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JOHANNESBURG WATER SOC LIMITED

Registration No: 2000/02927/07

ANNUAL REPORT

2010/2011

(In terms of Section 121 of the
Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

**APPROVED BY THE
BOARD OF DIRECTORS
ON 6 DECEMBER 2011**

JOHANNESBURG WATER SOC LIMITED

COMPANY INFORMATION AS AT DATE OF SIGNATURE OF THIS REPORT

Country of incorporation and domicile	South Africa
Nature of business and principle activities	Supply of water services as defined in the Water Services Act, 1997
	Directors M van Rensburg (Chairperson) M Padiaychee (Acting Managing Director) N B Mabuya N A Macleod N Govender N Skeepers M Msezane C Tilly T Modipane (Resigned 27 June 2011) G Dumas (Retired 20 September 2011 as a director and resigned as Managing Director on 31 October 2011)
Registered office	17 Harrison Street Marshalltown Johannesburg 2107
Business address	17 Harrison Street Marshalltown Johannesburg 2107
Postal address	P O Box 61542 Marshalltown Johannesburg 2107
Holding company	The City of Johannesburg Metropolitan Municipality
Bankers	Absa Bank Limited
Auditors	The Auditor-General
Company Secretary	G J Luden
Company registration number	2000/029271/07
Attorneys	Moodie & Robertson

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SECTION ONE

INTRODUCTION AND CORPORATE PROFILE

Corporate Profile and Overview of the Entity

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

JW is a municipal entity wholly owned by the City of Johannesburg and is mandated to provide water and sanitation services to the residents of Johannesburg.

The entity supplies water and sanitation 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. It operates in six regions with ten network depots and six wastewater treatment plants. The map overleaf depicts the operational area of JW.

The entity supplies some 750 000 domestic, commercial and industrial customers and serves an estimated consumer base of 3,8 million people.

The entity employs approximately 2 400 people and through a water network of about 11 000 km of distribution pipes and over 100 reservoirs and water towers, reticulates water to consumers. JW also collects wastewater through an 11 000 km wastewater network.

Water purchases amount to 1 367 MI/day from Rand Water and 970 MI/day of sewage is treated.

Vision

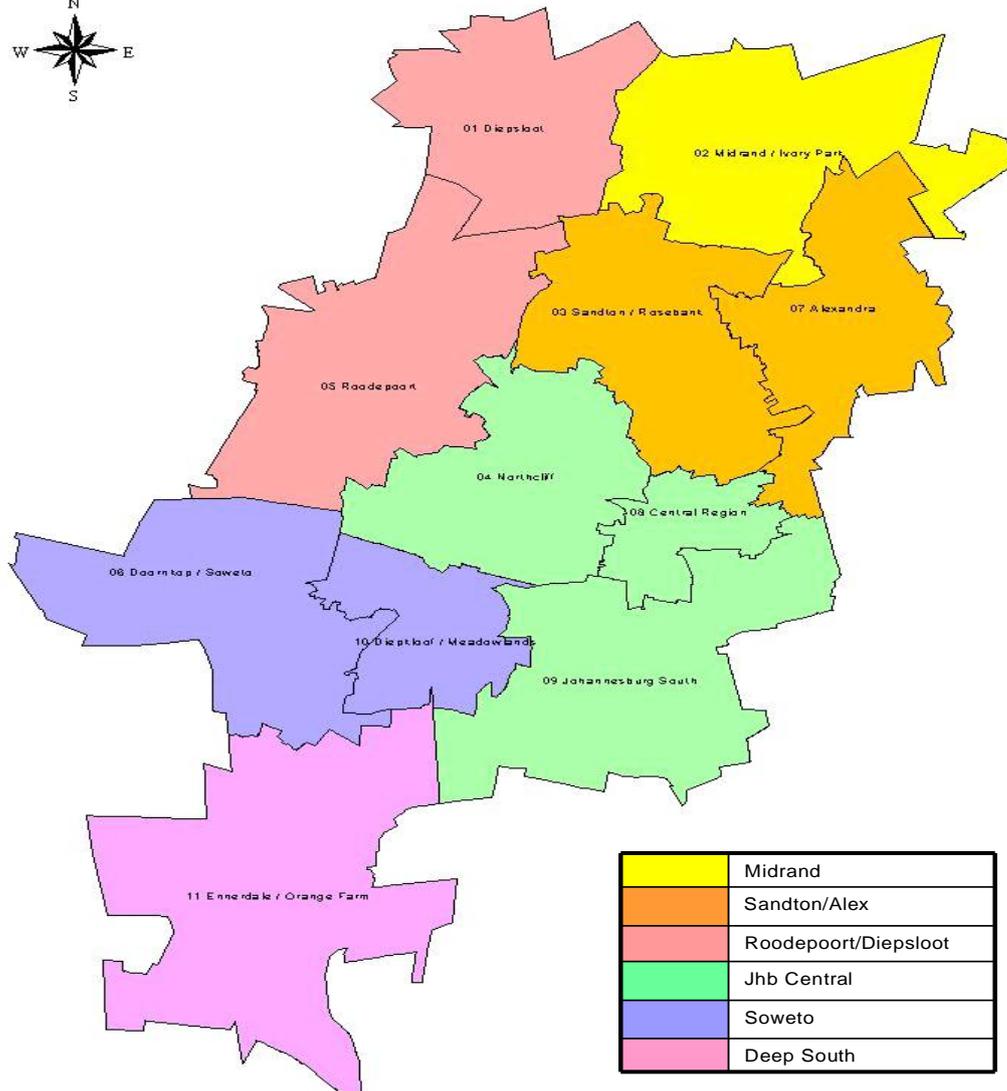
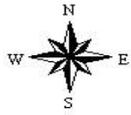
To become the leading water utility in South Africa.

Mission

To provide all residents of Johannesburg with access to quality water and sanitation services, Johannesburg Water will:

- Deliver a sustainable, affordable and cost effective service
- Upgrade services in low income areas
- Create a customer focused culture
- Build capacity through the development of our employees
- Safeguard the health and safety of Johannesburg Water employees, contractors and the general public
- Improve the protection of the environment

Johannesburg Water Regions



Strategic Objectives

The strategic objectives of JW are informed and aligned to the mayoral priorities and strategic thrusts. These priorities will ensure -

- **The enhancement of customer service, improvement of basic service delivery and provision of free basic services**

Progressive improvement in service delivery will involve the reduction of basic water and sanitation backlogs in the informal settlements. This will be in alignment with both National and City commitments. The entity will ensure that the water and sanitation networks are maintained for optimal service delivery to the community and that response times to water pipe bursts and sewer blockages are within the agreed turnaround times. The allocation of Free Basic Water to poor households and those with special needs will be catered through the Expanded Social Package.

- **The management of key projects that are of a strategic nature**

Infrastructure development, renewal and rehabilitation projects will be implemented with the primary aim of ensuring uninterrupted and sustainable delivery of water and sanitation services. The entity will continue to ensure that its operations are managed and maintained in a manner that will ensure the health and safety of employees, contractors and the general public and will promote the protection of the environment.

- **Human capital development and consolidation of HIV and AIDS initiatives and ensuring the well-being of employees**

JW has formulated human resource strategies that will ensure that the entity becomes an employer of choice. The strategies focuses on interventions that target the procurement, development and retention of scarce and value adding skills, and continuous competency training and development opportunities for staff in order to ensure an effective workforce that is managed for optimal performance. The entity has adopted a holistic approach in dealing with the organisational well-being of staff in the workplace. The reinforcement of HIV and AIDS awareness programmes will be enhanced and complemented by comprehensive voluntary counselling and testing programmes for these and other diseases such as tuberculosis, diabetes and hypertension. Enhancing of the employee assistance programmes (EAP) will be supported by the entity's encouragement and support for all its employees to be medically insured.

- **Financial sustainability, economic development and job creation**

JW will, on the back of the gains achieved in the implementation of the financial turnaround strategy, consolidate on the successes achieved while moving towards a service delivery strategy and still maintaining its focus on cost containing measures, including the reduction of unaccounted for water (UFW) through: the installation of prepaid meters in deemed consumption areas; increasing revenue through the improvement of billing by data cleansing and the improvement of meter reading in conventional metered areas, water mains pipe replacement programme, reduction of high water pressure during low demand periods of the day to reduce leaks and unnecessary pipe bursts, leak detections and the conventional meter replacement programme. Operational efficiencies will be identified with the primary purpose of containing costs. Through Infrastructure Upgrade and Renewal programme, the entity will ensure a reduction in both water purchase and unaccounted for water (UFW) and this will have a positive impact on the bottom line. JW will ensure the successful roll out of Infrastructure Upgrade and Renewal programme and promote local economic development and job creation. The entity will link all capital projects to job creation in line with the Expanded Public Works Programme (EPWP) which entails the utilisation of local labour which enhances their life-long skills and supports the local suppliers.

- **Sustainable development through the protection of the environment and the adoption of relevant technologies to ensure prolonged utilisation of assets**

JW will implement initiatives that will ensure the pursuit of environmental sustainability through adoption of technological and strategic solutions that conserve communal and non-renewable resources. The entity will continually implement resource conserving programmes that include the compliance with existing environmental legislation and the effective management of the environment, demand side management and the adaptation of new innovative, locally relevant and appropriate technologies that enhance service efficiencies and quality improvement. At operational level the entity will pursue an asset management strategy that will ensure effective benefit of assets.

SECTION TWO

LEADERSHIP REPORTING

Member of the Mayoral Committee

The Infrastructure and Services Portfolio was overseen by me towards the end of the financial year after the April 2011 local government elections. Credit is gladly given to my predecessor, Councillor Christine Walters MMC during whose tenure the successes of Johannesburg Water were overseen by her and her department.

Leadership focused on three of the main service delivery areas in the City, namely: solid waste, electricity and lastly, and most importantly, water and sanitation.

Under Councillor Walters' oversight and guidance JW delivered on its business imperatives. The Company attained an overall performance score of 105.16%. The centrepiece of the business plan was the balanced scorecard (BSC) that aligned the business imperatives of the company, the City's ruling party election manifesto, the City's Growth and Development Strategy, the City's Integrated Development Plan (IDP) and lastly the Infrastructure and Services Department's Sector Plan.

Councillor Walters MMC built a strong working relationship within her department, the Section 79 Committee and JW in forging more outcomes based service deliverables. Emphasis is placed on water and sanitation backlog reductions.

During my short tenure towards the end of the reporting year I saw the finalisation of the Business Plan 2011/12, as well as preparation of the five year Integrated Development Plan which would inform the business planning processes from 2012.

I look forward to again leading the Infrastructure and Services Department and working with Johannesburg Water in serving the community.

Councillor Roslynn Greeff MMC

Chairman's Foreword

The implementation of the financial turnaround strategy was successfully completed at the end of the 2006/7 financial year. The need for a shift in strategic focus and a service delivery turnaround strategy was developed. The following strategic priority drivers and service delivery objectives were identified:

Strategic driver	Strategic service delivery objective
Financial	<ul style="list-style-type: none"> • Financial sustainability to maintain and expand services
Customer	<ul style="list-style-type: none"> • Improved access to water and sanitation • Improved customer responsiveness • Ensure quality of water and treated sewage
Internal processes	<ul style="list-style-type: none"> • Manage environmental sustainability via reduction of water demand and impact of spills from wastewater works • Reliable and sustainable infrastructure by investing in <ul style="list-style-type: none"> ○ upgrade and rehabilitation programmes ○ capacity expansion programmes
Learning and growth	<ul style="list-style-type: none"> • Development of scarce skills via engineering and technical • Economic empowerment via supply chain initiatives

The strategic objectives are aligned to the Mayoral Priorities GDS, IDP and City Scorecard.

Detailed reporting is included in the **section three** (Performance) and **section five** (Integrated sustainability report) of this Annual Report and only key aspects are highlighted here.

Financial sustainability focused on billed revenue, profit before tax, unaccounted for water and revenue collection. Billing and revenue collection was managed by the City of Johannesburg for the financial year under review.

- Billed revenue for the year amounted to R4.6b, which though slightly below target, exceeded last year's performance (before prior year adjustments) by 15.5%. The tariff increase applicable to the year under review was 14.1%.
- Profit before tax for the year of R385 million was significantly better than target and recorded an improvement on last year of R134 million. The increased revenue and well managed expenditure are the key contributors.
- The target for the reduction in Unaccounted for Water (UFW) was not met. Johannesburg Water achieved 39% vs. a target of 34%.
 - It should be noted that 39% is an estimate as the information to calculate the UFW in the deemed consumption areas are not available from the system implemented by the City. The UFW in metered areas is an acceptable 22% and could be determined with accuracy. In the un-metered (deemed areas) the UFW level is estimated at 83.8% based on a very low level of confidence on the accuracy.

- The Infrastructure Upgrade and Renewal Project (IURP) in Soweto that was suspended in May 2008, was finally resumed in the current financial year after a favourable ruling by the Constitutional Court. The roll out of the project, including addressing the issue of vandalism of infrastructure in areas where prepayment meters have been installed, commenced in September 2010 and has gained momentum over the months.
- The IURP has a direct and significant impact on the UFW in the deemed consumption areas, and the 83.8% is expected to reduce to acceptable levels on completion of the project by 2013.
- Although profitability of the Company was maintained, cash generation was negatively impacted. Johannesburg Water has experienced a critical decline in the collection of revenue billed, since the Revenue, Customer relations and Credit control function was migrated to the City of Johannesburg in January 2010. This has severely impacted the cash flow of the Company and poses a huge risk to the continued financial sustainability of the organisation if not urgently addressed.

Customer queries were not received timeously by Johannesburg Water for most of the year under review. This was due to the lack of functionality of the new system implemented by the City. Consequently the backlog in unresolved technical and revenue queries increased drastically.

- A mini call centre was established at Johannesburg Water in order to manage the crisis, and technical queries have reduced significantly as a result.
- Another consequence is an increase in the allowance for debt impairment which increased from R3.3 billion in 2010 to R4.5 billion in 2011. This allowance is expected to continue to increase until the revenue collection issues are permanently resolved at the City of Johannesburg. The overall payment level for the company for the year under review was a disappointingly low 78.6% (2010: 83.5% and 2009: 86%).

Access to basic services saw the achievement of percentage coverage of 97.76% against a target of 97.76% for water and 91.08% against a target of 91.13% for sanitation. The number of households below LOS1 (Backlog) is 26,091 for basic water and 104,240 for basic sanitation. However, access is provided through nominal services, it is not an acceptable and sustainable long term solution. . A key constraint to provide services in this area is the lack of appropriate planning and housing development which resort under the mandate of Provincial Government. The formalisation of informal settlements initiative brings another set of challenges as the sanitation solutions implemented is not suitable for extended long term use. Progress on this Millennium Development Goals is fragile and must be sustained to avoid reversal

The **quality of potable water** distributed through the water networks and water tankers continues to exceed the national quality standard. It gives me great pleasure to report that this endeavour has earned the company recognition through the Blue Drop Certification awarded by the Department of Water Affairs. Johannesburg Water was ranked number one in the country for this achievement.

Due to funding constraints the required investment in waste water treatment plant was delayed. The impact of this was that Johannesburg Water received a Green Drop certification for only 4 of the 6 wastewater treatment works in comparison to 2009 where all works were certified.

The value of **infrastructure** for development and economic growth cannot be underplayed. Given the fact that South Africa is ranked amongst the 30 driest countries in the world, recent economic growth in the country coupled with rural to urban migration has led to an increased demand for water. This results in increased pressure on the existing infrastructure development which is dependant on infrastructure maintenance, rehabilitation, upgrade and expansion. The Asset Management Programme commenced in 2008/09 with the appointment of consultants for the development of an Infrastructure Asset Management Plan (IAMP) in conformance with the guidelines as set out by the Municipal Finance Management Act (MFMA). Phase 3 was completed in the 2011 financial year. The implementation of the plan will assist in reducing the frequency of infrastructure failure thereby phenomenally reducing service interruptions resulting from sewer and water blockages and bursts. Since 2008, 3 of 5 phases have been completed.

As a Board we are however concerned that the required funding to maintain and repair the infrastructure is severely constrained. This is leading to a situation where the historical shortage of funding over the past 10 years amounts to R3 000 million. Should we look forward to the investment required in the next 5 years, this is growing to an amount of circa R7 000 million.

From a **Learning and Growth** perspective we report that there was a reduction in the turnover for scarce and skilled staff such as engineers and artisans. The development programs for staff and students are delivering results. Of the bursaries to 19 students, 16 are enrolled for Civil Engineering related studies. The recommendations of the Employee Satisfaction Survey are being implemented from July 2011, this include amongst other leadership training and coaching. An Employee Wellness unit have been established which plays a key role in addressing the HIV and AIDS challenges.

Johannesburg Water received a **qualified audit opinion** in the 2010 financial year based on the accuracy of the accrual due to revenue not billed, journal entries which attempted to correct the billing that could not be verified which resulted in inaccurate consumer debtor balances. The management and control of these functions were transferred to the City of Johannesburg as part of the customer migration project. Interventions and actions taken by Johannesburg Water and the City of Johannesburg regarding the shortcomings identified during the past year are starting to show progress. On request by the Leadership from the City the Managing Director of Johannesburg Water was seconded to the City as Acting Executive Manager Revenue and Customer Services from mid March 2011. This was to provide much needed leadership and value chain knowledge from service delivery perspective.

In the year under review the qualification was limited to the reconciliation of data received from meter readers (which is submitted to the City for billing after quality

control by Johannesburg Water) and the meters actually billed. The differences as identified through the audit process was quantified by the Revenue department of the City, and based on an extrapolation amounted to R11million. . This amounts to 0.24% of the total revenue of R4.6 billion. However, the information was not presented to the Auditor General prior to 30 November 2011, and was thus not subjected to audit. The impact of this was that the Auditor General could not satisfy themselves on the completeness of revenue and the resultant impact on Consumer Debtors.

The urgency to resolve this problem has been highlighted to the Revenue Department of the City since the migration of the billing functions. With the signed Service Level Agreement in place between Johannesburg Water and the Revenue Department of City it will create the opportunity to enforce performance.

The phrasing of the statement in clause 19 of Auditor General's report relating to the meter reading reconciliations not performed was questioned by the Board. The opinion is not based on work done in this regard and did not include a review of all other steps taken by the Accounting Officer to address this shortcoming. We understand that this is a standard clause used by the Auditor General.

As a Board, my fellow Directors and I are committed to the highest standards of corporate governance. This is done as part of our ongoing decision-making process. By embedding strong governance into our routine processes, we are doing our utmost to secure the future wellbeing of the Company. The Corporate Governance practices of the entity are reviewed and improvements effected periodically, where deemed necessary.

I take this opportunity to express my gratitude to the Shareholder and the Board for the leadership provided and the support from all the staff at Johannesburg Water for the good results accomplished. I also wish to thank the Executive Management for their commitment and efficient management of the strategy implementation process and service delivery. A special word of gratitude to Gerald Dumas who was willing to take up the challenge to be redeployed to the Revenue and Customer Service Department of the City and to Manu Padiaychee who took on the responsibility of Acting Managing Director whilst retaining some of the responsibilities of the financial director role.

Martie Janse van Rensburg
Chairman of the Board

Board of Directors

NAME OF BOARD MEMBER	QUALIFICATIONS	OTHER DIRETORSHIPS	SKILLS AND EXPERTISE
Martie van Rensburg, Chairman (54)	B Comm, B Compt Hons, Chartered Accountant (SA), Executive Development Programme (Stanford)	Airports Company of South Africa, SOC Ltd NMI Group,of Companies Denel SOC Ltd Headstream Water Holdings (Pty) Ltd Member of First Rand Bank Credit Committee (domestic)	Independent consultant in governance, water, financial, funding and institutional arrangements and institutional transformation related areas
Gerald Themba Dumas (60) (Retired 20 September 2011 as a director and resigned as Managing Director on 31 October 2011)	Master of Business Administration; Diploma Production Management; Diploma in Business Management; Bachelor of Science	None	Operations strategy and management; Business management
Manu Padiaychee (59)	B Com, B Compt. Hons	None	Experience in various disciplines of accounting, including auditing and taxation in both private and public sectors
Neil Macleod (60)	B.Sc in Civil Engineering, MBA	Building Partners for Development in Water and Sanitation	Water supply, conservation, demand management, treatment and distribution of water. Sewage collection and treatment and solid waste management. Tariff design, public/private partnerships, and strategic management in the water sector.
Nomonde Mabuya (46)	MBBCH.DOH, MBA, BSc. Honours aerospace medicine, travel medicine, CIME	Thebe Investment Corporation, Resolution Health, Tara Hospital, TIC, Ntombizomonde, Health Care Solutions(Pty), Investfem Holdings	Occupational medicine, workplace disability programs, travel medicine, incapacity management programs, enterprise risk management framework, health and safety workplace programs, HIV and AIDS workplace programs, absenteeism programs, hazard, identification and risk assessments, development of risk, registers and plans and employee assistant programs, corporate governance knowledge on New company's Act, PFMA, MSA, King III, MFMA

NAME OF BOARD MEMBER	QUALIFICATIONS	OTHER DIRETORSHIPS	SKILLS AND EXPERTISE
Nandha Govender (38)	B.Sc in Civil Engineering	Deputy Chairperson of the Inkomati Catchment Management Agency	Short and long term water supply and water security to Eskom's power stations, development and implementation of integrated water management strategies and long term water planning for Eskom's existing and new power stations. Ensuring effective and efficient water use and best water management practices at all power stations as well as environmental management across water, coal, liquid fuels related operations and projects. Implementation of water supply infrastructure through water supply and payment agreements, influencing National Water Policy, Regulations, Strategies and collaboration and strategic partnering on water and waste management.
Natalie Skeepers (39)	Masters Degree in Safety, Health and Environment (SHE), A Mphil in HIV/AIDS Management , a Post graduate diploma in HIV/AIDS Management, a National Diploma in Public Health, B Tech in Environmental Health and numerous certifications in health and safety disciplines	Film and Publication Board: Deputy Chair. NOSA	Risk Management, Safety, Environmental, HIV/Aids Management, Human Resources, Corporate Social Responsibility
Tebogo Modipane (43) (Resigned 27 June 2011)	B com (Accounting), B Com Honours, Higher Diploma in Auditing, Chartered Accountant (SA)	Construction Education and Training Authority (CETA), Mopani District Municipality, Limpopo Provincial Government (Chairperson of Economic Cluster Audit Committee), Executive Director of Aphrike Enterprise Development;	Experience and exposure in consulting assignments of varying magnitudes ranging from strategy review, design and implementation; and Business Process Re-engineering across government and public enterprises in various industries in South Africa
Nompumelelo Msezane (41)	MSc (Environmental Management), MDP, BSc (Hons), BSc (Ed), Certificate in Water Resource Management	Pikitup	Environmental management, Water resource management, General senior management

NAME OF BOARD MEMBER	QUALIFICATIONS	OTHER DIRETORSHIPS	SKILLS AND EXPERTISE
	in Developing Countries		
Cassim Tilly (39)	B.Compt. Hons/CTA, PG Dip Auditing, M.Com(SA Domestic & International Tax) Chartered accountant (SA)	None	Internal audit and taxation

Managing Director's Report

The year under review proved to be yet another challenging year from both an international and local perspective. Uncertainty over sustainability of economic recovery continued to weigh on economic growth prospects. The crisis in the Eurozone in general, and the ability of Greece in particular to repay its debts, threaten the fragile financial recovery since the September 2008 meltdown. The advocates of a likelihood of a “double dip” in world economies, contributing to a further recession is growing in number. The contagion effect of such a scenario is likely to be significant on the South African economy.

The South African economy is currently significantly impacted by the slump in the residential market, which is not expected to recover for some time. New developments are few and controlled. The high consumer debt levels although below the 80% levels in previous years to approximately 76%, is still extremely high by international standards. The high unemployment rate continues to be of significant concern as does the relationship between wage increases and the level of productivity. All these issues impact directly on the business of the Company.

A further challenge that impacted significantly on the business of Johannesburg Water was the migration of the customer revenue and call centre functions to the City of Johannesburg, and its negative impact on customer services and more potently on cash management and the cash resources of the Company. The concerns have been raised with the City, and it is expected that corrective measures will be instituted by the City in the new financial year which will yield the required results.

In addition, with effect from 11 March 2011, the managing director, Mr Gerald Dumas was seconded to the City of Johannesburg to assist with the revenue and customer services migration project, (project Phakama). Mr Manu Padiaychee, the financial director was appointed in an acting capacity as the managing director since that date. Mr Dumas has since been appointed by the City with effect from 1 November, 2011.

Despite these challenges, the company achieved an excellent performance in the majority of its strategic priorities.

The net profit for the year was a significant R385 million and attributable mainly to the revenue and well managed expenditure. Revenue was 15.2% ahead of last year's performance and expenditure was 7.2% below target when compared to the pre-adjusted numbers.

Service delivery parameters were largely exceeded. Compliance with water and effluent quality targets were exceeded

Notable progress has been made with regards to access to basic services in that 4,030 households have been provided with access to basic water representing 103% achievement against a demand driven target of 3,882 and thus 97.76% coverage for at least LOS1 for water. 2,782 households have been provided with access to basic

sanitation representing 90% achievement against a demand driven target of 3,104 and thus 91.08% coverage. The project expenditure was R8, 828 million for basic water and R26, 869 million for basic sanitation.

With regard to human capital development, retention of scarce skills and training expenditure were better than target. There was an employee satisfaction survey conducted during the year which recorded a considerable improvement on the score in previous years.

Targets set for the progress on the asset management plan was achieved and actual capital expenditure was 99% of the allocated amount. Although this bodes well for the implementation of the various infrastructure programmes, the allocated amount is less than reasonably required.

Inadequate capital expenditure budget allocation contributed to the non achievement of response time targets to water and sewer blockages. The aging infrastructure is of concern and the allocation for capital expenditure is a challenge.

The high level of unaccounted for water has been a concern for a number of years. Strategies have been formulated and Interventions identified. The implementation of the strategy in deemed consumption areas that was suspended, has been resumed and should significantly address the problem. Various other measures are proceeding in conventional metered areas, including pipe replacement programmes, pending adequate funding.

The separation of the Audit and Risk committee into two separate committees has provided the opportunity for considerable focus and attention to the various risks of the Company both of an operational and strategic nature. The identification and management of risk has matured, within the Company, and the systems and processes provide the required platform to channel the efforts of the organisation in future years towards achieving its objectives in a risk based environment. The objectives of service delivery remain key, with a focus on extending basic services, whilst ensuring financial sustainability to support and fund the huge capital projects that are required to provide a sustainable service to the communities.

Johannesburg Water has received a qualified audit opinion for the current financial year. This was as a result of problems experienced with revenue and consumer debtors after the migration to the City of Johannesburg as part of the customer migration project.

The qualification relates specifically to issues with the revenue and consumer debtors. The relationship will be monitored during the new financial year with the City of Johannesburg in terms of a service level agreement which has finally been signed during September 2011.

Johannesburg Water is a going concern and is budgeting to continue to make a profit and to generate enough cash to fund some of the capital projects from the ongoing cash flow, but this could all be hampered though the problems that are experienced at the City of Johannesburg' revenue and billing department who is also responsible for the collections of revenues from the consumers. This inability to

collect the revenues may negatively impact on the company's abilities to provide basic and other services in the future.

I wish to express my sincere gratitude to the Chairman and Board of Directors for providing strategic guidance and support during the period under review, but particularly during my period as Acting Managing Director, and to management and all the employees of Johannesburg Water for their contribution in effectively and efficiently implementing the various Company strategies and objectives.

Manu Padiaychee
Acting Managing Director

Financial Director's Report

Financial Performance

Globally financial stability risks have increased substantially over the past year. Weaker growth prospects adversely affect both public sector and private business balance sheets and heighten the challenge of coping with heavy debt burdens. Public sector balance sheets in many advanced economies were highly vulnerable to rising financing costs. Strained public finances forced policymakers to exercise particular care in the use of fiscal policy to support economic activity, while monetary policy has only limited room to provide additional stimulus. Against this backdrop, the global financial crisis— now in its third year—has moved into a new, more political phase. In Europe, important steps had to be taken to address the inability of some countries within the Eurozone, to service their debt. Political differences within the economies undergoing adjustment and the economies providing support have impeded achievement of a lasting solution. Meanwhile, the United States has been faced with growing doubts over its political processes to achieve consensus regarding medium-term fiscal adjustment. Such consensus is critically important for global stability. Political leaders in these advanced economies have not as yet commanded broad political support for sufficiently strengthening macro-financial stability, and for implementing growth-enhancing reforms. Markets have consequently begun to question their ability to take the much needed decisive actions required. The current environment of financial and political weakness in international economies elevates concerns about default risk, particularly in the Eurozone. A coherent strategy to address contagion and strengthen financial systems is required or South Africa may find itself a casualty of the looming contagion effect of a potential “double dip”.

The key policy interest rate (repo rate) has been held at a 30-year low since the end of last year to support growth in South Africa. Many jobs have been shed since 2009, pushing the unemployment rate to above 25%.

Major events within the organisation included Project Phakama which was initiated by the City of Johannesburg during 2006 and rolled out during 2010. In terms of the project, certain core functions that were managed by the company in the past were migrated to be centrally managed by the City of Johannesburg. The result of project Phakama is that the company now has to rely on the City of Johannesburg for customer services, billing, cash collections and debtors' administration for all customers. During the 2010 financial year approximately 14% on average, of total revenue was migrated in terms of the project. For the current financial year, customers comprising the full 100% of revenue are managed by the City, in terms of the new arrangement. Teething problems experienced in this new process resulted in an increase in trade receivables from R4.1 billion (before prior year adjustments) at the end of the 2010 financial year to R5.9 billion at the end of the 2011 financial year. Due to this increase, the allowance for debt impairment has increased from R3.3 billion (before prior year adjustments) to R4.5 billion in 2011. This represents an increase of R 1.2 billion.

The roll out of prepayment meters as part of the Infrastructure Upgrade and Renewal project in Soweto resumed in September 2010 and has progressed well after initial challenges with SMME organisations. There were 60,841 properties visited by the

financial year end for the pre-intervention survey, 38,882 properties retrofitted and meters upgraded or replaced for 19,798 properties. The momentum has increased significantly and it is expected that the target for upgraded/new meters of 98 000 properties will be achieved by April 2012. This project impacts directly on water demand management and a reduction in the level of unaccounted for water.

Despite the uncertain economy and significant changes in the processes and methods of operating the business, Johannesburg Water continued to report positive results. The reported operating surplus for the year under review is R385 million (2010: R196m – before prior year adjustments). No subsidy was required from the shareholder for the fourth consecutive year. The goal of independent business sustainability envisaged in the turnaround strategy is however, of concern as a result of a steady decline in cash generation since the customer migration exercise.

In terms of project Phakama, the billing system which was changed from Venus to SAP during the previous financial year resulted in a decline in revenue during some months of the year. Due to the challenges in the implementation of the billing system, a revenue accrual of R605m (2010: R88m) was identified and raised in the 2011 financial year.

Johannesburg Water SOC Ltd was successful in its application to the South African Revenue Services for exemption from the payment of normal company taxation in June 2007. Consequently, no tax has been provided for since this date.

The table below details the positive trend in the financial performance of the business during its brief history since incorporation as a private company:

		Including Subsidy	Excluding subsidy
Net (Loss)	June 2002	(R13m)	(R365m)
Net (Loss)	June 2003	(R194m)	(R429m)
Net (Loss)	June 2004	(R118m)	(R318m)
Net Profit /(Loss)	June 2005	R110m	(R130m)
Net Profit /(Loss)	June 2006	R159m	(R81m)
Net Profit	June 2007	R742m	R592m
Net Profit	June 2008	R327m	R327m
Net Profit	June 2009	R139m	R139m
Net Profit	June 2010	R196m	R196m
Net Profit	June 2011	R385m	R385m

Retained earnings for the entity were reflected as follows:

June 2005	Retained Earnings	R62m
June 2006	Retained Earnings	R370m
June 2007	Retained Earnings	R1.1b
June 2008	Retained Earnings	R1.4b
June 2009	Retained Earnings	R1.9b
June 2010	Retained Earnings	R2.6b
June 2011	Retained Earnings	R3.0b

Note: Prior year comparisons are shown before the effect of prior year adjustments in the current year

Liquidity

The cash balance swept to the City of Johannesburg in terms of the treasury management arrangement at 30 June 2011 was a positive R96m (2010: R248m). The reduction in cash resources can be attributed to the rollout of project Phakama. Johannesburg Water cash balances at year end:

Year End Cash Balance	R'000
June 2007	671 258
June 2008	514 536
June 2009	160 338
June 2010	248 844
June 2011	96 496

The City of Johannesburg has indicated that it has implemented new systems and processes, including focused credit control measures which will remedy the situation. Members of the Board of Johannesburg Water held meetings with the MMC for Infrastructure and the MMC for finance where the concern regarding cash collection from revenue generated was discussed.

Solvency

The liquidity issues resulting from the Phakama project has resulted in a decline in the debt to equity ratio of the Company, for the first time since June 2005. Notwithstanding the decline, the ratio remains favourable. It is anticipated that the measures introduced by the City to improve cash collections will allow the organisation to continue the strong positive financial trend achieved prior to implementation of the project.

June 2005	97:3
June 2006	84:16
June 2007	63:37
June 2008	57:43
June 2009	51:49
June 2010	43:57
June 2011	46:54

It has been the strategic intent of the company to allocate R8.7b to capital expenditure for the period from 2008 to June 2017 to upgrade and enhance the water distribution network as well as the treatment plant infrastructure. Johannesburg Water has demonstrated its contribution to this achievement to date and believes that it will continue to be financially well placed going forward to achieve this objective, in terms of funding the required capital expenditure while maintaining tariff increases at reasonable levels. Capital expenditure for 2011 amounted to R588m, which was 98.8% of the allocated amount. The company has invested R2.7b since the 2008 year on capital projects.

Capital Projects

During the year under review R614.5 million or 98.8% of the revised capital budget was spent. The expenditure on the MIG portion of the budget was R129.1 million, which was 100% of the allocated MIG budget.

Notable water and sewer network projects implemented included commencement of replacement of Buccleuch water mains and commencement of construction of Ennerdale-Lawley bulk water main and Ennerdale pump station. The Orange Farm water upgrade was also undertaken to improve pressures in various extensions of

Orange Farm and sewer upgrades were completed in Lakeside ext 1. The Cosmo City reservoir and the Diepsloot Reception Area sewer upgrade were also completed. Furthermore, the project for upgrading of sewers in the Bushkoppies Basin, in order to repair collapsed sewers and accommodate the increased flow, was also completed. The third phase of the pipe replacement programme for water networks got underway during the year under review. The prioritization model is to be re-assessed and the programme is expected to run for a number of years to come.

Significant projects relating to wastewater treatment works (WWTW) included the commencement of the digester project at Bushkoppies WWTW, commencement of installation of belt presses at Bushkoppies, completion of digester project at Driefontein WWTW and completion of sludge drying areas at Northern Works. In addition, the flagship Driefontein extension and Olifantsvlei expansion projects commenced during the year under review and the investigation stage of the biogas to energy project was initiated.

The lack of sufficient capital budget has a negative effect on service delivery as not all planned projects can be undertaken. This then rolls over from one financial year to the next, further compounding the problem as the company is not able to catch up on the backlog (our asset management plans show that the majority of our assets have used up 60% or more of their useful lives).

This under-funding for infrastructure negatively impacts on service delivery and manifests in the following ways:

- Poor effluent management causing non-compliance to license requirements
- Interruption in services
- Pollution as result of capacity constraint generated spills
- Slow urban and economic development
- Increased backlog (JW reprioritises project implementation based on funds received but many projects are affected despite the reprioritisation).

The major projects in the programme for the 2010/2011 financial year were as follows:

Description	Project Value (R'000)	2010-11 Expenditure (R'000)	Status at end 2010-11	Objective
Bucleuch water pipe replacement project	R28,594	R11,580	Project 50% complete	Replacement of ageing asbestos cement pipes
Ennerdale Lawley bulk water main and pump station	R91,000	R41,913	Project 15% complete	9km water main between Ennerdale and Lawley reservoirs plus new Ennerdale pump station.
Honeydew-Boschkop District: Cosmo City reservoir	R35,500	R12,896	Project completed	Dedicated water supply and associated pressures for Cosmo City development
Orange Farm water upgrades	R20,000	R17,436	Project 92% completed	To rezone bulk supply to ensure adequate pressures at all times
Diepsloot Reception Area sewer upgrade	R16,592	R4,410	Project completed	To upgrade sewer system in Diepsloot Reception Area to reduce frequent

Description	Project Value (R'000)	2010-11 Expenditure (R'000)	Status at end 2010-11	Objective
				blockages. Also refurbished existing toilets and constructed 300 additional toilets.
Bushkoppies basin sewer upgrade	R15,206	R13,473	Project completed	Upgrade of collapsed sewers
Installation of six new belt presses at Bushkoppies	R 69,005	R 15,305	Project 45% complete	To produce a manageable sludge that is conducive to the composting process and complies with sludge disposal standards.
Olifantsvlei expansion (Unit 3 Module 3)	R167,000	R 76,112	Project 15% complete.	Increase in capacity
Driefontein extension	R 341,641	R 58,985	Project 5% complete.	Increase in capacity
Sludge drying area at Northern Works	R 104,322	R 15,701	Project complete.	To save transport costs by reducing the sludge volume and ensure compliance with the new sludge guidelines.
Digesters at Driefontein	R 71,415	R 11,751	Project complete	To provide treatment capacity needed to treat existing and future loads.
Digesters at Bushkoppies	R 168,429	R58,039	Project 15% complete.	New sludge handling facility to provide treatment capacity needed to treat existing and future loads.

Company four-year review

	Units	2011	2010	2009	2008
Key financial figures					
Total assets	Rm	7 130	6 295	5 753	5 334
Total equity	Rm	3 012	2 686	1 923	1 408
Total equity and liabilities	Rm	7 130	6 295	5 753	5 334
Bank balance	Rm	96	249	160	515
Capital expenditure	Rm	614	571	718	786
<i>External Funding Loans</i>	Rm	450	403	523	0
MIG	Rm	129	109	118	111
Revenue	Rm	4 618	3 993	3 665	3 440
Grant and Subsidies	Rm	0	0	0	0
Direct cost (If applicable)	Rm	2 115	1 770	1 644	1 500
Employee costs	Rm	574	596	538	460
Discounting	Rm	8	9	13	17
Finance income	Rm	2	20	44	84
Finance costs	Rm	268	268	253	256
Surplus before tax	Rm	385	196	163	327
Income tax expense-current	Rm	0	0	0	0
Income tax expense – deferred	Rm	0	0	0	0
Surplus for the year	Rm	385	196	163	327
Cash generated from	Rm	54	717	330	722

	Units	2011	2010	2009	2008
operations					
Net cash from operating activities	Rm	(212)	469	120	550
Net cash used in investing activities	Rm	(579)	(573)	(652)	(786)
Net cash from/(used in) financing activities	Rm	(791)	104	532	235
Financial ratios					
Liquidity	%	114	94	114	141
Solvency	%	173	174	150	136
Total operating expenditure/revenue	%	46	51	52	47
Total Operating expenditure excluding bad debts/revenue		33	35	39	34
Interest coverage	Ratio	2.49	1.82	1.83	2.85

Note: Prior year comparisons are shown before the effect of prior year adjustments in the current year

Executive Management

NAME	POSITION	QUALIFICATIONS	SKILLS AND EXPERTISE
Qondile Zimu	Executive Manager: Corporate Services and Human Resources	BA Social Work, BA Social Work – Honours, Masters in Management - Public and Development Management	Strategic leader of HR, Legal Services and Facilities functions circulated in Local Labour Relations
Bonginkosi Xaba	Acting Executive Manager: Marketing and Communications	BA (Hons) Master of Public Administration, Diplomas in HRM & Project Management	Stakeholder Relations, Communication, Marketing, Project Management.
Jones Mnisi	Acting Chief Operating Officer	National Diploma: Analytical Chemistry Post graduate Diploma: Business Management Post graduate Diploma: Management Development	Chemistry Laboratories management Strategy development & implementation Water utility management
Florence Nyembe	Acting Chief Internal Auditor	National Diploma: Internal Auditing Certification in Control Self Assessment (CCSA) Certified Fraud Examiner (CFE) Certified Internal Auditor (CIA) (Part 1, 2 & 4)	13 Years Specializing in: Operational, Financial, IT and Forensic Audits
Edward Chikonyora	Senior Manager: Risk and Compliance	BTA (Hons) - UZ Dip. Banking - IOBZ	<ul style="list-style-type: none"> Investments Analysis – Financial Modelling and valuations Portfolio/Fund Management and Accounting Financial, Strategic and Operational Risk Management Strategic Management. Financial and Management Accounting – Forecasting and budgeting Product development

NAME	POSITON	QUALIFICATIONS	SKILLS AND EXPERTISE
			<ul style="list-style-type: none"> • Treasury management.
Graham Luden	Company Secretary	BA, PG Dip in Bus. Man	Local government and business administration

SECTION THREE

PERFORMANCE

Highlights and Achievements

Financial Sustainability

During the year under review the company achieved a profit before tax of R1.120 billion against a target of R822.765 million, which was 36% above the target before the bad debt provision and revenue service fee.

Capital Investment

The capital expenditure for the year was R614.5 million, which represents 98.81% of the capital budget of R621.928 million.

3052 new job opportunities were created in terms of the EPWP against a target of 3032.

Customer Responsiveness

During the year under review 86.49% of bursts were restored within 48 hours against a target of 90%, and 90.89% of sewer blockages were cleared in 24 hours against a target of 95%. These achievements were below target mainly due to the implementation of the new SAP CRM system during the first 6 months of the financial year. Performance on response times during the second half of the year improved from 83.61% for the first half of the year to 90.35% for water bursts restored and 86.76% in the first half to 94.75% for sewer blockages cleared. These achievements during the second half were made possible due to temporary interventions being implemented by the company.

Revenue

With the implementation of Program Phakama all accounts are now managed by the CoJ. 100% meter reading and billing data for these customers are managed by JW.

JW is directly responsible for management of the contractors reading our meters.

Infrastructure Upgrade and Rehabilitation Programme (IURP)

The current community buy-in of the project is standing at 75%. The project continues to experience technical refusals and locked gates. Extensive efforts are being made to reduce these challenges by visiting these households after hours and on weekends. The weekly Jozi FM slot is also used to communicate the project progress and advantages and success to members of the community with the aim of minimizing the challenges experienced on the project.

Ward 11 also remains inaccessible to the project as no stakeholder consultation has to date been conducted in the ward due to lack of political support. This problem has since been escalated to the MMC for her intervention. Furthermore, regular consultation is maintained with all the relevant stakeholders to keep them informed of the project progress.

Basic Services

Notable progress has been made with regards to access to basic services in that 4,030 households have been provided with access to basic water representing 103% achievement against a demand driven target of 3,882 and thus 97.76% coverage for at least LOS1 for water. 2,782 households have been provided with access to basic sanitation representing 90% achievement against a demand driven target of 3,104 and thus 91.08% coverage. The project expenditure was R8, 828 million for basic water and R26, 869 million for basic sanitation.

Operations

Number of bursts per 100km for the year was 277.62 against a target of 342 whilst sewer blockages per 100 km 356.3 against a target of 370. Water quality compliance was 99.9% against a target of 99%. Effluent compliance was 98.8% for the quarter and 98.0% for YTD against a target of 96%. Final Effluent complied 98% with the standard set by the Department of Water Affairs and was above the target of 96% set in the balance score card. This positive achievement enabled the City of Johannesburg to receive the Blue Drop status award from the Department of Water Affairs. The calculation for UFW was still a challenge for the year under review since incomplete and invalidated figures were received from the City of Joburg. Using the figures received from the City, the calculated UFW was 39% against a target of 34%. The challenges relating to this are currently being resolved.

Human Resources

The total expenditure on internships this financial year to date is R646 416. Bursaries are administered for 19 students with the majority of 16 enrolled for Civil Engineering related studies. The company provides experiential training and vacation work for all the bursars. The company has successfully managed to achieve a positive reduction in turnover of engineers and artisans. As part of the recommendations on the Employee Satisfaction Survey; a coaching pilot was launched at two depots and it is the expectation that it will have a positive result. A Leadership coaching program for senior and executive management has been initiated with an initial group of 12 enrolled from July 2011. The target to finalize 75% of EAP cases was generally achieved. As far as the filling of vacancies is concerned the target is being met and exceeded by a small margin. There are still difficulties in the recruitment of specialized skills but the low turnover rate is limiting any real risk in this regard.

Supply Chain Management

Overall total BEE procurement contribution was 80% of total procurement, against a target of 70%. JW maintained its BBEE Contribution Level 5 with an overall BBEE score of 56.5% or BBB rating as measured by Empowerdex.

Performance against Company's Balanced Scorecard

SC Perspective	Objective	Measure	10/11 Target	10/11 Actual	09/10 Actual
Financial	Sustain Financial Performance	Profit Before Tax (R'm)	R 822.765	R 1,120.00	196,297
		% UFW	34%	39.00%	45.70% ¹
		% UFW Metered areas	18%	22.01%	18.4%
		% UFW Un-Metered areas	77.5%	83.82%	84% ¹
	Improve Credit Management	% Revenue Collected (JW Customers)	86%	78.45%	95.2%
% Revenue Collected (CoJ Customers)		75.9%			
Customer	Improve access to Water and Sanitation	% Coverage on Water – at least LOS 1	97.76%	97.76%	97.42%
		% Coverage on Water in Informal Settlements to LOS 1 (basic)	86.35%	86.69%	N/A
		% Coverage on Sanitation - at least LOS 1	91.13%	91.08%	90.85%
		% Coverage on Sanitation in Informal Settlements to LOS 1 (basic)	47.82%	46.88%	N/A
		Water Bursts Restored Within 48 hours as a % of Jobs Completed	90%	86.49%	89.51%
		Sewer Blockages Cleared within 24 hours as a % of Jobs Completed	95%	90.89%	92.74%
	Ensure quality	% Compliance of Effluent Quality	96%	98%	96.70%
		% Compliance of Water Quality	99.8%	99.9%	99.9%
Internal Processes	Environmental Sustainability	Demand Reduction (MI)	-	-	32,124
		Number of spills (interim measure until spills are measured)	300	562	463
	Ensure reliable and sustainable Infrastructure	Develop asset management plan – Phase 2	Asset verification of selected components	Done 100%	Completed roll out plan
		% Expenditure on Capital Budget	95%	98.81%	99.00%
		Number of bursts per 100km	342	277.62	330.93
		Number of sewer blockages per 100km	370	356.3	381.86
	Compliance	Unqualified audit Opinion	Unq Op	JW obtained Unq Op on matters	Unq Op

¹ Figures are an estimate as the information to calculate the global UFW as well as UFW in the deemed consumption areas are not available from the system implemented by the City.

SC Perspective	Objective	Measure	10/11 Target	10/11 Actual	09/10 Actual
				within its control	
Learning and Growth	Develop Human Capital	Training expenditure as a % of total payroll	1%	1.27%	0.95%
		Retention of scarce skills	95.60	96.69%	97.04%
		Employee satisfaction	58%	64%	65.00%
		Disabling Injury Incidence Rate	0.9	0.671	0.97

Assessment of Municipal Taxes and Service Charges owed to Johannesburg Water

Outstanding debtor days based on net debtors were 109 days as at 30 June 2011. The company is consistently working on reducing the debtor's book in conjunction with the City of Johannesburg through stringent credit control procedures. Since the implementation of Project Phakama, all the customers are managed by the City of Johannesburg and the payment level for all customers is 78.6% against a target of 89.7%.

Current charges for rates and services of R 1 325 039.69 was owed to the City of Johannesburg at the year under review. This has been included in the amounts due to the shareholder on the statement of financial position.

Assessment of directors' and senior managers' municipal accounts

Directors and senior managers are not in arrears with municipal accounts.

Statement on amounts owed by Government Departments and Public Entities

Key Accounts Management (Public Sector) Period 1/7/2010 - 30/6/2011

Portfolio	Arrears b/f from 2009/2010 financial year	Billed 01/07/2010 - 31/05/2011	Payment 01/07/2010 - 31/05/2011	Debtors balance a at 31/05/2011	Billed May 2011 payable in June 2011
Council	-331,341.74	29,747,616.79	-25,351,334.27	1,705,560.32	2,287,670.41
Government	5,719,694.69	55,238,689.37	-46,069,936.65	17,110,266.29	3,288,033.84
Hospitals	3,755,331.85	53,083,717.31	-23,399,539.29	18,751,913.96	3,268,983.22
Schools	5,890,135.31	35,215,156.29	-31,074,855.96	11,182,565.19	2,783,920.71
Universities	-345,992.19	21,219,398.26	-22,964,797.15	1,814,644.33	2,086,538.80
Totals	14,687,827.92	194,504,578.02	-148,860,463.32	50,564,950.09	13,715,146.98

Recommendations and plans for next financial year

	STRATEGIC OUTCOME	STRATEGY
PRODUCT QUALITY	To maintain and continuously improve the quality of product	<ul style="list-style-type: none"> • Water (potable and effluent) quality monitoring programs • Sludge plan • Blue and Green Drop Certification program
CUSTOMER SATISFACTION	To provide reliable, responsive and affordable services in line with explicit, customer- accepted level	<ul style="list-style-type: none"> • Customer satisfaction monitoring plan • Quality enhancement • SLA management
ACCESS TO BASIC SERVICES	To provide access to basic water and sanitation services	<ul style="list-style-type: none"> • Basic services program
STAKEHOLDER MANAGEMENT	To promote understanding and support from stakeholders	<ul style="list-style-type: none"> • Stakeholder Consultation & Engagement • Public Education • External Communication • Media Relations
ASSET MANAGEMENT	To maintain and enhance the condition of assets	<ul style="list-style-type: none"> • Assets Management Plan • Pipe rehabilitation and replacement • Infrastructure upgrade and capacitation
OPERATIONAL OPTIMISATION	To ensure timely, cost effective, reliable and sustainable operation consistent with the industry trends and systems	<ul style="list-style-type: none"> • Resource optimisation • Water Management efficiency
OPERATIONAL RESILIENCE	To proactively identify, assess, and establish tolerance level for management of business risks and system reliability goals	<ul style="list-style-type: none"> • Risk management plan • OHS management strategy • Business continuity planning (inclusive of DMP)
DEMAND SIDE MANAGEMENT	To implement programmes to ensure adequate supply of water to meet current and future customer needs	<ul style="list-style-type: none"> • DSM strategy
KNOWLEDGE MANAGEMENT	To ensure that institutional knowledge is retained, improved and shared	<ul style="list-style-type: none"> • Knowledge management strategy
INNOVATION AND TECHNOLOGY	To ensure continuous improvement of processes through innovation and technology	<ul style="list-style-type: none"> • Innovation and technology plan

	STRATEGIC OUTCOME	STRATEGY
DEVELOP HUMAN CAPITAL	To recruit, retain and develop a competent, motivated workforce	<ul style="list-style-type: none"> • Implement talent management programme • Implement employee development • Implement Executive leadership development programmes

SECTION FOUR

CORPORATE GOVERNANCE

Introduction

Johannesburg Water has a unitary Board, which consists of executives and non-executive directors. The Board is chaired by a non-executive director, Ms Martie van Rensburg. The Board meets regularly (at least quarterly) and retains full control over the Company. The Board remains accountable to City of Johannesburg Metropolitan Municipality, the sole member, and to its stakeholders, the citizens of Johannesburg.

Statement of compliance

The Board provides quarterly and annual reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the Municipal Systems Act (MSA) governs the entity's relationship with the City of Johannesburg

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. Directors have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters relating to, *inter alia*, compliance with company rules and procedures, statutory regulations and best corporate practices.

The Board and senior management ensure that there is full material compliance with all 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

Code of ethics

The Board of Directors has adopted the Board Charter, which encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members.

The Company has developed a Code of Conduct ("the Code") that has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism.

In summary, the Code requires that at all times, all company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and company policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request. A toll-free anonymous telephone facility exists for reporting of non-adherence to the Code or to ethics related matters. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly: as a result, the Code acts as a deterrent. The directors believe that ethical standards are being met and are fully supported by the ethics programme

Breach of governance procedures

During the year under review there were no breaches of governance procedures.

Policies

The Company is managed through powers delegated to the Managing Director, resolutions of the Board and policies. All policy approval is reserved to the Board. Notable policy approvals during the year under review were the Knowledge Management Policy and IT Information Security Policy

Conflict of interest

Registers on the disclosure and declaration of interests of directors and senior management are kept and updated.

Governance structure

Board of Directors

In terms of the Company's Articles of Association there may not be more than 11 directors on the Board of which two shall be executive directors. Currently the Board has seven non executive directors and one executive director making a total complement of nine.

Board Committee Composition

The Board has four standing committees, each of which is chaired by a non-executive director:

- Audit Committee
- Risk Committee
- Human Resources and Remuneration Committee
- Service Delivery and Procurement Oversight Committee

Audit Committee

The Committee consists of the following non-executive directors:

- Nandha Govender (*Chairman*)
- Cassim Tilly
- Masesi Malope (*Independent member in terms of National Treasury directive*)
(*Resigned 6 October 2011*)
- Cynthia Mbili (*Independent member in terms of National Treasury directive*)

The Audit Committee charter is in accordance with Section 166 of the Municipal Finance Management Act. The constitution of the committee was also aligned to this section of the MFMA and a directive from National Treasury.

The role of the Audit Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors.

The Audit Committee operates in accordance with a written charter authorised by the Board and provides assistance to the Board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review / approval of external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct;
- Compliance with Code of Ethics;
- Overall performance of the company.

During the year under review, the Audit Committee addressed its responsibilities properly in terms of the charter. No changes to the charter were adopted during the year under review. Management has reviewed the financial statements with the Audit Committee. The quality of the accounting policies was discussed with the external auditors.

The Audit Committee considers the Annual Financial Statements of Johannesburg Water to be a fair presentation of its financial position as at 30 June 2011 and of the results of its operations, changes in equity and cash flow for the period then ended in accordance with GAAP, GRAP and the Companies Act.

The Committee met once as the Audit and Risk Committee on 20 July 2010 and four times thereafter as the Audit Committee in the review year.

Risk Committee

The committee consists of the following directors:

- Neil Macleod (Chairman)
- Gerald Dumas (Retired 20 September 2011 as a director and resigned as Managing Director on 31 October 2011)
- Manu Padiaychee (Acting Managing Director)
- Nandha Govender
- Natalie Skeepers

The Risk Committee has the task of overseeing the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk and ensures that risk policies and strategies are effectively managed.

The committee met once as the Audit and Risk Committee on 20 July 2010 and three times thereafter as the Risk Committee during the review year.

Human Resources and Remuneration Committee

The committee consists of the following directors:

- Neil Macleod (Chairman)
- Gerald Dumas (Retired 20 September 2011 as a director and resigned as Managing Director on 31 October 2011)
- Manu Padiaychee (Acting Managing Director)
- Martie van Rensburg
- Mpumi Msezane

The Human Resources and Remuneration Committee advises the Board on remuneration policies, remuneration packages and other terms of employment for all executive directors and senior executives. Its specific terms of reference also include recommendations to the Board on matters relating, *inter alia*, to policy, remuneration, bonuses and employment contracts. Independent professional advisors advise the committee.

The committee met four times during the year under review.

Service Delivery and Procurement Oversight Committee

The committee consists of the following directors:

- Natalie Skeepers (Chairman)
- Gerald Dumas (Retired 20 September 2011 as a director and resigned as Managing Director on 31 October 2011)

- Manu Padiaychee (Acting Managing Director)
- Nomonde Mabuya
- Cassim Tilly

The objective of the committee is to ensure service delivery and that the adopted Supply Chain Management Policy (the Procurement Policy) of the company is correctly and strictly applied as well as guide the Board and Executive Management on the overall operational direction of the Company.

The committee met four five times during the year under review.

Board induction and information

New directorship appointments to the Board are inducted through a communications pack compiled by the Company secretary and an operations explanation and tour arranged through the Managing Director's Office.

All Company information is captured in a document management system under the control of the Company Secretary. Any access to information such as record of decision, policies, quarterly reports, annual reports, business plans etc are available and open for scrutiny.

Board evaluation

Board evaluations are conducted by the Shareholder Unit. The evaluation for year 2009/10 was reported to the Board in May 2011. All matters of concern raised in the report have been adequately addressed. The real concern is that inductions ought to be better coordinated. In this regard the Company Secretary will confer more closely with the Shareholder Unit and Managing Director in ensuring that induction programs are aligned and occur within a fixed and shortened period.

Remuneration

Board

Description (All amounts are before Tax)	Non- Executive Director: Martie van Rensburg	Non- Executive Director: Natalie Skeepers	Non- Executive Director: Neil Macleod	Non- Executive Director: Nomonde Mabuya	Non- Executive Director: Nandha Govender	Non- Executive Director: Nompumelelo Msezane	Non- Executive Director: Cassim Tilly	Managing Director: Gerald Dumas	Acting Managing Director: Manu Padiaychee	Financial Director: Manu Padiaychee	Total
Salaries& Wages R '000 Normal Overtime								1 030	394	848	2 272
Contributions R'000 Pensions Medical Aid Other								136	43 8	102 18	281 26
Allowances R'000 Travel and motor car Accommodation Subsistence								232		24	256
Other Benefits R'000 (Specify) Bonus								254		176	430
Meeting fees paid to non executive directors R'000	95	77	108	39	125	67	56				567
Retainer paid to non –executive directors R'000	53	26	26	26	26	26	26				209
TOTAL	148	103	134	65	151	93	82	1 652	445	1 168	4 041

Note:

Managing Director: G Dumas seconded to CoJ w.e.f 14 March 2011, retired as a director on 20 September 2011 and resigned as Managing Director on 31 October 2011.

Resigned directors

Description (All amounts are before Tax)	Non-Executive Director: Tebogo Modipane	Total
Salaries& Wages R '000 Normal Overtime		
Contributions R'000 Pensions Medical Aid Other		
Allowances R'000 Travel and motor car Accommodation Subsistence		
Housing Benefits & Allowances R'000		
Loans and advances R'000		
Other Benefits R'000 (Specify) <u>Bonus</u>		
Arrears owed to the City or the Entity		
Meeting fees paid to non executive directors R'000	38	38
Retainer paid to non – executive directors R'000	0	0
TOTAL	38	38

Independent Audit Committee Members

Description (All amounts are before Tax)	Independent Member Masesi Malope (Resigned 6 October 2011)	Independent Member Cynthia Mbili	Total
Salaries& Wages R '000 Normal Overtime			
Contributions R'000 Pensions Medical Aid Other			
Allowances R'000 Travel and motor car Accommodation Subsistence			
Housing Benefits & Allowances R'000			
Loans and advances R'000			
Other Benefits R'000 (Specify) Bonus			
Arrears owed to the City or the Entity			
Meeting fees paid to non executive directors R'000	27	20	47
Retainer paid to non –executive directors R'000	26	26	52
TOTAL	53	46	99

Schedule of attendance of meetings

Part of the remuneration of non-executive directors is a retainer determined by policy imposed by the Shareholder which provides for fee rates, retainers and furthermore provides for a threshold of at least a 60% attendance of all meetings.

Attendance of meetings, in terms of a ratio of attendance per meeting convened, held during the year was as follows:

Director	Months	Board 6	Audit 5	H/R 4	SD & PO 4	Risk 3	Total 21	% (Must have 60% to qualify)	Retainer
M van Rensburg	12	6/6	N/A	3/3*	N/A	N/A	9/9	100%	R52 900
N Mabuya	12	3/6	N/A	1/1*	2/4	N/A	6/11	60%	R26 450
N Macleod	12	5/6	N/A	4/4	1/1	3/3	13/14	100%	R26 450
N Govender	12	5/6	5/5	1/1*	N/A	3/3	14/15	92%	R26 450
N Skeepers	12	4/6	N/A	1/1*	4/4	2/3	11/14	85%	R26 450
M Msezane	12	6/6	N/A	4/4	1/1*	N/A	11/11	100%	R26 450
T Modipane	12	1/5	4/5	N/A	1/1*	N/A	6/11	55%	R26 450
C Tilly	12	6/6	N/A	N/A	3/4	N/A	9/10	89%	R26 450
INDEPENDENT MEMBERS OF AUDIT COMMITTEE									
C Mbili	12	N/A	3/5	N/A	N/A	N/A	3/5	60%	R26 450
M Malope	12	N/A	3/5	N/A	N/A	N/A	3/5	60%	R26 450

The membership of the committees was reconstituted after July 2010. * indicates the meetings attended by a director while they were members of a particular meeting for the first quarter of 2010/11, e.g. 1/1.

SECTION FIVE

INTEGRATED SUSTAINABILITY REPORT

Johannesburg water has endeavoured to address crucial sustainability matters that impact both on the Company and the community at large. In this respect it has focused on financial and service delivery sustainability, risk and internal controls, human development and transformation, corporate social responsibility and the environment.

Sustainability vision

To be honest in contributing to the future sustainability of the Company by ensuring efficient management strategies while not compromising its stakeholders and the environment

Sustainability policies and strategies

Johannesburg Water in developing its business imperatives for a particular year as well as three business planning cycles does so in tandem with the Shareholder's political and service delivery prescripts contained in its growth and development strategy as well as its integrated development plan. The Company's business plan and balanced scorecard addresses issues related to the integrated sustainability by addressing financial, human capital, customer and environmental focussed objectives.

Risk Management and Internal Controls

Risk management has become part of the regular planning and control cycle. Risks and associated mitigation measures are reported monthly and quarterly to the Executive Committee and the Board respectively. In addition, the effectiveness of the control measures is tested in accordance with the Risk Based Auditing method. All important risks, current and emerging, are continuously identified and proper measures are taken in relation to any real or anticipated threats to reliable quality service delivery and financial viability. The major risks facing the Company are business continuity, inadequate infrastructure investment and potential failure of infrastructure.

The Chief Internal Auditor has designed an audit plan taking the risk overview into account to ensure that high risk areas are adequately managed and controlled by management.

The Internal Audit Department has a specific mandate from the Audit Committee and Risk Committee to independently appraise the adequacy and effectiveness of the company's risk management process, internal controls and governance processes. Internal Audit reports are issued to the Executive Committee, Divisional Management, External Auditor, the Audit Committee and Risk Committee, and the summaries to the Board of Directors.

Stakeholder engagements and socio-economic development

The key objective was to support service delivery through its 3 core functions: communication, stakeholder relationship management and institutional and social development. Communications aims to inform the public and give them confidence in JW's ability to deliver a service by giving assurance about the water quality, security of supply and JW's achievements, strategies, and programmes for managing the City's water and sewage infrastructure, as well as to inform them about planned service interruptions. A key focus of the unit is also on enabling internal coordination and communication among the various JW departments. Stakeholder relationship management and public education are key to the success of the implementation of JW service delivery projects; through a variety of interventions this unit mobilizes communities and other stakeholders to enable buy-in and project acceptance, and also monitors those relationships. It also supports the implementation of JW's Demand Side Management strategy through public education initiatives that promote using water wisely. The institutional and social development is mainly responsible for facilitating public participation in preparation of the Soweto Infrastructure Upgrading Project as well as the basic services provision in the informal settlements.

In 2002/03 financial year Johannesburg Water purchased 460 000 MI (Mega-litres) per annum from Rand Water (Bulk water supplier). 30% of purchased water (138 000MI/ annum) was supplied to deemed consumption areas of Soweto, Alex and Orange Farm. About 90% of deemed volume (124 200MI/annum) was supplied to Soweto and was billed on deemed consumption rate of 20KI per household per month (kl/hh/month) and payment level was approximately 15%. The level of Unaccounted for Water (UFW) in Soweto was approximately 46% and contributed about 50% to the global UFW. The implementation of the project since 2004 had a positive impact in the reduction of water losses where the consumption was reduced from 66 kl/hh/month to 12 kl/hh/month, influencing global UFW reduction from the highs of 37% to the lows of 31.4% in 2006. It is anticipated that water savings amounting to R150 million will be realised per annum on completion of the project.

In May 2008, after the project was suspended due to a court case, water consumption started rising and has impacted negatively on global UFW. The contractors resumed with construction activities in September 2010. The scope entails revisiting of 98,807 properties in previous intervened areas which are Phases 1, 2 and 3 Superblocks. The exact work to be done on each property is established during the pre-intervention survey (investigation to determine the leaks and meter bypasses) which is followed by retrofitting (fixing of leaks and normalisation of bypasses), installation of new meters and meter upgrades (to include Automated meter reading- AMR and trickle flow functions).

The revisiting phase has progressed well and at present 68, 849 stands have been visited for pre-intervention survey out of the 83,112 stands. 50,940 properties have been retrofitted and metering has been achieved on 49,154 stands. The overall progress for the project is 72% against 74% time lapse representing approximately 2 weeks lag in the programme.

The department achieved excellent results in the key performance areas for which it is responsible, namely:

- The improvement in stakeholder communication satisfaction levels
- Interaction with councillors in all the city's regions in line with stakeholder communications plan; and
- The rollout of public education and awareness programmes in all the city's regions in line with the year plan.
- Maximisation of community buy-in to enhance the successful implementation of the Soweto Infrastructure Upgrading Project.

Black economic empowerment

During the financial year 2010/11, overall total procurement performance for the financial year under review was R1 082 million, of which R966 million was awarded via the company's bid processes; and R116 million through the request for quotation method. This means 89% of the Company's procurement requirements have been concluded via the bid committee system in terms of a contract, and 11% via quotations.

In an attempt to narrow the divide between the first and second economies, the Company has been applying the principles of Broad Based Black Economic Empowerment (BBBEE) and focused on the following areas:

- Enhancing its BBBEE Scorecard
- Promote access to procurement opportunities via procurement spend
- Facilitate and support emerging enterprises

In accordance with the DTI Codes of Good Practice on BBBEE and based on an independent opinion by a verification agency, the Company managed to maintain its BBBEE Contribution Level 5 status. This means targets have been met in the areas of preferential procurement, management control, employment equity and socioeconomic development. More effort and emphasis is however required in the areas of enterprise development and skills development.

Further highlights and achievements for the financial year under review were as follows:

- Total overall BEE procurement awards of R876 million or 81% of total procurement performance was achieved against a target of 70%. This includes a BEE procurement awards of R782 million or 81% of total procurement in the tender area and R94 million or 80% in the non tendered procurement.
- Actual SMME procurement spend based on invoice payments reached R212 million with a BEE achievement of 116% against a target of 10%.
- Efforts to ensure that we support and sustain young entrepreneurs and women owned enterprises resulted in actual procurement spend based on invoice payments of R103 million for black women owned enterprises with a BEE achievement of 27% against a 8% target, and R35 million procurement spend for black youth with a BEE achievement of 9%.

- As part of JW's commitment to develop emerging contractors, the Company's Emerging Contractor Development Program (ECDP) registered 83 emerging contractors during the period under review, and assisted these contractors to improve their construction industry development board (CIDB) grading levels and business skills. An additional 10 emerging contractors were also assisted to formalize their plumbing skills and qualification through the recognition of prior learning process. A total of nine (9) contractors were formally certified competent at Level 2 and one (1) at Level 4 by the Construction Education & Training Authority (CETA).
- The enterprise development program for unemployed youth interested to enter the plumbing industry registered 30 unemployed matriculated youth to attend a Basic Skills Programme registered with the CETA for 3 months and a further 3 months practical on the job experience with a variety of contractors involved in the Company's Pipe Replacement Programme. The programme assist them to become employable or open their own construction enterprises.

Transformation and empowering employees

The Company continued to strengthen its ability to deliver on its mandate through skilled and service orientated staff.

In its talent management development programmes, the company has 60 registered employee candidates with the Engineering Council of SA and mentoring is provided in a number of ways. The turnover of identified scarce skills that is engineers and artisans, for the year was 3.3% which is consistent with the 2.98% achieved in the previous year and very favourable when compared to the 7.95% achieved in 2009. All staff turnover for voluntary resignations was lower than anticipated at 1.53%, more or less consistent with the 1.15% achieved in 2010.

In terms of Employment Equity the company achieved its target for the top three levels of management. With a historically, typical male dominated environment, the company has challenges in recruiting sufficient female staff. The current complement for female staff is at 447 or 18.43%. This indicates an increase in female representation by 18 female employees. The company also employs 36 people with disabilities, an increase of 7 people over last year's 29 people.

The Company's performance management system is in place and is constantly monitored. Whilst this is a complex matter it is our view that it is delivering on its strategy of enhancing performance.

The target for HIV and Aids awareness programs was met and over 2501 employees participated in the VCT program which exceeded the target of 2000. A plan to increase awareness of diseases such as diabetes, hypertension and tuberculosis was developed and implemented via employee wellness interventions in May 2011. About 58% of staff participated during the Employee Wellness Event.

In the 2011 Employee Satisfaction Survey (ESS), 1343 respondents completed the survey. This figure translates to 55% response rate as compared to the 63.4% in 2010. The overall survey score for 2011 was 64% as compared to 65% in 2010. The factors directly impacting on this result was the fact that there were a number of

similar activities undertaken at the same time including a survey conducted by the City of Joburg.. This is a natural effect of “survey fatigue”.

The following aspects of the survey are critical in terms of what was accomplishing as an Entity and areas of strategic focus;

Areas of greatest satisfaction: this related primarily to the actual work that employees were engaged in; the relationships that they had with their colleagues and the sense of commitment in completing their work effectively. Within these dimensions the levels of satisfaction were above 80%.

Areas of greatest neutrality: the dimensions of trust and organizational communication were prominent and these are critical markers in terms of the functioning of the company. High levels of neutrality on the dimensions highlight either uncertainty or the lack of willingness to comment.

Areas of greatest dissatisfaction: 35% or more disagreed with this dimension which related to leadership, training and development and organizational contributors to job satisfaction

During the 2010/2011 financial year the Company consolidated the implementation of a number of human resources policies. The performance management system was in full operation at all levels in the Company during the year and every employee or team was evaluated. The system of providing for salary progression subject to performance is still in place and is a stabilising factor in so far as industrial relations as well as retention of scarce skills are concerned.

The various initiatives aimed at employee retention and capacity buildings are also delivering good results. Specific mention must be made of the Engineering Capacitating Programme aimed at speeding up professional registration, and the Bursar Programme that provides a pipeline of skills for the future. As part of its development of engineers, the Company is managing a programme aimed at fast tracking professional registration for all its engineers with the Engineering Council of South Africa. Sixty employees are currently registered as candidates and the intention is to provide them with sufficient practical experience to enable them to register as professionals. One retired engineer is in place to provide mentorship and skills transfer.

As at 30 June 2011 the Company employed **2429** staff.

The Company embarked on an exercise to have all employees join one of the 5 accredited medical aid funds. The exercise involved subsidising employees without medical fund membership. This exercise paid dividends with the number of uninsured non members reducing to only 93 as at 30 June 2010. Out of the 93 employees who are non-members, 80 have medical aid with their spouses and 13 are contractors who are not compelled to join a medical aid fund.

The Company believes that its employment practices are free from discrimination and possible barriers to employment equity are continuously addressed. In this regard the need for enhancement of ablution facilities for operational female staff

was assessed and financial provision was made to address this issue. Funding is made available on a continuous basis to address challenges regarding facilities for female depot staff. To date R6.1m has been spent in this area. The Company complied with legal requirements and annually files its annual employment equity report with the Department of Labour. Its three year employment equity plan ended 30 June 2011 and the new plan for period 01 July 2011 to 30 June 2014 is in place

The eventual target is based on the demographics of the country but it is deemed appropriate to develop milestones towards meeting the Company target that provides for:

Africans : 72,42%
 Coloureds : 6,53%
 Asians : 3,65%
 Whites : 17,4%

The distribution as at 30 June 2011 was:

Category	Percentage Male	Percentage Female	Total percentage
African	71.93	16.20	88.13
Coloured	2.72	0.66	3.39
Asians	1.15	0.49	1.64
Whites	5.77	1.07	6.84
Total	81.58	18.42	100

As at 30 June 2011 the Company employed 36 employees with disabilities against a target of 43.

The total number of staff trained for the 2010/2011 financial year was 1403. These interventions included compliance, work specialization and transversal skills training. The projected number to be trained for 2011/2012 is 1342.

With regard to Subsidized Education; 24 new applications were approved for 2010/2011. The fields of study included Engineering, Human Resources and Commerce.

22 external learners in the field of Plumbing and Fitting and Turning that were placed with Joburg Water completed their experiential training on 24 June 2011

JW has established an Employee Wellness Unit, which will, *inter alia*, craft strategies and programmes designed to address HIV and AIDS challenges. To this end the Company buys into the strategies adopted by the City of Johannesburg and participates in the interventions at that level as well as developing its own supplementary programmes. The Company has 65 peer educators, who are full-time employees and who have shown passion and a willingness to assist their HIV positive colleagues to ensure that HIV positive employees receive care and support in the work environment. In January and May 2011 Johannesburg Water embarked on HIV prevalence surveys. The HIV prevalence in January was 8.5% and in May it was 7.1%. This is an indication that the Employee Wellness Program with the

assistance of the peer educators has a positive impact towards the prevention of new HIV infections. In May 2011 the Company also embarked on KAP (knowledge, Attitude and Practice) survey and 66% of staff participated

Johannesburg Water also has a number of initiatives in place to develop and retain current employees. In terms of human capital management, JW's turnover for all staff for 2010/2011 was only 1.53% (1.15% in 2009/2010) while the turnover for scarce skills, such as artisans and engineers, was 3.3% (2.98% in 2009/2010).

Environmental responsibility

The National Environmental Management Act, 1998 (Act No 107 of 1998) gives everyone the right to an environment that is not harmful to personal health or well being, it also gives everyone the right to have an environment protected for the benefit of present and future generations through appropriate legislative and other measures. Such legislative and other measures are intended to ensure the prevention of pollution and ecological degradation, the promotion of conservation and to ensure the protection of our ecology when exploiting our natural resources in achieving a sustainable economic and social development of our communities.

Conserving natural water resources, making the most efficient use of both the water, which is abstracted, and the costly infrastructure, which delivers it, for the benefit of all communities and sectors on an equitable and sustainable basis, represents a major intellectual challenge. This challenge is at least equal to those met in the past, and which continue to be faced, in harnessing the natural resources and providing the extensive and technically complex infrastructure which enables the urban and industrial economy of the nation to flourish.

In all situations there should be a balanced and optimised position in which water conservation and demand management measures make a real and cost effective contribution to making maximum use of the existing infrastructure assets, whilst also reducing the investment cost of new infrastructure compared with the cost if the traditional approach is adopted. The company has continued implementing the strategy to reduce demand in line with national imperative, however it should be noted that funding still remains a challenge to expedite the required programs.

The standard for drinking water quality SANS241: Edition 6.1, states that at least one sample per month per 100 000 of population should be taken. The company continues to meet and exceed the required standard and this feat was recognised by the national Department of Water Affairs through the awarding of the Blue Drop Certification and ranking the City of Johannesburg and Johannesburg Water number 1 in the country in managing drinking water quality.

The Johannesburg Water Environmental Management Policy is aligned with that of the City of Johannesburg in the pursuit of discharging of the entity's obligations in terms of the aforementioned Act.

The Board of Johannesburg Water, its leadership and management are committed to the protection of the environment. This is indicated by the entity's endeavour in ensuring that the operational activities, in undertaking the mandate of providing

water and sanitation services to the communities of the City of Johannesburg is carried out within a framework that is consciously sensitive to the protection of the environment. In the past year JW has achieved effluent quality of 98% against a target of 96%.

iManage #3

SECTION SIX

FINANCIAL STATEMENTS