, underpinned by transparent communication, proactive responsiveness, agenda setting and the cultivation of long-term partnerships that support the sustainable delivery of water and sanitation services across the CoJ.

Regular consultations and engagement with Ward and PR councillors were maintained to address service-delivery matters. The consultations and engagements were facilitated through physical settings and dedicated regional social media groups. This ensured prompt and targeted communication on planned and unplanned service disruptions as well as the status of capacity of all systems – towers and reservoirs.

A number of targeted stakeholder engagements were facilitated with key groups. These included but were not limited to the World Bank's Partnership for a Water Safe Gauteng Platform; prepaid water meter vendors; Faith-Based Organisations; the Health Sector; Trade and Effluent stakeholders; Top 100 Customers; the Gauteng Department of Education (GDE); and other strategic role-players. Further, focused engagements were held with SMMEs, small-scale industry operators, and other partners to address sector-specific issues and support local economic participation.

The Entity deepened its partnerships with community-based structures to deliver public education and outreach campaigns on water and sanitation-related matters. These campaigns included promoting payment for services, raising awareness about the risks of encroaching on the Entity's servitude and educating communities on the correct use of sewer infrastructure. Collaborations with the GDE and the Department of Health continued to drive public awareness of water conservation, responsible sewer use and the importance of timely payment for municipal services.

Furthermore, Johannesburg Water continued to strengthen its presence on digital and social media platforms as vital channels for monitoring stakeholder conversations, understanding public sentiment and communicating directly with stakeholders. Digital and social media provided real-time platforms from which to respond to customers, share information, educate, address concerns, and promote awareness of key water and sanitation issues. Through proactive media analysis, the Entity gained valuable insights that informed communication strategies and ensured that stakeholders were updated on matters of importance. These efforts form part of a broader commitment to the effective management of digital, social and conventional media, which are key instruments in managing reputational risks, rebuilding public trust and encouraging strong, sustainable relationships with the communities and stakeholders we serve.

Strategic Partnerships and Campaigns

During the period under review, the Entity collaborated with several strategic partners to execute campaigns in an endeavour to advance, support and strengthen its public messaging on Water Conservation and Water Demand Management (WCWDM):

- The Johannesburg Social Housing Company (JOSHCO) apportioned some high foot and eye traffic billboard sites to raise awareness about responsible water use, promote behavioural change and reinforce key conservation messages in targeted high water-consuming communities.
- The South African Broadcasting Corporation (SABC) partnered on three major paid public awareness campaigns and announcements that focused on water conservation, pay for services and infrastructure vandalism. These campaigns/ announcements were aimed at educating residents about safeguarding water resources, ensuring payment for sustained service delivery, and protecting critical infrastructure from theft and vandalism.

- The Rand Water Foundation provided the base and key funding for a targeted door-to-door water conservation and leaks-detection educational programme in deemed areas.
- The World Bank – the Entity formed a mutually beneficial partnership that will see the World Bank jointly executing a groundbreaking behavioural-change programme deemed areas to reduce consumption and non-revenue water (NRW).

Further, as part of its Inter-Governmental Relations programme, the Entity engaged with various Provincial Government departments to emphasise the need

for timely payment of municipal accounts; foster understanding of monthly municipal statements; and encourage compliance with municipal by-laws that require on-site water storage to mitigate the effects of service disruptions.

The Entity also continued to host outreach Open Days that focused on encouraging customers to pay for services. These outreach programmes included promoting the Shareholder's Expanded Social Package (ESP) programme to indigent families. Critically, also, the Entity, in collaboration with the Shareholder, launched the "Vikela Amanzi, Protect Our Tomorrow" behavioral-change campaign.

Section 4:

Risk Management

Approach to Risk Management

Enterprise Risk Management (ERM) is a critical component of the Company's strategic management. It is a tool that enables the achievement of its strategic objectives and the long-term sustainable growth of the business. The CoJ's ERM Framework is consistent with the relevant standards and best practice, including International Organisation for Standardisation (ISO) 31000; the ERM Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO); and the King IV Report. The framework provides a structured, dynamic and consistent approach to the management of Company risks as mandated by section 95 (c) (i) of the MFMA (2003)

The Company maintains an ERM Policy and ERM Strategy approved by the Board, which were fulfilled during the 2024/2025 financial year by executing the approved Annual Risk Management Implementation Plan.

Board Risk Oversight

The Board is the governance structure that is accountable for ensuring that significant risks to the business are adequately identified and effectively managed. In carrying out this responsibility, the Board has delegated the oversight responsibility to the Audit and Risk Committee. The Committee fulfilled its role during the period under review, with quarterly reports reviewed and submitted to the Board at each quarterly reporting cycle.

The Audit and Risk Committee exercised oversight over the Risk Management Function through the quarterly risk management reports incorporated into the consolidated Monitoring and Evaluation report submitted to the Board. The Audit and Risk Committee furthermore provided oversight over the development of the upcoming financial year's 2025/26 Strategic Risk Register, which is aligned to the 2025/26 Business Plan.

Strategic Risk Management

The Board approved the revised 2024/25 Strategic Risk Register on 27 June 2024, which incorporates a new risk relating to the Johannesburg Water Turnaround Strategy (TAS). This TAS responds in essence to the Entity-wide all-encompassing risk of under-funded business operations. The success of the TAS will comprehensively and systematically address all the Strategic Risks (SRs) and particularly those related to infrastructure funding and operations, and therefore SR # 1– 6 and 13–15 effectively.

Taking the current operational circumstances and the financial health of the City into account, one key threat that may arise from this particular risk if realised is the possibility of the invocation of the undesirable MFMA section 139 Intervention being imposed by the Provincial Government and ultimately giving effect to the Constitutional Section 139 Intervention by National Treasury.

The effective mitigation of all risks and the support of the CoJ are critical for the success of the TAS and for the sustainability of the Entity, the CoJ and the overall Johannesburg economy as well as the socio-economic factors of the City. The success and sustainability of basic-services entities will provide direct and important service-delivery performance and financial benefits to the City and will better support the cross-subsidisation necessary to fund community services.

The revised 2024/25 Strategic Risk Register Profile is depicted from inherent risk exposure to residual risk exposure in Figures 6 and 7 below. These figures highlight that the spread of the risk on the inherent exposure scale is “VERY HIGH” at 100%, with “HIGH”, “MEDIUM” and “LOW” at 0% respectively.

The spread of the risk post-consideration of existing controls or mitigation measures is ‘VERY HIGH’ at 38%, ‘HIGH’ at 25%, with ‘MEDIUM’ at 31% and ‘LOW’ risks at 6%.

The inherent risk exposure depicts the risk at worst-case scenario from the perspective of the likelihood of the risk occurring and the impact of the risk should it occur in the absence or potential failure of existing controls. This is essentially the risks in their unmitigated state.

The residual risk exposure refers to the level of risk that remains after all mitigation strategies and controls have been implemented.

Figure 6: 2024/25 Inherent Risk Exposure

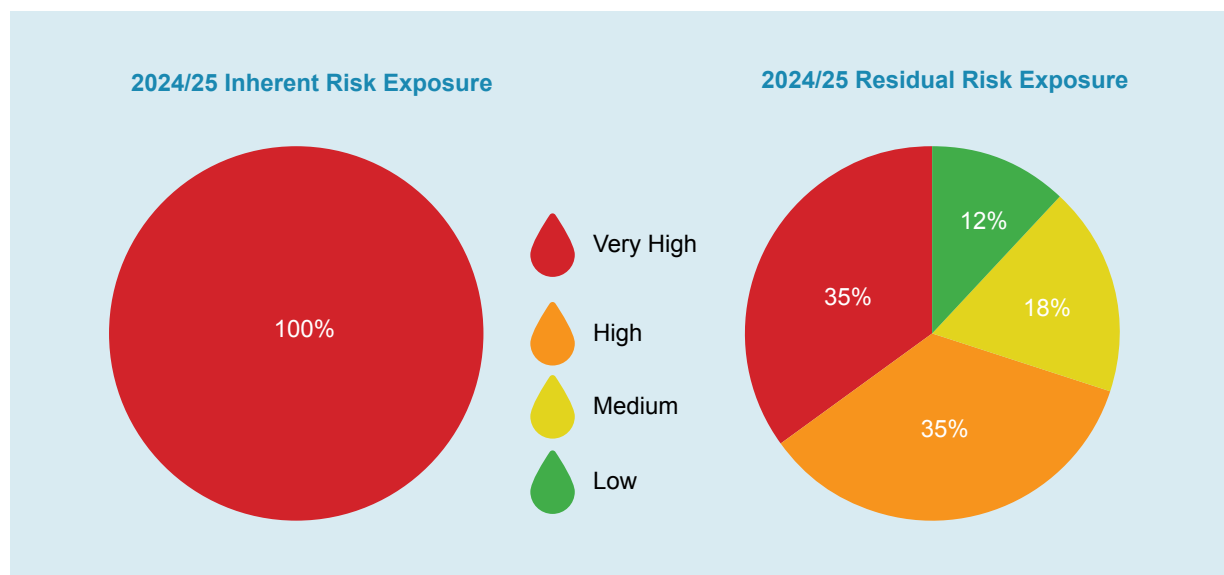
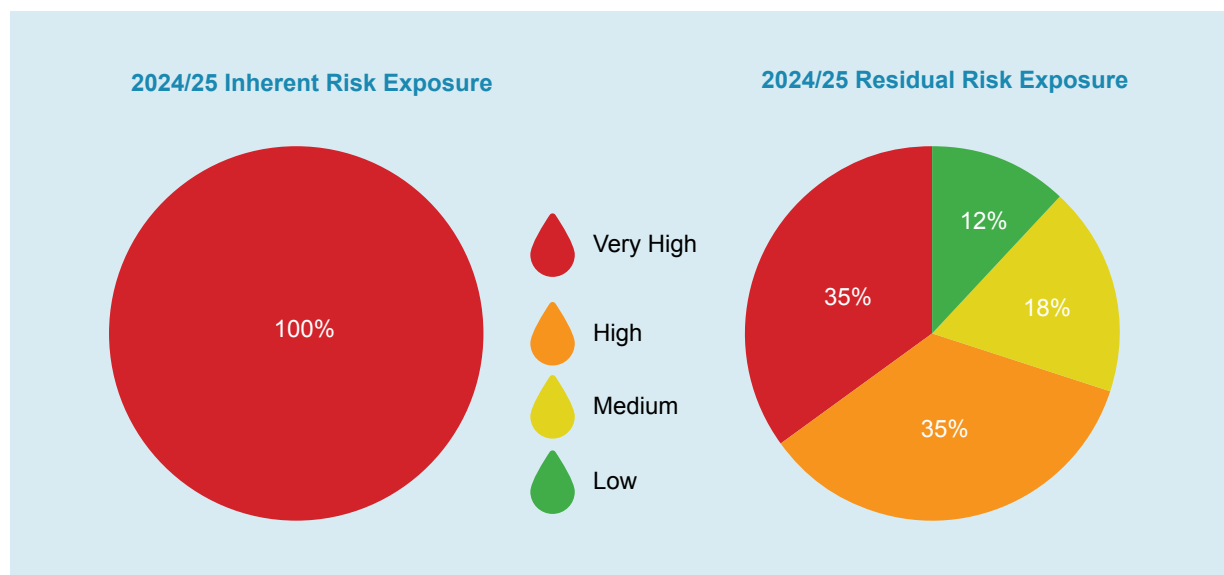


Figure 7: 2024/25 Residual Risk Exposure



The ERM processes continued to function as intended through the Annual Risk Management Implementation Plan, which was approved by the Board. Strategic and operational risks were regularly monitored and reported to the Risk and ICT Committee, and adequate oversight was exercised by the Audit and Risk Committee and the Board, and furthermore through the CoJ’s Group Risk Governance Committee.

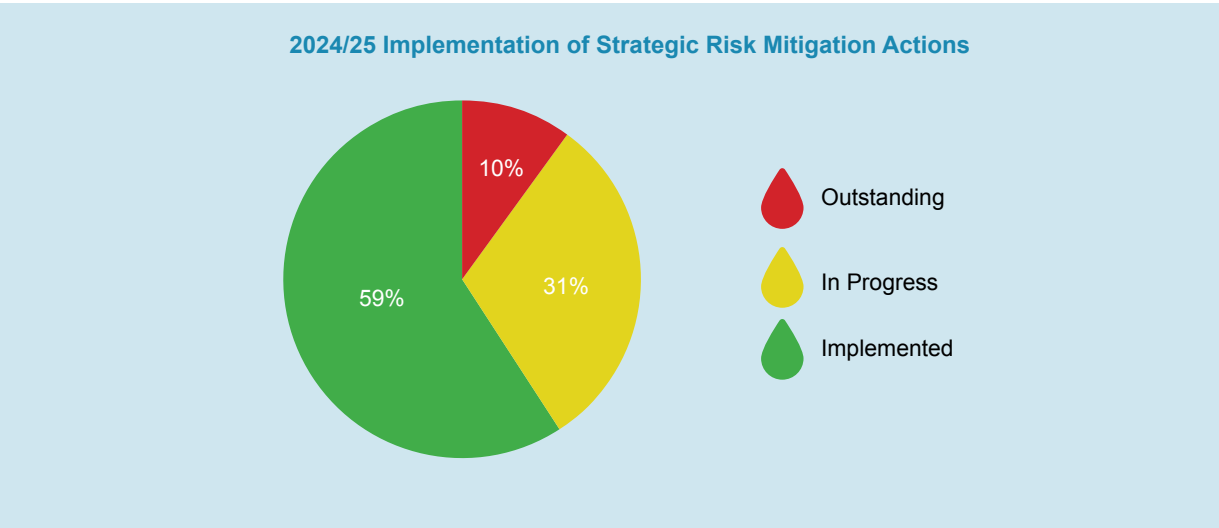
Performance on the 2024/25 Strategic Risk Register

During the year under review, the Board monitored the 2024/25 Strategic Risk Register. The recorded progress

in the implementation of the strategic risk mitigation actions was considered by the Executive Committee, the Audit and Risk Committee, and the Board on a quarterly basis.

The recorded action plan progress of the risk treatment actions for the 17 strategic risks identified is depicted in Figure 8 below. The figure provides a comparative overview between the outstanding, in-progress and implemented strategic risk actions. The quarter year-to-date percentage implementation of actions on strategic risks is at 59% (up from 55% in the previous year), with 31% of risk actions in progress and 10% risk actions not yet started or unreported.

Figure 8: 2024/25 Implementation of Strategic Risk Mitigation Actions



The Risk Action Effectiveness is a measurement criteria that assess the degree to which the implemented risk actions begin to respond directly to the risks and have the effect of reducing the likelihood and/or impact of the risk. This takes consideration of all mitigation actions despite timelines. An individual risk may have multiple actions some of which may not be implemented to the point that it makes a material difference, this assessment is therefore based only on those actions already implemented.



Table 15: 2024/25 Strategic Risk Profile as at Year-End

Strategic risk # 1 on the “Failure of the Johannesburg Water Turnaround Strategy (TAS) 2024” is one of the three risks that demonstrated an improvement in activities implemented to mitigate the risk. Critical to the success of the TAS is Council leadership and support and key actions implemented include the approval of the TAS by the Municipal Council, which demonstrates the political ownership necessary for the TAS to proceed and maintain support. Lack of sustained political ownership and accountability was highlighted as one of the key root causes to the risk. The TAS Implementation Plan was developed and approved by the EXCO, the revised Shareholders Compact signed and the Organisation Review Framework and Change Management Framework supporting the Capacity considerations of the TAS also approved by EXCO. Lastly one of the key success factors for the TAS was the incorporation of the Strategic Shift targets into the annual performance contracts of Executives and Senior Managers. These actions although not the only key contributors to the TAS’s success, have been assessed as adequate and effective measures improving the control effectiveness from “Ineffective” to “Less Effective” and consequently reducing the risk to a High Risk. The risk remains significantly high as the actions implemented are early enablers and their impact on the entirety of the risk, particularly key root causes and consequences, is still materialise.

No.	JW Strategic Goals	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Mitigation Progress	Risk Action Effectiveness	Risk Exposure Movement
			IR	RR	IR	RR			
1.	SG 5 - Enhance Sound Financial Management, Sustainability and Good Governance.	Failure of the Johannesburg Water Turnaround Strategy 2024	Very high	Very high	Very high	High			
2.	SG 1 - Utilise infrastructure delivery to create jobs, support SMMEs and attract investments.	Inadequate Funding of Operational and Infrastructure (Renewal, Mega & Expansion Projects) Funding	Very high	Very high	Very high	Very high			
3.	SG 5 - Enhance sound financial management, sustainability and good governance	Declining payment levels	Very high	Very high	Very high	Very high			
4.	SG 3 - Operate in a manner that promotes environmental conservation and sustainability	Wastewater spillages	Very high	Very high	Very high	Very high			
5.	SG 5 - Enhance sound financial management, sustainability and good governance	Increasing non-revenue water	Very high	Very high	Very high	Very high			
6.	SG 2 - Deliver water and sanitation services of good quality that is accessible, reliable and efficient	Security of supply (Water demands outstripping supply)	Very high	Very high	Very high	Very high			
7.	SG 2 - Deliver water and sanitation services of good quality that is accessible, reliable and efficient	Bulk infrastructure failure	Very high	Very high	Very high	Very high			
8.	SG 2 - Deliver water and sanitation services of good quality that is accessible, reliable and efficient	Public health and safety	Very high	High	Very high	High			

No.	JW Strategic Goals	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Mitigation Progress	Risk Action Effectiveness	Risk Exposure Movement
			IR	RR	IR	RR			
9.	SG 5 - Enhance sound financial management, sustainability and good governance	Significant dependencies on City, compromising long-term planning, optimal operations/ service delivery and sustainability	Very high	High	Very high	Very high			
10.	SG 5 - Enhance sound financial management, sustainability and good governance	Inability to recover from major business interruptions and disasters	Very high	High	Very high	High			
11.	SG 6 - Use of technology for effective and efficient operations	Slow adoption of new technologies	Very high	High	Very high	High			
12.	SG3: Operate in a manner that promotes environmental conservation and sustainability	Climate change adverse events	Very high	High	Very high	High			
13.	SG 6 - Use of technology for effective and efficient operations	Cyber security breaches	Very high	Medium	Very high	Medium			
14.	SG 4 - Improve customer and stakeholder satisfaction	Stakeholder dissatisfaction	Very high	Medium	Very high	Medium			
15.	SG 2 - Deliver water and sanitation services of good quality that is accessible, reliable and efficient	Vandalism and theft of infrastructure	Very high	Medium	Very high	Medium			
16.	SG 2 - Deliver water and sanitation services of good quality that is accessible, reliable and efficient.	Inability to effectively attract, develop and retain talent for the stability of the organisation and its operations.	Very high	Low	Very high	Low			
17.	SG 5 - Enhance sound financial management, sustainability and good governance	Unethical behaviour	Very high	Low	Very high	Low			

The strategic risk mitigation actions responding to the 2024/25 strategic risks are highlighted in the table hereunder and it should be noted that the strategic risk mitigation actions implemented for the 2024/25 period were generally appropriate and have shown good progress in some areas however the scale and pace of implementation remains insufficient relative to the magnitude of the risk exposure. As a result, these actions have been effective in slowing further deterioration but are inadequate to alter the overall risk trajectory, largely due to constraints such as under-funding of critical infrastructure and operations programmes.

Table 16: Risk Mitigation Action Implementation Horizon

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
1.	Failure of the Johannesburg Water Turnaround Strategy 2024	Very high	Very high	Very high	High	<p>1. Presentation of the CoJ Overall Recovery Strategy for JW Board Consideration</p> <p>2. Approval of the JW Strategic Shifts by the JW Board of Directors</p> <p>3. Approval of the JW Strategic Shifts by the CoJ Municipal Council</p> <p>4. Review of Shareholders Compact & Service Delivery Agreement</p> <p>5. Development of the JW Strategic Shifts Implementation Action Plan</p> <p>6. Perform JW Institutional Capacity Assessments to Implement Strategic Shifts</p> <p>7. Development of Change Management Strategy</p> <p>8. Development of a Strategic Shifts Specific Stakeholder Engagement Plan</p> <p>9. Incorporation of Strategic Shift Targets into Executive Annual Performance Contracts</p> <p>10. Development of a Business Process Re-Integration and Automation Plan for Revenue Management & Customer Care Functions</p> <p>11. Review JW Operating Model</p> <p>12. Councillors Workshop of CoJ / JW Turnaround Strategy</p> <p>13. Securing Contract Management Agent for the Revenue Integration into JW</p> <p>TAS Goals Overview:</p> <ol style="list-style-type: none"> Goal 1A & Goal 1B <ul style="list-style-type: none"> Authorisation received from City Manager on 28 January 2025 for transfer of full billing function to JW. Transfer plan being executed and expected date of Transfer of accountability set for 1 July 2025. Goal 2A Budget Allocated: <ul style="list-style-type: none"> 25/26 R665m 26/27 R695m 27/28 R1.016b Goal 2B & Goal 3 <ul style="list-style-type: none"> The financial relationship will be reset upon the Shareholder Compact being updated and approved. 	Medium-term	

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
						<ul style="list-style-type: none"> The Governance Enhancement Plan developed will be executed in 2025/26 for council to adopt the updated Shareholder compact which will include updates to the financial relationships on Treasury, Sweeping Arrangements, Budget and Cash Cross Subsidisations and potential dividend considerations. <p>4. Goal 4</p> <p>Budget Allocated:</p> <ul style="list-style-type: none"> 2025/26 R1.703 b 2026/27 R1.960 b 2027/28 R1.984 b <p>5. Goal 5</p> <ul style="list-style-type: none"> The Organisation Review Framework and Change Management Framework supporting the Capacity considerations of the TAS have been recently approved By Exco and will be executed in 2025/26. 		

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
2.	Inadequate funding of infrastructure (renewal, mega and expansion projects) and operational funding	Very high	Very high	Very high	Very high	1. Long-term Financial Planning and Strategy 2. Pursue Billing of 0 - 6 kl Free Water to all Consumers (i.e., Incremental approach) 3. Internal Credit Control Strategy to collect Large Arrears & Large Water Users 4. Improve Meter-Reading Ratio - Percentage actual water meter reading submitted to bill 5. Improve the Billing Ratio i.e., Billing per actual readings submitted by JW to CoJ 6. Implement ongoing Stand-by-Stand Audit 7. Enhanced Business Plan to prioritise return on investment on proposed capex projects 8. Implementation of systems interface between SAP PM & IMQS for JW meter database 9. Embarking on process for the financial appraisal of the 10-year pipeline capital projects 10. Reduction of NRW to 40 % in the 2024/25 FY 11. Approval of the JW Strategic Shifts by Council 12. CoJ to pursue Alternative Funding Mechanism (i.e. Development Finance and PPP - Risk Transfer concessions) 13. Conduct evaluation of Infrastructure ROI for completed projects. 14. CoJ to pursue improved Cash Collections 15. CoJ Finalisation of Infrastructure Fund	Long-term	😊
3.	Declining payment levels	Very high	Very high	Very high	Very high	1. COJ SAP system upgrade to improve device (meter) management and meter reading validation. 2. Implement ongoing Stand-by-Stand Audit 3. Implementation of systems interface between SAP & IMQS and serialization of meters 4. Pursue revised internal credit control strategy to collect large arrears & large water user accounts 5. Procurement of effective meter restriction valves 6. Consumer education and outreach programmes 7. Stakeholder Engagement Strategy - Councillor engagement in LTA areas	Medium-term	😊

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
4.	Wastewater spillages	Very high	Very high	Very high	Very high	1. Development of framework contracts for the (electromechanical) repairs and monitoring of critical infrastructure. 2. Capacity expansion of the treatment works (NWWTW- 2025 & Ennerdale- 2026 & Lanseria - 2030) 3. Annual Implementation of the Infrastructure renewal project (IRP) 4. Improve safety and security at the WW TWs. 5. Identification of Sand traps at Strategic points for Outfall Infrastructure (for installation at a later stage) 6. Public Education on abuse/ vandalism of Wastewater Infrastructure 7. Promotion/ implementation of Knowledge Management Strategy 8. Bio-remediation after each spillage event. 9. Alternative power supply and remote monitoring (Telemetry system). 10. Emergency dams catering for access flows during peak demand hours (Spilling) 11. Implement proactive and reactive maintenance on critical infrastructure	Long-term	
5.	Increasing non-revenue water	Very high	Very high	Very high	Very high	1. Implementation of Water Demand Management Projects in Orange Farm, Soweto and Cosmo City (i.e. Installation of STS meters). 2. Water Meter replacements projects (i.e. Conventional meters) 3. PRV Maintenance on monthly basis 4. Implementation of City By-laws in relation to illegal connections and credit control management 5. Implementation of smart leak detection in identified water zones 6. Expansion of smart controlled pressure management controllers 7. Mains replacement programme 8. Repairs of leaking reservoirs and towers. 9. Restriction Valves 10. Repair and replacement of bulk flow meters 11. Active and passive leak detection 12. Installation of Smart Flow Control Valves 13. Stakeholder Engagement Strategy- Councillor engagement in LTA areas	Long-term	

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
6.	Security of supply (water demands outstripping supply)	Very high	Very high	Very high	Very high	1. Capacity expansion of the treatment works (NWWTW- 2025 & Ennerdale- 2026 & Lanseria - 2030) . 2. Implementation of measures in line with project 1600. 3. Support the Implementation of Lesotho highlands phase II by 2026. 4. Alternative water use to augment water supply (i.e. Equip boreholes to become operational & Billed) 5. Promote effluent Re-use (Agreements for effluent reuse are pursued). 6. Participate in the Rand Water and JW PRV Project 7. Application for Key JW Infrastructure Classification as National Key Points	Long-term	☹️
7.	Bulk infrastructure failure	Very high	Very high	Very high	Very high	1. Implementation of the JW 10-year Infrastructure Implementation Plan 2. Implementation of water and sanitation development control measures in line with CoJ planning. 3. Implementation of the water capacity expansion projects. 4. Education and awareness to communities encroaching on JW infrastructure.	Long-term	☹️
8.	Public health and safety	High	High	Very high	High	1. Implementation of the WWTW capacity expansion projects and renewal of electro-mechanical equipment (portion of actions relevant to 2024/25) 2. Research and Innovation Technologies to achieve Zero e-coli - Comply to revised licence requirements 3. Capital upgrade of critical sewer pump station 4. Guideline development for bioremediation of impoundments 5. Development of Boil Alert SOPs	Long-term	☹️
9.	Significant dependencies on City, compromising long-term planning, optimal operations/ service delivery and sustainability	Very high	High	Very high	Very High	1. Fleet - Request COJ for JW to procure own vehicles 2. Engagement with JPC on options available (i.e. Procurement for Long-term Lease Agreement or permanent JW Head-Office) 3. Ongoing pursuit of revised internal credit control strategy to collect large arrears & large water users 4. Review of CoJ & JW Service Delivery Agreement (SDA)	Short-term	☹️
10.	Inability to recover from major business interruptions and disasters	Very high	High	Very high	High	1. Annual Review of JW-wide BCP and Disaster Recovery Plan 2. Conduct BCP Awareness 3. Establishment of BCP Steering Committee 4. Establishment of BCP Response Team 5. Development and approval of BCM Methodology	Short-term	☹️

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
11.	Slow adoption of new technologies	Very high	High	Very high	High	1. Repositioning the IT Function 2. Capacitation of ICT Department 3. Development of Enterprise Architecture Plan 4. Implementation of ICT Strategy (Incorporating digitisation strategy for User Departments) 5. Development of Digital Transformation Strategy 6. Enterprise Portfolio and Project Management (i.e. Unbundling of ICT Projects in Capex Priorities)	Medium-term	☹️
12.	Climate change adverse events	Very high	High	Very high	High	1. Development of comprehensive ESG Strategy 2. Engagement with COJ EISD on the development of a CoJ Flood Management Plan 3. Engagement with CoJ on the Implementation of a Just Transition Climate Change Budget Tagging 4. Review of Infrastructure Design Standards to consider Climate Change conditions 5. Securing Panels of Service Provider for emergency procurement of pipelines (i.e. Consultants & Contractors)	Medium-term	☹️
13.	Cyber security Breaches	Very high	Medium	Very high	Medium	1. ICT Security Assessment.	Short-term	☹️
14.	Stakeholder dissatisfaction	Very high	Medium	Very high	Medium	1. Implement workforce optimisation 2. Secure Media Buying Agency 3. Secure PR and Marketing Agency 4. Review of SRC Structure/ Organogram 5. Procurement of Customer Relations Management System 6. Review JW and RW MoU on Communication Approach during Water Supply Shutdowns and Crisis (including expanding return to supply time estimates within a Range) 7. Direct Media Houses Engagement - MD's Round Table 8. Review of Capex Pipeline Projects Prioritisation Model	Short-term	☹️

Strategic Risk #	Risk Description	Beginning of the 2024/25 Period		End of the 2024/25 Period		Risk Treatment Strategy	Horizon	Risk Action Effectiveness
		IR	RR	IR	RR			
15.	Vandalism and theft of infrastructure	Very high	Medium	Very high	Medium	1. Deploy security guards to all critical pump stations, reservoirs and towers remaining unmanned sites 2. Meter readings to check the trends 3. Meter Replacements on identified default meters 4. Implementation of the Security Strategy Phase - Security Systems Automation (CCTV cameras, alarms, panic buttons etc.) & deployment of additional guard houses (numbers) 5. Construction of perimeter walls and Lighting program (in line with budget) 6. Procurement of Security Guard Houses 7. Conduct independent investigation into potential sabotage of JW Infrastructure 8. Performance of Post Security Incidents Impact Assessment 9. Review the appointment model & conditions of security guards by service providers (including vetting) 10. Investigation of National Key Points Programme (Protection of Critical Infrastructure A) 11. Engagement on Review of JW Operating Model iro Security Management	Medium-term	
16.	Inability to effectively attract, develop and retain talent for the stability of the organisation and its operations.	Very high	Low	Very high	Low	1. Alignment of definition of Critical Skills/ Roles & Classification (i.e. Profile Specific Individual & Attrition and Attraction Risks) 2. Review of Organisational Structure 3. Review of Job Description Minimum Requirements	Medium-term	
17.	Unethical behaviour	Very high	Low	Very high	Low	1. Ongoing Implementation of Ethics Strategy 2. Facilitate annual review of Fraud Risk Register 3. Conduct Compliance Awareness Workshops 4. Implementation of the COJ Contract Management Framework 5. Independent review of Disciplinary Processes/ Consequence Management 6. Review of HR Recognition System 7. Resuscitation of the MD's Excellence Awards	Short-term	

Legend

Legend: Risk Performance					No. of Risks Actions
Risk Exposure	1 - 5	Low	Acceptable	Validation and optimisation of controls.	2
	6 - 11	Medium	Acceptable with caution	Evaluation and improvement of current controls.	3
	12 - 19	High	Unacceptable	Implementation of improvement opportunities and validation of current controls.	5
	20 - 25	Very high	Unacceptable	Requires immediate attention from management on implementation of corrective measures.	7
		Improvement	Risk status improving. Implemented control measures are effective in mitigating the risk resulting in demonstrable improvements on the risk exposure rating.		1
		Unchanged	Risk status unchanged. Implemented control measures partially effective. Some of the risk exposure appears to be controlled, but there are key actions needed to mitigate risk further. Controls not yet resulting in demonstrable improvements and thus movement on risk rating.		15
		Regression	Risk status regressing. Implemented control measures are ineffective in treating the risk. Risk exposure not effectively mitigated resulting in regression on the risk exposure rating.		1
Risk Actions Effectiveness in addressing risk		Effective	Effective - Actions taken align to pre-determine risk mitigation actions and all are effective in addressing risks identified. Actions directly respond to risk in holistically reducing both the likelihood and impact of the risks. When risk actions are fully implemented and assessed to be effective, this triggers the re-evaluation of controls and thereby the residual risk exposure.		2
		Partially effective	Partially effective - Actions taken align to pre-determined mitigation actions but are partially effective in addressing identified risks. Majority of actions partially reduce either the likelihood or the impact of the risk. Although the actions being the right ones, the scale and pace of implementation in relation to the scope may furthermore be inadequate.		15
		Less effective	Less effective - Majority of actions taken align to pre-determined mitigation actions but mainly serve as preparatory steps towards implementation of desired mitigation actions. (for example, SCM bid processes). All actions taken together are yet to directly influence the likelihood or the impact of the risk.		0
		Ineffective	Ineffective - Actions are not taken or those taken are not in line with pre-determined mitigation actions nor suitable in addressing identified risks. The progress is concerning and requires urgent management intervention.		0

Legend: Risk Performance				No. of Risks Actions
Action Plan Progress		Good	Good - progress registered on between 70 – 100% of risk actions for implementation.	15
		Satisfactory	Satisfactory - progress registered on between 40 - 69% of the risk actions for implementation.	2
		Unsatisfactory (Intervention required)	Unsatisfactory - No or inadequate progress registered on between 0 - 39 % of risk actions for implementation.	0
	N/A	Not applicable	No risk actions assigned. Risk exposure low and requires ongoing monitoring.	-

Risk Management Maturity

As of 30 June 2025, the Entity achieved an FMCMM score of a level 2.89 out of 3 (up from 2.74 in June 2024). On the traditional National Treasury Risk Maturity Model, the Entity maintained a Level 4 rating.

Section 5: Anti-Corruption and Fraud Investigations

Section 195 of the Constitution of the Republic of South Africa, 1996 (the Constitution), demands the promotion and entrenchment of a high standard of professional ethics by public officials. In giving effect to this constitutionally enshrined obligation to manage integrity and promote good governance, Johannesburg Water has a zero-tolerance approach to all forms of unethical behaviour, including but not limited to fraud and corruption.

The Company subscribes to a Code of Conduct that has been adopted by the Board and applies to all directors and employees.

The Code and ethics philosophy of the Company are discussed with new employees during the induction process. An independent, anonymous tip-off hotline, which is available to all stakeholders, is managed by the CoJ and enables the reporting of any failure by any Entity official to uphold ethical standards.



Fraud Investigations

Johannesburg Water has developed policies and practices to manage integrity and promote good governance. According to this goal, Johannesburg Water has implemented the following policies, procedures and mechanisms:

- Anti-Fraud and Corruption Prevention Policy
- Ethics Policy
- Gift Policy
- Whistle-Blowing Policy
- Standard Operating Procedures: management requests for investigations
- Tip-off hotline – managed by the CoJ

The Group Forensic and Investigative Services perform the fraud-investigation function while Internal Audit is mandated to investigate any instances of UIFWE.

Status of Matters Investigated by Group Forensic and Investigative Services

For the year ended 30 June 2025, 13 cases were reported for investigation through the tip-off hotline for the year compared to 8 cases reported in the previous financial year. These cases are currently being investigated. (See Table 17 below for details.)

Table 17: Progress on Cases as per the Fraud Investigations Register Received from the Hotline

Category	Cases Brought Forward	Cases Reported in the Current Financial Year	Completed (Closed)	Cases In Progress (Open)
Fraud and corruption	5	9	(8)	6
Maladministration	-	2	(1)	1
Theft	-	2	(2)	-
Irregular expenditure	2	-	(1)	1
Breach of security	1	-	(1)	-
Grand Total	8	13	(13)	8

The Board and the executive management have adopted an integrated approach to ensure that effective measures are in place for the prevention and detection of fraud and to manage the risk of fraud in accordance with the Company's zero-tolerance stance. Johannesburg Water implemented its awareness campaign and provided ethics training to its employees. All employees declared their interest during the period under review. In addition, certain activities were implemented. These are discussed below.

Managing the Risk of Supply Chain Management/Procurement Fraud

To minimise the risk associated with SCM/procurement fraud such as corruption, the Entity has put the following process in place.

All tenders of above R5 million are referred to Internal Audit for a probity audit before the accounting officer approves the Bid Adjudication Committee resolutions. This is an initiative-taking control measure aimed at

minimising procurement irregularities and errors before awarding tenders. The Entity is committed to minimising the risk of procurement fraud. As such, the mandate of Internal Audit to audit tenders of above R5 million went further than the minimum R10 million required in terms of the National Treasury MFMA Circular No.62 (2000). For the financial year ended 30 June 2025, 14 tenders were referred to Internal Audit for a probity audit:

- Of the 12 tenders that were recommended for awards (R864.9 million in total), 88% (10 tenders = R759.4 million) had no significant findings, while 12% (2 tenders amounting to R105.5 million) were flagged, with findings related to inconsistencies in the evaluation process. However, the findings did not have an impact on the results.
- Two tender cancellations were received worth around R178.6 million, of which one for R177.6 million had findings regarding inconsistencies in the evaluation process while the other tender for R992,285 had no findings.

Reporting and Investigations of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The Audit and Risk Committee provided oversight on reporting and investigations of instances of unauthorised, irregular, fruitless and wasteful expenditure (UIFWE). As per the mandate of the Audit and Risk Committee, Internal Audit is responsible for investigating reported UIFWE instances. The strategic focus is to finalise the investigation into the UIFWE items of prior years until 30 June 2024, with the accumulated balance of UIFWE amounting to R1.65 billion. Progress on investigations and processing of UIFWE as of 30 June 2025 is detailed below.

Items certified as irrecoverable and approved by the Board for write-off in accordance with Regulation 75(2) (a) of the Municipal Budget and Reporting Regulations and the Municipal Finance Management Act Circular 68:

- Irregular expenditure of R982 million related to debt impairment incurred in the 2023/24 financial year
 - Irregular expenditure of R140 million related to debt impairment incurred in the 2024/25 financial year
 - Irregular expenditure of R121.34 million related to expenditure items on basic service over budget incurred in the 2022/23 financial year
 - Irregular expenditure of R500.67 million related to various items incurred in various financial years between the 2017/18 and 2023/24 financial years
- Items with motivation reports to be submitted to the Board during the 2025/26 financial year for write-off:
- Fraudulent salary payment of R90,000, with consequence-management initiated
 - Fruitless and wasteful expenditure for interest due to cashflow constraints (6 matters) – R8.3 million
 - Irregular expenditure amounting to R103.2 million

Section 6: Information and Communications Technology (ICT) Governance and Performance

The Information Technology (IT) department has three major areas of focus: governance of the Entity's ICT systems; maintenance and support of the infrastructure; and overall security, integrity and functionality of the enterprise systems.

For the financial year, the IT department did not meet its capital expenditure target of 95% against the annual budget of R40 million. The expenditure of R20 million (50.09%) went towards the implementation of a new Document Management System, enterprise storage infrastructure and the Desktop Refresh Program. The non-achievement of the target is ascribed to the non-

awarding of tenders for technology hardware refresh and a new procurement system. The projects will be re-initiated in the new financial year.

Corporate Governance of ICT

The Board of Directors, supported by the Service Delivery, Procurement and ICT Oversight Committee; the Audit and Risk Committee; the Executive Committee; and the Risk and ICT Committee, continued to have oversight regarding the governance of ICT.

Table 18: Corporate Governance of ICT Objectives over the 2024/2025 Financial Year

Objectives	Performance and Activities
Monitoring the alignment of the short-, medium- and long-term strategies of the business and technology.	<p>In line with the entity's ICT Governance Charter and Framework Policy, the respective committees maintained oversight of investments into ICT technology infrastructure and the delivery of strategic projects. Key and strategic ICT projects were reported on a monthly and quarterly basis.</p> <p>The IT department initiated a process to develop a Digital Transformation Strategy that will incorporate not only IT but also Operations Technology (OT) and other key and critical business-support functions and with a strong focus on data analytics, automation and artificial intelligence.</p>
Maintaining formalised IT governance at Johannesburg Water, aligned to existing corporate governance structures and leading practices.	<p>The ICT Governance Charter and Framework policy is in place and scheduled to be reviewed in 2026. The Risk and ICT Steering Committee exercised governance and oversight over the following matters: ICT strategic and operational risks; review of policies, frameworks, investment and delivery of ICT projects; and compliance with relevant legislation and regulations.</p>
Monitoring the integrity and availability of technology and information to meet business needs on time.	<p>The performance of ICT infrastructure, including applications and systems, was reported on a monthly and quarterly basis at various committees, including the Executive Committee and the Service Delivery, Procurement and ICT Oversight Committee.</p>
Developing and maintaining appropriate organisational structures, service contracts and processes to support ICT governance.	<p>Structures and controls are in place to track, monitor and support service contracts, including service level agreements (SLAs). The department, however, is faced with a severe lack of required resources to manage the operations of the department effectively. While an approved organisation structure is in place, budget constraints continue to hinder the recruitment and appointment of people.</p>
Measuring and managing the cost expended on and the value received from technology.	<p>Aligned with the entity's annual capital investment plan, regular meetings were held to track and monitor actual expenditure, including ICT expenditure, against the allocated capital budget for the financial year.</p> <p>Progress on ICT capital expenditure was reported on a quarterly basis to the Board committees.</p>
Managing technology resources and assets, including information, efficiently and effectively, such that the value derived from these resources is maximised.	<p>Asset registers are in place for ICT infrastructure. In addition, the Desktop Refresh Program is in place to ensure that users are equipped with the right technology to access the Entity's information systems. For the 2024/25 financial year, the Entity spent an estimated R12.9 million towards replacing old desktop and laptop computers for its users.</p>
Safeguarding technology resources and information.	<p>The IT department continually assesses and evaluates the security safeguards in place to protect the Entity's data and information assets.</p> <p>Assessments of the Entity's ICT security infrastructure, applications and systems are performed annually. These include independent audits performed by the Internal Audit Department and the AGSA.</p>

Objectives	Performance and Activities
	During the 2024/25 financial year, an independent assessment was conducted on the Entity's IT and OT network and systems. While the overall assessment was good, there is still much work to be done in respect of the overall security of the Entity's technology systems, including cybersecurity.
Monitoring adherence to legislative requirements and other guidance as it pertains to IT management relevant to Johannesburg Water, including but not limited to the King IV Report and other ICT governance frameworks.	This objective is aligned with the entity's Enterprise Risk Management framework and compliance management reporting. In addition to the annual review of legislation and regulations governing IT, an independent assessment was conducted on the Entity's compliance with the Protection of Personal Information Act (POPI Act), No. 4 of 2013, in 2024.
Establishing appropriate policies and frameworks for managing IT across the business, monitoring adherence to them, and establishing performance criteria aligned with operational expectations and the periodic measurement of actual versus desired performance levels.	ICT policies are reviewed on an annual basis and tracked and monitored at executive level. Over the financial year, the ICT Project Governance Framework was approved by the Risk and ICT Steering Committee.

Key Focus Areas 2024/25

Despite resource-capacity challenges, along with challenges regarding the awarding of contracts for products and services, good progress was achieved in the projects discussed below.

Field Service Management (FSM)

The overall project progress for the implementation of the FSM technology solution (Phase 1) is at 98%, with training of the ruggedised devices for field worker staff at 89% completion. Training of the field worker staff is planned to be completed by the end of July 2025. Phase 2 of the project, which speaks to the configuration of the system for six business processes for Networks Preventative Maintenance, is underway and planned to be complete by the end of July 2025. The two main activities will represent two key milestones in the project, with full operationalisation of the system planned for the end of August 2025.

Enterprise Asset Management Systems Solution

Sprint one of the system interface was operationalised in August 2024. This includes the synchronisation of the asset registers between the IMQS and SAP ERP systems, and the componentisation of the assets in respect of National Treasury's GRAP 17 – Property, Plant and Equipment. Sprints two and three will address

other and new functionality. These functionalities will include Developer Funded Networks; asset-capitalisation projects funded by third-party developers and “donated” to Johannesburg Water; capitalisation of meters initiated through SAP Plant Maintenance; and rotables, which involves replacing or dismantling equipment (assets) with store assets and refurbishing the impaired assets. The Project Management Unit will also be aligned with the system and business processes.

Future Focus Areas

City of Johannesburg Business Transformation Project

The Entity will continue to provide support to the City of Johannesburg SAP Business Transformation project, including unbundling the chart of accounts in compliance with National Treasury's municipal Standard Chart of Accounts (mSCOA) and providing support for the functional modules.

Digital Transformation

The following projects fall under digital transformation:

- eRecruitment system
- Supply Chain Management: Sourcing, Contracts Management, Supplier Lifecycle & Performance, Commerce Automation (including Invoice Automation)

- Finance reporting tool
- Customer Relationship Management (CRM) system
- Dashboards
- Meter to Cash Workflows
- Integration of Information Technology and Operations Technology
- Technology hardware refresh
- Customer Querying System and Self-Service Kiosks

Information Technology Challenges

The capacitation of the IT department remains a severe risk. The continued reduction in the number of positions that are filled will negatively impact not only the basic operations and functions of the department but also its capacity to deliver on strategic projects for the financial year.

Section 7: Compliance with Laws and Regulations

The Board provides quarterly reports and an Integrated Annual Report (IAR) on its performance and service delivery to the Shareholder as prescribed in the Service Delivery Agreement (SDA), the MFMA and the MSA. The SDA was concluded in accordance with the provisions of the MSA, which governs the Entity's relationship with the CoJ.

Non-executive directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairman and Managing Director are separate, with responsibilities divided between them. The Chairman has no executive functions. The Board is satisfied that this separation of powers effectively ensures that the necessary checks and balances are in place.

Over the 2024/25 financial year, the Board ensured that management complied strictly with the relevant sections of the MFMA, with specific reference to Chapter 12 and the preparation of the AFS. The AFS, together with the IAR and the Company's performance results, were delivered to the parent municipality and the AGSA two months after the close of the financial year (on 31 August).

The Board and management ensured that there was compliance with the relevant legislation. The Company Secretary has certified, in terms of section 88(2) (e) of the Companies Act, that all statutory returns have been submitted to the Registrar of Companies.

The Board or any of its members may, in appropriate circumstances and at the expense of the Company, obtain the advice of independent professionals. Directors had unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters related to, inter alia, compliance with the Company's rules and procedures, statutory regulations and best corporate practices. The Board is satisfied that these arrangements are effective in supporting the discharge of its responsibilities.

At each Audit and Risk Committee meeting, an update on legal compliance was presented. This update included legislative radar or forecast of important legislative developments within the environment in which Johannesburg Water operates. Key areas of non-compliance, if any, were also brought to the attention of this committee.

The focus areas were MFMA Circular 68 UIFWE; MFMA section 65(2) (e) (30-day late payment reporting); and Johannesburg Water's top 12 priority Acts. All irregular expenditure was reported as required by MFMA Circular 68. The 33 Acts were also monitored and reported on during the year under review.

During the financial year, no fines or penalties were issued against the Company, and no directors or senior management members were accused of or held liable for non-compliance with any laws, regulations or codes of conduct. The Company did, however, continue to respond to directives issued against it. These directives are detailed below.

Directive in terms of section 19 of the National Water Act, No.36 of 1998 (the NWA):

Long-Standing Directives

During the 2024/2025 financial year, the Entity made significant progress in responding to directives issued by the Department of Water and Sanitation (DWS) under section 19 of the National Water Act, No. 36 of 1998 (the NWA), aimed at preventing pollution at key WWTWs.

Following a directive issued in the 2022/2023 financial year against Bushkoppie and Goudkoppies WWTWs regarding sewage spillages into the Harrington Spruit, the Entity implemented a comprehensive action plan. This plan included restoring vandalised electrical infrastructure critical to treatment units, refurbishing and repairing faulty and essential equipment, and halting uncontrolled flow diversion from Goudkoppies to Bushkoppie WWTW, which resulted in a notable reduction of overloading at the Bushkoppie facility. The Regulator has acknowledged these significant improvements and has encouraged the Entity to complete outstanding critical actions, with the directive anticipated to be closed by the end of the 2025/2026 financial year.

In the current financial year, Olifantsvlei WWTW also received a directive in relation to the prevention of pollution. Johannesburg Water responded with a detailed plan that outlined short-, medium- and long-term interventions. Key projects included the near completion of the refurbishment of the screw pump station by the end of the reporting period, as well as progress on the restoration of the Van Wyk's Rust pump station. Construction of this pump station is planned to commence early in the third quarter of the 2025/2026 financial year. The successful completion of these projects will reinforce actions aimed at fully curbing spillages.

A significant achievement was the successful exemption of three WWTWs in the Southern Region from load-shedding schedules, which was accomplished through close collaboration with City Power. This critical operational benefit was implemented during the previous reporting period, with continued positive outcomes realised in the current financial year. This milestone has contributed to a substantial reduction in spillages and ensured the uninterrupted operation of essential infrastructure.

While the full impact of these interventions will only become evident over the longer term because of their complexity, the Entity remains steadfastly committed to regulatory compliance and environmental protection. Regular regulatory inspections have been conducted to evaluate progress against the submitted action plans as part of ongoing monitoring and risk management measures to guarantee sustainable wastewater management, safeguarding both public health and the environment.

Compliance with Core Acts

The priority legislation monitoring is performed using control self-assessment by individual business units and, as part of combined assurance, the results are confirmed against existing and finalised audits and reviews performed by the Internal Audit Department where in place. Attention is drawn to the risk that the compliance status may be subject to changes owing to the compliance checklist being a high-level summary and undergoing a comprehensive review to ensure completeness in relation to the assessment of all applicable sections and subsections in detail. The year-end detailed compliance status regarding the 13 Core Acts is depicted in Table 19 below.

Table 19: Status of Compliance with Top 13 Core Acts for 2024/2025 at Year-End

Details	2023/24	2024/25	Trend
Tax Compliance	Good Standing: Compliant	Good Standing: Compliant	↔
Compliant Legislation	8 of 13 (62%)	8 of 13 (62%)	↔
Non-Compliant Legislation	5 of 13 (38%)	5 of 13 (38%)	↔
Average Compliance Rate	94.5%	94.5%	↔
Details of Non-Compliance Legislation	OHSA – 97.6%	OHSA – 97.6%	↔
	MFMA – 97%	MFMA – 97%	↔
	LMA – 40%	LMA – 40%	↔
	POPI Act – 99%	POPI Act – 99%	↔
	MFMA: SCM Reg – 95%	MFMA: SCM Reg – 95%	↔

Legend: Compliance Level

Improving	↑
Unchanged	↔
Regressing	↓

Table 20: Overview of the Status of Compliance with the Top 13 Core Acts

No.	Act	2023/24 (%)	2024/25 (%)	Comment
1.	Occupational Health and Safety Act, No. 85 of 1993 (OHSA)	97.6	97.6	<u>Comment:</u> <ul style="list-style-type: none"> Compliance with OHS Act remains at 97.6%; there were no changes during the current reporting period owing to the outstanding matter/s below. <u>Action Plan:</u> <ul style="list-style-type: none"> The Operations Department is still sourcing funds for the Building Maintenance Contract project, as it was reported in the previous cycle that it does not have sufficient budget for the project. The project is at BSC stage but currently on hold owing to the budget adjustments required. Minor building maintenance-related issues that were identified in the OHS audits will be addressed through requests for quotations (RFQs) at various sites.
2.	Basic Conditions of Employment Act, No. 75 of 1997	100	100	N/A
3.	Employment Equity Act, No. 55 of 1998	100	100	N/A
4.	Local Government Municipal Finance Management Act, No. 56 of 2003	97%	97%	<u>Comment</u> <u>Non-compliance Issues:</u> <ul style="list-style-type: none"> Late payment of suppliers Irregular or fruitless and wasteful expenditure Spending not in accordance with the budget as prescribed by section 87(8) Material adjustments to the AFS <p>The non-compliance issues above are largely impacted by the current budgeting and treasury arrangement with the City. The Entity has developed a turnaround strategy that is aimed at improving the governance relationship with the City.</p>

No.	Act	2023/24 (%)	2024/25 (%)	Comment
				<p>This will improve the effectiveness of the controls proposed below.</p> <p>Action Plan</p> <ul style="list-style-type: none"> Late payment of suppliers: <ul style="list-style-type: none"> Supplier reconciliation to determine outstanding payments Monthly Exco reports as a way of escalation in cases of those queries that could not be resolved Implementation of the turnaround strategy Irregular or fruitless and wasteful expenditure: <ul style="list-style-type: none"> Monthly declaration of irregular expenditure by various departments Training for all employees in the SCM value chain on the policy Bid committee structures in place Segregation of duties aligned with delegation of authority Quarterly internal audit review of UIFWE register Spending not in accordance with the budget as prescribed by section 87(8): <ul style="list-style-type: none"> Monthly variance reports Confirmation of funds Revising of budget in accordance with projected expenditure Material adjustments to the AFS: <ul style="list-style-type: none"> Finance will prepare quarterly financial statements <p>Progress</p> <ul style="list-style-type: none"> Late payment of suppliers: <ul style="list-style-type: none"> Workshops are continuing to be held with user departments, with key emphasis on consequence management for delays in processing of invoices Late payment report is submitted to Exco and CoJ monthly. Irregular or fruitless and wasteful expenditure: <ul style="list-style-type: none"> The declarations and review of the register are ongoing, and a monthly report is submitted to Exco. Spending not in accordance with the budget as prescribed by section 87(8): <ul style="list-style-type: none"> Monthly variance reports are prepared and various initiatives are in place to drive financial efficiency and sustainability. There are ongoing engagements with the City about budget considerations. Material adjustments to the AFS: <ul style="list-style-type: none"> Quarterly AFS were completed.
5.	Water Services Act, No. 108 of 1997	100	100	N/A
6.	National Water Act, No. 36 of 1998	100	100	N/A
7.	National Environmental Management Act, No. 107 of 1998	100%	100%	N/A

No.	Act	2023/24 (%)	2024/25 (%)	Comment
8.	Construction Industry Development Board Act, No. 38 of 2000	100	100	N/A
9.	Companies Act, No. 71 of 2008	100	100	N/A
10.	Construction Industry Development Board Act, No. 38 of 2000	100	100	N/A
11.	Companies Act, No. 71 of 2008	100	100	N/A
12.	Protection of Personal Information Act (POPI Act), No. 4 of 2013	85	40	<p><u>Comment</u></p> <ul style="list-style-type: none"> A POPI Act readiness assessment was performed which concluded that JW was non-compliant with the Act. Nine action points with 27 activities to be implemented by JW have been considered by Exco. An independent assessment was conducted, and the findings report was shared with departments for actioning. <p><u>Action Plan</u></p> <p>The recommendations of the POPI Act assessment include the following, amongst others:</p> <ul style="list-style-type: none"> Establishment of a POPI Act compliance team Review of related policies, procedures and manuals Designation of a Chief Information Officer Implementation of training and awareness programmes Implementation of a document tracking and information management system Implementation of information and document access controls <p>The percentage compliance remains the same for the current reporting period.</p>
13.	Local Government: Municipal Finance Management Act, No. 56 of 2003: Municipal Supply Chain Management Regulations (30 May 2005)	N/A	95	<p><u>Comment:</u></p> <ul style="list-style-type: none"> Use of non-compliant/unqualified suppliers (section 14). Lack of financial controls (sections 16,17,18) Non-compliance with SCM legislative requirements <p><u>Actions Implemented – Progress:</u></p> <ul style="list-style-type: none"> Suppliers are checked by the SCM for deviations before they can be used. All deviations are approved by authorised officials. MFMP certification programme for all officials in the SCM value chain is ongoing. Implementation of the payment allocation strategy is taking place. Concerning the use of non-compliant/unqualified suppliers (section 14): <ul style="list-style-type: none"> List of accredited service providers is maintained. CSD is used as a gatekeeper. Suppliers are uploaded if shortlisted for RFQ or tender. Only compliant suppliers that are complaint on CSD prior award are used. Lack of financial controls (sections 16,17,18): <ul style="list-style-type: none"> There is an approved SCM policy. Standard operating procedures (SOPs) are in place.

No.	Act	2023/24 (%)	2024/25 (%)	Comment
				<ul style="list-style-type: none"> Workshops are being conducted on SOPs and policy Delegation of authority is taking place. Quotations of above R30,000 are advertised on the website. Non-compliance with SCM legislative requirements: <p>Workshops on the SCM policy and SOPs are taking place. The National Treasury is consulted on any SCM matters and changes in legislation. Internal and AG audits are conducted on SCM processes. Probity is conducted on awards. All members of the Bid Committee are appointed by the accounting officer in writing. Officials are required to declare any conflict of interest at each committee meeting. Annual declaration of interests is conducted through the Legal Department.</p> <p>All actions planned implemented as committed to above.</p>

The Top 13 Core Legislation Checklists have been developed in the 2024/25 period and are currently undergoing quality checks and review to ensure their completeness and accuracy.

Status of Legislated Tax Compliance

Johannesburg Water achieved a Compliant tax-compliance status in relation to its good standing with the South African Revenue Service (SARS) as of 05 July 2025.

By-Law Enforcement

As at the 2024/25 financial year-end, four by-laws are relevant and maintained by Johannesburg Water. Below is a list of the by-laws relevant to the Entity:

- Effluent re-use by-laws
- Water services by-laws
- Credit-control and debt-collection by-laws
- Water services tariff by-laws

Compliance Risk Management Plans (CRMPs)

Johannesburg Water maintains 13 core Acts that are monitored on a quarterly basis, and CRMPs are an essential tool in monitoring and mitigating the risk and implications of non-compliance. During the period under review, the Company embarked on a process to review all CRMPs. Improvements are underway to ensure quarterly monitoring and reporting thereof.



CHAPTER THREE: SERVICE-DELIVERY PERFORMANCE

Stakeholders Impacted: Shareholder, Communities and Business
Strategic Response: Goals 1, 2, 3 and 4



Section 1:

Highlights and Achievements

During the year under review, the following key service-delivery achievements, milestones and other unexpected occurrences were realised.

Service-Delivery Achievements and Milestones

During the period under review, the Entity managed to deliver services to the residents of the CoJ as follows:

101.64%
in capital
expenditure was
achieved.

An average of
1.7 billion litres of water,
complying with acceptable
drinking water as defined by
the South African National
Standards **241** (SANS
241), was distributed to
households within the CoJ
daily.

14 116 chemical
toilets were provided
and serviced
(average two times
a week).

23 521 water
bursts were restored
within 48 hours of
notification, achieving
70.35%.

50 038 sewer
blockages were
cleared within 24
hours of notification,
achieving **90.89%**.

A total of **174** and
1 796 households
were provided with
access to basic water
and sewer systems,
respectively.

A total of **1 288**
million litres of
water was transported
to stationary tanks in
informal settlements for
the 2024/25 financial
year.

Water consumption
per capita per day
of **244.69** l/c/d
was provided.

464.21 sewer
blockages were
experienced
per 100 km of
infrastructure
length.

178 320 Ventilated
Improved Pit-latrines
(VIP) services were
conducted. (One VIP
gets desludged on
average monthly.)

328 water pipe
bursts were
experienced
per **100 km**
of infrastructure
length.

328 water pipe
bursts were
experienced
per **100 km**
of infrastructure
length.

20.451 km of
water pipes were
replaced.

14.741 km of
sewer pipes were
replaced.

Unexpected Occurrences

Johannesburg Water experienced delays and disruptions in the fleet contract. As a result, a new fleet of specification vehicles was delivered to the Entity at the end of 2024. The disruptions caused by the unavailability of fleet vehicles resulted in teams being unable to attend to service-delivery failures on time, which had a negative impact on response times and productivity. These setbacks have been resolved.

The first stages of the implementation of the Field Service Management (FSM) to improve fault logging and work execution resulted in some system glitches. As such, delays were experienced with receiving batches of works orders during the first half of the financial year, which resulted in backlogs and had an impact on response times on some jobs. These errors have since been rectified, and the FSM system is on track to full implementation during the first quarter of the 2025/26 financial year.

Drinking-Water Quality (SANS 241) Compliance

Johannesburg Water receives its bulk supply directly from Rand Water. The quality of drinking water delivered by Rand Water during the financial year met all contractual and legislated standards. All physical, chemical and biological health-related parameters were compliant with the SANS 241 drinking water quality standard. However, at the beginning of January 2025,

the Vaal Dam level was critically low at 23.1% owing to insufficient raw-water transfers from the Lesotho Highlands Scheme. Substantial rainfall between January and April 2025 resulted in the dam levels rising rapidly to 121.5%, submerging riparian vegetation and introducing natural organic matter (tannins) into the water. This natural phenomenon contributed to the colouration and posed challenges that affected colour compliance.

Johannesburg Water's Cydna Laboratories is a South African National Accreditation System (SANAS) accredited laboratory (Number T0077). Johannesburg Water conducts daily sampling for microbiological analysis and chemical analysis on several selected sampling points across the distribution network in the CoJ. There are 356 sampling points in the distribution network: 122 at the reservoir sites; 39 at the tower sites; and 130 others at representative sites, including 15 clinics, 9 schools, 14 garages and 92 municipal offices. There are also 65 sampling points in the informal areas, i.e., stationary water tanks and mobile water tankers.

Risk-Defined Compliance

The performance of the distribution system for prescribed and identified risk-defined compliance has shown excellent performance over the financial year. The performance of the distribution system for risk prescribed has shown compliance for the financial year, as set out in Table 21 below.

Table 21: Johannesburg Water (Distribution) Prescribed-Risk Report

Determinands	Actual No. of Samples	No. of Compliant Results	Compliance Achieved (%)	Required Compliance (%)	Risk
Conductivity	617	617	100.0	95	Aesthetic
pH (field test)	7 088	7 087	99.9	95	Operational
Turbidity	7 063	6 879	97.4	95	Operational
Free chlorine (field test)	7 110	7 110	100.0	97	Chronic Health
E. Coli	5 890	5 852	99.4	99	Acute Health
Heterotrophic plate count average	4 984	4 949	99.3	95	Operational

The performance of the distribution system for risk informed has shown compliance for the financial year, as set out in Table 23 below. However, the combined THM ratio was 95.7% against the target of 97%. This was attributed to the elevated levels of organic matter,

which were caused by increased rainfall levels, and increased chlorine gas used for treatment. The non-compliance was 1.1 µg/L against the SANS 241 limit of 1.0 µg/L for the combined THMs.

Table 22: Johannesburg Water (Distribution) Risk-Informed Report

Determinands	Actual No. of Samples	No. of Compliant Results	Compliance Achieved (%)	Required Compliance (%)	Risk
Ammonia	607	606	99.8	95	Aesthetic
Bromoform	116	116	100.0	97	Chronic Health
Chloride	613	613	100.0	95	Aesthetic
Chloroform	116	116	100.0	97	Chronic Health
Dibromochloromethane	116	116	100.0	97	Chronic Health
Dichlorobromomethane	116	116	100.0	97	Chronic Health
THM Ratio	116	111	95.7	97	Chronic Health

Table 23: Johannesburg Water (Distribution) Water Quality Report

Determinants	Measurement Units	Risk	Required Compliance to SANS 241: 2015 (%)	No. of Tests	Achieved Compliance with SANS 241: 2015 (%)
E. Coli	mpn per 100 mL	Acute Health	99.0	5 890	99.4
Total Coliforms	mpn per 100 mL	Operational	95.0	6 890	97.7
Heterotrophic Plate Count	cfu per 1 mL	Operational	95.0	4 984	99.3
Physical and aesthetic determinants					
Colour	Hz	Aesthetic	95.0	7 055	99.4
Conductivity	mS/m	Aesthetic	95.0	617	100
Taste	-	Aesthetic	95.0	496	100
Odour	-	Aesthetic	95.0	497	99.8
Turbidity	NTU	Operational	95.0	7 063	97.4
Turbidity	NTU	Aesthetic	95.0	7 063	97.4
pH	pH	Operational	95.0	7 088	99.9
Chemical determinants – micro determinands					
Antimony	(µg / L as Sb)	Chronic Health	97.0	113	100
Arsenic	(µg / L as As)	Chronic Health	97.0	113	100
Barium	(µg / L as Ba)	Chronic Health	97.0	113	100
Boron	(µg / L as B)	Chronic Health	97.0	113	100
Cadmium	(µg / L as Cd)	Chronic Health	97.0	113	100
Cobalt**	(µg / L as Co)	Chronic Health	97.0	113	100
Chromium (Total)	(µg / L as Cr)	Chronic Health	97.0	113	100
Copper	(µg / L as Cu)	Chronic Health	97.0	113	100
Iron	(µg / L as Fe)	Chronic Health	97.0	113	100
Iron	(µg / L as Fe)	Aesthetic	95.0	113	100
Lead	(µg / L as Pb)	Chronic Health	97.0	113	100
Manganese	(µg / L as Mn)	Chronic Health	97.0	113	100
Manganese	(µg / L as Mn)	Aesthetic	95.0	113	100
Mercury	(µg / L as Hg)	Chronic Health	97.0	113	100
Nickel	(µg / L as Ni)	Chronic Health	97.0	113	100
Selenium	(µg / L as Se)	Chronic Health	97.0	113	100
Uranium	(µg / L as U)	Chronic Health	97.0	113	100
Vanadium**	(µg / L as V)	Chronic Health	97.0	113	100
Aluminium	(µg / L as Al)	Operational	95.0	113	100

Determinants	Measurement Units	Risk	Required Compliance to SANS 241: 2015 (%)	No. of Tests	Achieved Compliance with SANS 241: 2015 (%)
Chemical determinants – macro determinants					
Free Chlorine	mg/L	Chronic Health	97	7 110	100
Monochloramine	mg/L	Chronic Health	97	7 110	100
Total Chlorine	mg/L	Chronic Health	95	7 110	100
Nitrate	mg/L	Acute Health	97	570	99.8
Nitrite	mg/L	Acute Health	97	578	99.7
Sulphate	mg/L	Acute Health	97	615	100
Sulphate	mg/L	Aesthetic	95	615	100
Flouride	mg/L	Chronic Health	97	612	99.8
Ammonia	mg/L	Aesthetic	95	607	99.8
Chloride	mg/L	Aesthetic	95	613	100
Calcium	mg/L	Aesthetic	95	113	100
Sodium	mg/L	Aesthetic	95	113	100
Zinc	mg/L	Aesthetic	95	109	100
Magnesium	mg/L	Aesthetic	95	113	100
Chemical determinants – organic determinants					
Chloroform	µg/L	Chronic Health	97	116	100
Bromoform	µg/L	Chronic Health	97	116	100
Dibromochloromethane	µg/L	Chronic Health	97	116	100
Dichlorobromomethane	µg/L	Chronic Health	97	116	100
Total Trihalomethane	µg/L	Chronic Health	97	116	100
THM Ratio	-	Chronic Health	97	116	95.7
Phenols	µg/L	Aesthetic	95	613	100



Section 2:

Service-Delivery Challenges

Infrastructure Backlogs

Asset-management plans dictate a renewal rate of 1.5% per year of the replacement value of assets as per industry norm. An asset-renewal rate is defined as the yearly proportion of an asset that needs to be replenished to ensure that the asset is replaced by the end of its expected useful life. Short-expected useful-life assets, such as electro-mechanical equipment, will have a higher renewal rate than long-expected useful-life assets, such as civil infrastructure.

The current expenditure pattern indicates that an average renewal rate of 1.0% has been achieved with current funding allocations. The Company has a total infrastructure renewal backlog (i.e. assets with remaining useful life of less than ten years) of R25.2 billion as a result of underfunding, which has also led to 20% of the asset base having a remaining useful life of less than ten years.

The renewal backlog (i.e. assets with remaining useful life of between zero and two years and assets that are due for upgrade) of R26.61 billion is categorised as follows:

- Water mains' replacement: R2.7 billion
- Sewer mains' replacement: R2.9 billion
- Water and sewer capacity upgrading backlog: R13.7 billion
- WWTW capacity upgrading and equipment replacement: R7.3 billion

The strategy used to remedy the ageing infrastructure portfolio involves prioritising critical assets for replacement under the Pipe Replacement Programme and the Wastewater Works Renewal Programme. Where possible, development bulk services' contributions are being utilised to upgrade the network as the CoJ develops. Ongoing efforts are also being made to source additional funding to assist in eliminating the infrastructure backlog.

There is a need to look beyond the existing funding models to reduce the infrastructure backlog realistically. The Entity is exploring the following funding mechanisms:

- Investment fund (with Group Treasury)

The Company is driving a process together with Group Treasury to create and contribute towards an infrastructure fund to fund capital programmes in the future. The fund will ensure that additional revenue collections that are above target and revenue generated from other income are ring-fenced for future infrastructure development.

- Performance-Based Contracts

In collaboration with the Government Technical Advisory Centre (GTAC) and Public-Private Partnership (PPP) office within the CoJ, Johannesburg Water has appointed a Transaction Advisor (TA) to conduct a feasibility study to implement performance-based contract projects to reduce non-revenue water (NRW).

- Public-Private Partnerships (PPPs)

Similarly, in collaboration with the GTAC and PPP office within the CoJ, Johannesburg Water has appointed a TA to conduct a feasibility study on PPPs for the following projects.

- Water Reclamation (Effluent Re-Use) Project
- Biogas to Energy Project
- New Lanseria WWTW (budget facility for infrastructure is being explored as the preferred option)
- Development Bank of Southern Africa (DBSA)

Johannesburg Water is in continuous engagement with the DBSA to look into various funding options to reduce the backlog in water infrastructure as well as NRW, through a ring-fencing option.

- National Treasury Metro Trading Services Reform Programme

The Company has aligned itself with the National Treasury Metro Trading Services Reform Programme. The programme is incentive based, with the CoJ and its trading entities required to meet all predetermined Performance Improvement Action Targets. In return for meeting these targets, the CoJ and the Entity will unlock this additional incentive grant. The total funding made available by National Treasury for the programme over the six-year term is R54 billion across all the metros.



The allocation available to the CoJ will be 18.71% or R10.1bn of the total allocation, of which a minimum of 40%(R4bn) up to a maximum of 70% (R7bn) can be allocated to Water and Sanitation services by the CoJ, to address the critical infrastructure backlog over a six-year period.

Water Conservation and Water Demand Management (WCWDM)

The unaudited 2024/25 NRW stands at 44.8% This is an improvement when compared to the 46.2% achieved in the 2023/24 financial year. In order to reduce NRW, Johannesburg Water has accelerated the rollout of the WCWDM strategy. This is a multi-faceted intervention, which includes, amongst others, pipe replacement and repairs to leaking reservoirs; pressure management and advanced leak detection; replacement of customer meters to facilitate billing; credit control and revenue collection. The intervention also focuses on the repairs and maintenance of zonal and bulk meters to ensure efficient management of the water network as a whole.

The use of Standard Transfer Specification (STS) prepaid meters will improve the Entity's revenue and reduce commercial losses.

The reduction of minimum night flows through advanced pressure management systems has been identified to have a potential savings of 5 918 MI per annum. In the 2023/24 financial year, Johannesburg Water refurbished 15 PRVs and retrofitted them with smart pressure controllers.

In the 2024/25 financial year, Johannesburg Water installed an additional 26 smart controllers in identified high-consumption zones to reduce minimum night flows and system losses. This brings the total to 51 smart controllers installed thus far.

The Organisation has procured a contract for supply, deliver and on-site training of leak-detection equipment. The project scope entails deploying noise loggers (pipeline-embedded sensors) to detect underground leaks for repairs. The Entity procured 125 leak-detection sensors at a cost of R5.6 million. These were installed in the 2024/25 financial year, with plans to install additional sensors in the 2025/26 financial year. Water demand, which is linked to system input volume, is closely related to NRW. Our analysis indicates that the regions with the most increasing demand are the

Randburg/Roodepoort and Sandton/Alexandra regions. As such, these regions have been prioritised for water demand management interventions, including pressure management, leak detection and, where required, pipe replacement, specifically in older areas with troublesome asbestos cement and steel pipe sections.

A further contributing factor to the NRW is the deemed customer category, which is unique to the CoJ. These customers are billed at a flat rate of 20 kl, 10 kl or 6 kl. Investigations, however, indicate that the actual consumption by these deemed customers ranges between 50 kl and 60 kl. The difference between the flat rate being billed and the actual consumption translates into NRW and is catered for under Unbilled Authorised Consumption. The areas affected in this category are Soweto, Orange Farm and Alexandra. As such, some of these areas had STS prepaid meters installed in the 2024/25 financial year to increase metering and billing. However, it was found that some newly installed meters were either bypassed or vandalised by customers shortly after being installed. In order to address this shortcoming, by-law enforcement is being intensified in those areas. Johannesburg Water is working closely with the Johannesburg Metropolitan Police Department (JMPD) By-Law Enforcement unit to perform level 3 disconnections and improve credit control to ensure customers adhere to the user pay principle.

Bulk Water Supply

The delay in Phase II of the Lesotho Highlands Water Scheme Project has created challenges and put added pressure on the currently available water resources. Phase II was required to be completed in 2018; however, owing to various delays, it will only be completed in 2029. This delay has meant that no further increases are allowed on the water abstraction licences from the Integrated Vaal River System.

The implication for the CoJ is that the water demand needs to be reduced to 1 550 MI per day as part of the apportionment licensing from Rand Water. To address this challenge, Johannesburg Water is part of a Project 1 600 steering committee, driven by Rand Water, to improve the water-use efficiencies of the CoJ. It is anticipated that the interventions discussed at the steering committee will assist in reducing the CoJ's water demand. Johannesburg Water has a WCWDM

strategy that consists of various operational and capital projects. All of these are aimed to reduce overall demand and system losses to enable us to operate our network in a sustainable and efficient manner and meet the above compliance targets.

Johannesburg Water implemented various activities to reduce the bulk water supply into its area of responsibility. Leaking reservoirs that require urgent refurbishment were identified during previous financial years. This identification was based on investigation reports created over several years: 42 reservoirs were identified as currently leaking and 23 of them as critical. These reservoirs were allocated to a panel of consultants for design and scoping, with the intention to start rehabilitating them from the first quarter of the 2025/26 financial year.

Johannesburg Water has 730 zonal PRVs, of which a large portion have been vandalised or are inoperational owing to a lack of proper maintenance and repairs. With the appointment of original equipment manufacturers to augment existing resources and ensure the availability of spares, 211 or 29% of PRVs have thus far been repaired during the 2024/25 financial year and brought to operational status.

The section below provides progress on the STS project per area contributing to the WCWDM strategy.

These projects are in implementation in the Soweto, Orange Farm and Alexandra areas. The scope of the projects entails the upgrading of secondary mains, the retrofitting of leaking plumbing fixtures and the installation of STS meters. The progress of the projects was negatively affected by resistance to meter installations. The historical culture of non-payment for services is a major problem, and meters had been installed in open mode because of the resistance to the project. The open-mode meters were then switched to prepaid.

The community cited a lack of consultation and information on the meters as a problem; hence, public meetings and the distribution of information booklets have been planned to close this gap. Over the 2024/25 financial year, a total of 40 537 STS meters were installed, of which 40 399 meters have been uploaded on the vending platform. Data for the balance of 138 meters is being verified on site and submitted for uploading on the new vending platform.

The section below provides an STS progress update per area, contributing to the WCWDM strategy.

Soweto

Table 24 below indicates the progress status in the installation of STS meters in Soweto.

Table 24: Johannesburg Water (Distribution) Prescribed-Risk Report

Description	Scope	Progress
Soweto Water Infrastructure Upgrade: Orlando West	Install 2 067 STS meters	<ul style="list-style-type: none"> 5 373 stands have been retrofitted; 2 144 prepaid STS meters have been installed; and 19.23 km of pipeline has been commissioned. The balance of the 42 km will be undertaken under a separate contract. The meters have been switched to prepayment mode and project successfully handed over to Operations for maintenance.
Soweto Water Infrastructure Upgrade: Orlando East	Install 4 454 STS meters	<ul style="list-style-type: none"> The project has achieved completion. 4 457 meters were installed and 4 396 uploaded on the vending platform. The exercise of switching meters from open to prepayment mode is now complete, and the project is at project handover stage.
Soweto Water Infrastructure Upgrade: Diepkloof	Install 8 809 STS meters	<ul style="list-style-type: none"> The project has reached completion stage. 8 908 meters were installed and uploaded on the vending platform. The project team is issuing Customer Interface Units (CIUs) to the remaining customers. There is slow uptake of the CIUs owing to property gate locks. At the end of June, there was a backlog of 557 CIUs not issued out of the 8 908 stands with STS meters. The project team is busy with the handover of meters to Operations and Maintenance.

Orange Farm

There are three projects aimed at addressing the high NRW through the upgrade of secondary mains, retrofitting of leaking fixtures and installation of STS meters. The Phase 2C project is now complete and Phases 2A and 2B are currently attending to snags in the form of data verification. The additional secondary

mains will be dealt with under a separate contract. The Engineering Services Unit is currently undertaking design works for the missing secondary mains.

The switching of the STS meters installed in Orange Farm to prepaid mode commenced in July 2024 and is now complete.

Table 25: STS Progress – Cosmo City

Description	Scope	Progress
Cosmo City Phase 1	Install 5 299 STS meters	<ul style="list-style-type: none"> The project has achieved completion. The project team is procuring TIUs in preparation for project handover.
Cosmo City Phase 2	Replace 14 km of secondary mains and install 12 000 STS meters	<ul style="list-style-type: none"> The project is at construction stage. 13.8 km of secondary mains have been replaced. 1 265 STS meters have been installed and 1 193 of the installed STS meters have been uploaded on the vending platform. The project is experiencing work stoppages owing to a civic group that is against the installation of meters.

It is important to note that while implementing the technical aspects of reducing water demand and consumption, the Entity has taken into consideration the human element and implements measures that aim at changing consumer behaviour. In the 2024/25 financial year, this was achieved by participating in educational campaigns that covered the seven regions of the CoJ.

The public awareness campaigns were conducted with the following key messages:

- Water-saving tips
- Paying for services
- Expanded Social Package (ESP) registration
- Benefits of a smart meter
- Explanations of what are foreign objects in the system and how to take care of the infrastructure

On-Site Services

Johannesburg Water continued to provide on-site water and sanitation services to households residing in informal settlements. These services included the desludging of VIP latrines, which pose a challenge owing to the misuse of sewer infrastructure, which is used as a disposal place for solid waste and greywater. This resulted in an increased frequency of desludging, as well as increased time for desludging per toilet because of the manual removal of solid waste. To mitigate this problem, the Company continued to

conduct public awareness campaigns in the affected areas to sensitise the community about the importance of the correct use of sewer infrastructure.

Johannesburg Water provides nominal water and sanitation services through 1 493 stationary water tanks and 14 116 chemical toilets respectively. For the 2024/25 financial year, 1 288 024 KI of water were delivered, and 57 959 inspections were carried out on the stationary water tanks to ensure that they were still intact.

Sewer Infrastructure

The upward trend in increased sewer blockages in some areas continued to plague the Entity over the financial year, particularly in the hotspot areas of Ivory Park, Diepsloot, Alexandra, some portions of Soweto, Orange Farm and Cosmo City. In these areas, the blockage frequency remained unacceptably high, which affected the response times to service interruptions. The main reasons for these high blockage frequencies were the incorrect use of the sewer infrastructure by communities and mining activities through which individuals purposefully blocked sewer lines to search for valuables. This was further aggravated by illegal dumping, which culminated in rubble ingress into the sewer manholes, as well as illegal building encroachment, which led to the premature failure of sewer lines.

Johannesburg Water continued to work together with the CoJ By-Law Enforcement unit as well as Customer Relations and Urban Management (CRUM) to address illegal dumping in the sewer infrastructure. The challenge, however, remained that once these interventions had been implemented, illegal dumping and mining resurfaced a few days later. Continued by-law enforcement was required; however, resource shortages hampered this intervention. Ageing sewer infrastructure also posed a challenge that culminated in increased blockages that resulted from infrastructure failure.

Johannesburg Water placed major emphasis on the renewal of sewer infrastructure, and this will assist in improving infrastructure performance, especially in the hotspot areas. During the period under review, 14.741 km of sewer infrastructure were replaced against an annual target of 16.00 km, and the Entity plans to replace 18 km in the 2025/26 financial year.

The number of sewer blockages reported increased to an average of 4 626 per month from 4 540 per month when compared to the 2023/24 financial year.

The Entity has resolved to procure 20 Jetting combination trucks in the 2025/26 financial year. Ten Jetting trucks will be deployed to the network depots to undertake reactive work. The remaining 11 Jetting combination trucks will be utilised for proactive/planned maintenance. Over the current financial year, Entity continued to present its education and awareness campaigns in hotspot areas to address the incorrect use of sewer infrastructure, with a view to improving infrastructure performance.

Water Infrastructure

The recurring theft and vandalism of water infrastructure, especially brass water meters, PRV fittings and metallic valve-box covers posed serious service-delivery challenges to the infrastructure improvement programme over the 2024/24 financial year. Water meters were stolen, and this caused frequent water interruptions, which affected customers as water teams had to attend to meter-replacement work and water bursts. This further impacted negatively on the overall water response times in that teams spent a lot of time replacing stolen and vandalised meters, and other failures were only addressed later. Johannesburg Water is addressing this issue by replacing all brass-type domestic meters with plastic ones, which will

reduce theft in the medium- to long term. Furthermore, Johannesburg Water has established relationships with the local community policing forums to assist in arresting the culprits. This has had a positive impact in that the rate of stolen meters decreased in areas where community policing forums were active; however, once police visibility reduced, theft increased.

There were noticeable increases in the vandalism of hydrants by vagrants, illegal car washers and homeless people with the intention to access water. This happened especially in the Johannesburg Central Business District (CBD) areas. Close co-operation between the JMPD and Johannesburg Water was established at the regional level to improve by-law enforcement to reduce the challenges.

The number of water-pipe bursts also remained high owing to ageing infrastructure specifically relating to old AC and steel pipework sections. A major emphasis has been placed on the renewal of water infrastructure, and this will assist in improving infrastructure performance, especially in the hotspot areas. A total of 20.451 km of water pipes were replaced against the annual target of 15.60 km, and the Entity plans to replace 85 km in the 2025/26 FY.

Power Failures

The Entity experienced several water-supply interruptions because of intermittent power failures experienced in the Midrand and Roodepoort areas. As a result of this, the Entity was unable to pump enough water into certain towers and reservoirs. Although load shedding was mostly reduced, power failures are unavoidable. These were mitigated through the purchase of 10 mobile standby generators during the 2024/25 financial year. These generators are intended to be towed to site in the event of prolonged power failures. Further to this, Johannesburg Water has revised design standards to incorporate permanent generators on pump-station upgrade projects. Thus far, seven pump stations have been permanently fitted with such back-up power supply.

Furthermore, City Power exempted the Crosby, South Hills and Brixton pump stations from load shedding. The Entity initially had a contract in place to back up IT equipment at the depots utilising generators and uninterruptible power supply (UPS). However, owing to

to contractual issues, this was not rolled out. Instead, IT equipment has been provided with back-up power supply by utilising the newly installed City Power solar panels and battery units at the various depots.

During the year, Rand Water experienced power failures at the City Power Eikenhof Substation. Compounding this, electrical failures were experienced by Rand Water at the Zuikerbosch and Vereeniging pump station. These resulted in large areas going without water, specifically in the Johannesburg Central, Randburg/Roodepoort and Soweto regions. Systems have since recovered. Johannesburg Water monitors the performance of the Rand Water systems on a daily basis in close collaboration with Rand Water. Any outages result in mitigation measures in the network to ensure minimal disruptions.

Wastewater Treatment

In the financial year, operational failures on critical electro-mechanical equipment, caused by aging infrastructure, had a detrimental impact on the overall Works' performance. Various indirect factors, including sand and silt ingress, power failures from load shedding, and theft and vandalism of the electrical equipment, contributed to the failure to achieve the effluent quality compliance target.

The successful engagements between Johannesburg Water and City Power yielded positive results, with the recent exemption of three WWTWs in the Southern Region from the load-shedding schedule. This development marked a significant milestone in ensuring uninterrupted operations of critical infrastructure essential for public health and environmental sustainability. Among notable benefits enjoyed following the exemption from load shedding was that Bushkoppies Works experienced a substantial reduction in spillages.

The medium- to long-term challenges are being addressed through the bulk wastewater capital programmes. Ongoing projects include the construction phase of the Northern Works mixed liquor plant and Unit 5 expansion, with physical progress being at 96% and 82%, respectively. The infrastructure renewal plans are in progress, and involve the Northern Works medium voltage upgrade, phase 1 and the Ennerdale refurbishment of electro-mechanical infrastructure.

The Ennerdale Works' expansion project is at the design stage, with the capacity determined to be 32 MI as opposed to the initial estimate of 8 MI. The replacement of vandalised electrical infrastructure at the Bushkoppies' Head of Works will be part of the Infrastructure Replacement Programme, which is at procurement stage and is planned to commence in the 2025/26 financial year.

Three interventions are taking place on the southwestern outfall sewer on a short-, medium- to long-term basis and include the reconstruction of the Van Wyk's Rust pump station.

Some preventative measures were implemented in the sewer network to protect the WWTW and sewer pump stations from sand ingress and extend their lifespans. Progress on the actions was recorded as follows:

- Sumps and inlets at critical pump stations were cleaned and maintained.
- The sewer network was investigated for the design and construction of more sand traps on all outfall sewers for the removal of sand upstream of sewer pump stations and works. Owing to the complexity of this work, it has been allocated to the panel of professional service providers and the project is to be implemented in the 2025/26 financial year.
- Preventative maintenance on hotspot areas was not carried out during the period owing to the unavailability of Jetting trucks because of several breakdowns and the need for repairs. Johannesburg Water has undertaken to procure Jetting trucks internally for both reactive and preventative maintenance work.

Green Drop Audit

In the process of addressing non-compliance and improving the Green Drop Audit assessment score, substantial advancements have been observed in the operations of the Southern Region's Works, which are Bushkoppies, Goudkoppies and Olifantsvlei. These plants were granted exemption from load shedding following lengthy discussions with City Power. . This enabled uninterrupted operations and further contributed to improved process efficiencies and equipment availability. While celebrating these achievements, it is essential to acknowledge a slight decline of 6.7% in overall flow weighted effluent compliance when

compared to the 2023/24 financial year. This decrease was primarily attributed to significant equipment challenges encountered at the Northern Works. Despite this setback, proactive measures have been taken to address critical equipment unavailability, with a notable amount of equipment undergoing repair and maintenance processes. The projected completion of these repairs between July and August 2024 is anticipated to increase equipment availability substantially and subsequently improve compliance levels, especially at the Northern Works.

On a positive note, a noteworthy decline of 6.0% in spillages has been recorded, largely because of improved performance at the Bushkoppie and Goudkoppies Works during the last quarter of the year.

Looking ahead, the projections for effluent quality and spillages at the end of Quarter 1 of the new financial year stand at 84% and 420, respectively. Encouragingly,

a positive trend is anticipated to continue into Quarter 2, with projected figures of 87% for effluent quality and 750 for spillages. These forecasts underscore a collective commitment to continuous improvement and a proactive approach towards meeting compliance standards and operational excellence.

Road Reinstatements

Backfilling and reinstatement work by internal Johannesburg Water teams is still a problem, and work could not be undertaken effectively because of intermittent fleet challenges (backfilling trucks) until the third quarter. Such work is allocated to the Johannesburg Roads Agency (JRA) through a service level agreement (SLA); however, some delays have been experienced in the value chain.

Section 3: Response to Strategic Direction

Johannesburg Water's service-delivery mandate is driven by four of the seven strategic goals, which are aligned to the CoJ Priorities and GDS 2040.

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

The focus is on infrastructure development to improve the quality of services and create the capacity to boost the CoJ's economic growth and development. A detailed description of the progress made in line with this strategic goal is presented in Chapter 5, Section 4 of this report.

Strategic Goal 2: Deliver water and sanitation service of good quality that is accessible, reliable and efficient.

The focus is on accelerating access to basic water and sanitation services in informal settlements. A detailed description of the progress made in line with this strategic goal is outlined in Chapter 5, Section 4 of the report.

Strategic Goal 3: Operate in a manner that promotes environmental conservation and sustainability.

The focus is on accelerating access to basic water and sanitation services in informal settlements. A detailed description of the progress made in line with this strategic goal is outlined in Chapter 5, Section 4 of the report.

Strategic Goal 4: Improve customer and stakeholder satisfaction.

Improve customer experience of services through infrastructure development to ensure that the CoJ's residents receive services with minimum interruptions. In addition, the Entity ensures that customer queries are attended to expeditiously. A detailed description of the progress made in line with this strategic goal is outlined in Chapter 2, Section 3 and Chapter 3, Section 6 of the report.

Table 26 indicates the progress made against strategic goals and objectives during the period under review; these goals are aligned to the CoJ priorities, as discussed in Chapter 1.

Table 26: Strategic Goals and Achievements

Strategic Goals or Objectives	Achievements 2023/24	Achievements 2024/25
Strategic Goal 1:	<ul style="list-style-type: none"> 464.66 sewer pipe blockages per 100 km of network length 402.36 water pipe bursts per 100 km of network length 0.58% renewal rate on network and WWTW based on the value 99.32% Capex spend 133% B-BBEE procurement spend 1 483 EPWP job opportunities created 123 SMMEs supported 	<ul style="list-style-type: none"> 464.21 sewer pipe blockages per 100 km of network length 328 water pipe bursts per 100 km of network length 0.49% renewal rate on network and WWTW based on the value 101.64% Capex spend 134% B-BBEE procurement spend 1 449 EPWP job opportunities created 122 SMMEs supported
Strategic Goal 2:	<ul style="list-style-type: none"> 99.20% water quality compliance 927 additional households provided access to basic water 0 additional households provided access to basic sanitation 	<ul style="list-style-type: none"> 99.4% water quality compliance 174 additional households provided access to basic water 1 796 additional households provided access to basic sanitation
Strategic Goal 3:	<ul style="list-style-type: none"> 76.1% effluent compliance 261.73 water consumption per capita (l/c/d) 	<ul style="list-style-type: none"> 70.9% effluent compliance 244.69 l/c/d
Strategic Goal 4:	<ul style="list-style-type: none"> 92.66% response time to sewer blockages 67.42% response time to water bursts 	<ul style="list-style-type: none"> 90.89% response time to sewer blockages 70.35% response time to water bursts



Table 27 illustrates the linkages of the Entity's Service Delivery and Budget Implementation Plan (SDBIP) performance to the CoJ priorities and GDS 20407

Table 28: Linkages of SDBIP Performance, CoJ Priorities and GDS 2040

Service Delivery and Budget Implementation Plan	GDS 2040	Mayoral Priorities	Key Performance Indicators (KPIs)	Total Expenditure (R'000)	Target	Actual	Comments
Access to basic services	Continued implementation of the Informal Settlements Upgrade Programme to ensure that residents have access to basic water and sanitation services, as projected.	P7: A safer City P4: Sustainable service delivery	Number of additional households provided with basic water at minimum LoS1 in settlements	7 677	1 250	174	Most projects under portfolio were located on wetlands or flood lines and triggered the need for environmental authorisation. The approval process takes about 18–24 months; hence, the annual target could not be approved. In addition, lack of or inadequate bulk water infrastructure mainly for Region G projects has resulted in some projects not being able to be provided with municipal water; hence, alternative water supply is being explored. Hydrogeological investigations procurement underway.
			Number of additional households provided sanitation at a minimum LoS1 in informal settlements.	51 264	1 700	1 796	Achieved

Section 4:

Performance Against Service Standards

Johannesburg Water is committed to achieving the service standards that have been published as part of the Shareholder's service standards. The Entity achieved 3 of the 13 service standards. Of the 10 standards that were not achieved, 5 had a performance range of 90% and above, and 5 were below 90%. The Entity has put mitigation plans in place to address the service standards that were not achieved going into the new financial year. A summary of the Entity's performance on the service-standard indicators is provided in Table 28.

Table 28: Service Standards

Ref	Service-Standard Indicator	Service Standard (Target)	2024/25 Actual	Variance	Variance Analysis and Action Plans
SS1	Percentage of planned water-supply interruptions concluded within prescribed timeline of notification per category (A, B or C): A = 12 Hours B = 24 Hours C = 72 Hours	90%	85.19%	-4.81%	<p>Challenges The target was not met owing to challenges with the isolation of non-operational/faulty valves, which resulted in isolation being extended further upstream in the network. This took more time to operate additional valves, which resulted in the system requiring more time to drain before repairs could be conducted. These delays resulted in the response-time target being exceeded.</p> <p>Action Plan Faulty valves were identified and works requests were submitted to Capex for the valves to be replaced as part of the annual Pipe Replacement Programme. Once these faulty valves are replaced, response times will improve.</p>
SS2	Percentage of fire hydrants repaired within 48 hours of notification	80%	71.06%	-8.94%	<p>Challenges The target was not met because of the following factors:</p> <ul style="list-style-type: none"> Resources were diverted to prioritise repair of water pipe bursts, resulting in delays with fire hydrant-related jobs. A shortage of general workers that formed part of various repair teams resulted in reduced productivity and increased time in executing jobs. An IT system challenge with the SAP CRM interface caused an influx of old works orders being posted from the CoJ to the depots and resulted in the depot teams having to be dispatched to burst-related jobs (which is the priority), which resulted in this KPI not being met. <p>Action Plan:</p> <ul style="list-style-type: none"> The recruitment process for general workers is soon to be concluded, which will improve productivity and response times. The recruitment process is currently underway for the filling of vacant positions within the Operations Department. The IT SAP CRM interface challenge is being jointly addressed between JW and the CoJ and a notable reduction in the number of interface errors has been observed.

Ref	Service-Standard Indicator	Service Standard (Target)	2024/25 Actual	Variance	Variance Analysis and Action Plans
SS3	Percentage of stolen meters replaced within 24 hours of notification	90%	90.7%	+0.7%	Target exceeded
SS4	Percentage of defective meters repaired within three days of notification	80%	76.25%	-3.75%	<p>Challenges The target was not met for the following reasons:</p> <ul style="list-style-type: none"> The high incidence of water-related jobs created a backlog and the prioritisation of bursts, which was meant to reduce physical losses, resulted in delays of repairs of defective meters (repairs not within the response-time target). The shortage of general workers resulted in a reduced number of repair teams, which affected productivity and response times. <p>Action Plan:</p> <ul style="list-style-type: none"> Backlogs have been reduced to an acceptable level by daily tracking and resolution. This has allowed the teams to focus on other KPIs to improve response times. The recruitment process for general workers is soon to be concluded. This will improve productivity and response times.
SS5	Percentage of leaking valves repaired within 48 hours	92%	62.08%	-29.92%	<p>Challenges</p> <ul style="list-style-type: none"> The target was not met because of the following factors: Resources were diverted to prioritise burst repairs, resulting in delays in leaking valve-related jobs. A shortage of general workers on various repair teams, resulted in reduced productivity and increased time in An IT system challenge with the SAP CRM interface caused an influx of old works orders being posted from the CoJ to the depots and resulted in the depot teams having to be dispatched to burst-related jobs (which is the priority), resulting in this KPI not being met. <p>Challenges</p> <ul style="list-style-type: none"> The target was not met because of the following factors: Resources were diverted to prioritise burst repairs, resulting in delays in leaking valve-related jobs. A shortage of general workers on various repair teams, resulted in reduced productivity and increased time in the execution of jobs. An IT system challenge with the SAP CRM interface caused an influx of old works orders being posted from the CoJ to the depots and resulted in the depot teams having to be dispatched to burst-related jobs (which is the priority), resulting in this KPI not being met.
					<p>Action Plan:</p> <ul style="list-style-type: none"> The recruitment process for general workers (to be concluded by the end of July 2025) will improve productivity and response times. The recruitment process is currently underway for the filling of vacant positions within the Operations Department. The IT SAP CRM interface challenge is being jointly addressed between JW and the CoJ and a notable reduction in the number of interface errors has been observed

Ref	Service-Standard Indicator	Service Standard (Target)	2024/25 Actual	Variance	Variance Analysis and Action Plans
SS8	Percentage sewer blockages cleared within 24 hours of notification	92%	90.89%	-1.11%	<p>Challenges:</p> <ul style="list-style-type: none"> A high incidence of sewer blockages was experienced owing to preventative sewer maintenance not taking place in hotspot areas. This is mainly due to JW not having Jetting trucks to perform preventative maintenance. A shortage of general workers resulted in reduced team sizes, thus affecting productivity and response times. <p>Action Plan:</p> <ul style="list-style-type: none"> The interim plan is for teams to be placed on extra duty to catch up on backlogs. A process to procure Jetting trucks is currently underway and, once in place, will result in reduced blockages in hotspot areas. The recruitment process for general workers is soon to be concluded, which will mean that teams will be better capacitated to perform repairs on time.
SS9	Percentage of new water connections completed within 15 days of receiving request from customer	70%	65.27%	-4.73%	<p>Challenges</p> <ul style="list-style-type: none"> The prioritisation of burst repairs to reduce water losses resulted in some of the new connection jobs being delayed as teams had to be diverted to focus on burst repairs. <p>Action Plan</p> <ul style="list-style-type: none"> Backlogs on bursts are being monitored daily, and action plans are in place to reduce these numbers. This has resulted in meter teams now focusing slightly more on this KPI to improve performance.
SS10	Percentage of actual water meter readings submitted to bill	88%	90.29%	+2.29%	Target exceeded
SS11	Percentage of planned service interruption communiqués sent within seven days	95%	91.75%	-3.25%	<p>Challenges</p> <ul style="list-style-type: none"> The target was not met owing to an internal error with communicating service interruptions from the depot to the Stakeholder Relations and Communication Department. <p>Action Plan</p> <ul style="list-style-type: none"> An improved communication plan for service interruptions has been put in place, and an improvement is envisaged on this KPI going forward.
SS12	Communication of unplanned service interruptions sent immediately	95%	95.00%	0.00%	Target achieved
SS13	Ratio of households per chemical toilet	10:1	12:1	-2.1	<p>Challenges:</p> <ul style="list-style-type: none"> The target was not met because of daily increases in the number of residents within informal settlements. Budget allocation is not adequate and sustainable for the required number of services. <p>Action Plan:</p> <ul style="list-style-type: none"> Placement of chemical toilets is made on the request of the Department of Human Settlements and according to their budget availability. Engagement with the department is ongoing to address these shortcomings.

Ref	Service-Standard Indicator	Service Standard (Target)	2024/25 Actual	Variance	Variance Analysis and Action Plans
SS6	Percentage of missing manhole covers replaced within 24 hours of notification	95%	92.76%	-2.24%	<p>Challenges:</p> <ul style="list-style-type: none"> The target was not met owing to prioritisation of the clearing of sewer blockages. The same teams that clear blockages also replace sewer manhole covers and the prioritisation arrangement impacted this KPI negatively. There was an IT system challenge with SAP CRM interface that resulted in an influx of old works orders being posted from the CoJ to the depots. This error meant that the depot teams had to be dispatched to sewer-blockage jobs first, resulting in this KPI not being met. <p>Action Plan:</p> <ul style="list-style-type: none"> The IT SAP CRM interface challenge is being jointly addressed between JW and the CoJ and a notable reduction in the number of interface errors has been observed.
SS7	Percentage repair of burst water pipes within 48 hours of notification	85%	70.35%	-14.65%	<p>Challenges</p> <ul style="list-style-type: none"> The target was not met because: A shortage of general workers resulted in a reduced number of teams, which affected productivity and response times. There was an IT system challenge with SAP CRM interface that resulted in an influx of old works orders being posted from the CoJ to the depots. This error meant that the depot teams had to be dispatched to sewer-blockage jobs first, which resulted in this KPI not being met. <p>Challenges</p> <ul style="list-style-type: none"> The target was not met because: A shortage of general workers resulted in a reduced number of teams, which affected productivity and response times. There was an IT system challenge with SAP CRM interface that resulted in an influx of old works orders being posted from the CoJ to the depots. This error meant that the depot teams had to be dispatched to sewer-blockage jobs first, which resulted in this KPI not being met. <p>Action Plan:</p> <ul style="list-style-type: none"> The recruitment process for general workers (to be concluded by the end of July 2025) will improve the productivity of teams. The IT SAP CRM interface challenge is being jointly addressed between JW and the CoJ and a notable reduction in the number of interface errors has been observed



Performance Against Batho Pele Principles

The Batho Pele (“People First”) Principles (know the service you are entitled to) are aligned to the Constitution. Government officials must follow the Batho Pele principles, which require public servants to be polite, open and transparent, and to deliver good services to the public. In executing these principles, the organisation has the following focus areas.

Consultation

The organisation consults residents about the level and quality of the public services they receive through public meetings, petitions, visible service-delivery meetings, councillor consultation and project support. Wherever possible, residents are given choices about the services that are offered.

Access

Johannesburg Water provides basic water through standpipes situated at no more than a 200-meter radius from the consumer properties. Basic sanitation is provided through Ventilated Improved Pits (VIPs). A total of 59 936 VIPs are located in various informal settlements across the CoJ. During the period under review, 178 320 services (some VIP toilets are desludged more than once) were undertaken on VIP latrines.

Nominal water services are provided through stationary water tanks, which are filled up daily through mobile water tanks, and nominal sewer

services are provided through chemical toilets, which are serviced on average twice a week. For the year under review, 1 288 024 Kl of water were delivered, and 57 959 inspections were carried out on the stationary water tanks to ensure that they were still intact.

Information

The Company ensures that citizens are given full and accurate information about the public services they are entitled to receive through the annual publication of the Business Plan, Mid-Year Report and IAR on the website.

Redress

Within the CoJ, the Ombudsman investigates complaints against administrative actions, procedures and practices, such as improper conduct, unfair treatment, poor service, failure to follow procedures, disregard of Batho Pele Principles and failure to respond to an enquiry, complaint or other correspondence.

Value for Money

In terms of Regulation 28 (1) of the Municipal Supply Chain Management Regulations, 2005, the Bid Evaluation Committee must evaluate bids in accordance with the achievement of the best value for money. Clause 32.8.1.1.3 of the Company’s Supply Chain Management Policy subscribes to the regulation, which is applied in evaluating bids.

Section 5:

Performance Against Pre-Determined Objectives

In the 2024/25 financial year, the Entity measured its performance against the 28 Key Performance Indicators (KPIs) as approved in the Business Plan. Targets for 9 KPIs were achieved, with 16 KPIs not achieved. Of those

not achieved, 8 were above 85%, while 7 were below 85%. The results for three KPIs (19, 21 and 23) are not yet available as they are pending the AGSA outcome.

Table 29 indicates the business scorecard, with both targets and actual annual performance.

Table 29: Balanced Scorecard

Strategic Goals (SGs)	Key Performance Indicator (KPI)	2024/25 Target	2024/25 Actual Achievement	Variance	Variance Analysis	2023/24 Actual Achievement	Ref No
SG 1: Utilise infrastructure delivery to create jobs, support SMMEs and attract investment	Percentage total B-BBEE procurement spent on qualifying SMMEs	133%	134%	+1%	Target was exceeded because the Entity made procurements from general service providers at B-BBEE status of level 1 and 2, given that these are SMMEs with a turnover of less than R50m.	133%	1
	Number of jobs created, based on Expanded Public Works Programme (EPWP)	1 403	1 449	+46	Target was exceeded because of applying pressure on contractors to employ more local labour and the adoption of labour-intensive works as often as possible.	1 483	2
	Number of SMMEs supported through community upliftment projects	97	122	+25	Target was exceeded because of applying pressure on contractors to outsource as much of their work to local SMMEs as feasible without affecting delivery timelines.	123	3
SG 2: Deliver water and sanitation service of good quality that is accessible, reliable and efficient.	Number of sewer blockages per 100 km of network length	460	464.21	-4.21	The target was not met because of reduced proactive cleaning. Another contributing factor was the high number of sewer blockages that could not be cleared using conventional rodding methods because systematic cleaning was not being undertaken. As a result, these jobs required the use of specialised Jetting trucks, thus increasing the turnaround times.	464,66	4
	Number of water pipe bursts per 100 km on network length	330	328	+2	The target was exceeded.	402,36	5
	Renewal rate of water and sewer networks, and wastewater treatment works' electro-mechanical components based on value	0.43%	0.49%	+0.06%	Target was exceeded because of expenditure of the allocated budget on these categories of infrastructure.	0.57%	6
	Percentage Capex spend	95%	101.64%	+6.64%	Target exceeded owing to fleet lease cost capitalisation. The risk of late payments is a challenge as this impacts the implementation programme through poor cashflows.	99.32%	7

Strategic Goals (SGs)	Key Performance Indicator (KPI)	2024/25 Target	2024/25 Actual Achievement	Variance	Variance Analysis	2023/24 Actual Achievement	Ref No
	Percentage compliance with drinking-water quality standard on E. coli (SANS 241)	99%	99.4%	+0.4%	Target was exceeded because of the implementation of policies and standards and the adherence to existing management systems. Other factors were ongoing training on quality-assurance matters; ongoing improvement of the control measures and overall planning; and improvement of working environment conditions, i.e., facelift and refurbishment of satellite laboratories.	99.20%	8
	Number of additional households provided with access to basic water at minimum LoS1 in informal settlements	1 250	174	-1 076	Target was not met because most projects under this portfolio were located on wetlands or flood lines and triggered the need for environmental authorisations. The approval process takes about 18 to 24 months; hence, the annual target could not be achieved.	927	9
	Number of additional households provided with access to basic sanitation at minimum LoS1 in informal settlements	1 700	1 796	+96	Target was exceeded, as the identified settlements were project ready.	0	10
SG 3: Operate in a manner that promotes environmental conservation and sustainability.	Percentage of final effluent compliance in all WWTWs	79%	70.9%	-8.1%	The target was not met owing to non-compliance attributed to unavailability of equipment for primary treatment, including aeration. Removal of solids because of unavailability of belt presses has severely affected performance at Northern Works, which is the largest facility and contributes to overall performance.	78.50%	11
	Number of WWTW plant spillages	1 540	1 659	-119	The target was not met because of reduced plant capacity as a result of unavailability of critical equipment. The lack of this equipment rendered most of the units non-operational, which reduced capacity. Furthermore, acts of vandalism also stripped off capacity in some of the treatment works as these units had to be decommissioned, and significant capacity was lost in the process.	2 041	12
	Water consumption per capita per day	260 l/c/d	244.69 l/c/d	+15.31 l/c/d	The target was exceeded through the implementation of the WDM initiatives as well as the improved first-line response and backlog reduction of bursts and leaks, which assisted in achieving the target.	262.05 l/c/d	13

Strategic Goals (SGs)	Key Performance Indicator (KPI)	2024/25 Target	2024/25 Actual Achievement	Variance	Variance Analysis	2023/24 Actual Achievement	Ref No
SG 6: Use of technology for effective and efficient operations.	Percentage implementation of workforce optimisation system with a service-failure reporting application	100%	98%	-2%	Target was not met because of the change in deployment strategy, which was staggered as opposed to using a big-bang approach. The project had to be rebaselined to accommodate a staggered approach as opposed to the original big-bang approach.	New	14
	Business transformation digitisation of process (recruitment and supply chain)	100%	0%	-100%	The target was not met for the following reasons: eRecruitment System: The system was to be procured through an open tender process. However, an alternative sourcing strategy was sought through the CoJ's Metro Trading Company (MTC), since this would allow the process to conclude the appointment in a much shorter period. Unfortunately, the process was initiated very late in the financial year. The SLA with the MTC has been approved and signed. New Supply Chain Management System: the tender was cancelled as a result of a non-award. Irregularities were identified during the technical evaluation criteria assessment.	New	15
	Percentage implementation of Customer Relationship Management (CRM) solution	100%	0%	-100%	The target was not met because the system was to be procured through an open tender process. However, an alternative sourcing strategy was sought through the CoJ's MTC, since this would allow the process to conclude the appointment in a much shorter period. Unfortunately, the process was initiated very late in the financial year. The SLA with the MTC has been approved and signed.	New	16
SG 4: Improve customer and stakeholder satisfaction.	Percentage of water bursts restored within 48 hours of notification.	85%	70.35%	-14.65%	The target was not met due to: <ul style="list-style-type: none"> A shortage of general workers resulted in a reduced number of teams thus affecting productivity and response times. There was an IT system challenge with SAP CRM interface that resulted in an influx of old works orders being posted from Cod to the depots. This error meant the depot teams had to be dispatched to sewer blockage jobs first, resulting in this KPI not being met. 	60.4%	• 17
	Percentage of sewer blockages cleared within 24 hours of notification	92%	90.89%	-1.11%	<ul style="list-style-type: none"> A high influx of sewer blockages was experienced due to preventative sewer maintenance not taking place in hotspot areas. This is mainly due to JW not having Jetting Trucks to perform preventative maintenance. 	65.92%	• 18

Strategic Goals (SGs)	Key Performance Indicator (KPI)	2024/25 Target	2024/25 Actual Achievement	Variance	Variance Analysis	2023/24 Actual Achievement	Ref No
					<ul style="list-style-type: none"> A shortage of general workers resulted in reduced team sizes, which affected productivity and response times. 		
	Percentage of customers satisfied	72%	73.6%	1.6%	The target was exceeded due to the majority of HH customers indicating that they are satisfied with the services provided by Johannesburg Water.	71.1%	19
SG 5: Enhance sound financial management, sustainability and good governance.	Percentage actual water-meter readings submitted to bill	91.5%	90.29%	-1.21%	The target was not met because of the low throughput from the contractor appointed on RFQ to read scatter users. LTA and T-codes still pose a challenge in sustaining targets.	88.36%	20
	Percentage NRW	40%	44.8%	4.8%	The target was not met because of the delayed roll out on some WDM projects. In addition, the ageing infrastructure has led to an increase in bursts, resulting in system losses.	46.2	21
	Rand net profit before bad debt provision	R5.713 billion	R6.278 billion	+R565 million	<ul style="list-style-type: none"> The target was exceeded largely because of the revenue performance. The revenue was above the annual target, which was attributable to higher consumption. Furthermore, revenue-enhancement and expenditure-management initiatives contributed to the profitability of the Company 	R5.505 billion	22
	Audit opinion	Clean audit opinion issued by AGSA	Unqualified audit opinion	N/A	N/A	75%	23
	Percentage of resolution of Internal Audit findings	95%	80%	-15%	The target was not met as most of the findings have long-term plans.	79%	24
	Percentage of resolution of AGSA findings	95%	79%	-16%	The target was not met due to most of the findings have long-term plans.	83.5%	25
SG 7: Invest in our staff to sustain optimal performance and a service-focused culture with committed people.	Percentage female employees	38.5%	36.92%	-1.58	Target not met owing to recruitment moratorium as well as rate of female staff attrition, which negatively affected the retention of female employees.	36.92%	26

Strategic Goals (SGs)	Key Performance Indicator (KPI)	2024/25 Target	2024/25 Actual Achievement	Variance	Variance Analysis	2023/24 Actual Achievement	Ref No
	Percentage implementation of internal training plan	90%	71%	-19	Target not met because of: <ul style="list-style-type: none"> Budget constraints to roll out all training interventions Inadequate skills and knowledge in the market to deliver on JW-specific training needs Ineffective training requests by end-user, leading to errors and delays in implementing ITP Facilities 	72.50%	27
	Disabling injury frequency rate	1.5	1.4	+0.1	The target was exceeded because a number of initiatives were implemented to drive health and safety in the Company. These included training of safety representatives, and the continued implementation of the medical and safety surveillance programmes. These initiatives have resulted in an increased awareness of the safety of our employees, which has had the effect of reducing the number of incidents.	1.17	28

Table 30: Action Plans on Non-Achieved Targets

Balanced Scorecard Ref	Key Performance Indicator	Annual Performance	Challenges and Action Plans	Challenges and Action Plans
		Target	Actual	
4	Number of sewer blockages per 100 km of network length	460	464.21	<p>Challenges The target was not met because of an increase in the frequency of blockages, which was aggravated by reduced proactive cleaning. Another contributing factor was the high number of sewer blockages that could not be cleared using conventional rodding methods because systematic cleaning was not being undertaken. As a result, these jobs, required the use of specialised jetting trucks, thus increasing the turnaround times.</p> <p>Action Plans:</p> <ul style="list-style-type: none"> The interim plan is for teams to be placed on extra duty to catch up on backlogs. The process to procure Jetting trucks is currently underway and, once in place, these trucks will result in reduced blockages in hotspot areas.
5	Number of water pipe bursts per 100 km on network length	290	328	<p>Challenges The target was not met because of the shortage of general workers, which resulted in reduced teams and thus affected productivity.</p> <p>Action Plans The process to procure Jetting trucks is currently underway and, once in place, these trucks will result in reduced blockages in hotspot areas.</p>
9	Number of additional households provided access to basic water at minimum LoS1 in informal settlements	1 250	174	<p>Challenges Target was not met owing to the delays in the work package award.</p> <p>Action Plans:</p> <ul style="list-style-type: none"> Most projects under this portfolio were located on wetlands or flood lines and triggered the need for environmental authorisations. The approval process takes about 18–24 months; hence, the annual target could not be approved. In addition, lack of adequate bulk water infrastructure mainly for Region G projects resulted in some projects not being able to be provided with municipal water; hence, an alternative water supply is being explored. Hydrogeological investigations Procurement underway

Balanced Scorecard Ref	Key Performance Indicator	Annual Performance	Challenges and Action Plans	Challenges and Action Plans
		Target	Actual	
11	Percentage final effluent compliance in all WWTWs	79%	70.9%	<p>Challenges The target was not met owing to non-compliance attributed to unavailability of equipment for primary treatment, including aeration. The inability to remove solids because of the unavailability of belt presses severely affected performance at the Northern Works, which is the largest facility. This has contributed to the overall performance.</p> <p>Action Plan Plans to repair and maintain critical equipment are underway and improvements are expected to be realised at the beginning of the new financial year because most of the equipment has lengthy repair durations.</p> <p>Furthermore, two additional short-term maintenance contracts were awarded in the current quarter to ramp up the implementation of the maintenance plans.</p>
12	Number of WWTW plants' spillages	1 540	1 659	<p>Challenges The target was not met because of reduced plant capacity owing to the unavailability of critical equipment. The lack of this equipment has rendered most of the units non-operational, which has reduced capacity. Furthermore, acts of vandalism also stripped off capacity in some of the treatment work as these units had to be decommissioned, and significant capacity was lost in the process.</p> <p>Action Plan Plans to replace, repair and maintain critical equipment are underway and improvements are expected to be realised at the beginning of the new financial year because most of the equipment has lengthy repair durations. Furthermore, two additional short-term maintenance contracts were awarded in the current quarter to ramp up the implementation of the maintenance plans.</p>

Balanced Scorecard Ref	Key Performance Indicator	Annual Performance	Challenges and Action Plans	Challenges and Action Plans
		Target	Actual	
14	Percentage implementation of workforce optimisation system with a service failure reporting application	100%	98%	<p>Challenges Target was not met because of the change in deployment strategy to a staggered as opposed to big-bang strategy.</p> <p>Action Plan The project had to be rebaselined to accommodate a staggered approach as opposed to the original big-bang approach. The staggered approach was favoured, given the intensity of the training required, both for office bound and field worker staff. The User Acceptance Testing (UAT) has commenced; however, it has been identified that more time will be required to complete the UAT. This is owing to the business processes to be covered in the new system. As a result of this, the solution is planned to commence from July 2025.</p>
15	Business transformation digitisation of process (recruitment and supply chain)	100%	0%	<p>Challenges Procurement challenges.</p> <p>Action Plan A system solution is to be implemented with the MTC. An SLA document has been signed, with the project commencing in August 2025: Appoint service provider: 10% <ul style="list-style-type: none"> Design, develop and configure solution: 60% Change management: 20% Deploy solution: 10% Project sign-off document = 100% </p>
16	Percentage implementation of Customer Relationship Management (CRM) solution	100%	0%	<p>Challenges Procurement challenges.</p> <p>Action Plan A system solution is to be implemented with the MTC. An SLA document has been signed, with the project commencing in August 2025: <ul style="list-style-type: none"> Appoint service provider: 10% Design, develop and configure solution: 60% Change management: 20% Deploy solution: 10% Project sign-off document = 100% </p>

Balanced Scorecard Ref	Key Performance Indicator	Annual Performance	Challenges and Action Plans	Challenges and Action Plans
		Target	Actual	
17	Percentage of water bursts restored within 48 hours of notification	85%	70.35%	<p>Challenges The target was not met because:</p> <ul style="list-style-type: none"> A shortage of general workers resulted in a reduced number of teams, which affected productivity and response times. There was an IT system challenge with the SAP CRM interface that resulted in an influx of old works orders being posted from the CoJ to the depots. This error meant that the depot teams had to be dispatched to sewer-blockage jobs first, resulting in this KPI not being met. <p>Action Plan:</p> <ul style="list-style-type: none"> The recruitment process for general workers is soon to be concluded, which will improve the productivity of teams. The IT SAP CRM interface challenge is being jointly addressed between JW and the CoJ and a notable reduction in the number of interface errors has been observed.
18	Percentage of sewer blockages cleared within 24 hours of notification	92%	90.89%	<p>Challenges:</p> <ul style="list-style-type: none"> A high incidence of sewer blockages was experienced owing to preventative sewer maintenance not taking place in hotspot areas. This was mainly due to JW not having Jetting trucks with which to perform preventative maintenance. A shortage of general workers resulted in reduced team sizes, which affected productivity and response times <p>Action Plan:</p> <ul style="list-style-type: none"> The interim plan is for teams to be placed on extra duty to catch up on backlogs. The process to procure Jetting trucks is currently underway and, once in place, will result in reduced blockages in hotspot areas. The recruitment process for general workers is soon to be concluded, which will improve the productivity of teams.
20	Percentage of actual water-meter readings submitted to bill	91.5%	90.29%	<p>Challenges The target was not met owing to the use of a contractor appointed on RFQ to read scatter users. LTA and T-codes still pose a challenge in sustaining targets.</p> <p>Action Plans The resolution of T-codes is ongoing. Estimations are managed at weekly T-code meetings.</p>

Balanced Scorecard Ref	Key Performance Indicator	Annual Performance	Challenges and Action Plans	Challenges and Action Plans
		Target	Actual	
24	Percentage of resolution of Internal Audit findings	95%	80%	<p>Challenges Most of the findings have long-term plans.</p> <p>Action Plan There are findings that have been flagged to be ready for testing in July and August 2025. These should improve the resolution rate.</p>
25	Percentage of resolution of AGSA findings	95%	79%	<p>Challenges Most of the findings have long-term plans.</p> <p>Action Plan There are findings that have been flagged to be ready for testing in July and August 2025. These should improve the resolution rate.</p>
26	Percentage female employees	38.5%	36.92%	<p>Challenges: The target was not met because of the recruitment moratorium along with the rate of female staff attrition, which negatively affected the retention of female employees.</p> <p>Action Plan A female retention-driven survey is currently underway, which is intended to gain insights into the challenges women face and assist in implementing interventions that empower and support their professional development. By so implementing the appropriate interventions, we aim to prepare women for upward mobility within the organisational structure, which will ultimately contribute to our equity and employment targets.</p>
27	Percentage implementation of internal training plan	90%	71%	<p>Challenges The target was not met owing to:</p> <ul style="list-style-type: none"> • Budget constraints to roll out all training interventions • Inadequate skills and knowledge in the market to deliver on JW-specific training needs • Ineffective training requests by the end-user, leading to errors and delays in implementing ITP • Facilities/venue constraints <p>Action Plan Alternative interventions have been implemented, which have resulted in an overall achievement of 71%.</p>

Section 6:

Public Satisfaction with Municipal Services

The Customer Satisfaction Survey

Johannesburg Water conducts an annual customer satisfaction survey, and for the year under review satisfaction levels were at 73.6% against the prior-year satisfaction level of 72%. The improvement can be somewhat attributed to the targeted public-relations efforts and media campaigns deployed, including agenda-setting engagement in various platforms on infrastructure challenges across the network and system. Residents, while initially highly disconcerted, now have some understanding of the challenges facing the Entity in implementing its turnaround strategy.

It is important to note that Regions A and C are outliers, as while both regions saw a heightened public education programme, the results indicate the opposite. The Entity will intensify programmes in these regions to improve the situation.

Further, Johannesburg Water continued to engage councillors and communities in Diepkloof, Orlando East, Orlando West, Cosmo City and Orange Farm, where STS meters were installed and switched to prepaid mode, to ensure buy-in to the paid mode in efforts to improve revenue collection.

Future Areas of Focus

Building on the progress made in 2024/25, Johannesburg Water will continue to strengthen stakeholder engagements, informed by the outcomes of the customer satisfaction survey. Notable improvements have already been implemented to address recurring issues, and further measures will be rolled out to ensure that these challenges do not re-emerge in future surveys.

Communication with business, residents, civil society, academia and stakeholders has improved, and efforts will now focus on sustaining and expanding these channels. Collaboration with key stakeholders — including the business community, ward councillors, and civil society organisations — has been strengthened over the past year, which has contributed to increased visibility and engagement. In 2025/26, these partnerships will be deepened to further embed direct engagement as a cornerstone of public education and awareness, with particular emphasis on communities that experience persistent service-delivery challenges.



Section 7:

Recommendations and Plans for the Next Financial Year

The Company's plan for the next financial year has taken cognisance of the GLU objective of making a R20 billion-rand investment into fixing, replacing and upgrading roads, bridges, water pipes, wastewater plants and the power grid.

Capital Budget (2024/25 to 2028/29)

Johannesburg Water has allocated a total capital budget of R8.9 billion from the 2024/25 to the 2028/29 financial years. Table 31 provides a detailed breakdown of this budget per year.

Table 31: Capex Budget 2024/25 to 2028/29

Category	2024/25 (R'000)	2025/26 (R'000)	2026/27 (R'000)	2027/28 (R'000)	2028/29 (R'000)
Capital Budget	1,291,086	1,703,880	1,960,127	1,984,508	2,283,885

In line with its mandate as part of the GLU strategy, Johannesburg Water's capital expenditure will be spent mainly on the following programmes:

- WWTWs
- Pipe Replacement and Upgrades
- Construction of Reservoirs
- Water Demand Management

In the 2025/26 financial year, Johannesburg Water's capital expenditure will continue to focus on the following projects:

- Upgrades and renewals of WWTWs, including Olifantsvlei WWTW; Goudkoppies refurbishment; Bushkoppies refurbishment; Northern Works expansion of Unit 5 Module 2 – Electro-Mechanical; and the commencement of the new Lanseria WWTW
- Water and sewer pipe replacement programmes, with the aim of replacing 85 km and 18 km of water and sewer pipes, respectively
- Commencement of the refurbishment of six leaking reservoirs
- Increasing the storage capacity by 49 MI through additional reservoirs and towers
- Continuation of the implementation of the bulk-water-main renewal programme

Transit-Oriented Development

To re-energise its economy, the CoJ has identified as the economic development nodes that need attention in the current IDP period the Inner City, Randburg, Roodepoort (Mining Belt) and the transit-oriented development (TOD) areas. In support of the political-strategic direction, Johannesburg Water has planned various projects that seek to support economic activities within the identified nodes. Johannesburg Water has also planned completion of the refurbishment of the Hector Norris pump station, which commenced construction in 2023/24. Regarding the Randburg and Roodepoort nodes, Johannesburg Water will align its programme with the CoJ's vision for and strategic direction of these two nodes. The TOD areas form part of the CoJ's special programmes that are designed to correct the imbalances of the past. The TOD programme is geared towards ensuring that high-density human settlements are developed within the CoJ. This initiative will ensure that people come closer to the CoJ or working zones while also being provided with mobility through public transport (Rea-Vaya).

In support of the TOD areas, Johannesburg Water has identified various capital projects that are geared to support the expected population and economic activities within the nodes. The Company will provide additional capacity for water-supply infrastructure and sanitation services to support higher density settlements. It should be noted that the current system has sufficient capacity to support development in the short term and that funding will be allocated to ensure that the ultimate development scenario is supported.

The Inner-City Programme, which comprises the Johannesburg CBD and adjacent suburbs, has been defined as a priority development node for the CoJ. As with the TOD areas, the vision is to provide higher density mixed-use development in support of the GDS 2040. The focus in 2025/26 will continue to be the upgrading of Hector Norris pump station.

Brixton, which falls within the TOD, is currently supplied from the existing 22.7 MI Brixton Reservoir and the 2 MI Brixton Tower. The said infrastructure was constructed in 1917 and has exceeded its useful life. Owing to the planned densification that will result from the TOD as

well as the growing student communal population, Johannesburg Water requires additional water capacity in the Brixton area.

The supply system will be efficient upon completion of the multi-year programme, which entails:

- Construction of the new 26 MI Brixton Reservoir, which is in construction and planned for completion by the 2025/26 financial year
- Construction of the new 2 MI Brixton Tower and installation of a pump station able to deliver at least 200 l/s at 35 m head, which is in construction and planned for completion by the 2025/26 financial year
- Construction of an approximately 3 000 m pipeline of 1000 mm diameter from the Rand Water connection, which is at procurement stage and is planned to go into construction in the 2025/26 financial year
- Upgrade of the Crosby Pump Station to deliver at least 591 l/s at 35 m head, which commenced with construction in June 2025 for completion by December 2026



CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

Stakeholders Impacted: Employees

Strategic Response: Strategic Goal 7



Section 1:

Employee Remuneration (Total Costs Including Executives)

Table 32 provides a comprehensive overview of the Company's total employee-related remuneration costs for the year under review. The total gross remuneration amounted to R1.825 billion, compared to the approved budget of R1.824 billion, resulting in a marginal over-expenditure of R318 thousands (0.02%).

While this variance is insignificant in overall terms, it is important to highlight the underlying movements within the remuneration categories. The over-expenditure primarily arose from higher-than-planned overtime costs and increased leave pay contributions, both of which were driven by operational demands and year-end provisions. These pressures were, however, partially offset by savings realised from positions that remained vacant during the year, resulting in the minimal net variance reported.

Table 32: Employee Remuneration

Budgeted Salaries	Budget 2024/25 (R'000)	Actual (R'000)	Variance (R'000)	Percentage Variance (%)
Employee costs	1,824,321	1,824,638	- 318	- 0,02

Internal and External Factors that Influenced Remuneration

The Annual Cost of Living Adjustment

The annual cost of living adjustment for the 2024/2025 financial year was 4.5% in July 2024, and an additional 1.5% in March 2025. Executive management employees did not receive any annual increase for the 2024/25 financial year, as no directive was received from the Shareholder for this.



Table 33 outlines the salaries paid to the executive management during the 2024/25 financial year.

Table 33: Executive Management Remuneration

Personnel Number	First Name	Last Name	Cash Component (R)	Performance Bonus (R)	Leave Payments (R)	Travel and Subsistence Allowance (R)	ER Contributions to Pension Fund and Medical Aid (R)	Total (R)
41435	Ntshavheni Julias	Mukwevho	2,617,192.36	203,228.23	0.00	175,864.92	445,035.51	3,441,321.02
44671	Shaniseka James	Mathebula	1,446,040.22	145,640.82	47,161.40	168,000.00	223,898.91	2,030,741.35
44984	Raisebe Josephine	Gaveni	1,797,974.15	123,322.50	161,197.10	0.00	274,603.99	2,357,097.74
44985	Thokozile Nozipho Lerato Pearl	Hlakoane	1,478,297.84	0.00	117,399.55	120,000.00	182,144.30	1,897,841.69
44987	Christina Bertha Kethabile	Mabe	2,061,650.51	174,583.89	138,484.32	0.00	204,915.50	2,579,634.22
45119	Nondumiso Bernice	Mabuza	1,655,637.68	144,769.45	0.00	0.00	219,376.95	2,019,784.08
45583	Mosefe Isaya Kgaugelo	Mahlaba	2,137,101.65	0.00	0.00	0.00	278,726.35	2,415,828.00
45616	Gugulethu Wendy	Phakathi	1,609,920.03	0.00	0.00	132,000.00	282,206.47	2,024,126.50
Total			14,803,814.44	791,544.89	464,242.37	595,864.92	2,110,907.98	18,766,374.60

Section 2:

Key Vacancies

As of 30 June 2025, there were 318 funded vacancies. Of the 318 funded vacancies, 135 were General Worker vacancies, leaving 183 funded vacancies. Of the General Worker vacancies, 98.5% (133) were filled by the end of August 2025.

On average, the critical positions have been vacant for 28.15 months. This is mainly because departments have put on hold the filling of these vacancies for reasons of restructurings and the moratorium on filling of vacancies. The acquisition and recruitment of 73.77% of the 183 vacancies is in progress, and the rest of the vacancies are affected by the moratorium and realignment of departments.

Of the 94 positions finalised during the financial year, an average turnaround time of 12 weeks against a target of 10 weeks was achieved.

Staff Movement

In this financial year, a total of 71 new employees joined the Entity as compared to 75 who joined in the previous financial year. In terms of demographics, of the 71 new appointments made, 43.66% were African males (31 individuals) and 45.07% were African females (32 individuals), making up most of the appointments. Coloured males and females each accounted for 1.41% (1 individual each). Indian representation included 2 males (2.82%) and 3 females (4.23%). Lastly, White males accounted for 1.41% (1 individual) of the total appointments. A total of five employees re-entered the organisation; these were mainly the short-term contract employees. The overall number of exits was 67 employees as compared to 129 who exited in the previous financial year. The reasons for the exits are set out in Table 34.

Table 34: Reasons for Exit

Reasons	2023/24 Financial Year	2024/25 Financial Year
Deceased	13	10
Dismissed	02	03
Retirements	50	09
Early Retirements	0	08
Medical Boarding	03	0
End of Contract	16	04
Resignations	45	33

The demographic representations in terms of staff movement are outlined in Table 35 below.

Table 35: Staff Movement Numbers

Appointments and Exits	African	Coloured	Indian	White	Total
Female	32	1	2	0	35
Male	31	1	3	1	36
Total Appointments	63	2	5	1	71
Exits	African	Coloured	Indian	White	Total
Female	16	0	3	1	20
Male	40	3	2	2	47
Total Exits	56	2	5	3	67
Re-Entries	African	Coloured	Indian	White	Total
Female	1	2	0	0	3
Male	4	0	0	0	4
Total Re-Entries	5	2	0	0	7



Section 3:

Employment Equity (EE)

The Company's five-year EE Plan aims at achieving a workforce that represents the demographics of the Water Supply, Sewerage, Waste Management and Remediation Activities sector for the first four occupational categories (i.e. top management, senior management, professionally qualified and skilled technical). The demographics of the Economically Active Population (EAP) of Gauteng are used as targets for the semi-skilled and unskilled occupational categories. The EE Plan provides a guideline on how the Company's transformation agenda is being implemented over the duration of the plan. The delivery of the plan in terms of milestones to be achieved in each financial year, and specifically the identified barriers, is being monitored. The Company has two primary targets that need to be achieved by end of the financial year: representation of females and people with disabilities.

Johannesburg Water has achieved a 36.96% overall representation of females against an overall target of 38.50% for all race categories. The Entity continues to embark on targeted recruitment initiatives to attract people with disabilities over and above targeting candidates from the designated groups in the recruitment process. The Entity earmarks various programmes that ensure availability of skilled candidates from the designated groups to fill future possible vacancies within Johannesburg Water. These programmes are talent and succession planning, the internship and bursary programmes, and apprenticeships.

The overall representation of employees with disabilities was 2.52% against a target of 2.68%. The set target of 2.68% was not met, and the Entity continues to strive to increase the number of people with disabilities that it employs.





Table 36: Percentage Demographic Staff Distribution

Occupational Levels	Male				Female				Foreign National		Total	Total Male	Total Female	Total Black		PWD	
	A	C	I	W	A	C	I	W	Male	Female				Male	Female	Male	Female
Sector Target: Top Management	74.60%	2.20%	3.20%	11%	38.50%				0%	n/a	91%	61.5%	38.50%	80%		2.68%	
Top Management (Headcount)	3	0	0	0	5	0	0	0	0	0	8	3	5	3	5	0	0
	37.5%	0%	0%	0%	62.5%	0%	0%	0%	0%	0%	100%	37.5%	62.5%	37.5%	62.5%	0.0%	0.0%
Sector Target: Senior Management	82.10%		3.60%	11%	38.50%				n/a	n/a	99.10%	61.5%	38.50%			2.68%	
Senior Management (Headcount)	8	2.40	3	1	3	1	1	0	1	1	19	13	6	8	3	0	0
	42.1%	0%	15.8%	5.3%	15.8%	5.3%	5.3%	0%	0%	0%	89%	68.4%	31.6%	42.1%	15.8%	0.0%	0.0%
Sector Target: Professionally Quality	85.10%	0.0%	3.70%	11%	38.50%				n/a	n/a	102.30%	61.50%	38.50%	91.20%		2.68%	
Professionally (Headcount)	95	2.50	5	7	64	1	4	0	6	0	187	118	69	95	64	4	1
	50.8%	5%	2.7%	3.7%	34.2%	0.5%	2.1%	0.0%	3.2%	0%	100%	63.1%	36.9%	50.8%	34.2%	2.1%	0.5%
Sector Target: Skilled Technical	85.10%	2.7%	3.70%	11%	38.50%				n/a	n/a	102.30%	61.5%	38.50%	91.20%		2.68%	
S.tech, Ac.Qualified Manage, Superv, Foremen, Superintendent (Headcount)	569	2.50	11	29	327	11	5	4	6	0	991	407	347	569	327	9	6
	57.4%	29%	1.1%	2.9%	34.0%	1.1%	0.5%	0.4%	0%	0%	99%	63.7%	35.0%	57.4%	33.0%	0.9%	0.6%
EAP Target: Semi Skilled	80%	2.9%	3%	14.20%	38.50%				n/a	n/a	100%	61.5%	38.50%	85.90%		2.68%	
Semi-Skilled & Discretionary decision making Headcount	380	18	4	5	217	11	2	1	0	1	639	407	232	380	217	12	5
	59.5%	2.8%	0.6%	0.8%	34.0%	1.7%	0.3%	0.2%	0	0%	100%	63.7%	36.%	59.5%	34.0%	1.9%	0.8%
EAP Target: Unskilled	80%	2.90%	3%	14.20%	38.50%				n/a	n/a	100%	61.5%	38.50%	85.90%		2.68%	
Unskilled & defined decision making (Headcount)	517	54	19	3	313	53	170.	1	0	0	978	594	384	517	313	19	15
	52.9%	5.5%	19%	0.4%	32.0%	5.4%	1.7%	0%	0%	0%	100%	60.7%	39.3%	52.9%	32.0%	1.9%	1.5%
Total Permanent/Full-Time (Headcount)	1 572	1006	42	46	929	77	29	.6	13	2	2 822	1779	1043	1572	929	44	27
								6									
Fixed Term Contractors/ Learners/Interns/Apprentices (Headcount)	11	0	1	0	14	0	0	0	0	0	26	12	14	11	44	0	0



Section 4:

Skills Development and Training

Johannesburg Water had a total of 2 822 employees (as of 30 June 2025), of which 1 618 employees occupied positions at semi-skilled and unskilled levels (640 and 978 respectively). Some 990 employees were employed at a skilled technical level and 187 at a professionally qualified level, with 18 Senior Management and 9 Top Management employees. This classification is based on the occupational level and grade of the positions currently occupied at Johannesburg Water. It should be noted, however, that most of the employees that occupy positions at unskilled and semi-skilled levels have qualifications that are above Matric or NQF level 4.

As part of developing its engineers, the Company is managing a programme that is aimed at fast-tracking professional registration for all its engineers, technologists and technicians with the Engineering Council of South Africa (ECSA). Johannesburg Water has now managed to build its engineering capacity to 53 engineers, technologists and technicians who are professionally registered with the ECSA, maintaining the same number (at 53) as in the previous financial year. In addition, it has partnered with the South African Institute for Civil Engineers (SAICE) to provide additional mentoring support to fast-track the professional registration of junior engineers and trainees, of which there are currently 30 employees on the programme.

This has been partially achieved by attracting and recruiting registered professionals, as well as by putting in place specific programmes, such as the Engineering Capacitation Programme and the Specialist Career Grade. Of the 53 professionals, 7 are registered as professional engineers, 39 are registered as professional engineering technologists, 6 are registered as professional engineering technicians and 1 is registered as a professional certificated engineer.

The Company also runs the Scientific Capacitation Programme, which is aimed at fast-tracking the professional registration of scientists with the South African Council for Natural Scientific Professions

(SACNASP). In terms of this programme, 29 employees are registered with SACNASP: 11 professional natural scientists, 1 candidate chemical science and 17 certificated natural scientists.

Johannesburg Water has an ongoing bursary and internship scheme to supplement the skills pipeline and improve service delivery. These initiatives assist in addressing the issue of youth unemployment, which is linked in part to low skills development, as defined in the GDS 2040. As such, the initiatives contribute to a skilled and capable workforce.

There were four approved bursary opportunities. Two beneficiaries have already completed their studies and are now working as trainees. One bursary recipient is working towards completing their studies, while the fourth opportunity was awarded to a beneficiary who has just completed their qualification and will be joining Johannesburg Water as a trainee, effectively beginning on 1 August 2025.

Thirteen graduates were awarded one-year internship programmes. Unfortunately, 2 of 13 interns resigned from the programme as they had found permanent employment outside of Johannesburg Water. Four were permanently appointed at various JW departments (Scientific Services, Finance & Administration, Metering & Revenue, and Meter Test Lab). These programmes form part of the Company's social responsibility initiatives.

Johannesburg Water has partnered with the Human Science Research Council (HSRC) for intern hosting. Johannesburg Water is a host employer for a duration of 24 months and is responsible for providing a workplace opportunity for experiential learning. Four interns joined on 1 August 2024. Three are currently placed in the Operations Support Function of the Scientific Services Department and the fourth in the Safety and Disaster Management Department.

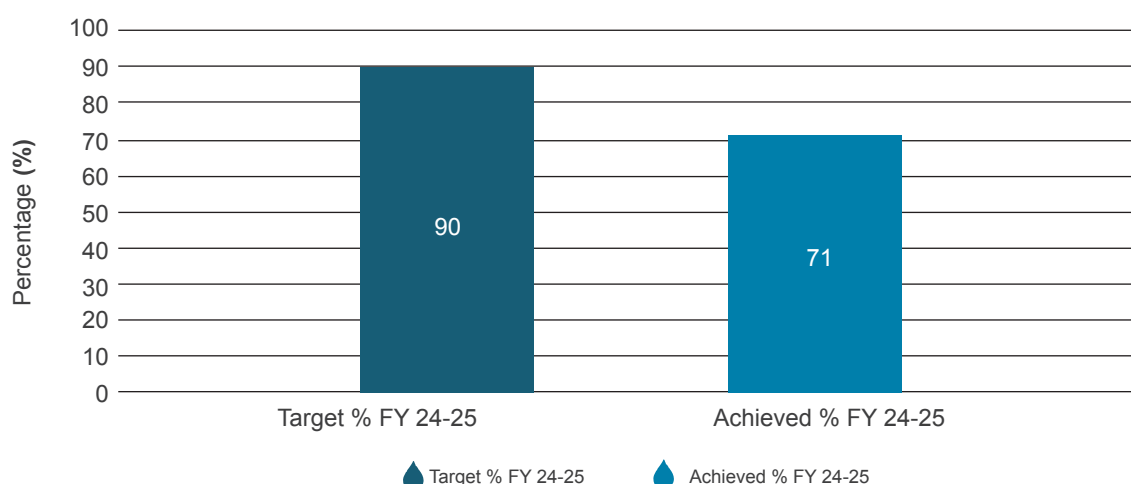
Training and Development

Johannesburg Water achieved a 71% implementation rate for the Internal Training Plan against a target of 90%, as indicated in Figure 9 below. Table 37 further outlines the number of employees per occupational category who attended training during the year under review.

Table 37: Training Attended per Occupational Category.

Occupational Category	Number of Employees Trained
Top Management	6
Senior Management	7
Professionals	127
Scientific/Technical Skilled	523
Semi-Skilled	274
Unskilled	267
Total	1 204

Figure 9: Training Implementation



The Company invested in various management and leadership development programmes as a key activity to enhance productivity and service delivery. Over this reporting period, the Municipal Financial Management Programme, Leadership and Coaching Programme, and Foundation Management Development Programme were offered.

A total of 217 employees received a subsidy for tertiary and other qualifications under the Subsidised Education Scheme. A total of 32 employees completed their qualifications during the 2024/25 financial year. The fields of study included civil engineering, mechanical engineering, SCM, human resources management, chemistry, finance, business management, risk management, administration, public procurement, IT, accounting, master's in business administration (MBA), security management and others.

Adult Education and Training (AET) pre-assessments were conducted in February and March 2025 after the appointment of an AET service provider in January 2025. The programme has been running smoothly, with no challenges identified. In total, 78 learners have been registered for this programme.



The Company appointed eight apprentices in approved vacant apprentices' positions under the human resources structure. Four apprentices are currently training for a fitter trade qualification, three for electricians' trade and one as a welder. These trades

and numbers were determined on the projection of positions that will become vacant in the next three to four years owing to natural attrition. This is in line with the Company's Talent Management Strategy.

Section 5: Performance Management

During the period under review, employees entered into performance agreements in accordance with the Performance Management Policy.

The Performance Management Policy regulates and manages employees' performance and, in this way, aligns individual performance to the strategic objectives of the Company.

E-Performance Management System

One of Johannesburg Water Company's missions is to upgrade its resources continuously and build capabilities to deliver on its mandate, strategic objectives and priorities. Since the development and roll-out of the E-Performance Management System (SAP ESS), frequent awareness sessions have been offered as support to grow confidence in using the system,

These sessions have positively increased the number of employees contracting on the system over time.

The total number of employees contracted on SAP ESS for the 2024/25 financial year was 988 against the total number of 998 employees with access to SAP ESS. This total number represents 99% of ESS users. In total, 2 721 employees have submitted performance contracts (both ESS and manual). This translates as a 99.56% submission rate for the 2024/25 financial year for performance contracting. During the period under review, 2 360 employees (both manual and ESS) concluded their mid-year reviews. Continuous awareness sessions and workshops on the importance of mid-term performance reviews are being conducted, with a view to having all employees conducting these reviews going forward.

Section 6: Disciplinary Matters and Outcome

For the year under review, a total of 37 disciplinary cases were recorded, of which 7 were finalised and 30 remained outstanding as of 30 June 2025. The total number of grievances registered was 40, with 25 resolved as of 30 June 2025. There was one appeal case, which remains outstanding. A total of 13 disputes were recorded, of which 8 were resolved and 5 remained outstanding.

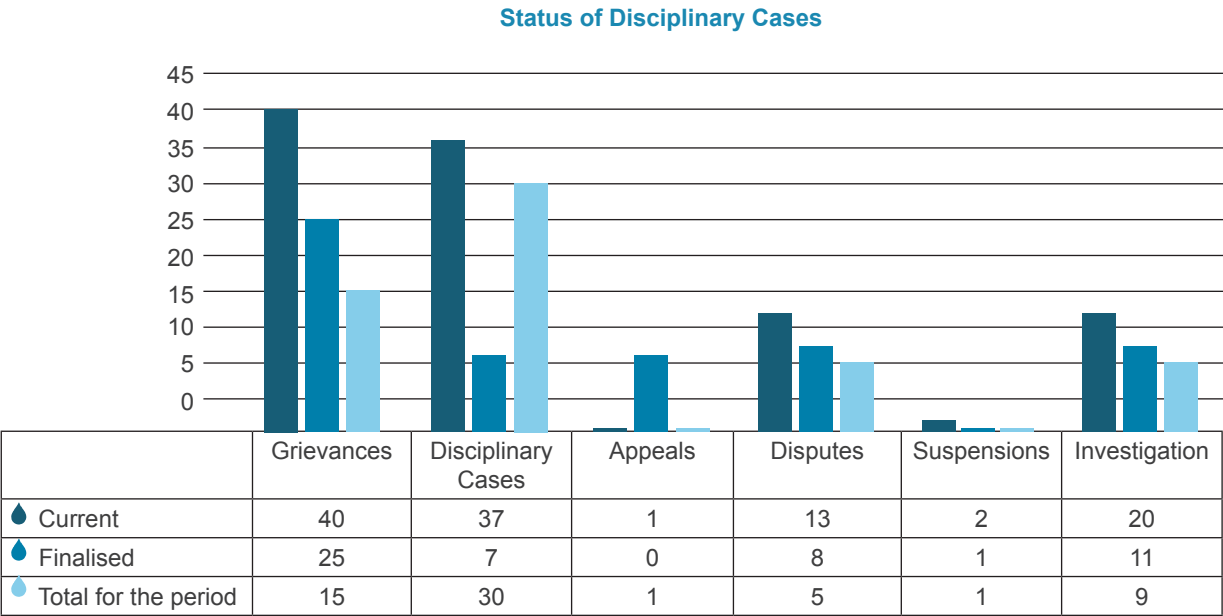
Two suspensions occurred during the year, of which one was lifted by the end of the financial year, while one

remained outstanding. A total of 20 cases were under investigation, with 11 finalised and 9 outstanding as of 30 June 2025.

Progress on cases is monitored periodically through meetings with departmental executives, which is aimed at fast-tracking resolution and identifying the causes of delays. The Labour Relations unit has been capacitated with two specialists to support the business to fast-track completion of cases.

Figure 10 below reflects the number and status of disciplinary cases for the 2024/25 financial year.

Figure 10: Status of Disciplinary Cases



Section 7:

Leave and Productivity Management

Gross Sickness Absenteeism Rate (GSAR)

The industry benchmark for the GSAR is 2%, while the Company target is 3%. Owing to the nature of the work and the profile of the employee population, the Company set a target of 3%.

During the period under review, the GSAR was 3.20%, which is a slight increase of 0.26% when compared with the 2.94% realised in the 2023/24 financial year and below the target of 3% by 0.30%. Some of the factors contributing to the higher GSAR were instances of extended sick leave owing to extended medical conditions beyond the control of the employees and management.

Absence Without Leave

The benchmark for absence without leave (AWOL) was to maintain an AWOL rate of below 1%. The total AWOL rate for the year under review was 0.38% when compared to 0.35% in the 2023/24 financial year, which showed a slight increase of 0.03%. Both AWOL and sick-leave utilisation were kept at a manageable level, and the Company intends to continue improving in these areas to avoid any impact on productivity.

Annual Leave

Employees were granted statutory leave as provided for in the Basic Conditions of Employment Act, No. 75 of 1997, and controls are in place to ensure compliance with the provisions of section 20 of the Act. In the year under review, 96 231 days of annual leave were utilised, which is an increase over the 90 132 annual leave days utilised in the 2023/24 financial year.

Section 8:

Employee Benefits

Employee Assistance Programme (EAP)

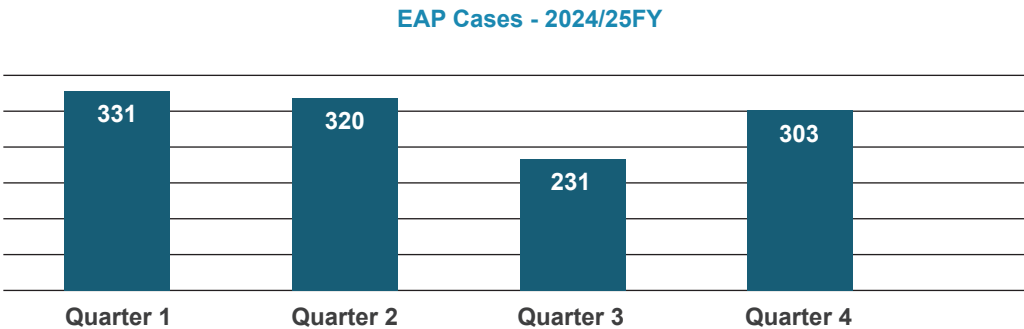
Johannesburg Waters’ Employee Wellness programme is a multifaceted resource that covers the spectrum of psychosocial stressors in the workplace to improve individual and organisational wellness and productivity. The services range from counselling and mental-health support to debt and financial advice, Gender-based violence information sessions, legal advice, and even health screenings or advice to mitigate the impact and effects of communicable and non-communicable diseases on the productivity and quality of life of members of staff.

Employees and their next of kin have the opportunity to access confidential wellness services 24 hours a day and 365 days a year. The services are based on the recognition that the health, safety and wellness of employees directly impact on the productivity of the Company. There are personal and workplace factors

that influence wellness and employee performance. The ultimate aim is to ensure that employees are physically, psychologically, emotionally, financially, socially and intellectually well enough to perform their duties and ultimately produce at their optimal level. In summary, Johannesburg Water recognises that employees should be provided with holistic wellness services as part of the Company’s commitment to value and develop its employees.

The services offered by the Employee Wellness programme were part of the non-monetary benefits offered by Johannesburg Water through internal and external resources (hybrid model) during 2024/25 financial year. A total of 1 185 employees and their families accessed the services in the 2024/25 financial year as shown in Figure 11.

Figure 11: Employee Assistance Cases for the 2024/25 Financial Year



On top of the list of the wellness challenges reported were mental-health issues (stress, depression and anxiety); work-related challenges that resulted in absenteeism; and relationship challenges.

In the quest to make EAP services more accessible to employees, the Wellness Unit and external service provider launched two on-site EAP “clinics”. The external EAP provider manages these services. The services involve the provision of counsellors on a bi-weekly basis at the Head Office and Zandfontein workplaces. It is envisaged that workplaces that are based in the South Region will make use of the Zandfontein Wellness Clinic, while those based in the North Region will utilise the Wellness Clinic at Head Office.

Employee Wellness Interventions

The Employee Wellness initiatives outlined below were presented during the 2024/25 financial year.

Substance-Abuse Sessions

Substance abuse in the South African workplace is a serious issue with significant legal, social and economic implications. Substance abuse manifests itself in several work-related factors, such as high stress levels, fatigue, repetitious duties, periods of inactivity or boredom, isolation, accidents, absenteeism, and relationship conflicts with Management and fellow colleagues.

As part of the multifaceted approach, which involves policies and support programmes, among other initiatives, a substance-abuse education session was rolled out in September 2024 through which 689 staff members were reached. The aim of the session was to educate and support those struggling with substance abuse and to prevent further substance abuse, ultimately leading to a safer, healthier and more productive work environment. Johannesburg Water as a caring employer afforded staff members and their families several remedial platforms from which to address any substance-abuse challenges in a confidential, professional manner.

Financial Well-Being Sessions

Johannesburg Water partnered with an external service provider to offer educational sessions that addressed financial-wellness challenges faced by employees. The aim of the programme was to empower employees to manage their finances effectively and ensure that they were financially healthy. A total of 597 staff members participated in the financial well-being sessions, which were implemented at various Johannesburg Water workplaces. The staff members were empowered with knowledge and tools to manage their finances effectively. As a mitigating factor, it is envisaged that these programmes will lead to reduced absenteeism, increased productivity, improved employee retention and a more positive workplace culture.

World AIDS Day (WAD)

The WAD is an annual global event. The WAD commemorations were hosted at Johannesburg Water workplaces in partnership with the CoJ Health unit. As part of the commemorations, the CoJ conducted HIV tests and other health-risk assessments. The commemoration was spectacular, with candles and ribbons used to highlight the importance of the WAD and its impact not only in the workspace but in life generally. For effective utilisation of available resources, workplaces were clustered to ensure maximum participation and a total of 634 employees were reached throughout the Johannesburg Water worksites.

Gender-Based Violence (GBV) Sessions

Gender-based violence is one of the biggest problems that South Africa faces and it affects women and girls regardless of their age, race and social circumstances. It has a direct impact on employment, productivity, and the health and safety of all employees in the world of work. GBV sessions were rolled out with the aim of raising awareness and providing an education and understanding of the concepts of gender and sexuality. The sessions also focused on the relevant legislation, to curb the exploitation of the legal system by perpetrators of GBV. A total of 742 employees participated in the sessions. The sessions are crucial for creating a safe and productive environment, fostering employee well-being, and promoting a culture of respect and equality amongst employees of Johannesburg Water.

Wellness Week

Wellness Week was hosted at the usual five Company workplaces where depots were clustered, and employees were encouraged to participate. A total of 1 375 staff members were recorded to have participated. Johannesburg Water partnered with five Company-recognised medical aid schemes: Bonitas, Key Health, Sizwe-Hosmed, LA Health and Samwumed, through EVO Financial Services. The event was well marketed with the inclusion of a gym-management service provider to cater for the physical well-being of participating staff members.

As much as the event was a success, the time factor needs to be revisited as the nature of Johannesburg Water service delivery necessitated that some staff members return to their offices or depots in the late afternoons, thus missing the health assessments.

In accordance with the staff complement of approximately 2 788 employees, the attendance figure translates as 49% participation by staff members. The total employee participation at the host venues was above satisfactory, as almost 50% of staff members participated. Challenges were identified and it is envisaged that future planning will take these issues into consideration. Table 38 below presents the uptake of the event in terms of the venues and medical aid schemes.

Table 38: Uptake of the Wellness Week Event According to Venues and Medical Aid Schemes

Medical Scheme	Day 1 Goudkoppies WWTW	Day 2 Southdale Depot	Day 3 Zandfontein Depot	Day 4 Northern Works WWTW	Day 5 Head Office	TOTAL
LA Health	110	83	112	71	134	510
Sizwe Hosmed	40	0	22	0	0	62
Key Health	67	27	33	32	30	189
SAMWUMED	66	20	13	21	4	124
BONITAS	110	134	84	62	100	490
TOTAL	393	264	264	186	268	1 375

The health screenings are crucial as they provide an opportunity for proactive health management, offering early detection of potential issues and empowering individuals to make informed decisions about their health and well-being. Staff members who were on their respective spousal medical aid schemes were catered for by Bonitas.

Flu Vaccinations

Johannesburg Water's annual seasonal flu vaccination drive was rolled out during April 2025, and a total of 469 employees voluntarily participated in the drive. The sessions were rolled out in partnership with CoJ Health, which provided the flu vaccinations administered by qualified nursing professionals. The intervention was implemented earlier than usual as per previous requests by staff members. The aim of the drive was to reduce the risk of employees contracting flu illnesses and, in the worst-case scenario, against flu-associated hospitalisation.

Stress-Management Sessions

Stress-management sessions in the workplace were rolled out companywide, with 805 employees participating. A wellness-trends analysis has indicated that mental-health challenges related to stress, depression and anxiety were reported in high levels over a period of months. As a mitigation measure, the stress-management sessions were aimed at capacitating employees to identify stress and manage stressful episodes in their personal and professional capacity.

Middle-Management Health Assessments

A planned intervention to provide medical assessments that targeted middle management (managers reporting to executives) was implemented. To date, a total of 16 middle managers have already participated in health assessments. The assessments provide an opportunity for targeted managers to gain insight into their own health status, identify potential health risks and receive personalised recommendations for improvement so that they can proactively manage their health. The benefit will positively impact a manager's overall well-being, engagement at work and long-term health outcomes.

Men's Health Talks

Men's health initiatives were rolled out at Johannesburg Water workplaces. A total of 590 men attended the events. The events were targeted interventions that focused on men's health issues, such as prostate cancer and other health challenges. Johannesburg Water partnered with CoJ Health to undertake prostate cancer tests confidentially, and staff members were provided with their results in a confidential professional manner.

GAP Cover

Johannesburg Water has partnered with EVO Financial Services to provide employees with a short-term top-up cover (called Gap Cover) that is aimed at funding medical aid shortfalls. These include rate shortfalls for specialists who charge in excess of the medical scheme rate, and co-payments and deductibles during medical treatment and hospital admission. Presentations have already been made to the Johannesburg Water Board and consultations are currently in progress with all identified stakeholders and general staff members as per the roll-out plan. A total of 140 staff members had already signed up for the Gap Cover at the close of the 2024/25 financial year.

Lyra Webinars

The external EAP service provider (Lyra) provides ongoing webinars (internet seminars, meetings and sessions) that cover a variety of topics. The sessions can be viewed at a time that is convenient for the employees, even after hours.

These webinars play a crucial role in promoting mental, emotional and social well-being in the workplace. They serve both preventative and supportive functions by helping employees manage stress, build resilience and seek support early. The initiative aligns with the EAP's broader goals of increasing employee wellness, improving organisational performance and fostering a healthier, more supportive work environment. Some of the topics covered include:

- Financial Literacy
- Mental Health
- Redefining Masculinity: The Modern Dad's Journey from Provider to Nurturer – The Evolving Role of Men in Parenting
- Musculoskeletal Awareness
- Trauma
- Bipolar Mood Awareness

The webinars are further reinforced by the Lyra digital ecosystem through which staff members and their families can access services such as WhatsApp services, call back and other related online services at their own convenient time (24 hrs a day/365 days a year).

Retirement Programme

Transition from formal work to retirement elicits stress, anxiety and, in some cases, depression. Thus, Johannesburg Water considers it important to capacitate staff members who are about to retire with coping strategies during this period. The pre-retirement sessions offered by Johannesburg Water over the 2024/25 financial year catered not only for the financial aspect regarding pension schemes but also for the physical, psychological and emotional aspects that impact pre-retirees. Thus, coupled with understanding and financial planning for retirement, pre-retirees are capacitated to nurture their mental, social and emotional well-being as well. A total of 69 pre-retirees participated in the retirement programme arranged through the Employee Wellness Unit. Other service providers that were invited included pension fund schemes, SARS, the Unemployment Insurance Fund (UIF) and medical aid providers.

Section 9:

Occupational Health and Safety Programmes

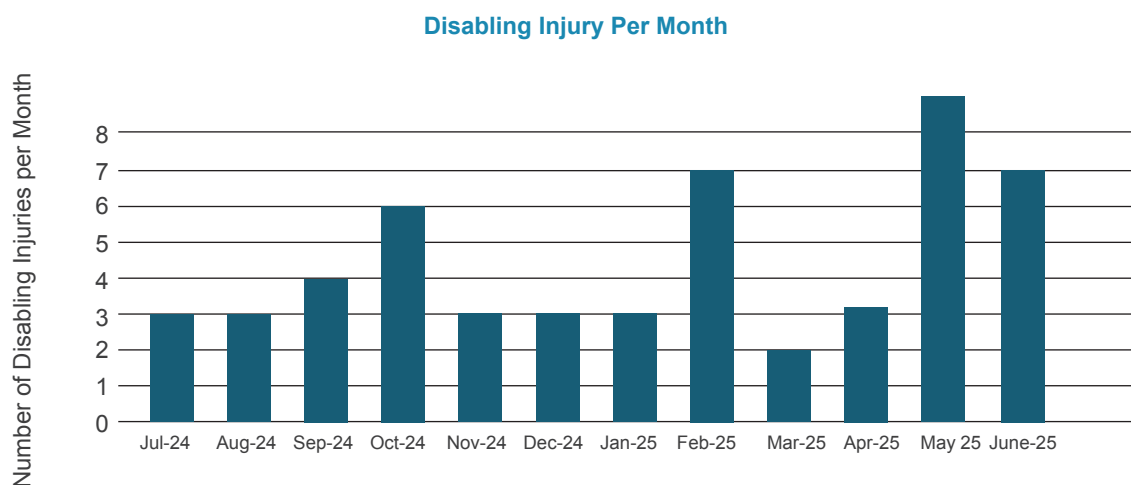
Disabling Injury Frequency Rate (DIFR)

The Company recorded a DIFR of 1.40 against a target of 1.5 for the reporting period. Company-wide health, safety and environmental awareness was promoted at all sites during the financial year to address the increasing number of injuries and to ensure safety in the workplace. The DIFR is broken down according to types of injury in Table 39 and Figure 12 below.

Table 39: Disabling Injury Frequency Rate

Description	Q1	Q2	Q3	Q4	Total
Dog bites	0	1	0	0	1
Trips and falls	2	0	1	2	5
Contaminated water	0	0	6	0	6
Twisted ankle	0	1	0	0	1
Bending / Ergonomic	0	0	0	1	1
Fall from chair	0	0	1	0	1
Excavations	0	0	0	1	1
Working at heights	0	1	0	0	1
Electrical	2	0	0	0	2
Caught between	1	0	0	0	1
Hit / struck by	2	1	2	1	6
Strong wind	0	0	0	1	1
Wrong tool	0	0	0	1	1
Chemical (spray)	0	1	0	0	1
Cut / Pricked by	1	3	0	0	4
Manhole (cover)	0	0	0	1	1
Manual lifting	1	0	0	0	1
Motor vehicle	1	3	0	1	5
Assault	0	1	0	0	1
Hijacking	0	0	1	0	1
Fatalities	0	0	1	0	1
Disabling Injuries (DI)	10	12	12	9	43
Medical case	1	1	4	0	6
First Aid case	1	0	0	0	1
Property damage	0	0	1	0	1
Man-hours	1 544 238	1 535 083	1 473 050	1 582 918	6 135 289
DIFR	1.30	1.56	1.63	1.14	1.40
Hours lost	384	498	304	344	1 530
Reportable injuries	1	0	1	0	2
DIFR target	1.5	1.5	1.5	1.5	1.5
Third-party cases	0	0	0	0	0
Contractors OHS incidents	0	1	1	0	2
Environmental incidents	0	1	1	6	8

Figure 12: Disabling Injury Frequency Rate Per Month



Work-Related Fatalities

The Company has a zero-tolerance policy regarding work-related fatalities. There was only one work-related fatality involving a Johannesburg Water employee recorded during the reporting period. An employee from Zandfontein Depot inhaled toxic gases while entering a manhole and lost his life. Additionally, there was a third-party fatality emanating from the activities of one appointed contractor during the reporting period.

Contractors' Health and Safety Compliance Audits

A total of 325 health and safety compliance audits were conducted on appointed contractors, with an average compliance rate of 85.25%. The safety compliance audits were aimed at instilling a safety culture within the contractors appointed by the Company and safeguarding compliance with the Occupational Health and Safety Act, No. 85 of 1993, and its Regulations. The Company conducted its annual contractor's safety workshop to reinforce its awareness programmes around construction health, safety and the environment, with the aim of preventing injuries and fatalities around construction sites.

The Organisation will continue to introduce mechanisms to address the primary causes of all incidents and develop measures to eliminate and prevent them. This will enable all sites to perform health and safety measures, which will further reduce the number of incidents.

Contractors' Environmental Compliance Audits

A total of 187 environmental compliance audits were conducted on appointed contractors, with an average compliance rate of 82.89%. The environmental compliance audits were aimed at embedding an environmental compliance culture within the appointed contractors to comply with the National Environmental Management Act, No. 107 of 1998, and its Regulations.

Site Safety, Health and Environment (SHE) Audits

A total of 20 Occupational Health and Safety (OHS) internal compliance audits and 14 environmental internal compliance audits were conducted at Johannesburg Water operational sites during the reporting period.

Medical Surveillance Programme

A total of 1 368 employees visited the occupational health clinic for various types of medical assistance, which ranged from doctors' consultations to pre-placements, baseline medicals, medical tests, exit medicals and vaccinations.

Table 40: Occupational Health Activities

ACTIVITIES	Annual Statistics
MEDICAL SURVEILLANCE	
Pre-placement medicals	166
Exit medicals	31
Baseline medicals	22
Routine medicals	552
TOTAL FOR MEDICAL SURVEILLANCE	771
MEDICAL SURVEILLANCE TESTS	
Audiometry tests	771
Follow-up audiometry	2
Lung function tests	771
Follow-up lung function	8
TOTAL TESTS CONDUCTED	1 552
MEDICAL EXAMINATIONS CONDUCTED BY THE DOCTOR	
Internal referrals	63
Reviews	37
Medicals done by the doctor	465
Total seen by the doctor	565
VACCINES	
Typhoid	210
Tetavax	135
Hepatitis A	0
Total vaccines issued	345
CLEARANCES	
Total attended by occupational health personnel	1 368
REFERRALS	
Total referrals	74
HYGIENE INSPECTIONS	
Total Hygiene Inspections	28
BIOLOGICAL MONITORING	
Blood tests	0
Urine samples	0
Total Biological Monitoring	0
X-RAYS	
Total X-rays	0
INJURIES ON DUTY (IODS) TREATED AT THE CLINIC	
Total Injuries	5
REPORTING OF IODS	
Submitted (to COJ)	46
Total REPORTING OF IODS	46

Safety, Health and Environment (SHE) Committee Meetings

SHE committee meetings were held as follows during the reporting period.

Table 41: SHE Committee Meetings

No.	Site	Q1	Q2	Q3	Q4	Total
1	Avalon Depot	3	3	3	3	12
2	Avalon Prepayment Depot	3	3	3	3	12
3	Electro-mechanical	3	3	3	3	12
4	Langlaagte Sewer	3	3	3	3	12
5	Zandfontein Region	2	4	3	3	12
6	Goudkoppies Works	2	3	3	3	11
7	Cydna Laboratories	3	2	3	2	10
8	Ennerdale Depot	2	2	3	3	10
9	Ffennell Depot	1	3	3	3	10
10	Klipspruit Depot	1	3	3	3	10
11	Olifantsvlei Works	1	3	3	3	10
12	Driefontein Works	0	3	3	3	9
13	Bushkoppie & Ennerdale	1	2	2	3	8
14	Hamberg Depot	1	1	3	3	8
15	Langlaagte & Southdale	1	2	2	3	8
16	Midrand Depot	1	1	2	2	6
17	Northern Works	0	3	1	2	6
18	Randburg Depot	0	0	3	2	5
19	Head Office	1	1	2	1	5
	TOTAL	29	45	51	51	176

Section 10: Security Management

The operating model for Security Management Services includes internal security personnel as well as outsourced services to private security companies. Internal personnel include 289 insourced guards, who were insourced during October 2019 in collaboration with the City. Since 2019, the number of insourced guards has reduced from 316 to 289 for various reasons such as retirement, death and terminations. The total number of private security officers is 481, which includes both tactical response services and guarding services.

Security Incidents

Overall, 30 criminal incidents were reported for the 2024/25 financial year. These incidents were reported to the relevant stakeholders.

Table 42 below provides further details of the incidents.

Table 42: Details of Incidents

Incident	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Cable theft	0	1	5	5
Theft of property	2	1	0	2
Damage to property	2	1	4	2
Attempted theft	0	0	1	1
Shooting	0	0	0	1
Trespassing	0	0	0	0
Arrests	0	0	0	2
Armed robbery	0	0	0	0

Security Automation Project

Regarding infrastructure security, market research was conducted to determine the suitability of effective electronic and technical security equipment to ensure proactiveness and early detection. The research was based on two aspects: Online Security Intelligence and Integrated Security System for CCTV and the Intruder Detection System.

The procurement process for the security automation project was finalised and the service provider, GAP Management, was appointed on 01 October 2023. The implementation of this project will increase effective security monitoring and risk management at all sites. The project will be implemented starting from this current financial year to the 2025/26 financial year and will include maintenance and support services.

It should be noted that the implementation of the integrated security technology has been delayed and will not cover all the priority sites, as was outlined on the execution plan, owing to the limited budget allocated to the project.

This project will be implemented in three phases over the three financial years. The overall budget for the project is estimated at R33 million. Table 43 reflects progress made in Phase 1 of the project.



Table 43: Progress

Description	Phase 1: 2023/24	Status Update
Budget	<ul style="list-style-type: none"> Initial budget: R5 million Allocated budget: R3,839,638.81 	<p>Total budget of R3,839,638.81 was committed for phase 1 to install CCTV and an access-control security surveillance system at the following sites:</p> <ul style="list-style-type: none"> Head Office: Turbine Hall control room and server room equipment installation is completed. Cameras at Driefontein WWTW completed in Quarter 4. Cameras at Olifantsvlei WWTW completed in Quarter 4. Cameras at Ennerdale Depot completed in Quarter 4.
Names of priority sites	<p>Northern Works WWTW</p> <p>Cydnalab</p> <p>Southdale Depot</p> <p>Zandfontein Depot</p> <p>Humburg Depot</p> <p>Midrand Depot</p> <p>Midrand Regional Office</p> <p>Huildekruin Depot</p> <p>Randburg Depot</p> <p>Klipspruit Depot</p> <p>Langlaagte Depot</p> <p>Protea Glen Reservoir and Depot</p> <p>Hursthill Depot</p>	<ul style="list-style-type: none"> Six sites linked with new control room <ul style="list-style-type: none"> Driefontein WWTW linked with control room Ennerdale WWTW linked with control room Ennerdale Depot linked with control room Fennell Depot linked with control room Glenvista Depot linked with control room Olifantsvlei WWTW linked with control room Crown Gardens linked with control room Security automation systems were installed at the following sites for the 2024/25 financial year: <ul style="list-style-type: none"> Goudkoppies WWTW not linked with control room Bushkoppies WWTW not linked with control room Ennerdale WWTW linked with control room Olifantsvlei WWTW Phase 2 linked with control room Fennell Depot linked with control room Avalon Prepaid not linked with control room Avalon Depot not linked with control room Scott Athol Depot not linked with control room Crown Gardens Reservoir and Tower linked with control room Glenvista Depot linked with control room Head Office <p>A total budget of R11,516,142 was committed to install security automation for Phase 2</p> <p>Budget spent year to date is R8,725,489</p>

Section 11:

Corporate Social Responsibility

Johannesburg Water invests in and supports developmental projects that prioritise the empowerment of youth, women, people living with disabilities, communities and SMMEs. These initiatives are guided by a set of principles that drive our actions and decision-making:

- Alignment with the Business' vision, mission and strategy
- Alignment with the City's developmental goals and priorities
- Alignment with socio-economic development of B-BBEE
- Alignment with developmental community projects

The Entity limits its programme support to:

- High schools' career-development programmes
- SMME business-development support
- Community project support
- Indigent beneficiaries (as part of the Expanded Social Package)

Education and Training

Johannesburg Water contributes to the South African agenda of providing youth from designated groups with employment and developmental opportunities. This is achieved through talent pipeline development programmes, such as the bursary scheme, internship, and apprentices programmes, with the aim of achieving the following:

- Providing previously disadvantaged students, in the first instance, with the opportunity to further their academic qualifications
- Enabling the Company to focus on future competency requirements by identifying and filling talent gaps
- Empowering youth with the necessary skills to ensure that they become marketable
- Creating an opportunity for students who have completed their studies to familiarise themselves with the working environment and gain practical experience
- Increasing the awareness among young people about job and career opportunities in Johannesburg Water

Bursaries and Internships

The bursaries provide a pipeline of young graduates for appointments in vacant positions once qualified and after being provided with practical training. Priority is provided to previously disadvantaged groups in the field of studies deemed to be critical for the business of Johannesburg Water. Females represent 25% of the bursary recipients.

Table 44 below provides details of the demographic breakdown of the four bursary recipients that were sponsored for full-time study in the 2024/25 financial year.

Table 44: Bursaries for Full-Time Study per Population Group and Gender

Demographic	Male	Field	Female	Field of Study
Africans	3	1 BEng Civil 1 BCom Accounting 1 BEng Tech: Civil Engineering	1	1 BEng Tech: Civil Engineering
It must be noted that of the four above-mentioned bursary holders, two have completed their studies. One male (BEng Tech: Civil Engineering) and one female (BEng Tech: Civil Engineering) completed their studies and joined Johannesburg Water as trainees on 1 March 2025.				

The number of internships at any given time is relatively stable; however, the numbers fluctuate across quarters as the interns are on contract, and these contracts expire on different dates. Females represent 75% of the interns.

Table 45 provides details of the demographic breakdown of the 12 interns along with 4 additional interns, hosted by Johannesburg Water and funded by the HSRC, that were in service in the year under review to obtain practical exposure in the workplace.

Table 45: Interns by Population Group and Gender

Demographic	Male	Field	Female	Field
Africans	3	1 BSc Chemical Engineering 1 BCom Business Management 1 BTech Eng: Civil Engineering	9	2 Advanced Diploma Supply Chain Management 1 BTech Internal Auditing 1 BCom Accounting 1 BA Honours in Human Resources 3 ND Analytical Chemistry 1 BSc Chemical Engineering
Africans	2	1 BSc Biotechnology (funded by the HSRC) 1 BSc Honours Microbiology (funded by the HSRC)	2	1 BSc Chemistry (funded by the HSRC) 1 BSc Life & Environmental Sciences (funded by the HSRC)

Table 46: Apprentices by Population Group and Gender

Programme	Race			Total	Total Males	Total Females	PWD
	African	Asian	Coloured				
Apprenticeship	6	2	0	8	5	3	0
TOTAL	6	2	0	8	5	3	0



CHAPTER FIVE: FINANCIAL PERFORMANCE AND EXPOSURE

The going concern has been evaluated and considered by the Audit and Risk Committee and the Board. The forecast indicates that the Company will be a going concern in the short term and medium term, leading to financial sustainability in the long term. This is material in affecting the Organisation's ability to create value.

Stakeholders Impacted: Shareholder
Strategic Response: Strategic Goal 5



Section 1:

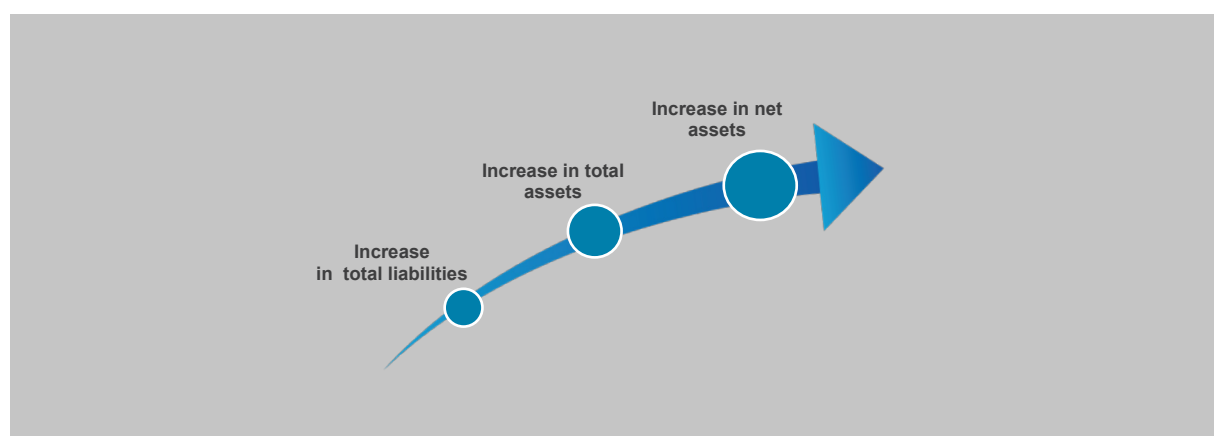
Statement of Financial Position and High-Level Notes

Table 47 reflects the main items in the Statement of Financial Position for the 2024/25 financial year.

Table 47: Statement of Financial Position

	June 2024 (R'000)	June 2025 (R'000)	Change (%)
Current assets	8,446,163	9,878,830	16.96
Non-current assets	14,197,306	15,071,298	6.16
Total Assets	22,643,469	24,950,128	10.19
Current liabilities	5,988,918	6,343,051	5.91
Non-current liabilities	2,852,401	2,982,466	4.56
Total liabilities	8,841,319	9,325,517	5.48
Net assets	13,802,150	15,624,611	13.20

Figure 13: High-Level Notes



Non-current Assets – The non-current assets increased by 6.16% from the June 2024 base. This is attributable to the implementation of the capital budget. It should, however, be noted that a significant amount of non-current assets is still under work-in-progress (WIP) or Assets under construction that are yet to be capitalised.

The Entity incurred expenditure of R1.694 billion compared to a budget of R1.612 billion for repair and maintenance. The annualised percentage of repairs and maintenance based on the current asset base was 11.24%, which is above the National Treasury benchmark of 8%.

Current Assets – Current assets increased by 16.96% compared to June 2024, which is primarily attributable to an increase in cash and cash equivalents.

Non-current Liabilities – The non-current liabilities increased by 4.56% compared to June 2024. This is attributable to an increase in Shareholder loans.

Current Liabilities – The current liabilities increased by 5.91% compared to June 2024, this is primarily attributable to an increase in trade payables with group companies.

Section 2:

Statement of Financial Performance and High-Level Notes

Table 48 reflects the key financial information contained in the Statement of Financial Performance.

Table 48: Statement of Financial Performance

	June 2024 (R'000)	June 2025 (R'000)	Change to the Prior Year (%)
Revenue	17,053,343	18,072,471	5.98
Bulk Purchases	-8,410,494	-8,566,159	1.85
Gross Margin	8,642,849	9,506,312	9.99
Other Income	1,027,550	1,416,741	37.88
Interest Income	395,546	489,201	23.68
Operating Cost	-4,344,562	-4,378,391	0.78
Finance Costs	-236,033	-276,211	17.02
Debt Impairment	-4,382,610	-4,935,191	12.61
Net Profit	1,102,740	1,822,461	65.27

High-Level Notes

The Entity reflected revenue of R18.072 billion for the year, an increase of 5.98% compared to the previous year (2023/24: R17.053 billion). The sale of water remained the most significant contributor to revenue, having generated R10.374 billion in the 2024/25 financial year. The sanitation revenue also constituted a large share of revenue, reflecting R7.610 billion. Sanitation revenue is the main contributor to the realised surplus for the Entity. The water inventory expensed was underspent as a result of water demand management (WDM) initiatives implemented. The overall non-revenue water (NRW) was reduced to 44.79%, which indicates a plateau from the previous growth. This is attributable to the various initiatives to reduce water demand.

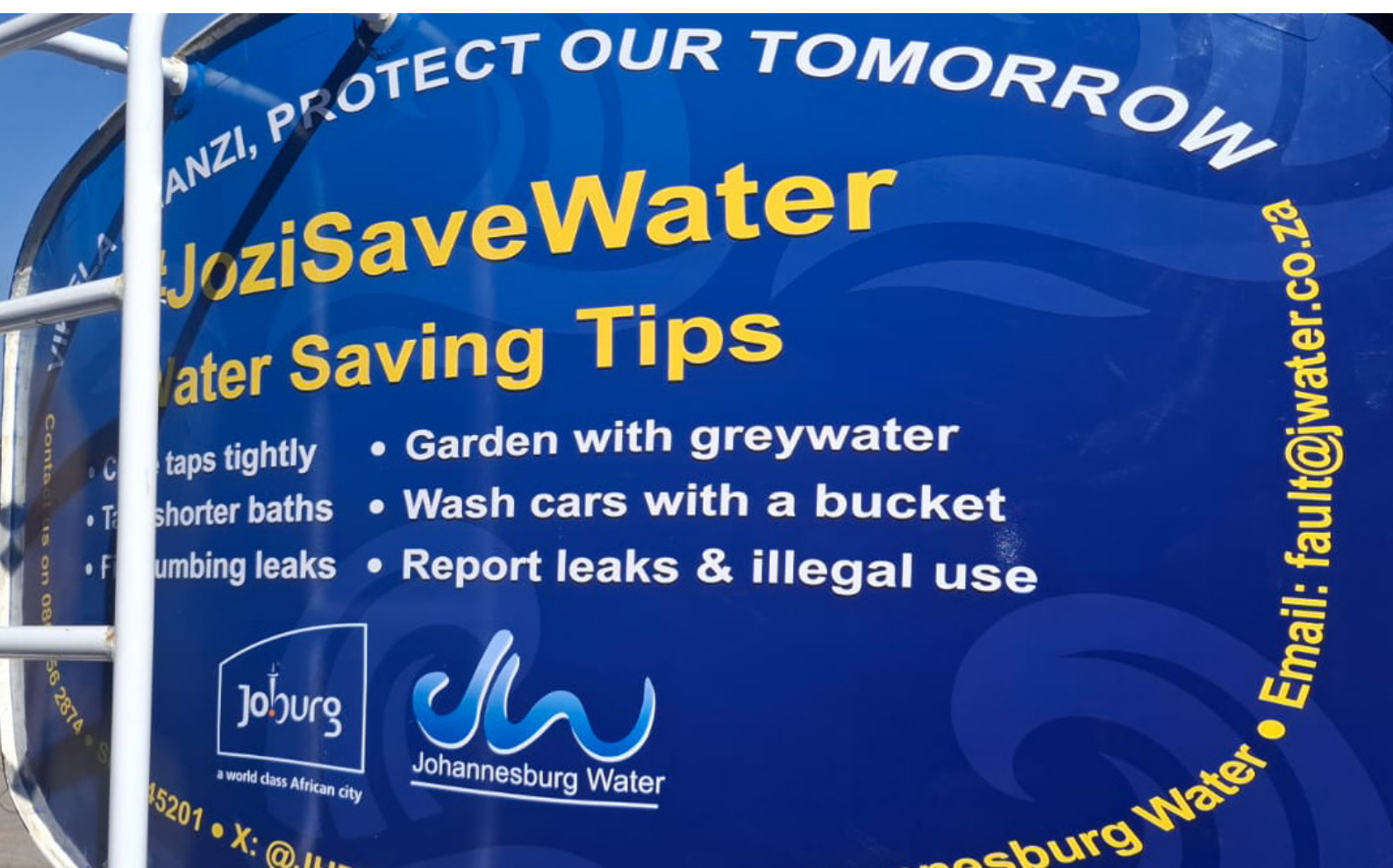
Expenditure was managed within the budget in the year under review while ensuring that service delivery was not hampered. The provision for doubtful debts is the most significant contributor to over-expenditure owing to customers defaulting on their accounts.

Table 49: Water Consumption Per Kilolitre (KI)

	Consumption 2022/23 (KI)	Consumption 2023/24 (KI)	Consumption 2024/25 (KI)	Difference (KI)	Change (%)
July	52,558,749	51,495,485	55,805,648	4,310,163	8.37
August	53,607,458	58,263,232	55,720,853	-2,542,379	-4.36
September	52,860,767	54,046,007	52,840,522	-1,205,485	-2.23
October	52,054,203	52,079,101	57,984,573	5,905,472	11.34
November	53,503,140	57,428,098	51,970,673	-5,457,425	-9.50
December	53,083,347	54,805,148	48,323,181	-6,481,967	-11.83
January	51,040,289	56,733,067	56,684,129	-48,938	-0.09
February	48,911,615	51,354,134	47,719,452	-3,634,682	-7.08
March	57,355,348	55,471,643	50,747,132	-4,724,511	-8.52
April	52,273,315	53,092,447	47,745,887	-5,346,560	-10.07
May	54,512,033	58,487,179	55,616,042	-2,871,137	-4.91
June	52,506,924	55,056,461	51,018,235	-4,038,226	-7.33
TOTAL	634,267,188	658,312,002	632,176,326	-26,135,676	-3.97

Cost of Water (Water Demand Management): The cost of water reflected an increase from R8.410 billion in June 2024 to R8.566 billion (an increase of 1.85%) for June 2025.

The annual collection rate was 74.84%, which was slightly above the budgeted collection rate for the 2024/25 financial year of 74.80%. Collections were still under pressure as customers continued to default on their current and old debts. The NRW also had a negative impact on the revenue.



Section 3:

Cash Flow Statement and High-Level Notes

Table 50: Key Financial Information from the Cash Flow Statement

	June 2024 (R'000)	June 2025 (R'000)	Change to the Prior Year (%)
Cash receipts from operating activities	12,829,133	13,558,085	5.68
Cash payments from operating activities	-11,605,518	-12,420,095	7.02
Net cash flows from operating activities	1,223,615	1,137,990	-7.00
Net cash flows from investing activities	-1,050,402	-1,055,445	0.48
Net cash flows from financing activities	-173,215	-82,542	-52.35
Net cash movements	-2	3	
Balance of bank account as of 30 June	32	29	-9.38

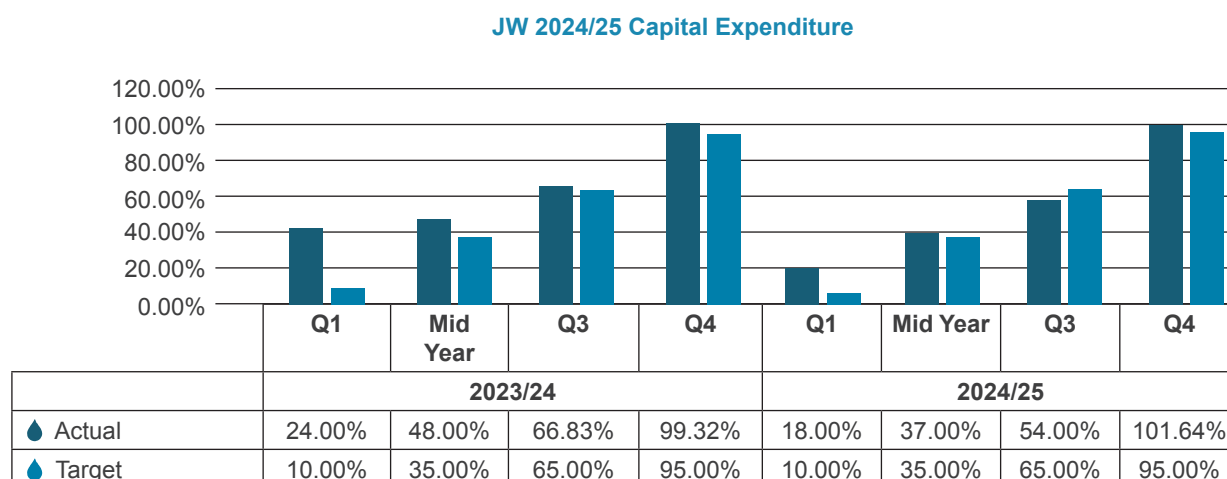
The Company's closing cash balance was R4.045 billion (2023/24: R2.811 billion) as of 30 June 2025. The Company sweeping balance with the CoJ Metropolitan Municipality, in which all cash is swept daily to the CoJ. The balance of R31,800 is the remaining petty cash on hand. Over the 2024/25 financial year, Johannesburg Water generated cash mainly from the sale of water and the provision of sanitation services. In addition, the Entity received grant funding of R595 million to assist with the funding of capital projects. Other sources of funding, specifically for capital projects, were external loans and cash reserves.

Section 4:

Capital Projects and Expenditure

The capital budget approved was R1.221 billion, which was increased to R1.291 billion after the mid-year budget adjustment process. The total capital expenditure for the year under review was R1.312 billion. This represents a 101.64% achievement against the targeted 95%. Figure 14 presents a graphic depiction of Johannesburg Water's annual capital expenditure.

Figure 14: Capital Expenditure



The expenditure breakdown per capital budget category is reflected in Table 51.

Table 51: Capital Expenditure

Category	Approved Budget (R'000)	Actual Expenditure (R'000)	Comments
Corporate Requirements	117,182	254,498	The over-performance occurred because of fleet-lease cost capitalisation. The achievement was despite low performance at the Randburg depot, which resulted in termination of the contract; delays in implementation of the Security Automation contract because of late payments; and the unsuccessful procurement of the IT Software and Data servers' bids.
Water Demand Management	156,000	161,656	The Cosmo City STS meter-installation project was accelerated, resulting in secondary mains being replaced and STS meters installed. This was despite the community-resistance challenges experienced.
Operations and Maintenance	178,147	165,112	The leaking reservoir programme was delayed owing to late award of the panel. The late payment of contract affected implementation of projects. The procurement of the supply and delivery of 20 water tankers was successful, and additional water tankers will be procured in the next financial year.
Upgrading and Renewal	239,965	171,733	The implementation of the water and sewer pipe replacement panel yielded 14.7 and 20.5 km, respectively. The programme was impacted by suspension of works caused by late payment as well. The water panel was affected by objections and no allocation against this panel could be made prior to the conclusion of the review.
New Infrastructure	286,560	233,233	<p>The construction of the Brixton Reservoir and Pump Station and Erand Tower projects were negatively impacted by the late payment caused by cash-flow challenges.</p> <p>The delay in payment of contractors negatively affected the implementation, resulting in low output and claims. The cash-flow challenges impacted the progress on the Brixton Reservoir and Erand Tower. The projects will be completed in the next financial year.</p>
Planning and Engineering	11,500	8,188	The professional services providers conducted the necessary investigations and related studies as part of the planning process aimed at getting new projects in the pipeline.

Category	Approved Budget (R'000)	Actual Expenditure (R'000)	Comments
Marginalised Areas Programme	102,071	124,252	The basic services' projects implemented in informal settlements provided households in Crosby and Poortjie-Marikana, with access to basic water and sanitation. Borehole supply is planned for informal settlements without bulk supply in the next financial year. Further, the sewer-replacement programme at Stretford was mostly implemented.
Bulk Wastewater Works	199,661	193,642	Three projects were implemented at Northern WWTW. These were Unit 5 module 2 civil works, liquor treatment and electro-mechanical renewal. Ennerdale mixing and motors were also concluded. More projects are planned for the next financial year, which include the Van Wyk pump station and the BK infrastructure renewal project (IRP), both of which are at procurement stage.
TOTAL	1,291,086	1,312,315	101.64% achievement against the cumulative target of 95%.

Projects Completed

Table 52 depicts projects that were completed successfully.

Table 52: Completed Projects

#	Contract Number (WBS Number)	Description	Total Contract Value (R' 000)	Actual Expenditure (R'000)	Completion Date
1	JW13829RR	Florida North Pump Station	6,766	6,278	15-Jul-24
2	JW14220I	Blairgowrie Water Pipe Replacement Phase 2	4,311	4,287	16-Jul-24
3	JW14220K	Blairgowrie Water Pipe Replacement Phase 4	3,625	3,497	16-Jul-24
4	JW14220L	Blairgowrie Water Pipe Replacement Phase 5	4,202	4,043	16-Jul-24
5	JW13979	Completion of Soweto Infrastructure Upgrade and Rehabilitation Project in Super Block 7B	48,492	48,443	17-Jul-24
6	JW14220	Georgina Water Pipe Replacement (WPR)	4,797	4,318	30-Jul-24
7	JW14416	Crosby Basic Water	6,200	6,092	30-Aug-24
8	JW14220D	Gemsbok WPR Phase 1	6,138	5,544	06-Sep-24
9	JW14220E	Gemsbok WPR Phase 2	5,923	5,303	06-Sep-24
10	JW14220A	Sharonlea WPR Phase 1	7,036	6,753	24-Nov-24
11	JW14220B	Sharonlea WPR Phase 2	6,632	6,292	24-Nov-24
12	JW14220V	Rivonia WPR Phase 10	3,755	3,740	23-Oct-24
13	JW14220U	Rivonia WPR Phase 9	3,885	3,860	23-Oct-24
14	JW14220R	Rivonia WPR Phase 6	4,055	3,334	23-Oct-24
15	JW14220S	Rivonia WPR Phase 7	4,171	3,370	05-Nov-24
16	JW14220F	Melrose North Ext. 2 WPR	8,313	2,553	29-Nov-24
17	JW14220M	Rivonia WPR Phase 1	4,837	4,711	05-Nov-24

#	Contract Number (WBS Number)	Description	Total Contract Value (R' 000)	Actual Expenditure (R'000)	Completion Date
18	JW14220X	Rivonia WPR Phase 12	3,615	3,588	05-Nov-24
19	JW14220N	Rivonia WPR Phase 2	3,724	3,654	29-Nov-24
20	JW14220O	Rivonia WPR Phase 3	4,093	3,741	29-Nov-24
21	JW14220P	Rivonia WPR Phase 4	3,421	3,077	29-Nov-24
22	JW14220Q	Rivonia WPR Phase 5	4,520	4,034	29-Nov-24
23	JW14220T	Rivonia WPR Phase 8	4,024	3,959	30-Nov-24
24	JW14220W	Rivonia WPR Phase 11	3,670	3,637	05-Nov-24
25	UFW913_BLK D	Alexandra Block D	25,859	25,715	29-Nov-24
26	JW13857	UFW916 – JW13857 – Greater Orange Farm – Phase 2A	106,311	74,831	30-Sep-24
27	JW13858	UFW916 – JW13858 – Greater Orange Farm – Phase 2B	88,037	87,630	30-Sep-24
28	JW14054	NWWTW IRP Phase 1 Electrical MV Upgrade and Refurbishment	147,220	146,533	30-Nov-24
29	JW OPS 049/19R	T-CODES	110,833	110,421	31-Jan-25
30	JW14376	Protea South Ext 9 Sewer Pipe Replacement Phase 9	11,274	10,662	29-Jan-25
31	JW14377	Cedar Lakes Sewer Pipe Replacement	6,280	5,690	19-Feb-25
32	UFW913_BLK C	Alexandra Renewal of Secondary Mains and Discretisation in Sub Block C	21,955	19,957	21-Feb-25
33	JW14220N	Rivonia WPR Phase 2	3,724	3,654	04-Mar-25
34	JW14228_B	Stretford Ext 6, 7 and 8 Sewer Bulk Pipe Replacement	22,087	21,698	16-May-25
35	JW13829RR	Florida North Pump Station	6,766	6,278	04-Apr-25
36	JW14412	Alternative Energy Project Phase 1	60,000	60,000	30-Jun-25
TOTAL			770,550	721,177	



Water Pipe Replacement

The water pipe replacement programme was geared towards the reduction of physical losses within the CoJ. To improve the water useful life, Johannesburg Water planned to replace 15.60 km of old water pipes. Some 20.451 km have been replaced, which represents a 131.09% performance. Table 53 below provides details of the pipes planned and replaced per region.

Table 53: Water Pipe Replacement

2024/25 Water Pipe Replacement Programme			
Johannesburg Water Regions (CoJ Regions)	Annual Plan (Metres)	Actual (Metres)	Comments
Midrand Region (A)	2 000	0	No reported projects. Projects at design stage.
Randburg Region (B & C)	3 400	15 374	Reported from Supply and Installation of STS prepayment water meters in Cosmos City Phase 2; Sharonlea WPR Phases 1, 2 and 3; Blairgowrie WPR Phase 3; Lyme Park WPR; and Willowild Phase 1 and 2 WPR projects.
Soweto Region (D)	6 200	0	No reported projects. Projects at design stage.
Sandton – Alexandra Region (E)	0	4 584	Reported from Rivonia WPR Phases 1–12 and Melrose North Ext. 2 WPR. Parkwood WPR is at BEC stage.
Johannesburg Central Region (F)	4 200	493	Reported from the Crosby Basic Water Services project. Village Deep WPR Phase 1 and Phase 2 projects were recommended for allocation at BAC. Village Deep Phases 1 and 2 WPR projects have commenced.
Deep South Region (G)	3 000	0	No reported projects. Eldorado Park Ext. 1 WPR is in the BSC stage for allocation.
TOTAL	15 600	20 451	

Sewer Pipe Replacement

Johannesburg Water intends to reduce the number of blockages per 100 km of sewer network infrastructure to improve service levels to its customers. To improve the level of service, a target of 16.00 km of sewer pipe replacement was planned. A total of 14.741 km was replaced, which represents a 92% performance against an annual target of 16.00 km. The target was not met owing to works suspension because of late payment of service providers, delays in the approval of wayleaves and the allocation of work packages, which resulted in the late start of the projects. Table 54 reflects planned and actual lengths of sewer replaced in each of the Johannesburg Water regions.

Table 54: Sewer Pipe Replacement

2024/25 Sewer Pipe Replacement Programme			
Johannesburg Water Regions (CoJ Regions)	Annual Plan (Metres)	Actual (Metres)	Comments
Midrand Region (A)	0	1 120	Inchanga Road (Craigavon) commenced, and the contractor completed 460 m in June.
Randburg Region (B & C)	3 106	2 759	The Thulani Phase 5 project has received all environmental authorisations; instruction to commence with the works is pending the contractual documents. The fourth work package for the Parkwood sewer is still at documentation stage, where specifications and bills of quantities (BOQs) are being amended. Parkwood Phase 3 was delayed owing to suspension of the project.
Soweto Region (D)	3 001	4151	Reported from Naledi and Anthea Lancefield, Crosby and Wilgespruit contributed 524 m, 866 m and 119 m, respectively.
Sandton – Alexandra Region (E)	0	0	Projects are still at design stage.
Johannesburg Central Region (F)	3 544	439	The Inner-city projects (Booyesen, Fairwood and Meadowlands) were allocated and contractors appointed. The traffic management plan is pending submission for approval of the engineers. The Bezuidenhout Valley Sewer Pipe Replacement for Phases 2, 3 and 4 was allocated, and contractors appointed, with the letter of commencement issued for Bezuidenhout 2 and 3. Owing to contractual issues, the construction of Bezuidenhout 4 has been suspended until the contract award set-aside process is concluded by the Courts. Bezuidenhout Phase 2 contributed 150 m.
Deep South Region (G)	6 349	6 272	The Stretford Ext. 4 Emergency Sewer Outfall project is in construction, with 1.263 m having been laid this financial year. The project is pending a JRA wayleave and contractual are being reviewed. Two projects have shown progress. The Stretford Ext. 6, 7 and 8 project is in practical completion. The Stretford Ext. 7 Phase 2 commenced with the works in April 2025, and 249 m of pipe were laid in June. The Deep South sewer project has been issued commencement authorisation; the contractor is establishing the site.
TOTAL	16 000	14 741	

Bulk Wastewater Major Capital Projects

Table 55 provides some of the major bulk wastewater capital projects that Johannesburg Water implemented in the 2024/25 financial year and their progress status. It should be noted that these are multi-year capital projects.

Table 55: Major Bulk Wastewater Capital Projects

#	Project Description	Project Objective	Projected Completion Date	Total Value (R'000)	Total Expenditure (R'000)	Progress Status
1	NWWTW Unit 4 – liquor	The objective of the project is to construct a new Liquor Treatment Plant to prevent high levels of suspended solids and phosphates from being recycled back into the process, resulting in non-compliance of the final effluent.	29 August 2025	91,743	88,743	Construction progress is at 96% against a target of 96%. Additional works have been issued to the contractor, resulting in the completion date expected to be 29 August 2025.
2	Ennerdale WWTW Infrastructure Renewal Plan – Module mixers	The objective of the project is to refurbish and replace electro-mechanical and civil infrastructure at the WWTW to ensure compliance with the Department of Water and Sanitation (DWS) standard.	04 July 2025	26,452	26,089	Construction is 100% complete.
3	Unit 5 – Phase 2 (Civil works)	The objective of the project is to construct Unit 5 Module 2 and its associate structures, including a Unit 5 Head of Works, with the goal of increasing the capacity of the works by 50 MI/day.	14 November 2025	328,822	283,754	Construction progress is at 82% against a target of 82% and is on schedule. The plan is to have the project completed by November 2025.
4	NWWTW IRP Phase 1 Electrical MV Upgrade and Refurbishment	To ensure the support of the CoJ new developments and compliance with the DWS standards at Northern WWTW.	15 November 2024	147,220	146,532	Project is complete and has been handed over.
		TOTAL		594,238	545,118	

Water Reservoirs

Johannesburg Water has embarked on the construction of new reservoirs to increase the storage capacity within the CoJ. Table 56 provides detailed progress on reservoir projects.

Table 56: Reservoir Projects

Name and Capacity	Cost Estimate (R'000)	Total Expenditure (R'000) (interim)	Status	Planned Completion Date	Comments
Erand Tower 2 (MI)	92,965	66,096	Construction	31 August 2025	Construction progress is at 89% against a target of 96%. An extension of time claim owing to electrical scope variation was submitted and is currently under review.
Robertsville Tower 2.25 (MI)	55,000	-	Procurement	August 2027	Tender is at documentation stage. The BSC report is to be submitted to the SCM unit in August 2025. The tender is behind schedule because of rescoping
Woodmead Reservoir 22 (MI)	51,262	11,669	Procurement	February 2027	The project was terminated on 21 June 2024. The contractor issued a letter to challenge the termination. The JW Legal department is handling the matter. A new tender was initiated and advertised and is currently under evaluation.
Halfway House Reservoir 20 (MI)	60,000	-	Procurement	February 2028	The tender document has been completed and the project is on hold pending the finalisation of the land-acquisition process being managed by the Joburg Property Company (JPC).
Blue Hills Tower 1.8 (MI)	55,000	-	Design	February 2028	The land-acquisition process in progress. (Land is required for the tower and separate land needs to be procured for the pump station.) The scope has been allocated to a consultant from the panel. The detailed design report has been approved. The project is on hold pending the finalisation of the land issues, which are being managed by the JPC.
Carlswald Reservoir 20 ML	80,000	-	Procurement	February 2027	The contract was cancelled on 31 May 2024 owing to the tender being non-responsive. A new tender process has been initiated and is currently at evaluation stage.
Linbro Towers	100,000	2,508	Procurement	December 2026	The tender was advertised on 01 November 2024 and closed on 16 January 2025 and is currently at probity.

Name and Capacity	Cost Estimate (R'000)	Total Expenditure (R'000) (interim)	Status	Planned Completion Date	Comments
Brixton, Hursthill, Crosby	250,307	272,726	Construction	September 2025	Construction progress is at 90% against a target of 95% and is behind schedule. The delays are attributable to slow production as a result of non-payment of the contractor payment by JW. An extension of time claim due to late payments is under review.
Foresthill Tower	80,000	-	Procurement	August 2027	The tender is at documentation stage. The BSC report is to be submitted to the SCM unit in August 2025. The tender is behind schedule as a result of rescoping.
Linksfeld Reservoir	160,000	-	Designs	December 2028	The design report has been approved and the tender documentation is being worked on in preparation for the BSC. The tender is behind schedule as further investigation needs to be conducted.
TOTAL	984,435	272,807			

SMME Development and Expanded Public Works Programme (EPWP) through Capex Projects

Johannesburg Water targeted the creation of 1 403 job opportunities within the 2024/25 financial year. A total of 1 449 job opportunities were created against the 1 403 target. This achievement translates as 103% of the annual target.

The SMME Development Programme aims to empower and support emerging contractors to reduce unemployment within the CoJ and empower local communities through the implementation of operational and capital programmes. Johannesburg Water targeted the support of 97 SMMEs in the 2024/25 financial year. The total number of SMMEs supported for the period under review was 122. This translates as an achievement of 126% of the annual target.



Table 57: SMME Development and Expanded Public Works Programme (EPWP)

SMME Programme	Planned Number of SMMEs Supported	Actual Number of SMMEs Supported	Planned Number of Jobs Created	Actual Number of Jobs Created	Actual EPWP Expenditure (R'000) (interim)	Actual SMME Expenditure (R'000) (interim)	Comments
Upgrade and Renewal	31	30	205	399	15 779	7 933	Reported on various pipe-replacement projects.
Operations and Maintenance	5	5	65	6	121	1 196	Reported on Hector Norris pump-station project.
Water Demand Management	5	30	91	104	1 646	5 058	Reported on Cosmo STS meters project.
Bulk Wastewater	23	20	215	445	16 841	9 803	Reported on various BWW projects.
New Infrastructure	11	0	150	23	2 084	0	Reported from the Erand Tower and Brixton.
Marginalised Areas Programme	18	37	67	89	2 291		Reported on various special projects.
Planning and Engineering	0	0	0	0	0	0	No jobs and SMMEs not applicable.
Corporate Requirements	4	0	610	383	15 962	0	Reported on various special projects and security contracts.
TOTAL	97	122	1 403	1 449	54 723	29 473	

Marginalised Areas Programme

Johannesburg Water initiated a programme called the “Marginalised Areas Programme”. This programme tracks the projects and progress within the areas of Ivory Park, Diepsloot, Alexandra, Orange Farm, Soweto and all informal settlements. During the year under review, 17 projects were implemented within marginalised areas. Table 58 provides details of the projects, including the project progress status per region.

Table 58: Marginalised Areas

#	Project Name	Total Contract Value (R'000)	Project Start Date	Project End Date	Comments
1	Gembok Water Pipe Replacement Phase 1	6,138	07 February 2024	06 September 2024	The project achieved completion on 06 September 2024.
2	Gembok Water Pipe Replacement Phase 2	5,923	07 February 2024	06 September 2024	The project achieved completion on 06 September 2024.
3	Stretford Ext. 6, 7 and 8 Sewer Bulk Pipe Replacement	19,396	08 April 2024	16 May 2025	The project was completed.
4	Stretford Ext. 7 Sewer Pipe Replacement Phase 2	26,038	11 April 2024	30 July 2025	The project is at 95% progress against a target of 98% and is behind schedule. Delays are due to late payments, rain, collapsing soil and access to property for tie-ins. The contractor suspended works pending payment.
5	Stretford Ext. 4 Outfall Sewer	27,504	11 September 2023	29 August 2025	The project is in construction at 80% progress against 100% and behind schedule. The main challenge is the suspension of works caused by delayed wayleaves approvals by City Parks since January 2025. The issue escalated to the City Parks' Accounting Officer and was only resolved in May 2025. The application of JRA wayleave was submitted at the end of May 2025 and is awaiting response. The final completion date will be determined after the final approval of the wayleaves.
6	Provision of basic water in Crosby	6,200	24 May 2024	30 August 2024	The project is complete and 174 households have been relocated to stands.
7	Orlando West 7B	48,492	10 February 2024	17 July 2024	The project has reached completion.
8	Alexandra Renewal of Secondary Mains and Discretisation in Sub Block C	19,959	02 September 2020	24 January 2025	The project has reached completion.

#	Project Name	Total Contract Value (R'000)	Project Start Date	Project End Date	Comments
9	Alexandra Renewal of Secondary Mains and Discretisation in Sub Block D	25,859	02 September 2020	03 December 2024	The project has reached completion.
10	Orange Farm 2A	76,955	10 February 2020	29 April 2024	The project has reached completion.
11	Orange Farm 2B	88,037	10 February 2020	14 November 2024	The project has reached completion.
12	Orange Farm 2C	65,876	10 February 2020	29 April 2024	The project has reached completion.
13	Anthea Nancefield outfall Sewer	63,032	01 February 2022	19 August 2025	The project is at 85% progress. Challenges include unstable soil conditions due to high water table, site closure due to non-payment of contractor and affecting SMMEs.
14	Diepsloot Sewer Bridges	94,850	01 November 2025	TBC	The project was terminated. The new tender was advertised, closed and is due for evaluation.
15	Thulani Sewer Pipe Replacement Phase 5	4,641	17 May 2025	17 August 2025	The project has just started. The water use licence application (WULA) is now in place. The Contractor was issued with a resumption letter.
16	Protea South Ext. 9 Sewer Pipe Replacement Phase 9	11,274	13 July 2023	29 January 2025	The project is complete.
17	Supply and installation of STS water meters in Cosmo City Phase 2	157,478	18 July 2024	09 June 2026	Construction progress is at 46%. Challenges include resistance to meter installation and payment delays to the contractors owing to the unavailability of cashflow by the CoJ.
TOTAL		588,002			

Basic Services

Johannesburg Water continually provides basic water and basic sanitation to communities living within the informal settlements. The basic water contract in Crosby was completed along with the basic sanitation contracts in both Crosby and Poortjie-Marikana.

Basic water: The plan for the financial year was to provide access to basic water to 1 250 households. The number of households provided with basic water was 174. Challenges were experienced with the 21 settlements. These challenges are being investigated, as some settlements are affected by the WULA process whilst others cannot be connected to the municipal water supply because of inadequate bulk water infrastructure. Environmental approval processes are underway and investigations into an alternative water supply are at the procurement stage.

Basic sanitation: The plan for the financial year was to provide access to basic sanitation for 1 700 households. The number of households provided with basic sanitation services was 1 796.

Table 59: Progress Made in the Provision of Basic Services

Settlement	Target Households	Actual Households	Progress to Date
Basic Water	1 250	174	The target was not met. Most projects under this portfolio were located on wetlands or flood lines, which triggered the need for environmental authorisations. The approval process takes about 18–24 months; hence, the annual target could not be approved. In addition, lack of inadequate bulk water infrastructure mainly for Region G projects resulted in some projects not being able to be provided with municipal water and an alternative water supply is being explored. The procurement process for hydrogeological investigations is underway.
Basic Sanitation	1 700	1 796	The target was met. The projects at Crosby and Poortjie-Marikana were completed, which provided households with access to basic sanitation service.

THANK YOU!

FOR REPORTING BURST PIPES AROUND THE CITY

Your vigilance and quick action is acknowledged. Burst pipes not only waste water but can also lead to disruptions in our water service, if it's left unattended.

We encourage residents to help us SAVE water by reporting burst pipes.



CONTACT US ON

086 056 2874 / 011 688 1699

45201

fault@jwater.co.za

Johannesburg Water

Providing Water. Providing Life.

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Section 5:

Ratio Analysis

Table 60: Financial Risk Indicators

Ratio	Norm	June 2025		June 2025	Comments
		Actual	Rating	Target/ Budget	
Collection Rate	95%	74.84%	😊	74.80%	The 74.84% is above the budget, however, collections were below the 2023/24 achievement of 75.7%. This is evidence of the economic conditions affecting customers' ability to pay. It is also reflective of a lack of effectiveness in credit control activities.
Current Ratio	1.5 -2 :1	1.56	😊	1.86	The ratio indicates the entity's ability to settle short-term obligations with its current assets. The actual ratio of 1.56 is within the norm of 1.5 -2:1 and suggests balanced liquidity, meaning the company can meet its obligations.
Net Operating Surplus Margin	Equal to or greater than 0%	8.26%	😊	6.18%	The Net Operating Surplus Margin measures the entity's ability to generate surplus from revenue relative to the operating expenses. A margin $\geq 0\%$ indicates a positive financial performance. The Net operating surplus margin was 8.26%, which was greater than the norm of $>0\%$ and above the budgeted surplus of 6.18%.
Revenue Growth (%)	CPI	5.98%	😊	6.79%	The Revenue Growth (%) of 5.98% indicates a strong upward trend, supported by tariff increments and changes in demand.
Remuneration ratio	25-40%	19.59%	😞	18.80%	The Remuneration Ratio was 19.59%, which is below the standard range of 25-40%. A low remuneration ratio indicates understaffing and capacity constraints affecting productivity and operational efficiencies leading to overburdened staff.
Actual Capital Expenditure / Budget Capital Expenditure	95-100%	101.64%	😊	100%	The overspending was attributable to the vehicles leased through the finance lease which was not included in the annual budget. This was offset by the underspending in capital budget that was noted under the Special Projects category due to challenges relating to implementation of projects in informal settlements.
"Solvency Ratio Total Assets/Total Liabilities"	None	2.68	😊	3.72	The Solvency Ratio indicates that the company has 2.68 times more assets than liabilities, confirming a strong financial position.
Rand net profit before debt impairment	None	6,757,652	😊	5,974,311	The amount indicates strong profitability before accounting for bad debt impairment. The company exceeded expectations as at the end of June 2025, primarily due to higher revenue recovery.



Section 6:

Supply Chain Management and B-BBEE

The Entity's B-BBEE status is Level 8 for the financial year ending 2024/25, with a 10% B-BBEE Level Contribution that expires on 06 March 2026.

Progress Against Annual Procurement Plan (APP)

Table 61: Annual Procurement Plan

Total Number of Items in APP	Not Initiated	BSC Processes	Compiling BSC Resolution	BSC Resolution Approval	Awaiting Advert	Advertised	Completed (Awarded + Non-Awarded)
98	27	30	4	0	0	19	35

Note: In mid-March 2025, the CoJ communicated that mid-term budget provisions were approved for the financial year. As a result, entities were permitted to review and resubmit their APPs for approval. Following this review process, the number of items in the APP was reduced from 195 to 98, aligning the procurement priorities with the available budget. The reduction in the number of items on the procurement plan from 195 at the start of the financial year to 98 following the post-review process can be attributed to several key factors:

- **Use of Existing Water Panels:** A significant portion of the projects initially listed under the capital expenditure (Capex) programme, particularly those related to water pipelines, will be procured through the existing water panels. As a result, these projects do not require separate procurement processes and have been removed as individual items from the plan.
- **Deferral of Early-Stage Projects:** Several other projects, which are still at the preliminary stages of the procurement process, have been deferred to the next financial year. A strategic decision was taken to postpone their procurement to ensure adequate readiness and alignment with planning timelines.
- **Budgetary Constraints in Operations and Other Departments:** For projects within Operations and other departments, budget limitations were the primary reason for not initiating procurement in the current financial year. Departments indicated that funding shortfalls prevented these projects from progressing as originally anticipated.
- **Consolidation of Projects:** It is also important to highlight that some projects, particularly those under Operations Support (for example, Probes), were initially listed as separate items in the procurement plan. However, during the procurement process, these projects were consolidated into single procurement packages to streamline procurement and improve efficiency. A similar approach was taken for IT-related projects such as servers, which were combined into a single procurement rather than being processed individually.

Note: The percentage of completed tenders at the end of 2024/2025 was 35.71% against the total number of items in the APP (revised).

New Tender and Contract Awards

Overall Awards

The total overall awards for the year under review, including all commitments (i.e. new tenders, additional funding, the extension of contracts, deviations, purchase orders via a request for quotation process and appointment through panels), was R2.307 billion (2023/24: R2.136 billion).

Tender Awards

For the year under review, 24 new tenders (2023/24: 27 awarded tenders) were awarded, to the value of R1.447 billion (2023/24: R1.626 billion). The tender register was developed and monitored on a weekly basis. The time to complete tenders remained the same at 147 days on average from 147 days on average in 2023/24 because of budgetary constraints and capacity constraints following three officials resigning from the department.

Cancelled Tenders

The Entity experienced 11 non-awards in tenders for the year (2023/24: 15 non-awards). The reasons varied widely from five non-responsive to three material irregularity, two validity expired and one no-longer needed. The corresponding value for the 11 non-awards was R524.1 million (2023/24: 15 non-awards were valued at R837.2 million).

Disputed Awards

Five tenders were disputed in terms of Regulation 50 of the Municipal Supply Chain Management Regulations, 2005. The tenderers raised objections regarding the tender process. The matters are being opposed. Disputed tenders refer to procurement processes where a tenderer lodges a dispute, objection or complaint against any decision taken by Johannesburg Water in the course of implementing its Supply Chain Management (SCM) system. Table 62 summarises the disputed tenders.

Table 62: Disputed Tenders

Tender No.	Description	Estimated Value	Disputed by	Reason	Status
JW OPS 031/21	Appointment of the panel of service providers for emergency repair and replacement of sewer and water infrastructure	R37 million	1. Khomani Kubwakazi 2. Motla Projects 3. TN Molefe Construction 4. Peo Tsa Mogale 5. Uyapo Engineering	Disputing failure to meet the local content requirement as a reason for being disqualified.	The objection process was finalised. An independent person issued a report recommending that JW reconsider all five bidders. The panel has been granted 36 months to include Khomani Kubwakazi.
JW IT 34/22	Supply and delivery of printer cartridges	R6.6 million	Joeman Construction Courier Services	The bidder objected to being disqualified for lack of experience in the supply and delivery of printer cartridges.	The objection was finalised, and the tender was cancelled.

Tender No.	Description	Estimated Value	Disputed by	Reason	Status
JW OPS 044/23	Hire of mechanical plant	R56.7 million	<ol style="list-style-type: none"> 1. Kukhulu Plant hire 2. Ekene Investment CC 3. Buzaphi Construction 	All three bidders objected to being disqualified for not submitting proof of an LCO Certificate or Operating Card.	An independent person is currently processing the objection.
JW OPS 003/23	Transportation and delivery of potable water	R223.9 million	<ol style="list-style-type: none"> 1. Ekene Investment Strategic Persuasion 2. Strategic Persuasion 	Both bidders objected to not receiving valid extension letters	The objection process was finalised. An independent person dismissed the objections. JW commenced utilising the awarded tender for 36 months.
JW14171	Upgrade and renewal of water pipelines on an as-and-when-required basis for a period of 36 months, to the following bidders for Panel B.	R450 million	<ol style="list-style-type: none"> 1. Lembe and Langa empire (Pty) Ltd 2. Nandipha projects cc 3. F AND A Civils (Pty) Ltd 	Objections were that the take-over certificate was not considered as a completion certificate, and there was a failure to declare a consortium.	An independent person issued a report recommending that JW reconsider all three bidders.

Awards to Black Designated Groups

As part of the tender awards made for the year, a further breakdown into various designated groups is outlined below. It should be noted that these amounts form part of the awards made for the year and are reported to indicate empowerment contributions made to various black designated groups.

Table 63: Awards to Black Designated Groups

Types Of Designated Groups	Year 2024/25 (R)	Previous Year 2023/24 (R)
Black Youth Owned	1.072bn	501m
Black Women Owned	1.404bn	581.4m
Black Owned	2.085bn	1.687bn
SMMEs	1.535bn	841.7m

Actual Procurement Expenditure

Overall Procurement Spend

The Entity's total actual procurement spend for all supplier categories for the year was R323.4 million (2023/24: R686.6 million), with a 93% (2023/24: 101%) B-BBEE compliance recognition, against the Entity's target of 95%. Efforts will be intensified in the coming financial year to ensure that the target is met.

Total SMME Spend

The total SMME procurement spend for the year was R116.9 million (2023/24: R258.1 million), with a B-BBEE recognition of 134% (2023/24: 134%) against a target of 133%. The SMME spend target was achieved for the year.

Procurement Spend on Black Designated Groups

The total actual procurement spend for the various designated groups for the year was as set out in Table 64.

Table 64: Procurement Spend on Black Designated Groups

Designated Group	Targets	Year 2024/25		
		Procured (R'000)	B-BBEE (R'000)	B-BBEE %
Black Owned (>50%)	95%	248,654	271,215	109
Black Woman Owned (>30%)	15%	91,685	92,402	101
Black Youth Owned (>50%)	15%	65,689	79,940	121
Black Disabled Owned (>30%)	5%	7,450	5,775	78
SMMEs	133%	116,946	156,839	134



Contractor Performance

There were 17 poorly performing contractors for the year, of which 3 related to operating expenditure, and the other 13 to capital expenditure, as depicted in Tables 65 and 66.

Table 65: Operating Expenditure

No.	Contract No.	Description	Contract Value (R)	Problem Statement	Action Taken to Mitigate	Contract Status & Outcome of Action
1.	JW OPS 008/21R	Supply and delivery of personal protective equipment on an as-and-when-required basis for a period of 36 months	119,020,000	Failure to deliver in terms of the issued purchase order	Contract cancelled	Contract cancelled
2.	JW OPS 012/21	Supply and delivery of PVC pressure and sewer pipes	8,400,000	Bongo Group (Pty) Ltd – The service provider failed to supply and deliver an order placed.	The service provider was put on terms and was given 14 days (starting from 28 August 2024 to 11 September 2024) to remedy the breach. The service provider failed to remedy the breach within the stipulated timeframe.	A letter of cancellation has been drafted and is currently being reviewed by the Legal department.
3.	4600000736	Supply, installation, configuration, support and maintenance of a Standard Transfer Specification (STS) compliant prepaid water vending system, including vendor management and support within the CoJ for a period of 36 months	13,623,427.85	The system does not record the person who changed or added information into system. Reports are incomplete and there are vending issues at certain vending points. The problem appears to be worsening.	Engagements with the service provider took place through MIS. The service provider was placed on terms but failed to remedy the poor performance.	There has been poor response and very minimal resolution thus far. A letter has been drafted to cancel the contract and is currently being reviewed by the legal department.

Part 1 OF 2 – Supplier Performance For Consultants

Table 66: Capital Expenditure

No.	Contract No.	Description	Contract Value (R)	Problem Statement	Plan of Action (Mitigation)	Outcome of Action (Summary)
1.	JW11053	Erand Tower – Construction of New 2.0 MI Tower and Pump Station	12,114,569.00	<ul style="list-style-type: none"> Redesign challenges creating delays Ongoing budget mismanagement despite prior engagement Continued deficiencies in contract administration 	<ul style="list-style-type: none"> Notification of dissatisfaction issued to the consultant Immediate corrective action is required to avoid further contractual consequences. 	Report to SCM
2.	CO1359_2 (BWW1402)	NWWTW Unit 4 – Liquor	11,715,909.27	<ul style="list-style-type: none"> Poor contract administration Excessive design revisions 	<ul style="list-style-type: none"> Notification of dissatisfaction issued to the consultant 	Performance monitoring in process by the Project Management Unit (PMU)
3.	CO1397 (BWW1500)	Unit 5 – Phase 2 (Civil Works)	112,548,279.14	<ul style="list-style-type: none"> Dispute between the professional services provider (PSP) and JW regarding claim ruling issued 	<ul style="list-style-type: none"> Notification of dissatisfaction issued to the consultant 	Performance monitoring in process by PMU
4.	JW12009	Randburg Depot	4,178,436.20	<ul style="list-style-type: none"> Dissatisfaction pertaining to the non-responsiveness of the principal agent regarding the contractor performance 	<ul style="list-style-type: none"> Instructions to remedy the default 	Performance monitoring in process by PMU
5.	CO1397 (BWW1500)	Unit 5 – Phase 2 (Civil Works)	11,637,128.00	<ul style="list-style-type: none"> Dispute between PSP and JW regarding claim ruling issued 	<ul style="list-style-type: none"> Notification of dissatisfaction issued to the consultant 	Performance monitoring in process by PMU
6.	CO1532	Steyn City Sewer Pipe Station	4,623,427.01	<ul style="list-style-type: none"> Poor performance Failure to meet commitments Unprofessional behaviour 	<ul style="list-style-type: none"> DDR to be submitted, finalised specifications for disciplines submitted and meeting scheduled with JW Electrical Support 	Performance monitoring in process by PMU
7.	JW1404R	Robertsville	2,164,000.00	<ul style="list-style-type: none"> Poor administration and delays to progress on the submission of tender documents and priced BOQ 	<ul style="list-style-type: none"> Documents requested were received. 	Performance monitoring in process by PMU

Part 2 OF 2 – Supplier Performance For Contractors

No.	Contract No.	Description	Contract Value (R)	Problem Statement	Plan of Action (Mitigation)	Outcome of Action (Summary)
8.	JW14266	Completion of Randburg Depot	39,959,076.29	<ul style="list-style-type: none"> Poor performance 	<ul style="list-style-type: none"> Cancelled 	Cancelled
9.	JW14377	Cedar Lakes Sewer Pipe Replacement	6,280,355.27	<ul style="list-style-type: none"> The project is behind schedule due to contractor's poor planning and cash-flow issues. 	<ul style="list-style-type: none"> SCM restriction in process 	Report to SCM for vendor restriction
10.	JW14170	Provision of Satellite Depots (Northern Works, Protea Glen and President Park)	20,257,302.30	<ul style="list-style-type: none"> The project was behind schedule by six months due to the contractor's slow progress. 	<ul style="list-style-type: none"> Penalties imposed 	Report to SCM, work conducted in 2023
11.	JW14086	Jabulani Reservoir Bypass	23,163,355.00	<ul style="list-style-type: none"> Poor performance due to the contractor's failure to complete the outstanding snag list. 	<ul style="list-style-type: none"> Report to SCM 	Report to SCM
12.	JW14095	Pressure Management Phase 2A: Soweto PRVs	44,784,586.53	<ul style="list-style-type: none"> Project is behind schedule. 	<ul style="list-style-type: none"> Dissatisfaction letters sent to contractor Notice to terminate issued Penalties imposed Contractor has been requested to procure material for the remaining three PRVs. 	Report to SCM
13.	JW14096	Pressure Management Phase 2B – Soweto PRV	37,744,845.58	<ul style="list-style-type: none"> Poor performance 	<ul style="list-style-type: none"> Dissatisfaction letters sent to contractor 	Report to SCM

Although service delivery was disrupted by poor performance, no actual losses were incurred since the Entity covers and/or mitigates its risks by means of performance guarantees and an additional 10% retention in construction-related contracts. Furthermore, the Entity only pays for goods and services delivered or on presentation of a progress certificate in construction contracts.

Procurement Deviations

Procurement awards via a deviation process for the year under review amounted to R463.1 million (2023/24: R224.7 million), which constituted 20.1% of the total procurement awards, as listed below.

The major contributors to the deviations made during the year were:

- Supply and delivery of mechanical couplings at R9.9 million
- Supply and delivery of HDPE pipes and fittings within the Johannesburg Water depots at R6.3 million
- Supply and delivery of steel pipes and fittings at R11.9 million
- Construction of a dedicated pipeline in Phumlamqashi at R6.6 million
- Supply and delivery of stainless-steel clamps at R14.9 million
- Provision of specialised tactical response service, escort services, response to alarm activation and the conducting of patrols at R20.2 million
- Supply/hire of mechanical plant for a period not exceeding 4 months at R6.7 million
- Provision of desludging services of ventilated improved pit-latrines (VIPs) or conservancy/septic tanks at R17.8 million
- Two River Estate, Sjampamje Bridge and River Bend River Crossing emergency sewer pipe replacement at R11.5 million

The Entity's Supply Chain Management Policy and Regulation 36 of the Municipal Supply Chain Management Regulations, 2005, allow the Accounting Officer to dispense with the official procurement processes established in exceptional cases (i.e. emergencies, sole suppliers or impracticality), as indicated above. Furthermore, no unsolicited bids were received or awarded by the Entity during this period.

Tables 67 and 68 provide a summary of the purchases made through the Company's deviation processes in terms of set delegations as required by the Supply Chain Management Policy and Standard Operating Procedures (SOPs).

Table 67: Details of Deviations Above the R750,000 Threshold

Deviation Type	2024/25 (R'million)	2023/24 (R'million)
Emergencies	334	92
Sole Suppliers	49	0
Impracticality	44.3	94.9
Total Deviations	427.3	186.9

Table 68: Details of Deviations below the R750,000 Threshold

Deviation Type	2024/25 (R'million)	2023/24 (R'million)
Emergencies	10.4	26.2
Sole Suppliers	4.6	3.6
Impracticality	20.8	29.7
Total Deviations	35.8	59.5

Enterprise Development

Johannesburg Water regularly hosts supplier information sessions to educate stakeholders on the Organisation's SCM policy prescripts and procedures. These sessions are conducted either virtually or in person at Johannesburg Water premises. In collaboration with the Johannesburg Water Stakeholder Relations Department, additional sessions are organised at regional offices and community halls, specifically targeting SMMEs within local forums.

As of 30 June 2025, a total of four supplier information sessions had been conducted in the following regions:

- **Region A:** Midrand
- **Region D:** Nancefield and Finetown
- **Region E:** Alexandra

Additional Supplier Information Sessions

Between July 2024 and June 2025, Johannesburg Water conducted an additional eight supplier information sessions. These sessions focused on enhancing supplier understanding of key processes and support mechanisms. The topics covered included:

Training On the e-Tender Portal:

This session provided guidance on using the National Treasury's e-Tender platform, which enables suppliers to submit responses to Requests for Quotation (RFQs) electronically.

- **Information Session On SMME Support:**

This session gave an overview of the financial and non-financial support available to SMMEs through the Gauteng Enterprise Propeller, a unit of the Gauteng Provincial Government.

- **Training On the Procure-to-Pay Process:**

This was a session designed to familiarise suppliers with Johannesburg Water's procurement process, from the requisition phase through to final award.

- **Training On Payment Terms and Invoicing Requirements:**

This session focused on educating suppliers about the Entity's preferential payment terms for SMMEs and outlining the invoicing and supplier statement

submission protocols to facilitate timely invoice processing.

- **Training On Municipal Bidding Documents:**

This session emphasised the correct and honest completion of forms—particularly the Declaration of Interest to prevent disqualification because of misrepresentation.

- **Construction Industry Development Board (CIDB) assessment of Prior learning**

- **Small Business Tax-Compliance Session Offered by SARS**

The Company intends to implement an unemployed youth development basic skills programme in plumbing for 80 learners who reside within the marginalised areas in the City of Johannesburg. The tender has since been advertised and is reportedly under bid evaluation.

Processes are underway to develop a structured contractor development programme for implementation subject to management approval. The programme is targeted at construction companies with a CIDB lower-level grading.

Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure refers to expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and Wasteful Expenditure Identified and Incurred in The Current Year

Table 69 below reflects details of fruitless and wasteful expenditure identified and incurred in the current year.

Table 69: Fruitless and Wasteful Expenditure Incurred in the Current Year

No.	Item	Details of Fruitless and Wasteful Expenditure	Amount (R'000)
1.	Interest charged by Mogale	Interest declared in October 2024 boundary sewer charges	464
2.	Interest charged by City of Tshwane	Interest declared July 2024 to June 2025 for boundary sewer charges	2,978
3.	Interest charged by SARS	SARS deducted the value off VAT Refund SARS	0
4.	Interest charged by Rand Water	Interest charged by Rand Water for payment in May 2024 owing to CoJ Treasury cash-flow limitations	0
5.	Icon Construction	Interest charged by Icon Construction for late payment in January 2024	151
	TOTAL		3,594

Irregular Expenditure

Treasury Guidelines on irregular expenditure provide that this is only recognised when payment pertaining to non-compliance is made. Any irregular expenditure determined prior to a payment being made shall only be regarded as non-compliance until the payment is made, at which point the irregular expenditure shall be recorded.

Details of Irregular Expenditure Identified and Incurred in The Current Year

Table 70 below reflects details of irregular expenditure identified and incurred in the current year.

Table 70: Irregular Expenditure Identified and Incurred in the Current Year

No.	Item	Details of Irregular Expenditure	Amount (R'000)
1.	IT Services (VPN/ GSM/ IP Telephony)	Non-compliance with Regulation 19 – Payment for services rendered without a valid contract.	12,798
2.	Hire and service of chemical toilets	Section 62(1)(c) of the Municipal Finance Management Act, 56 of 2003: Services rendered without an SLA or contract in place	4,009
3.	Transportation of potable water and Payment for extra items not approved/ budgeted for.	Non-compliance with Section 95(e) Rendering of services after funds were depleted and without official purchase order	817
4.	Services rendered for MD's Excellence Awards	Non-compliance with Regulation 18 – payment for services without purchase order	175
5.	Overspending on Approved Budget	Non-compliance with Section 87(8) of the MFMA – expenditure incurred not in line with approved budget	140,262
	TOTAL		493,548

Details of Irregular Expenditure Incurred in the Current Year But Identified in Previous Financial Years as a Result of Additional Payments Made on These Contracts

Table 71 below reflects details of irregular expenditure incurred in the current year but identified in previous financial years.

Table 71: Irregular Expenditure Incurred in Current Year, Identified in Previous Financial Year

No.	Item	Description	Amount (R'000)
1.	Fleet services	Non-compliance with Regulation 32 for the hire of fleet by the City.	54,798
2.	Contract award to panel of engineering consultants	Non-compliance with PPR 2017 Regulations. Contract awarded in deviation to specifications. Bidder was unfairly disqualified, as they did not have audited financials.	27,339
3.	Quotation deviations with no reasons provided: Strip and quotes	Non-compliance with the Municipal Supply Chain Management Regulation 36(1) and (2).	2,179
4.	STS meters and technical support	Deviation process contravenes the requirements of Regulation 36 of the Municipal Supply Chain Management Regulations.	2,253

No.	Item	Description	Amount (R'000)
5.	Hire of mechanical plant	Non-compliance with Regulation PPPR (5) – Functionality criteria did not include the points. (PPR 2017 Regulations)	2,421
6.	Panel of contractors to provide basic sanitation services in informal settlements	Evaluation was conducted in contravention of Regulation 21(b) and 27(2) (i) of the Municipal Supply Chain Management Regulations, Paragraph 5(7) of the Preferential Procurement Regulations (PPR) and section 112 of the MFMA. The tender was advertised in contravention of Regulations 22(b)(i) and 22(2) of the Municipal Supply Chain Management Regulations. Regulation 13(c) of the Municipal Supply Chain Management Regulations was not complied with in the use of restrictive evaluation criteria, restrictive required CIDB Grading and the tender being advertised for 14 days instead of 30 days.	20,005
7.	Provision of security and maintenance services for the Northern Works Farm	Section 62(1)(c) of the Municipal Finance Management Act 56 of 2003: Services rendered without an SLA or deviation in place.	4,193
8.	Supply, delivery and removal of skip bins	B-BBEE certificate was for a different company with a common director. The second-highest scorer should have been awarded the contract. Non-compliance with PPR 2017 Regulation 6, Preference Point System.	407
9.	Cleaning and maintenance of reservoirs and towers	The highest scorer was unfairly eliminated as the company was tax non-compliant on last day of the validity period. Seven days were not granted to resolve the tax matters. Non-compliance with MFMA Circular 90, Tax Compliance Status.	292
10.	Cedar Lakes Sewer Pipe Replacement & Ivory Park Sewer Pipe Replacement	Contravention of CIDB Regulation 25(A), CIDB requirement for Panel (Tender) was 6CE or Higher, but work allocation were below 6CE	522
TOTAL			114,410

Details of Irregular Expenditure Approved by Board for write-off

The investigations into the following irregular expenditure instances have been concluded and the write-off of the irregular expenditure was approved by the Board and certified as irrecoverable.

Table 72: Irregular Expenditure Written Off in Current Year

No.	Item	Description	Amount (R'000)
1.	Over expenditure – Non-cash item: Debt impairment	Expenditure over budget. JW incurred expenditure not in accordance with the approved adjustment budget as per requirement of section 87(8) of the MFMA.	119,033
2.	Over expenditure – Non-cash item: Depreciation and asset impairment	Expenditure over budget. JW incurred expenditure not in accordance with the approved adjustment budget as per requirement of section 87(8) of the MFMA.	121,345

No.	Item	Description	Amount (R'000)
3.	Over expenditure – Cash item: Other expenditure (Refer to items overspent in the Budget vs Actual Statement in AFS.)	Expenditure over budget. JW incurred expenditure not in accordance with the approved adjustment budget as per requirement of section 87(8) of the MFMA.	981,824
4.	Transversal fleet contract	Non-compliance with Regulation 32 for the hire of the fleet. No disciplinary measures recommended, as the irregular expenditure refers to the transversal contract maintained at Group Finance.	131,183
5.	Vacuum tanker deviations	<p>The deviation process contravenes the requirements of Regulation 36 of the Municipal Supply Chain Management regulations.</p> <p>The contract was awarded in deviation of published evaluation criteria.</p> <p>Bidders were unfairly and not consistently evaluated as per approved evaluation criteria.</p> <p>Reasons for numerous deviations are not justifiable:</p> <ul style="list-style-type: none"> • Disciplinary process instituted. • Criminal case registered with the South African Police Service (SAPS). <p>Internal control measures regarding compliance with SCM deviation process have been enhanced:</p> <ul style="list-style-type: none"> • Demand management and acquisition plan have been implemented on critical services. • Deviations are routed via the Bid Adjudication Committee to further strengthen controls and to add an additional layer of assurance to the process. <p>All tenders of above R5 million including deviations are referred to Internal Audit for probity audit prior to the Bid Adjudication Committee resolutions being approved by the Accounting Officer.</p> 	90,336
6.	Panel of engineering consultants	Non-compliance with PPR 2017 Regulations No disciplinary measures are recommended. Internal control measures in the SCM with respect to the Preferential Procurement Policy Framework Act (PPPFA) requirements for the provision of AFS for tenders above R10 million are already in place and the necessary forms have been updated on the tender documents.	3,475
7.	Cedar Lakes Sewer Pipe Replacement & Ivory Park Sewer Pipe Replacement	Contravention of CIDB Regulation 25(A), CIDB requirement for Panel (Tender) was 6CE or Higher, but work allocation were below 6CE preferential treatment by JW.	7,062

No.	Item	Description	Amount (R'000)
8.	Hire of Jetting Trucks	Deviation process contravenes them requirements of regulation 36 of the Municipal Supply Chain Management regulations Disciplinary processes were instituted and criminal case registered with the SAPS. The allegations investigated were only applicable to the tender process prior to 2020/21, and did not affect the subsequent deviations which were declared irregular on the basis of the AGSA assessment.	1,917
9.	Greater Orange Farm Water Upgrade Project	The contract amount was exceeded without BAC approval of the professional fees contract value adjustment. The normal SCM adjustment was not complied with	3,127
10.	Supply of STS Meters and Technical Support	Deviation process contravenes the requirements of regulation 36 of the Municipal Supply Chain Management regulations No evidence of fraud and corruption, nor did any official in the JW benefit unduly from these transactions.	109,071
11.	Supply, delivery & removal of Skip Bins	B-BBEE certificate for a different company with a common director, 2nd highest scorer should have been awarded Non-compliance with PPR, 2017 Regulation 6, Preference Point System Internal control measures have been enhanced in the SCM to ensure the role of SCM specialist is well capacitated to guide the process of evaluation by BEC members.	1,170
12.	Provision of security and maintenance services for the Northern Works Farm	Non-compliance with section 62(1)(c) of the Municipal Finance Management Act 56 of 2003: Services rendered without an SLA or deviation in place	9,997
13.	Panel of contractors to provide basic sanitation services in informal settlements within the city of Johannesburg for a period of 36 months	Evaluation was done in contravention of Regulation 21(b) and 27(2) (i) of the Municipal Supply Chain Management Regulations, Paragraph 5(7) of the (PPR) and section 112 of the MFMA. Advertisement of the tender was done in contravention of regulations 22(b)(i) and 22(2) of the Municipal Supply Chain Management Regulation. Non-compliance with regulation 13(c) of the Municipal Supply Chain Management Regulation. Restrictive evaluation criteria, Restrictive required CIDB Grading, Tender advertised for 14 days instead of 30 days	60,917
14.	Quotation deviations with no reasons: Strip & quotes	Non-compliance with the SCM Regulation 36(1) and (2) Deviations on Emergency Strip and quote	80,451
15.	Appointment of service provider -Provision of ISP - once off	Contravention of MFMA Reg 36, deviation not justifiable. No evidence provided indicating that it was impractical for Johannesburg Water to follow normal competitive bidding process f	869
16.	Support and Maintenance of Laboratory Equipment	Payment without a valid contract	2,606

No.	Item	Description	Amount (R'000)
17.	Emergency repairs of BWW 1506 NW Two Power Transformers – once off	These transactions were procured through quotations which is incorrect as the transaction value is greater than the quotation threshold. Furthermore, it was noted that the Accounting Officer approved the transactions that did not follow competitive bidding process as indicated above	1,004
18.	Provision of 3rd Line Support	Contract was amended or extended in contravention of Circular 62. No proof provided that the variation was reported to the council or board of directors.	5,261
19.	Goudkoppies Waste Water Treatment Works	Contract was amended or extended in contravention of Circular 62. Extensions of Time and Variation orders; the contract was expanded for more than the allowable 20% as per the Treasury Regulations	13,366
	TOTAL		1,744,014

Section 7: Pending Litigations and Possible Liabilities

For the year under review, there were 12 litigation cases with possible liabilities. These matters are being opposed. Eight of these matters did not pose any material financial implications for the Entity; however, four pose potentially significant financial risk should the matters not be ruled in the Entity's favour.

Section 8: Insurance Claims

The Entity received and registered 163 new insurance claims for the period under review, which amounted to R58.5 million, with the highest claims' value registered under the Public Liability Class and representing 79% of the total value of claims received.

Table 73 below sets out the claims registered for 2024/25 as well as the financial year 2023/24 figures.

Table 73: Summary of Insurance Claims

Class/Type of Claim	Period: 2023/24		Period: 2024/25	
	Number of Claims	Gross Amount of Claims (R)	Number of Claims	Gross Amount of Claims (R)
Employers Practices Liability (EPL)*	3	TBC	8	TBC
Group Personal Accident (GPA)*	3	179 678.00	16	32 181.00
Assets	12	1 198 462.00	7	1 555 000.00
Public Liability	151	45 246 495.00	129	56 613 471.00
Contractors Liability (CAR)	1	0	3	319 090.00
TOTAL	170	46 624 365.00	163	58 519 742.00

EPL – Estimates are unknown until the outcome if the Entity is liable to pay.

GPA – Amount presented is for 2 paid claims, with 14 claims awaiting final payment estimates.

Section 9:

Statement on Amounts Owed by and to Government Departments and Public Entities

The amounts reflected in Table 74 are owed to the Entity by government departments and public entities. These accounts are highlighted to the CoJ for collection as part of the regular engagement with the Revenue Shared Service Centre. The amounts below reflect the amounts owed at 30 June 2024 and 30 June 2025.

Table 74: Amounts Owed by Government Departments and Public Entities

Name of Entity	2024 June (R'000)	2025 June (R'000)
Department of Health	18,821	103,600
Department of Housing	53,418	58,942
Department of Education	146,557	57,689
Department of Infrastructure Development	62,695	18,360
Department of Public Works	34,305	10,971
Department of Correctional Services	-	18,988
Department of National Defence Force	245	-
Department of Finance	84	703
Department of Transport	42	58
Transnet	49,473	70,208
Prasa	41,047	6,690
Eskom	44,264	43,131
Sanral	795	3,901
Spoornet	3,212	1,737
SAPO	423	542
Telkom	3,966	2,334
Monchessi Prop Investment	-	3,001
Khula Enterprise Finance	-	350
Sabc	302	27
SA Spoorpendel Korporasie	-	1,019
Other Entities	1,947	1,007
TOTAL OUTSTANDING	461,596	403,258

Table 75 below illustrates the debt age analysis per organisation.

Table 75: Debtors Ageing for Government Departments and Public Entities

Client Name	Balance (R'000)	Current (R'000)	Between 31 and 60 Days (R'000)	Between 61 and 90 Days (R'000)	91+ Days (R'000)
Dept of Education	146,557	13,167	18,642	10,174	104,575
Dept of Infrastructure Development	62,695	6,977	5,755	5,169	44,793
Dept of Housing	53,418	9,498	2,008	5,760	36,152
Dept of Public Works	34,305	3,657	1,556	1,422	27,670
Dept of Health	18,821	8,419	6,816	- 6,566	10,153
Dept of National Defence Force	245	104	119	23	-
Dept of Finance	84	83	-	-	0
Dept of Transport	42	42	-	-	-
GRAND TOTAL	316,167	41,946	34,895	15,982	223,343

Table 76: Debtors Ageing for Parastatals

Client Name	Balance (R'000)	Current (R'000)	Between 31 and 60 Days (R'000)	Between 61 and 90 Days (R'000)	91+ Days (R'000)
Transnet	49,473	- 501	184	162	49,629
Eskom	44,264	5,511	84	2,188	36,480
Prasa	41,047	17,793	5,159	28	18,068
Telkom	3,966	439	60	66	3,402
Spoornet	3,212	194	15	160	2,844
Other Entities	1,947	297	97	206	1,348
Sanral	795	76	43	2	674
SAPO	423	348	3	3	70
SABC	302	276	-	-	27
GRAND TOTAL	145,431	24,432	5,644	2,814	112,540

CHAPTER SIX: INTERNAL AND EXTERNAL AUDIT FINDINGS

Stakeholders Impacted: Shareholder and the Community
Strategic Response: Strategic Goals 4 and 5



Section 1:

Progress on Internal Audit Plan

There were 43 audit projects for the 2024/25 financial year. According to the Internal Audit strategy, Quarter 3 and Quarter 4 were primarily for follow-up on Quarter 1 and Quarter 2 audits, respectively. The audit projects that were completed during the year under review are indicated in Table 76.

Table 76: Performance Against the Approved Annual Internal Audit Plan

Quarterly Projects	Allocated	Actual Completed	Variances
Quarter 1	14	13	-1 [^]
Quarter 2	12	12	-
Quarter 3	12	11	-1
Quarter 4	8	8	-
TOTAL PER ANNUAL AUDIT PLAN FOR 2024/25	46	44	-2[^]

Please note:

[^] The variance on Allocated Projects against Actual is for two projects that did not commence as planned owing to delays in sourcing the service providers as follows:

- Review of the alignment of the Organisational Structure with the Business Plan – the project is already at a reporting phase and will be presented at the end of Q1-2025/26.
- The Review of ESG (Environment, Social and Governance) – the service provider has since been appointed and the project will be executed during Q1-2025/2026.

The audits executed and completed during the 2024/25 financial year are reflected in Table 77 below.

Table 77: Audit Projects Completed for 2024/25 FY

1.1. Comprehensive Audit Only (20) 1.1.1. Cyber Security Review – Core IT and OT Systems 2023/24 1.1.2. SCM Tenders Review (Including Deviations and Non-Awards) 1.1.3. Leave Management Audit 1.1.4. Drinking Water Quality Review 1.1.5. ICT Infrastructure Enhancement at Depots and Works 1.1.6. Risk Management Review 1.1.7. Observation of Year-End Stock Take 2023/24 1.1.8. Review of Compliance with Protection of Personal Information Act, No. 4 of 2013 1.1.9. Access to Water in Informal Settlement (Water Tanking and Standing Pipes) 1.1.10. Compliance with Basic Conditions of Employment Act, No. 75 of 1997 1.1.11. Review of Implementation of Water Demand Strategy 1.1.12. Review of Implementation of the Digital Records Management 1.1.13. Audit of Non-Revenue Water Management	1.1.14. Audit of Moveable Assets Management 1.1.15. Planning and Implementation of Infrastructure Renewal Projects 1.1.16. IMQS and Enterprise Asset Management (EAM) System Interface Review 1.1.17. Completeness of Conflict Declaration 1.1.18. Cyber Security Review – Core IT and OT Systems 2024/25 1.1.19. Year-End Stock Take Observation 2024/25 1.1.20. Review of Interim Financial Statements 2024/25 1.2. Continuous Audits Monitoring Projects (Quarterly) (24) 1.2.1. Follow-up of AGSA Management Letter 2023/24 1.2.2. Prior years Unresolved Internal Audit Findings 1.2.3. Audit of Predetermined Objectives (AoPO) 1.2.4. Investigations of UIFWE 1.2.5. Supply Chain Management Probity Audits 1.2.6. Ad-hoc Investigations and Management Requests
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Section 2:

Progress on Resolution of Internal Audit Findings

The report provides the status of the Internal Audit findings' resolution rate, based on the follow-up audits conducted during the year. The approach to the audit plan is that comprehensive audits are primarily conducted in the first two quarters of the financial year, and the majority of follow-up audits are executed in Quarter 3 and Quarter 4.

The resolution rate for Internal Audit findings for the period ended 30 June 2025 was at 75% (118 findings resolved of 158 findings), while management was in the process of addressing the remaining 40 (25%) findings. The follow-up process of findings that management flagged as ready for verification as of 30 June 2025 will be concluded during the first quarter of the 2025/26.

The summary of the resolution rate is provided in Table 80 below, and results of the follow-up audits per project are provided in Table 78.

Table 78: Status of Internal Audit Findings' Resolution Rate

Financial Year	Total	Resolved	Work in Progress
2016/17	1	-	1
2017/18	1	-	1
2018/19	2	1	1
2019/20	1	1	-
2020/21	2	-	2
2021/22	2	1	1
2022/23	5	3	2
2023/24	-	-	-
Total Opening	14	6 (43%)	8 (57%)
2024/25	144	112 (78%)	32 (22%)
OVERALL TOTAL	158 (100%)	118 (75%)	40 (25%)



Table 79 below indicates long-term intervention plans in the areas related to recurring findings from previous financial years.

Table 79: Long-Term Interventions

Description of Finding	Management Actions/ Comments	Interventions/Milestones
Fixed Asset Policy alignment to Municipal Standard Chart of Accounts (mSCOA)	<ul style="list-style-type: none"> Fixed Asset Verification and Data Cleansing; develop an interface between IMQS and SAP Deployment of an integrated asset-management system that is fully aligned to the revised Fixed Asset Policy 	<ul style="list-style-type: none"> The implementation of mSCOA is a City project and it is dependent on the SAP Upgrade Project. An integrated road map to achieve mSCOA compliance in terms of the project is being undertaken via the City in order for the Group to achieve compliance. This roadmap is as published by the Group. This process is carried out in consultation with National Treasury by the Group. CoJ plan to be achieved in June 2026
Issues of by-law enforcement, illegal connections and update of meter database – service providers to conduct “stand-by-stand” surveys, and implement cut-offs and conversions to smart meters	Currently service providers are updating the meters by physically replacing the meters on the ground and updating information on the SAP system. Weekly T-code meetings chaired by the FD are being conducted, where items are tracked and prioritised.	<ul style="list-style-type: none"> Contract already awarded for audit of pre-paid stands Appointment of service providers to assist with disconnection of illegal connections Replacement of faulty meters – namely T-codes
Wastewater Effluent Quality – Non-Compliance with Water Use Licences	<ul style="list-style-type: none"> Effective repairs and maintenance of critical equipment using approved contracts Development of SAP stores to ensure that critical replacement spares/parts/components are available to enable servicing and repairs as and when required Completion of expansion projects at various Works 	<ul style="list-style-type: none"> Various expansion projects for WWTWs are planned for completion between October 2026 and December 2027.



The results of follow-up audits that were undertaken during the 2024/25 financial year are reflected in Table 80 below.

Table 80: Results of Follow-Up Audits on Internal Audit Findings

No.	Internal Audit Projects	Number of Findings	Findings Resolved	In Progress	Future Dated	Resolution %
2016/17						
1.	Meter Reading Management	1	-	1	-	0
2017/18						
2.	Service Delivery System Response Time	1	-	1	-	0
2018/19						
3.	Planning and Implementation of Capital Projects	2	1	1	-	50
4.	Prepayment Meter Management	1	1	-	-	100
2019/20						
5.	Infrastructure Asset Management and Maintenance	1	1	-	-	100
2020/21						
6.	Wastewater Effluent Quality Audit	1	-	1	-	0
7.	Records Management	1	-	1	-	0
2021/22						
8.	Planning and Implementation of Capital Projects Audit	1	1		-	100
9.	Audit of compliance with Occupational Health and safety Act, No. 85 of 1993	1	-	1	-	0
2022/23						
10.	Infrastructure Asset Management and Maintenance Audit – WWTW	1	-	1	-	0
11.	Inventory Management Audit	1	1	-	-	100
12.	Cyber Security Review	1		1		0
2023/24						
13.	Review of Hard-Close AFS	1	1	-	-	100
Opening Balance			14	6 (43%)	8 (57%)	43
14.	Security Management Audit	1	1	-	-	100
15.	Access to Sanitation in Informal Settlement	8	4	4	-	50
16.	Ethics Management	2	2	-	-	100
17.	Stakeholder Relations and Communication Strategies	4	4	-	-	100

No.	Internal Audit Projects	Number of Findings	Findings Resolved	In Progress	Future Dated	Resolution %
18.	Infrastructure Asset Management and Maintenance (Reservoirs and Pump Stations)	12	8	4	-	67
19.	Insurance Management	6	1	5	-	17
20.	IT Movable Assets Management and Peripherals	8	7	1		88
21.	Illegal Connections' Management Process	8	7	1	-	88
22.	Compliance with National Environmental Management Act, No. 107 of 1998	8	8	-	-	100
23.	Payroll Processes and SAP Payroll System Review	11	10	1	-	91
24.	Implementation of BCP – IT System	1	-	1	-	0
25.	Routemaster Application Controls Review	3	3	-	-	100
26.	Effluent Quality Compliance Review	11	8	3	-	73
27.	Review of Interim AFS	6	5	1	-	83
28.	Meter Reading Management	13	4	9	-	31
29.	Cyber Security Risk Review	7	5	2	-	71
30.	ICT Infrastructure Review at Depots and Works	6	3	3	-	50
31.	Risk Management	5	2	3	-	40
32.	Drinking Water Quality Compliance Review	5	2	3	-	40
33.	Leave Management	10	10	-	-	100
34.	SCM Tender Process	8	7	1	-	88
35.	Year-End Stock Take Observation (2023/24)	1	-	1	-	0
TOTAL RESOLUTION RATE	158	118 (75%)	40 (25%)		75%	

As reflected on Table 80 above, in the short term, Internal Audit has contributed to value creation and protection of capital by:

- Improving the operational controls on addressing response times which impact on service delivery, asset management and expenditure management;
- Recommending measures for reducing exposure to irregular expenditure, fruitless and wasteful expenditure;
- Strengthening the billing accuracy which directly supports value creation; and
- Guiding immediate remedial actions to address the ICT access control weaknesses.

Section 3:

Progress on Resolution of AGSA Audit Findings

AGSA Management Report 2023/24

The outcome of the 2023/24 AGSA annual audit review for Johannesburg Water had a total of 58 findings, which consisted of 39 new audit findings and 19 repeat AGSA findings. The AGSA findings were categorised as follows:

- 3 (5%) of the total AGSA findings were rated as matters “Affecting Auditor’s Report”.
- 23 (40%) of the total AGSA findings were categorised as other material findings, misstatements, performance and non-compliance with legislation.
- 32 (55%) of the total AGSA findings were reported as “Administrative Matters”.

The resolution rate as at 30 June 2025 was at 72% (42 out of 58 findings had been satisfactorily resolved), while management was in the process of addressing the remaining 28% (16). Progress is monitored through bi-weekly dashboard meetings chaired by the Managing Director.

Table 81: Number of Findings per Category

Category	Total Number of Findings	Resolved		Not Ready for Testing/Work In-Progress	
		No.	%	No.	%
A. Matters Affecting Auditor’s Opinion	3	0	0	3	100
B. Other Important Matters	23	12	52	11	48
C. Administrative Matters	32	30	94	2	6
TOTAL	58	42	72	16	28

Table 82 outlines the progress made on resolving the AGSA audit findings for 2023/24 and the recurring issues of the three prior financial years as of 30 June 2025.

Table 82: Progress on AGSA Findings

Financial Year	Total Findings	Resolved	In Progress
2023/24	39	31	8
2022/23 (**recurring issues)	14	10	4
2021/22 (**recurring issues)	1	0	1
2020/21 (**recurring issues)	4	1	3
TOTALS	58	42	16
Percentages (%)	100	72	28

** Recurring issue refers to a situation in which a finding such as the one reported in the current year (2023/24) was reported by AGSA consecutively in the previous financial year(s).

The final signed AGSA Management Letter for 2023/24 was received on 6 December 2024. The letter indicated significant improvement on the findings that affected the Auditor's Report, with 58 findings compared to 66 findings in the 2022/23 financial year. Management has developed strategic interventions and appropriate action plans that focus on addressing the root causes of these findings. The progress is being monitored through the Managing Director's weekly dashboard monitoring meetings.

Recurring Findings and Related Processes

The Table 83 provide details of outstanding AGSA Findings:

Table 83: Intervention Plans

Recurring Findings	Intervention Plans
Meters estimated beyond the by-law	A detailed plan has been developed for adoption; it is set to improve on the rate of compliance with the by-law. There were 7 928 meters projected to be estimated beyond the by-law (>6 months) at the end of June 2025. The plan requires resourcing (budget, contractors etc.), which is in the process of being closed out.
Reasonable steps not taken to prevent irregular expenditure	A UIFWE reduction strategy is currently being implemented. Further educational workshops are planned to enhance and enforce compliance with the policy and legislation. High-risk contracts will be flagged for more direct interventions from the SCM and User.
Inadequate user access-management practices across various platforms (SAP, Route Master, SCADA etc.)	The ICT Operations Governance Management Team, through the ICT Operations Governance Committee, will provide oversight and ensure that the indicated actions and activities are implemented and, more importantly, that the root cause of the findings is addressed. Additionally, and where technically and financially feasible, the IT department will assist user departments with ICT infrastructure, i.e., hardware, software tools, etc. to ensure findings are not repeated.

Johannesburg Water has initiated a medium-term assurance improvement plan aligned to strategic risks, targeting SCM reform, ICT projects implementation, fraud prevention enhancement contract governance maturity. The plan aims to strengthen organisational resilience over the medium period by focusing on embedding preventative controls across core business processes.

Comparisons with the Previous Audit Opinions

Johannesburg Water has achieved a consistently unqualified audit outcome/opinion for the past five financial years, as presented in Table 84.

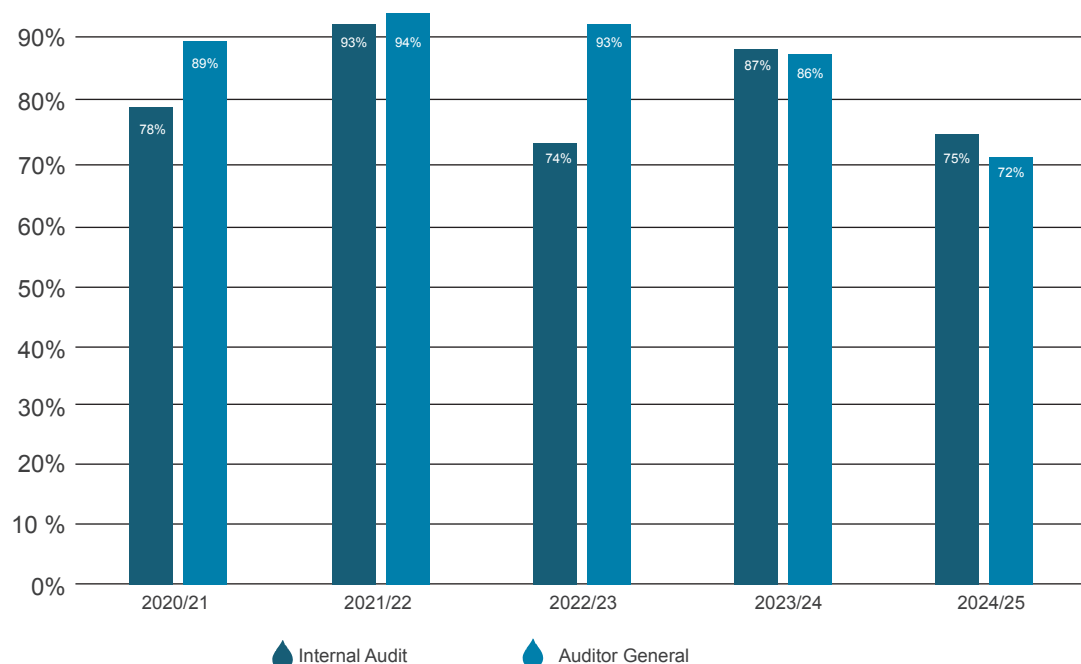
Table 84: Comparative Audit Opinions

Financial Year	2020/21	2021/22	2022/23	2023/24	2024/25
Audit Opinion	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified

The CoJ established the Operation Clean Audit task team to implement a co-ordinated effort across the board to improve the audit outcome, aiming for a clean audit soon. Johannesburg Water has implemented a dashboard process that is overseen by the Managing Director to monitor the implementation of remedial actions. There has been a significant improvement in the resolution rate, which is illustrated by the upward trend experienced over the past four financial years (see Figure 15).

In striving towards the long-term goal of achieving Clean Audit for Johannesburg Water, a multi-year Clean Audit Sustainability Roadmap formalises AGSA and IA insights into future governance improvements, ensuring enduring reliability of financial and performance reporting, and protecting long-term service delivery sustainability.

Figure 15: Audit Findings' Resolution Rate



Effectiveness

Management should expedite the implementation of action plans to resolve the findings on the 2023/24 AGSA Management Letter. In comparison to the findings on the 2022/23 AGSA Management Letter, the number of findings reduced by 12% (58 vs 66). There was also significant improvement in addressing the matters that affected the Auditor's Report, which reduced by 75% from 12 findings in 2022/23 to only 3 findings in 2023/24. The management initiatives are focused on addressing the root causes to eliminate the recurring control issues. The majority of these issues relate to SCM processes, particularly non-compliance with Regulation 36, while important findings reflect deficiencies in our IT access controls.

Impact Assessment

The impact of the unresolved findings on the business of Johannesburg Water is significant since these findings relate to compliance with related laws and regulations. Failure to achieve this compliance may result in punitive actions taken against the Company. Furthermore, emphasis must be put on the controls around the applications that are used by the Organisation to ensure their security and continuity.

Remedial Action Taken to Address Prior-Year Issues and Preventative Measures

The findings in the AGSA's Management Letter affected the Auditor's Report in the 2023/24 financial year related to SCM processes, particularly non-compliance with Regulation 36. There were also important findings of non-compliance with the water use licence of Johannesburg Water as well as deficiencies in the IT access and security controls. Management established a Dashboard Committee, chaired by the Managing Director, to address all prior-year findings. The committee meets on a bi-weekly basis.

Johannesburg Water Management has devised a UIFWE reduction strategy that is currently being implemented to address the issue of non-compliance with the related Supply Chain Management Regulations and contracts management. Issues of non-compliance with Supply Chain Management Regulations are among the main factors that contribute to the irregular expenditures reported by the AGSA.

Matters of Emphasis

The Internal Audit Department would like to draw attention to the following matters, which the system of internal control could not prevent:

- Non-compliance with the water-supply by-laws: Customers were billed on estimates for more than six months as the meters were not being read. This was attributable to several operational challenges, which included faulty meters, limited technical access areas owing to community protests, and delays in processing meter-change requests in SAP.
- Contract-management issues: the management of contracts failed to prevent the Entity from incurring IFWE.
- Payments to service providers: these were not made within the 30-day period.

Section 4: Overall State of Internal Controls

The Statement on Internal Control is an expression of an opinion by the Internal Audit Department on the status of the internal control system of Johannesburg Water after it has been evaluated. Both the King IV Report and the International Standards of Professional Practice of Internal Auditing (ISPPIA) require the Chief Audit Executive to provide a written assessment of the adequacy and effectiveness of the Company's internal controls. The Chief Audit Executive is also expected to issue a report that reflects any deficiencies that have been mitigated by management. This report forms the basis of the Audit and Risk Committee's Report.

Combined Assurance Model

Johannesburg Water has implemented the Combined Assurance Model in line with King IV, Principle 15 supporting the King IV Outcomes of Effective Control and Legitimacy. Internal Audit provides independent evaluation; AGSA strengthens external credibility whilst management implement corrective actions to mitigate risk exposures. IAD liaise closely with the following assurance providers in order to optimize efforts, bring about efficiencies and prevent duplication:

- Risk and Compliance Department;
- Governance and Legal Services
- OHS and Environmental Auditors
- Auditor General of South Africa (AGSA).

Independence and Objectivity Declaration

In accordance with the ISPPIA, the Chief Audit Executive confirms and declares that the Internal Audit Department is independent and objective in carrying out its internal audit activities.

The activity is not under the influence or control of Executive Committee members. For the Internal Audit Department, independence is understood as freedom from conditions that threaten its ability or the ability of the Chief Audit Executive to carry out internal audit responsibilities in an unbiased manner.

Objectivity is defined in the Institute of Internal Auditors Standards as an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that the quality of their work is not compromised in any way.

Compliance With the ISPPIA

The audits were conducted in accordance with the ISPPIA, as determined by the Institute of Internal Auditors. Accordingly, they included the consideration of business objectives and the internal controls put in place relative to the inherent risks to assist in determining the nature, timing and extent of the Entity's audit procedures.

The Internal Audit Department obtained a "General Conformance" rating during the external quality-assurance reviews and the final report was issued in March 2023. Areas were reported with recommendations for improvement, and Internal Audit is in the process of addressing these areas. A progress report on the improvement of these areas is presented on a quarterly basis and currently the progress is 86% resolved while 14 (3 items) are a work-in-progress.

The Responsibility of the Management

Management is responsible for establishing and maintaining an appropriate system of internal control for the prevention and detection of irregularities and fraud. The objectives of internal controls are to ensure the following:

- **Reliability and accuracy of management reporting and financial information:**

Management reports and financial information are accurate, timely, useful, reliable and relevant.

- **Effectiveness and efficiency:**

Operations are effective and efficient and add value to the accomplishment and monitoring of goals.

- **Authorisation:**

Proper review and approval processes are followed.

- **Safeguarding assets:**

Assets are protected from theft, misuse and/or destruction.

- **Compliance:**

Compliance with policies, rules, regulations and laws is ensured.

The Internal Audit Department's Responsibility

The Internal Audit Department evaluates the adequacy and effectiveness of the internal control systems, governance processes and risk-management process. In assessing these systems and processes, consideration of the abovementioned internal control objectives and the audit evidence obtained during the execution of audits should be used as a basis for the opinion. Only completed assurance engagements or projects should be considered for the overall internal control opinion.

The results of the internal audit support the Organisation in achieving its goals in the short-, medium- and long term. The risk-based approach ensures that the internal audit function focuses on the financial sustainability of the Organisation as well as areas that are material for the stakeholders.

Audit outcomes (findings and recommendations) influence a wide range of stakeholders including customers (service reliability), City of Johannesburg (shareholder), Treasury (Budget oversight), Suppliers, DWS (water security and regulatory environment) and NGO's (environmental compliance).

Assessment and Conclusion of Internal Controls using the COSO Framework

Using the Committee of Sponsoring Organisations (COSO) Framework, Table 85 presents an assessment of the internal controls before interventions by management, while Table 86 looks at the internal controls after the interventions by management have been followed up. A legend for interpreting these tables follows the tables.





Table 85: Assessment of Internal Controls Before Interventions by Management

COSO Framework Components	Meter Reading Management Audit	Service Delivery System Response Time	Planning and Implementation of Capital Projects	Prepayment Meter Management	Infrastructure Asset Management and Maintenance (WWTW, Reservoir, Pump Stations)	Wastewater Effluent Quality	Records Management	Audit of Compliance with Occupational Health and Safety Act	Inventory Management Audit	Cyber Security Review	Review of Audited Financial Statements (AFS)	ICT Infrastructure Review at Depots and WWTW	Risk Management Audit	Drinking Water Quality Audit	Leave Management Audit	SCM Tenders, Deviations and Non-Awards	2023/24 FY-End Stock Take Observations	Security Management Audit	Access to Sanitation in Informal Settlement	Ethics Management	Stakeholder Relations and Communication Strategies	Insurance Management	IT Movable Assets and Peripherals	Illegal Connections Management Process	Compliance with NEMA Act, 107 of 1998	Payroll Processes and Payroll System Review	Implementation of BCP- IT Systems	Routemaster Application Controls Review
Control Environment This sets the tone of an organisation. It serves as a foundation for all other control components. The core of any business is its people: their individual attributes, including integrity, ethical values and competence, as well as the environment in which they operate.	1				1					1	1		2	1	1	1	1		1	1	1	1	1		2			
Risk Assessment The entity must be aware of and deal with the risks it faces. It must set organisational objectives that operate in accord with each other. It must also establish mechanisms to identify, analyse and manage the related risks.	1				4	2	1	1				1	1			1			1			2	1	1	3	2	1	1
Control Activities This component encompasses control policies and procedures that must be established and executed to help ensure that the actions identified by management as necessary to address risks for the achievement of the entity's objectives are effectively carried out.	7	1	2	1	5	6	1			3	3	1	2	3	3	3	1	1	3	1	2	2	3	3	2	2	1	1

COSO Framework Components		Meter Reading Management Audit	Service Delivery System Response Time	Planning and Implementation of Capital Projects	Prepayment Meter Management	Infrastructure Asset Management and Maintenance (WWTW, Reservoir, Pump Stations)	Wastewater Effluent Quality	Records Management	Audit of Compliance with Occupational Health and Safety Act	Inventory Management Audit	Cyber Security Review	Review of Audited Financial Statements (AFS)	ICT Infrastructure Review at Depots and WWTW	Risk Management Audit	Drinking Water Quality Audit	Leave Management Audit	SCM Tenders, Deviations and Non-Awards	2023/24 FY-End Stock Take Observations	Security Management Audit	Access to Sanitation in Informal Settlement	Ethics Management	Stakeholder Relations and Communication Strategies	Insurance Management	IT Movable Assets and Peripherals	Illegal Connections Management Process	Compliance with NEMA Act, 107 of 1998	Payroll Processes and Payroll System Review	Implementation of BCP- IT Systems	Routemaster Application Controls Review
Information and Communication Surrounding these activities are information and communication systems. This enables the entity's people to capture and exchange the information needed to conduct, manage and control its operations.	4				2	2				2	3	3			2	1	1							1	2		5	2	1
	Monitoring This refers to the ongoing assessment of internal control quality by management to ensure that controls are operating as intended. The entire process must be monitored, and modifications made as necessary.	2	1		2	3				1	2	1	1		1	4	3	1	1	3		1	1	2	2	1	2	1	1

Table 86: Assessment of Internal Controls After Interventions by Management were Followed Up

COSO Framework Components	Meter Reading Management Audit	Service Delivery System Response Time	Planning and Implementation of Capital Projects	Prepayment Meter Management	Infrastructure Asset Management and Maintenance (WWTW, Reservoir, Pump Stations)	Wastewater Effluent Quality	Records Management	Audit of Compliance with Occupational Health and Safety Act	Inventory Management Audit	Cyber Security Review	Review of Audited Financial Statements (AFS)	ICT Infrastructure Review at Depots and WWTW	Risk Management Audit	Drinking Water Quality Audit	Leave Management Audit	SCM Tenders, Deviations and Non-Awards	2023/24 FY-End Stock Take Observations	Security Management Audit	Access to Sanitation in Informal Settlement	Ethics Management	Stakeholder Relations and Communication Strategies	Insurance Management	IT Movable Assets and Peripherals	Illegal Connections Management Process	Compliance with NEMA Act, 107 of 1998	Payroll Processes and Payroll System Review	Implementation of BCP - IT System	Routemaster Application Controls Review
Control Environment This sets the tone of an organisation. It serves as a foundation for all other control components. The core of any business is its people: their individual attributes, including integrity, ethical values and competence, as well as the environment in which they operate.	1				1					1	1		1	1	1	1	1		1	1	1	1	1		2			
Risk Assessment The entity must be aware of and deal with the risks it faces. It must set organisational objectives that operate in accord with each other. It must also establish mechanisms to identify, analyse and manage the related risks.	1				3	1	1	1				1	1			1			1			1	1	1	3	2	1	1

COSO Framework Components	Meter Reading Management Audit	Service Delivery System Response Time	Planning and Implementation of Capital Projects	Prepayment Meter Management	Infrastructure Asset Management and Maintenance (WWTW, Reservoir, Pump Stations)	Wastewater Effluent Quality	Records Management	Audit of Compliance with Occupational Health and Safety Act	Inventory Management Audit	Cyber Security Review	Review of Audited Financial Statements (AFS)	ICT Infrastructure Review at Depots and WWTW	Risk Management Audit	Drinking Water Quality Audit	Leave Management Audit	SCM Tenders, Deviations and Non-Awards	2023/24 FY-End Stock Take Observations	Security Management Audit	Access to Sanitation in Informal Settlement	Ethics Management	Stakeholder Relations and Communication Strategies	Insurance Management	IT Movable Assets and Peripherals	Illegal Connections Management Process	Compliance with NEMA Act, 107 of 1998	Payroll Processes and Payroll System Review	Implementation of BCP - IT System	Routemaster Application Controls Review
Control Activities This component encompasses control policies and procedures that must be established and executed to help ensure that the actions identified by management as necessary to address risks for the achievement of the entity's objectives are effectively carried out.	3	1	2	1	4	5	1			1	3	1	1	3	3	3	1	1	3	1	2	2	3	3	2	1	1	1
Information and Communication Surrounding these activities are information and communication systems. This enables the entity's people to capture and exchange the information needed to conduct, manage and control its operations.	4				2	1				2	3	3			2	1	1						1	1		5	1	1
Monitoring This refers to the ongoing assessment of internal control quality by management to ensure that controls are operating as intended. The entire process must be monitored, and modifications made as necessary.	1		1		2	1			1	1	1	1		1	4	3	1	1	2		1	1	2	2	1	2	1	1

Legend

Rating	Description
Rating 1	Controls are functioning as intended, and no additional actions are necessary at this time.
Rating 2	Many of the controls are functioning as intended; however, some minor changes are necessary to make the control environment more effective and efficient.
Rating 3	Some controls are in place and functioning; however, several control issues were noted.
Rating 4	Material persistent and pervasive control problems were noted that could jeopardise the accomplishment of business objectives.
Rating 5	Controls are not functioning, and/or fraudulent activities have been detected that will have or already have a material impact on both the financial statements and the operations of the Company.

Analysis of Internal Audit Project Follow-ups

A total of 158 internal audit findings were followed up for the period ended 30 June 2025, with the status as follows:

- 118 (75%) internal control deficiencies were resolved; and
- 40 (25%) internal control deficiencies were in the process of being resolved.

Please refer to Section 2 above for the breakdown of the findings per project.

The audit findings are linked to affected capitals which enhances transparency and integrated reporting. For example, SCM findings affect financial capital whilst water compliance findings will influence nature (environmental) and social capital.

Impact

The 75% resolution rate on the Internal Audit findings indicates a decline from the 87% reported in the previous financial year regarding the system of internal

controls. A substantial portion of the findings with long-term intervention plans relates to fixed asset management in alignment of mSCOA, and defective WWTW infrastructure, which result in non-compliance with the water licence use as well as IT application continuity. These areas need to be closely monitored to ensure that the root causes are addressed to reduce the impact of the associated business risks.

These areas are reflected in both the Internal Audit and AGSA audit reports.

Internal Audit Findings Opinion – on the basis of the above analysis, the systems of internal controls are adequate but ineffective 😊 for accomplishing organisational goals and objectives.

External Audit Findings Opinion – based on the above analysis, the systems of internal controls are inadequate and ineffective 😞 for accomplishing organisational goals and objectives. This requires 100% resolution on matters affecting the Auditor's Report.

Table 87: Internal Control Evaluation Criteria

Legend	Evaluation Criteria	Control Rating	Control Description
😊	Adequate and Effective	Good	Control addresses risk and is officially documented and in operation.
😐	Adequate but Ineffective	Fair	Control addresses risk, but documentation and/or operation of control could be improved.
😞	Inadequate and Ineffective	Poor	Material persistent and pervasive control problems were noted that could jeopardise the accomplishment of business objectives.

Section	😊	😐	😞
Audit findings that affect the audit opinion/report	Management has resolved 100% of the targeted findings.	N/A	Less than 100% of targeted findings have been resolved by management.
State of internal controls (Internal Audit opinion)	Controls are adequate and effective.	Controls are adequate but ineffective.	Controls are inadequate and ineffective.
Internal and external audit findings' resolution rate	Management has resolved 90% – 100% of the targeted findings.	Management has resolved 50% – 89% of the targeted findings.	Management has resolved less than 89% of the targeted findings.

APPENDICES

Appendix A: Board of Directors, Committee Allocation and Attendance

Board Composition

Prior to the Annual General Meeting (AGM) held on 31 July 2024, the Board of Directors of the Company comprised the following members:

Mr Sipho Mthembu (Chairperson)
Mr Molate Mashifane
Mr Pholoso Matjele
Mr Siphamandla Mnyani – retired on 31 July 2024
Mr Kgaile Mogoye
Mr Lunga Bernard – retired on 31 July 2024
Ms Zandile Meeleso
Ms Pamela Mabece
Mr Julius Maputla – retired on 31 July 2024
Mr Ntshavheni Mukwevho (Managing Director)
Mr Kgaugelo Mahlaba (Chief Financial Officer)

On 31 July 2024, the Shareholder (City of Johannesburg) at its AGM for the year ended 30 June 2024 resolved to retire three non-executive directors, retain six non-executive directors and appoint five new non-executive directors.

The Board of Directors of the Company is made up of the following members:

Ms Dineo Majavu (Chairperson)
Mr Pholoso Matjele
Mr Kgaile Mogoye
Ms Zandile Meeleso
Mr Sipho Mthembu
Ms Pamela Mabece
Mr Molate Mashifane
Mr Kefiloe Mokoena
Ms Thabiso Kutumela
Mr Collen Sambo
Mr Makoko Makgonye
Mr Ntshavheni Mukwevho (Managing Director and Executive Director)
Mr Kgaugelo Mahlaba (Chief Financial Officer and Executive Director)



From 1 July 2024, and prior to the AGM held on 31 July 2024, the Board committees were composed of the following members.

Audit and Risk Committee

- Molate Mashifane (Non-Executive Director) (Chairperson)
- Siphamandla Myani (Non-Executive Director)
- Solly Pooe (Independent)
- Collen Sambo (Independent)
- Mokganeedi Masibi (Independent)
- Zodwa Tlale (Independent)

Human Resources and Social and Ethics Committee

- Kgaile Mogoye (Non-Executive Director; Chairperson)
- Zandile Meeleso (Non-Executive Director)
- Lunga Bernard (Non-Executive Director)
- Pamela Mabece (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Service Delivery, Procurement and ICT Oversight Committee

- Pholoso Matjele (Non-Executive Director; Chairperson)
- Sipho Mthembu (Non-Executive Director)
- Julius Maputla (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

From after the AGM that was held on 31 July 2024 to 30 June 2025, the Board committees were established as follows.

Audit and Risk Committee

- Molate Mashifane (Non-Executive Director; Chairperson)
- Collen Sambo (Non-Executive Director)
- Bongani Nkosi (Independent)
- Mmathume Nkadimeng (Independent)
- Pulane Thobejane (Independent) – resigned on 18 November 2024
- Bangani Mpangalasane (Independent) – resigned on 17 April 2025

Human Resources and Social and Ethics Committee

- Thabiso Kutumela (Non-Executive Director; Chairperson)
- Zandile Meeleso (Non-Executive Director)
- Kefiloe Mokoena (Non-Executive Director)
- Kgaile Mogoye (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)



Service Delivery, Procurement and ICT Oversight Committee

- Makoko Makgonye (Non-Executive Director; Chairperson)
- Dineo Majavu (Non-Executive Director)
- Pamela Mabece (Non-Executive Director)
- Siyabonga Mthembu (Non-Executive Director)
- Pholoso Matjele (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Nominations Committee – Recruitment of Executive Manager: Risk, Compliance and Business Continuity

- Ntshavheni Mukwevho – Managing Director (Chairperson)
- Molate Mashifane – Chairperson of Audit and Risk Committee
- Mmathume Nkadimeng – Independent Member of the Audit and Risk Committee
- Zulu Xaba – Independent Expert

Nominations Committee – Recruitment of Executive Manager: Governance and Legal Services

- Dineo Majavu – Chairperson of the Board (Chairperson)
- Ntshavheni Mukwevho – Managing Director
- Collen Sambo – Non-Executive Director of Audit and Risk Committee
- Mavhungu Ramurunzi – Independent Expert

Nominations Committee – Recruitment of Executive Manager: Human Resources and Corporate Services

- Ntshavheni Mukwevho – Managing Director (Chairperson)
- Thabiso Kutumela – Chairperson of Human Resources and Social and Ethics Committee
- Kgaile Mogoye – Non-Executive Director of the Human Resources and Social and Ethics Committee
- Shamila Singh – Independent Expert

Attendance of Meetings from 1 July 2024 to 31 July 2024

Directors and Independent Members	Board	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery, Procurement and ICT Oversight Committee	Nominations Committee	Total
	2	1	1	1	1	
Sipho Mthembu	2/2	-	-	1/1	1/1	4/4
Molate Mashifane	1/2	1/1	-	-	-	2/3
Pholoso Matjele	2/2	-	-	1/1	-	3/3
Siphamandla Mnyani	2/2	1/1	-	-	-	3/3
Kgaile Mogoye	2/2	-	1/1	-	-	3/3
Lunga Bernard	2/2	-	1/1	-	-	3/3
Zandile Meeleso	2/2	-	1/1	-	-	3/3
Pamela Mabece	2/2	-	1/1	-	-	3/3
Julias Maputla	2/2	-	-	1/1	-	3/3
Ntshavheni Mukwevho	2/2	-	1/1	1/1	1/1	5/5
Kgaugelo Mahlaba	1/1	-	1/1	1/1	-	3/3
*Collen Sambo		1/1	-	-	-	1/1
*Zodwa Tiale-Maoba		1/1	-	-	-	1/1
* Solly Poee		1/1	-	-	-	1/1
*Mokganedi Masibi		0/1	-	-	-	0/1

*Independent Member of the Audit and Risk Committee

Attendance of Meetings from 31 July 2024 to 30 June 2025

Directors and Independent Members	Board	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery, Procurement and ICT Oversight Committee	Nominations Committee	Total
	11	6	4	3	11	
Dineo Majavu	11/11	-	-	3/3	4/4	18/18
Molate Mashifane	11/11	6/6	-	-	4/4	21/21
Pholoso Matjele	10/11	-	-	3/3	-	13/14
Thabiso Kutumela	11/11	-	4/4	-	3/3	18/18
Sipho Mthembu	11/11	-	-	2/3	-	13/14
Makoko Makgonye	11/11	-	-	3/3		14/14
Kgaile Mogoye	9/11	-	3/4	-	3/3	15/18
Collen Sambo	11/11	6/6	-	-	4/4	21/21
Kefiloe Mokoena	10/11	-	4/4	-	-	14/15
Zandile Meeleso	11/11	-	4/4	-	-	15/15
Pamela Mabece	11/11	-	-	3/3	-	14/14
Ntshavheni Mukwevho	11/11	-	4/4	3/3	11/11	29/29
Kgaugelo Mahlaba	9/11	-	4/4	3/3	-	16/18

Directors and Independent Members	Board	Audit and Risk Committee	Human Resources and Social and Ethics Committee	Service Delivery, Procurement and ICT Oversight Committee	Nominations Committee	Total
*Bongani Nkosi		6/6	-	-		6/6
* Pulane Thobejane**		1/2	-	-		1/2
* Mmatume Nkadimeng		6/6	-	-		6/6
* Bangani Mpangalasane**		1/4	-	-		1/4

*Independent Member of the Audit and Risk Committee

** Resigned or contract ended during the current financial year

Attendance at Group Meetings

Type of Meeting	Fees (R)
D Majavu Chairpersons' quarterly – 07 August 2024	2,000.00
D Majavu Chairpersons' quarterly – 24 October 2024	2,000.00
D Majavu Chairpersons' quarterly – 03 February 2025	6,000.00
D Majavu Chairpersons' quarterly – 05 May 2025	4,000.00

Appendix B: Committee and Committee Purpose

List of all Board Committees

- Audit and Risk Committee
- Human Resources and Social and Ethics Committee
- Service Delivery, Procurement and ICT Oversight Committee

Purpose of Board Committees

Audit and Risk Committee

- Ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities
- Ensuring that the combined assurance received is appropriate for addressing all the significant financial reporting risks facing the Company
- Overseeing the internal audit
- Assessing the Company's performance on a quarterly and annual basis
- Overseeing the development and annual review of the Company's enterprise-wide risk strategy and plan for recommendation to the Board
- Monitoring implementation of the enterprise-wide risk management policy and plan by means of risk management systems and processes
- Overseeing that the risk management plan is widely disseminated throughout the Company and integrated in its day-to-day activities

- Ensuring that management considers and implements appropriate risk responses

Human Resources and Social and Ethics Committee

- Overseeing that the Company is compliant with labour laws and ensuring the development and implementation of a human resources plan
- Monitoring the Company's activities related to social and economic development and good corporate citizenship
- Overseeing employee wellness and exercising oversight over the management of ethics
- Overseeing the setting and administering of remuneration at all levels in the Company
- Ensuring that risks are identified and reported together with mitigating factors and action plans
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance

Service Delivery, Procurement and ICT Oversight Committee

- Overseeing the operations, capital expenditure, customers and communications of the Company
- Implementing, monitoring and reviewing the ICT strategy and related policies
- Ensuring that long-term infrastructure planning is developed and managed and that an asset management plan is developed and implemented
- Ensuring that the Company's operations (water and sanitation services) are aligned to the Shareholder's Sector Plan within its Integrated Development Plan
- Maintaining oversight over the implementation of the Supply Chain Management Policy

Nominations Committee

- Recruitment and selection of all executive positions

Names of Directors serving on each Board Committee

From 1 July 2024, and prior to the AGM held on 31 July 2024, the Board committees were composed of the following members.

Audit and Risk Committee

- Molate Mashifane (Non-Executive Director; Chairperson)
- Siphamandla Myani (Non-Executive Director)
- Solly Pooe (Independent)
- Collen Sambo (Independent)
- Mokganeedi Masibi (Independent)
- Zodwa Tlale (Independent)

Human Resources and Social and Ethics Committee

- Kgaile Mogoye (Non-Executive Director; Chairperson)
- Zandile Meeleso (Non-Executive Director)
- Lunga Bernard (Non-Executive Director)
- Pamela Mabece (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Service Delivery, Procurement and ICT Oversight Committee

- Pholoso Matjele (Non-Executive Director; Chairperson)
- Sipho Mthembu (Non-Executive Director)
- Julius Maputla (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

After the AGM that was held on 31 July 2024 to 30 June 2025, the Board Committees were established as follows:

Audit and Risk Committee

- Molate Mashifane (Non-Executive Director; Chairperson)
- Collen Sambo (Non-Executive Director)
- Bongani Nkosi (Independent)
- Mmathume Nkadimeng (Independent)
- Pulane Thobejane (Independent) – resigned on 18 November 2024
- Bangani Mpangalasane (Independent) – resigned on 17 April 2025

Human Resources and Social and Ethics Committee

- Thabiso Kutumela (Non-Executive Director; Chairperson)
- Zandile Meeleso (Non-Executive Director)
- Kefiloe Mokoena (Non-Executive Director)
- Kgaile Mogoye (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Service Delivery, Procurement and ICT Oversight Committee

- Makoko Makgonye (Non-Executive Director; Chairperson)
- Dineo Majavu (Non-Executive Director)
- Pamela Mabece (Non-Executive Director)
- Siyabonga Mthembu (Non-Executive Director)
- Pholoso Matjele (Non-Executive Director)
- Ntshavheni Mukwevho (Managing Director)
- Kgaugelo Mahlaba (Chief Financial Officer)

Nominations Committee – Recruitment of Executive Manager: Risk, Compliance and Business Continuity

- Ntshavheni Mukwevho – Managing Director (Chairperson)
- Molate Mashifane – Chairperson of Audit and Risk Committee
- Mmathume Nkadimeng – Independent Member of the Audit and Risk Committee
- Zulu Xaba – Independent Expert

Nominations Committee – Recruitment of Executive Manager: Governance and Legal Services

- Dineo Majavu – Chairperson of the Board (Chairperson)
- Ntshavheni Mukwevho – Managing Director
- Collen Sambo – Non-Executive Director of Audit and Risk Committee
- Mavhungu Ramurunzi – Independent Expert

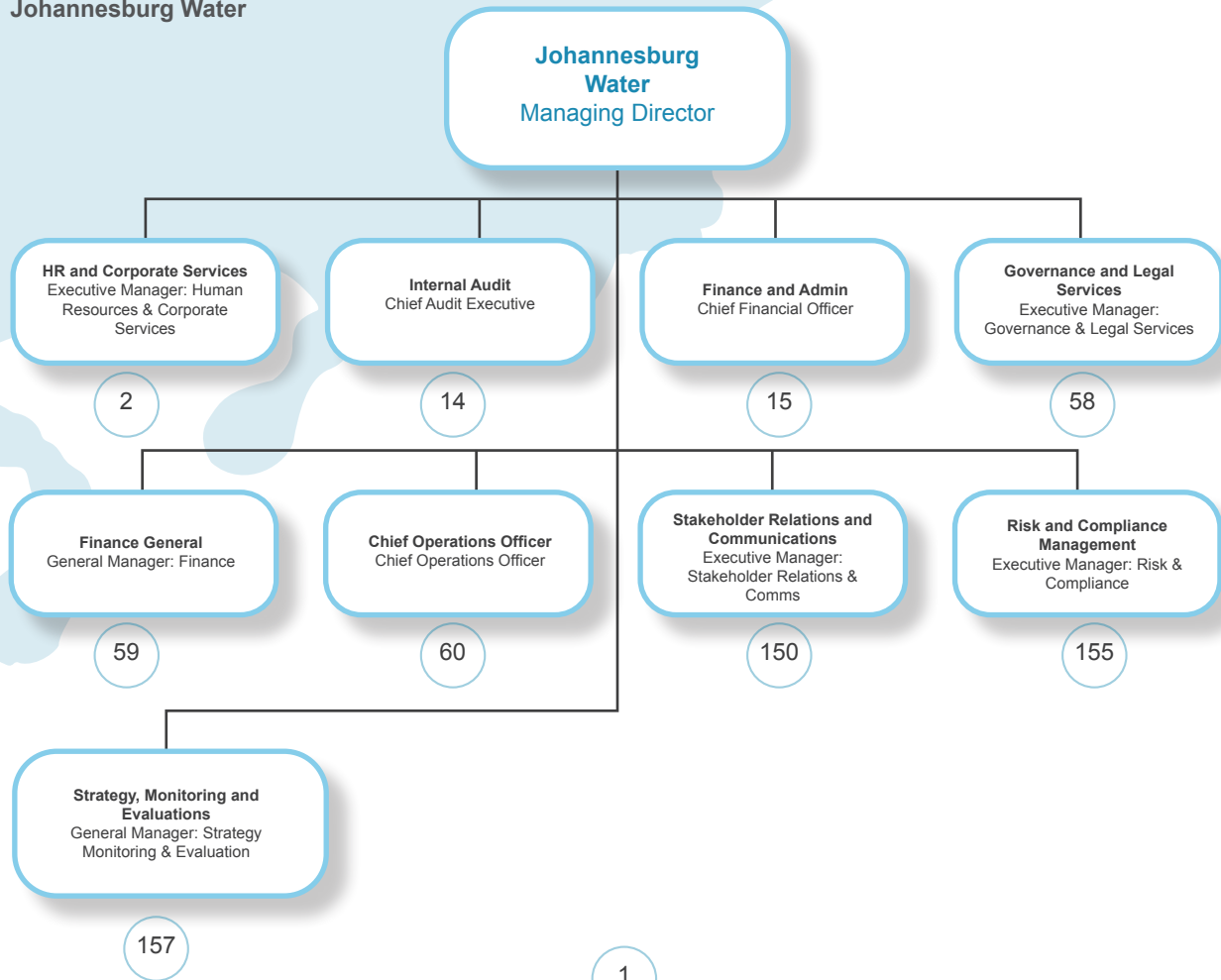
Nominations Committee – Recruitment of Executive Manager: Human Resources and Corporate Services

- Ntshavheni Mukwevho – Managing Director (Chairperson)
- Thabiso Kutumela – Chairperson of Human Resources and Social and Ethics Committee
- Kgaile Mogoye – Non-Executive Director of the Human Resources and Social and Ethics Committee
- Shamila Singh – Independent Expert

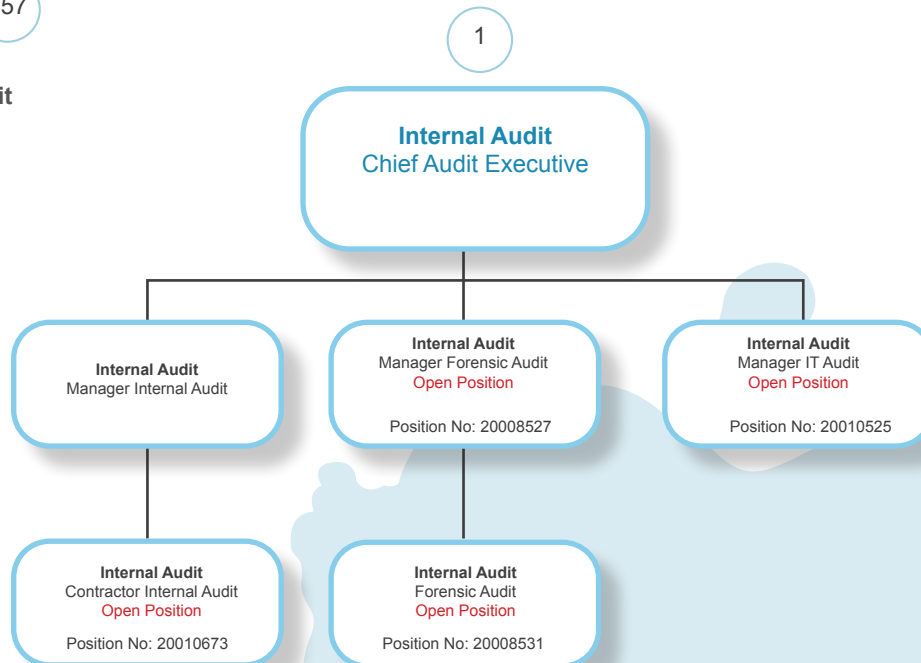


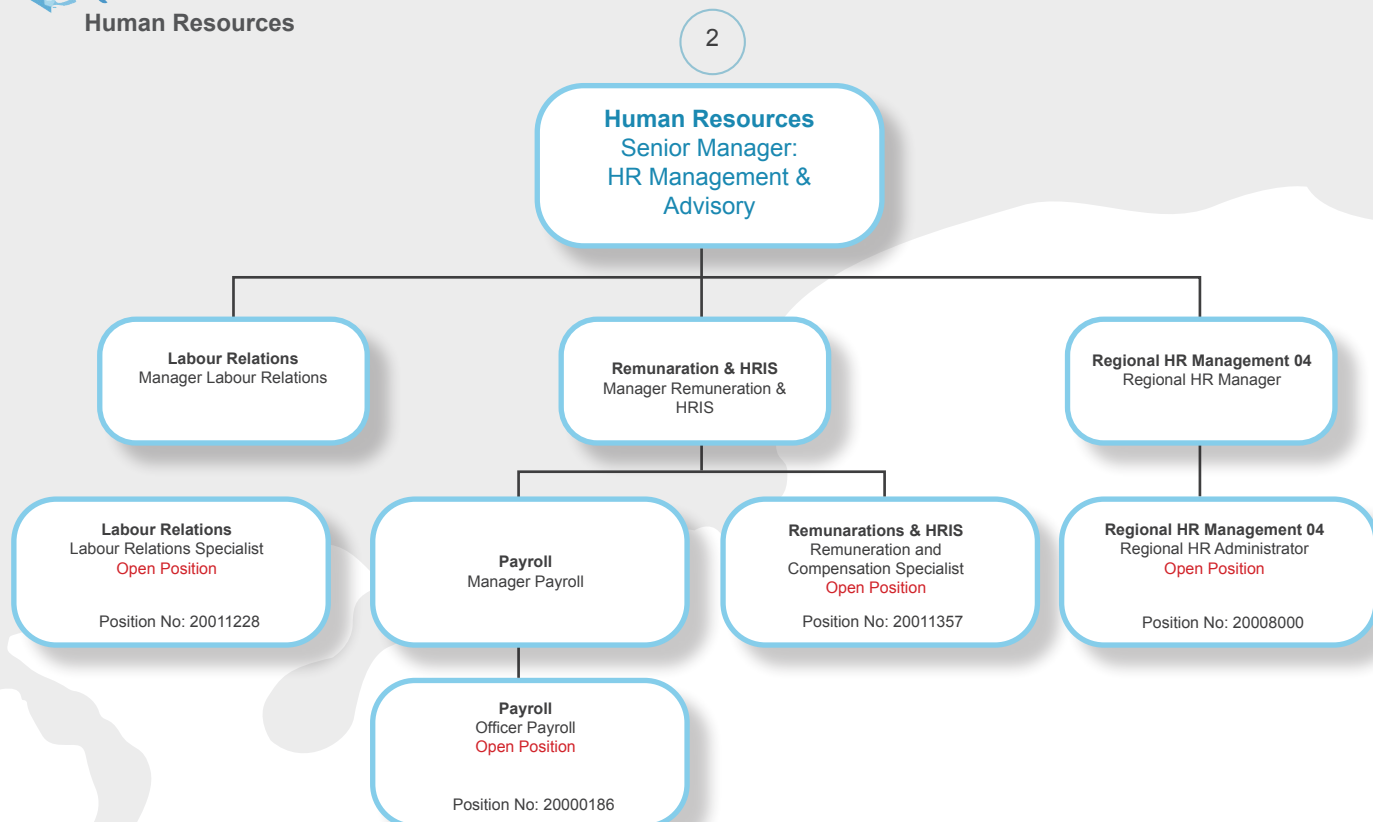
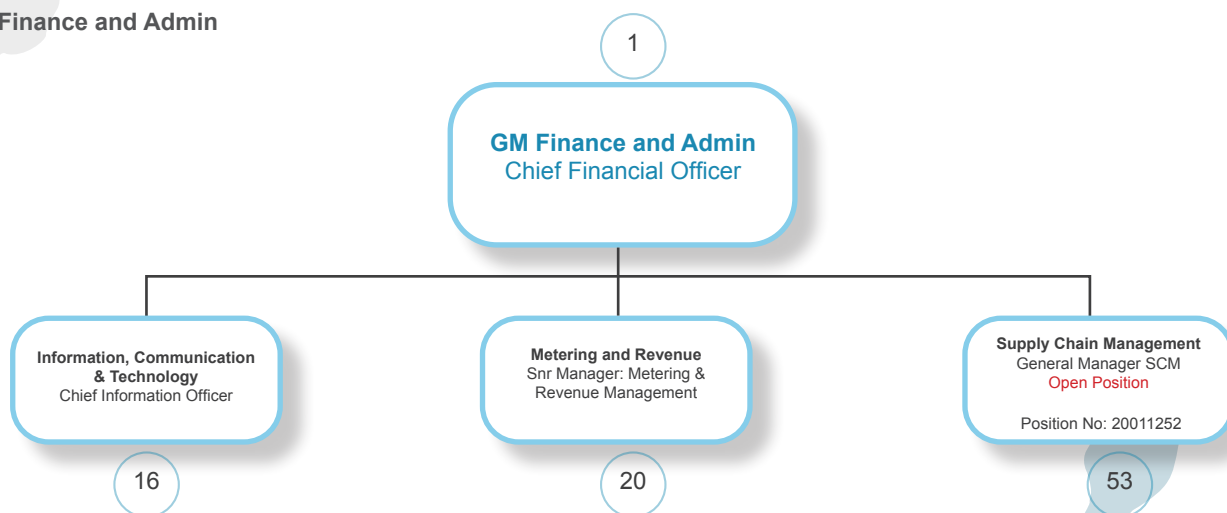
Appendix C: Third-Tier Administrative Structure

Johannesburg Water

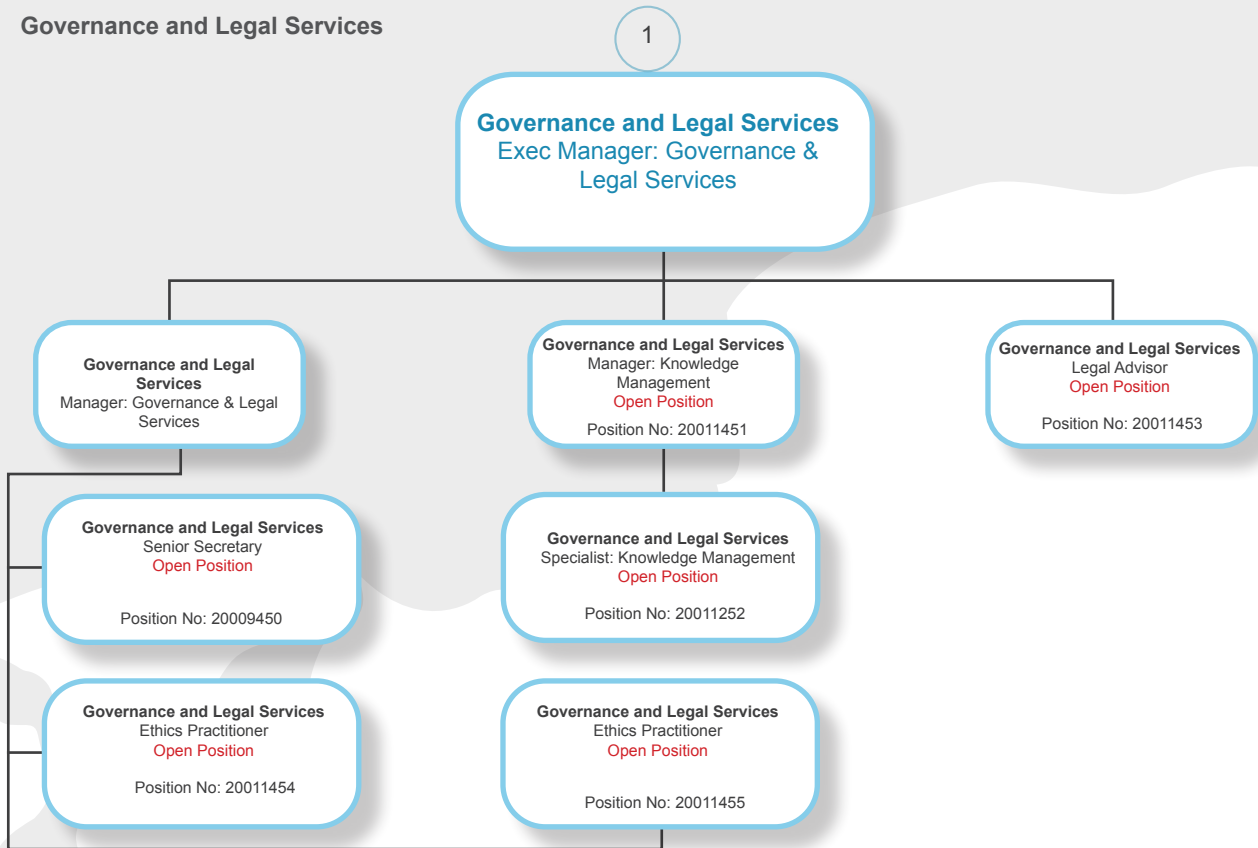


Internal Audit

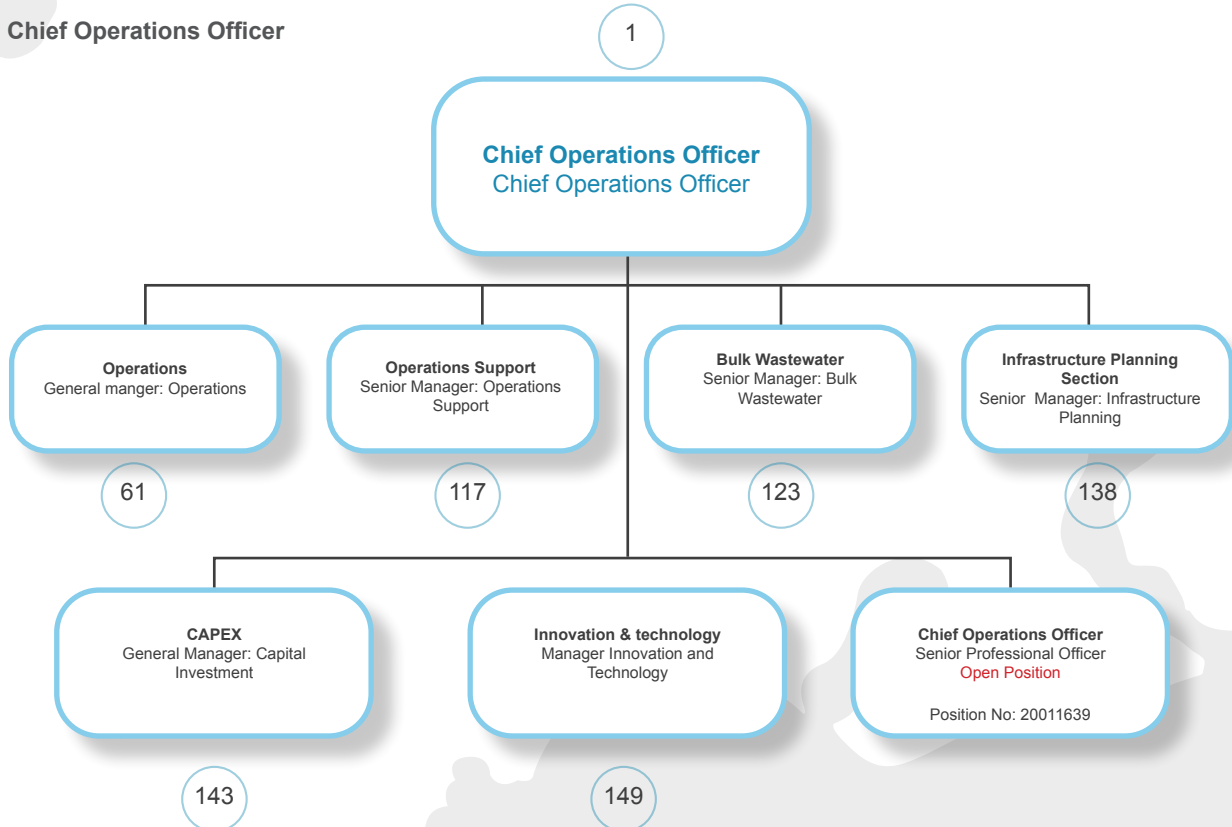




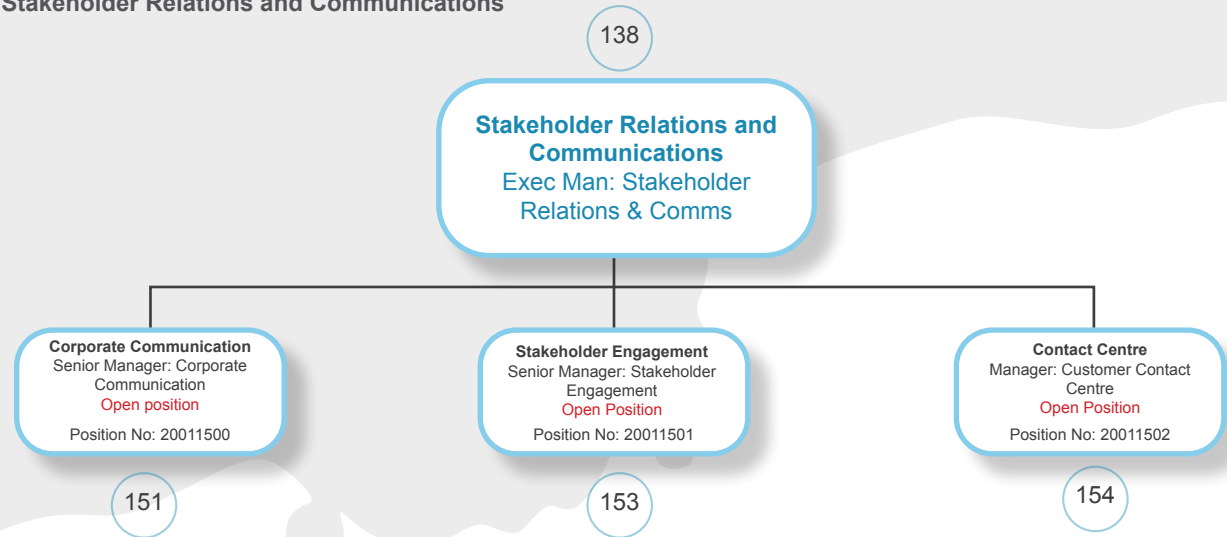
Governance and Legal Services



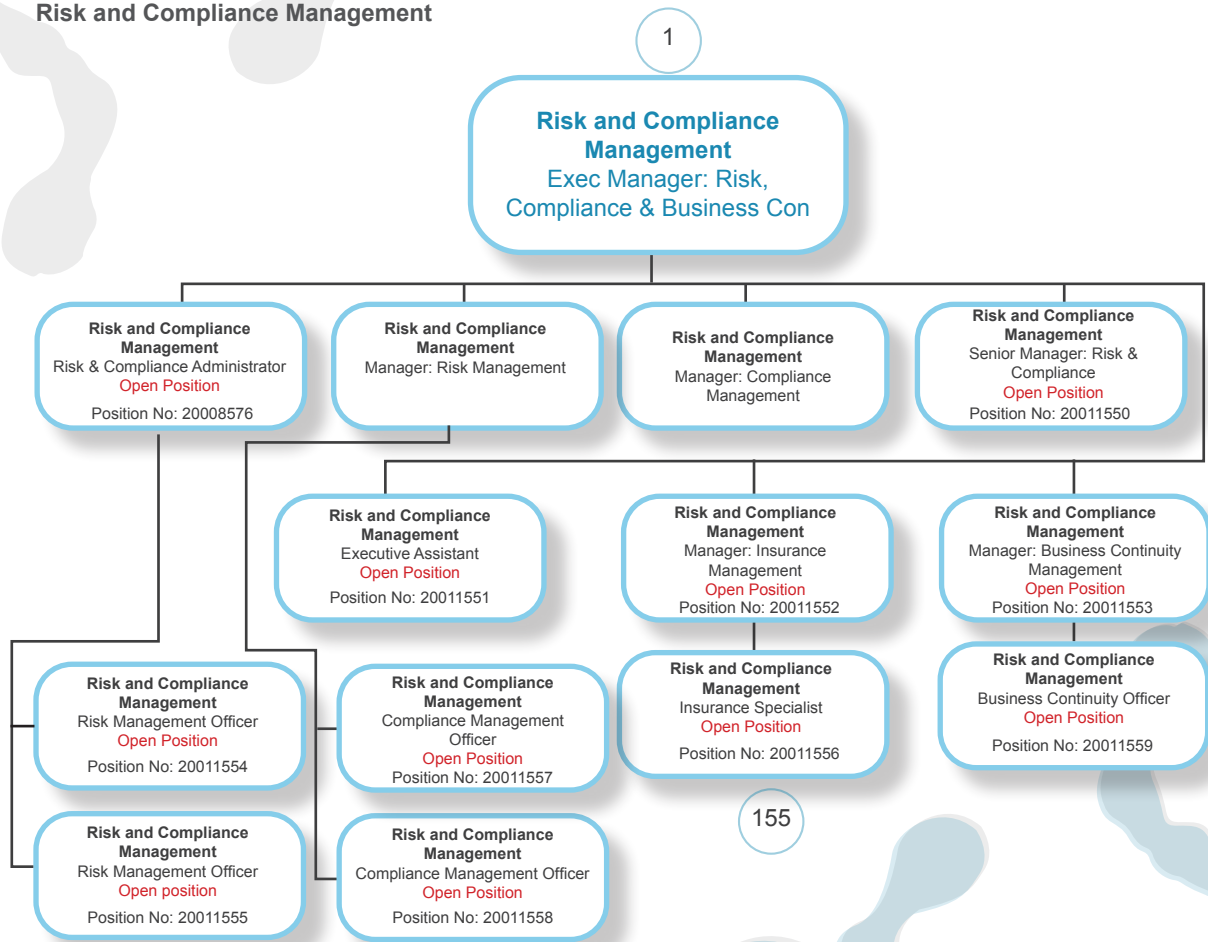
Chief Operations Officer



Stakeholder Relations and Communications



Risk and Compliance Management



Strategy, Monitoring and Evaluations



Appendix D: Functions of Entity

Johannesburg Water is a municipal entity that is wholly owned by the CoJ and is mandated to provide water and sanitation services to the residents of Johannesburg.



Appendix E: Recommendations of the Audit Committee 2024/25

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
24 July 2024	Quarterly Report for the period April 2024 to June 2024	1. That subject to amendments, the Quarterly Report for the period April 2024 to June 2024 be submitted to the Board for approval.	Implemented
		2. That subject to amendments, the report on the Audit of Predetermined Objectives (AoPO) be approved.	Implemented
24 July 2024	Close Out Report on the Annual Risk Management Implementation Plan for the period 2023/2024	That the Close Out Report on the Annual Risk Management Implementation Plan for the period 2023/2024 be approved.	Implemented
24 July 2024	Annual Risk Management Implementation Plan (RMIP) for the period 2024/2025	That the Annual Risk Management Implementation Plan (RMIP) for the Period 2024/2025 be submitted to the Board for approval.	Implemented
24 July 2024	Revised Enterprise Risk Management Policy (2024/25 – 2026/27)	That the Revised Enterprise Risk Management Policy (2024/25 – 2026/27) be submitted to the Board for approval.	Implemented
24 July 2024	Close Out Report on the Annual Corporate Compliance Management Plan for the period 2023/2024	1. That the Close Out Report on the Annual Corporate Compliance Management Plan for the period 2023/2024 be approved.	Implemented
		2. That the Finance Department helps to obtain a service provider that will assist in tracking the implementation and compliance with legislation.	Implemented
24 July 2024	Annual Corporate Compliance Management Plan for the period 2024/2025	That the Annual Corporate Compliance Management Plan for the period 2024/2025 be submitted to the Board for approval.	Implemented
24 July 2024	Revised Regulatory Universe for the period 2024/2025	That the Revised Regulatory Universe for the period 2024/2025 report as amended be submitted to the Board for approval.	Implemented
24 July 2024	Revised Johannesburg Water Compliance Policy (2024/25 – 2026/27)	That the Revised Johannesburg Water Compliance Policy (2024/25 – 2026/27) with amendments be submitted to the Board for approval.	Implemented
24 July 2024	Fraud Risk Register Q4 Progress Report	That the progress report on the fourth quarter of the 2023/24 Fraud Risk Register be approved.	Implemented
24 July 2024	Fraud Prevention Plan for the period 2024/2025	That the Fraud Prevention Plan for the period 2024/2025 be approved.	Implemented
24 July 2024	Fraud Risk Register for the period 2024/2025	That the Fraud Risk Register for the period 2024/2025 be approved.	Implemented
24 July 2024	Impact of the limitation of cashflow on supplier payments	That the concerns raised in the body of the report be escalated to the City via the Chairperson of the Board.	Implemented

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
24 July 2024	JW mSCOA Update Report September 2024	1. That the Board be asked to request a dedicated team from the City to assist Joburg Water to roll out the mSCOA project.	
		2. That the Board be requested to set aside the budget for mSCOA implementation and sourcing of the mSCOA compliant solution.	
		3. That management explore the upgrading of the SAP ERP system to SAP S/4HANA.	
24 July 2024	Annual Audit Plan: Progress Report – 01 April to 30 June 2024	That subjected to amendments, the Annual Audit Plan: Progress Report – 01 April to 30 June 2024 be approved and submitted to the Board for noting.	Implemented
24 July 2024	Terms of Reference – Audit and Risk Committee	That the Terms of Reference of the Audit and Risk Committee be submitted to the Board for approval.	Implemented
24 July 2024	2024/2025 Annual Work Plan of the Audit and Risk Committee	That subject to amendments, the 2024/2025 Annual Work Plan of the Audit and Risk Committee be approved.	Implemented
24 July 2024	Board and Board Committees Year Planner 2024/25	That the Board and Board Committees Year Planner 2024/25 be submitted to the Board for approval.	Implemented
28 & 30 August 2024	Auditor General: Audit Strategy and Engagement Letter with Johannesburg Water	1. That the Engagement Letter by the AGSA be noted. 2. That the Audit Strategy be approved.	Implemented
28 & 30 August 2024	Annual Report – Financial Year ending 30 June 2024	That subject to amendments, the Report be submitted to the Board for approval.	Implemented
28 & 30 August 2024	Materiality Framework for Financial Year 2023/2024	That subject to amendments made, the report be submitted to the Board for approval.	Implemented
28 & 30 August 2024	Submission of Johannesburg Water Annual Financial Statements 30 June 2024	That subject to proposed amendments, the Johannesburg Water Annual Financial Statements for 2023/24 financial year be submitted to the Board for approval.	Implemented
28 & 30 August 2024	2023/24 Annual Performance Report	1. That the 2023/24 Annual Performance report be recommended to the Board for approval.	Implemented
		2. That the Audit of predetermined objectives (AoPO) be approved.	Implemented
16 October 2024	Write-off irregular expenditure related to overspending of budget due to non-cash item in the 2023/24 financial year	1. Certify that the expenditure is irrecoverable and submit a certificate to this effect to the mayor of the City of Johannesburg. 2. Approve the write-off of R644 006 258.95 irregular expenditure related to the debt impairment.	Implemented

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
26 & 28 November 2024	Auditor General Request for Additional Fee for Audit Overrun 2023/2024	That the Auditor General request for additional fees for the audit overrun for 2023/2024 amounting to R200 437.20 Ex Vat be approved.	Implemented
26 & 28 November 2024	Approval of Integrated Annual Report – Financial Year Ending 30 June 2024	That subject to amendments and the outcome of the escalation process that management was undertaking, the report be submitted to the Board for approval.	Implemented
26 & 28 November 2024	Deviation Report: Amendments of the 2024/25 Business Plan	That the deviation report: Amendments of the 2024/25 Business Plan be submitted to the Board for approval.	Implemented
26 & 28 November 2024	2022/23 Company Performance	That once finalised, the report be circulated to members for consideration in a manner that would be advised by the Company Secretary.	Implemented
26 & 28 November 2024	Approval Financial Statements – Year Ending 30 June 2024	That the Annual Financial Statements be submitted to the Board for approval, subject to the finalisation of the escalations and the outcomes and potential impact thereof.	Implemented
17 January 2025	Impact of the Limitation of Cashflow on Supplier Payments	That the report be submitted to the Board for noting.	Implemented
		That the Chairperson pursue the discussion about the implications of payment restrictions with the Acting City Manager and the Group CFO when they attend the Board meeting on 23 January 2025.	Implemented
17 January 2025	Report on Unauthorised, Irregular, Fruitless and Wasteful Expenditure as at end of Quarter 1	That the report be submitted to the Board for noting.	Implemented
			Implemented
17 January 2025	Mid-Term Performance Report for Period Ending December 2024	1. That the outstanding performance information be submitted to the Internal Audit Department to allow the department to finalise the performance review process. 2. That both the Mid-Year Report and the Performance Audit Report be circulated for resolution via round robin.	Implemented
17 January 2025	Approval of the 2025/26 Draft Business Plan	That the draft Business Plan be submitted to the Board for approval.	Implemented

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
17 January 2025	Annual Audit Plan: Progress Report: October – December 2024	1. That the Annual Audit Progress Report for the period October 2024 to December 2024 be approved and the summary version of the report be submitted to the Board for noting. 2. That the process of acquiring the Audit and Compliance System be completed before the end of the current financial year.	Implemented Not yet implemented
17 January 2025	The 2024/2025 Annual Risk Management Implementation Plan Progress Report	That the 2024/25 Annual Risk Management Implementation Plan progress report be submitted to the Board for approval.	Implemented
17 January 2025	The 2024/2025 Annual Corporate Compliance Management Plan Mid-Year Progress Report	That the 2024/25 Annual Corporate Compliance Management Plan mid-year progress report be submitted to the Board for approval.	Implemented
17 April 2025	Presentation: Chief Financial Officer's Report	That noting the current state, where the Organisation is operating beyond its risk appetite and tolerance, and the possibly that its risk-bearing capacity will ultimately impact the quality of services delivered to the public, management should respond decisively to the Committee's concerns by preparing a comprehensive submission that outlines the Organisation's challenges and proposes actionable pathways forward, to be taken up with the Shareholder	Implemented
17 April 2025	Report on Unauthorised, Irregular, Fruitless and Wasteful Expenditure as at the End of Quarter 3	That the report be submitted to the Board for noting.	Implemented
17 April 2025	Impact of the Limitation of Cashflow on Supplier Payments – Strategic Risk Register: Q3 Progress Report – Section 3	That the report be submitted to the Board for approval.	Implemented
17 April 2025	2024/2025 Annual Risk Management Implementation Plan – Third Quarter Progress Report	That the 2024/2025 Annual Risk Management Implementation Plan – Third Quarter Progress Report be approved.	Implemented
17 April 2025	The Revised 2025/26 Strategic Risk Register and the Strategic Risk Response Strategy	That the Revised 2025/26 Strategic Risk Register and the Strategic Risk Response Strategy be submitted to the Board for approval.	Implemented
17 April 2025	Fraud Prevention Plan for the Period 2024/2025 – Q3 Progress Report	That the report be circulated to members for noting.	Implemented
17 April 2025	Fraud Prevention Plan for the Period 2025/2026	That Fraud Prevention Plan for the Period 2025/2026 be approved.	Implemented

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
17 April 2025	Annual Audit Plan: Progress Report: January – March 2024	That the Annual Audit Progress Report for the period October 2024 to December 2024 be approved and the summary version of the report be submitted to the Board for noting.	Implemented
17 April 2025	Internal Audit Three-Year Strategic and One-Year Operational Plan – 2025/2026	That the Internal Audit Three-Year Strategic and One-Year Operational Plan – 2025/2026 be approved.	Implemented
17 April 2025	Approval of the 2025/26 Draft Business Plan	That the 2025/26 Draft Business Plan be submitted to the Board for approval.	Implemented
17 April 2025	Progress Report: Company Turnaround Strategy (TAS24)	That the Draft Business Plan be submitted to the Board for consideration.	Implemented
17 April 2025	Progress Report on the Implementation of Board Resolutions from the Strategic Workshop of November 2024	That the Progress Report on the Implementation of Board Resolutions from the Strategic Workshop of November 2024 be submitted to the Board for noting.	Implemented
17 April 2025	Quarter 3 Performance Report for Period Ending 31 March 2025	That the Quarter 3 performance report for the period ending 31 March 2025 be submitted to the Board for approval.	Implemented

Date of Meeting	Subject	Resolution	Status (Implemented/ Not Implemented)
25 June 2025	Submission of Motivations of UIFW to the Audit and Risk Committee and Board for approval to Write Off	<p>1. That the Audit and Risk Committee recommend the Board to consider and approve the write-off of irregular expenditures and certify them as irrecoverable for the following items:</p> <p>1.1 23/24–24/25 Transversal Fleet Contract – R131,182,978</p> <p>1.2 22/23–24/25 Panel of Engineering Consultants – R20,577,451</p> <p>1.3 18/19–20/21 Supply of Internet Services – R868,694</p> <p>1.4 2018/19 Emergency Repairs Two Power Transformers – R1,003,764</p> <p>1.5 12/13–19/20 Support and Maintenance of Lab Equipment – R2,606,000</p> <p>1.6 18/19–24/25 Panel of Basic Sanitation Services – R60,916,933</p> <p>1.7 23/24–24/25 Sewer Pipe Replacement-R10,391,475</p> <p>1.8 19/20–24/25 Supply STS Meters – R109,214,958</p> <p>1.9 21/22-24/25 Strip and Quotes Repairs – R86,616,615</p> <p>1.10 22/23–24/25 Security and Maintenance of Northern Farm – R12,465,855</p> <p>1.11 22/23–24/25 Supply, Delivery and Removal of Skip Bins – R1,447,956</p> <p>1.12 2022/23 Budget Over-expenditure of Cash Items – R121,345,251.</p> <p>1.13 20/21–24/25 Vacuum Tankers and Jetting Trucks – R145,339,760.</p> <p>2. The Committee resolved that:</p> <p>2.1 Management develop an interim mechanism for ensuring that employees at senior management level are held accountable for financial misconduct whilst awaiting the completion of the organisational redesign process.</p> <p>2.2. The report be circulated via round robin for resolution.</p> <p>3. Regarding the 22/23 Various Contract variations – R21,754,972, the Committee resolved that the report be circulated via round robin for resolution.</p>	Implemented
25 June 2025	Company Turnaround Strategy (TAS24) Progress	That subject to amendments, the report be submitted to the Board for noting.	Implemented

Appendix F: Long-Term Contracts and Public-Private Partnership

Sewer Agreements

1. Memorandum of Agreement between the Emfuleni Local Municipality and Johannesburg Water (SOC) Ltd. The Emfuleni Local Municipality accepts into its regional main sewerage pipelines wastewater emanating from areas within the jurisdiction of the CoJ. The wastewater is treated by Emfuleni at its Sebokeng WWTW. The initial period of the agreement was set for five years, effective from July 2016. The agreement expired after five years (in July 2021), and Johannesburg Water has submitted reminders to Emfuleni Local Municipality to review the agreement. Emfuleni Local Municipality has shown some interest in discussing the new agreement, which should be concluded in 2025/26.
2. Memorandum of Agreement between Mogale City and Johannesburg Water (SOC) Ltd. The main agreement was entered into by and between the Town Council of Roodepoort and the Town Council of Krugersdorp (in January 1977). The last addendum was added between Mogale City and Johannesburg Water (SOC) Ltd (successors to the main agreement) in January 2011. The sewerage from Mogale City is treated by Johannesburg Water at the Driefontein WWTW. The main agreement does not have an expiry date; thus, Johannesburg Water has sent a reminder to Mogale City to review this contract and to come up with a new contract that has an expiry date.
3. Memorandum of Agreement between the East Rand Water Care Company (ERWAT) and Johannesburg Water (SOC) Ltd. The main agreement was entered into by and between ERWAT and the Town Council of Midrand (in November 1992). Johannesburg Water is the successor in title to this agreement. The agreement expired after 30 years (in November 2022), and Johannesburg Water has shared a draft agreement with ERWAT, which will have an expiry date and shorter duration. The discussions on the new agreements are being pursued by both parties. It is anticipated that these will be concluded in the 2025/26 financial year.
4. Memorandum of Agreement between the City of Tshwane Metropolitan Municipality and

Johannesburg Water (SOC) Ltd. The agreement was renewed in the 2023/24 financial year.

Drinking Water Agreements

1. Cross-boundary provision of bulk water services to the Northview Estate between the City of Tshwane Metropolitan Municipality and Johannesburg Water (SOC) Ltd was renewed in 2025. The water quality supply to the City of Tshwane must comply with SANS 241, and the water quantity is restricted to 2 600 l per day.
2. Memorandum of Agreement between the City of Ekurhuleni and Johannesburg Water (SOC) Ltd. The agreement is for bulk water services and was approved in 2023/24.
3. Memorandum of Agreement between Mogale City and Johannesburg Water (SOC) Ltd. The CoJ is the successor in title to the Greater Johannesburg Transitional Metropolitan Council (GJTMC) and the Northern Metropolitan Substructure of the Greater Johannesburg Transitional Metropolitan Council (NMSS). All historical cross-boundary agreements were assigned to Johannesburg Water (SOC) Ltd. Mogale City Local Municipality is the successor in title to the Transitional Local Council of Krugersdorp (TLCK).

The area referred to as Ruimsig Township was under the jurisdiction of the local authority of the TLCK and was supplied with bulk potable water by the GJTMC in terms of an agreement dated 6 September 1995, which runs into perpetuity or is without a termination date. The GJTMC also supplied the TLCK with bulk potable water from its Honeydew reservoir via the Sonnedal meter in terms of an agreement dated 7 November 1996, for a period of 10 years. This agreement has expired, but notwithstanding the expiration, Johannesburg Water has continued to supply the TLCK with bulk potable water on the terms and conditions of the expired agreement. The conditions of the expired agreement are still in place, although a draft agreement has been submitted to Mogale City for review and acceptance.

4. Bulk water-supply contract with Rand Water.

Appendix G: Municipal Entity/Service Provider Performance Schedule

Service Delivery Budget Implementation Plan	GDS 2040	Mayoral Priorities	Key Performance Indicators	Total Expenditure R'000	Target	Actual	Comments
Access to basic services	Continued implementation of the Informal Settlements Upgrade Programme to ascertain that residents have access to basic water and sanitation services, as projected.	P7: A safer City P4: Sustainable service delivery	Number of additional households provided with basic water at minimum LoS1 in informal settlements.	7 918	1 250	174	Most projects under this portfolio were located on wetlands or flood lines and triggered the need for environmental authorisations.
			Number of additional households provided with sanitation at a minimum LoS1 in informal settlements.	52 956	1 700	1 796	Achieved

Appendix H: 2024/25 Declaration of Interest – Johannesburg Water’s Executive Management

The Municipal Systems Act, No. 32 of 2000, section 4(3) of Schedule 2, provides that no staff member may be a party to or beneficiary under a contract for the provision of goods or services to any municipality or municipal entity established by a municipality. This entails that municipal employees should not be involved in private business or work with any organ of State, including a municipality.

All members of the executive management of Johannesburg Water submitted their declaration of interest forms for 2023/24, and no conflict of interest could be detected. A description of the interests declared is summarised as follows.

Surname	First Name	Description of Interests Declared as Per the Employee’s Declaration Form for 2024/25
Mukwevho	Ntshavheni	Shares and Securities: <ul style="list-style-type: none"> Sasol Khanyisa – 750 Sasol BEE Ordinary shares – 75 Member of a Close Corporation: <ul style="list-style-type: none"> Mukwevho Properties No 3 – 50% Mukwevho Properties No 4 – 50% Mukwevho Properties No 5 – 25% Mukwevho Motors No 3 – 50% Mukwevho Motors No 4 – 50% Mukwevho Motors No 5 – 25% Directorship: <ul style="list-style-type: none"> Johannesburg Water (SOC) Ltd
Phakathi	Gugulethu	Shares and Securities: <ul style="list-style-type: none"> GWP Piping and Engineering Services – 100% Directorship: <ul style="list-style-type: none"> Vaal Central Water Board

Surname	First Name	Description of Interests Declared as Per the Employee's Declaration Form for 2024/25		
Mahlaba	Kgaugelo	Shares and Securities:		
		Number of Shares or Securities	Nominal Value of Shares or Securities	Name of Public or Private Company
		35	R141	ABSA
		38	R47	Adcock Ingram
		3416	R6	ARC Investments
		4457	R11	Altron
		33	R287	Anglo Ashanti
		697	R.75	Ascendis Health
		271	R147	Aspen Holdings
		476	R99	Barloworld
		49	R203	Bidvest
		33	R580	British America Tobacco
		711	R69	Bytes
		237	R5	CA
		7	R1357	Capitec
		57	R242	Clicks
		473	R22	Dischem
		99	R126	Discovery
		84	R194	Exxaro
		115	R88	Glencore
		2	R1000	Investec MXEIIA
		9	R30	KAAP AGRI
		423	R2	KAP
		439	R126	MTN
		6	R2602	Naspers
		1208	R46	Ninety One NY1
		3109	R46	Ninety One N91
		21	R616	Prosus
		286	R9	PSG
		65	R135	Remgro
		94	R21	RENERGEN
		12271	R1	RMH Property
		195	R232	SASOL
		104	R29	SATRIX
		28	R175	SHOPRITE
		150	R47	Sibanye Stillwater
		78	R128	Standard Bank
		162	R25	Sygnia SYGH
		3223	R14	SYGNIA SYG

Surname	First Name	Description of Interests Declared as Per the Employee's Declaration Form for 2024/25		
		Shares and Securities (Cont.):		
		Number of Shares or Securities	Nominal Value of Shares or Securities	Name of Public or Private Company
		1278	R27	Telkom
		267	R133	Vodacom
		476	R19	ZEDA
		N/A	R28 000	Easy Properties
		1	\$110	Amazon
		1	\$135	Apple
		5	\$318	Berkshire Hathaway Inc
		0.0922	\$216	Biogen
		0.0644	\$155	BIONTECH
		1	\$674	BlackRock
		0.3934	\$89	Exxon Mobil
		1	\$6	IHS
		0.3077	\$162	Johnson&Johnson
		1	\$329	Meta
		0.0126	\$237	Microsoft
		2	\$44	NVIDIA
		1	\$41	Pfizer
		1	\$166	QUALCOMM
		0.2067	\$339	TESLA
		108	R8.13	FNB MID
		16	R66	SATRIX STX 40
		91	R3	STX DIV
		41	R41	STX FINI15
		10	R79	STX GVI
		33	R50	STX EMG
		30	R10	STX PRO
		17	R9	STX QUA
		6	R22	STX RAFI40
		14	R67	STX 500
		24	R29	STX TRA

Surname	First Name	Description of Interests Declared as Per the Employee's Declaration Form for 2024/25
		Directorships: <ul style="list-style-type: none"> Buena Vista Trading Central Route Trading 610 Moepa-Thutse Trading Enterprise Nokeng Projects Nkwenane Trading Moepathutse Trading IT and Projects Adomark Brave Blue Holding Bubesi Shelf 114 Bubesi Shelf 118 CIS Belt – resigned Firsthand Advisory Services IFA Group Holdings Infinitysight Capital Invest Africa Holdings Matoaka Moepathutse Construction Civil Works QA Auditors Techmonet
Mabe	Kethabile	No financial interest to declare
Mnisi	Jones	No financial interest to declare
Mathebula	Shaniseka	No financial interest to declare
Hlakoane	Thokozile	Shares and Securities: <ul style="list-style-type: none"> Akuchi Consulting (Pty) Ltd – 1000 ordinary – 100% Aphphata Logistics (Pty) Ltd – 250 ordinary – 25% Directorships: <ul style="list-style-type: none"> Akuchi Consulting (Pty) Ltd Aphphata Logistics (Pty) Ltd
Gaveni	Raisebe	No financial interest to declare
Mabuza	Nondumiso	Shares and Securities: <ul style="list-style-type: none"> Woolworths – 254 ordinary Growthpoint – 254 ordinary Metair – 254 ordinary Power Fleet – 254 ordinary Pan African Resources – 254 ordinary Novus – 254 ordinary Directorships: <ul style="list-style-type: none"> Libhokwa Group – property development Kgapetse Holdings – retail

Surname	First Name	Description of Interests Declared as Per the Employee's Declaration Form for 2024/25		
Da Silva	Rubens	Shares and Securities:		
		Number of Shares or Securities	Nominal Value of Shares or Securities	Name of Public or Private Company
		51	434.96	AGL
		25	1830.06	AMS
		23	289.19	ANG
		320	214.64	APN
		2459	29.79	BAT
		4735	0.21	BATN
		26	462.96	BHG
		172	159.06	BID
		35	691.54	BTI
		172	62.03	BVT
		300	144.43	CLS
		124	834.71	CPI
		500	25.85	DCP
		35	154.07	DSY
		755	15.92	DTC
		445	39.66	EOH
		600	48.59	ETFT40
		22	207.89	EXX
		23850	57.75	FNBEQF
		590	47.03	FSR
		148	52.36	GLN
		45000	11.75	GLOBAL
		16220	15.34	GLODIV
		700	35.13	GLPROP
		103	45.26	MCG
		23	253.39	MRP
		115	183.93	MTN
		103	1285.82	NPN
		1000	28.37	NTC
		473	3.84	NVS
		224	545.97	p RX
		450	2.02	RMH
		2023	26.01	S32
		214	155.31	SBK
		250	169.89	SHP
		55	206.29	spp

Surname	First Name	Description of Interests Declared as Per the Employee's Declaration Form for 2024/25		
		Shares and Securities (Cont...):		
		Number of Shares or Securities	Nominal Value of Shares or Securities	Name of Public or Private Company
		3200	43.25	SYGWD
		54	268.37	TBS
		300	142	VOD
		600	68.67	WI-IL

The latest declarations by non-executive directors were registered as follows.

Surname	First Name	Disclosure of Other Directorship
Majavu	Dineo	Ehlanzeni College (Council Member)
Mashifane	Molate	Driftwood Logistics MBS Consulting
Kutumela	Thabiso	1. Independent Regulatory Board for Auditors 2. Shekinah Consulting (Pty) Ltd 3. Waterberg Railway (Pty) Ltd (Not active) 4. Siyabangena Investments (Pty) Ltd (Not active)
Makgonye	Makoko	1. Pristi Hygiene 2. KO Akavango 3. Sologadi Enterprises 4. Dithebi Risk Consultants 5. Machipe Investment 6. Mogama Lifish NPC 7. Reepathutse Properties
Matjele	Pholoso	1. Matpho Enterprises 2. Synergestec Asset Solutions (Pty) Ltd
Mogoye	Kgaile	EasyRise, Crafty Embroideries
Mokoena	Kefiloe	No other directorship declared
Mthembu	Siyabonga	Mehlesizwe Security Services
Mabece	Pamela	Palm Springs Evolution Cooperative
Meeleso	Zandile	No other directorship declared
Sambo	Collen	Vutomi 1007 (Pty) Ltd

Appendix I: Capital Expenditure – New and Upgrade/Renewal Programmes: Including USDG, EFF and CRR

Description	2023/24	2024/25 FY		
	Actual Expenditure (R)	Adjusted Budget (R)	Actual Expenditure (R)	Variance (R)
(i) Capital Expenditure on New Assets	-	-	-	-
Infrastructure	-	-	-	-
Infrastructure – Water	-	-	-	-
<i>Dams & reservoirs</i>	193,045	301,292	233,233	68,059
<i>Water purification</i>	-	-	-	-
<i>Reticulation</i>	56,061	22,130	9,360	12,770
Infrastructure – Sanitation	-	--	-	-
Reticulation	2,062	5,630	5,050	580
Sewerage purification	124,936	164,256	155,071	9,185
Other Assets	-	-	-	-
Plant & equipment	-	-	-	-
Computers – hardware/equipment	8,734	14,000	13,313	687
Furniture and other office equipment	3,783	25,000	14,427	10,573
Alternative energy equipment	45,931	16,000	15,721	279
Other buildings	-	24,794	20,304	4,490
Vehicle	-	40,000	36,729	3,271
Other land	235	-	-	-
Intangibles	-	-	-	-
Computers – software & programming	12,047	6,000	6,858	(858)
Other	-	-	-	-
Total Capital Expenditure On New Assets	446,834	619,102	510,067	109,935
(ii) Capital Expenditure On Upgrading/ Renewal Assets	-	-	-	-
Infrastructure	-	-	-	-
Infrastructure – Water	-	-	-	-
<i>Dams & reservoirs</i>	11,265	18,000	17,515	485
<i>Water purification</i>	-	-	-	-
<i>Reticulation</i>	241,790	387,676	343,789	887
Infrastructure – Sanitation	-	-	-	-
Reticulation	124,851	206,807	213,092	(6,285)
Sewerage purification	201,675	59,501	38,570	20,931
Infrastructure – Other	-	-	-	-
Other Assets	-	-	-	-
General vehicles	-	-	-	-
Specialised vehicles	-	-	-	-
Plant & equipment	488	-	-	-
Other Buildings	33,691	-	-	-
Computers – hardware/equipment	-	-	-	-

Description	2023/24	2024/25 FY		
	Actual Expenditure (R)	Adjusted Budget (R)	Actual Expenditure (R)	Variance (R)
Furniture and other office equipment	4,196			–
Intangibles				
Computers – software & programming				–
Other				–
Total Capital Expenditure On Renewal of Existing Assets	617,956	671 984	612 966	59,018
Grand Total	1,064,790	1,291,086	1,123,033	168,053

Appendix J: Capital Programme by Project (Current Year)

JSIP #	Project Description	Approved Budget (R)	Actuals (R)	Variances (R)
2231	2231_00_Operational Capital: Corporate Requirements of Johannesburg Water (CO)	90,794	45,044	45,750
2231	Operational Capital: Information Technology (CO)	20,000	20,171	-171
2197	2197_00_Water Demand Management (WDM): New Operate and Maintenance Assets (Orange Farm and Soweto)	168,856	161,656	7,200
2226	2226_00_Operational Capital: Operations and Maintenance (OM)	169,641	165,112	4,529
	Sub-Total CO, WDM, OM	449,291	391,984	57,307
2567	Midrand: Blue Hills Tower 18 ML	95	145	-50
3461	Midrand: Carlswald Reservoir (New Reservoirs CARLSWALD AH A Regional)	83	83	0
3464	Sandton/Alexandra: Woodmead Reservoir 22 ML	15,100	1,059	14,041
4040	Roodepoort/Diepsloot: Robertville Tower 225 ML	370		370
6494	Midrand: Erand Tower 2 ML	27,149	26,556	593
6496	Midrand: Halfway House Reservoir 20 ML	1 318	57	1,261
22083	Johannesburg Central: Brixton Reservoir 226 ML	174,689	175,139	-450
23681	Bryanston Tower 1.5 MI	1,000	110	890
23761	Linbro Park Tower 1.5 MI	8,600	183	8,417
30020	Crosby Bulk Pipeline	41,873	28,887	12,986
31054	Turffontein Redevelopment Corridor: Forest Hill Tower	1,015	1,015	-
	SUB-TOTAL EXTENSION & NEW INFRASTRUCTURE	271,292	233,233	38,058
2225	Operational Capital: Planning and engineering studies	11,260	8,188	3 072
	Sub-Total Planning Engineering	11,260	8,188	3,072

JSIP #	Project Description	Approved Budget (R)	Actuals (R)	Variances (R)
2198	Basic Water Service: New Basic Water and Sewer Services	43,635	61,118	-17,482
3516	Orange Farm/Deep South: Planned Replacement Watermains	5,258	5,342	-84
23759	Orange Farm/Deep South: Lenasia Reservoir 675 mm dia. Bulk	1,023	705	318
3520	Orange Farm/Deep South: Planned Replacement Sewer Mains	57,087	57,087	0
	Sub-Total Special Projects	107,003	124,252	-17,248
2245	Sandton/Alexandra: Planned Replacement Watermains	66,976	35,796	31,180
2246	Roodepoort/Diepsloot: Planned Replacement Watermains	24,456	24,476	-20
2248	Johannesburg Central: Planned Replacement Watermains	18,007	5,779	12,228
2314	Sandton/Alexandra: Linbro Park Water Upgrade	10,000	-	10,000
2481	Soweto: Planned Replacement of the Watermains	4,265	1,552	2,713
21770	Halfway House Water Upgrade	3,500	3,500	0
23679	Peri-Urban 781 mm dia. Bulk Main	147	147	0
23933	Lion Park to Lanseria 600 mm dia. Bulk Main	1,304	-	1,304
3558	Sandton/ Alexandra: Planned Replacement Sewer Mains	20,012	20,112	-100
3614	Johannesburg Central: Planned Replacement Sewer Mains	39,348	39,601	-252
3627	Soweto: Planned Replacement Sewer Mains	1,004	1,053	-49
3918	Roodepoort/ Diepsloot: Diepsloot Sewer Pipelines and Bridge	3,285	3,285	-
22511	Soweto: Anthea Nancefield Sewer (Klipspruit River) Phase 1	33,511	33,479	-
4023	Sandton/Alexandra: Louis Botha Corridor (JW: Sewer) Renewal Corridors of Freedom Intervention	881	236	355
3631	Soweto: Protea Glen Sewer Upgrade	1,786	1,718	68
	Sub-Total Upgrading and Renewal	228,482	171,734	56,717
2446	Olifantsvlei Works: Digester Heating and Mixing	68	68	0
3482	Bushkoppies Works: Infrastructure Renewal Plan	5,500	710	4,790
3497	Driefontein Works: Infrastructure Renewal Plan	662	963	-301
22645	DF: Infrastructure Renewal Plan 2	1,325	1 557	-232
2308	Northern Works: Belt Presses New #4	136	136	-
2450	Bushkoppies Works: BK Balancing Tank Completed	236	236	-
2519	Northern works: Unit 5 mod. 2	121,595	112 595	9,000
3232	LA: Module 1	16,590	16 589	1

JSIP #	Project Description	Approved Budget (R)	Actuals (R)	Variances (R)
3484	Goudkoppies Works: Infrastructure Renewal Plan	2,239	1 488	751
3490	Northern Works: Infrastructure renewal	21 107	20 352	755
3961	Northern Works: Unit 4 Liquor Treatment	26,071	25,988	83
21993	OV: Infrastructure Renewal Plan	7,689	7,689	0
22722	EN: Upgrading of Southern Treatment Capacity	15,179		15,179
23931	OV: Inlet Screw Pumps Replacement	2,376	2,375	1
6547	EN: Replace Module Mixers and Motors	2,984	2,896	88
		-	-	-
	Sub-Total Bulk WasteWater	23,757	193,642	30,115
	Grand Totals	1,291,085	1,123,032	168,021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities Services Act, 108 of	Supply of water services as defined in the Water 1997
Directors	D Majavu (Chairperson) N Mukwevho (Managing Director) K Mahlaba (Chief Financial Officer) T Kutuela P Mabece M Makgonye M Mashifane P Matjele Z Meeleso K Mogoye K Mokoena C Sambo S Mthembu
Registered office	65 Ntemi Piliso Street Newtown Johannesburg 2113
Business address	65 Ntemi Piliso Street Newtown Johannesburg 2113
Postal address	P. O. Box 61542 Marshalltown Johannesburg 2107
Shareholder	City of Johannesburg Metropolitan Municipality
Bankers	Standard Bank of South Africa Limited and Absa Bank Limited
Auditor	The Auditor-General of South Africa
Secretary	K Mabe
Company registration number	2000/029271/30
Attorneys	Johannesburg Water is assisted by a panel of attorneys as assigned by the Shareholder on an as and when required basis

Index

Page

Directors' Responsibilities and Approval	228
Report of Audit and Risk Committee	230
Report of the audit of financial statements	233
Directors' Report	242
Company Secretary's Certification for the year ended 30 June 2025	247
Statement of Financial Position as at 30 June 2025	248
Statement of Financial Performance for the year ended 30 June 2025	249
Statement of Changes in Net Assets for the year ended 30 June 2025	250
Cash Flow Statement for the year ended 30 June 2025	251
Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025	252
Accounting Policies	255
Notes to the Annual Financial Statements	267

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act, 56 of 2003 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the directors' responsibilities to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the year and are, in conformity with Standards of Generally Recognised Accounting Practices (GRAP) and in accordance with directives issued by the National Treasury. The Auditor-General of South Africa is engaged to express an independent opinion on the annual financial statements and were provided with unrestricted access to all relevant financial records and data.

The annual financial statements have been prepared in accordance with GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board, the Companies Act, 71 of 2008, the Local Government: Municipal Finance Management Act 56 of 2003 and directives issued by the National Treasury.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. No external party, including the shareholder, has the authority to amend the annual financial statements after being issued by the company.

The company is a wholly owned subsidiary of the City of Johannesburg Metropolitan Municipality. The entity relies on the City of Johannesburg Metropolitan Municipality Revenue Shared Service Centre for the following functions for all its customers:

- Customer billing
- Cash collection
- Consumer receivables administration
- Call centre management

The management of the above functions is regulated by an agency agreement between the City of Johannesburg Metropolitan Municipality and Johannesburg Water (SOC) Limited. The implemented processes and methods of operations are solely under the control and stewardship of the Revenue Shared Service Centre of the City of Johannesburg Metropolitan Municipality. This arrangement is managed in terms of a service level agreement underpinning the agency agreement.

Clause 13.3 of the Agency Agreement with the City of Johannesburg Metropolitan Municipality states that "The performance of the Customer Revenue Collection and Customer Relations Management functions shall be conducted and records thereof kept by the City of Johannesburg Metropolitan Municipality in such a manner as to ensure that the audited accounts of the Company are in no way qualified as a result of any act or omission connected with the execution of the Customer Revenue Collection and Customer Relations Management functions". The directors place full reliance on the internal controls as established by The City of Johannesburg Metropolitan Municipality in the execution of the Customer Billing and Revenue Collection and Customer Relations Management functions.

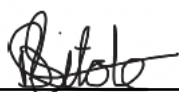
The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring strategic, operational and external risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and internal audit, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

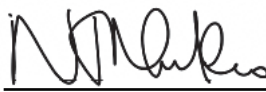
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors have reviewed the entity's cash flow, statement of financial position and performance, business plan and budgets and financial ratios and consider the entity to be operating on a going concern basis. They are satisfied that the entity has or will have access to adequate resources to continue in operational existence for the foreseeable future. The approved budget for the ensuing financial year assumes a positive cash flow.

The Auditor-General of South Africa is responsible for providing assurance and reporting on the entity's annual financial statements.

The annual financial statements set out on pages 248 - 314, which have been prepared on the going concern basis, were reviewed by the Board on 30 November 2025 and were signed on their behalf by:



D Majavu (Chairperson)



N Mukwevho (Managing Director)

Report of Audit and Risk Committee

We are pleased to present our report for the annual financial year ended 30 June 2025.

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 94(7) of the Companies Act, 71 of 2008, as amended, and section 166(2) of the Local Government: Municipal Finance Management Act, No 56 of 2003. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter in line with the principles of King IV, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

Assessment of the finance function

The Audit and Risk Committee is satisfied that the annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The committee will continue exercising oversight responsibility over the preparation of the annual financial statements to prevent material misstatements. The committee considered the expertise, resources and experience of the finance function and concluded that these were appropriate and effective.

The effectiveness of internal controls

The Audit and Risk Committee evaluated the internal control environment, and based on the information, reports and explanations provided by management, Internal Audit Department and the Auditor-General South Africa, assessed the internal controls as adequate but ineffective to mitigate the related risks to an acceptable level. The internal controls were ineffective as indicated in the Statement of Internal controls (SIC) by Internal Audit which highlighted some areas with repeat findings which required intervention by management. The Committee has noted the resolution of audit findings has improved marginally with the resolution rate for internal audit and AGSA being at 75% compared to 86% and 72% compared to 82% in the previous year respectively. The decrease in resolution rate is attributable to management experiencing resource constraints when sourcing for service providers required to address strategic intervention plans focusing on the root causes of the recurring findings.

The implementation of the action plans relating to IT backup and access management, physical security and assets/ infrastructure maintenance had an impact on the resolution rate of the audit findings. The Committee commits to holding the accounting officer and senior management accountable to ensure that the internal control deficiencies are addressed.

Significant progress was made during the year on investigation of new Unauthorised Irregular Fruitless and Wasteful expenditure and a major portion of finalised investigations were motivated to the Board for consideration and approval in accordance with Section 102 of MFMA read together with Regulation 75 of MBRR which provides the framework within which a municipal entity will deal with irregular expenditure. The impact of this process was that Johannesburg Water was able to reduce its prior years accumulated UIFW balance from over R1 .6 billion to around R454 million and the major part is aimed to be processed in the 2025/2026 financial year.

Nothing significant has come to the attention of the Committee to indicate that any material breakdown in the functioning of the controls, procedures and systems during the year under review.

Report of Audit and Risk Committee

The effectiveness of the internal audit department

The Internal Audit department executed and completed 96% (44 of 46) audit projects against the 2024/25 financial year approved annual internal audit plan and ensures that more resources were utilized on value-add continuous reviews such as probity audits on SCM Tenders, adhoc investigations and UIFW investigations. The plan was properly aligned to the strategic register. The Committee is satisfied with the effectiveness of the internal audit function during the year and accepts that the internal audit activity has to a large extent highlighted matters relevant to the significant risks pertinent to Johannesburg Water. The unit also continued to provide proactive assurance on the SCM tender processes by conducting probity audit prior to finalization of tenders above RS million (14 probity reviews valued around R1 .04 billion were completed during the year under review).

The committee considered the expertise, resources and experience of the Internal Audit Activity and concluded that these were appropriate and effective.

Performance reporting

The performance of the entity is measured through the Balanced Scorecard which is based on targets approved by the Board of Directors. The Internal Audit Department has been mandated to conduct audit of predetermined objectives and report to the Audit and Risk Committee on quarterly basis. The implementation of proper record keeping ensuring complete and accurate information to support performance information needs to be enhanced. The Committee noted with concern the issues raised around the internal controls for monitoring of service response times and urged Management to address the control deficiencies.

Risk management

Johannesburg Water focuses on the identification, assessment, and monitoring of business risks. Based on the information provided, the committee notes that the residual risk for the two strategic risks, Declining Payment Levels, as well as the Inadequate Infrastructure and Operational Funding remain very high in view of the current state of revenue collections. Although revenue collections levels have improved and stabilised post peak of the pandemic, they remain relatively lower at 74.84% compared to target of 74.80% with impact both on operational and capital infrastructure funding. There remains a significant under funding of capital budgets in addressing infrastructure backlogs and expansion requirements which are critical for the provisions of sustainable services.

Legal compliance

Although there are processes in place to monitor the level of compliance to laws and regulations within the organisation, the audit outcomes indicate that the processes need to be enhanced, as can be evidenced by the irregular expenditure incurred.

Submission of quarterly reports in terms of the Local Government: Municipal Finance Management Act, No 56 of 2003

Quarterly reports have been submitted and reviewed by the committee in terms of the Municipal Finance Management Act.

External Auditors

Having considered the matters set out in section 94(8) of the Companies Act, No. 71 of 2008 the committee is satisfied with the independence and objectivity of the external auditors..

Matters raised by the Auditor-General

Of the 58 findings reported in 2023/24 Management Letter, 42 (72%) findings were resolved while 16 (28%) findings were in the process of being resolved at the end of 2024/2025 financial year. The Committee has noted the improved resolution rate on the Auditor-General of South Africa findings and the progress on remedial actions taken to address the issue of revenue billing estimates and implementation of the Supply Chain Management turnaround to minimize the level of deviations.

Report of Audit and Risk Committee

The Committee has noted the findings raised by the Auditor- General of South Africa in 2024/2025. The committee acknowledges the audit opinion of the entity being unqualified with findings as reflected in the overall audit outcomes expressed in the Auditor General Management Report. The outcomes reflect a largely positive outcome on all segments of the audit outcome areas, and in particular the committee acknowledges the significant improvement to the procurement and contract management segment. It is noteworthy that the recurring findings related to non-compliance with laws and regulations. These instances of non-compliance were related to payment of creditors within 30 days which was not always possible in the main due to cash flow restrictions imposed by the City of Johannesburg on the entity, as well as some instances related to internal processes which management will improve upon.

In addition, non-compliance was noted due to budget overspending by the entity, and these were directly ascribed to Water Losses and Impairment of Customers. Both these elements are significantly influenced by external factors such as Illegal Connections by consumers, vandalism and theft of infrastructure as well as the economic downturn, which are not always under the control of the entity. In addition, the ageing infrastructure also contributes to levels of water losses experienced and this can be ascribed to the underinvestment/ underfunding of the entity capex for an extended period.

The entity has started with the implementation of the Turnaround Strategy in keeping with the National Treasury reforms on the Trading Services. This Strategy was approved and adopted by council in the 2024/2025 financial year, and implementation hereof will assist in eradicating these non-compliance challenges and will support the entity in its endeavours towards achieving a clean audit. The committee will continue to monitor progress on the implementation of action plans to resolve the Auditor-General of South Africa findings raised and commits to continue holding the accounting officer and senior management accountable for the implementation of action plans, with more emphasis on recurring findings.

Appreciation

The Audit and Risk Committee expresses its appreciation to the Board, Accounting Officer, Senior Management and the Auditor-General of South Africa for their contributions during the year under review.



M Mashifane
Johannesburg Water (SOC) Limited
Chairman of the Audit and Risk Committee

30 November 2025

Report of the auditor-general to the Gauteng Provincial Legislature and the council on Johannesburg Water (SOC) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Johannesburg Water (SOC) Limited (municipal entity) set out on pages 248 to 314, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets and the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of Johannesburg Water (SOC) Limited as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Companies Act 71 of 2008 (Companies Act of South Africa).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' International Code of ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.
7. As disclosed in note 9 to the financial statements, material losses of R32 587 207 000 were incurred as a result of allowance for impairment on consumer receivables.
8. As disclosed in note 27 to the financial statements, material water losses of R2 822 000 000 (2023-24: R2 901 000 000) were incurred, which represent 32,94% (2023-24: 34,49%) of total water purchased. Physical losses amounted to R2 031 000 000 (2023-24: R2 088 000 000) and were due to leaks on the water network infrastructure. Commercial losses amounted to R790 100 000 (2023-24: R812 100 000) and were due to illegal connections and metering and associated data transfer errors.
9. With reference to note 44 to the financial statements, the municipal entity is the defendant in various legal claims. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matter

10. I draw attention to the matter below. My opinion is not modified in respect of this matter.
11. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the requirements of the Companies Act of South Africa and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 240, forms part of my auditor's report.

Report on the audit of the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected strategic goals presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
17. I selected the following strategic goals presented in the annual performance report for the year ended 30 June 2025 for auditing. I selected strategic goals that measure the municipal entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic goal	Page numbers	Strategic Objective
Utilise infrastructure delivery to create jobs, support small, medium, and micro enterprises (SMMEs) and attract investment	101	Roll out infrastructure to deliver services that attract investment in the City of Johannesburg – while rolling out infrastructure, jobs will be created, with an emphasis on developing SMMEs.
Deliver water and sanitation services of good quality that is accessible, reliable and efficient	101-102	Provide additional households with services at a minimum Level of Service 1 (LoS1) for water and sanitation basic services, where there is inadequate provision of water and sanitation to improve the quality, reliability, and efficiency of the provision of these services. Rollout infrastructure security plan to protect the water and sewer infrastructure.
Operate in a manner that promotes environmental conservation and sustainability	102	Minimise and prevent environmental pollution.
Improve customer and stakeholder satisfaction	103-104	Enhance internal and external communication and stakeholder engagement.

18. I evaluated the reported performance information for the selected strategic goals against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported.
20. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the Utilise infrastructure delivery to create jobs, support small, medium, and micro enterprises (SMMEs) and attract investment, Deliver water and sanitation services of good quality that is accessible, reliable and efficient and Operate in a manner that promotes environmental conservation and sustainability strategic goals.
22. The material findings on the reported performance information for the Improve customer and stakeholder satisfaction are as follows:

Improve customer and stakeholder satisfaction

Various indicators

23. I could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the reported achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator	Target	Reported achievement
Percentage of water bursts restored within 48 hours of notification	85%	70,35%
Percentage of sewer blockages cleared within 24 hours of notification	92%	90.89%

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets. This information should be considered in the context of the material findings on the reported performance information.
26. The tables that follow provide information on the achievement of planned targets and list the key service delivery indicators that were not achieved as reported in the annual performance report.

Deliver water and sanitation services of good quality that are accessible, reliable and efficient

Targets achieved: 71%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Number of additional households provided access to basic water at minimum LoS1 in informal settlements	1250	174
Number of sewer blockages per 100 km of network length	460	464,21

Operate in a manner that promotes environmental conservation and sustainability

Targets achieved: 33%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of final effluent compliance in all wastewater treatment works (WWTW)	79%	70,9%
Number of WWTW plants spillages	1540	1659

Improve customer and stakeholder satisfaction

Targets achieved: 33%		
Key service delivery indicator not achieved	Planned target	Reported achievement
Percentage of water bursts restored within 48 hours of notification	85%	70,35%
Percentage of sewer blockages cleared within 24 hours of notification	92%	90,89%

Material misstatements

27. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for the Deliver water and sanitation services of good quality that are accessible, reliable and efficient and Improve customer and stakeholder satisfaction. Management did not correct all the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

32. Reasonable steps were not taken to ensure that money owed by the municipal entity was always paid within 30 days / an agreed period, as required by section 99(2)(b) of the MFMA.
33. Reasonable steps were not taken to prevent irregular expenditure amounting to R272 470 000, as disclosed in note 41 to the annual financial statements, as required by section 95(d) of the MFMA. The majority of the irregular expenditure was caused by overspending on the approved budget.
34. Expenditure was incurred in excess of the approved budget or an adjustments budget, in contravention of section 87(8) of the MFMA.

Other information in the annual report

35. The accounting officer is responsible for the other information included in the annual which includes the director's report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected strategic goals presented in the annual performance report that have been specifically reported in this auditor's report.
36. My opinion on the financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
37. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected strategic goals presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies report

39. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
40. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
41. The accounting officer did not exercise adequate oversight responsibility over the internal controls relating to compliance with key laws and regulations. This resulted in material non-compliance with laws and regulations.
42. Senior management did not ensure adequate monitoring of controls to prevent non-compliance with laws and regulations.
43. Senior management did not implement sufficient controls for the preparation of a valid, accurate and complete

annual performance report that is supported by reliable supporting information. This resulted in material findings in the annual performance report.

Material irregularities

44. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularity identified during the audit

45. The material irregularity identified is as follows:

Water infrastructure not proactively maintained

46. Assets of the municipal entity were not maintained as required by section 96(1)(a) of the MFMA due to failure by the accounting officer to proactively maintain water infrastructure resulting in frequent waterpipe bursts.
47. Repair cost increased due to the lack of proactive maintenance of the water infrastructure is likely to result in a material financial loss for the municipal entity.
48. I notified the accounting authority of the material irregularity on 6 December 2024.
49. The accounting officer has taken the following actions to address the material irregularity:
- Awarded 36 months contracts to three service providers to install pressure reducing valves, smart controller units and advanced noise loggers in June 2023
 - Twenty-three reservoirs were identified for Phase 1 reservoir refurbishment project based on conditional assessment finalised in September 2015. Service providers were appointed in July and August 2025 for the refurbishment of two reservoirs for the period of 36 months
 - To reduce reliance on service providers for the provision of water during water pipe bursts periods, sixteen of the twenty water trucks that the accounting officer committed to procure were delivered before end of November 2025. The remaining four trucks will be delivered before end of March 2026
 - No official could be held responsible for the material irregularity as proactive maintenance was not done due to a lack of funding.
50. The accounting officer committed to appoint contractors for the remaining twenty-one reservoirs by February 2026.
51. I will follow up on the implementation of the planned actions during my next audit.

Status of a previously reported material irregularity

Pollution of water resource not prevented at Goudkoppies Wastewater Treatment Works

52. The municipal entity did not take reasonable measures at Goudkoppies wastewater treatment works to prevent pollution of the environment and water sources from occurring, continuing or recurring as required by section 28(1) of the National Environmental Management Act 107 of 1998 and section 19(1) of the National Water Act 36 of 1998. The Goudkoppies wastewater treatment works has not been operational for a number of years due to neglected maintenance that has resulted in the discharge of inadequately treated effluent into Harington spruit, a tributary of Klip River.

53. This has resulted in the continued and long ongoing discharge or inadequately treated effluent exceeding the discharge limits, into main water resources such as Harington spruit as well as ground water pollution of the surrounding environment has a devastating effect on the water, its eco-systems and the people who use the water. These contaminated water resources provide water for consumption and recreational services for the surrounding communities as well as neighbouring farmers for consumption by livestock and irrigation of crops (boreholes and irrigation ponds).
54. I notified the accounting authority of the material irregularity on 30 November 2024.
55. The accounting officer has taken the following actions to address the material irregularity:
- A regional maintenance manager was appointed with effect from February 2024
 - Initiated a maintenance project to replace and refurbish all faulty equipment and the Goudkoppies wastewater treatment works is expected to be fully functional before end of March 2027.
56. I will follow up on the implementation of the planned action during my next audit.

Other reports

57. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
58. The Group Forensic and Investigation Services was investigating allegations of possible fraud, procurement irregularities and financial misconduct at the municipal entity, covering various financial years, including the current financial year. The outcomes of these investigations were at various stages at year end.

AUDITOR - GENERAL

Johannesburg

30 November 2025



AUDITOR - GENERAL
SOUTH AFRICA

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic goals and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the municipal entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements.

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	Sections 1, 62(1)(f)(i), 62(1)(f)(ii), 62(1)(f)(iii), 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), 87(8), 88(1)(a), 90(1), 90(2)(a), 90(2)(b), 95(d), 96(2)(a), 96(2)(b), 97(e), 97(f), 97(h), 97(i), 99(2)(a), 99(2)(b), 99(2)(c), 99(2)(g), 102(1), 102(2)(a), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)a, 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1)(a), 73(1)(b), 73(2)(b), 73(2)(d), 75(1), 75(2)
MFMA: Municipal Investment Regulations, 2005	Regulations 3(2), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Companies Act 71 of 2008	Sections 45(2), 45(3)(a)(ii), 45(3)(b)(i), 45(3)(b)(ii), 45(4), 46(1)(a), 46(1)(b), 46(1)(c), 112(2)(a)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17, 25(7A)
Municipal Systems Act 32 of 2000	Sections 93B(a), 93C(a)(iv), 93J (1)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Directors' Report

The directors submit their report for the year ended 30 June 2025

1. Incorporation

The entity was incorporated on 21 November 2000 and obtained its certificate to commence business on 1 January 2001.

2. Review of activities

Main business and operations

The entity is engaged in the supply of water services as defined in the Water Services Act, 108 of 1997 as well as the treatment of wastewater and operates principally in South Africa within the City of Johannesburg municipal demarcation.

The entity continues to rely on the City of Johannesburg Metropolitan Municipality for the following functions for all customers:

- Billing
- Cash collection
- Consumer receivables administration
- Call centre management

The centralisation of the customer call centre, billing and credit control functions in the 2010 financial year has resulted in significant challenges in the performance of all migrated functions. Johannesburg Water has assumed full responsibility for the water and sanitation billing functions previously managed by the City of Johannesburg Metropolitan Municipality effective 1 July 2025. The cash collection function will remain centralised at the City to ensure a single point of accountability.

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net Surplus of the entity was R1 .822 billion (2024 as restated: R1.103 billion). The entity is exempt from income tax with effect from the financial year ended 30 June 2007 in terms of Section 10(1)(t) of the Income Tax Act, 58 of 1962 as amended. There is consequently no taxation effect.

The significant increase in the allowance for debt impairment is ascribed to the general decline in the global and local economic conditions over the past year. This matter is being closely monitored by the Directors who will continue to address the plans to arrest the decline with management.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. Directors' interest in contracts

The directors of the entity did not have any personal financial interest in contracts entered into by the entity.

5. Accounting policies

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

Directors' Report

6. Share capital / contributed capital

There were no changes in the authorised or issued share capital of the entity during the year.

According to the entity's register at 30 June 2025, the City of Johannesburg Metropolitan Municipality held 100% of the ordinary share capital of the entity.

7. Borrowing limitations

In terms of the sale of business agreement, the entity requires the approval of the shareholder in instances where the borrowing is to be secured by the hypothecation of the assets of the entity.

8. Non-current assets

There were no major changes in the nature of non-current assets of the entity during the year.

9. Distributions to Shareholder

No distributions were declared or paid to the shareholder during the year.

10. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
D Majavu (Chairperson)	South African	Appointed as Chairperson on 31 July 2024
N Mukwevho (Managing Director)	South African	
K Mahlaba (Chief Financial Officer)	South African	
T Kutumela	South African	Appointed 31 July 2024
L Bernard	South African	Retired 31 July 2024
P Mabece	South African	
M Makgonye	South African	Appointed 31 July 2024
J Maputla	South African	Retired 31 July 2024
M Mashifane	South African	
P Matjele	South African	
Z Meeleso	South African	
S Mnyani	South African	Retired 31 July 2024
K Mogoye	South African	
K Mokoena	South African	Appointed 31 July 2024
S Mthembu	South African	
C Sambo	South African	Appointed 31 July 2024

Directors' Report

11. Secretary

The secretary of the entity is K Mabe of:

Physical Address:
65 Ntemi Piliso Street
Newtown
Johannesburg
2113

12. Corporate governance

12.1 General

The board of directors are committed to business integrity, ethics, anti-corruption, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the principles as laid down in the King IV Report on Corporate Governance, and the Companies Act, 71 of 2008. The board of directors discuss the responsibilities of management in this respect at board meetings and monitors the entity's compliance with the King IV Report and the Municipal Finance Management Act on a quarterly basis.

12.2 Board of directors

The board retains full control over the entity, its policies, strategies and plans; acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity.

In terms of the entity's Memorandum of Incorporation, the Board shall comprise of a minimum number of three (3) directors and no alternate directors. The Board must consist of at least a third of the non-executive directors and have a non-executive Chairperson.

12.3 Chairman and Managing Director

The Chairperson is a non-executive and independent director and is not in the employ of the parent municipality. The roles of the Chairperson and Managing Director are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion. The powers and duties of the Managing Director are appropriately delegated and are contained in a written power of delegation document approved by the Board of Directors.

12.4 Board and Board Committee meetings

The directors have met on 13 separate occasions during the financial year. The directors are scheduled to meet at least 4 times per annum.

Directors' Report

12. Corporate governance (continued)

Non-executive directors have access to all members of management of the entity.

Name	Board Meetings	Audit and Risk Committee meeting	Human Resources and Social and Ethics Committee	Service Delivery and Oversight Procurement Committee meeting	Nomination Committee	Total meetings
Total number of meetings held	13	7	5	4	12	41
D Majavu (Chairperson)	11	-	-	3	4	18
N Mukwevho (Managing Director)	13	-	5	4	12	34
K Mahlaba (Chief Financial Officer)	10	-	5	4	-	19
T Kutumela	11	-	4	-	3	18
L Bernard	2	-	1	-	-	3
P Mabece	13	-	1	3	-	17
M Makgonye	11	-	-	3	-	14
J Maputla	2	-	-	1	-	3
M Mashifane	12	7	-	-	4	23
P Matjele	12	-	-	4	-	16
Z Meeleso	13	-	5	-	-	18
S Mnyani	2	1	-	-	-	3
K Mogoye	11	-	4	-	3	18
K Mokoena	10	-	4	-	-	14
S Mthembu	13	-	-	3	1	17
C Sambo	11	6	-	-	4	21

12.5 Audit and Risk Committee

M Mashifane is the Chairperson of the Audit and Risk Committee with C Sambo as the other member of the Board serving in the committee. The committee is also composed of an additional 4 independent members who serve together with the 2 members of the board. The committee met 7 times during the financial year to review matters necessary to fulfill its role.

- M Mashifane (Non-executive director) (Chairman)
- C Sambo (Non-executive director)
- B Nkosi (Independent member)
- M Nkadameng (Independent member)
- M B Mpangalasani (Independent member)
- P Thobejane (Independent member)

In terms of Section 166 of the Local Government: Municipal Finance Management Act, No 56 of 2003, the City of Johannesburg Metropolitan Municipality, as the shareholder, must appoint members of the Audit and Risk Committee. Notwithstanding the fact that non-executive directors appointed by the shareholder constituted the entity's Audit and Risk Committee, National Treasury policy requires the appointment of further members to the committee who are not directors of the entity. Four independent members were appointed to the Audit and Risk Committee in compliance with Section 166 of the Local Government: Municipal Finance Management Act, No 56 of 2003.

Directors' Report

12. Corporate governance (continued)

At 30 June 2025, the independent members of the Audit and Risk Committee comprised of the following members:

Name	Number of meetings	Changes
Total number of meetings held	7	
- B Nkosi	6	Appointed 31 July 2024
M Nkadimeng	6	Appointed 31 July 2024
B Mpangalasan	1	Appointed 31 July 2024 and resigned 17 April 2025
P Thobejane	1	Appointed 31 July 2024 and resigned 18 November 2024
- C Sambo	1	Retired 31 July 2024
- Z Maoba	1	Retired 31 July 2024
- S Poee	1	Retired 31 July 2024
- M Masibi	-	Retired 31 July 2024

The Audit and Risk Committee held 7 meetings of which 1 was held prior to the appointment of the new committee on the 31 July 2024.

12.6 Internal audit

The entity has an internal audit unit which is operational. This is in compliance with the Local Government: Municipal Finance Management Act, No 56 of 2003.

13. Controlling entity

The controlling entity is the City of Johannesburg Metropolitan Municipality.

14. Special resolutions

The entity did not pass any special resolution during the year under review.

15. Bankers

The Standard Bank of South Africa Limited and Absa Bank Limited served as the entity's bankers throughout the financial year.

16. Auditors

The Auditor-General of South Africa will continue in office in accordance with the Public Audit Act, No 25 of 2004, Section 92 of the Local Government: Municipal Finance Management Act, No 56 of 2003 and Section 90 of the Companies Act of South Africa, No 71 of 2008.

Company Secretary's Certification for the year ended 30 June 2025

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, and the Local Government: Municipal Finance Management Act, No 56 of 2003, I certify that to the best of my knowledge and belief, the entity has lodged and/or filed, for the year ended 30 June 2025, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



K Mabe
Company Secretary Johannesburg Water (SOC) Ltd
30 November 2025



Statement of Financial Position as at 30 June 2025

Amounts in Rand thousand	Note(s)	2025	2024 Restated
ASSETS			
Current Assets			
Inventories	5	233,792	204,203
Trade receivables with group companies: Exchange transactions	6	25	42
Trade receivables with Shareholder: Exchange transactions	7	541	310
Loans to Shareholder: Non-exchange transactions	7	5,704,433	4,144,332
Trade and other receivables: Exchange transactions	8	27,448	24,905
Consumer receivables: Exchange transactions	9	3,647,240	3,981,419
VAT receivable	18	265,319	90,923
Cash and cash equivalents	10	32	29
Total Current Assets		9,878,830	8,446,163
Non-Current Assets			
Property, plant and equipment	3	15,036,452	14,160,858
Intangible assets	4	34,846	36,448
Total Non-Current Assets		15,071,298	14,197,306
Total Assets		24,950,128	22,643,469
LIABILITIES			
Current Liabilities			
Trade payables with group companies: Exchange transactions	11	257,860	171,290
Trade payables with Shareholder: Exchange transactions	12	1,688,336	1,479,516
Loans from Shareholder	13	704,998	709,434
Finance lease obligation: Shareholder	14	-	1,430
Finance lease obligation: Other	15	65,606	19,006
Trade and other payables: Exchange transactions	16	3,575,142	3,551,307
Provisions	17	51,109	56,935
Total Current Liabilities		6,343,051	5,988,918
Non-Current Liabilities			
Loans from Shareholder	13	2,031,980	2,045,184
Finance lease obligation: Other	15	147,911	50,347
Employee benefit obligation	19	43,733	51,383
Consumer receivables: Deposit	20	758,842	705,487
Total Non-Current Liabilities		2,982,466	2,852,401
Total Liabilities		9,325,517	8,841,319
Net Assets		15,624,611	13,802,150
NET ASSETS			
Share capital / contributed capital	23	1	1
Accumulated surplus		15,624,610	13,802,149
Total Net Assets		15,624,611	13,802,150

Statement of Financial Performance for the year ended 30 June 2025

Amounts in Rand thousand	Note(s)	2025	2024 Restated
Revenue from exchange transactions	25	18,072,471	17,053,343
Water inventory consumed	5	(5,744,117)	(5,509,993)
Gross surplus		12,328,354	11,543,350
Revenue from non-exchange transactions	26	1,416,741	1,027,550
Operating expenses	28	(12,135,624)	(11,627,673)
Operating surplus		1,609,471	943,227
Investment revenue	30	489,201	395,546
Finance costs	31	(276,211)	(236,033)
Surplus for the year		1,822,461	1,102,740

Statement of Changes in Net Assets for the year ended 30 June 2025

Amounts in Rand thousand	Note(s)	Share capital	Accumulated surplus	Total net assets
Balance at 1 July 2023 as previously reported		1	12,748,342	12,748,343
Restatement			(48,933)	(48,933)
Balance at 01 July 2023 restated		1	12,699,409	12,699,410
Surplus for the year as previously reported			1,122,222	1,122,222
Prior year adjustments (Errors)	38		(19,482)	(19,482)
Surplus for the year restated			1,102,740	1,102,740
Balance at 01 July 2024 restated		1	13,802,149	13,802,150
Surplus for the year			1,822,461	1,822,461
Balance at 30 June 2025		1	15,624,610	15,624,611
Note			23	

Cash Flow Statement for the year ended June 2025

Figures in Rand thousand	Note(s)	2025	2024 Restated
Cash flows from operating activities			
Receipts			
Customers		12,281,157	11,496,427
Government grants and bulk service contributions		919,355	1,010,441
Interest income		304,219	173,025
Consumer receivables: Deposits		53,354	149,240
		13,558,085	12,829,133
Payments			
Suppliers and employees		(12,147,451)	(11,305,074)
Finance costs		(272,644)	(300,444)
		(12,420,095)	(11,605,518)
Net cash flows from operating activities	33	1,137,990	1,223,615
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1,050,701)	(1,044,299)
Purchase of other intangible assets	4	(7,371)	(8,216)
Proceeds from post retirement notional account		2,627	2,113
Net cash flows from investing activities		(1,055,445)	(1,050,402)
Cash flows from financing activities			
Repayments on finance lease obligation		(46,548)	(1,517)
Repayments of finance lease obligation: Other		-	(3,861)
Proceeds on new loans		412,150	462,820
Repayments on loans		(448,144)	(630,657)
Net cash flows from financing activities		(82,542)	(173,215)
Net increase/(decrease) in cash and cash equivalents		3	(2)
Cash and cash equivalents at the beginning of the year		29	31
Cash and cash equivalents at the end of the year	10	32	29

Statement of comparison of budget and actual amount of the year ended 30 June 2025

Budget on Accrual Basis						
Amounts in Rand thousand	Approved Original Budget	Adjustments	Adjusted Budget	Actuals per Budget Classification	Difference between Adjusted Budget and Actual	Reference
Revenue						
Service charges - Water	10,632,200	-	10,632,200	10,374,083	(258,117)	1
Service charges - Wastewater management	7,246,316	-	7,246,316	7,610,458	364,142	2
Interest earned - Receivables	295,926	-	295,926	282,634	(13,292)	
Operational revenue - Intercompany	623,501	-	623,501	623,501	-	
Interest earned from receivables - intercompany	22,824	-	22,824	206,567	183,743	3
Sale of goods and rendering of services	19,582	-	19,582	286,170	266,588	4
Total revenue	18,840,349	-	18,840,349	19,383,413	543,064	
Expenditure						
Employee related costs	(1,753,500)	(61,740)	(1,815,240)	(1,814,981)	259	
Debt impairment	(4,874,054)	363,880	(4,510,174)	(4,935,191)	(425,017)	5
Depreciation and asset impairment	(555,484)	-	(555,484)	(585,568)	(30,084)	6
Interest	(5,240)	-	(5,240)	(29,508)	(24,268)	7
Inventory consumed	(5,754,520)	34,468	(5,720,052)	(5,818,075)	(98,023)	
Contracted services	(1,328,953)	25,807	(1,303,146)	(1,019,437)	283,709	8
Operational costs	(441,581)	(21,138)	(462,719)	(452,105)	10,614	
Other losses	(2,944,210)	(37,751)	(2,981,961)	(2,822,042)	159,919	
Direct expenditure	(17,657,542)	303,526	(17,354,016)	(17,476,907)	(122,891)	
Operating surplus	1,182,807	303,526	1,486,333	1,906,506	420,173	
Finance charges - Inter company	(319,389)	-	(319,389)	(246,703)	72,686	9
Operational costs - Inter company	(363,342)	(174)	(363,516)	(432,340)	(68,824)	10
	(682,731)	(174)	(682,905)	(679,043)	3,862	
Operating surplus/(deficit)	500,076	303,352	803,428	1,227,463	(424,035)	
Transfers and subsidies - Capital (monetary allocations)	600,181	(5,184)	594,997	594,998	1	
Operating surplus/(deficit)	1,100,257	298,168	1,398,425	1,822,461	424,036	

The reconciliation of actual amounts is included in note 47

1. The under-recovery on water revenue was as a direct outcome of Water Demand Management (WDM) initiatives. The WDM programme reduced water usage by customers through efficiency and conservation measures. This resulted in the volume of water billed to customers being lower than projected.
2. The entity recorded an over-recovery on Sewer revenue as a result of Revenue Enhancement projects implemented. The projects identified previously unbilled or incorrectly billed customers, thereby broadening the revenue base.
3. The over recovery of interest earned is due to a consistent positive bank balance that was above the budgeted amount
4. The increased recovery relates to illegal connections levied against customers as part of the Revenue Enhancement projects. Other items that also contributed positively to the over recovery were bulk contributions received on water and sewer.
5. During the reporting period, customers continued to default on their accounts, resulting in a higher level of impairments being recognised. This persistent non-payment directly contributed to the over-expenditure recorded against the debt impairment budget.
6. The over expenditure on depreciation and amortisation was largely attributable to impairments of Cathodic Protection assets, Sewer Pump stations and other Water sites where no funding was allocated in the medium term budget.
7. The overspending on interest (finance costs) is mainly attributable to finance charges arising from motor vehicle finance leases, which were not fully anticipated in the budget allocation.
8. The entity implemented several Financial Sustainability initiatives which yielded notable cost savings. These initiatives led to reduced basic services expenditure through improved efficiency and cost control measures. Lower CrossBoundary Sewer charges as a result of revised flows to neighboring municipalities.
9. The under-expenditure is attributable to the slow drawdown of Capex loans, which resulted from delayed project implementation and consequently generated savings on the associated finance costs.
10. The over-expenditure is primarily attributable to non-motor insurance costs. In the 2023/24 financial year, Johannesburg Water's insurance policy was expanded to include underground assets such as pipelines, sewer networks, and related infrastructure. The inclusion of these high-value underground assets significantly increased the overall insured asset base, thereby raising the insurance premiums beyond the budgeted amount.

Budget on Accrual Basis						
Figures in Rand thousand	Approved Original Budget	Adjustments	Adjusted Budget	Actuals per Budget Classification	Difference between Adjusted Budget and Actual	Reference
Capital budget Performance						
Sources of funds						
Loans	513,018	85,831	598,849	620,170	21,321	1
Own Funding	107,887	(10,648)	97,239	97,147	(92)	
Grants and subsidies - USDG	600,181	(5,183)	594,998	594,998	-	
	1,221,086	70,000	1,291,086	1,312,315	21,229	

- The overspending was attributable to the vehicles leased through the finance lease which was not included in the annual budget. This was offset by the underspending in capital budget that was noted under the Special Projects category due to challenges relating to implementation of projects in informal settlements. The detail summary of variances is under chapter 5 section 4 and 5 of the annual report.

ACCOUNTING POLICIES

1. Basis of preparation

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, the Local Government: Municipal Finance Management Act, No 56 of 2003 and the Companies Act, no 71 of 2008.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business. These accounting policies are consistent with the previous accounting period.

1.1 Presentation currency and rounding

The annual financial statements are presented in South African Rand rounded to the nearest thousand unless stated otherwise.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Significant judgements and estimation uncertainty includes:

Useful life of property, plant and equipment and intangible assets

The entity's management determines the estimated useful lives and related depreciation or amortisation charges for the property, plant and equipment and intangible assets. This estimate is based on industry norms. Management will adjust the depreciation or amortisation charge where the useful lives of these assets have changed from previous estimates.

Impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets, are reviewed annually by management for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include a discount rate, rate of increase in employer post retirement medical contribution and expected increase in salaries. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The appropriate discount rate at the end of each financial year is determined by actuaries. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement obligations. In determining the appropriate discount rate, the actuary considers the interest rates of government bonds, adjusted to reflect the margin on corporate bonds, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post retirement liability.

Other key assumptions for employee benefit obligations are based on current market conditions. Additional information is disclosed in Note 19.

ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

Allowance for debt impairment of consumer receivables

The allowance for impairment is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Management utilises judgement in evaluating credit risk related to customers. Judgement is based on various factors including, but not limited to, historical information available.

Consumer receivables with credit balance allocation

City of Johannesburg Metropolitan Municipality (CJMM) invoices clients for the following revenue components; electricity on behalf of City Power, water on behalf of Johannesburg Water, refuse on behalf of Pikitup and rates and taxes on behalf of City of Johannesburg Core Administration. Revenue and corresponding consumer receivable are allocated to each municipal entity based on the actual consumption/billing.

With regards to credit balances in consumer receivables, the City of Johannesburg Metropolitan Municipality allocates credit balances applicable to each entity using the 3 year billing for customers with credit balances at account level. In the event that the customer has no current billing and a credit balance exists, a 3 year annualised overall billed revenue will be used to determine the allocation rate. Management have applied judgment in determining the allocation basis.

Valuation of water stock

The value of water held at year end is based on water volumes held in reservoirs, towers and pipelines multiplied by the cost of water at that date. Water is valued at lower of cost and net realisable value for water sold, with water not sold at lower of costs and current replacement value, with current replacement value being the cost per kilolitre.

Provision

Provisions were raised and management determined estimates based on information available. Additional disclosure on these estimates and provisions are included in note 17.

Provisions are measured at managements best estimate of the expenditure required to settle the obligation at the reporting date.

Accounting by principals and agents

The entity makes an assessment on whether it is the principal or agent in principal-agent relationships. Significant judgment has been applied to determine that the entity is the principal in the arrangement with the City of Johannesburg Revenue and Shared Services (COJ RSSC) as well as with the COJ Group Risk Services and Johannesburg Property Company as disclosed in note 13.

The judgements applied are that the City of Johannesburg RSSC and Group Risk Services, as well as the Johannesburg Property Company:

- undertakes transactions with third parties for the benefit of the entity
- does not have the power to determine/alter/vary the significant terms and conditions of the transaction
- does not have the ability to use all or substantially all of the resources that result from the transaction for its own benefit
- is not exposed to the variability in the results of the transaction

Projects halted

Management applies significant judgement in assessing and determining if a project under construction is halted. Management considers a project to be halted when construction on the project has been postponed and is awaiting further administrative steps to be executed before recommencing. These administrative steps include but are not limited to one or more of the following steps:

- Securing of budget/funding have shifted to the extent that the project is no longer urgent or a priority
- Sourcing of a service provider via the approved Supply Chain Management practices in place in the entity
- Sourcing land to execute the project on via approved Supply Chain Management practices in place in the entity
- Cancellation of a service provider's contract and the sourcing of a new/replacement service provider via the approved SCM practice in place in the entity.
- When there is an interdict from a service provider and the project/contractual delivery is subjected to sustained litigation and or court processes.

ACCOUNTING POLICIES

1.2 Significant judgements and sources of estimation uncertainty (continued)

COJ Funded Projects

In addition to the entities approved budget, the City of Johannesburg provides the entity with program or project specific funding in order for the entity to execute these programs on behalf of the shareholder. These programs/ projects and associated funding are governed through a service level agreement between the parties whereby the shareholder appoints the entity to execute work that has been budgeted for within the shareholders purview and mandate. The entity has assessed these arrangements and there is consequently no consideration for recognition of either revenue or expenditure in terms of the entities approved budget mandate. As such the transactions resulting from this arrangement are managed directly through the entities statement of financial position, and any unspent funding paid to the entity by the shareholder is recognized as a current liability at the reporting date.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, or replace part of such assets. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment transferred to the entity by developers at no cost to the entity are recognised as an asset when the project is signed off and approved by the entity. The asset is recorded at fair value to construct the asset as indicated by the developer.

Cost model

Property, plant and equipment excluding land and capital work-in-progress, which is held for use in the production or supply of goods or services or for administrative purposes are stated in the Statement of Financial Position at cost less accumulated depreciation and any accumulated impairment losses. Depreciation commences when the assets are ready for their intended use.

Capital work-in-progress is carried at cost, and depreciated from the date the assets are technically complete, i.e. ready for intended use. Where the assets are taking longer than planned to be constructed, or halted, these are disclosed as part of note 3. Day to day repairs and maintenance expenses are charged to the Statement of Financial Performance during the financial year in which they are incurred and is disclosed as part of note 3. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits or service potential will flow to the entity and the cost of the items can be measured reliably.

Land is regarded as having an indefinite useful life and is not depreciated. Depreciation is provided on all property, plant and equipment other than land and capital work-in-progress, to write down the costs, less estimated residual value, on a straight line basis over their estimated useful lives as follows:

Item Useful life

Buildings	5 - 60 years
Communication equipment	2 - 7 years
Furniture and Fixtures	3 - 12 years
Computer equipment	4 - 10 years
Motor vehicles	5 - 12 years
Laboratory equipment	7 years
Minor plant	3 - 10 years
Office equipment	3 - 15 years
Plant and machinery	10 - 40 years
Wastewater and water networks	
• Pump stations - Civil	60 - 100 years
• Pump stations - Mechanical	5 - 15 years
• Pump stations - Electrical	7 - 16 years
• Water meters	4 - 17 years
• Pipelines and other	10 - 100 years

ACCOUNTING POLICIES

1.3 Property, plant and equipment (continued)

The residual values, depreciation methods and the useful lives of the asset categories are reviewed at each financial year-end and adjusted if necessary. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and comprise of computer software and servitudes. Cost includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the costs can be measured reliably. All other expenditure is expensed as incurred.

Cost model

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. For all other intangible assets amortisation is provided on a straight line basis over their useful life. The amortisation period and the amortisation method for intangible assets are reviewed each year-end and adjusted if necessary.

By their nature, servitudes confer upon the holder a right in perpetuity over the property and as these rights have an indefinite useful life, they are not amortised.

An item of intangible asset is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal. The surplus or deficit arising from derecognition of an item or intangible asset is included in the surplus or deficit when the item is derecognised. The surplus or deficit arising from derecognition of an item of intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Amortisation is provided to write down the other intangible assets, on a straight line basis as follows:

Item	Useful life
Computer software	5 - 6 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements and is disclosed as part of note 4. The gain or loss arising from derecognition of an item of intangible assets is determined as the difference between the net disposal proceeds, if any and the carrying amount of the item.

ACCOUNTING POLICIES

1.5 Financial instruments

Initial recognition

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised initially at fair value.

In the case of financial instruments not at fair value, they are recognised through profit or loss, including any directly attributable transaction costs.

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

Fair value determination

Management establishes fair value for financial instruments by using certain valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and relying as little as possible on entity-specific inputs.

Loans and receivables

Loans and receivables comprise trade receivables with group companies, loans to shareholder, other receivables, consumer receivables and cash and cash equivalents. Loans and receivables are subsequently measured at amortised costs using the effective interest method.

Payables from exchange transactions

Financial liabilities at amortised cost comprise trade payables with group companies, trade and other payables and loans from shareholder. These liabilities are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and are subsequently measured at amortised cost.

Impairment of Financial Assets

The entity assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that consumer receivables or a group of consumer receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments (more than 90 days overdue as well as observable payment levels for overdue through to 89 days), the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For amounts due from loans and advances to customers carried at amortised cost, the entity first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

ACCOUNTING POLICIES

1.5 Financial instruments (continued)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the instrument's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The entity has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the entity has transferred substantially all the risks and rewards of the asset, or (b) the entity has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the entity has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the entity's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

Gains and losses for Financial Assets

Gains and losses are recognised in the statement of financial performance when the asset is derecognised or impaired as well as through the amortisation process.

Gains and losses for Financial Liabilities

Gains and losses are recognised in the statement of financial performance when the liability is derecognised as well as through the amortisation process.

1.6 Income Tax

The entity is an exempt entity in terms of Section 10(1)(t) of the Income Tax Act, 58 of 1962. As a result of the exemption no income tax has been provided for in the current financial year.

1.7 Leases

Finance leases as lessee

Finance leases are recognised as assets in the Statement of Financial Position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

ACCOUNTING POLICIES

1.7 Leases (continued)

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. The lease arrangement for motor vehicles is classified as a finance lease at the commencement of the agreement, as substantially all risks and rewards associated with ownership are transferred to the entity.

Operating leases as lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place. Contingent rentals are expensed as incurred.

1.8 Inventories

Inventories consist of materials, components, fuel on hand and water stock. Inventories are measured at cost using the weighted average cost formula. Water is valued at lower of cost and net realisable value for water sold, with water not sold at lower of costs and current replacement value, with current replacement value being the cost per kilolitre. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are utilised or consumed, the carrying amounts of those inventories are recognised as an expense in the period. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. Reversals of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of non-financial assets

Property, plant and equipment and other non-current and intangible assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Servitudes are subject to annual impairment review irrespective of whether an indicator of impairment exists. An impairment loss is recognised in the Statement of Financial Performance for the amount by which the carrying amount of the asset exceeds its recoverable amount, that is, the higher of the asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

The present value of the remaining service potential of the asset is determined using the depreciated replacement value approach or restoration cost approach as appropriate.

An assessment is made at each reporting date as to whether there is an indication that previously recognised impairment losses may no longer exist or may be decreased. If such indication exists, the entity estimates the assets recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus/ (deficit).

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

ACCOUNTING POLICIES

1.10 Employee benefits (continued)

Defined contribution plans

The majority of the entity's employees are members of various defined contribution plans. A defined contribution plan is a retirement plan under which the entity pays fixed contributions into separate trustee administered funds.

The entity's contributions to the defined contribution plans are charged to the Statement of Financial Performance in the financial year to which they relate.

The entity has no further payment obligations once the contributions have been paid.

Defined benefit obligations

The entity provides post-retirement health care benefits and gratuities upon retirement to some retirees. This benefit is not funded by any underpinned assets.

Components of Defined Benefit Cost:

Defined benefit cost is made up of the following components:

- Service costs
- Net interest revenue/expense
- Remeasurements

Service cost

Service cost comprises the following costs:

- Current service cost
- Settlement
- Past service cost, made up of:
 - Plan amendments
 - Curtailments

The remeasurements of the net defined liability (asset), to be recognized in surplus or deficit, comprise actuarial gains and losses return on plan asset, excluding amounts in net interest on the net defined benefit liability (asset); and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

The entitlement to post-retirement health care benefits and gratuities is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations using the projected unit credit method of these benefits on an annual basis. The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains and losses and past service costs are charged to the Statement of Financial Performance as the costs occur.

1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. A provision is used only for the expenditure for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

ACCOUNTING POLICIES

1.11 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised, however the financial information in relation thereto is disclosed in the notes to the annual financial statements.

1.12 Revenue from non-exchange transactions

Revenue from non-exchange transactions comprises predominantly of Government Grants, Developer funded networks and Bulk Service Contributions. Government grants received are recognised as revenue, except to the extent that a liability is recognised with regards to conditions that give rise to a present obligation on the initial recognition of the asset. In cases that a liability is recognised, the carrying amount of the liability is reduced and the amount is recognised as revenue to the extent that the entity satisfies the stipulated present obligations. Bulk service contributions are received by the entity from developers for the potential expansion and/or augmentation of infrastructure relating to the provision of water and sanitation services to the development. When received the amounts are credited to the Statement of Financial Performance. Developer Funded assets are assets that are produced by a developer and handed over to the entity at no cost. The transactions are recorded as an asset at fair value on the Statement of Financial Position and as non exchange revenue on the Statement of Financial Performance as highlighted in the Property, plant and equipment policy.

1.13 Revenue from exchange transactions

Revenue comprises predominantly of the invoiced value of sales in respect of the provision and distribution of water and provision of sewer services. Other revenue from exchange transactions is recognised when the services are performed and the amounts become due to the entity. Revenue from the distribution of water is recognized when water is made available and consumed. Actual meter readings are utilised to determine consumption for invoicing as per approved tariffs. Estimated consumption (using actual / township consumption averages) is invoiced where meter readings have not been performed. Deemed consumption areas are billed on a flat rate service charge for use of between 5kl and 20kl of water per stand per month, regardless of actual consumption. The provision of sanitation services is recognised as and when the service is made available, or based on consumption patterns of water. Revenue is measured at the fair value of the consideration received or receivable excluding rebates and represents the amounts receivable for goods and services provided in the normal course of business.

1.14 Interest Revenue

Interest revenue is recognised on a time-proportion basis using the effective interest method.

1.15 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal. A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

ACCOUNTING POLICIES

1.15 Accounting by principals and agents (continued)

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP. The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use are capitalised as part of the costs of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds.

1.17 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was incurred in vain and would have been avoided had reasonable care been exercised. It is recognized as expenditure in the Statement of Financial Performance according to the nature of the expense in the period that it was incurred. During the period of the investigation of the fruitless and wasteful expenditure, the expenditure will remain in the expense account.

The results of the investigation will determine the course of action to be taken regarding this expenditure. If the fruitless and wasteful expenditure cannot be recovered from an employee, the expenditure will remain as a debit against the relevant expenditure item and will be disclosed as such in the relevant note to the annual financial statements.

1.18 Irregular expenditure

Irregular expenditure is incurred as a result of transactions, conditions or events where there have been legislative transgressions. When confirmed, irregular expenditure must be recorded in the notes to the annual financial statements. The amount to be recorded in the notes must be equal to the value of the irregular expenditure incurred unless it is impractical to determine the value thereof. Where such impracticality exists, the reasons therefore must be provided in the notes. Irregular expenditure will be removed from the notes when it is:

- condoned by the relevant authority, or
- transferred to receivables for recovery, or
- it is not condoned and is irrecoverable, or
- approved by council as write off of the amount

1.19 Budget information

The entity's budget is prepared on an accrual basis that is comparable with the annual financial statements. The budget is prepared for the period from July 2024 to June 2025 which is in alignment to the presentation of the annual financial statements reporting period.

Appropriate variance explanations are only provided when the variances to budget exceed 10%.

1.20 Segment information

Management has chosen to organise the reportable segments based on differences in services provided. The entity provides a water and sewer service. No aggregation of segments was done on the segments.

The water segments represent the provision of the water service which comprises of the sale of bulk water and the related operational and administrative costs to deliver the water services. The sanitation segments represent the provision of sanitation service which comprise of the sewer charge to customers for the related costs of waste water treatment and the related operational and administrative costs to deliver the sanitation services.

The entity provides services to different regions but the geographical areas of operation are seen as a single geographical area for decision making purposes due to goods or services provided being substantially the same.

ACCOUNTING POLICIES

120. Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. The amounts allocated to reported segment surplus or deficit, are done on a reasonable basis.

1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the party, or vice-versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Related party transaction is the transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within the normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with individual entity or person in the same circumstances and term and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's annual financial statements to understand the effect of related party transactions on its annual financial statements.

1.22 Prior year error

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and the reason for the reclassification is disclosed.

When accounting errors have been identified in the current financial year, the correction is made retrospectively as far back as it is practical. The prior period comparatives are accordingly restated. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far back as it is practical. The prior period comparatives are accordingly restated.

1.23 Offsetting

Assets, liabilities, revenue and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

2. Standards issued not yet effective

The following Standards of GRAP, Interpretations of Standards of GRAP and ASB Guidelines have been published but are not yet effective and have not been early adopted by the company - additionally, these standards and interpretations are not always relevant to the company's operations and are indicated as such below:

Standard of GRAP/Nature of Impending Changes/Expected Impact		Effective Date	Planned date for Application by the Entity
GRAP 104	Financial Instruments (Revised) Unlikely that there will be a material impact	01/04/2025	01/07/2025
GRAP 1	Presentation of Financial Statements (going concern)	Effective date to be determined	01/07/2025

The revision of GRAP 104 was motivated by the need to address shortcomings identified in the classification and measurement of financial instruments, especially those highlighted during the financial crisis.

The changes align with updates in IFRS 9 and IPSAS 41, aiming to improve the robustness and relevance of financial instrument reporting. Significant changes introduced in the revision include revising classification principles even though the number of categories remains the same, and adopting a new impairment model based on expected credit losses.

This revision aims to enhance the financial reporting of financial instruments by introducing more relevant and timely recognition and measurement practices.

Classification and measurement:

The Municipality will need to reassess how they classify and measure financial instruments, which could lead to changes in the recognition of financial assets and liabilities on the Statement of Financial Position. This may affect the Municipality's financial ratios and metrics that stakeholders use to assess financial health.

Impairment model:

The shift to an expected credit loss model for impairment will require the Municipality to make forward-looking assessments of credit risk, potentially leading to earlier recognition of credit losses.

This could have implications on the municipality's Statement of Financial Performance and may require the development of new models and assumptions for estimating expected credit losses.

The Municipality is planning on adopting this accounting standard retrospectively from 1 April 2025, with elements thereof adopted prospectively, in accordance with the Transitional Provisions issued by the Accounting Standards Board for the adoption of the new Standard. The adoption of this standard is less likely to have an effect on the classification of financial instruments, but could have a potential effect on the measurement and impairment of financial instruments. The expected future implication of re-measurement and impairment of financial instruments is currently not yet determinable without undue cost and effort, thus impact not yet determinable.

The potential impact of implementing the revised GRAP 104 standard, is as follows:

The financial instruments disclosed by the Municipality continue to be correctly classified under the revised GRAP 104 standard. There is no change to the measurement basis of the Municipality's financial assets and liabilities because: the Municipality's business model is to hold and collect contractual cash flows, All instruments pass the 'Solely Payments of Principal and Interest' (SPPI) test, No instruments are held for trading or with complex features requiring fair value reclassification. Hence, the transition to the revised GRAP 104 does not necessitate reclassification or measurement adjustments for the Municipality's financial instruments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation and accumulated impairment	Carrying amount	Cost	Accumulated depreciation and accumulated impairment	Carrying amount
Land	13,380	-	13,380	13,380	-	13,380
Buildings	437,053	(244,793)	192,260	419,088	(236,838)	182,250
Plant and machinery	2,969,703	(885,866)	2,083,937	2,772,950	(827,429)	1,945,521
Furniture and fixtures	23,429	(18,412)	5,017	22,365	(17,043)	5,322
Motor vehicles	303,168	(59,542)	243,626	74,694	(3,845)	70,849
Office equipment	21,606	(15,760)	5,846	18,646	(14,020)	4,626
Computer equipment	92,080	(54,597)	37,483	78,087	(45,990)	32,097
Communication equipment	16,239	(8,881)	7,358	20,731	(14,576)	6,155
Laboratory equipment	46,517	(37,493)	9,024	43,151	(35,620)	7,531
Minor plant	152,894	(133,727)	19,167	141,362	(123,372)	17,990
Wastewater network	6,236,261	(1,408,995)	4,827,266	5,947,984	(1,267,543)	4,680,441
Water network	10,104,078	(2,511,890)	7,592,188	9,423,473	(2,228,777)	7,194,696
Total	20,416,408	(5,379,956)	15,036,452	18,975,911	(4,815,053)	14,160,858

No non-current assets within property, plant and equipment have been pledged as security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Developer funded network	Depreciation	Impairment loss	Impairment reversal	Total carrying amount
Land	13,380	-	-	-	-	-	-	13,380
Buildings	182,250	17,966	-	-	(7,956)	-	-	192,260
Plant and machinery	1,945,521	196,751	-	-	(58,435)	-	-	2,083,837
Furniture and fixtures	5,322	1,114	(40)	-	(1,379)	-	-	5,017
Motor vehicles	70,849	228,474	-	-	(55,697)	-	-	243,626
Office equipment	4,626	2,979	(5)	-	(1,754)	-	-	5,846
Computer equipment	32,097	16,788	(203)	-	(11,199)	-	-	37,483
Communication equipment	6,155	3,066	(106)	-	(1,757)	-	-	7,358
Laboratory Equipment	7,531	3,366	-	-	(1,873)	-	-	9,024
Minor plant	17,990	11,533	-	-	(10,356)	-	-	19,167
Wastewater network	4,680,441	252,044	(724)	37,174	(120,173)	(21,496)	-	4,827,266
Water network	7,194,696	567,743	(838)	115,329	(249,692)	(51,742)	16,692	7,592,188
	14,160,858	1,301,824	(1,916)	152,503	(520,271)	(73,238)	16,692	15,036,452

Land and buildings

Land and buildings to the carrying amount of R17.200 (2024: R17.726) purchased from the City of Johannesburg Metropolitan Municipality in terms of the sale of business agreement, have not as yet been transferred into the name of Johannesburg Water SOC Limited. A register containing the information required as contained in the Sale of Business Agreement, Annexure G, is available for inspection at the registered office of the entity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Developer funded network	Depreciation and impairment	Impairment Total loss	carrying amount
Land	13,380	-	-	-	-	-	13,380
Buildings	131,795	80,728	-	-	(30,273)	-	182,250
Plant and machinery	1,628,025	327,970	-	-	(10,474)	-	1,945,521
Furniture and fixtures	5,758	612	-	-	(1,048)	-	5,322
Motor vehicles	5,005	70,945	-	-	(5,101)	-	70,849
Office equipment	5,453	1,056	-	-	(1,883)	-	4,626
Computer equipment	29,247	13,757	(215)	-	(10,692)	-	32,097
Communication equipment	8,199	246	(2)	-	(2,288)	-	6,155
Laboratory Equipment	9,319	1,829	(22)	-	(3,595)	-	7,531
Minor plant	31,239	355	-	-	(13,604)	-	17,990
Wastewater network	4,657,952	74,595	-	51,002	(103,108)	-	4,680,441
Water network	6,841,901	554,782	-	94,995	(280,290)	(16,692)	7,194,696
	13,367,273	1,126,875	(239)	145,997	(462,356)	(16,692)	14,160,858

The following leased assets are included in Property, Plant and Equipment listed above

	2025			2024		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Motor Vehicles	301,738	(56,710)	245,028	74,694	(3,845)	70,849

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

	2025	2025 Restated
Water network	1,103,121	726,715
Plant and machinery	787,362	763,437
Wastewater network	346,383	157,489
Buildings	107,366	117,869
Motor vehicles	39,192	-
IT equipment	10,854	5,622
Furniture and fixtures	895	309
Minor plant	11,223	124
Laboratory equipment	1,592	1,751
	2,407,988	1,773,316

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Carrying amount of property, plant and equipment in the process of being constructed or developed, that is taking a significantly longer period of time to complete than expected.
June 2025:

Project name	Reason for delay	Carrying amount
*BWW609 OV: Digester mixing	Project terminated in December 2021. The project delayed by 9 years due to dispute process. The project at scoping and design development for the outstanding scope. Project completion date moved from December 2021 to November 2030.	74,749
Construction of Randburg Depot	Project terminated in June 2025. Project delayed by 7.7 years due to contractor non-performance. Project currently in construction. Project completion date moved from February 2018 to September 2025.	85,629
*UR1314 - Diepsloot Sewer Pipeline & Bridge Repair	Project terminated in June 2024. Project delayed by 12,3 years due to contractor non-performance. Tender process is at evaluation to appoint new contractor to complete the works. Project completion date moved from August 2017 to November 2029.	57,341
*EI1303 - JW14289 - Woodmead Reservoir	Project terminated in June 2024. Project delayed by 3,8 years due to contractor non-performance. Project currently in construction. Tender process at evaluation to appoint new contractor to complete the works. Project completion date moved from April 2024 to December 2027.	13,082
*EI1306 - Halfway House Reservoir	Project delayed by 10 years due to finalisation of the land acquisition. The process is still being finalised by Johannesburg Property Company. The Councillor has approved the acquisition of land in June 2025. Project is at tender documentation. The Project completion date moved from December 2018 to July 2028.	8,458
EI1302 - Robertville Tower	Project delayed by 11.1 years due to budget constraints and procurement delays (3 non awards). Tender process at procurement (BSC) to appoint new contractor to start the construction works. The completion date moved from June 2017 to June 2028	3,190
*UR1311 - Linbro Park Water Upgrade	Project delayed by 8.1 years due to budget constraints and thereafter procurement (non awards). The project is at construction stage. The completion date moved from December 2018 to December 2026.	3,182
BWW1518 OV: Refurbish Unit 2	Project delayed by 8.2 years due to budget constraints. The project is currently at design stage..The Project completion date moved from June 2021 to July 2029.	2,219
UR1302 - Carlsward Water Upgrade	Project delayed by 11.2 years due to environmental issues. The project is currently at design stage and the completion date moved from August 2017 to September 2028.	1,438
*UR1328 - Turffontein Redevelopment Corridor Water	Project delayed by 8.6 years due to budget constraints and prioritisation. The project is currently at design stage and the completion date to be moved from December 2019 to June 2028.	2,075
		251,363

*All items marked with an Asterisk are currently halted. Management have considered requirements for impairment of these halted projects and found no reason to impair any of the projects based on the evaluation conducted. It is the intention to complete these projects when the obstacles related to their respective delays have been resolved.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Carrying amount of property, plant and equipment in the process of being constructed or developed, that is taking a significantly longer period of time to complete than expected.
June 2024:

Project name	Reason for delay	Carrying amount
*BWW609 OV: Digester mixing	Project terminated in December 2021. The project delayed by 7.9 years due to dispute process. New tender to complete the work to be re-initiated in 2024/2025 FY for completion by October 2029.	74,681
Construction of Randburg Depot	Project delayed by 6.7 years due to the termination of the contractor due to contractor non-performance. Project currently in construction. Project completion date moved from February 2018 to September 2024.	68,340
*UR1314 -Diepsloot Sewer Pipeline & Bridge Repair	Project terminated in June 2024. The project delayed by 10.6 years due to new tender to complete the works to be re-initiated in 2024/25 FY (adding 3.5 years) for completion of construction. Project completion date moved from August 2017 to February 2028.	53,269
*EI1303 - JW14289 - Woodmead Reservoir	Project terminated in June 2024. The project delayed by 3.2 years due to new tender to complete the works to be re-initiated in 2024/25 FY for completion of construction by July 2027.	12,872
*EI1306 - Halfway House Reservoir Tower	Project delayed by 8 years due to finalisation of the land acquisition. The process is still being finalised by JPC. The project is currently on the land acquisition stage and the completion date moved from December 2018 to December 2026.	4,901
EI1302 - Robertville Tower	Project delayed by 9.3 years due to budget constraints and procurement delays (3 non awards). The project is currently at design stage and the completion date moved from June 2017 to September 2026.	3,190
*UR1311 - Linbro Park Water Upgrade	Project delayed by 8 years due to budget constraints and thereafter procurement (non awards). The project is currently in the procurement stage and the completion date moved from December 2018 to December 2026.	3,182
BWW1518 OV: Refurbish Unit 2 Diversion	Project delayed by 6.1 years due to budget constraints. The project currently is in design stage. The project completion date moved from June 2021 to July 2027.	2,219
UR1302 - Carlsward Water Upgrade	Project delayed by 8.6 years due to land acquisition and environmental issues. The project is currently at design stage and the completion date moved from August 2017 to February 2026.	1,372
*UR1328 - Turffontein Redevelopment Corridor Water	Project delayed by 7.6 years due to budget constraints. The project is currently on hold and the completion date be moved from December 2019 to June 2027	1,061
		225,087

*All items marked with an asterisk were halted at the time. Management have considered requirements for impairment of these halted projects and found no reason to impair any of the projects based on the evaluation conducted. It is the intention to complete these projects when the obstacles related to their respective delays have been resolved.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Amounts in Rand thousand	2025	2024 Restated
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Buildings	11,279	11,595
Plant and machinery	145,627	113,291
Furniture and fixture	7	13
Motor vehicles	10,484	10,224
Office equipment	24	22
Computer equipment	12,939	13,644
Communication equipment	6,556	796
Laboratory equipment	1,998	2,981
Minor plant	97	412
Wastewater network	706,813	729,103
Water network	797,928	709,145
	1,693,752	1,591,226

4. Intangible assets

Amounts in Rand thousand	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	65,448	(34,056)	31,383	58,077	(25,092)	32,985
Servitudes	3,463	-	3,463	3,463	-	3,463
Total	68,911	(34,056)	34,846	61,540	(25,092)	36,448

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. Intangible assets (continued)

Reconciliation of intangible assets - 2025

Amounts in Rand thousand	Opening balance	Additions	Amortisation	Total
Computer software	32,985	7,371	(8,973)	31,383
Servitudes	3,463	-	-	3,463
	36,448	7,371	(8,973)	34,846

Reconciliation of intangible assets - 2024

Computer software	30,598	8,216	(5,829)	32,985
Servitudes	3,463	-	-	3,463
	34,061	8,216	(5,829)	36,448

Intangible assets in the process of being constructed or developed

	2025	2024
Cumulative expenditure recognised in the carrying value of Intangible assets		
Computer software	2,238	3,154
Servitudes	1,735	1,735
	3,973	4,889

5. Inventories

Amounts in Rand thousand	2025	2024 Restated
Materials and Components	223,488	190,267
Water inventory	15,755	15,529
Subtotal	239,243	205,796
Provision for inventory write downs	(5,451)	(1,593)
	233,792	204,203
No current assets within inventories have been pledged as security.		
Water inventory expensed	5,744,117	5,509,993
Water losses	2,822,042	2,900,501
Other inventory expensed	58,075	46,160
Inventory write down	3,971	802
Total inventories recognised as an expense	(8,628,205)	(8,457,456)

*Items reversed relates to stock previously considered obsolete but have subsequently been usable and similar items have been utilised for other repair work.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

6. Trade receivables with group companies

Trade receivables with group companies: Exchange transactions

Amounts in Rand thousand	2025	2024 Restated
Johannesburg Roads Agency SOC Ltd	25	42

Credit quality of trade receivables with group companies

The credit quality of trade receivables with group companies that are neither past due nor impaired are considered fair by the entity taking into account the historical information available and due to the fact that there has been no default in the past.

Trade receivables with group companies past due but not impaired

At 30 June 2025, R0 (2024: R20) were past due but not impaired

60 days past due	-	7
180 days past due	-	13

7. Trade receivables and loans with Shareholder: Exchange and Non Exchange transactions

Loans to Shareholder: Non-exchange transactions

City of Johannesburg Metropolitan Municipality - Sweeping account	4,044,558	2,810,738
City of Johannesburg Metropolitan Municipality - Other receivables	973,385	1,011,709
City of Johannesburg Metropolitan Municipality - Grants	344,883	-
City of Johannesburg Metropolitan Municipality - Capex drawdown	294,476	275,739
City of Johannesburg Metropolitan Municipality - Post retirement benefit	47,131	46,146
	5,704,433	4,144,332

Other receivables and the capex drawdown are short term (30 - 60 days), unsecured and interest free.

The terms of trade receivables with shareholder have not been renegotiated in the current or prior period.

City of Johannesburg Metropolitan Municipality - Sweeping account

Bank Sweeping Account	4,044,558	2,810,738
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The bank sweeping account is an unsecured interest bearing loan to the shareholder with no fixed repayment terms. The loan earns interest at a variable rate which was 7.34% (2024: 8.26%) at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. Trade receivables and loans with Shareholder: Exchange and Non Exchange transactions (continued)

Trade receivables with Shareholder: Exchange transactions

Amounts in Rand thousand	2025	2024 Restated
City of Johannesburg Metropolitan Municipality - Cydna Laboratory	541	310
Trade receivables with Shareholder past due but not impaired		
At 30 June 2025, R489.027 (2024: R47.724) were past due but not impaired.		
The ageing of the amounts past due but not impaired is as follows:		
30 days past due	149,577	47,104
60 days past due	118,002	88
90 days past due	152,152	299
120 days past due	22,148	45
180 days past due	47,148	188

8. Trade and other receivables: Exchange transactions

Sundry Receivables	7,525	6,433
Prepaid expenses	6,515	3,658
Service deposits paid	15,957	15,957
Allowance for impairment	(2,549)	(1,143)
Total other receivables	27,448	24,905

Sundry receivables consist predominantly of general service recoveries.

Credit quality of Sundry receivables

Sundry receivables comprise of the recovery of sundry services. Management evaluates credit risk relating to these customers on an on-going basis. The credit quality of other receivables that are neither past due nor impaired are considered fair by the entity taking into account the historical information available.

Sundry receivables past due but not impaired

At 30 June 2025, R596 (2024: R847) was past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

30 days past due	158	91
60 days past due	137	120
90 days past due	90	113
120 days past due	211	523

Sundry receivables impaired

As at 30 June 2025, sundry receivables of R7.525 (2024: R6.433) were considered for impairment testing. The allowance for impairment losses for the period was R2.549 (2024: R1.143).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. Trade and other receivables: Exchange transactions (continued)

The classification and respective ageing categories considered by management during the testing for impairment are as follows:

Amounts in Rand thousand	2025	2024 Restated
Current	4,380	4,444
1 - 30 days	211	91
31 - 60 days	190	120
61 - 90 days	148	113
91 - 120 days	397	523
121 - 365 days	1,129	219
> 365 days	1,070	923
Total other receivables	7,525	6,433
Reconciliation of allowance for impairment of other receivables		
Opening balance	(1,143)	(2,709)
Allowance for impairment losses	(1,626)	(1,143)
Reversed during the year	-	2,656
Debt impairment written off against allowance	220	53
	(2,549)	(1,143)

The creation and release of the allowance for impairment of other receivables have been included in operating expenses in the Statement of Financial Performance (note 28). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Factors considered by the entity in determining whether the financial asset needed to be impaired include when other receivables or a group of other receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments (more than 180 days overdue as well as observable payment levels for overdue through to 179 days), consideration of the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

9. Consumer receivables: Exchange transactions

Trade receivables	36,234,447	31,375,635
Allowance for impairment	(32,587,207)	(27,394,216)
	3,647,240	3,981,419

An impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. Accordingly, an impairment loss is recognised based on the ageing as well as the profile of consumer receivables.

Credit quality of consumer receivables

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an on-going basis and characteristics like collection levels are considered during evaluation for impairment. The credit quality of trade receivables that are neither past due nor impaired are considered fair by the entity taking into account the historical information available.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Consumer receivables: Exchange transactions (continued)

Summary of consumer receivables by classification

Amounts in Rand thousand	2025	2024 Restated
Domestic consumers		
Current	820,111	781,915
30 days	541,047	567,217
31 - 60 days	529,521	481,706
61 - 90 days	564,207	476,167
91 - 120 days	444,228	415,796
121 - 365 days	3,585,955	3,620,833
> 365 days	19,321,691	15,770,273
	25,806,760	22,113,907
Less: Allowance for impairment	(24,321,882)	(20,177,193)
	1,484,878	1,936,714
Domestic consumers - Past due and impaired		
30 days	(346,514)	(137,720)
31 - 60 days	(364,625)	(116,958)
61 - 90 days	(258,869)	(115,613)
91 - 120 days	(444,228)	(415,796)
121 - 365 days	(3,585,955)	(3,620,833)
> 365 days	(19,321,691)	(15,770,273)
	(24,321,882)	(20,177,193)
Domestic consumers - Current, past due and not impaired		
Current	820,111	781,915
30 days	194,533	429,497
31 - 60 days	164,896	364,748
61 - 90 days	305,338	360,554
	1,484,878	1,936,714
Commercial consumers		
Current	775,689	709,399
30 days	347,744	340,277
31 - 60 days	333,764	296,564
61 - 90 days	284,391	214,962
91 - 120 days	235,869	201,700
121 - 365 days	1,418,298	1,302,435
> 365 days	6,145,024	5,398,962
	9,540,779	8,464,299
Less: Allowance for impairment	(7,688,142)	(6,750,915)
	1,852,637	1,713,384

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Consumer receivables: Exchange transactions (continued)

Amounts in Rand thousand	2025	2024 Restated
Commercial consumers - Past due and impaired		
30 days	(109,481)	-
31 - 60 days	(105,046)	-
61 - 90 days	(90,120)	-
91 - 120 days	(75,768)	(176,736)
121 - 365 days	(1,162,703)	(1,175,217)
> 365 days	(6,145,024)	(5,398,962)
	(7,688,142)	(6,750,915)
Commercial consumers - Current, past due and not impaired		
Current	775,689	709,399
30 days	238,263	340,277
31 - 60 days	228,718	296,564
61 - 90 days	194,271	214,962
91 - 120 days	160,101	24,964
121-365 days	255,595	127,218
	1,852,637	1,713,384
National and provincial government		
Current	158,837	189,985
30 days	53,961	49,241
31 - 60 days	51,113	47,354
61 - 90 days	37,775	44,741
91 - 120 days	20,501	16,414
121 - 365 days	143,400	125,985
> 365 days	421,321	323,709
	886,908	797,429
Less: Allowance for impairment	(577,183)	(466,108)
	309,725	331,321
National and provincial government - Past due and impaired		
30 days	(14,181)	-
31 - 60 days	(13,432)	-
61 - 90 days	(9,927)	-
91 - 120 days	(5,388)	(16,414)
121 - 365 days	(112,934)	(125,985)
> 365 days	(421,321)	(323,709)
	(577,183)	(466,108)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Consumer receivables: Exchange transactions (continued)

Amounts in Rand thousand	2025	2024 Restated
National and provincial government - Current, past due and not impaired		
Current	158,837	189,985
30 days	39,780	49,241
31 - 60 days	37,681	47,354
61 - 90 days	27,848	44,741
91 - 120 days	15,113	-
121 - 365 days	30,466	-
	309,725	331,321
Total consumer receivables		
Current	1,754,637	1,681,299
30 days	942,752	956,735
31 - 60 days	914,398	825,624
61 - 90 days	886,373	735,870
91 - 120 days	700,598	633,910
121 - 365 days	5,147,653	5,049,253
> 365 days	25,888,036	21,492,944
	36,234,447	31,375,635
Less: Allowance for impairment	(32,587,207)	(27,394,216)
	3,647,240	3,981,419
Total consumer receivables - Past due and impaired		
30 days	(470,176)	(137,720)
31 - 60 days	(483,103)	(116,958)
61 - 90 days	(358,916)	(115,613)
91 - 120 days	(525,384)	(608,946)
121 - 365 days	(4,861,592)	(4,922,035)
> 365 days	(25,888,036)	(21,492,944)
	(32,587,207)	(27,394,216)
Total consumer receivables - Current, past due but not impaired		
Current	1,754,637	1,681,299
30 days	472,576	819,015
31 - 60 days	431,295	708,666
61 - 90 days	527,457	620,257
91 - 120 days	175,214	24,964
121 - 365 days	286,061	127,218
	3,647,240	3,981,419

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

9. Consumer receivables: Exchange transactions (continued)

Amounts in Rand thousand	2025	2024 Restated
Reconciliation of allowance for impairment		
Balance at beginning of the year	(27,394,216)	(22,381,627)
Contributions to allowance	(5,673,660)	(5,014,141)
Debt impairment written off against allowance	480,669	1,552
	(32,587,207)	(27,394,216)

Factors considered by the entity in determining whether the financial asset needed to be impaired include when consumer receivables or a group of consumer receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments (more than 90 days overdue as well as observable payment levels for overdue through to 89 days), consideration of the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	32	29
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The company has a sweeping arrangement with the City of Johannesburg Metropolitan Municipality whereby all cash is swept on a daily basis to the City of Johannesburg Metropolitan Municipality's bank account. Petty cash is reflected as being on hand. The cash owed to the company by the City of Johannesburg Metropolitan Municipality is reflected as an amount due from the shareholder. The amount due as at 30 June 2025 R4.044 billion (2024: R2.811 billion).

The following bank accounts are in operation at Johannesburg Water:

Standard Bank	Expenditure	000196789	-
Standard Bank	Revenue	000170461	-
Standard Bank	Salaries	000196843	-
Standard Bank	Bank charges	000196398	-
ABSA Bank Ltd	Revenue	4101197140	-
		-	-

11. Trade payables with group companies

Trade payables with group companies: Exchange transactions

City Power SOC Ltd	(46,562)	(56,169)
Johannesburg Roads Agency SOC Ltd	(93,289)	(55,180)
Johannesburg City Parks NPC	-	(19)
Johannesburg Theatre SOC Ltd	(1,146)	(403)
City of Johannesburg Property Company SOC Ltd	(116,863)	(59,519)
	(257,860)	(171,290)

The above payables with group companies are short term (30-60 days), unsecured and interest free.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Trade payables with Shareholder: Exchange transactions

Amounts in Rand thousand	2025	2024 Restated
City of Johannesburg Metropolitan Municipality - Trade payables with shareholder	(1,688,336)	(1,479,516)

13. Loans from Shareholder

City of Johannesburg Metropolitan Municipality - Other	(260,726)	(260,726)
City of Johannesburg Metropolitan Municipality - Current portion of long term loans	(444,272)	(448,708)
	(704,998)	(709,434)

Non- current

City of Johannesburg Metropolitan Municipality - Conduit Mirror and French Development Agency (FDA) loans	(2,031,980)	(2,045,184)
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City of Johannesburg Metropolitan Municipality - Conduit Mirror and FDA loans

Loans at the beginning of the year	(2,493,892)	(2,483,630)
New loans	(430,888)	(698,544)
Interest for the year	(247,324)	(235,566)
Repayments for the year - Interest	247,707	293,190
Repayments for the year - Capital	448,145	630,658
Balance at end of year	(2,476,252)	(2,493,892)

The conduit loans for the financial years ending 2024, 2022, 2020 and prior are repayable in equal quarterly instalments over a period of 10 years from loan acquisition. These unsecured loans bear interest at a fixed rate of 9.88% to 11.23% (2024: 9.65% to 11.23%).

The conduit loans for the financial years ending 2025, 2023, and 2021 are repayable quarterly over a period of 10 years, commencing on 31 December 2024, 30 September 2022, and 31 December 2020, respectively. The loans bear interest at floating rates linked to the three-month JIBAR, as follows: 2021 loan – JIBAR + 4.04%; 2023 loan – JIBAR + 2.30%; and 2025 loan – JIBAR + 4.96%. The interest rate on the 2023 loan is reset in the last month of each quarter, while the 2021 and 2025 loans are reset at the beginning of each quarter. These unsecured loans carry variable interest rates ranging from 7.73% to 13.01% (2024: 7.73% to 10.78%).

The second French Development Agency (FDA) loan is repayable in equal half yearly instalments over a period of 15 years, commencing 15 November 2011. These unsecured loans bear interest at a fixed rate of 7.40% and 7.47% (2024: 7.40% and 7.47%).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

13. Loans from Shareholder

Conduit Mirror Loan Rates from inception of loan

2015/2016	Fixed	9.88%	
2016/2017	Fixed	11.23%	
2017/2018	Fixed	10.56%	
2018/2019	Fixed	10.07%	
2019/2020	Fixed	10.07%	
2020/2021	Variable	7.73% to 10.57%	
2021/2022	Fixed	10.57%	
2022/2023	Variable	8.08% to 10.78%	
2023/2024	Fixed	10.78%	
2024/2025	Variable	12.5% to 13.01%	-
French Development Agency Loan Rates			
FDA 2 - Tranche 1 (R412m)	Fixed	7.40%	
FDA 2 - Tranche 2 (R80m)	Fixed	7.47%	

14. Finance lease obligation: Shareholder

Finance lease obligation: Specialised Vehicles

Amounts in Rand thousand	2025	2024 Restated
Minimum lease payments due		
- within one year	-	1,508
	-	1,508
less: future finance charges	-	(78)
Present value of minimum lease payment	-	1,430
Present value of minimum lease payments due		
- within one year	-	1,430

The lease term for the above specialised lease vehicles ended on 30 June 2025. Interest on finance lease was calculated at 10% per annum, and repayments on the lease arrangements were made monthly. The lease terms ranged from 3 years to 7 years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. Finance lease obligation: Other

Amounts in Rand thousand	2025	2024 Restated
Finance lease obligation: Vehicles		
Minimum lease payments due		
- within one year	90,151	27,475
- in second to fifth year inclusive	168,041	62,074
	258,192	89,549
less: Future finance charges	(44,675)	(20,196)
Present value of minimum lease payments	213,517	69,353
- within one year	65,606	19,006
- in second to fifth year inclusive	147,911	50,347
	213,517	69,353

Interest on finance leases are calculated at 13.24% per annum and repayment on the lease arrangements are made monthly. The Lease term varies between 3-5 years depending on the date the vehicle was leased to the contract termination date. The carrying amount of the finance leased assets is included in property, plant and equipment under motor vehicles. Refer note 3 for further information.

16. Trade and other payables: Exchange transactions

Trade payables	2,941,112	2,734,861
Payments received in advanced	457,946	656,529
Accrued leave pay	101,059	96,357
Accrued bonus (13th Cheque)	46,810	39,557
Operating lease payables	-	1,974
Sundry payables	28,215	22,029
	3,575,142	3,551,307

17. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonuses	56,935	42,829	(48,655)	-	51,109

Reconciliation of provisions - 2024

Provision for bonuses	54,411	47,063	(44,539)	-	56,935
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The bonus provision relates to the performance bonus that the entity expects to pay to qualifying employees. The amount is based on the organisational and individual performances in the financial year under review, which is yet to be determined. The provision is management's best estimate of the entity's liability at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. VAT

Amounts in Rand thousand	2025	2024 Restated
VAT Receivable	265,319	90,923

19. Employee benefit obligations

The actuarial valuations were performed by ZAQ Consultants and Actuaries, who are independent post retirement plan administrators. The loan receivable (note 7) from the City of Johannesburg Metropolitan Municipality covers a portion of the liability.

Post-retirement liability

Provision: Post-Retirement Medical Obligation	19.1	21,590	22,348
Provision: Post-Retirement Gratuity Obligation	19.2	22,143	29,035
Balance at end of year		43,733	51,383

19.1 Post retirement medical aid plan

The entity has made provision for post retirement medical benefits covering 46 continuation members (2024: 47 continuation members). There are 2 medical schemes.

Reconciliation of post retirement medical aid plan

Opening balance	22,348	23,915
Benefits paid	(2,434)	(2,306)
Interest costs	2,063	2,169
Actuarial gain/loss: Demographic assumption	(1,085)	(793)
Actuarial gain/loss: Financial Assumptions	698	(637)
Balance at end of year	21,590	22,348

Key assumptions used

Assumptions used on last valuation on .

Consumer Price inflation	3.31 %	5.09 %
Discount rates used	8.20 %	10.00 %
Medical aid contribution inflation	4.31 %	6.09 %
Net effective discount rate (PRMA)	3.73 %	3.69 %
Expected increase in salaries	4.31 %	6.09 %

In determining the appropriate discount rate, the actuary considers the interest rates of government bonds, adjusted to reflect the margin on corporate bonds, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post retirement medical aid plan liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. Employee benefit obligations (continued)

Change in assumptions

A sensitivity analysis with respect to a 1% change in the discount rate for salary and medical inflation will have the following impact:

	-1%	0%	1%
Liability	21,068	21,590	22,000
Percentage change	-2.42%	0%	1.90%

Post Retirement Mortality	-20%	0%	20%
20% adjustment to mortality rate	23,513	21,590	20,031
Percentage change	8.93%	0%	-7.22%

Other assumptions:

- Age of Spouse - husbands five years older than wives
- Mortality of in-service members - In accordance with the SA 85-90 mortality tables
- pensioners - In accordance with the PA(90) ultimate mortality tables.

Maturity Analysis

The table below provides a maturity analysis based on the expected future benefit payments. It should be noted that these are discounted figures and may change if actual future experience deviates from current assumptions used in the valuation.

Category	1 year Projection	2-5 year Projection	5+ year Projection	Total
Present value of future benefit payments	2,522	7,017	12,051	21,590

19.2 Post retirement gratuity plan

The entity has made provision for post retirement gratuity benefits covering 66 employees (2024: 103 employees).

Reconciliation of post retirement gratuity plan

Opening balance	29,035	29,073
Benefits paid	(3,359)	(4,077)
Interest Cost	2,508	2,678
Actuarial gain/loss: Demographic assumption	(6,024)	1,878
Actuarial gain/loss: Financial assumption	(17)	(517)
Balance at end of year	22,143	29,035

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. Employee benefit obligations (continued)

19.2 Post retirement gratuity plan (continued)

Key assumptions used

Assumptions used on last valuation on .

Consumer Price inflation	3.31 %	5.09 %
Discount rates used	8.20 %	10.00 %
Medical aid contribution inflation	4.31 %	6.09 %
Net effective discount rate (PRMA)	3.73 %	3.69 %
Expected increase in salaries	4.31 %	6.09 %

In determining the appropriate discount rate, the actuary considers the interest rates of government bonds, adjusted to reflect the margin on corporate bonds, that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related post retirement gratuity plan liability.

Change in assumptions

A sensitivity analysis with respect to a 1% change in the discount rate for salary inflation will have the following impact:

	-1%	0%	1%
Liability	21,505	22,143	22,802
Percentage change	-2,88%	0%	2,98%

Post Retirement Mortality			
	-20%	0%	20%
20% adjustment to mortality rate	22,122	22,143	22,163
Percentage change	-0,09%	0%	0,09%

Maturity Analysis

The table below provides a maturity analysis based on the expected future benefit payments. It should be noted that these are discounted figures and may change if actual future experience deviates from current assumptions used in the valuation.

Category	1 year Projection	2-5 year Projection	5+ year Projection	Total
Present value of future benefit payments	3,600	13,538	5,005	22,143

Five years Historical Post Retirement Obligation

The experience adjustments were calculated in the current and prior financial year. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

19. Employee benefit obligations (continued)

19.2 Post retirement gratuity plan (continued)

	2025	2024	2023	2022	2021
Post Retirement Obligation	43,733	51,383	52,988	59,771	58,543
Experience adjustment	(7,109)	1,085	741	269	2,842

19.3 Net expense recognised in the statement of financial performance for the year ended 30 June 2025

Amounts in Rand thousand	2025	2024 Restated
Post retirement medical aid plan	1,676	739
Post retirement gratuity plan	(3,533)	4,039
Total included in employee related costs	(1,857)	4,778

19.4 Defined contribution plan

The entity's liability is limited to its contributions to the plan.

The total entity contribution to such schemes

	177,946	160,198
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20. Consumer receivables - Deposits

Water

	758,842	705,487
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21. Principal Agent arrangements

City of Johannesburg Revenue Shared Services Centre

The entity has a principal agent arrangement in place with its shareholder, the City of Johannesburg Metropolitan Municipality. The entity is the principal and relies on its agent, for the following functions for all its customers:

- Customer billing
- Cash collection
- Consumer receivables administration
- Call centre management

The management of the above functions is regulated by an agency agreement between the parties. The implemented processes and methods of operations are solely under the control and stewardship of the Revenue Shared Service Centre of the City of Johannesburg Metropolitan Municipality. Full reliance is placed on the internal controls as established at the agent, being The City of Johannesburg Metropolitan Municipality in the execution of the functions.

The arrangement is managed in terms of a service level agreement underpinning the agency agreement. Clause 13.3 of the Agency Agreement with the City of Johannesburg Metropolitan Municipality states that "The performance of the Customer Revenue Collection and Customer Relations Management functions shall be conducted and records thereof kept by the City of Johannesburg Metropolitan Municipality in such a manner as to ensure that the audited accounts of the entity are in no way qualified as a result of any act or omission connected with the execution of the Customer Revenue Collection and Customer Relations Management functions".

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. Principal Agent arrangements (continued)

The entity incurred fees for the arrangement as follows:-

Amounts in Rand thousand	2025	2024 Restated
City of Johannesburg service fee	310,141	293,278

City of Johannesburg Risk Services

The COJ Risk Service department manages the insurance portfolio of the Group centrally in order to achieve better economies of scale when approaching the market for various insurance related products. In procuring insurance products for the group, they place a cost recovery to the entity for the premiums with the third party as well as charging certain service fees to the entity which is recognised as a related party transaction. The entity incurred fees for the arrangement as follows:

City of Johannesburg insurance service fee	1,820	1,746
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City of Johannesburg Property Company

The Johannesburg Property Company manages the acquisition of property in permanent or rental capacity for the Group centrally in order to achieve better economies of scale when approaching the market for various housing/ office /land related products. In procuring these products for the Group, they place a cost recovery to the entity for the actual costs incurred with the third party they contract with and in addition, they also charge administration fees to the entity for the arrangement. The entity incurred fees for the arrangement as follows:

City of Johannesburg Property Company administration and commission fee	6,197	6,318
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The resource/cost implications on all of the above arrangements with the City of Johannesburg and its subsidiary being City of Johannesburg Property Company would be restricted to the total costs disclosed above in the event the arrangements are terminated. The entity would require the self-same financial, human and technological resources to execute its billing and collections, and would require the services of an insurance broker to secure and manage its insurance portfolio, as well as the services of a managing agent/property specialist to manage any potential property transactions, as is all currently undertaken by the agents.

City of Johannesburg Metropolitan Municipality's Department of Human Settlements

The City of Johannesburg Metropolitan Municipality's Department of Human Settlements is responsible, among other functions, for providing decent, safe, and affordable housing to residents of Johannesburg. Human Settlements is also the owner of rental housing stock, old age homes, hostels, and oversees informal settlements within its jurisdiction. Johannesburg Water, mandated with the design, construction, and supervision of water and sanitation infrastructure within the City of Johannesburg, acts on behalf of Human Settlements in executing such projects. In its capacity as principal, Human Settlements pays Johannesburg Water a Project Management Fee for services rendered in relation to these projects.

City of Johannesburg Metropolitan Municipality's Department of Human Settlements	(6,039)	-
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The above values are exclusive of VAT.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

22. Financial instruments disclosure

Categories of financial instruments

Financial assets at amortised cost

Amounts in Rand thousand	2025	2024
Consumer receivables: Exchange transactions	3,647,240	3,981,419
Trade receivable with Shareholder: Exchange transactions	541	310
Loans to Shareholder: Non-exchange transactions	5,704,433	4,144,332
Other receivables: Exchange transactions	20,933	21,247
Trade receivables with group companies: Exchange transactions	25	42
Cash and cash equivalents	32	29
	9,373,204	8,147,379
Financial liabilities at amortised cost		
Loans from shareholder	2,736,978	2,754,618
Trade payables with Shareholder: Exchange transactions	1,688,336	1,479,516
Trade and other payables: Exchange transactions	3,086,221	2,844,091
Trade payables with group companies: Exchange transactions	257,860	171,290
Finance lease obligation: Shareholder	-	1,430
Finance lease obligation: Other	213,517	69,353
Consumer deposits	758,842	705,487
	8,741,754	8,025,785

23. Share capital

Authorised

200 Ordinary shares of R1 each

200

200

Issued

200 Ordinary shares of R1 each

200

200

The amounts disclosed above are not rounded and reflect the Rand value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. Government grants

The grants comprise of unconditional and conditional grants received from government.

Any unspent portions are carried forward to the next financial year in conjunction with the grant conditions set forth

Amounts in Rand thousand	2025	2024
Unconditional grant		
Equitable Share		
Balance at beginning of year	-	-
Grants allocated in current year	623,501	584,898
Utilised during the year	(623,501)	(584,898)
	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury. The Constitution provides that each sphere of government - National, Provincial and Local, is entitled to an equitable share of revenue raised nationally. The Equitable Share Grant received during this financial year, as distributed by the City of Johannesburg Metropolitan Municipality, was utilised to provide basic services and perform municipal functions. The grant was fully utilised during the current financial year.

Conditional grants and receipts comprises of:

Urban Settlements Development Grant (USDG)

Balance at beginning of year	-	-
Grants allocated in current year	594,998	254,357
Utilised during the year	(594,998)	(254,357)
Balance at the end of the year	-	-

The grants received during the year are made up Urban Settlements Development Grant (USDG) as distributed by the City of Johannesburg Metropolitan Municipality. The grant is used to supplement the capital revenue of the entity in order to implement infrastructure projects that promotes equitable, integrated, production, inclusive and sustainable urban development. This distribution is made only upon fulfilment of conditions as imposed from time to time by the City of Johannesburg Metropolitan Municipality.

Local Government Sector Education and Training Authority (LGSETA) grant

Balance at beginning of year	-	-
Grants allocated in current year	829	2,445
Utilised during the year	(829)	(2,445)
Balance at the end of the year	-	-

The grant received during this financial year from the Local Government Sector Education and Training Authority (LGSETA) was to support the artisan training and development programme in the entity. The grant was fully utilised during the current financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. Government grants (continued)

Energy and Water Sector Education and Training Authority (EWSETA)

Amounts in Rand thousand	2025	2024
Balance at beginning of year	-	-
Grants allocated in current year	2,978	2,710
Utilised during the year	(2,978)	(2,710)
Balance at the end of the year	-	-

The grant received during this financial year from the Energy and Water Sector Education and Training Authority (EWSETA) was to support skills development within the entity. The grant was fully utilised on associated training programs during the current financial year.

25. Revenue from exchange transactions

Sale of water	10,374,083	10,068,227
Rendering of sanitation services	7,610,458	6,980,881
Other	87,930	4,235
	18,072,471	17,053,343

26. Revenue from non-exchange transactions

Unconditional Government Grants - Equitable share (Refer note 24)	623,501	584,898
Conditional Government Grants - USDG (Refer note 24)	594,998	254,357
Developer Funded Network	152,503	145,996
Bulk Contributions received	39,065	25,144
Donations received	-	11,751
Conditional Government Grants - Other (Refer note 24)	3,807	5,154
Penalties	2,867	250
	1,416,741	1,027,550

Conditional Government Grants - Other consists of Local Government Sector Education and Training Authority (LGSETA) grants and Energy and Water Sector Education and Training Authority (EWSETA) grants.

27. Non-revenue water

The level of NRW for the year under review to June 2025 is 44.79% [R3.837 billion] (2024: 46.18% [R3.884 billion]). The level of unbilled authorised consumption for the year under review to June 2025 is 11.85% [R1.015 billion] (2024: 11.69% [R983.0 million]) and is included under water inventory expensed. Unbilled authorised consumption is water supplied to the informal environments, water supplied to deemed consumption areas over and above the flat rate of recovery applied, as well as water utilised in network system maintenance performed.

The level of water losses (physical and commercial losses) which is part of NRW for the year under review is 32.94% [R2.822 billion] (2024: 34.49% [R2.901 billion]) and is included under Operating expenditure as Water losses. Refer to note 28.

- The level of physical losses for the year under review to June 2025 is 23.72% [R2.031 billion], (2024: 24.83% [R2.088 billion]). Physical losses are incurred as a result of leaks on the water network infrastructure.
- The level of commercial losses for the year under review to June 2025 is 9.22% [R790.1 million], (2024: 9.66% [R812.1 million]). Commercial losses are incurred as a result of illegal connections and metering and associated data transfer errors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27. Non-revenue water (continued)

The various benchmark levels of Non-Revenue Water were published in the latest South African Water Research Commission report on the State of Non- Revenue Water in South Africa classifies Non Revenue Water in the following categories:

	Legend	Description
1	<15%	Low level of NRW, very good performance
2	15-30%	Low level of NRW, good performance
3	30-40%	Average level of NRW, average performance
4	40-50%	High level of NRW, poor performance
5	>50%	Very high level of NRW, very poor performance

Certain levels of Non-Revenue Water are acceptable from an economic point of view as indicated in the table above. This means the cost of interventions to reduce Non-Revenue Water should be less than the savings to be realised.

The objective for the entity was to achieve an average level of Non-Revenue Water (30%-40%) for the year under review to June 2025. This average level of Non Revenue Water achieved for the year under review to June 2025 exceeded the upper end of the average range by 4.79% [R410.6 million], (2024: 6.18% [R519.4million]).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

28. Operating expenses

Amounts in Rand thousand	2025	2024
Allowance for debt impairment	4,935,191	4,382,610
Water losses	2,822,042	2,900,501
Employee costs	1,824,638	1,668,195
Depreciation and amortisation	529,023	468,184
Contractor's metering and revenue services	333,480	315,954
Electricity	249,866	202,148
Basic Sanitation and chemical toilets	139,272	154,257
Water Tankers	131,968	165,535
Vacuum tankers	132,926	180,446
Security	131,234	115,415
Lease rentals on operating lease	129,686	193,608
Contractor's maintenance service	117,000	105,633
Insurance	85,405	103,650
Store issues and direct material purchases	74,957	55,831
Consultant's fees	66,378	34,416
Impairment on property, plant and equipment	56,546	16,692
Reinstatements	55,134	55,187
Fuel and oil	48,476	60,950
Mobile plant by contract	43,646	43,239
Information technology expenses	38,080	27,921
Telecommunications	32,131	34,053
Sewer system charges	26,383	226,627
Other operating expenses	23,962	20,294
Legal expenses	19,085	8,813
Levies	16,174	14,562
Sludge disposal	12,219	1,558
Chemicals	11,913	14,926
Utilities - Other	11,643	19,205
Training	11,365	10,177
Marketing and communication expenses	8,473	11,723
Auditors remuneration	7,981	7,355
Commission	7,431	7,767
Loss on disposal of property, plant and equipment	1,916	241
	12,135,624	11,627,673

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

29. Employee costs

Amounts in Rand thousand	2025	2024
Basic salaries	1,007,920	920,492
Overtime	225,828	184,232
Pension costs - company contributions	181,871	164,351
Medical aid - company contributions	109,373	104,884
Shift allowances	77,810	73,957
Service bonus	77,808	66,953
Performance bonus	42,829	47,063
Car allowance	44,437	39,511
Leave pay provision charge	29,572	31,446
WCA - Coid	9,658	10,090
Housing allowance	8,528	7,936
UIF	6,662	6,742
Acting allowance	6,078	5,889
Uniforms and protective clothing	1,375	2,561
Temporary employees	1,317	2,157
Post retirement benefit plan cost (Defined benefit plan)	(6,428)	(69)
	1,824,638	1,668,195
Average number of employees employed during the year		
- Permanent	2,788	2,827

30. Interest revenue

Interest revenue		
Interest on customers	279,022	294,792
Interest earned - sweeping account	206,567	97,068
Interest on notional accounts	3,612	3,686
	489,201	395,546

31. Finance costs

Interest on shareholder loans	246,703	223,932
Interest on post retirement benefits	4,571	4,847
Interest on finance leases	24,937	2,128
Interest: Vendor arrears	-	5,126
	276,211	236,033

32. Taxation

As the entity is a water service provider it has been exempt from normal company taxation in terms of Section 10(1) (t) of the Income Tax Act, 58 of 1962, published in the Government Gazette.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

33. Cash generated from operations

Amounts in Rand thousand	2025	2024
Surplus	1,822,461	1,102,740
Adjustments for:		
Depreciation and amortisation	529,023	484,878
Impairment of property, plant and equipment	56,546	-
Developer funded asset income	(152,503)	(145,996)
Accrued finance costs	3,567	(7,170)
Allowance for impairment	4,935,191	4,382,610
Loss on disposal of property, plant and equipment	1,916	241
Accrued interest income	(3,612)	(222,372)
Changes in working capital		
Inventories	(29,589)	(20,557)
Trade and other receivables: Exchange transactions	(3,825)	5,218
Consumer receivables: Exchange transactions	(4,599,730)	(3,911,767)
Employee benefit obligation	(12,221)	(6,452)
Provisions	(5,826)	2,524
Trade receivables with group companies	17	(24)
Trade receivables with shareholder: Exchange transactions	(231)	(85)
Consumer receivables: Deposits	53,355	149,241
Trade and other payables: Exchange transactions	(37,165)	686,996
VAT payable	-	(149,912)
VAT receivable	(174,396)	(90,923)
Trade payables with group companies	86,570	114,335
Trade payables with shareholder	277,755	347,920
Trade receivables with Shareholder: Non Exchange	(1,609,313)	(1,497,830)
	1,137,990	1,223,615

34. Commitments

Authorised capital expenditure

Approved and contracted for:

Property, plant and equipment	912,235	1,073,977
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Commitments are disclosed exclusive of VAT. The disclosed capital commitments relate to property, plant and equipment and will be financed through a combination of loan funding, grant and subsidies funding and own funding.

Water network	565,340	674,381
Wastewater network	185,729	137,195
Plant and machinery	118,909	235,067
Buildings	24,772	27,334
Motor vehicles	13,015	-
Computer software	4,470	-
	912,235	1,073,977

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

34. Commitments (continued)

Operating leases - as lessee

Minimum lease payments due

Amounts in Rand thousand	2025	2024
• within one year	1,342	36,543
• in second to fifth year inclusive	-	1,342
	1,342	37,885

Operating lease payments represent rentals payable by the entity for certain of its office properties and office equipment. The lease terms are negotiated for an average of three years and no contingent rent is payable. Lease agreements over office properties are subject to escalation clauses.

35. Related parties

Related parties disclosed in this note are in relation to the City of Johannesburg Metropolitan Municipality and its subsidiaries only.

Relationships

Parent

City of Johannesburg Metropolitan Municipality

Other members of the group

City of Johannesburg Property Company (SOC) Ltd
City Power Johannesburg (SOC) Ltd
Johannesburg City Parks and Zoo (NPC)
Johannesburg Development Agency (SOC) Ltd
Johannesburg Metropolitan Bus Services (SOC) Ltd
Johannesburg Roads Agency (SOC) Ltd
Johannesburg Tourism Company (SOC) Ltd
Johannesburg Social Housing Company (SOC) Ltd
Johannesburg Metropolitan Trading Company (SOC) Ltd
Pikitup Johannesburg (SOC) Ltd
The Johannesburg Civic Theatre (SOC) Ltd
The Johannesburg Fresh Produce Market (SOC) Ltd

Members of key management

Directors' emoluments and other Key Management Personnel Remuneration - note 36

Related party balances

Amounts owing by related parties

City of Johannesburg Metropolitan Municipality

Johannesburg Roads Agency (SOC) Ltd

5,704,975	4,144,642
25	42
5,705,000	4,144,684

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. Related parties (continued)

Related party balances (continued)

Amounts owing to related parties

Amounts in Rand thousand	2025	2024
City of Johannesburg Metropolitan Municipality- Non current liabilities	2,031,980	2,045,184
City of Johannesburg Metropolitan Municipality - Current liabilities	2,392,728	2,188,950
City of Johannesburg Metropolitan Municipality - Leases: Current and non-current liabilities	-	1,429
City Power Johannesburg (SOC) Ltd	46,562	56,169
Johannesburg Roads Agency (SOC) Ltd	93,289	55,180
City of Johannesburg Property Company (SOC) Ltd	116,863	59,519
The Johannesburg Civic Theatre (Pty) Ltd	1,146	403
Johannesburg City Parks and Zoo (NPC)	-	19
	4,682,568	4,406,853

Related party

Sales to related parties

City of Johannesburg Metropolitan Municipality	786,764	685,738
Johannesburg City Parks and Zoo (NPC)	45,679	51,467
Johannesburg Social Housing Company (SOC) Ltd	73,671	94,435
Johannesburg Metropolitan Bus Services (SOC) Ltd	1,981	1,443
Pikitup Johannesburg (SOC) Ltd	11,786	20,539
Johannesburg Roads Agency (SOC) Ltd	3,625	6,500
City Power Johannesburg (SOC) Ltd	6,629	10,446
The Johannesburg Fresh Produce Market (SOC) Ltd	24,197	12,478
Johannesburg Civic Theatre (SOC) Ltd	26	24
	954,358	883,070

Purchases from related parties

City of Johannesburg Metropolitan Municipality	(311,144)	(294,404)
City Power Johannesburg (SOC) Ltd	(136,091)	(93,525)
Johannesburg Roads Agency (SOC) Ltd	(54,705)	(42,754)
City of Johannesburg Property Company (SOC) Ltd	(6,166)	(6,457)
Johannesburg Social Housing Company SOC Ltd	(1,217)	-
Johannesburg City Parks and Zoo (NPC)	(6)	(22)
Pikitup Johannesburg (SOC) Ltd	(3,139)	(3,489)
Johannesburg Metropolitan Bus Services (SOC) Ltd	(15)	-
Johannesburg Civic Theatre (Pty) Ltd	(2,122)	(1,081)
Johannesburg Metropolitan Bus Services (SOC) Ltd	-	(7)
	(514,605)	(441,739)

Interest on shareholder loans, finance leases, notional and sweeping accounts

Interest income on sweeping and notional accounts	(210,179)	(100,754)
Interest expense on shareholder loans and lease liability	247,403	235,649
	37,224	134,895

All transactions with group companies are conducted at arm's length.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. Directors' emoluments and other Key Management Personnel Remuneration

The emoluments paid to the directors, senior management and members of the independent audit committee is reflected hereunder.

Executive directors

2025	Basic Salary	Acting Allowance	Bonuses and Performance related payments	Leave, Travel and subsistence allowance	Contribution to pension funds and medical aids	Total
N Mukwevho	2,617	-	203	176	445	3,441
K Mahlaba	2,137	-	-	-	279	2,416
	4,754	-	203	176	724	5,857

i N Mukwevho (Managing Director) performance bonus payment relates to financial year 2022/2023.

2024	Basic Salary	Acting Allowance	Bonuses and Performance related payments	Leave, Travel and subsistence allowance	Contribution to pension funds and medical aids	Total
N Mukwevho	2,542	-	207	176	441	3,366
J Koekemoer	788	-	-	261	122	1,171
K Mahlaba	727	-	-	-	79	806
	4,057	-	207	437	642	5,343

i N Mukwevho (Managing Director) performance bonus payment relates to financial year 2021/2022

ii J Koekemoer (Financial Director) contract ended on 30 November 2023.

iii K Mahlaba (Chief Financial Officer) was appointed as Chief Financial Officer on the 1 March 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. Directors' emoluments and other Key Management Personnel Remuneration (continued)

Non executive directors

Services rendered as director of entity

Amounts in Rand thousand	2025	2024 Restated
D Majavu	270	-
S Mthembu**	-	-
*M Mashifane**	-	-
P Matjele	202	172
T Kutumela	214	-
K Mogoye**	-	-
M Makgonye	186	-
Z Meeleso	220	172
P Mabece	212	172
K Mokoena	152	-
*C Sambo	228	-
L Bernard	32	120
G Phakathi	-	76
*S Mnyani	32	180
P Modika	-	182
	1,748	1,074

Services rendered by independent audit committee members

B Nkosi	72	-
M Nkadimeng**	-	-
P Thobejane	8	-
B Mpangalasane**	-	-
M Masibi**	-	-
S Pooe	8	56
Z Tlale	8	88
C Sambo	8	88
	-	-
	104	232

* Non-executive directors who are members of the Audit and Risk Committee

** Members of the Board and Audit and Risk Committee who are not being remunerated as they are in the service of the state.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. Directors' emoluments and other Key Management Personnel Remuneration (continued)

Senior Management

2025	Basic salary	Acting Allowance	Bonuses and performance related payments	Leave, Travel and subsistence allowances	Contributions to pension funds and medical aid	Total
S Mathebula	1,446	-	146	215	224	2,030
R Gaveni	1,798	-	123	161	275	2,357
T Hlakoane	1,478	-	-	237	182	1,897
K Mabe	2,062	-	174	138	205	2,579
N Mabuza	1,656	-	145	-	219	2,020
G Phakathi *	1,610	-	-	132	282	2,024
	10,050	-	588	883	1,387	12,907

i S Mathebula performance bonus payment relates to financial year 2022/2023.

ii R Gaveni performance bonus payment relates to financial year 2022/2023.

iii K Mabe performance bonus payment relates to financial year 2022/2023

iv N Mabuza performance bonus payment relates to financial year 2022/2023

*G Phakathi was appointed as Chief Operating Officer on the 1 August 2024.

2024	Basic salary	Acting Allowance	Bonuses and performance related payments	Leave, Travel and subsistence allowances	Contributions to pension funds and medical aid	Total
D Kgware	573	-	172	215	74	1,034
S Mathebula	1,360	-	160	210	263	1,993
R Gaveni	1,679	-	172	-	258	2,109
T Hlakoane	1,351	-	85	120	152	1,708
K Mabe	2,066	-	186	-	145	2,397
N Mabuza	1,615	-	-	-	214	1,829
J Mnisi	-	77	-	-	-	77
C Tavarua	-	88	-	-	-	88
W Chitsa	-	31	-	-	-	31
	8,644	196	775	545	1,106	11,266

i D Kgware performance bonus payment relates to financial year 2021/2022 and his contract ended on 31 October 2023.

ii S Mathebula performance bonus payment relates to financial year 2021/2022.

iii R Gaveni performance bonus payment relates to financial year 2021/2022.

iv T Hlakoane performance bonus payment relates to financial year 2021/2022

v K Mabe performance bonus payment relates to financial year 2021/2022.

vi J Mnisi acted as Chief Operating Officer for the period 1 November 2023 to 30 April 2024.

vii W Chitsa acted as Chief Operating Officer for the period 1 May 2024 to 30 June 2024.

viii C Tavarua acted as Chief Financial Officer for the period 1 December 2023 to 28 February 2024.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. Comparatives Restated

Property Plant and Equipment - Assets under Construction

The prior year figures have been restated to reflect adjustments in the classification of property, plant and equipment Note 3. Certain assets were reclassified between asset classes to ensure accurate presentation in accordance with GRAP. These adjustments did not affect the total net assets of the entity but resulted in changes to the composition of PPE classes.

Statement of Financial Position

	As previously reported	Re-classification
Buildings	118,013	117,869
Plant and machinery	763,437	763,437
Furniture and fixtures	309	309
Computer equipment	4,937	5,622
Laboratory Equipment	1,751	1,751
Minor plant	124	124
Wastewater network	168,223	157,489
Water network	716,803	726,715
Computer software	4,608	3,154
Servitudes	-	1,735
	1,778,205	1,778,205

38. Prior period errors

38.1 Revenue from exchange transactions

The City of Johannesburg Metropolitan Municipality has recalculated the accrual value in relation to the 2023 and 2024 financial years. These transactions result in an adjustment to revenue for the 2023 and 2024 financial years as disclosed below. This has been accounted for as a prior period adjustment accordingly.

Amounts in Rand thousand	2024	2023
Impact on Statement of Financial Position		
Decrease in Consumer receivables: Exchange transactions	(14,130)	(26,132)
Impact on Statement of Financial Performance		
Decrease in revenue from exchange transactions	14,130	26,132
Impact on Statement of Changes in Net Assets		
Decrease in Net Surplus for the years	(14,130)	(26,132)

38.2 Employee leave liability

During the current financial year, a prior period error was identified in the accounting treatment of employee leave liability. In the previous year, forfeited leave was incorrectly deducted from the leave provision, despite already being reflected in the movement of the leave liability. This duplication resulted in both the leave liability and employee-related costs being understated in the financial statements for the year 2023 and 2024. The error has been corrected retrospectively in line with GRAP 3, and the comparative figures have been restated accordingly.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38.2 Employee leave liability (continued)

Amounts in Rand thousand	2024	2023
Impact on Statement of Financial Position		
Increase in Trade and other payables: Exchange transactions	(3,311)	(22,801)
Impact on Statement of Financial Performance		
Increase in Salaries and allowances	3,311	22,801
Impact on Statement of Changes in Net Assets		
Decrease in Net Surplus for the years	(3,311)	(22,801)

38.3 Review of useful lives

During the current financial year, a prior period error was identified relating to the application of useful lives in the depreciation calculation. The useful lives prescribed in the Asset Management Policy differed from those applied in the fixed asset register. This discrepancy resulted from the manual allocation of asset codes in the prior year, which led to inconsistent coding for similar components. As a result, depreciation and related outputs were misstated.

Amounts in Rand thousand	2024	2023
Impact on Statement of Financial Position		
Decrease in Property, plant and equipment	(2,041)	-
Impact on Statement of Financial Performance		
Increase in Operating expenses: Depreciation and amortisation	2,041	-
Impact on Statement of Changes in Net Assets		
Decrease in Net Surplus for the years	(2,041)	-

38.4 Cumulative Impact on Statement of Changes in Net Assets

The cumulative impact of the Statement of Changes in Net Assets as a result of the prior year adjustments listed above is as follows:

Amounts in Rand thousand	2024	2023
Impact on Statement of Changes in Net Assets		
Decrease/Increase in Net surplus for the year	(19,482)	(48,933)

38.5 Commitments

During the current financial year, it was identified that consultant commitments of R129 million were omitted from the prior year disclosures. In terms of GRAP 3, this omission is a prior period error. The prior year comparatives have been restated to include the previously omitted commitments. The restatement increases the disclosed commitments in the prior year but does not affect the total net assets of the entity.

Amounts in Rand thousand	2024 Restated	2024 Reported
Loans	-	398,955
Grants and subsidies	-	541,015
Own funding	-	4,801
Buildings	27,334	-
Plant and machinery	235,067	-
Wastewater network	137,195	-
Water network	674,381	-
Total	1,073,977	944,771

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38.6 MFMA disclosure

MFMA disclosure: Pension and Medical Aid

During the current financial year, a prior period error was identified relating to the accounting treatment of the medical aid and pension liability disclosed under the MFMA. In the previous year, an amount relating to the City of Johannesburg rates repayment was incorrectly classified as a pension liability. This misclassification has since been corrected in the current year's financial statements.

Amounts in Rand thousand	2024 Restated	2023 Reported
Pension and Medical Aid	386,539	394,080

39. Risk management Financial risk management

The entity's overall risk management program, in conjunction with the shareholder, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by a central treasury department at the shareholder under policies approved by the mayoral committee. The board of directors sanction a risk management policy which considers financial risk management within the organisation. The entity has no exposure to foreign exchange risk.

Liquidity risk

The entity's risk to liquidity is a result of the funds necessary to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilisation of borrowings facilities are monitored. The entity's funding is managed by the City of Johannesburg Metropolitan Municipality. The City of Johannesburg is responsible for borrowing of money in the open market through issuance of bonds as and when required. Due to the dynamic nature of the underlying businesses, the entity's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

39. Risk management Financial risk management (continued)

Liquidity risk (continued)

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans from Shareholders	943,492	562,528	1,368,454	834,651
Trade payables with shareholder	1,688,336	-	-	-
Finance lease obligation: Other	90,151	90,151	77,891	-
Trade payables with group companies	257,860	-	-	-
Trade and other payables: Exchange transactions	3,086,221	-	-	-
At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Loans from Shareholders	2,147,900	370,641	956,549	676,178
Trade payables with shareholder	1,479,516	-	-	-
Finance lease obligation: Shareholder	1,430	-	-	-
Finance lease obligation: Other	19,006	20,200	30,147	-
Trade payables with group companies	171,290	-	-	-
Trade and other payables: Exchange transactions	2,844,092	-	-	-

Interest rate risk

As the entity has no significant interest-bearing assets or liabilities subject to interest rate fluctuations, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

The entity's only interest-bearing assets or liabilities subject to interest rate fluctuations is the bank sweeping account with the shareholder. Other than this item, the entity's income and operating cash flows are substantially independent of changes in market interest rates. The table below illustrates the likely cash flow risk to the entity in the event the interest rate fluctuates. An increase / (decrease) in the interest rate at the reporting date would have increased / (decreased) the surplus by the amounts shown below.

Sensitivity analysis for interest rate risk	Current interest rate		
Financial instrument			
Bank sweeping (+1%)	7.34%	27,493	11,745
Bank sweeping (-1%)	-	(27,265)	(11,745)
Shareholder loan (Jibar Linked) (+1%)	12.52%	628	1,610
Shareholder loan (Jibar Linked) (-1%)		(625)	(1,601)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

39. Risk management Financial risk management (continued)

Credit risk

Credit Risk is the risk of financial loss to the entity if a customer fails to meet its contractual obligations. This arises ostensibly from the entity's Consumer Debtors: Exchange Transactions and Other Receivables. Management evaluates credit risk relating to these customers on an on-going basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Customers are grouped according to their credit characteristics, including but not limited to whether they are domestic, commercial or government accounts, geographic locations, ageing profile and payment history. Sales to customers are ordinarily settled in cash or using major credit cards. Further collateral security is obtained from customers either in the form of cash or demand guarantees. In addition, the entity also has minor exposure to credit risk with trade receivables from group companies and loans to shareholder. These are regarded as minor as they are controlled through a group intercompany process which attempts to ensure timeous settlement of these debts to avoid payment defaults and debt impairment on these items. The maximum exposure to credit risk is limited to the values disclosed in note 6, 7, 8. and 9.

Business Risk

The country's post pandemic economic performance and slow recovery rate is demonstrated internally through the underperforming revenue collection levels which remain below approved budget. The increased level of nominal services with the resultant higher costs of delivering the service is a tolerable risk of service delivery in responding to the pandemic with the emerging threats of new biological diseases remaining priority risk exposures to be mitigated. The development of a comprehensive business continuity plan is near completion to enable the entity to effectively respond to existing and emerging business risks internally or those external to the entity.

40. Supply Chain Management Regulations

40.1 Deviations from formal procurement processes

Category	Bid Committee	Quotations	Total Deviations
Emergencies	384,144	10,628	394,772
Sole Suppliers	56,339	5,390	61,729
Impracticality	51,534	23,195	74,729
	492,017	39,213	531,230

* The above values are inclusive of VAT.

The table above indicates instances where the entity has deviated from formal procurement processes. The entity's supply chain management policy and the Local Government Municipal Finance Management Act, 2003, as per Regulation 36(1) allows the Accounting Officer to dispense with the official procurement processes established, to procure any required goods or services through any convenient process which may include direct negotiations or price quotations in the following instances:

- Emergencies - where immediate action is necessary to avoid a dangerous or risky situation or misery or disaster
- Sole suppliers - where such goods or services are produced or available from a single provider only
- Any other exceptional cases where it is impractical or impossible to follow the official procurement processes

It is further noted that the deviations referred to above have been ratified by the Accounting Officer on a monthly basis and the appropriate reasons recorded, where officials or bid committees acted in terms of delegated powers which are purely of a technical nature. In terms of regulations, all these deviations have been reported to the board of directors.

The above values are inclusive of VAT.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. Supply Chain Management Regulations (continued)

The table above indicates instances where the entity has deviated from formal procurement processes. The entity's supply chain management policy and the Local Government Municipal Finance Management Act, 2003, as per Regulation 36(1) allows the Accounting Officer to dispense with the official procurement processes established, to procure any required goods or services through any convenient process which may include direct negotiations or price quotations in the following instances:

- Emergencies - where immediate action is necessary to avoid a dangerous or risky situation or misery or disaster
- Sole suppliers - where such goods or services are produced or available from a single provider only
- Any other exceptional cases where it is impractical or impossible to follow the official procurement processes

It is further noted that the deviations referred to above have been ratified by the Accounting Officer on a monthly basis and the appropriate reasons recorded, where officials or bid committees acted in terms of delegated powers which are purely of a technical nature. In terms of regulations, all these deviations have been reported to the board of directors.

Total deviations of R531.2 million (2024: R224.1 million) for the period under review predominantly comprises of: Supply and delivery of mechanical couplings; Supply and Delivery of HDPE pipes and fittings within the Johannesburg Water Depots; supply and delivery of steel pipes and fittings; Construction of dedicated pipeline in Phumlamqashi; Supply and Delivery of Stainless-Steel Clamps; Provide specialised tactical response service, escort services, respond to alarm activation and conduct patrols; hire of mechanical plant; Provision of desludging services of ventilated improved Pit-latrines (VIPS) or conservancy/septic tanks and Two River Estate, Sjampamje Bridge, and River Bend River Crossing emergency sewer pipe replacement.

40.2 Procurement of goods and services from another organ of state

Regulation 32 allows for the procurement of goods and services under a contract secured by another organ of state, through a competitive process.

Organ of State	Tender number	Tender /Number	2025
National Treasury	RT15-2021	Provision of GSM data services for a period of twenty-four (24) months.	20,430
National Treasury	RT57-2022	Supply and Delivery of Sedan, Light and Heavy Commercial Vehicles, Busses, Motorcycles, Agricultural Tractors, Construction Plant and Equipment.	33,017
National Treasury	RT57-2022	Supply and Delivery of Sedan, Light and Heavy Commercial Vehicles, Busses, Motorcycles, Agricultural Tractors, Construction Plant and Equipment.	28,603
			82,050

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. Supply Chain Management Regulations (continued)

40.3 Bids awarded to family of employees in service of the state

In terms of Regulation 45 of the Municipal Supply Chain Management Regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the financial statements. The following is a list as recorded in the declaration-of-interest form.

Name of Company	Director	Connected Person (Employee of the state)	Relation to Director	Organ of State	Position held by employee	Contract Value Awarded 2025
Moodie and Robertson	T Lethetsa	M Lethetsa	Spouse	City of Johannesburg	Group Treasury- Assistant Director- Capital Market Dealer	153
Amre Engineering Services (Pty) Ltd	PR Mathebula	WM Mathebula Spouse	Spouse	National Department of Health	Personal Assistant	1,371
Enzani Technologies (Pty) Ltd	LM Nxumalo	C Nene and B Nxumalo	Sister and Spouse	PRASA and Eskom	Regional Electrical Engineering and Generation Executive	538
Ducharme Asset Management and Account	L Mbekeni	L Mbekeni	Spouse	Department of Rural Development and Land Reforms	Senior Legal Admin Officer	496
Zutari (Pty) Ltd	TBI Margo	B M Ehrenreich	Brother	Transnet National Port Authority	Civil Engineer	0
	J Ndala	TJ Ndala	Spouse	Gauteng Department of Education	School Principal	3,426
*Sanfana 2001 Pty) Ltd	S Ngwenya	NP Ngwenya	Spouse	Gauteng Department of Human Settlements	Deputy Director General: Monitoring and Evaluation	54,855
						60,839

*The award to the service provider was based on a rate structure, and as such, the contract value at inception could not be determined. The value stipulated is based on expenditure to date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

41. Irregular and fruitless and wasteful expenditure

41.1 Irregular expenditure

Amounts in Rand thousand	2025	2024 Restated
Opening balance as previously reported	1,759,327	2,584,990
Correction of prior period error	-	108,507
Opening balance as restated	1,759,327	2,693,497
Irregular expenditure identified and incurred in the current year	17,798	38,455
Irregular expenditure identified in prior years, incurred in the current year	114,410	197,206
Irregular expenditure – overspending of approved budget	140,262	981,823
Amount written off	(1,744,014)	(2,151,654)
	287,783	1,759,327

Details of all items disclosed in the above table are available and managed on the entity's register containing the same.

Details of prior period errors

The error was as a result of incorrect recording of the irregular expenditure that

was originally detected and declared in prior periods. These have now been corrected as a prior period error.

-	108,507
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Incidents identified in the current year include those listed below:

Non-compliance with PPR, 2017 Regulations

-	6,536
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Non-compliance with MFMA SCM Regulation 36

-	31,916
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Non-compliance with MFMA Regulation 19

16,806	-
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Non-compliance with MFMA Regulation 18

175	-
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Non-compliance with section 95(e) of the MFMA

817	-
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Total

17,798	38,452
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Cases under investigation

By 30 June 2025, 14 cases (2024: 19 cases) related to non-compliance with the

Municipal Finance Management Act (including regulations and entity policies) were under investigation.

81,175	320,706
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Overspending on approved budget

Non-cash items - Operating expenditure

119,033	644,006
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Cash items - Operating expenditure

-	337,817
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Cash items - Capital expenditure

21,229	-
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Total

140,262	981,823
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Amounts written off

After the completion of the investigations, the JW Board adopted the recommendation to write off an amount from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

1,744,014	2,151,654
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

41. Irregular and fruitless and wasteful expenditure (continued)

41.2 Fruitless and wasteful expenditure

Details of all items disclosed in the above table are available and managed on the entity's register containing the same.

Reconciliation of fruitless and wasteful expenditure

Amounts in Rand thousand	2025	2024 Restated
Opening balance as previously reported	5,280	1,112
Fruitless and wasteful expenditure in current year	3,592	4,168
Reversal	(376)	-
	8,496	5,280
Details of fruitless and wasteful expenditure		
Interest and penalties	3,592	4,168

42. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Opening balance	-	-
Current year subscription / fee	7,981	7,354
Amount paid - current year	(7,981)	(7,354)
Amount paid - previous years	-	-
	-	-

PAYE and UIF

Opening balance	22,652	19,307
Current year subscription / fee	339,650	285,771
Amount paid - current year	(311,183)	(263,119)
Amount paid - previous years	(22,652)	(19,307)
	28,467	22,652

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	421,183	386,539
Amount paid - current year	(421,183)	(386,539)
	-	-

VAT

VAT receivable	265,319	90,923
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Skills Development Levy

Amounts in Rand thousand	2025	2024 Restated
Opening balance	1,118	1,017
Current year subscription / fee	15,390	13,836
Amount paid - current year	(14,096)	(12,718)
Amount paid - previous year	(1,118)	(1,017)
	1,294	1,118

43. Change in accounting estimates

Property, plant and equipment

In the current year, the entity has reassessed the useful lives and residual values of property, plant and equipment which resulted in certain assets remaining useful lives revised to 3 years. The effect of this revision has decreased the depreciation charge for the current and the future period by R18.861. The change in estimate affected all the classes of property, plant and equipment per disclosure note 3.

Debtors impairment provision

During the financial year ended 30 June 2025, Johannesburg Water revised its methodology for calculating impairment provisions for consumer debtors. The change was implemented to enhance compliance with the principles of GRAP 104 – Financial Instruments, improve alignment with observable payment trends, and strengthen the accuracy and auditability of the provision calculation by factoring in a risk based impairment calculation and incorporate the fact that not all debt is collected as initially expected thus resulting in a truer accurate reflection of carrying values at year end. This change in estimate has been applied prospectively in accordance with GRAP 3 – Accounting Policies, Changes in Accounting Estimates and Errors.

As a result of the revised impairment methodology, the impairment provision increased from R27.394 billion in the prior year to R32.587 billion at 30 June 2025, reflecting a net increase of approximately R5.193 billion.

Total trade receivables increased from R31.375 billion at 30 June 2024 to R36.234 billion at 30 June 2025.

44. Contingent Liabilities

The entity is subject to various legal and contractual claims that may result in future obligations. Specific details have been withheld in order to avoid prejudicing the entity's legal position. The contingent liabilities are summarised below. All amounts are stated in Rand thousands and include VAT:

- 44.1 The plaintiff's claim relates to alleged failure to reimburse the first plaintiff with reasonable costs for the upgrade and repair of water infrastructure. The alternative claim relates to a claim for enrichment in the same amount. The outcome remains uncertain, and the matter is at pre-trial stage. Legal proceedings are ongoing. The total amount claimed is R5,487.
- 44.2 A claim of R322 has been instituted for damages to fibre cables. Although an appeal was successful, the matter was referred back for condonation proceedings. The claim has not prescribed, and the final legal outcome is pending.
- 44.3 A claim for R6,364 is being pursued against Johannesburg Water for alleged overbilling and penalties relating to industrial effluent. Pleadings are closed and pre-trial procedures are ongoing, including court-mandated mediation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. Contingent Liabilities (continued)

- 44.4 A civil suit has been lodged relating to burn injuries sustained by a Johannesburg Water employee following an electrical explosion. Johannesburg Water is defending the matter. The plaintiff is seeking reimbursement of the amount of R11,500.
- 44.5 The Plaintiff instituted a claim for damages suffered allegedly because of maintenance work on a burst pipe abutting the Plaintiff's property, damaging the boundary wall, paving and electrical fence. The COJ's insurer repudiated the claim. The matter is still pending before the Magistrate's Court. The Plaintiff is seeking reimbursement of R23.
- 44.6 The Plaintiff issued summons against Johannesburg Water for damages arising from an alleged tacit agreement between the parties in which Johannesburg Water is alleged to have agreed to compensate the plaintiff for additional distances travelled beyond the estimated distances in the tender document and an alleged agreement to extend the main agreement by 12 months. Mediation proceedings have commenced. The plaintiff is seeking reimbursement of the amount of R171,391
- 44.7 The Plaintiff issued summons against Johannesburg Water for an alleged failure to inform a tenderer that they have been awarded a tender. Johannesburg Water has filed an exception to the plaintiff's pleadings. The matter remains in litigation. The plaintiff is seeking reimbursement of R109,231
- 44.8 The Plaintiff issued summons against Johannesburg Water for damages against property which they allege are as a result of negligence and filed its intention with the High Court. Pre-trial consultations and interdepartmental engagement are ongoing. The plaintiff is seeking reimbursement of R422.
- 44.9 A Labour Court matter concerning alleged gender-based discrimination has been instituted with a claim amount of R1,706 . The matter was heard on 3 July 2025 and judgment has been reserved.
- 44.10 A civil claim of R34 has been instituted for vehicle damage allegedly caused by a sunken manhole. Johannesburg Water has raised procedural and substantive defences. The matter is pending.
- 44.11 A claim of R817 was lodged following alleged damage to internet infrastructure during emergency works. A default judgment was opposed successfully, and the matter remains under litigation.
- 44.12 A claim of R16,796 was instituted for contract price adjustment, outstanding operational payments, and loss of profit relating to a wastewater treatment works project. Arbitration proceedings are underway regarding the claim. Special pleas were heard and decided in the claimant's favour in May 2025. The merits hearing is scheduled for November 2025.
- 44.13 Johannesburg water terminated the contract, resulting in the claimant treating the termination as a repudiation, which it accepted, thereby cancelling the contract. On 17 April 2025, the claimant referred the matter to arbitration and nominated three arbitrators; however, Johannesburg Water did not agree to the nominations. The appointment of an arbitrator remains outstanding, and the dispute is still unresolved. The value of the claim is not known at this stage as pleading in the arbitration has not commenced.

The aggregate amounts for the claims are as follows:

Amounts in Rand thousand	2025	2024 Restated
Claims for damages	13,118	11,523
Claims for reimbursements	310,975	291,479
	324,093	303,002

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

45. Contingent Assets

The entity is pursuing various legal and contractual claims that may result in future economic benefits. Specific details have been withheld in order to avoid prejudicing the entity's legal position. The contingent assets are summarised below. All amounts are stated in Rand thousands and include VAT:

Johannesburg Water instituted action for the recall of a guarantee under Contract JW13518RR (Diepsloot Sewer Pipeline). The claim amounts to R6.189. The matter is proceeding to trial, and pleadings are closed.

A second guarantee recovery matter under Contract JW14289 (Woodmead Reservoir) has been instituted, with a claim amount of R9.485. The matter is ongoing, and pleadings are closed.

Amounts in Rand thousand	2025	2024 Restated
Contingent Assets	15,674	-

46. Segment Reporting Information

2025	Water	Sanitation	Unallocated	Total
Revenue				
Statement of Financial Performance				
Revenue from exchange transactions	10,374,083	7,610,457	87,931	18,072,471
Water inventory expensed	(5,744,117)	-	-	(5,744,117)
Water losses	(2,822,042)	-	-	(2,822,042)
Revenue from non -exchange transactions	463,264	323,301	630,175	1,416,740
Operating expenditure	(998,136)	(1,350,472)	(1,444,211)	(3,792,819)
Debt impairment	(3,301,060)	(1,211,383)	(422,748)	(4,935,191)
Impairment of Property, plant and equipment	(51,742)	(21,496)	-	(73,238)
Impairment reversal	16,692	-	-	16,692
Depreciation	(265,320)	(174,232)	(89,471)	(529,023)
Investment revenue	264,209	221,379	3,612	489,200
Finance costs	(138,106)	(138,106)	-	(276,212)
Surplus/(deficit) for the year	(2,202,275)	5,259,448	(1,234,712)	1,822,461

Unallocated relates to items that could not be allocated reasonably between water and sanitation.

2024	Water	Sanitation	Unallocated	Total
Revenue				
Revenue from exchange transactions	10,068,227	6,980,881	4,235	17,053,343
Water inventory expensed	(5,509,993)	-	-	(5,509,993)
Water Losses	(2,900,501)	-	-	(2,900,501)
Revenue from non-exchange transactions	232,034	193,464	602,053	1,027,551
Operating expenditure	(980,837)	(1,562,842)	(1,316,011)	(3,859,690)
Debt impairment	(3,258,623)	(1,125,290)	1,303	(4,382,610)
Impairment of property, plant and equipment	(16,692)	-	-	(16,692)
Depreciation	(286,288)	(124,964)	(56,928)	(468,180)
Investment revenue	222,457	172,834	255	395,546
Finance costs	(118,017)	(118,017)	-	(236,034)
Surplus/(deficit) for the year	(2,548,233)	4,416,066	(765,093)	1,102,740

Unallocated relates to items that could not be allocated reasonably between water and sanitation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

47. Reconciliation of budget and actual information

Differences between budget and actual amounts on the basis of presentation

The budget and actual amounts are both on the accrual basis of accounting. The classification of budget information is based on the uniform guidelines provided by the parent company. The following aggregation was applied to actual information to align to the budget classification.

Service charges - Water	Refer to the sale of water in note 25
Service charges - Wastewater management	Refer to rendering of sanitation services in note 25
Interest earned from receivables	Refer to interest on customers in note 30
Sale of Goods and rendering of services	Refer to other in note 25 and developer funded network and bulk contributions received in note 26.
Interest earned from receivables - Intercompany	Refers to note 30, interest earned - sweeping account
Employee related costs	Refer to employee costs in note 29 less the COID insurance included under operating expenditure intercompany .
Debt impairment	Refer to allowance for debt impairment in note 28
Depreciation and asset impairment	Refer to depreciation, amortization and impairment on property plant and equipment in note 28
Interest	Refer to note 31 less amount included as intercompany which relates to the loans from shareholder.
Other losses	Refer to water losses in note 5
Inventory consumed	Refer to cost of inventory expensed as disclosed in note 5 with the exception of water losses.
Transfers and subsidies - Capital (monetary allocations)	Refer to all government grants in note 26

The following expenditure is included under operating expenditure - inter company

Amounts in Rand thousand	2025	2024 Restated
Insurance :Coid - disclosed under employee cost in note 29	9,658	10,090
Fleet and non-motor insurance disclosed under insurance in note 28	85,405	103,650
COJ Service fees disclosed under note 28 - contractors metering and revenue services	310,141	293,278
Sap Maintenance License- disclosed under note 28 information technology expenses	12,000	12,000
Training fees MFMA - disclosed under training	290	-
	417,494	419,018

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

47. Reconciliation of budget and actual information (continued)

Amounts in Rand thousand	2025	2024 Restated
Contracted services include the following categories		
Basic sanitation and chemical toilets	132,290	153,927
Operating lease #	83,977	150,084
Contractors maintenance service #	70,983	107,052
Sewer system charges	26,383	226,627
Vacuum tankers	132,926	180,446
Water tankers	131,968	165,535
Reinstatements	55,134	55,187
Mobile plant by contract	43,646	43,239
Other expenses #	27,746	2,635
Consultants fees	66,378	34,416
Contractors meter reading	23,011	22,676
Utilities	11,443	-
Fuel and oil	48,418	60,622
Information technology expenses #	6,856	2,091
Security #	125,059	115,415
Legal fees	19,085	5,622
Sludge disposal	12,219	1,558
Loss on disposal of property, plant and equipment	1,916	-
	1,019,438	1,327,132

Refers to line items that include contracted services and other expenditure within the same category. Other expenditure includes all other expenditure not categorised above.





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