



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

ANNEXURE 36

METRO TRADING SERVICES REFORM PROGRAMME

PERFORMANCE IMPROVEMENT ACTION PLANS (PIAPs), INCLUDING BUSINESS AND INVESTMENT PLANS TOGETHER WITH SERVICE COMPACTS

2026/27 BUDGET (JUNE 2026)



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Service Compact

June 2026

Between

the City of Cape Town Municipality, as **Service Authority**,
represented by the City Manager

and

the Energy Directorate, as **Service Provider**, represented by
the Executive Director: Energy

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1 Purpose and Objectives

The Constitution of the Republic of South Africa, 1996, S156 (1)(a) states that a municipality has executive authority in respect of, and has the right to administer the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5. As is relevant for this service compact related to the provision of energy and electricity services within the City, Part B of Schedule 4 notes that local governments have the executive authority and right to administer electricity and gas reticulation within their jurisdiction.

The Local Government: Municipal Systems Act (MSA), Act 32 of 2000, Section 4 (2) requires the council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, to strive to ensure that municipal services are provided to the local community in a financially sustainable manner. As per S76 of the MSA, the City of Cape Town municipality has determined that the energy service will be provided through a business unit delivery model (MSA S76(a)(ii)).

Within this legislative context, the purpose of this service compact is therefore to define the relationship between the City as the Service Authority, as represented by the City Manager, and the Energy Directorate as the Service Provider, as represented by the Executive Director of the Energy Directorate. Specifically, it includes and stipulates the respective duties and obligations of each party with respect to each other, including minimum requirements and performance expectations and targets.

The overall objective of this service compact is to support the development and maintenance of a financially sustainable energy business unit within the administrative framework of the City, that has the following characteristics:

- a. operates as an effective and financially sustainable public sector business unit that can meet customer needs;
- b. meets legislative, policy, and license requirements; and
- c. achieves the performance targets set out in the Corporate Scorecard, Directorate Service Delivery Budget & Implementation Plan, S56 scorecard, and the A3: Performance Improvement Action Plan (PIAP).

Figure 1: A map of City and Eskom Licenced Distribution Supply Areas in Cape Town.



2 Scope of Service Provider

This section defines the scope of electricity services to be provided to customers by the Service Provider, within the City Supply Areas as per the relevant licences issued by the National Energy Regulator of South Africa (NERSA) shown in Figure 1 in yellow. With additional energy services to be provided for the whole municipal area.

2.1 Electricity Supply Areas

Two electricity service providers operate within the municipal borders of Cape Town, namely the City's electricity utility, and the national power utility, Eskom Distribution – Cape Coastal Cluster. Each of these entities holds an electricity distribution licence for a specific supply area in Cape Town.

This means that approximately two thirds of electricity customers are served by the City Energy Directorate (the Service Provider), with the remaining third of customers served directly by Eskom Distribution – Cape Coastal Cluster. This service compact distinguishes between service requirements for only the City Supply Areas and those required for the whole municipal area.

2.2 Customer Categories

The services undertaken include:

4.2.1. Provide unrestricted access to electricity distribution services to all the following customer groups across High, Medium, and Low Voltage Networks within the City Supply Area:

- a. Residential Customers (inclusive of those deemed indigent by the City's Credit Control and Debt Collection Policy)
- b. Commercial and Industrial customers
- c. Bulk Supply customers who then resell within their estates or properties
- d. Customers who wheel electricity using the City's distribution network
- e. Prosumers who consume from the City as well as produce for onsite consumption with the opportunity to sell excess electricity to the City
- f. Utility-scale generators connected directly to the City's distribution network

4.2.2. Provide a street lighting and specialist public lighting service to all residents and businesses in the Cape Town Municipal Area.

2.3 Service Description

4.3.1. Electricity services, within the City supply area, as per licence conditions include:

- a. Distribution Network Services:
 - i. Planning, development, maintenance and operation of distribution grid infrastructure
 - ii. Extend the distribution network to unserved customers through electrification of informal settlements through external funding mechanisms
 - iii. Connecting customers to the Grid
 - iv. Metering all electricity consumed from the grid and generation supplying electricity connected to the grid
 - v. Balancing energy flows and operating the Grid in real time
 - vi. Establishing and managing wheeling contracts for customers who choose to purchase electricity from a third-party retailer
 - vii. Removal of illegal connections (and the energy losses associated with these)
 - viii. Management of technical losses
 - ix. Tracking, responding to and fixing grid infrastructure faults
 - x. Provision of ancillary services for grid stability
- b. Distribution Retail Services:
 - i. Energy trading, inclusive of supply optimisation, purchases, contract management, and settlement
 - ii. Customer Account Management
 - iii. Customer Care and Management
 - iv. Education & Awareness Raising
 - v. Billing for credit customers and customers with an Advance Metering Infrastructure (AMI) meter installed
 - vi. Vending for all customers with a prepaid meter
 - vii. Revenue Protection
 - viii. Management of non-technical losses
 - ix. Disbursement of Free Basic Electricity to eligible customers as per the Tariff Policy
 - x. City debt recovery on prepaid meters
- c. Generation Services:

- i. Plan and develop generation plants that meet strategic and operational requirements
- ii. Operate and maintain existing and new generation plants
- iii. Supply modelling to inform generation plant planning that provides cost effective energy and ancillary services especially flexibility and evaluate bids.
- iv. Securing of new generation capacity
- v. Drafting and negotiating Power Purchasing Agreements (PPAs) for Independent Power Providers (IPPs) and Traders
- vi. Implement energy efficiency, embedded generation, storage, and metering to reduce consumption and emissions across municipal assets.

4.3.2. The following energy services are provided by the Energy Directorate across the full municipal area, i.e. both City and Eskom Supply Areas, in addition to licence conditions

- a. Area and Street lighting Services
 - i. Planning, development, maintenance and operation of infrastructure
 - ii. Extend the distribution network to unserved customers through area lighting in informal settlements
 - iii. Capturing and responding to faults or outages
 - iv. Specialist lighting services including festive lighting and Table Mountain lighting
- b. Innovative Energy Solutions
 - i. Achieve Net Zero Carbon municipal buildings and support compliance with Energy Performance Certificate requirements.
 - ii. Expand safe, affordable energy access through off-grid solutions, improved subsidies, and alternative service delivery models for low-income communities.
 - iii. Research, test, and operationalise emerging technologies and new service models to improve utility offerings and operations.
 - iv. Drive city-wide adoption of electric vehicles and enable step changes through coordinated, cross-departmental collaboration.
 - v. Coordinate stakeholder engagement and internal/external events to support knowledge sharing and adoption of new technologies.

3 Customer Service Standards

This section defines the customer service standards that the Service Provider must meet when delivering electricity services on behalf of the Service Authority. These standards ensure compliance with all legislative and regulatory requirements, adherence to industry standards, and alignment with the City's approved policies, including its Customer Care and Management obligations under Section 95 of the MSA.

The Service Provider must deliver electricity customer services that are safe, courteous, prompt, and transparent, thereby supporting the City's commitment to high-quality service delivery and customer satisfaction. The Service Provider must continually seek opportunities to innovate and improve service quality, reliability, safety, and customer experience. Improvement initiatives must be aligned with City policies, national regulatory reforms, and evolving industry standards and norms.

In addition to the legislated minimum requirements, the Service Authority may set customer service performance targets for the Service Provider. These targets must be achieved unless prevented by factors outside the Service Provider's control, and they will be reviewed annually as per the Service Delivery and Budget Investment Plan (SDBIP).

3.1 Legislative and Regulatory Compliance

The Service Provider must comply with the minimum service levels and compliance obligations prescribed in legislation, license conditions, and applicable technical standards. Where updates or new versions of these acts, regulations, and standards are published, the Service Provider must ensure compliance within timelines prescribed by law or mutually agreed upon with the Service Authority.

These include, but are not limited to, the following:

3.1.1 Acts and Regulations

- a. MSA – Section 95 (Customer care and management).
- b. National Energy Act 38 of 2004.
- c. Occupational Health and Safety (OHS) Act, 1993 (Act 85 of 1993) – Ensuring safe operation, maintenance, and public interaction with electrical infrastructure.
- d. Electricity Regulation Act, 2006 (Act No. 4 of 2006), as amended by the Electricity Regulation Amendment Act, 2024 (Act No. 38 of 2024)
- e. Applicable licence conditions issued by the national regulator.

3.1.2 Distribution Grid Codes

The Service Provider shall comply with:

- a. Distribution Network Code¹ (as amended), including all associated network planning, operational, performance, safety, and reporting requirements.
- b. All other relevant Distribution Grid Codes applicable to distribution network operations, metering, embedded generation, performance, system security, and customer interfacing.

3.1.3 Standards legally enforced through Legislation, or Grid Codes, such as Compulsory National Rationalised Specifications (NRS) and South African National Standards (SANS)

The following minimum legislated/regulated standards must be complied with:

- a. Quality of Service
 - i. NRS 047:2019 – Electricity Supply: Quality of Service and Reporting Guidelines
- b. Quality of Supply
 - i. NRS 048-2:2025 Edition 5
 - ii. NRS 048-4:2015
 - iii. NRS 048-6:2009
 - iv. NRS 048-7:2008
 - v. NRS 048-8:2010
 - vi. NRS 048-9:2023 Edition 3
- c. SANS Standards
 - i. SANS 10142-1 – The wiring of premises (LV installations)
 - ii. SANS 10142-2 – Medium-voltage installations
 - iii. SANS 474:2006 – Code of practice for electricity metering
 - iv. SANS 1019 – Standard voltages
 - v. Other SANS standards that are enforced under the OHS Act and its various regulations

3.2 Customer Account Management

- a. Customer account management must comply with Section 95 of the MSA, including clear information on accounts, tariffs, consumption, and service rights.

¹ As at 2026-05-15 this is Version 6.2 (August 2022)

- b. The Service Provider must meet accessibility targets (e.g. call centre response times, digital service availability) set by the Service Authority.
- c. The Service Provider will make use of the City's Corporate Contact Centre (CCC) to ensure ease of access to services by customers with the parameters for this service outlined in the approved Service Level Agreement with the CCC.

3.3 Reporting Requirements

- a. Mandatory reporting in accordance with NRS 047-2, NRS 048-6, NRS 048-8, and the Distribution Network Code must be complied with.
- b. Additional reporting obligations, such as monthly reporting to the Energy Portfolio Committee or reliability performance reports, may be set by the Service Authority.

3.4 Review and Amendment of Standards

The customer service standards in this Section shall be reviewed jointly by the Service Authority and the Service Provider at intervals not exceeding three (3) years, or earlier if required by:

- a. regulatory amendments,
- b. new or updated NRS/SANS/Grid Code versions,
- c. changes in the Service Authority's approved policies.

Any changes will be incorporated into this Service Compact by mutual agreement.

4 Functional Scope

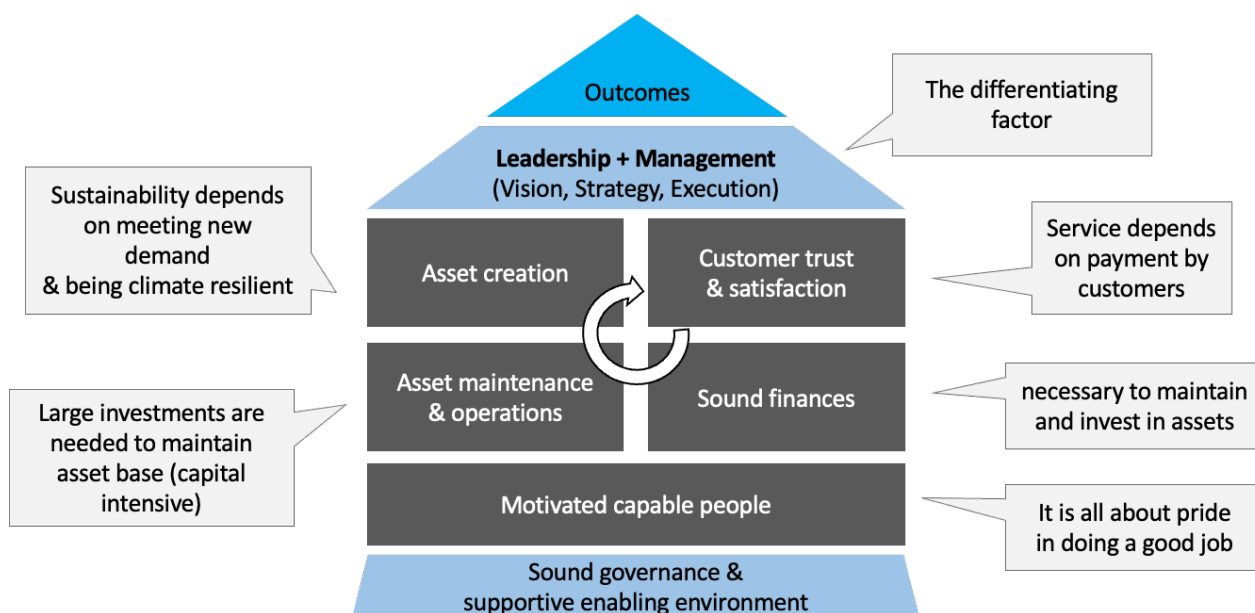


Figure 2: Seven-box model for effective management of a trading service

This section defines the scope of functions over which the Service Provider exercises executive management and decision-making authority. The scope encompasses all technical, commercial, and support functions integral to the effective performance and long-term sustainability of the service, as illustrated in Figure 2.

The Energy Directorate operates under a Single Point of Management Accountability (SPoMA) model, embodied in the Executive Director: Energy. This role carries full accountability for the entire energy value chain and reports directly to the City Manager, ensuring clear and direct executive oversight. The Executive Director: Energy is responsible for the end-to-end management of energy and electricity services, encompassing the provision of regulated generation, distribution, and retail services, as well as the unregulated street lighting service.

The Executive Director leads a multi-disciplinary management team spanning technical, financial, commercial, and support functions. This structure promotes business-oriented, outcome-driven decision-making, with both individual and collective accountability for performance. The leadership framework is reinforced through:

- Delegations Framework – establishing formal authority, accountability, and decision rights
- Performance agreements – aligning individual accountability with service delivery outcomes
- Governance structures – enabling coordinated and effective decision-making

This accountability extends across customer services (including communications and metering), financial performance (including billing and credit control), and human resources (ensuring appropriate staff capability, capacity, and performance). It further includes oversight of support services such as procurement, contract management, information technology, and fleet management. In addition, the Executive Director: Energy is responsible for core technical functions, including system planning, asset creation, asset management, and the operation and maintenance of infrastructure.

These functions are delivered either within the Directorate or through corporate services under defined accountability arrangements. The allocation of responsibilities across business units and corporate services reflects an integrated operational model with clear governance. Where functions are provided by corporate services, they are governed through formal Service Level Agreements (SLAs), ensuring defined service standards, transparent cost allocation, and explicit accountability.

This integrated functional scope ensures that accountability for performance, financial sustainability, and service delivery outcomes is clearly defined and aligned with the objectives of the trading service.

4.1 Summary Description of Functional Scope

Table 1: Summary Description of service areas and service delivery arrangements

Functional Category	Accountable	Supporting Services delivered by	SLA required
Asset Management Life Cycle: Creation, Maintenance, Operation, Decommissioning	Energy Directorate	None	No
Human Resources	Energy Directorate	Human Resources Management, Corporate Services Directorate	Yes
IS&T	Energy Directorate	IS&T, Corporate Services Directorate	Yes
Operational Technology	Energy Directorate	None	No
Fleet	Energy Directorate	None	No
Facilities	Energy Directorate	None	No
Revenue Management	Energy Directorate	Revenue, Finance Directorate	Yes

Functional Category	Accountable	Supporting Services delivered by	SLA required
Customer Contact Centre	Energy Directorate	Citizen Interface, Corporate Services Directorate	Yes
Inventory and Stores Management	Energy Directorate	Inventory and Stores Management, Corporate Services Directorate	Yes
Supply Chain Management	Energy Directorate	Supply Chain Management, Finance Directorate	Yes

4.2 Service Level Agreements

Where a service is delivered to the Energy Directorate by another City directorate, as outlined in the table above, a service level agreement (SLA) is required. Importantly, even where a service is delivered by a corporate service-providing directorate and not the Energy Directorate, the Executive Director: Energy remains accountable for the performance of the services provided.

Each SLA should be entered in to by the Executive Director: Energy and the relevant service providing Executive Director, reviewed annually, and contain the following information:

- a. Purpose and Objectives
- b. Service Focal Points
- c. Service Menu
- d. Service Availability
- e. Service Costs
- f. Key Performance Indicators
- g. Reporting and review requirements
- h. Roles and Responsibilities for both the service provider and service recipient
- i. Escalation and Dispute Resolution

Initially the following SLAs are required, with the expectation that by 29/30 there will be a SLA to manage performance of all corporately-provided services and related costs:

- a. Corporate Finance: Revenue, Supply Chain Management, Inventory & Stores Management
- b. Corporate Services: Human Resources, IS&T, and the Corporate Contact Centre

It is intended that these SLAs enable enhanced transparency, performance management, and ultimately the assessment of the effectiveness, efficiency, and economy of the services provided to the Energy Directorate.

5 Delegations

The City undertakes an annual review of the System of Delegations document. The latest version can be found here: [Councils System of Delegations.pdf \(capetown.gov.za\)](https://capetown.gov.za/Councils%20System%20of%20Delegations.pdf) with a summary of the delegations of the Executive Director: Energy found in Annexure A.

In terms of the Council-approved System of Delegations, the Executive Director: Energy is appointed as per section 56 of the MSA and is the most senior official responsible for the Energy Directorate, accountable to the City Manager for the exercise of all delegated powers within the functional area of Energy.

The delegations to the ED: Energy reflect full executive management authority within the approved governance and operating framework determined by Council and the City Manager. Specifically that delegations are exercised subject to Council policy, applicable legislation, and CM oversight

(via ED reporting of the exercising of delegations), but are not shared with corporate directorates. Furthermore, the City Manager retains the right to intervene or exercise a delegation directly if required, but this does not dilute the ED's accountability.

In addition to the Council System of Delegations, the City Manager has statutory delegations. The City Manager sub-delegates these delegations using the City's system of delegations and the statutory delegations. The following powers are delegated by Council to all Executive Directors (i.e., the general framework within which individual EDs operate).

5.1 General Delegations

EDs are responsible for the exercise of delegated powers within their functional areas. An Executive Director may:

- a. Establish standard operating procedures for matters within their functional areas, ensuring effective delivery and compliance with Council policy.
- b. Enter into and sign contracts or documents, with or without financial implications, provided they have the appropriate authority or approvals.
- c. Oversee and report on how delegated powers and duties are exercised within their directorate, including flagging failures or improper use to the City Manager.
- d. Authorize official travel for city business within South Africa for personnel in their directorate.
- e. Approve directorate-specific events if funds have been budgeted; this approval authority cannot be sub-delegated below director/manager level.
- f. Determine uniforms and protective clothing specifics (issue, life span, qualifying officials) in accordance with conditions of service.

5.2 Functional Delegations

The Executive Director: Energy is accountable to Council (through the City Manager) for the following functional areas:

- a. Electricity Services, within the City supply area, as per license conditions include:
 - i. Distribution Network Services
 - ii. Distribution Retail Services
 - iii. Generation Services
- b. The following energy services are provided by the Energy Directorate across the full municipal area, i.e. both City and Eskom Supply Areas, in addition to license conditions
 - i. Area and Street lighting Services
 - ii. Innovative Energy Solutions

These delegations ensure the ED has day-to-day executive control over personnel, operating decisions, and internal resource management for the Energy Directorate. While some services may be delivered by corporate functions, these do not carry decision-making authority over Energy service outcomes. This means the ED is the senior official responsible for leading those services and carrying out delegated powers associated with those functions (e.g., service delivery, operational policy implementation, compliance with by-laws and statutes) within the framework set by Council.

The Directors in Energy are tasked with implementing the City of Cape Town Electricity Supply By-law and other Energy-specific policies, along with national legislation, the grid code, regulations and standards.

6 Asset Due Diligence

The Service Authority requires the Energy Directorate, as the designated Service Provider, to exercise full stewardship and due diligence over all energy infrastructure and related assets necessary for the safe, reliable, and efficient provision of energy services. In terms of the Service Compact, the Service

Provider is accountable for the end-to-end management of the energy asset base on behalf of the municipality, including high, medium, and low voltage distribution network infrastructure; generation and storage plants; protection and control systems; meters; facilities; land reserved for Energy as well as land rights, fleet; plant; tools; and associated information and operational technology assets.

The Service Authority requires that all energy assets be managed in accordance with lifecycle-based asset management principles aligned with ISO 55001 and the City Infrastructure Delivery Management System (CIDMS) developed through the National Treasury's Cities Support Programme. The Service Provider must further apply recognised international best practice, including the latest edition of the International Infrastructure Management Manual (IIMM)², , to ensure that asset planning, creation, operation, maintenance, refurbishment, and renewal are integrated, risk-based, and financially sustainable.

The Service Provider is required to maintain complete, accurate, and up-to-date asset registers within the City's approved enterprise asset management systems and to undertake regular condition assessments of critical network assets. These assessments must inform preventative and corrective maintenance programmes, prioritised refurbishment and renewal plans, and long-term network development strategies aligned with demand forecasts, reliability standards, and safety requirements.

The Service Authority further requires the Service Provider to actively identify, monitor, and mitigate asset-related risks, including ageing infrastructure, capacity constraints, safety risks, and technical losses, through approved capital and maintenance programmes supported by the financial business model. Fleet, plant, and spares management must form an integral part of the asset management framework to ensure operational readiness and service continuity.

Through these requirements, the Service Authority establishes clear accountability for asset stewardship and confirms that robust, best-practice asset management is a mandatory condition for the provision of Energy services under the Service Compact, supporting regulatory compliance, long-term infrastructure sustainability, and improved customer outcomes.

6.1 Asset Management

Asset Management is the process of decision making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximize their service delivery potential and benefits, and to minimise their related risks and costs over their entire life.

The overarching goal of Asset Management (AM) is to manage infrastructure assets in such a way that service delivery requirements are met in the most cost-effective manner for the benefit of present and future customers. The key element of infrastructure asset management for the Trading Service is adopting a full lifecycle approach to the management of infrastructure which includes cost-effective, long-term strategies that meet defined service requirements. Figure 3 below shows the Asset Lifecycle Management methodology as defined by CIDMS.

² As at 2026-05-15 this is the 6th Edition



Figure 3: Asset Lifecycle Management (Source: CIDMS)

a. Requirements Definition

- i. Identify and define electricity service delivery needs based on demand forecasts, spatial development plans, regulatory requirements, reliability targets, safety standards, and climate/resilience objectives.
- ii. Translate community, customer, and statutory requirements into clear technical, capacity, performance, and compliance requirements for distribution assets.

b. Asset Planning

- i. Develop long-term and medium-term plans (e.g. master plans, AMPs) that determine the optimal mix, timing, and location of network investments to meet current and future electricity demand.
- ii. Prioritise projects using cost-benefit analysis, Grid Code requirements such as Least Lifecycle Cost Analysis, risk assessment, asset condition information, and funding availability while aligning with the IDP, budget, and regulatory obligations.

c. Asset Creation

- i. Design, procure, construct, and commission new electricity distribution assets or upgrades (e.g. substations, feeders, transformers, meters) as well as support assets such as fleet, facilities, It/OT or land, in accordance with approved plans, technical standards, and procurement regulations.
- ii. Ensure assets are delivered to specification, safely commissioned, and formally handed over with complete asset data for inclusion in the asset register.

d. Operation and Maintenance

- i. Operate the electricity distribution network safely and reliably to deliver continuous supply to customers in line with quality-of-service standards.
- ii. Implement planned, preventative, and corrective maintenance programmes to manage asset risk, minimise outages, and extend asset life.

e. Asset Performance and Condition Monitoring

- i. Monitor asset condition, performance, reliability, and utilisation using inspections, testing, SCADA/data systems, fault analysis, and customer service indicators.
 - ii. Use performance and condition data to identify emerging risks, inform maintenance strategies, and support evidence-based planning and investment decisions.
- f. Asset Renewal and/or Upgrading
 - i. Refurbish, replace, or upgrade assets that have reached the end of their useful life, are performing poorly, or no longer meet demand, safety, or regulatory requirements.
 - ii. Optimise renewal timing to minimise lifecycle costs, improve network resilience, and accommodate growth, embedded generation, or new technologies.
- g. Decommissioning and Disposal
 - i. Safely retire assets that are obsolete, redundant, damaged, or replaced, ensuring continuity of supply and compliance with environmental, safety, and heritage requirements.
 - ii. Dispose of assets in accordance with legislative and municipal processes, update asset registers, and recover any residual value where appropriate.

6.2 Asset Registers

In support of Asset Management, the Trading Service shall maintain a register of energy services infrastructure assets and put in place a system to manage these assets in terms of the maintenance plan. This plan shall be based on the principle of preventative maintenance in order to ensure that, as far as this is practical, damage to assets is prevented before it occurs. Assets shall be refurbished and/or replaced before the end of their economic life and the necessary capital funds shall be allocated for this purpose.

Asset Registers are maintained in line with the City's Records and Document Management Policy within all departments that own assets. The Technical Asset Register in which maintaining refers to the creation and updating of assets takes into consideration the technical aspects of assets and associated sub-assets and is further used to inform Proactive Maintenance activities or requirements. The Financial Asset Register in which maintaining refers to the creation and updating information of assets which is used to depreciate an asset.

7 Business Plan and Financial Model

The Service Authority requires the Service Provider to develop, implement, and maintain a practical and comprehensive Business and Investment Plan in full compliance with Guidance Note 5, Annexure 2 (M5: Business and Investment Plan – Minimum Content Template) and in alignment with the City's Integrated Development Plan, the Long Term Plan 2050, and Energy Strategy 2050. This business and investment Plan must then be realised through the SCM Demand Plan and the City's Project Readiness Assessment processes. The Business and Investment Plan is a core management instrument through which the Service Provider demonstrates its ability to deliver a financially sustainable, reliable, and compliant electricity service while supporting sector reform objectives and improved customer outcomes.

The Business and Investment Plan must provide a clear and actionable roadmap to sustain, and where possible improve, the financial, technical, and operational performance of the electricity service. It must be anchored in a realistic and robust financial business model that tests long-term viability, affordability, and resilience under different demand, cost, tariff, and funding scenarios. The funding model must take into account the inter-related nature of electricity service financials with the broader City and other utilities – especially taking in to account the holistic impact of all utility tariffs on customers. The Service Authority requires that the plan advances recognised best practice electricity utility management principles and benchmarks and responds appropriately to changing

market, regulatory, and policy conditions, including electricity sector reform, supply constraints, embedded generation, and evolving customer behaviour.

The Service Provider is required to demonstrate through the Business and Investment Plan how management will achieve the performance targets defined in the A3 Performance Improvement Action Plan (PIAP), while fully complying with all applicable legislative requirements, NERSA licence conditions, grid codes, NRS and SANS standards, and obligations defined in this Service Compact.

In fulfilling these requirements, the Service Authority requires the Service Provider to develop and maintain a Business and Investment Plan covering at least the Medium-Term Revenue and Expenditure Framework (MTREF) period, supported by a longer-term strategic horizon of 10 to 20 years for major network infrastructure and bulk supply interfaces. The plan must be supported by an integrated financial business model that projects, at a minimum:

- a. Electricity demand, energy sales, customer growth by category, and the impact of embedded generation and demand-side management;
- b. Operating costs, including bulk power purchases from a range of suppliers, network operations and maintenance, system losses, staffing, energy efficiency initiatives, and customer service costs;
- c. Capital investment requirements for network expansion, refurbishment and renewal, substation and feeder upgrades, grid modernisation, compliance with reliability and safety standards, new generation City owned assets, and other assets required for business support; and
- d. Revenue, expenditure, and funding sources, testing whether tariffs, surcharges, grants, and borrowing are sufficient to ensure long-term financial sustainability and regulatory compliance.

The Service Authority further requires that the Business and Investment Plan and supporting financial model are fully aligned with, and demonstrably support, the A3-PIAP targets. These instruments must directly inform tariff applications, the MTREF budget submissions, and strategic decisions relating to capital grant funding, borrowing, and power procurement. Through these requirements, the Service Authority establishes the Business and Investment Plan as a mandatory, living management tool underpinning accountable, sustainable, and performance-driven delivery of electricity services.

8 Performance Agreements

8.1 Service Authority Obligations

6.1.1. The Service Authority is responsible for ensuring that the Service Provider operates effectively within the framework of the Service Compact and complies with all statutory, regulatory, and sectoral requirements. In particular, the Service Authority must:

- a. Fulfil all duties and obligations assigned to it under the Service Compact (M1).
- b. Approve, implement, and maintain the minimum commitments set out in the A3 Performance Improvement Action Plan (PIAP), including:
 - i. Appointment of the Single Point of Management Accountability (SPoMA) for the Energy Directorate (M2);
 - ii. Approval and oversight of the SPoMA organisational structure (M3);
 - iii. Approval and monitoring of SPoMA delegations (M4);
 - iv. Approval, oversight, and implementation of the Financial Model and Business & Investment Plan (M5), subject to Corporate Finance direction and governance controls;

- v. Provision of budgetary support for the trading service's business and investment plan (M6);
- vi. Ensuring financial transparency through separate annual financial statements (M7); and
- vii. Support for organisational change management and capacity building to improve service delivery (M8).

6.1.2. To achieve these obligations, the Service Authority will:

- a. Maintain enabling policies, by-laws, and approvals that allow the Energy Directorate to operate effectively under its trading licence and within the municipal governance framework.
- b. Approve realistic and economically-appropriate electricity tariffs and ensure sufficient budget allocation to support operations, capital investment, and service delivery.
- c. Ring-fence and correctly allocate all revenue due to the Energy Directorate in receipt of the services it renders to customers
- d. Implement all M-commitments that fall within the Centre's responsibility, including delegations frameworks, reporting systems, and approval processes.
- e. Provide ongoing oversight, guidance, and support to the Service Provider to ensure that compact commitments are met.
- f. Permit the recovery of the costs for street lighting to be recovered from the unregulated portion of the electricity tariff, unless an alternative cost recovery mechanism is agreed to.

8.2 Service Provider / SPoMA Obligations

The appointed SPoMA (Executive Director: Energy) is responsible for the day-to-day execution of the Service Compact commitments and for delivering the objectives of the Energy Directorate. Specifically, the SPoMA must:

- a. Fulfil all service provider duties and obligations defined in the Service Compact (M1).
- b. Implement and manage the Energy Directorate organisational structure (M3), ensuring staff are aligned, accountable, and resourced to deliver on the compact.
- c. Develop, implement, and maintain the Business & Investment Plan (M5), ensuring alignment with the A3-PIAP performance targets
- d. Produce or contribute to separate annual financial statements for the Energy Directorate (M7).
- e. Lead change management initiatives and build organisational capacity to deliver on the Medium-Term Strategic Reform (MTSR) programme (M8).
- f. Achieve the performance targets set out in the A3-PIAP and ensure delivery of operational, financial, and customer service outcomes.

8.3 Linking Compact Obligations to Performance Contracts

The Service Authority requires that all duties, obligations, and key A3-PIAP performance indicators are formally incorporated into the SPoMA's annual performance contract and scorecard, as well as the Directorate's Scorecard. In the case of the Energy Directorate, the SPoMA reports directly to the City Manager, and the performance agreement includes:

- a. Explicit references to A3-PIAP indicators
- b. Accountability for implementing the organisational structure, Business & Investment Plan, and financial reporting requirements.
- c. Responsibility for leading internal change management and capacity-building initiatives.
- d. Processes for corrective action in the event of non-performance, consistent with the mechanisms set out in Section 13 of the Service Compact.

These obligations are cascaded through the organisation to senior managers and operational units, ensuring that all levels of the Service Provider are aligned with compact commitments, performance targets, and accountability requirements.

9 Financial Relationship between Authority and Provider

Section 4(2) of the MSA, requires that the council strives to ensure that municipal services are provided in a financially sustainable manner. Financially sustainable is defined in the Act as meaning “the provision of a municipal service in a manner aimed at ensuring that the financing of that service from internal and external sources, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of:

- a. the initial capital expenditure required for the service;
- b. operating the service; and
- c. maintaining, repairing and replacing the physical assets used in the provision of the service.”

9.1 Types of financial flows between Service Authority and Service Provider

Within this context, this Service Compact outlines the types of financial flows between Service Authority and Service Provider and the basis for determining the financial relationship between the Service Authority and the Service Provider.

- a. Service authority contributions: This consists of funding from the City, the National Government or external sources, to meet service obligations to customers.
 - i. Local Government Equitable Share allocation: The allocation of funds from these grants is needs based, such as the budget required to provide the confirmed number of indigent customers with the allocation of Free Basic Electricity, as per the Credit Control and Debt Collection Policy.
 - ii. Urban Development Finance Grant and other grants: These grants are applied for based on a specific project list submitted to the City's Grants Office and subject to approval of the application and/or release of the funds by National Treasury.
- b. Dividends: The Energy Directorate may be required to pay a dividend to the City as an agreed percentage of sales revenue. The implementation and value of this is determined on an annual basis and published as a total Rand value in the Council-approved Budget. The recovery of this amount via the tariff must take into account affordability issues and other considerations around the customer impact.
- c. Street lighting: The costs for the planning, development, and maintenance of street lighting as well as the energy costs for the street lights, will be recovered through the unregulated portion of the electricity tariff, unless an alternative cost recovery mechanism is approved.
- d. Support Service charges: These are determined based on the provision of services outlined in the SLA between the Trading Service and the relevant Directorate providing the Service. This is supported by the City's Activity Dictionary which captures the cost driver for each service and the total annual amount payable for the services provided.
- e. Internal utility charges: These are the charges paid for municipal services, such as water and sanitation, solid waste, and energy and are charged at the rates approved in the Tariff Schedule. The recovery is done automatically through the City's SAP system.

9.2 Tariff Setting

The City's Energy Directorate sets electricity tariffs using a structured regulatory and policy framework that combines municipal budgetary authority, cost-based analysis, public participation, and approval from the NERSA.

9.2.1 Municipal Policy Framework

At the municipal level, electricity tariffs are formulated in accordance with the City's Tariff Policy, which is adopted as part of the annual municipal budget process. The policy complies with both the MSA and the Municipal Finance Management Act (MFMA – Act 56 of 2003), which require that all

fees, charges, and tariffs for municipal services be approved by a majority vote of the municipal council and reflect cost-recovery, fairness, and affordability principles. Under the Tariff Policy, electricity tariffs are structured to recover the cost of providing the service, while also reflecting social equity principles such as lifeline tariffs for indigent customers.

9.2.2 Cost of Supply Studies and Tariff Formulation

The Energy Directorate prepares detailed cost-of-supply (COS) studies that analyse the full costs of supplying electricity. These studies form the technical basis for proposed tariff adjustments, ensuring that proposed tariffs are aligned with the actual costs of service provision and support the financial sustainability of the electricity service. While cost reflectivity is always desirable there are other considerations these include cross subsidisation across the customer base between customer categories and even within tariff categories to consider customer impacts and affordability.

9.2.3 Regulatory Approval by NERSA

Because municipal electricity distribution is a regulated activity under the Electricity Regulation Act, the City's proposed electricity tariffs must be submitted to the NERSA for approval before implementation. NERSA's role is to ensure that municipal tariffs are justifiable, cost-based, and consistent with regulatory principles, including the ability of the municipality to recover costs on a reasonable basis. NERSA must consider the City's COS studies its growth projections and proposed tariff schedules when assessing applications.

9.2.4 Public Participation and Transparency

In addition to regulatory requirements, the City's tariff-setting process incorporates public participation in line with the MSA and Promotion of Administrative Justice Act (PAJA). Proposed tariff changes and underlying analyses are published for public comment as part of the annual tabled budget, and stakeholder input (including any approval by NERSA) is considered before final approval by Council. This ensures transparency, allows customers to understand the cost drivers of tariffs, and provides an opportunity for meaningful engagement prior to implementation.

9.3 Statement of flows and balances

The payment for services and the transfer of funds between the service authority and the service provider is to be transparent and noted within the segment report for the trading service in the City's Annual Financial Statement. This should outline the transfer of all grants to the trading service by name with the associated value of each, along with any contributions from the service provider to the service authority, and the payment of services by the service provider to the service authority noting the name of the directorate and the value of the payment on an annual basis.

10 Governance

10.1 Governance principles and practices

The Service Authority has established and operationalised a comprehensive governance framework for the Energy Directorate that aligns with national constitutional requirements and established municipal policies. This framework ensures adherence to sound governance principles, ethical leadership, accountability, transparency, and anti-corruption measures by both the Service Authority and the Service Provider.

1. **Ethical Leadership and Integrity:** Consistent with the Constitution of the Republic of South Africa and Section 195 of the Constitution which mandates high standards of professional ethics, accountable and transparent public administration, and efficient use of resources, the Service Authority requires ethical leadership and integrity across the Energy Directorate. This requirement has been embedded into organisational policy and practice through the City's Ethics Code, which aligns with the MSA (including the Municipal Staff Members Code of

Conduct) and King V principles to promote ethical conduct, culture and leadership. This includes ethical behaviour in daily operations.

2. **Culture of Public Service and Accountability:** The Service Authority and Service Provider maintain a culture of public service and accountability, rooted in the constitutional duty of municipalities to provide services equitably and in the public interest. This commitment is reinforced through performance management systems aligned with the MSA, which link service delivery outcomes to organisational and individual performance agreements.
3. **Separation of Oversight and Operational Roles:** The Service Authority exercises strategic oversight through established governance processes without involvement in operational decision-making. Oversight relies on structured information flows, regular performance reporting, and clear delegation frameworks under the SPoMA model, ensuring that operational decisions rest with the appointed Executive Director of the Energy Directorate.
4. **Transparency and Reporting:** Transparency in both financial and non-financial reporting is a core requirement. The Service Provider submits comprehensive, regular reports on financial performance, operational metrics, compliance with regulatory requirements (including NERSA licence conditions and MFMA obligations), and progress against A3-PIAP performance targets. These reporting mechanisms align with the principles of transparent public administration in Section 195 of the Constitution and positional requirements under the MFMA, which calls for effective, efficient and transparent systems of financial, risk management and internal control. All other reporting requirements of the Service Authority shall be fulfilled.
5. **Independent Assurance and Audit:** The Service Provider is subject to independent assurance in accordance with the MFMA and the City's governance framework. Its financial statements and performance information form part of the City's consolidated audit by the Auditor-General of South Africa. In addition, the City's Internal Audit function provides independent and objective assurance on the adequacy and effectiveness of governance, risk management, internal controls, and regulatory compliance within the Service. Internal Audit operates in line with approved audit plans and reports functionally to the Audit and Performance Audit Committee (APAC), thereby maintaining independence from management. This combined assurance framework strengthens accountability, responsibility, transparency, and oversight of the necessary governance, risk and controls within the directorate.
6. **Measures to Prevent Corruption:** Robust anti-corruption measures have been implemented, including compliance with national anti-corruption legislation, mandatory code-of-conduct required and iterative training, proactive forensic support, consequence management for unacceptable behaviour, and transparent supply chain management practices in accordance with the MFMA and associated regulations.
7. **Institutional Oversight Governance Bodies exercised by key municipal bodies in ensuring effective governance:**
 - a. **Council:** Provides the highest level of political authority and accountability within the City. Council approves the budget, tariffs, by-laws and key policies, sets the strategic direction of the municipality, and ensures oversight, compliance with legislation, and adherence to sound governance principles.
 - b. **Mayoral Committee (MayCo):** Serves as the executive decision-making body of the City, chaired by the Executive Mayor and comprising councillors with delegated portfolio responsibilities. The Mayoral Committee oversees the implementation of Council-approved policies, strategies, budgets and service delivery programmes, and exercises executive authority to ensure integrated, effective and accountable municipal administration.
 - c. **Energy Portfolio Committee:** Exercises oversight over the Energy Directorate by reviewing performance, governance and service delivery reports. The Committee considers strategic and operational matters within its mandate and makes

recommendations to Council to support informed decision-making and continuous improvement in the energy function.

- d. Finance Portfolio Committee: Oversees the City's financial management by reviewing financial performance reports, monitoring compliance with the approved budget, the Municipal Finance Management Act (MFMA) and related prescripts, and ensuring prudent fiscal stewardship in support of sustainable service delivery.
- e. Municipal Public Accounts Committee (MPAC): Functions as Council's primary oversight body for financial accountability, operating in accordance with legislative requirements and recognised national guidelines. MPAC reviews Auditor-General reports, management responses and related oversight matters, and makes recommendations to Council to ensure corrective action, strengthened governance and improved financial management. MPAC reports are formally tabled and considered by Council.
- f. Audit and Performance Audit Committee (APAC): An independent advisory committee established in terms of section 166 of the MFMA to support Council, the Executive Mayor and administration. APAC provides oversight and advice on internal financial controls, risk management, internal and external audit processes, performance management systems, accounting practices and compliance with applicable legislation, thereby strengthening governance, accountability and assurance within the City.

Through these implemented governance arrangements, the Energy Directorate and the Service Authority demonstrate adherence to national legislative requirements, City policy imperatives, and accepted best practices in public sector governance. These structures ensure clear accountability, ethical conduct, transparency, and effective oversight at all levels of the service delivery framework.

10.2 Transparency and reporting requirements

This section of the Service Compact outlines the reporting obligations between the Service Authority and the Service Provider to ensure transparency, fairness, accountability, responsibility, performance oversight, and compliance with legislative and regulatory frameworks. These reporting requirements encompass operational, financial, performance, and statutory reporting and are aligned with practices reflected in the City's public reporting frameworks and annual reporting processes.

10.2.1 Key Reporting Obligations of the Service Provider

The Energy Directorate must produce and submit the following key reports to the Service Authority and relevant oversight bodies:

- a. Quarterly A3-PIAP Performance Reports: The Service Provider must submit quarterly reports detailing performance against the A3 Performance Improvement Action Plan (PIAP) indicators. These reports are submitted to the Service Authority, the Energy Portfolio Committee, and relevant Council committees for review and oversight.
- b. Annual Management Accounts: The Corporate Finance: Treasury Department must prepare and provide detailed management accounts on a quarterly basis to the Energy Directorate. These accounts include revenue and expenditure statements, variance analysis against budget, cash flow updates, and key financial ratios. The accounts are submitted to the Service Provider's finance manager and the Energy Portfolio Committee for scrutiny, in line with municipal financial management practices.
- c. Annual Electricity Service Performance Report: An annual report specific to the Energy Directorate is prepared for inclusion in the City's broader Integrated Annual Report (IAR). This report summarises service delivery performance, reliability outcomes, key operational achievements, challenges, regulatory compliance, and progress against strategic targets. It is tabled before Council, presented to relevant portfolio committees, and published on the City's public reporting platforms.

- d. **Regulatory and Statutory Sector Reports:** The Service Provider must compile and submit any sector-specific statutory reports required by national or provincial regulatory bodies (e.g., NERSA reports, prescribed regulatory financial reporting templates such as the Regulatory Report Monitoring (RRM) templates for electricity distribution) in accordance with regulatory timelines and submission requirements.
- e. **Ad Hoc Reports as Required:** The Energy Directorate must produce ad hoc reports in response to specific requests from the Service Authority or oversight governance committees related to emerging issues, regulatory developments, or strategic initiatives. These may include reports on compliance, risk, controls infrastructure outages, customer service metrics, or tariff proposals.

10.2.2 Reporting Channels and Oversight

- a. **Service Authority Review:** All required reports are submitted to the Service Authority for review, performance monitoring, and strategic oversight.
- b. **Council and Portfolio Committees:** Key reports may be tabled in Council and discussed in relevant portfolio committees (Energy, Finance, APAC) to ensure legislative and governance oversight.
- c. **Public Disclosure:** The annual reporting documentation, including the Energy Directorate's performance and financial outcomes, is published as part of the City's Integrated Annual Report, consistent with the City's commitment to transparency and public accountability.

These reporting requirements ensure that the Energy Directorate provides timely, accurate, and comprehensive information to the Service Authority, oversight bodies, and the public, facilitating transparency, performance evaluation, and compliance with the legislative framework for municipal reporting.

11 Performance Management

11.1 Performance Management

The Service Compact establishes procedures for addressing any failure by either the Service Authority or the Service Provider to meet the obligations set out in this Compact. This includes operational, performance, human resources, financial, reporting, and service delivery responsibilities.

City Manager interventions are triggered by:

- a. Executive Director alerts to the City Manager (in writing or in person)
- b. City Manager information, example (inter alia) -
 - i. Dashboard information from the City's Data Scientists
 - ii. Exception reports
 - iii. Complaint notices and correspondence
 - iv. Poor performance results
 - v. Governance committee alerts – MayCo, Municipal Public Accounts Committee, Portfolio Committees and Audit and Performance Audit Committee.
 - vi. One-on-one sessions with Executive Directors
 - vii. Performance monitoring meetings

City Manager action include, amongst other things, the following steps:

- a. Verbal engagement
- b. Correspondence for response by the Executive Director
- c. Monitoring dashboards

- d. Forum establishment with a formal term of reference if the directorate is deemed to be in a state of continuous monitoring. These are established as monthly meetings and progress to quarterly meetings and then are stopped when better control is confirmed. The terms of reference include:
 - i. Frequency of meetings
 - ii. Attendees (members, standing invitees and guests)
 - iii. Agenda and Minute requirements with record management
 - iv. Correspondence requirements
 - v. Standard Agenda
 - i. Welcome and apology
 - ii. Presentations
 - iii. Minutes and matters receiving attention
 - iv. Financial Management – SCM demand plan, grant monitoring and operating and capital monitoring
 - v. Contract management – gaps in contract months and business continuity
 - vi. Operational service delivery – business processes and issues and risks
 - vii. Human resources – vacancy gap, retirement risks and recruitment and selection pipeline

11.2 Dispute Resolution

The Parties acknowledge that the primary objective of this Service Delivery Compact is the uninterrupted provision of trading services to the City and its residents. In the spirit of the King IV Report on Corporate Governance, the Parties commit to resolving disputes through proactive, constructive, and interest-based mechanisms, prioritizing mediation and negotiation over adversarial processes.

Pending the resolution of any dispute, both Parties shall continue to perform their respective obligations under this Compact. No Party may withhold service delivery, technical support, or performance reporting as a result of a pending dispute.

11.2.1 Stage 1: Technical Level Resolution

- a. Should a dispute arise regarding the interpretation, performance metrics (KPIs), or operational requirements of this Compact, the aggrieved Directorate shall notify the other Party in writing.
- b. Within 5 (five) business days of such notification, the relevant Technical Leads or Line Managers shall meet to attempt an informal resolution.
- c. The resolution at this stage must focus on technical alignment with the Metro Trading Services Programme (SPOMA) standards and the recovery of any performance deviations.

11.2.2 Stage 2: Directorate Management Escalation

- a. If the dispute is not resolved at the technical level within the timeframe specified in 13.2.1, it shall be escalated to the respective Directors of the involved Directorates.
- b. The Directors shall meet within 7 (seven) business days to negotiate a settlement, taking into account the broader strategic objectives of the City's integrated development goals and financial frameworks (e.g. Grant Expenditure Scorecards).

11.2.3 Stage 3: Executive Mediation

- a. Should the dispute remain unresolved, it shall be referred to the relevant Executive Directors (EDs) for the respective Directorates.
- b. The EDs shall attempt to resolve the matter through formal mediation, ensuring that the resolution complies with the Municipal Finance Management Act (MFMA) and the City's delegated authority.

11.2.4 Stage 4: Independent Referral to ED: Corporate Services

- a. A dispute shall be referred to the ED: Corporate Services for an independent determination if:
 - i. The Executive Directors reach a deadlock and cannot resolve the matter within 10 (ten) business days of referral; or
 - ii. The City Manager is a formal party to the Service Compact or the dispute, thereby necessitating an independent arbiter to ensure administrative fairness and avoid a conflict of interest.
- b. The referral to ED: Corporate Services must be supported by a concise "Dispute Brief" outlining the technical and/or financial points of contention and the impact on the SPOMA Service Compact.
- c. ED: Corporate Services shall review the dispute based on performance data, compliance with the MFMA, and the City's Performance Management Framework.
- d. ED: Corporate Service shall issue a written recommendation to the City Manager.

11.2.5 Finality of Decision

- a. When issued, the determination provided by ED: Corporate Services shall be final and binding upon the Parties for the purposes of this internal Compact.
- b. This process is intended to remain an administrative governance mechanism; as such, no political office-bearer (including the Executive Mayor or MayCo Members) shall be called upon to adjudicate technical or operational disputes arising from this Compact.

11.3 Force Majeure

The Service Compact recognises that extraordinary events outside the reasonable control of either party may temporarily impede the ability to fulfil obligations and have both direct and indirect cost implications.

11.3.1 Definition of Force Majeure

"Force Majeure" refers to any event or circumstance beyond the reasonable control of either party, which prevents or materially impedes the performance of their obligations under the service compact. Such events may include:

- a. Natural disasters (such as floods, earthquakes, droughts, or fires);
- b. Civil unrest, war, terrorism, or acts of sabotage;
- c. Epidemics, pandemics, or public health emergencies;
- d. Industrial actions not limited to the control of the affected party;
- e. Power supply failures, critical infrastructure breakdowns or cyber-attacks;
- f. An unforeseeable change in national legislation that may impact on the total operation, structure or conditions of the market structure or
- g. Any other unforeseen event declared as a national or provincial disaster in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002)

11.3.2 Notification and Mitigation:

Subject to clause above regarding 'Breach', should any Party (the "Invoking Party") be prevented from fulfilling its obligations in terms of this Agreement as a result a *Force Majeure* event then:

- a. the Invoking Party shall forthwith give written notice thereof to the other Party and other relevant stakeholders;
- b. such notice must specify the cause and anticipated duration of the *Force Majeure* event; and
- c. the Invoking Party shall promptly upon termination of the *Force Majeure* event, give written notice to the other stating that such *Force Majeure* event has terminated and will forthwith, recommence performance of its obligations in terms of this Agreement.

- d. Performance of any such obligations shall be suspended from the date on which the written notice is given in terms of clause 1.2.1 until the date on which notice is given in terms of clause 1.2.3.
- e. The Invoking Party shall not be liable for any delay or failure in the performance of any of its obligations under this Agreement, or loss or damage due to or resulting from the *Force Majeure* event during the period referred to in clause 1.2 provided that the Invoking Party uses and continues to use its best efforts and takes all reasonable steps to perform such obligation and provides the necessary notices as set out in clause 1.2
- f. If the *Force Majeure* event continues for more than 30 (thirty) calendar days, the parties must jointly identify/review affected service compact obligations. This may result in adjustment of performance targets, timelines, or budget allocations, the temporary re-prioritisation of programmes or invoking additional support or relief mechanisms. Any such adjustments must be appended to the Compact as a formal addendum.
- g. Both parties commit to act in good faith during and after any *Force Majeure* event, ensuring that service continuity, transparency, and accountability remain central to all remedial actions and decisions taken under this clause.

12 Annexure A: Summary of the Delegations

The City of Cape Town's System of Delegations establishes a layered governance framework that deliberately separates the exercise of authority from the retention of accountability. Within this system, Council delegates powers to the City Manager, who in turn sub-delegates to Executive Directors. These Executive Directors may further sub-delegate to Directors, Managers, and other officials to enable efficient day-to-day operations. However, a foundational principle runs throughout the framework: delegation does not remove accountability. Even where decisions are taken at lower levels, the Executive Director remains ultimately responsible for the performance of the entire directorate.

For the Executive Director: Energy, this framework translates into a clear and comprehensive mandate. The delegations explicitly define the role as being accountable for the end-to-end management of the energy and electricity services value chain, encompassing regulated generation, distribution, and retail services, together with the unregulated street lighting function. This establishes a holistic accountability that spans both the physical infrastructure of electricity supply and the commercial and customer-facing elements of the service.

In practice, this means that responsibility extends across the full spectrum of service delivery. On the technical side, the Executive Director is accountable for system planning, asset creation, asset management, and the operation and maintenance of electricity infrastructure. These functions ensure that the network is reliable, resilient, and able to meet both current and future demand. At the same time, the delegations make it clear that these technical responsibilities cannot be separated from the commercial and customer environment. The Executive Director is equally accountable for customer services, including communications and metering, and for financial performance, including billing and credit control.

The delegations further embed accountability across the organisational and human resource dimension. While authority for recruitment, appointments, performance management, and disciplinary processes is distributed through sub-delegations to Directors and Managers, the Executive Director retains responsibility for ensuring that the directorate as a whole has the capability, capacity, and performance culture required to deliver its mandate. This includes oversight of staff establishment, competency, training, and workforce management, as well as ensuring that labour relations processes are properly managed and aligned with policy.

Similarly, the framework draws support services directly into the Executive Director's accountability. Functions such as procurement, contract management, information technology, and fleet management are not treated as peripheral or corporate-only responsibilities. Instead, the delegations position them as integral enablers of service delivery, for which the Executive Director remains accountable. This is particularly evident in the extensive delegations relating to supply chain management: the approval of bid specifications, oversight of procurement processes, and responsibility for monitoring contractor performance all sit within the directorate's mandate. The Executive Director is therefore accountable not only for what services are delivered, but also for how effectively external suppliers and internal support systems contribute to those outcomes.

Financial accountability is similarly embedded throughout the delegations. While specific financial authorities—such as virement thresholds or procurement limits—are distributed across levels of management, the Executive Director is ultimately responsible for the financial health and sustainability of the energy function. This includes ensuring that revenue collection, expenditure control, and budget alignment with strategic objectives are effectively managed. The requirement to align directorate plans with the City's Integrated Development Plan (IDP) and Service Delivery and

Budget Implementation Plan (SDBIP) reinforces the Executive Director's role in linking operational performance with broader municipal strategy.

Beyond operational and financial performance, the delegations also place strong emphasis on governance, compliance, and ethical conduct. The Executive Director is accountable for ensuring that all activities within the directorate comply with applicable legislation, by-laws, and policies, and that decisions are taken in accordance with principles of administrative justice. Delegations relating to disciplinary processes, forensic investigations, and the laying of criminal charges reinforce the expectation that the Executive Director must actively uphold integrity and respond to misconduct or irregularities within the value chain.

Overlaying this operational accountability is a structured system of oversight and reporting. Executive Directors are required to report to the City Manager on the exercise of delegated powers and on the performance of their directorates. At the political level, the Energy Portfolio Committee exercises oversight over electricity generation, distribution, and sustainable energy markets, monitoring implementation of plans such as the Energy Action Plan and evaluating service delivery outcomes. This ensures that while the Executive Director holds executive accountability, performance is subject to continuous scrutiny within the City's governance structures.

In narrative terms, therefore, the delegations create a model in which the Executive Director: Energy functions as the single point of accountability for a complex, utility-scale business embedded within the municipal administration. Authority is distributed across the organisation to enable responsiveness and efficiency, but accountability is intentionally concentrated at the top of the directorate. The Executive Director is responsible not only for the technical delivery of electricity services, but also for the customer experience, financial viability, organisational capability, and governance integrity of the entire energy value chain.

Ultimately, the delegations reflect a deliberate design: to treat the Energy Directorate as an integrated business unit, where infrastructure, people, finances, and support systems are all aligned under a single executive authority. In this way, the Executive Director's accountability is truly end-to-end, spanning from planning and investment decisions, through operational delivery and customer interface, to financial performance and regulatory compliance, ensuring that the City's energy services are delivered effectively, sustainably, and in the public interest.



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Energy Directorate Business & Investment Plan

Powering progress. Together.

June 2026

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1. Acronyms and Definitions

Acronym	Definition
ADMS	Advanced Distribution Management System – platform for grid monitoring, automation, and control
AFS	Annual Financial Statements
AMI	Advanced Metering Infrastructure – smart metering system enabling accurate billing and data analytics
AMR	Automated Meter Reading – system for remote meter data collection
ASIDI	Average System Interruption Duration Index – measures outage duration
ASIFI	Average System Interruption Frequency Index – measures outage frequency
CBD	Central Business District
CAPEX	Capital Expenditure – spending on long-term infrastructure assets
CCT	City of Cape Town
CIDMS	City Infrastructure Delivery Management System
CIC	Capital Investment Committee
CPI	Consumer Price Index – inflation measure
CRC	Current Replacement Cost – cost to replace an asset
CRM	Customer Relationship Management
DER	Distributed Energy Resources
DRC	Depreciated Replacement Cost
DSO	Distribution System Operator – manages grid and market participation
EAP	Employee Assistance Programme
EGD	Electricity Generation and Distribution
ERM	Energy Retail Management
GIS	Geographic Information System – spatial mapping and planning system
GFMAM	Global Forum for Maintenance and Asset Management framework
HV	High Voltage
INEP	Integrated National Electrification Programme
IPP	Independent Power Producer
ISUPG	Informal Settlements Upgrading Partnership Grant
IT	Information Technology
LPU	Large Power User
LV	Low Voltage

MAL	Maximum Allowable Limit
MDUS	Meter Data Unification System
MS	Main Substation
MTREF	Medium Term Revenue and Expenditure Framework
MTSR	Metro Trading Services Reform programme
MV	Medium Voltage
NERSA	National Energy Regulator of South Africa
NSP	Network Services Provider
OCCR	Operating Cash Coverage Ratio
OHL	Overhead Line
OMS	Outage Management System
OPEX	Operational Expenditure
OT	Operational Technology
PPA	Power Purchase Agreement
PV	Photovoltaic (solar generation technology)
R&M	Repairs and Maintenance
RFQ	Request for Quotation
RTU	Remote Terminal Unit (used in SCADA systems)
SAP	Enterprise software system for finance and operations
SAP BPC	SAP Business Planning and Consolidation
SAP S/4HANA	Next-generation SAP enterprise system
SCADA	Supervisory Control and Data Acquisition system
SEM	Sustainable Energy Markets
SOP	Standard Operating Procedure
SPoMA	Single Point of Management Accountability
SPU	Small Power User
SSEG	Small Scale Embedded Generation
UDFG	Urban Development Financing Grant
UG	Underground
USDG	Urban Settlement Development Grant

2. Executive Summary

The Energy Directorate's Business and Investment Plan sets out a fundamental transformation of Cape Town's electricity service from a traditional, Eskom-dependent municipal distributor to a modern, resilient, and market-enabled energy utility. This transition is driven by structural changes in the energy sector, including decentralisation, rapid uptake of embedded generation, declining electricity consumption, and sustained increases in bulk electricity costs, all of which are eroding the viability of the legacy volume-based revenue model.

The current model, based largely on the resale of Eskom bulk electricity, remains operationally sound but is increasingly constrained and financially exposed. Declining sales volumes, growing customer self-generation, and rising wholesale tariffs are creating structural revenue pressure and cost escalation risks, requiring a deliberate shift toward a more diversified, flexible and financially resilient operating model.

In response, the plan outlines a transition to a future-fit utility, enabled through the Metro Trading Services Reform (MTSR) programme. This involves establishing a ring-fenced, service-based operating model with clear separation of core functions:

- A neutral network operator responsible for planning, operating and maintaining the distribution system,
- A commercial electricity trader and retailer managing procurement, tariffs, billing and customer services, and
- A generation and market facilitation function supporting City-owned generation, independent power producers, and distributed energy resources.

This shift positions the Energy Directorate to move from a passive price-taker to a more active system manager and market participant, capable of integrating decentralised energy, enabling competition, and improving long-term cost control.

A central strategic pillar of the Plan is energy supply diversification. Scenario analysis demonstrates that continued reliance on Eskom exposes the City to significant tariff and reliability risks, while active transition pathways, combining municipal generation, private sector participation, and energy trading, provide more resilient and cost-stable outcomes. The recommended approach is a hybrid model, balancing targeted investment in City-owned generation and storage with strong enablement of private generation, wheeling, and market mechanisms.

Financially, the Directorate remains strong and liquid in the short term, supported by stable operating surpluses, high revenue collection rates, and disciplined cost management. However, the medium-term outlook reflects deliberate margin compression, driven by accelerating capital investment, rising bulk purchase costs, and declining consumption. While the Directorate remains financially strong from a liquidity and solvency perspective, it is entering a period of deliberate and managed financial pressure driven by accelerated investment and structural change. These pressures are actively managed through an "invest-to-save" strategy, with a clear recovery trajectory as cost efficiencies, diversified supply, and tariff reforms take effect.

To support long-term sustainability, the plan introduces a reconfigured revenue model that reduces reliance on volumetric electricity sales. This includes greater emphasis on cost-reflective fixed charges, network tariffs, and service-based revenues, aligned with the City's evolving role as a network operator and market facilitator. Tariff reform is a critical enabler, progressively improving cost recovery while maintaining affordability protections for vulnerable households.

The strategy is underpinned by a significant, phased capital investment programme, targeting network refurbishment, grid expansion, renewable generation, storage, advanced metering, and digital systems. This programme strengthens system reliability, reduces losses, and enhances operational visibility, while enabling integration of distributed energy and market participation. Although these

investments place pressure on financial indicators in the short to medium term, they are expected to deliver stronger cash flows, improved self-funding capacity, and reduced cost exposure in the outer years.

Operationally and institutionally, the Plan prioritises improved accountability, governance, and performance management, supported by enhanced financial transparency, strengthened revenue management, modernised asset management practices, and expanded digital capability. Customer experience is also a core focus, recognising the need for clear communication, accurate billing, and responsive service delivery in an increasingly complex and interactive electricity system.

Overall, the Plan represents a proactive and structured response to a rapidly evolving energy landscape. It establishes a clear pathway for the City of Cape Town to transition toward a financially sustainable, operationally resilient, and market-enabled energy utility, capable of maintaining affordability, supporting economic growth, and delivering reliable, low-carbon energy services over the long term.

3. Current Business Model

The City of Cape Town's Energy Directorate currently operates as an integrated municipal electricity utility, responsible for planning, operating, maintaining, and administering the distribution network in the City Supply Area, while also delivering street lighting services across the broader metropolitan boundary. The current business model reflects the legacy South African municipal electricity distribution paradigm: a regulated, infrastructure-intensive public utility largely dependent on the resale of bulk electricity purchased from Eskom. The current business model builds on the organisational and financial ring-fencing reforms that were first introduced in 2006 as part of the National initiative to establish Regional Electricity Distributors. These ring-fencing reforms have largely remained in place despite the national initiative no longer being implemented.

The utility's revenue model is still primarily based on electricity sales through municipal tariffs, but this model is under increasing pressure. Revenue is becoming more volatile due to declining grid consumption from energy efficiency and rooftop solar PV, increased use of prepaid meters, and growing Small Scale Embedded Generation among commercial and industrial customers. These trends undermine traditional volumetric tariffs and threaten long-term financial sustainability without rapid tariff and market reforms.

Operationally, the Energy Directorate (established in 2018) consists of Electricity Generation and Distribution (EGD) and Sustainable Energy Markets (SEM). EGD manages retail services, network planning and operations, and generation plants, while SEM focuses on generation and supply planning

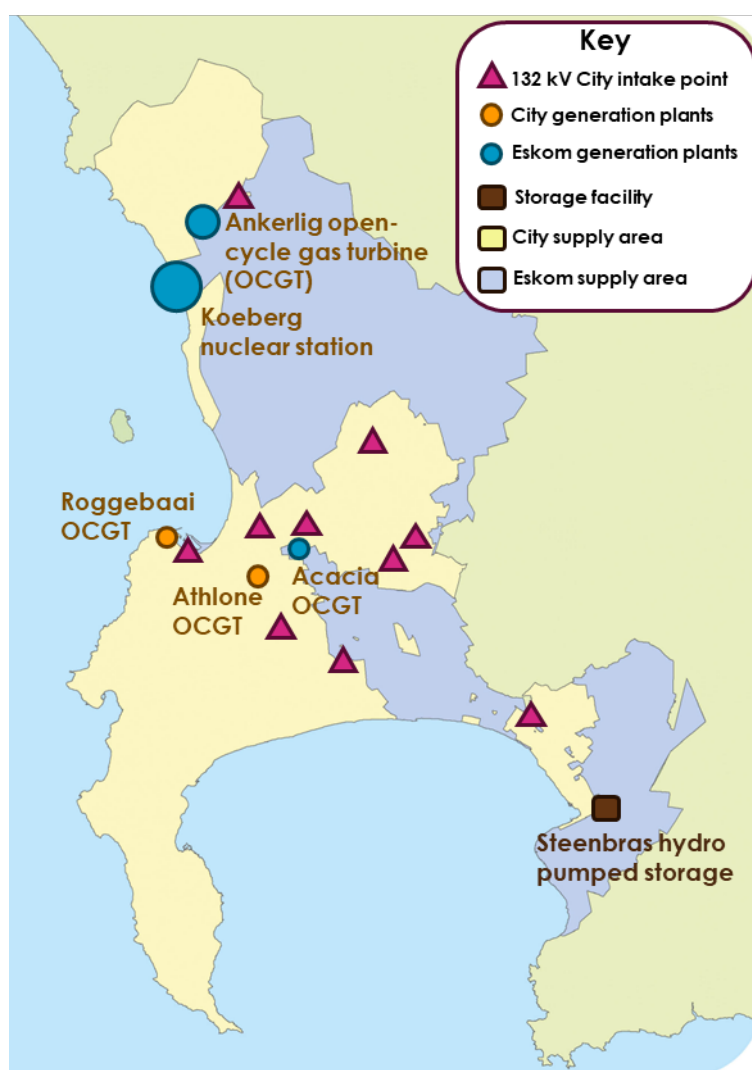


Figure 1: City of Cape Town Energy Directorate Supply Area and critical assets (State of Energy & Carbon, 2025, 2026)

and customer support for renewable energy and efficiency initiatives. As shown in Figure 1, distribution operations are decentralised into three geographic areas (North, South, East), each responsible for daily technical delivery.

The utility remains highly dependent on Eskom for bulk electricity supply, exposing it to steadily increasing wholesale tariffs that have risen faster than inflation and continue to place strain on municipal finances. The customer base spans residential, commercial, industrial, and bulk users, including prosumers with SSEG installations and wheeling customers, with the City supplying about two-thirds of Cape Town's electricity customers.

While several digital systems are in place, such as SCADA, GIS, metering, billing, and customer service platforms, they are not fully integrated, limiting real-time visibility and advanced analytics. Overall, the business model faces significant limitations, including vandalism and theft, revenue erosion, fragmented data systems, inability to manage distributed energy at scale, organisational structures rooted in legacy models, and ongoing reliance on Eskom. These challenges highlight the need for structural, financial, and digital transformation to ensure future viability in a changing electricity market.

4. Changes in Context

Cape Town's energy system is undergoing a profound transition driven by global decarbonisation trends, national electricity sector reform, and local operating realities. These structural, technological, economic and regulatory shifts are fundamentally challenging the traditional model of municipal electricity distribution, as shown in Figure 2, and require the Energy Directorate to adopt a future-ready business and operating model.

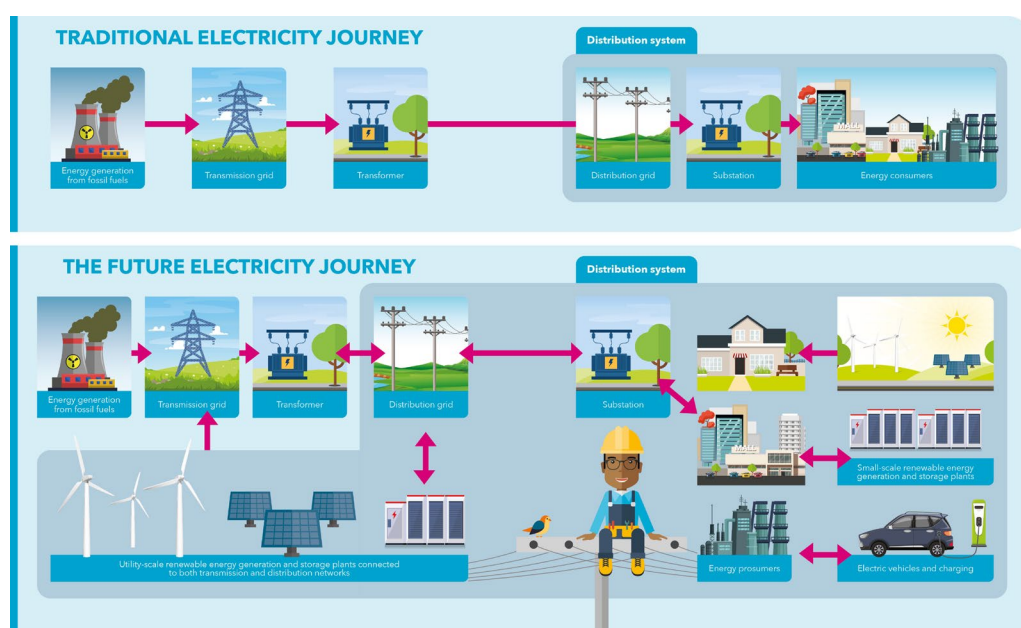


Figure 2: Electricity system transition (City of Cape Town 2050 Energy Strategy, 2023)

Globally and nationally, electricity systems are moving toward decentralised, digitalised and low-carbon configurations. The rapid uptake of rooftop solar, battery storage, electric vehicles, advanced metering and digital grid platforms is changing how electricity is generated, consumed and traded. In South Africa, ongoing electricity sector reforms, including market restructuring, increased private generation, wheeling, energy trading and decentralised energy integration, are redefining the role of municipalities. Municipal distributors are increasingly expected to function as neutral grid operators and market facilitators rather than sole electricity resellers.

At a local level, Cape Town faces distinctive pressures. Population growth is increasing demand in constrained network areas, while rapid uptake of small-scale embedded generation is reducing daytime consumption and changing power flows. Infrastructure vandalism, theft and illegal

connections raise costs and operational risk, while ageing assets require substantial renewal. Large customers are seeking greater reliability, cost certainty and access to wheeled power, and informal settlement electrification requires fast, socially responsive solutions. Together, these dynamics demand a flexible, resilient network and an adaptable business model.

Electricity consumption trends reinforce the need for reform. Despite population and customer growth, as shown in Figure 3, electricity demand has been flat or declining for over a decade due to efficiency improvements and distributed generation, as shown in Figure 4. Sales and consumption of electricity was then further negatively impacted by the dual shock events of Covid-19 and the related lockdowns, along with severe loadshedding. Residential consumption continues to fall, while commercial and industrial users remain the largest consumers. Projections suggest continued demand stagnation until electric vehicle uptake materially increases load after 2030. This creates uncertainty for revenue forecasting and intensifies pressure on traditional volumetric tariff models.

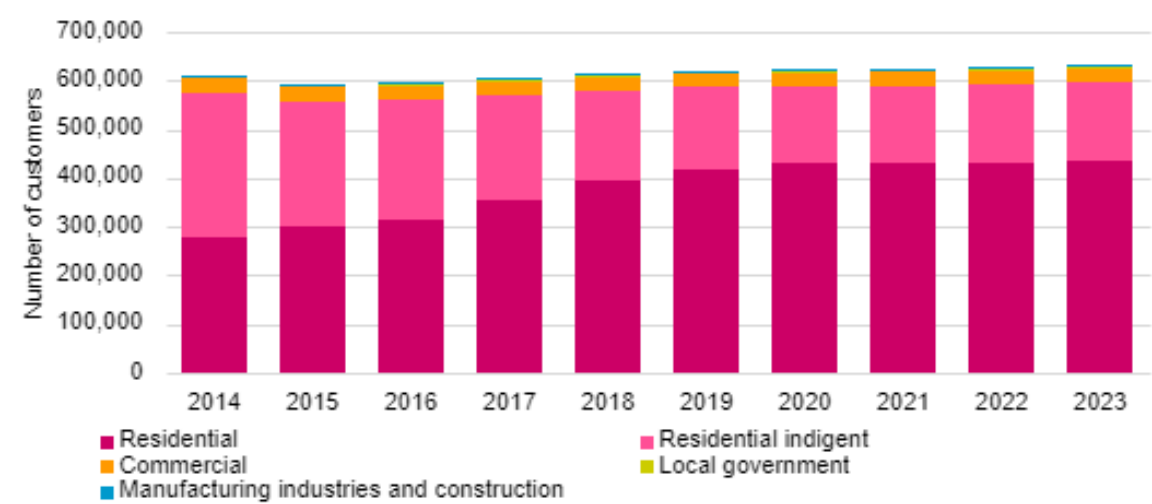


Figure 3: Number of customers connected in City supply areas per category and over time

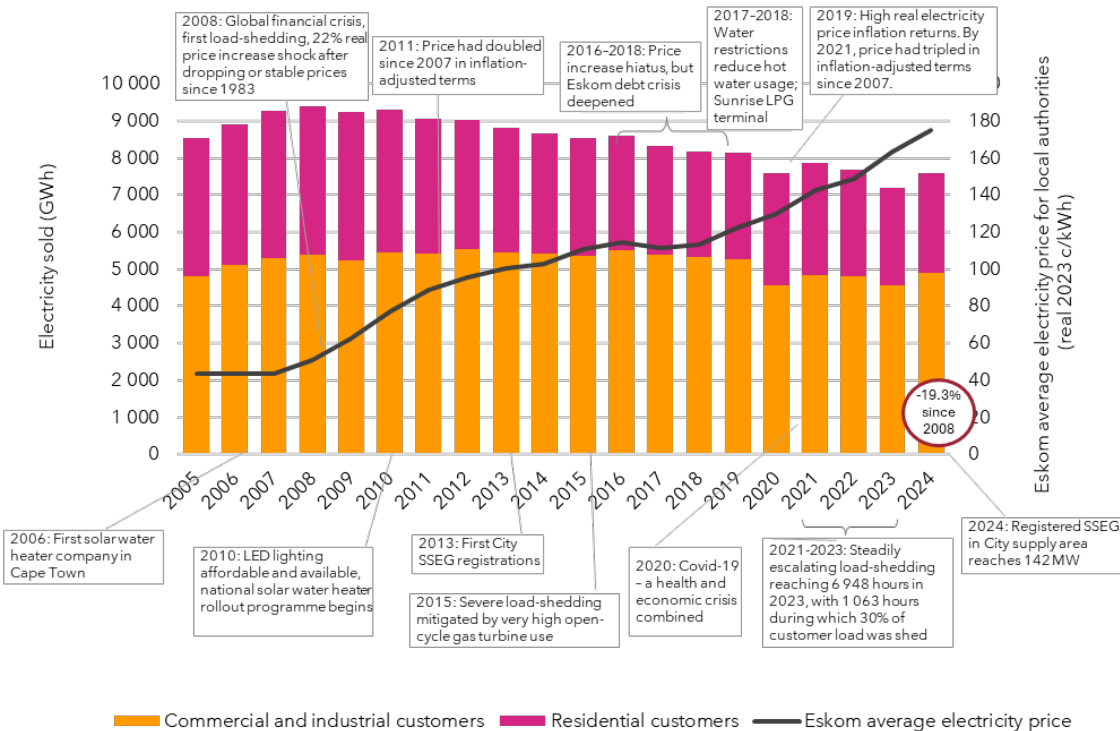


Figure 4: Grid electricity sales for City supply area vs Eskom bulk electricity price, against a backdrop of disruption (State of Energy & Carbon REport 2025, 2026)

4.1. SWOT Analysis

The SWOT analysis, detailed below, highlights a capable but increasingly constrained utility. A structured assessment of the Energy Directorate's strengths, weaknesses, opportunities, and threats reveals key insights:

a. Strengths

- A licensed municipal electricity distributor with compliance to legislation, grid codes and regulatory requirements.
- A reliable distribution network with strong planning, operational protocols, and emergency response capabilities.
- Growing deployment of advanced metering, billing and data systems.
- Increasing readiness for two-way power flows, DER integration, and wheeling.
- Established tariff structures and cross-subsidies that protect vulnerable consumers.
- Clear governance structures reinforced by the Service Compact and SPoMA.
- Active participation in national energy reforms and future energy market design.
- Strong financial management and governance systems in place

b. Weaknesses

- Revenue vulnerability due to SSEG, energy efficiency, and consumption decline.
- Rising operational costs driven by vandalism, theft, and grid hardening requirements.
- Commercial systems and processes not yet fully integrated across customer data, metering, billing and settlement.
- Limited ability to fully perform all emerging DSO functions.
- Exposure to wholesale tariff increases and bulk supply dependency.

c. Opportunities

- National energy reforms enabling supply diversification and local energy procurement.
- Growing DER ecosystem creating new roles for municipal distributors.
- Expanded wheeling and energy trading opportunities for large customers.
- Renewable energy and storage investments improving resilience and reducing load-shedding impact.
- Tariff restructuring to improve cost recovery and financial sustainability.
- Access to concessional funding, climate finance, and development partnerships.

d. Threats

- Policy uncertainty and potential political instability affecting investment decisions.
- Continued high levels of infrastructure crime and illegal connections.
- National bulk tariff and cost pressures exceeding municipal affordability.
- Large customer self-supply accelerating revenue decline.
- Capital funding constraints limiting infrastructure renewal.
- Technology transitions outpacing institutional capability.
- Insufficiently capacitated national policy and regulation system.
- Higher than average proportion of sales is to residential customers due to less energy intensive economic activity in Cape Town.

Overall, while Cape Town's electricity system faces significant disruption and uncertainty, it also presents clear opportunities. The analysis underscores the need for a modernised operating model that strengthens network resilience, embraces decentralised energy, reforms tariffs and systems, and positions the City to remain financially sustainable and relevant in a rapidly evolving energy market.

5. Energy System Scenarios

To account for uncertainty and structural change in the energy sector, as well as the results of the SWOT above, the City has developed a series of demand- and supply-side scenarios.

The Energy System Scenarios and Electricity Supply Scenarios together provide a coherent analytical framework for understanding how Cape Town's electricity system may evolve under uncertainty, and how different degrees of City and market intervention affect long-term cost exposure, reliability, and financial sustainability. While the scenarios are distinct by design, their value lies in how they interact, overlap, and stress-test the City's strategic choices across a wide range of plausible futures.

5.1. Macro-System Context: Demand, Technology and National Risk

Energy system driver	Projection		
	Scenario 1	Scenario 2	Scenario 3
Scenario name>	System in Shock	National system constrained	National system functional
SUPPLY			
National electricity unavailability (i.e. load-shedding frequency)	Very high	High	Very low
Eskom wholesale tariff increase	Very high	High	Medium
Eskom wholesale tariff restructure (i.e. pace of implementation of higher share of fixed costs)	Low	Medium	Very high
Cost of alternative supply options	High	Low	Medium
DEMAND			
Growth in number of domestic customers	Very high	High	Medium
Growth in number of small power user & large power user customers	Very low	Low	Medium
Growth in number of domestic customers receiving free basic electricity	Very high	High	Medium
Uptake of electricity efficiency measures	Low	High	Very high
Uptake of embedded generation	Low	Very high	High
Uptake of behind-the-meter storage	Very low	Very high	Very low
Uptake of wheeling of electricity across City grid	Very low	Medium	High
Uptake of electric vehicles	Very low	Low	Very high
Electricity losses	Very high	Medium	Low
City utility system energy (sales & losses)	Low	Very low	Very low

Table 1: Summary of Energy System Scenarios

At the system level, the System in Shock, National System Constrained, and National System Functional scenarios frame the external environment within which all supply pathways operate, as summarised in Table 1.

- **System in Shock** represents the extreme downside case: persistently high national electricity shortages, slow technological progress, weak economic performance, and rising indigence. In this environment, electricity demand growth is distorted by poverty and informal connections, losses are high, and municipal cost recovery is under severe pressure. This scenario functions explicitly as a *stress test* for the City's financial resilience rather than a planning target.

- **National System Constrained**, which underpins the Energy Strategy, reflects a more probable medium-term reality. Here, national supply remains tight, yet decentralised technologies—embedded generation, batteries, and efficiency—are adopted rapidly at the customer level. Demand becomes increasingly fragmented and non-linear, shifting the municipal role from volume seller to system manager. This scenario is particularly sensitive to tariff design, data visibility, and the City's ability to manage decentralisation.
- **National System Functional** describes a more optimistic long-term future, with improved Eskom performance, declining load shedding, and stronger economic growth. While household self-generation slows as reliability improves, corporate demand for clean energy accelerates, driving wheeling and large-scale renewables. Counter-intuitively, this “better” system outcome still places pressure on municipal revenues as consumption efficiency improves and volumetric sales decline, reinforcing the need for reform rather than reducing it.

Across all three energy system scenarios, a common theme emerges: traditional volumetric electricity sales are structurally weakening, regardless of whether the national system improves or deteriorates. The key uncertainty is therefore not whether change occurs, but *how it is managed*.

5.2. Supply-Side Pathways: Eskom Dependence versus Active Transition

The supply scenario analysis assesses alternative electricity supply pathways under varying national system conditions, with modelling results shown in Figures 5 – 7, and highlights their relative economic, financial and risk outcomes.

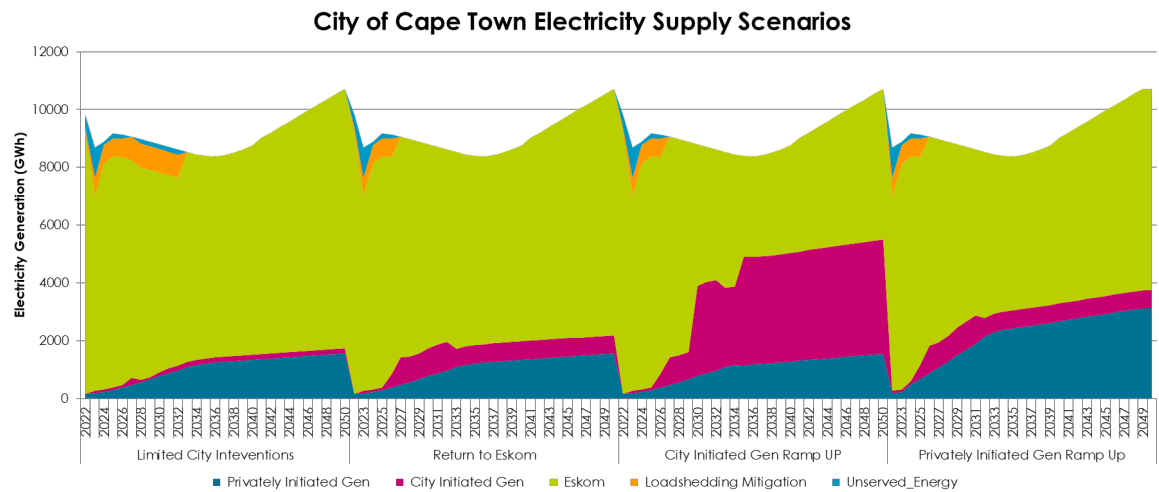


Figure 5: CCT Supply Area Electricity Supply Scenarios

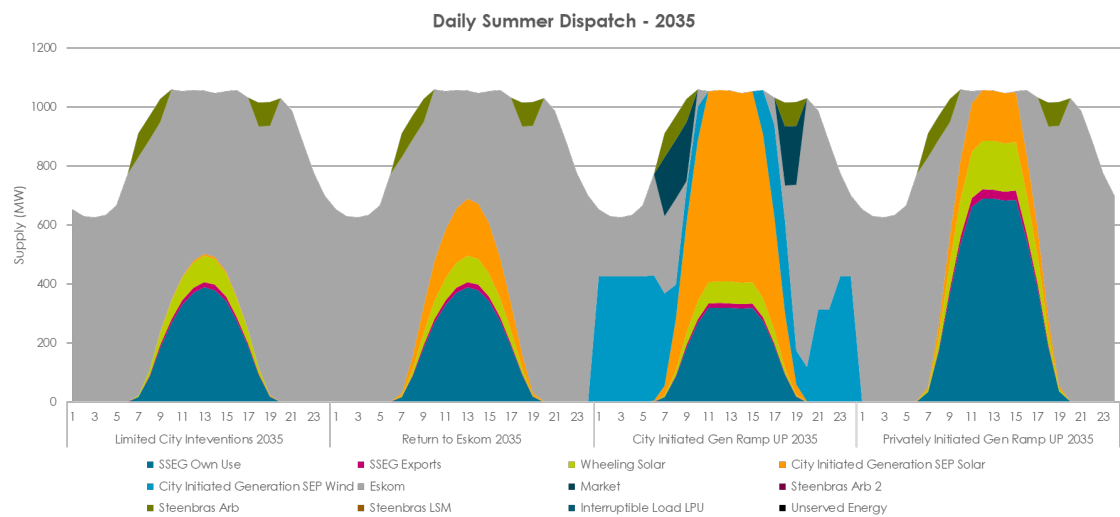


Figure 6: An indicative example of the daily dispatch profile for each scenario on a low demand Summer's day 2035

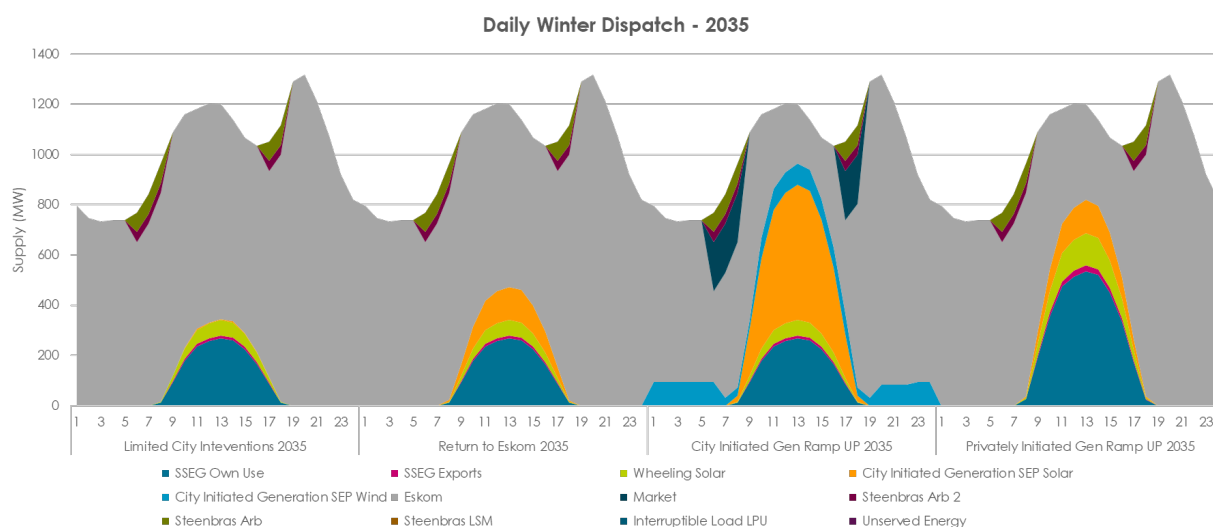


Figure 7: An indicative example of the daily dispatch profile for each scenario on a high demand Winter's day 2035

Scenario 1: Limited City Interventions (Reference Case) performs weakest across most futures. Continued reliance on Eskom for 85–90% of supply leaves the City highly exposed to wholesale tariff escalation, national operational failures and prolonged unserved energy into the early 2030s. Although this scenario limits short-term capital expenditure, it maximises long-term affordability and financial risk and provides no structural solution to supply adequacy or revenue erosion from decentralisation.

Scenario 2: Return to Eskom improves near-term reliability, resolving unserved energy by around 2028, but offers only marginal improvement in financial resilience. Eskom remains the dominant supplier (about 80% of supply by 2050), leaving the City exposed to tariff restructuring, fixed-cost recovery mechanisms and declining consumption volumes. This scenario demonstrates that improved reliability alone does not resolve long-term financial risk.

Active Transition Scenarios (3A and 3B) provide the most robust outcomes across all plausible national futures by reallocating risk and increasing local control.

Scenario 3A: City-Initiated Generation Ramp-Up materially reduces Eskom dependence to about 50% by 2050 through large-scale municipal generation and storage. This shifts the City from a price taker to a partial price setter and achieves a structural breakeven on supply adequacy from around 2030. While it requires significant upfront capital investment, it delivers the strongest long-term cost control and hedges against both high Eskom tariffs and declining sales volumes.

Scenario 3B: Privately Initiated Generation Ramp-Up also eliminates unserved energy by 2028, with Eskom's share falling to around 66%. It avoids large municipal generation capex but increases dependence on network, platform and tariff revenues. Financial sustainability under this scenario depends heavily on successful tariff reform, system visibility and market governance, shifting risk from capital intensity to implementation and regulatory risk.

Across all scenarios, heavy reliance on Eskom performs poorly and concentrates long-term price and revenue risk. Active transition pathways are consistently more resilient, regardless of national system deterioration or recovery. The core strategic choice is not between reliability and affordability, but where risk is borne: capital investment risk in City-owned assets (Scenario 3A) versus execution and regulatory risk in enabling private generation (Scenario 3B).

Storage, system flexibility and digital intelligence emerge as critical enablers across all futures. Overall, a hybrid strategy, combining targeted City-initiated generation and storage with strong enablement

of private generation and wheeling, offers the best balance of resilience, affordability and financial sustainability. The hybrid pathway is operationalised through the planned mix of IPPs, trader procurement, and City-owned generation outlined in the financial model assumptions. This pathway supports network modernisation, tariff reform and governance restructuring and remains robust across highly uncertain national energy outcomes. This is detailed further in the description for F3: Operational Cashflow (12.2.b.).

6. Target Operating Model

The Target Operating Model defines how the Energy Directorate will be structured and operate to deliver a secure, affordable, and financially sustainable energy service in a rapidly changing energy sector. It translates the City's 2050 Energy Strategy into a practical, regulated, and accountable operating framework that responds to the changes in context and scenarios outlined in the two section above.

The model shifts the Energy Directorate from a traditional, Eskom-dependent, vertically integrated distributor to a modern, future-ready energy utility. This transition replaces a volume-based, one-way electricity system with a diversified supply model, network and platform-based revenues, a two-way digital grid, and more predictive, condition-based operations. The objective is to protect financial sustainability while meeting public service obligations and enabling energy market reform.

Central to the Target Operating Model is a clear separation of functions, strengthened governance and enhanced commercial and digital capabilities. The City of Cape Town is therefore undertaking a fundamental institutional reform of its Energy Directorate to position it as a future-ready municipal utility that:

- Establishes a single point of accountability for the full municipal energy service chain, as per the Metro Trading Services Reform Programme requirements;
- Ensures financial transparency;
- Is more agile and resilient to navigate the future changing energy landscape; and
- Has a leadership and management team that is confident and capable in navigating and leading change

With this in place, the utility is expected to be more likely to:

- Diversify energy supply sources to bring in greater price certainty and reduce the greenhouse gas emissions associated with Energy use in Cape Town;
- Safely integrate distributed energy resources to safeguard system stability; and
- Improve customer experience and satisfaction.

This is being achieved through a shift from a technically driven structure to a ring-fenced, service-based operating model that separates regulated network services, competitive retail functions, and emerging generation and sustainability services.

The Network Services Provider, established as a standalone department 'Electricity Distribution Services', is established as a regulated monopoly responsible for planning, operating and maintaining the electricity distribution network as a neutral platform. This function ensures safe, reliable and non-discriminatory access to the grid for all users, including Eskom, City-owned generation, independent power producers and customer-owned generation, while safeguarding asset stewardship, power quality and regulatory credibility. While elements of this model are already in place, full implementation requires phased capability development, particularly in DSO, trading, and market operations.

The Electricity Trader and Retailer function, established as a standalone department 'Energy Retail Services', is responsible for all commercial activities, including energy procurement, tariff implementation, billing, collections, credit control and customer contracts. By assigning commercial and credit risk to the trader rather than the network business, the model strengthens financial discipline, supports tariff reform, and enables the City to manage declining sales volumes while maintaining affordability and protecting municipal finances.

Generation development and energy sustainability, established as a standalone department 'Sustainable Energy Markets', are embedded as core operational functions. These include the development and operation of City-owned generation and storage, establishment of power purchase agreements with IPPs, enabling distributed energy resources, driving municipal energy efficiency, supporting climate commitments, and addressing energy poverty. Embedding these functions within the core business of the utility ensures that innovation, decarbonisation and social objectives are integrated into mainstream utility decision-making.

While enhancing separation of functions that operate in a monopoly environment and competitive market environment, the model allows for shared enabling services such as reporting, tariff setting and pricing, project management oversight, contract management oversight, human resources management, and financial management. Further to these enabling services within the directorate, where a service is provided by a City department outside of the Energy Directorate, these are governed through service level agreements, as noted in M1: Service Compact, and cost allocation rules.

Overall, the Target Operating Model positions the Energy Directorate as a neutral network operator, a commercially disciplined electricity trader, and a proactive system orchestrator. This configuration enables the City to retain control of critical infrastructure, facilitate market participation, support the energy transition, and ensure long-term service reliability, affordability and financial sustainability in a transforming electricity system.

7. Stakeholder Engagement and Communications

Effective stakeholder engagement and communication are critical enablers for the implementation of the Plan and the achievement of the Metro Trading Services Reform (MTSR) outcomes. Given the scale of institutional reform, tariff restructuring, capital investment and operating model changes envisaged, a structured and disciplined approach to stakeholder engagement is required to support delivery, manage risk and maintain accountability. This is also supported by the change management plan in M8.

7.1. Stakeholder List

The Energy Directorate's stakeholder engagement approach is structured around the key stakeholder groupings shown in Table 2.

Table 2: Stakeholder grouping

Stakeholder Group	Stakeholders (non-exhaustive list)
Government & Labour	WCPG Dept of the Premier Western Cape Provincial Treasury WCPG Dept of Infrastructure National Treasury Dept of Mineral Resources & Petroleum Dept of Electricity and Energy Dept of Transport Dept of Trade, Industry & Competition The Presidency: PCC South African Local Government Association NERSA Eskom SAMWU IMATU
Industry Bodies	Energy Council of South Africa

Stakeholder Group	Stakeholders (non-exhaustive list)
	Association of Municipal Electricity Utilities South African Wind Energy Association Energy Council of South Africa South African Photovoltaic Industry Association South African Energy Efficiency Council Green Building Council of South Africa South African Independent Power Producers Association South African Gas Association South African Energy Storage Association Sustainable Energy Society of Southern Africa
Partner Organisations	German Development Agency (GIZ) R-Cities Rocky Mountain Institute Global Energy Alliance for People and Planet ICLEI Africa South African Renewable Energy Technology Centre National Business Initiative (NBI)
Funders / Financiers	German Development Bank (KfW) French Development Agency (Afd) World Bank International Finance Corporation Development Bank of Southern African African Development Bank UKPact Nedbank RMB Standard Bank ABSA
Research / Academia	University of Cape Town University of Stellenbosch University of Western Cape Trade and Industrial Policy Strategies South African National Energy Development Institute Hydrogen South Africa
Customers	Residential: Lifeline Residential: Domestic Residential: Home User Commercial: Small Power User Commercial: Large Power User

7.2. Communication principles and mechanisms

Communication is aligned with operational systems and performance data to ensure that information provided to stakeholders reflects actual network conditions, service performance and financial impacts. Key mechanisms include:

- Integrated customer communication linked to network operations, outage management and billing systems;
- Structured engagement on tariff restructuring and affordability measures, including Free Basic Electricity and indigent support;
- Targeted communication associated with metering rollout, electrification and revenue protection programmes;
- Formal reporting through statutory processes, including budgets, tariffs, annual reports, annual financial statements and MTSR reporting requirements;
- Strengthened digital and customer service platforms, supported by planned SAP S/4HANA and CRM enhancements.

Stakeholder engagement and communication are treated as core components of governance and delivery rather than ancillary activities. Effective engagement supports improved customer satisfaction, payment compliance, regulatory credibility and investor confidence, while reducing implementation risk associated with institutional reform, system changes and capital programme scaling.

Through this structured approach, the Energy Directorate ensures that stakeholders are informed, expectations are managed, and accountability is reinforced across the electricity value chain, thereby supporting the successful implementation of the Business and Investment Plan and the achievement of MTSR outcomes.

8. Long-Term Financial Planning Modelling Methodology

The financial model used to set performance indicator targets is a purpose-built, integrated planning tool designed to meet legislative, governance and strategic requirements while supporting evidence-based decision making over both the MTREF and a long-term horizon of up to 20 years. It provides a consistent, transparent and repeatable framework for assessing affordability, viability and reform outcomes across the City's trading services. This draws from directorate-specific data sources for CAPEX and OPEX requirements, the Energy Strategy 2050, and sector assumptions; while drawing from city-wide data and strategies, such as the Long Term Plan and Integrated Development Plan, to standardise population and economic assumptions.

As shown in Figure 8, the model fully integrates operating performance, capital investment, cash flows and balance sheet impacts, ensuring that short-term budget decisions are tested for their long-term financial consequences. Trading services are ring-fenced, with Energy, Water and Sanitation modelled as discrete financial entities, enabling clear accountability while remaining aligned with citywide fiscal constraints.

Financial outcomes are driven by centrally controlled, parameter-based assumptions, enhancing transparency, auditability and sensitivity testing. Capital programmes are explicitly embedded, allowing infrastructure investment decisions to be assessed for long-term affordability, financing impacts and operational pressures.

The model supports advanced scenario planning, enabling the City to test risks, compare alternatives and identify a preferred scenario that balances affordability, sustainability and service delivery. Implemented on SAP BPC, it ensures strong governance, data integrity and compliance with National Treasury reporting standards.

Beyond forecasting, the model functions as a performance management tool, linking financial results to defined trading services indicators. Overall, it underpins the trading services reform agenda by providing a robust, transparent and credible financial basis for long-term decision making and sustainable service delivery.

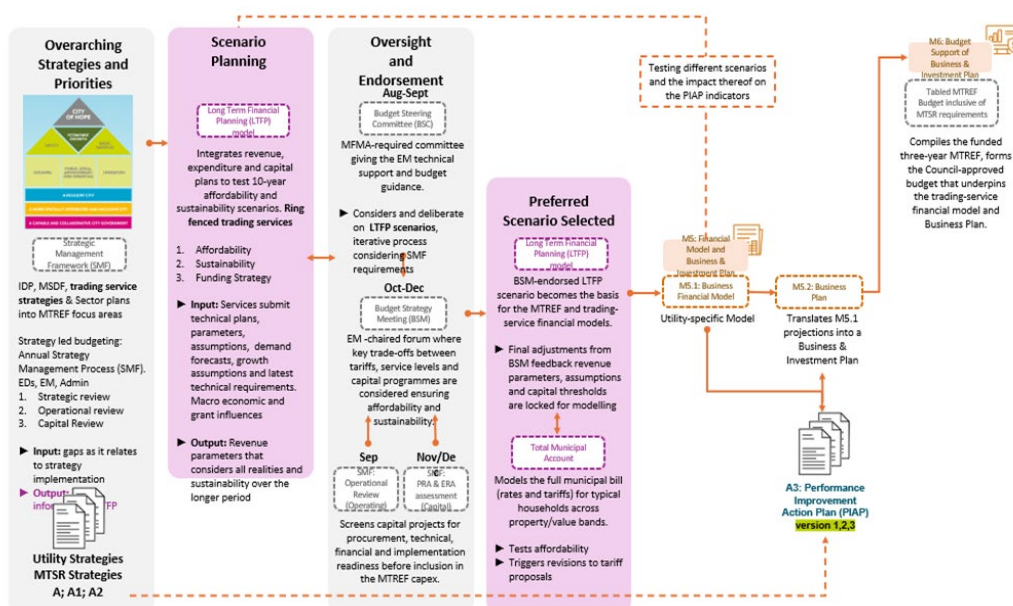


Figure 8: City of Cape Town high-level overview of annual budget process

9. Revenue, Cost, and Financial Sustainability Assessment: Current and Forecast

The 2024/25 audited financial results confirm that the Energy Directorate remains financially sound, liquid and institutionally resilient. The Directorate continues to operate from a position of strength, with the ability to sustain operations, service debt and fund ongoing capital investment, despite increasing structural pressures in the electricity sector.

The Directorate generated a consistent operating surplus, reflecting a fundamentally viable business model. While margins have moderated year-on-year, this outcome was deliberate and aligned with policy decisions to balance affordability with increased investment in infrastructure renewal and system resilience. Revenue performance remains strong and well diversified, supported by effective tariff design, high billing accuracy and consistently strong cash collection rates. Structural declines in electricity sales volumes have not undermined revenue integrity, underscoring the effectiveness of revenue assurance systems and metering technologies.

Liquidity is a key strength. Strong operating cash flows comfortably covered debt servicing and contributed to capital funding, resulting in increased cash balances and robust financial buffers. The balance sheet shows sustained growth in assets driven by disciplined capital investment, while borrowings have increased in a measured manner and remain well supported by predictable cash flows. Rising bulk electricity purchase costs remain the most significant structural pressure, but non-bulk operating expenditure is well controlled and proportionate to service requirements.

Overall, the audited results demonstrate a Directorate that is financially stable, strategically managed and reform aligned. Risks related to margin compression and bulk cost escalation are recognised and actively managed through loss reduction, preventative maintenance, generation diversification and invest-to-save programmes. The results are fully aligned with the Metro Trading Services Reform performance indicators and National Treasury expectations for a sustainable utility.

9.1. Medium-Term Financial Outlook

Medium-term forecasts indicate that the Energy Directorate will remain financially viable and operationally sustainable, albeit within a deliberately tighter margin environment. Revenue growth continues to be driven primarily by tariff adjustments rather than volume growth, reflecting declining electricity demand, increased energy efficiency and customer self-generation. Despite this shift, the revenue base remains sufficiently robust to support operations and debt servicing, with increased emphasis on tariff structure, fixed cost recovery and revenue protection.

Bulk electricity purchases remain the dominant driver of cost escalation and margin compression over the medium term. This pressure is structural and largely outside short-term control, necessitating sustained capital investment in loss containment, own generation and storage, along with diversifying bulk suppliers (see Section 12.3.b Operational Cashflow for a detailed breakdown of the initiatives) to stabilise long-term costs. Non-bulk operating costs are forecast to grow at moderate, largely CPI-linked rates, reflecting continued cost discipline, stable staffing levels and effective maintenance strategies. Supply diversification not only improves cost stability but is a key enabler of the new revenue model, reducing exposure to Eskom-driven tariff volatility and supporting more predictable cost recovery.

Operating surpluses and cash flows are forecast to be compressed during peak capital investment years, with some periods reflecting accounting deficits. These outcomes are intentional, planned and aligned with affordability and accelerated infrastructure investment objectives. Temporary cash flow pressures are financed through reserves, borrowing and grants, supported by a phased implementation and prudent funding strategy. Capital expenditure peaks in the mid-term before moderating, following a classic invest-to-save trajectory that enables long-term cost moderation, resilience and affordability.

Forecasts show no evidence of structural insolvency or unmanaged fiscal risk. Instead, they demonstrate controlled margin pressure, disciplined financial management and a credible recovery path as investment intensity declines and asset performance improves.

9.2. Future Revenue Model and Long-Term Viability

Over the medium to long term, the Energy Directorate's financial sustainability increasingly depends on a diversified, stable and resilient revenue model, rather than electricity sales volumes alone. Greater reliance on cost-reflective fixed and network charges ensures recovery of network operating and maintenance costs irrespective of consumption trends, contributing to the stabilisation of operating margins as reflected in the adjusted OCCR. This is complemented by wheeling, use-of-system, service and administrative charges, as the City's role evolves toward that of a network operator and market facilitator.

Revenue resilience is further strengthened through enhanced revenue assurance, advanced metering infrastructure and improved billing accuracy, which underpin the steady improvement in operational cash flow observed over the period. Targeted reduction in technical and non-technical losses also contributes to improved revenue quality and cost efficiency.

Investment in City-owned generation, storage and diversified procurement from IPPs and traders plays a central role in moderating exposure to Eskom price volatility. As evidenced in the supply and cost trends, this reduces reliance on Eskom over time, containing bulk purchase cost escalation and supporting more predictable and sustainable cash generation.

Collectively, these measures enable a progressive decoupling of financial sustainability from electricity consumption volumes, while limiting volatility and enhancing predictability. The resulting financial profile demonstrates that the Directorate is transitioning toward a balanced and durable operating position, capable of maintaining affordability, funding ongoing investment, and supporting long-term financial resilience in a changing energy market.

9.3. Tariff Strategy

Tariffs are a primary lever for ensuring the long-term financial sustainability of the City's utility in an environment characterised by declining electricity sales, rising Eskom bulk purchase costs, increasing adoption of distributed energy resources (including SSEG), and structural weaknesses in legacy tariff designs. In support of the A3-PIAP financial targets and the City's broader energy sector reform agenda, the tariff strategy is focused on strengthening cost reflectivity, improving equity between customer groups, protecting affordability for vulnerable households, and positioning the City for a more decentralised and competitive electricity market.

The history of tariff restructuring from 2016/17 reflects a deliberate and progressive shift towards cost-reflectivity, improved revenue stability, and alignment with evolving consumption patterns and distributed generation. The process began with the introduction of the Home User Tariff and adjustments to commercial tariffs, alongside the rollout of time-of-use (TOU) tariffs for Large Power Users aimed at better reflecting the cost of supply. In subsequent years, reforms focused on better targetting lifeline eligibility, introducing service charges, phasing out legacy off-peak structures, and initiating wheeling and incentive tariffs to support emerging energy behaviours. By 2019/20 and 2020/21, the framework expanded to include residential SSEG tariffs with advanced metering, new incentive tariffs, and proposals for demand-based charges and wheeling use-of-system rationalisation, although some elements awaited regulatory approval. From 2021/22 onwards, significant restructuring occurred, including the consolidation of SSEG tariffs, introduction of feed-in mechanisms, and refinement of wheeling charges to better account for administrative complexity. The 2022/23 cost-of-supply study marked a pivotal point, driving the discontinuation of certain large power user tariffs and the redesign of demand charges. Further refinements in 2023/24 and 2024/25 included expansion of lifeline provisions, introduction of generator tariffs, removal of inclining block structures, and renaming of network charges to better reflect capacity cost drivers. The most substantial reform phase culminates in 2025/26, with a comprehensive redesign of tariffs incorporating fixed charges, strengthened capacity-based pricing, increased recovery of fixed costs, and a phased reduction of cross-subsidies for commercial customers to enhance long-term financial sustainability. The transition towards a

residential TOU tariff in 2026/27 signals the next step in aligning customer pricing with system costs and demand patterns.

Looking forward, the tariff restructuring strategy prioritises aligning revenue recovery with the actual cost of supplying and maintaining the electricity system, particularly the fixed costs associated with operating, maintaining and renewing the distribution network. Cost of Supply studies submitted to NERSA confirm a structural mismatch between predominantly fixed network costs and tariffs that rely heavily on volumetric (kWh-based) charges. To address this, the tariff framework is being restructured to increase fixed and network-related charges, reduce reliance on energy-based charges for fixed charge recovery, and correct cross-subsidy distortions so that subsidies are transparent, targeted and applied intentionally rather than implicitly through tariff design.

In parallel, the tariff framework is being expanded to support a modern, unbundled electricity service model. This includes the introduction and refinement of capacity, connection and use-of-system charges that reflect the grid's role as a shared infrastructure platform, as well as administrative and service charges linked to increasing billing complexity, decentralised generation and market facilitation functions. Wheeling-related charges are aligned with the City's wheeling framework to enable third-party energy transactions, ensure cost-reflective treatment of wheeled energy, and preserve existing cross-subsidies without disadvantaging customers who do not participate in wheeling arrangements. Furthermore, the restructuring strategy aims to introduce the required tariffs to support new services required with the introduction of the South African Wholesale Electricity Market, as well as start to stretch the tariff planning timelines from annual to a rolling three-year period (to align with mTREF budgeting cycles).

All tariff adjustments will continue to comply with Section 75A of the Municipal Systems Act and NERSA regulatory requirements, including Council approval, transparent costing, and alignment with efficient service delivery. Affordability for low-income households remains a central consideration: Free Basic Electricity and targeted subsidies will be maintained to ensure that indigent customers are not exposed to full cost-reflective tariffs in the short to medium term. Tariff changes will be phased gradually to avoid sudden price shocks and to allow households and businesses time to adapt to the evolving cost structure of electricity supply while progressively strengthening the financial sustainability and resilience of the electricity utility.

10. Business Plan for Utility Performance Improvement

The City's electricity reform programme follows a clear theory of change, as outlined in Table 3: targeted reform activities drive intermediate system improvements, which deliver long-term service outcomes and culminate in a modern, sustainable electricity utility. The reform is designed to align operational and capital investments directly to the Metro Trading Services Reform performance indicators, with the targets for these shown in Table 4.

The Metro Trading Services Reform Programme is designed to reposition the electricity distribution service as a modern, resilient and customer-centred utility capable of meeting both current and future energy needs. Achieving this outcome requires the City to act on three mutually reinforcing fronts: strengthening accountability, restoring commercial viability, and stabilising and modernising the electricity network. Rather than treating these as separate objectives, the reform programme explicitly links each long-term outcome to the system changes and institutional reforms required to enable it. Together, these outcomes define a structured pathway from the current operating model toward a sustainable and future-ready distribution utility.

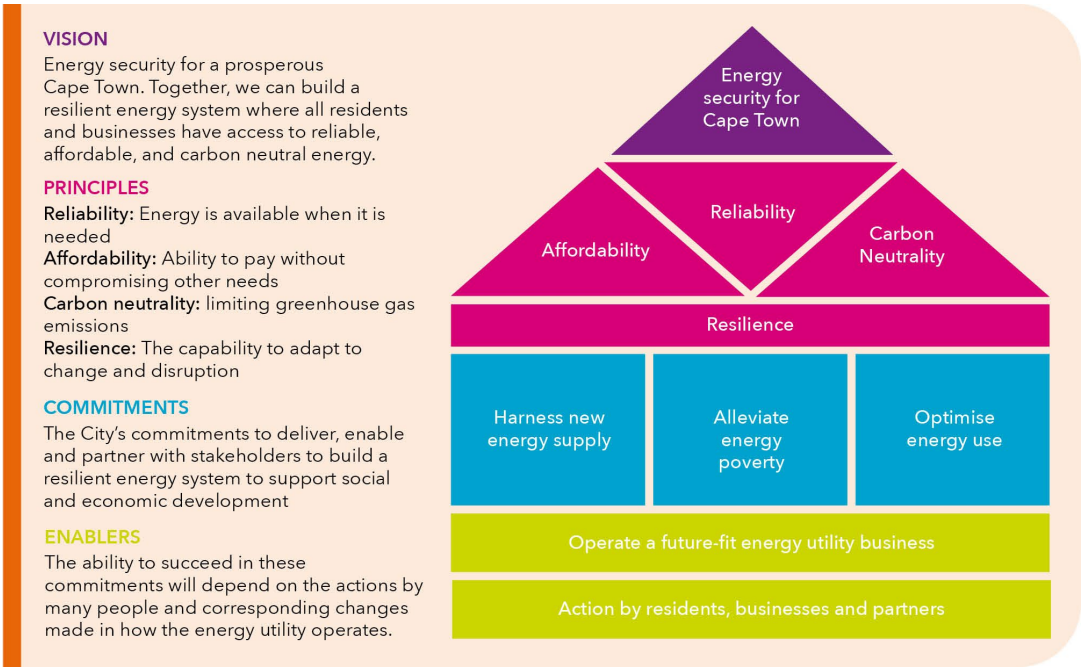


Figure 9: Summary of the City of Cape Town's Energy Strategy

This Business & Investment Plan builds on the Energy Strategy, shown in Figure 9, and provides more detail for Enabler A: Operating a Future-fit Utility Business. This plan will be reviewed annually to bring in any changes in context. The full strategy can be viewed here:

https://resource.capetown.gov.za/documentcentre/Documents/City%20strategies%2C%20plans%20and%20frameworks/Energy_Strategy.pdf

10.1. Enhanced accountability across the energy value chain

The first long-term outcome focuses on establishing clear and effective accountability across the energy value chain. Strong accountability is recognised as the foundation for both operational performance and financial sustainability and is therefore prioritised in the early phase of implementation, covering the period from 2025/26 to 2026/27.

This outcome is supported by intermediate improvements in financial accountability, organisational clarity, and institutional and managerial capacity. Key reforms include strengthened financial management and reporting, clearer end-to-end process ownership, and organisational restructuring aligned with the Single Point of Management Accountability (SPoMA). This includes the functional unbundling of retail, generation and network services, supported by focused change management and targeted capability development.

The result is a more transparent decision-making environment, objective performance measurement and the ability to identify and correct issues early. By embedding accountability first, the programme creates the governance and management conditions necessary for all subsequent reforms to succeed.

10.2. A commercially viable electricity service

Building on improved accountability, the second long-term outcome is the establishment of a commercially viable electricity service. From 2026/27 through to 2030/31, the reform focus shifts toward ensuring that the electricity service can sustainably fund its operations, maintain affordability and support the energy transition.

Intermediate outcomes include more cost-effective service delivery and stronger revenue collection and integrity. Core reforms in this phase target the full revenue chain, including the rollout of advanced

metering and data systems, structured loss reduction programmes, tariff restructuring toward more cost-reflective charges, and enhanced credit control and collections processes.

Collectively, these reforms aim to stabilise revenues, reduce avoidable losses and generate sufficient operating surplus to fund ongoing asset renewal and service improvements. Commercial viability is treated not as an end in itself, but as a necessary condition to sustain infrastructure investment, protect customers from tariff volatility and enable long-term system resilience.

10.3. Reliable distribution network services

The third long-term outcome focuses on sustaining reliable distribution network services. Network reliability underpins customer confidence, economic activity and the safe integration of decentralised generation and new market participants. This outcome is supported by intermediate improvements in network maintenance practices and the development of enhanced Distribution System Operator (DSO) capability. Key reforms include the expansion of preventive and condition-based maintenance, targeted network upgrades, and strategic investments in operational technologies such as SCADA and Advanced Distribution Management Systems (ADMS). These are complemented by modernised asset management practices that improve planning, prioritisation and lifecycle decision-making.

The result is a reduction in outage frequency and duration, a shift from reactive to proactive maintenance, and a distribution network capable of supporting future demand patterns, distributed energy resources and evolving customer requirements.

10.4. Business and Investment Plan linked to performance outcomes

The Business and Investment Plan recognises that the required performance improvements cannot be delivered in isolation. Improving network reliability without addressing commercial weaknesses would raise costs without securing sustainable funding. Conversely, commercial reform without visible reliability improvements would undermine public trust and customer willingness to pay. Similarly, investment in digital systems without governance and accountability reform would generate data without clear ownership or consequence.

To highlight, investment in technology includes integrated systems (ADMS, SCADA, GIS, OMS and smart grid platforms) to improve real-time network visibility and control. These capabilities enable efficient wheeling, seamless integration of IPPs and distributed energy through enhanced metering, billing and system management. In parallel, digital enterprise systems and workforce tools strengthen workforce planning, deployment and operational efficiency, supporting a modern, data-driven utility.

The work plan in Table 3 below, and a more detailed version with specific projects listed found in Annexure A, has therefore been produced to show the interdependencies between areas of work to achieve the MTSR performance indicators as well as give an indication of timing, scope and responsibility.

Key for Gantt chart in the Business and Investment Plan	
Primary year of delivery	
Ongoing routine operation / implementation	

Table 3: Business and Investment Plan

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/26	26/27	27/28	28/ 29	29/ 30	30/31
An modern distribution utility that meets customers needs – now and in the future	1. Enhanced accountability for the full energy services value chain	Improved Financial Accountability [A4]	Financial Transparency [M6, M7, A2]	Municipal budget approved by Council Trading Service Management Account	Director: Budgets, Finance Directorate						
				mSCoA Roadmap	Director: Budgets, Finance Directorate						
			Procurement Transparency [A3]	e-procurement portal for tenders	Director: SCM, Finance Directorate						
			Enhanced Financial Planning [M5]	Business & Investment Plan Trading Service Financial Model	Manager: Finance, Energy Directorate						
		Improved Organisational Accountability	Defined Service Relationship [M1]	Service Compact	PPO: Strategic Processes						
			Appointment [M2]	ED Job Description Performance contract Profile & Qualifications	City Manager's Office						
			Institutional Arrangements [M3,M4]	Organisational restructuring report for utility unbundling	Manager: Business Improvement and Organisational Design, Future Planning & Resilience Directorate						
				City Delegations document	City Manager's Office						
		Enhanced Capacity	Change capacity [M8]	Appointment of change managers Change Management Plan	HR Business Partner, Energy Directorate						
			Technical capacity [A5]	HR vacancy report	HR Business Partner, Energy Directorate						
	2. Commercially viable distribution utility [F1, F3, F5, F6]	Cost effective energy services	Bulk Purchases from IPPs and Traders	Embedded generation	Manager: Generation Development		PPA		First Power		
				Waste to Energy	Manager: Generation Development		PPA			First Power	
				Contract with Traders	Manager: Generation Development		PPA		First Power		
			Demand Response	Contract with service provider	Manager: Distribution System Operator						
			NewCity-owned generation	Paardevelei Ground-mounted PV	Manager: Generation Development						
				New project feasibility studies	Manager: Generation Development						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/26	26/27	27/28	28/ 29	29/ 30	30/31
				SSEG at municipal facilities	Manager: Generation Development						
			City-owned Storage	Steenbras Refurbishment	Manager: Generation						
				Battery Energy Storage Systems	Manager: Generation Development & Municipal Energy Efficiency						
		Improved customer experience [A1]	Standardise query-resolution workflows	Updated query-resolution workflows	Head: Business Innovation						
			Redesign key customer journeys (billing enquiries, new connections, faults, complaints)	Customer journey mapping and redesign	Head: Business Innovation						
			Align customer communication with operational and commercial processes	Customer communications campaign plan	Director: Energy Retail Services						
			Integrate outage communication with network operations	Centralise dispatch and OMS implementation	Director: Energy Retail Services						
			Analyse complaints and feedback for systemic issues	Annual analysis report	Director: Energy Retail Services						
			Customer survey	City wide Customer Satisfaction Survey	Director: Energy Retail Services						
				Energy-specific Customer Satisfaction Survey	Director: Energy Retail Services						
		Improved revenue collection [F2, F4]	Tariff Restructuring	Forecast of Cost of Supply Study	Head: Pricing & Regulation						
				Opt-in Time of Use Residential Tariffs (consumption and feed-in)							
				Cost reflective tariff trajectory mapping							
			Service Connections	Connect new customers	Head: Service Connection Planning						
			Electrification	Electrify informal settlements and backyards	Senior Project Manager: Electrification						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/26	26/27	27/28	28/ 29	29/ 30	30/31
					Programme Management						
			Revenue Protection Meter Replacement	Meters replaced when tampered or bypassed	Head: Revenue Protection						
			Prepaid and Credit Meter Replacement	Credit meters replaced with prepaid or AMI meters	Head: Measurement						
			MDUS enhancement	upgraded MDUS	Head: ERM operational technology						
			Billing system upgrades	Upgrade billing system to accommodate wheeling and traders	Head: Business Innovation						
			Vending System Upgrades	Upgrade vending system to support operations and sales	Head: ERM operational technology						
	3. Reliable Distribution Network Services [E6,E7]	Well maintained distribution network	HV network refurbishment and replacements	High Voltage Cable Replacements, HV Cables - Link box repl & Installation HV Substations Facilities Upgrades, HV Substations System Equipment Repl HV Substations System Equipment Upgrades OH Line Refurbishment	Manager: Engineering Manager: Infrastructure Operations						
			Operational & Available Fleet & Facilities	Replacement of fleet and Purchase of new fleet	Head: Infrastructure Support Services						
				Build new depots	Head: Infrastructure Support Services						
			Transmission (HV) System Development	Comprehensive transmission and distribution network upgrades, including new substations, transformer replacements, grid integration projects, and expansion of high-voltage lines and cables across the network.	Manager: Engineering						
			MV network refurbishment and replacement	MV Switchgear Refurbishment Substation Protection Replacement	Manager: Enterprise Asset Management						
			Asset Protection	Fencing, security systems and alarms	Manager: Infrastructure Operations Manager: Enterprise Asset Management						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/26	26/27	27/28	28/ 29	29/ 30	30/31
		Enhanced DSO	ADMS Implementation	Optic Fibre Installations, SCADA System RTUs Microwave Systems and Infra Upgrades, MV Switchgear Refurbishment Power Quality System Expansion	Technical Programme Manager: ADMS						
			OMS Implementation	GIS network model linked with OMS	Coordinator: OMS						
			SmartGrid	Data Governance Framework, Common Information Model OT & Data integration and coordination capability establishment, Enterprise Architecture model	PPO: Internal Systems Support						

10.5. Annual Performance Targets (A3)

Table 4: Extract of targets from A3 Performance Improvement Action Plan v2

ACCOUNTABILITY PERFORMANCE		2023/24 (Actual)	2024/25 (Actual - baseline)	2025/26 (forecast)	2026/27 (target)	2027/28 (target)	2028/29 (target)	2029/30 (target)	2030/31 (target)
A1	Customer surveys	City conducts an Annual Customer Satisfaction Survey. 23/24 Score: 3.1, target is 3.5, so result is 88.58%	City conducts an Annual Customer Satisfaction Survey. 24/25 Score: 3.1, target is 3.5, so result is 88.58%	90%	91%	93%	95%	97%	100%
A2	Financial Accounting - mSCoA compliance	ICU assessment completed and score for 23/24 available by end Feb 2025	ICU assessment completed and score for 24/25 available by end Feb 2026	ICU assessment completed and score for 25/26 available by end Feb 2027	ICU assessment completed and score for 26/27 available by end Feb 2028	ICU assessment completed and score for 27/28 available by end Feb 2029	ICU assessment completed and score for 28/29 available by end Feb 2030	ICU assessment completed and score for 29/30 available by end Feb 2031	ICU assessment completed and score for 30/31 available by end Feb 2032
		24/25 mSCoA Roadmap approved.	25/26 mSCoA Roadmap approved.	26/27 mSCoA Roadmap approved.	27/28 mSCoA Roadmap approved.	28/29 mSCoA Roadmap approved.	29/30 mSCoA Roadmap approved.	30/31 mSCoA Roadmap approved.	31/32 mSCoA Roadmap approved.
A3	Public procurement transparency	Full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs.	Full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs.	By 30 June 2026, City will confirm full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs.	By 30 June 2027, City will maintain full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs.	By 30 June 2028, City will maintain full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs.	By 30 June 2029, City will maintain full adherence to statutory regulations regarding procurement transparency. By 30 June 2029, the City will implement e-procurement system for tenders	By 30 June 2030, City will maintain full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs and tenders.	By 30 June 2031, City will maintain full adherence to statutory regulations regarding procurement transparency. Maintain e-procurement system in place for RFQs and tenders.
A4	Capital Budget Execution	91.08%	90.35%	90%	90%	90%	90%	90%	90%
A5	Core technical & management capacity	Vacancy rate: 9.66%	Vacancy rate: 5.8%	Vacancy rate: 5.5%	Vacancy rate: 10%	Vacancy rate: 10%	Vacancy rate: 10%	Vacancy rate: 10%	Vacancy rate: 10%
		Gender (% of women in workforce): N/A	Gender (% of women in workforce): 30.21%	Gender (% of women in workforce): 30.5%	Gender (% of women in workforce): 31.9%	Gender (% of women in workforce): 31.9%	Gender (% of women in workforce): 32%	Gender (% of women in workforce): 33%	Gender (% of women in workforce): 34%
		Professionalisation (% of appointed staff): N/A	Professionalisation (% of appointed staff): N/A	Professionalisation (% of appointed staff): 40.91%	Professionalisation (% of appointed staff): 41%	Professionalisation (% of appointed staff): 42%	Professionalisation (% of appointed staff): 44%	Professionalisation (% of appointed staff): 48%	Professionalisation (% of appointed staff): 50%

FINANCIAL PERFORMANCE		2023/24 (Actual)	2024/25 (Actual - baseline)	2025/26 (forecast)	2026/27 (target)	2027/28 (target)	2028/29 (target)	2029/30 (target)	2030/31 (target)
F1	Financial viability OCCR	1.33	1.29	1.34	1.34	1.42	1.51	1.74	1.73
F2	Cash collection rate	97.80%	98.57%	98.6%	98.5%	98.5%	98.5%	98.5%	98.5%
F3	Operational cash flow	N/A	R1.2 billion	R0.8 billion	R0.8 billion	R1.71 billion	R1.3 billion	R2.6 billion	R2.5 billion
F4	Customer debt management - debtors days	39.61	40.18	40.5	40.5	40	39	38	37
F5	Infrastructure spending (capex)	% spend compared to base year 24/25: 104.5%	% spend compared to base year 24/25: 100%	% spend compared to base year 24/25: 115%	% spend compared to base year 24/25: 128%	% spend compared to base year 24/25: 155%	% spend compared to base year 24/25: 174%	% spend compared to base year 24/25: 169%	% spend compared to base year 24/25: 164%
		Actual spend value: R1.11 billion	Actual spend value: R1.06 billion	Actual spend value: R1.22 billion	Actual spend value: R1.36 billion	Actual spend value: R1.64 billion	Actual spend value: R1.85 billion	Actual spend value: R1.79 billion	Actual spend value: R1.74 billion
F6	Self-financing ratio	N/A	126%	68%	61%	69%	72%	142%	141%
OPERATIONAL PERFORMANCE		2023/24 (Actual)	2024/25 (Actual - baseline)	2025/26 (forecast)	2026/27 (target)	2027/28 (target)	2028/29 (target)	2029/30 (target)	2030/31 (target)
E1	Bulk commercial metering performance	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%
E2	Vending efficiency % metering operational	N/A	95.92%	95%	95%	95%	95%	95%	95%
E3	Automated meter reading coverage	61.8%	63.1%	66.4%	71.2%	76.0%	80.8%	85.6%	90.4%
E4	Repairs Coverage	4.30%	4.00%	4.50%	4.50%	4.40%	4.50%	4.50%	4.50%
E5	Electricity losses % of electricity purchased	10.22%	11.26%	11.60%	12%	12%	11.9%	11.8%	11.7%
E6	Network effectiveness ASIFI	0.44 Occasions	0.5 Occasions	0.75 Occasions	1.3 Occasions	1.3 Occasions	1.2 Occasions	1.1 Occasions	1 Occasions
E7	Network effectiveness ASIDI	2.17 hours	2.3 hours	2.7 hours	3 hours	3 hours	2.9 hours	2.8 hours	2.7 hours

11. Tracking Improved Utility Performance

The performance indicators presented in this section collectively articulate how the Metro Trading Services Reform (MTRSR) Programme translates policy intent, operational reform, and capital investment into measurable and sustainable outcomes. This section unpacks the modelled trends, targets, (shown collectively in Table 4) and interpretation of all the performance indicators. Rather than serving as isolated compliance metrics, the targets have been deliberately optimised to demonstrate a clear line of sight between investment decisions, institutional and operational capability, financial sustainability, and service delivery performance.

The Accountability (A-series), Financial Performance (F-series), and Operational Performance (E-series) indicators are mutually reinforcing. Together, they provide assurance that the City's electricity trading and distribution function is:

- Governed transparently and accountably, with appropriate institutional capacity and controls;
- Financially viable and resilient, while managing affordability pressures and structural demand changes; and
- Operationally effective, maintaining reliable service delivery through proactive asset management and targeted infrastructure investment.

Targets have been set based on historic performance, national benchmarks, realistic assessments of system constraints, and the timing of major capital investments.

Critically, each indicator is underpinned by specific funded investments, whether in infrastructure assets, systems, skills, or institutional processes. This ensures that performance outcomes are not assumed but actively enabled through deliberate allocation of resources. As such, the indicators collectively demonstrate a credible, evidence-based business and investment plan, aligned with National Treasury's objectives of fiscal sustainability, value for money, and improved service delivery outcomes over the medium to long term.

11.1. Wholistic accountability and transparency improvements

Further to the establishment of the Single Point of Management Accountability and the strengthening of financial controls through the Minimum Commitment Indicators, the Energy Directorate will leverage enhanced financial reporting, procurement transparency, and institutional capability to demonstrate a step-change in holistic accountability and transparency. Collectively, the measures set out under mSCOA financial reporting compliance, public procurement transparency, and core technical and management capacity provide National Treasury with clear assurance that accountability within the Energy Directorate is no longer limited to isolated compliance requirements, but is embedded across financial systems, decision-making processes, and organisational capability. These interventions demonstrate a coherent approach in which accurate and standardised financial information, transparent and auditable procurement practices, and adequately resourced technical and management capacity mutually reinforce one another. For National Treasury, this signals a Directorate that is not only compliant in principle, but increasingly capable of evidencing performance, tracing the use of public funds end-to-end, and sustaining reform outcomes over time, thereby materially reducing governance, fiscal, and implementation risk associated with the Energy function.

a. A2: mSCOA Financial Reporting Compliance

Indicator description

This indicator tracks progress toward full compliance with the mSCoA requirements, as agreed with National Treasury and reflected in the City's approved mSCOA Roadmap.

Target

Compliance achieved progressively in line with the mSCOA Roadmap.

Motivation and rationale

mSCOA compliance is a structured reform process rather than a single-year deliverable. The City has adopted a realistic, Treasury-aligned implementation approach in the mSCoA roadmap as informed by the National Treasury's ICU assessment that balances reporting integrity, system readiness, and operational continuity. This roadmap is updated annually.

Critical investments supporting the target

- Investment in financial system configuration and data architecture, enabling alignment with mSCOA reporting requirements.
- Ongoing funding for financial governance capacity, including budget, reporting, and reconciliation functions.
- Planned upgrades under SAP S/4HANA, which will further strengthen standardised reporting and auditability.
- Dedicated resources to maintain and update the mSCOA Roadmap in collaboration with National Treasury.

b. A3: Public Procurement Transparency

Indicator description

Measures compliance with statutory procurement transparency requirements and the accessibility of procurement information to the public.

Target

Full statutory compliance, with progressive additional enhancement through digital procurement platforms in 28/29.

Motivation and rationale

The City already meets all legislative requirements for procurement transparency. The focus of this indicator is therefore on strengthening efficiency, traceability, and public access, rather than basic compliance.

Critical investments supporting the target

- Investment in an operational e-procurement system for RFQs, already accessible to the public.
- Ongoing investment by Supply Chain Management in the development of an e-tender portal under SAP S/4HANA, targeted for operation by 2030/31 or earlier.
- Funding for procurement governance, compliance monitoring, and audit functions, ensuring integrity as procurement volumes increase.
- Systems investment to integrate procurement data with financial and contract management systems.

c. A5: Core Technical and Management Capacity

Indicator description

Tracks the percentage of funded vacancies, gender in the energy workforce, and adherence to the rate of required professionalisation within the Energy Directorate, reflecting institutional capacity to deliver services and infrastructure programmes in the medium to long term.

Target

- Maintain a funded vacancy rate below 10% on an annual basis, with 0% unfunded vacancies.

- 34% of the energy workforce is identified as women by 30 June 2031
- 50% of staff who are professionals are registered with their relevant accreditation bodies by 30 June 2031

Critical investments supporting the target

- Full funding of the approved organisational structure.
- Targeted recruitment for engineering, asset management, finance, and operational roles in line with equity requirements.
- Investment in skills development and retention, particularly in specialist technical and digital roles.
- Resourcing of new functions required by MTSR reforms and expanded retail activities.

Motivation and rationale

The Energy Directorate is strengthening core technical and management capacity to ensure that reform and investment programmes are supported by adequately skilled and fully funded staff, in line with the A5 target of maintaining funded vacancies below 10% and eliminating unfunded posts.

Key actions include targeted leadership and management development, focused recruitment in specialist technical, commercial and digital roles, and ongoing skills development to support new functions arising from reform, decentralised energy and advanced metering. Institutional effectiveness is further enhanced through updated policies, clearer accountability frameworks and regulatory reform, enabling managers and technical teams to operate with certainty in a changing energy environment.

The City has entered into a 10-year implementation agreement with the Engineering Council of South Africa (ECSA) to ensure all required engineering professionals are registered in line with compliance standards. Accordingly, the City maintains its commitment to achieving full compliance (i.e. 100%) by 2035, as shown in Table below. It is expected that implementation will ramp up in pace over time as processes and support systems are in place.

Table 5: Annual targets for professionalisation in the Energy Directorate in order to comply with the City's implementation plan and agreement with ECSA

25/26 baseline	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35
40.92%	41%	42%	44%	48%	50%	55%	70%	85%	100%

Productivity and delivery capacity are reinforced through investment in modern data, metering and digital systems, reducing manual burdens and improving operational visibility. Strengthened planning capability and a structured long-term capital programme ensure that staffing levels align with delivery demands, while active stakeholder engagement reduces operational risk and supports staff effectiveness.

Collectively, these measures ensure that funded positions translate into real institutional capability, providing confidence that the Directorate can sustain performance, deliver infrastructure programmes and meet reform objectives.

11.2. Operational Expenditure

The operational expenditure (OPEX) profile of the electricity value chain, shown in Table 5, functions as a strategic instrument that underpins financial, operational, and institutional performance, rather than

merely representing a cost base. In alignment with the PIAP framework, OPEX enables effective service delivery, system reliability, and long-term sustainability.

At its foundation, OPEX is concentrated within three principal drivers: human capital, energy inputs, and repairs and maintenance. These elements are essential to the generation and reliable delivery of electricity. Skilled personnel ensure system stability and rapid fault response; energy inputs enable continuous supply; and maintenance activities preserve asset integrity and network performance. Collectively, these drivers exert a direct influence on key operational metrics, including reliability, outage frequency, and system losses.

Operational expenditure for performance improvements under the MTSR programme, shown in table 6, reflects a targeted set of interventions aimed at strengthening organisational capability, technical planning, and operational efficiency. Key allocations include IPP Technical Advisors (R8.0 million) and BESS Feasibility and Concept Design (R8.0 million), which support critical technical performance indicators (F1, F3, F6) related to system reliability and future energy planning, alongside Business Process Optimisation (R3.0 million) to improve internal efficiency.

In addition, Change Management Consultants (R5.0 million) and Customer Experience enhancement (R7.0 million) initiatives focus on organisational readiness and service delivery improvements, aligned with performance indicators M8 and A1. Together, these investments demonstrate a balanced approach that combines technical advisory, innovation planning, and organisational development to enhance operational performance and customer outcomes over the planning period.

Table 6: Performance OPEX

MTSR PROGRAMME SPENDING								
Performance improvement opex (from I-Opex)	25/26	26/27	27/28	28/29	29/30	30/31	TOTALS	Performance indicators targeted
1 Change Management Consultants	2 500 000	3 500 000	1 500 000	0	0 0		7 500 000	M8
2 Customer Experience enhancement	0	1 000 000	3 000 000	3 000 000	1 000 000	1 000 000	9 000 000	A1
3 Technical Advisors	5 000 000	3 000 000	0	0			8 000 000	F1, F3, F6
4 Project preparation and feasibility studies	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	8 000 000	F1, F3, F6
5 Business Process Optimisation	0	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	5 000 000	F1, F3, F6
6 Repairs & Maintenance	1 029 248	1 076 591	1 082 538	1 106 979	1 144 587	1 180 069	6 620 015 246	E4
	258	314	993	246	610	826		

Among the OPEX investments, repairs and maintenance constitute the most critical determinant of performance. Sustained and appropriate investment in maintenance reduces infrastructure failures, minimises service disruptions, and extends asset lifespan. Conversely, insufficient maintenance leads to declining asset performance, increased outages, and higher long-term costs. Expenditure on operational labour and energy inputs likewise plays a central role in ensuring the utility's capacity to meet demand and maintain continuity of supply.

Complementing these core drivers are enabling expenditures, including materials, consumables, and contractor services. Although comparatively smaller in financial magnitude, these inputs are highly leveraged, as their availability directly supports timely maintenance execution, efficient fault response, and overall operational effectiveness.

Table 7: An overview of operating expenditure as extracted from the financial model and budget

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Repairs and Maintenance:									
Salaries and allowances	322 261 109	323 377 602	386 017 126	419 881 352	433 321 726	446 759 790	470 214 321	484 790 965	499 819 485
Materials and supplies	112 960 326	123 431 694	152 385 058	157 566 150	162 608 267	167 649 123	174 207 373	179 607 802	185 175 644
Contracted Services	352 778 551	401 096 463	459 065 406	466 643 630	453 076 226	458 005 089	462 630 688	476 972 240	491 758 379
Repairs and Maintenance Secondaries: Transport and Plant	32 819 582	27 821 623	31 780 667	32 500 182	33 532 774	34 565 243	37 535 227	38 698 819	39 898 483
Other salaries, wages and allowances including payments to consultants									
Salaries, wages and allowances (excl. repairs and maintenance)	1 168 473 333	1 220 872 728	1 339 433 788	1 438 618 437	1 543 769 837	1 657 022 060	1 774 447 555	1 901 389 683	2 037 419 506
Payments to consultants (operational work)	36 425 047	28 652 416	83 827 717	309 575 520	296 807 472	182 110 667	179 846 028	48 141 428	48 141 428
Charges from other municipal departments									
Corporate Services	214 176 013	225 627 979	234 905 115	241 374 824	268 215 704	281 626 490	290 638 537	299 386 757	320 343 830
Economic Growth	280 268	286 424			-	-	-	-	-
Finance	79 131 685	102 093 528	88 777 801	95 318 200	105 917 584	111 213 463	114 772 294	118 226 940	126 502 826
Future Planning & Resilience	31 311 520	33 257 127	34 275 667	37 702 036	41 894 502	43 989 228	45 396 883	46 763 329	50 036 762
Office of the City Manager	30 719 784	35 582 528	40 765 105	46 578 797	51 758 359	54 346 277	56 085 358	57 773 527	61 817 674
Safety & Security	130 029	176 951	142 286	67 119	74 583	78 312	80 818	83 250	89 078
Activity Based Costs	-10 552 815	-10 179 381	3 244 790	13 079 940	13 379 166	13 667 964	2 163 658	2 230 732	2 299 884
Other operating expenses									
Contribution to R&G	2 093 029 000	2 118 982 000	1 818 822 312	1 459 988 937	1 007 334 369	619 132 682	-	-	-
Contribution to Provision: Post retirement medical aid	18 865 410	99 297 782	85 623 326	50 620 096	50 620 096	50 620 096	51 438 904	53 033 510	54 677 548
Development Contribution	106 045 245	128 352 061	100 000 000	100 000 000	103 200 000	106 399 200	113 427 293	116 943 539	120 568 789
Operating Grants	887 278	922 823	5 223 585	4 873 585	2 986 792	1 100 000	5 467 920	5 637 425	5 812 185
Eskom Connection Fees	673 104	355 272	1 386 674	2 006 674	1 386 674	134 398 044	1 386 674	1 386 674	1 386 674
Other Expenditure	409 579 138	450 944 705	491 306 588	501 218 792	512 880 944	522 953 182	545 069 900	561 094 866	578 647 225

The role of technology and data systems has become increasingly prominent in enhancing performance. Investments in systems such as SCADA, automated metering, and data analytics strengthen real-time monitoring, improve fault detection, and support informed decision-making. These capabilities contribute directly to improvements in network performance, reduction of losses, and optimisation of service delivery.

OPEX further plays a critical role in driving financial performance. Targeted expenditure on metering, billing systems, customer management, and revenue processes strengthens cash collection, improves debt management, and enhances operational cash flow. Importantly, financial sustainability is achieved not solely through cost containment, but through strategic investments that secure and expand revenue streams.

In addition, OPEX supports governance and accountability through investments in financial systems, procurement processes, and organisational structures. These expenditures ensure compliance with regulatory requirements, promote transparency, and enable effective performance management, despite their indirect relationship to physical service delivery. A portion of OPEX is allocated to the payment of support services, including administrative functions and non-core contracted services, where services are delivered to the Energy Directorate by other directorates. The detailed list of services provided for each is captured in the relevant Service Level Agreements. While necessary, these expenditures have a more limited direct impact on performance outcomes and therefore require careful management to ensure proportionality and efficiency. Importantly, the Contribution to R&G, as collected via a surcharge on the tariff, will be phased out over the programme period.

Overall, the OPEX profile reflects a concentration of high-impact, performance-enabling expenditures, particularly in maintenance, labour, energy inputs, and technology, supported by a broader base of enabling and overhead costs. Optimal outcomes are achieved through prioritising these core areas while maintaining strict discipline over non-core spending. In conclusion, the integration of OPEX within the PIAP framework demonstrates a clear and measurable relationship between expenditure and performance outcomes. Strategic allocation towards core operational and revenue-enhancing activities, combined with prudent management of overheads, is essential to improving reliability, strengthening financial sustainability, and ensuring effective long-term service delivery.

11.3. Financial Performance Improvement

The Energy Directorate's financial strategy is structured around the coordinated management of operational viability (F1), cash generation capacity (F3) and capital funding sustainability (F6). These indicators are deliberately managed as an integrated system rather than as isolated compliance metrics. The modelled trajectory reflects a conscious front-loading of infrastructure investment and affordability protection in the medium term, followed by a strengthening of operating margins, cash flows and self-funding capacity in the outer years.

Over the 2025/26 to 2028/29 period, financial ratios are moderated as the Directorate absorbs above-inflation bulk electricity cost increases and accelerates delivery of network renewal, generation, storage and smart grid investments. From 2029/30 onwards, the benefits of these investments increasingly materialise through reduced reliance on Eskom purchases, improved tariff structures, lower losses and more predictable cost profiles. This supports a progressive improvement across all three indicators, reinforcing long-term resilience and sustainability of the electricity service.

a. F1: Adjusted Operating Cash Coverage Ratio (OCCR)

Indicator description

Measures the extent to which operating revenues cover operating expenditures, excluding bulk purchases.

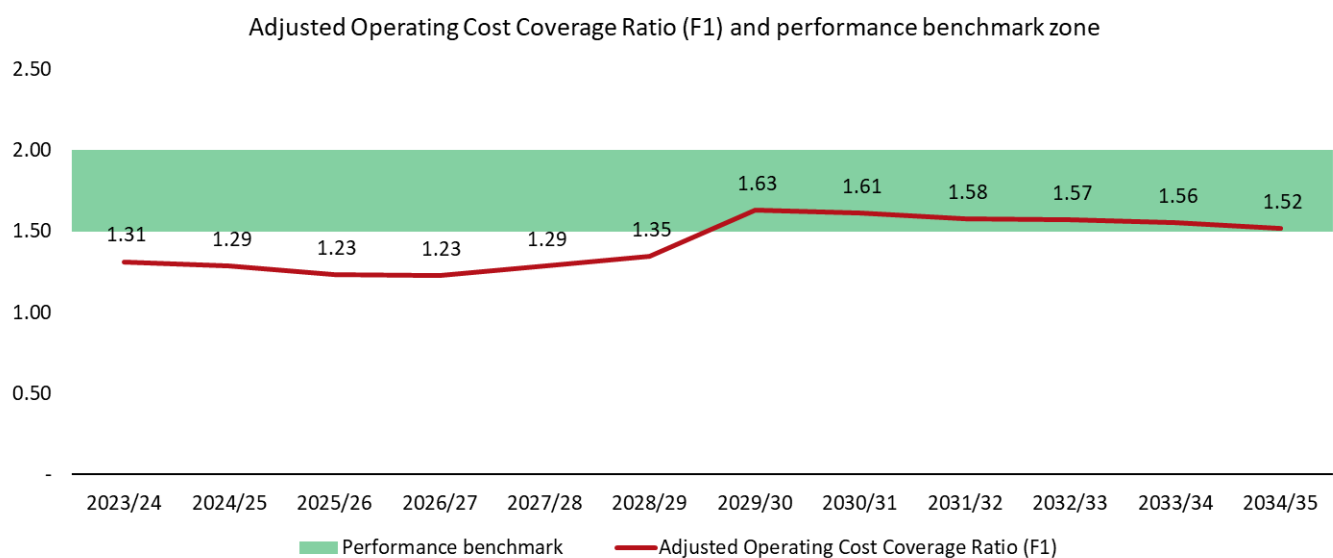


Figure 10: Graph showing the modelled results for the Adjusted OCCR indicator

Observed performance and trajectory (Adjusted OCCR)

As shown in Figure 10, the adjusted OCCR (excluding bulk electricity purchases) remains below the benchmark in the early years before strengthening and stabilising well within the target range over the programme period:

- 2025/26–2027/28: The ratio remains below the lower benchmark of 1.5, improving gradually from approximately 1.23 in 2025/26 to about 1.29 in 2027/28. This reflects ongoing tariff affordability constraints and continued exposure to Eskom cost escalation, alongside a steady recovery in cost coverage.
- 2028/29–2030/31: The ratio improves in 2028/29 (±1.35) and strengthens further to approximately 1.63 in 2029/30 and enters the benchmark range, remaining at a similar level in 2030/31 (±1.61). This indicates an improvement in operating cost coverage and a firm move into a stronger financial position.
- 2031/32–2034/35: The OCCR remains within the benchmark band, moderating slightly but maintaining a stable range of approximately 1.61 to 1.52. This reflects sustained financial resilience, with the ratio consistently above the minimum benchmark range despite downward pressure toward the end of the period.

Interpretation

The trajectory of the adjusted OCCR reflects a measured and controlled recovery, with most secondary expenditure incorporated into operating costs, including contributions to the rates account and inter-departmental service charges.

The below-benchmark performance in the early years is consistent with a deliberate approach to balancing tariff affordability, network reinvestment and longer-term cost restructuring, rather than prioritising immediate surplus generation.

From 2028/29 onwards, the ratio strengthens materially and moves firmly into the benchmark range by 2029/30. The sustained levels above 1.5 in the outer years indicate that cost and revenue alignment has been achieved at a level that supports strong and reliable operating performance.

The stabilisation of the OCCR in a relatively narrow range of approximately 1.5 – 1.6 suggests that the Directorate reaches a sustainable equilibrium, where operating revenues comfortably cover costs while supporting ongoing investment needs.

Importantly, the absence of continued upward escalation beyond 2029/30 indicates that the strategy is focused on maintaining consistent cost coverage and financial resilience, rather than driving continuous surplus expansion. This is especially important as customer affordability pressures are expected to require the utility to pass on a greater portion of cost savings directly to customers.

Key drivers shaping the trend

- Progressive diversification of energy supply: The gradual improvement in OCCR reflects the increasing contribution of City-owned generation, storage and renewable supply, which reduces reliance on Eskom purchases. The most notable impact emerges around 2029/30, where the introduction of IPPs and energy traders contributes to improved operating margins. This is unpacked in more detail in the description for F3: Operational Cash Flow (11.2.b.).
- Tariff restructuring and improved revenue quality: The step change in performance between 2024/25 and 2025/26 is driven by tariff restructuring, particularly the rebalancing toward fixed and network charges. This enhances revenue stability and better aligns tariffs with cost drivers, contributing to the steady recovery in the ratio.
- Ongoing Eskom cost pressures: The trajectory remains constrained by Eskom tariff increases that exceed CPI, which continue to exert upward pressure on bulk supply costs and limit the pace of OCCR improvement.
- Affordability constraints and demand impacts: The ability to fully recover costs remains moderated by customer affordability considerations and declining consumption volumes, which constrain tariff escalations and prevent the OCCR from rising materially above the benchmark range.
- Sustained capital investment programme: Elevated levels of network renewal and energy infrastructure investment continue through the period. While necessary for long-term efficiency gains, this places ongoing pressure on operating margins, contributing to the stabilisation (rather than continued increase) of the ratio in the outer years.
- Regulatory and funding assumptions: The model assumes that NERSA and Council approve tariff increases sufficient to recover forecast operating costs, debt servicing (interest and principal), depreciation, and required transfers (including rates and the energy capital replacement reserve). This underpins the ability to maintain the OCCR within the benchmark band over the long term.

b. F3: Operational Cash Flow

Indicator description

Tracks net cash generated from operations.

Observed performance and trajectory

As shown in Figure 11, operational cash flow remains consistently positive throughout the period and follows a clear upward trajectory before stabilising at elevated levels in the outer years.

Cash flow begins at approximately R1.2 billion in 2024/25 and increases steadily over the next few years, reaching about R1.3 billion in 2025/26 and 2026/27. This upward trend continues into the late 2020s, with cash flow rising to roughly R1.7 billion in 2027/28 and R2 billion in 2028/29, reflecting a sustained strengthening in operational performance.

A more pronounced step-up is evident by 2029/30, where cash flow reaches approximately R2. billion. This higher level is broadly maintained in 2030/31, with only a slight moderation visible, before stabilising in a narrow range. From 2031/32 onwards, operational cash flow remains consistently strong, fluctuating between approximately R2. billion and R2. billion. Peak levels of around R2. billion are observed in 2033/34, followed by a modest decline to about R2. billion in 2034/35. As with the other financial performance indicators, the significant positive improvement in 2029/30 is attributed to the expected diversification of supply whereby electricity, cheaper than Eskom, will start being bought by the Energy

Directorate; as detailed below, along with the planned phase out of the Contribution to Rates. The cost saving, in most part, is expected to be passed on to customers, while also offering the utility an opportunity to restructure tariffs with limited customer impact.

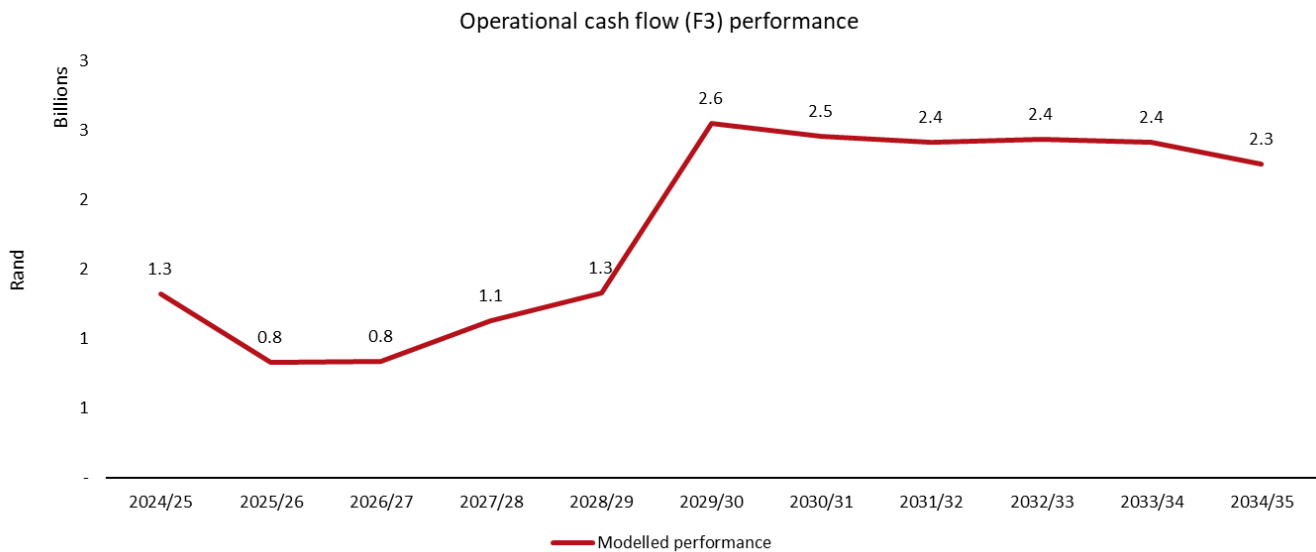


Figure 11: Graph showing the modelled results for the Operational Cashflow indicator

Overall, the profile reflects a steady build-up in cash generation capacity, followed by a period of stability at higher levels. The absence of volatility and the maintenance of a relatively tight range in the outer years indicate a mature and stable operating position, where cash flow is both predictable and resilient.

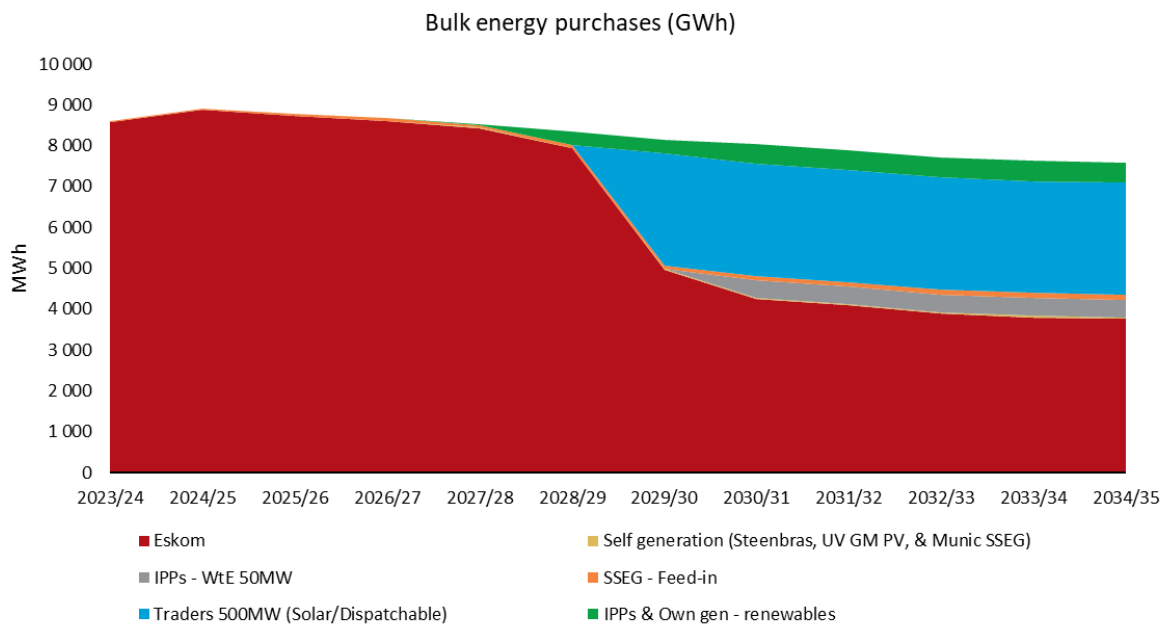


Figure 12: Electricity supply diversification strategy

Key supporting mechanisms

- Strong revenue collection performance underpinned by widespread prepaid metering and AMI deployment for large power users.
- Progressive implementation of cost-reflective tariff structures aligned with underlying cost drivers.

- Investments that reduce technical and non-technical losses and improve network reliability.
- Diversification into City-owned generation and storage and purchases from IPPs, via traders or bilateral power purchase agreements, shown in Figure 12, reduces exposure to Eskom tariff volatility and above CPI price increases. It is anticipated that over time, this should decrease the annual bulk purchase expenditure, shown in Figure 13. The assumptions in the modelling are as follows:
 - IPPs: 150 MW solar IPPs from 28/29, 500 MW from Energy Traders (assume solar – 250 MW, 250MW Dispatchable) from 29/30, 50 MW Waste to Energy IPPs in 30/31
 - City-owned generation plants and storage: 7MW from Atlantis PV and MW/8MWh Battery Energy Storage System in 26/27, 70MW from Paardevlei with 5MWh Battery Energy Storage System in 30/31, 20MW increase in capacity at steenbras Hydro Pumped Storage after refurbishment
 - SSEG feed-in is projected to have a moderate increase over time supported by Time of Use feed-in and consumption tariffs, along with the assumed continued increase in adoption of SSEG by customers.

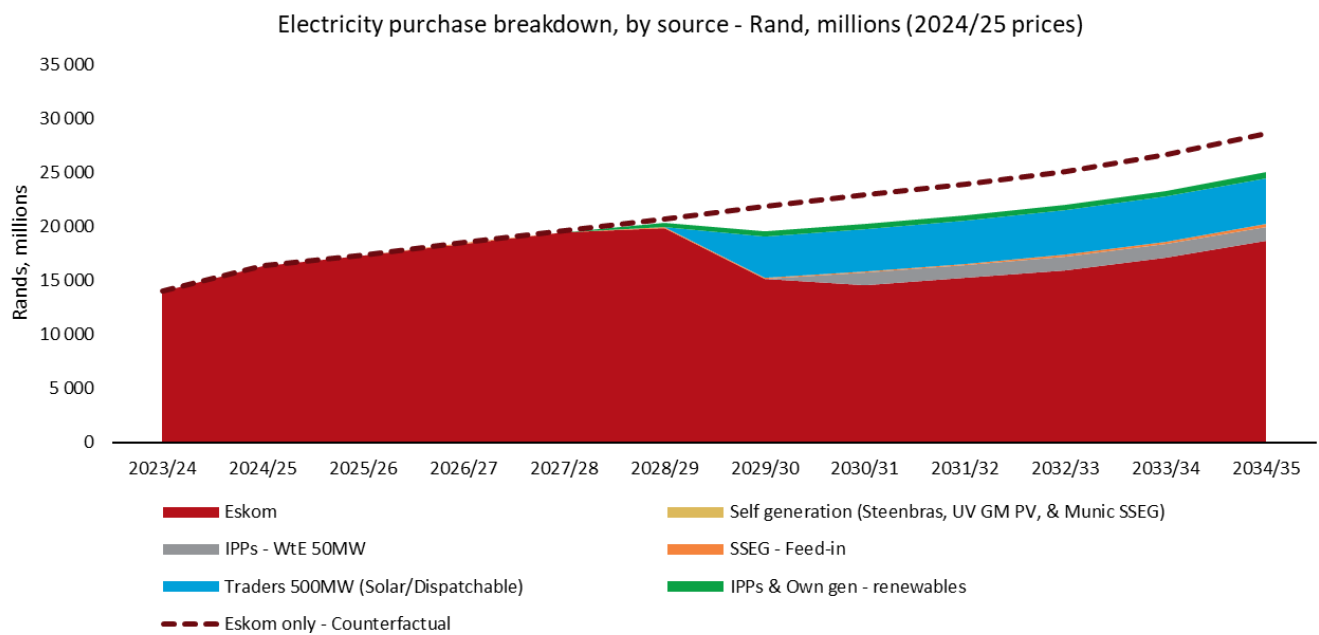


Figure 13: Bulk purchase rand value under two scenarios: 1. the anticipated bulk purchase rand value if the bulk supply diversification strategy is implemented, 2. the counterfactual bulk purchase Rand value if the City were to only purchase electricity from Eskom

c. F6: Self-financing Ratio

Indicator description

Measures the extent to which capital expenditure is financed from internally generated cash.

Observed performance and trajectory

As illustrated in the graph, the self-financing ratio does not remain above the 100% benchmark throughout the period. Instead, it exceeds the benchmark only in the first year and again from the later years onward, indicating a period of constrained internal funding capacity in the medium term before a strong recovery.

The ratio starts at approximately 126% in 2024/25, comfortably above the benchmark. However, it then declines sharply to 68% in 2025/26 and reaches a low of 61% in 2026/27, remaining well below the 100% benchmark. Although there is a modest improvement to 69% in 2027/28 and 72% in 2028/29, the ratio continues to indicate insufficient internally generated cash to fully fund the capital programme during this period.

A significant turnaround occurs from 2029/30, where the ratio increases to 142%, moving back above the benchmark. This improvement is sustained in subsequent years, with the ratio remaining strong at 141% in 2030/31, rising further to 157% in 2031/32, and moderating slightly to 145% in 2032/33. The upward trajectory continues thereafter, reaching 166% in 2033/34 and peaking at approximately 170% in 2034/35.

Overall, the trajectory reflects a distinct period of financial pressure in the mid-term, where internal funding is insufficient to cover capital investment needs, followed by a strong and sustained recovery in the outer years. This indicates that operational cash flows eventually strengthen to comfortably exceed capital requirements. During the weaker mid-period years, the reliance on a blended funding approach is necessary to support capital delivery, while in the later years, the improved position provides greater financial flexibility and resilience.

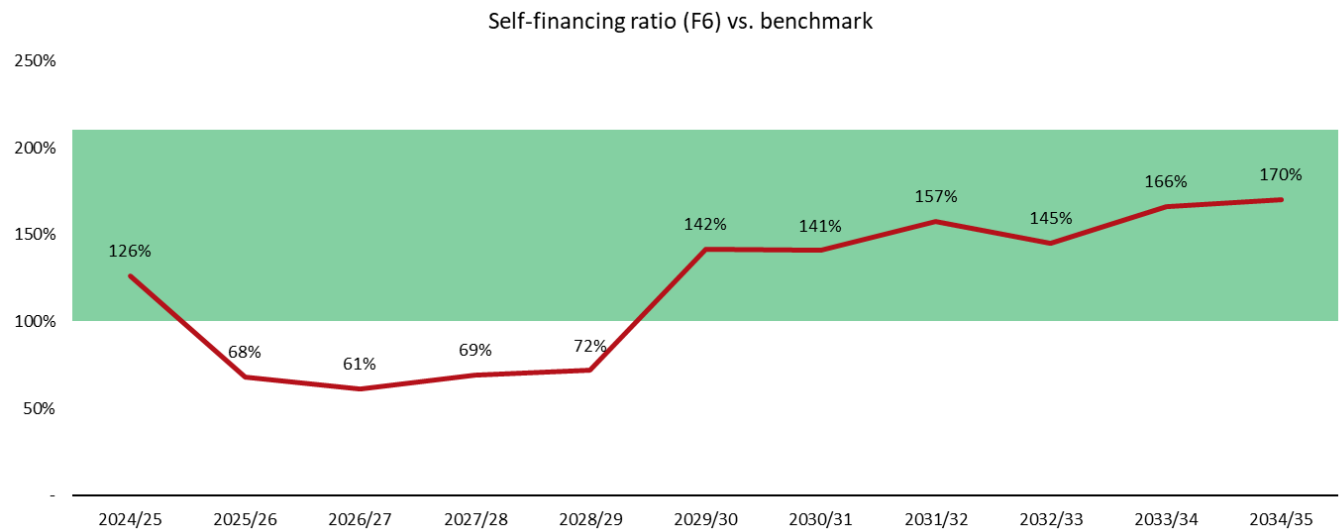


Figure 14: Graph showing the modelled results for the Self-financing ratio indicator

Interpretation

The self-financing ratio demonstrates that the Directorate improves its internal cash generation, with operational cash flow exceeding annual infrastructure capital expenditure in the outer years. The observed trajectory reflects a deliberate funding strategy, as shown in Table 7 and Figure 15, whereby capital investment is financed through a combination of internally generated cash, accumulated reserves and external borrowing. This approach allows the Directorate to preserve liquidity buffers, optimise the timing and cost of funding, and align funding sources with the long life of infrastructure assets, rather than applying all available operational cash flows directly to capital expenditure in any given year.

The strengthening of the ratio from 2029/30 onwards aligns with improvements in both OCCR (F1) and operational cash flow (F3), driven by tariff reform, enhanced revenue assurance, and diversification of energy supply. These structural improvements increase internal funding capacity, even as the Directorate continues to apply a disciplined and diversified funding mix.

The continued increase of the ratio in the outer years is primarily due to a lower annual CAPEX value, as shown in F5: Infrastructure Capex, rather than purely an increase in OPEX.

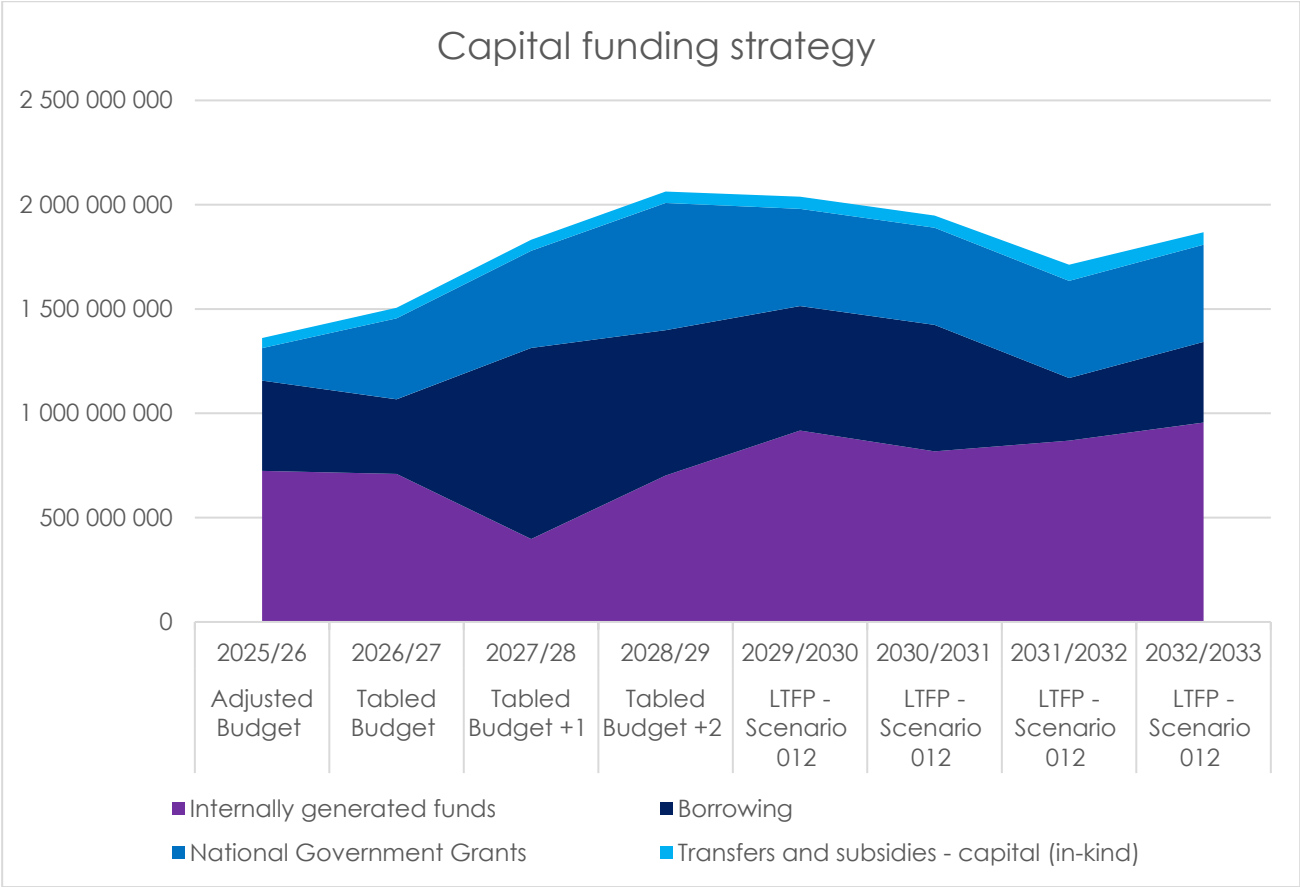


Figure 15: Graphs showing the forecast capital funding mix

d. F2: Cash Collection Rate

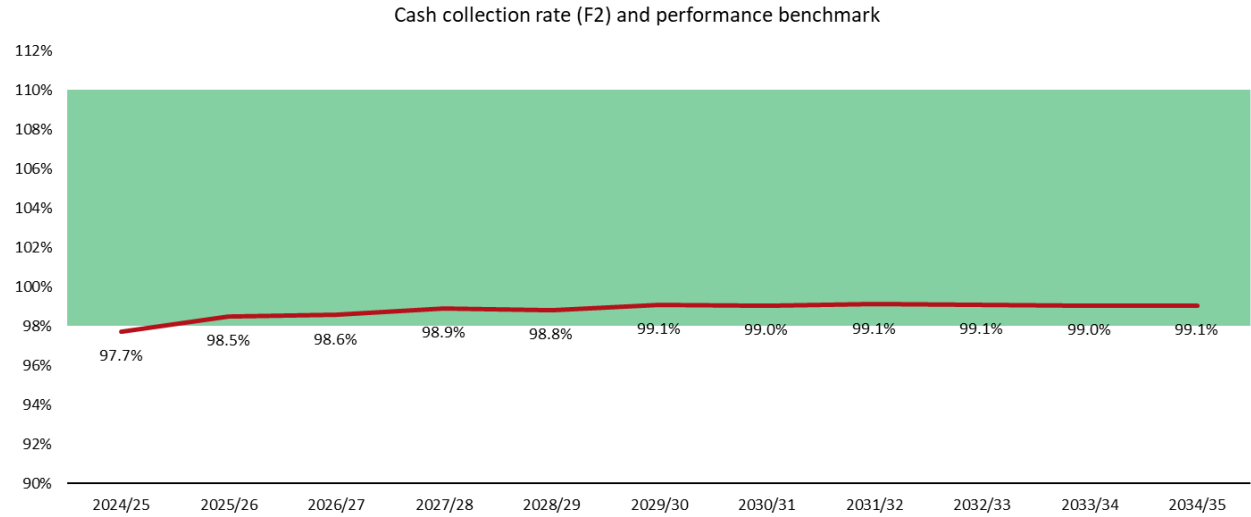


Figure 16: Graph showing the modelled results for Cash collection rate

Indicator description

Measures the percentage of billed revenue successfully collected.

Target

The target is set at 98.5% to align with the SDBIP

Observed performance and trajectory

As shown in Figure 16, the cash collection rate remains consistently high and stable across the entire period, with only minor fluctuations around the 98% benchmark, indicating strong and sustained revenue collection performance.

The rate improves from approximately 97.7% in 2024/25 to about 98.5% in 2025/26 and 98.6% in 2026/27, reflecting early gains in billing accuracy and collection efficiency. This upward trend continues into 2027/28, where the rate reaches around 98.9%, before remaining broadly stable at 98.8% in 2028/29.

From 2029/30 onwards, collection performance strengthens further and remains tightly clustered within a narrow range. The rate reaches approximately 99.1% in 2029/30, moderates slightly to 99.0% in 2030/31, and then returns to around 99.1% in both 2031/32 and 2032/33. In the final years, the rate stabilises at approximately 99.0%–99.1%, including 99.0% in 2033/34 and 99.1% in 2034/35.

Overall, the trajectory demonstrates a highly stable and mature revenue collection environment, with performance consistently at or above the 98% benchmark and increasingly concentrated around the 99% level. The limited variation across the period indicates that cash collections are predictable, reliable and well controlled, providing a strong foundation for sustained operational cash flow and financial stability.

This sustained high level of performance is supported by a robust revenue management framework, including extensive use of prepaid metering, advanced metering infrastructure for large customers, active revenue protection measures, and strong institutional capability within the revenue management function. Together, these elements ensure that billed revenue is efficiently converted into cash, minimising losses and supporting long-term financial resilience.

Critical ongoing investments supporting the target

- Extensive deployment and replacement of prepaid meters.
- Investment in AMI systems and MDUS platforms for accurate billing of large customers and prosumers.
- Strongly resourced revenue protection and credit control teams.
- Integration of billing and payment systems within SAP, enabling automated internal settlements.

e. F4: Debtors’ Days

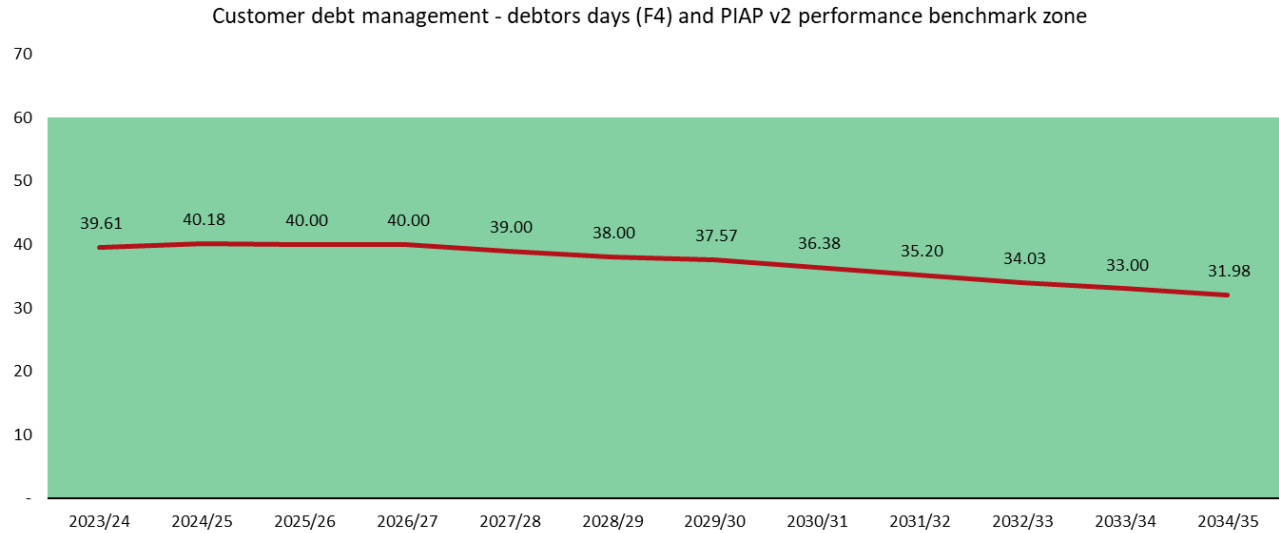


Figure 17: Graph showing the modelled results for Customer Debt Management debtors days

Indicator description

Measures the average number of days revenue remains outstanding.

Observed performance and trajectory

As shown in Figure 17, debtor days remain well controlled throughout the period, with a clear and sustained downward trend indicating progressively faster cash collection and a shortening of the cash conversion cycle.

Debtor days begin at approximately 39.6 days in 2023/24, increasing slightly to around 40.2 days in 2024/25, before stabilising at approximately 40.0 days in both 2025/26 and 2026/27. This early period reflects consistent performance at levels closely aligned with the 41-day target and well below the 60-day benchmark, indicating strong and stable credit control.

From 2027/28 onwards, a steady improvement becomes evident. Debtor days decline to approximately 39.0 days in 2027/28 and 38.0 days in 2028/29, continuing to decrease to about 37.6 days in 2029/30 and 36.4 days in 2030/31. This gradual reduction reflects increasingly efficient receivables management and a strengthening revenue collection environment.

The downward trend continues in the outer years, with debtor days improving further to approximately 35.2 days in 2031/32 and 34.0 days in 2032/33, before reaching around 33.0 days in 2033/34 and 32.0 days in 2034/35. This represents a material improvement in the speed and predictability of cash realisation over time.

This sustained improvement is underpinned by structural changes in the revenue environment. In particular, the ongoing prepaid meter replacement programme materially reduces exposure to post-consumption credit risk by shifting a larger proportion of consumption to upfront payment. In parallel, continued revenue protection and debt management initiatives—including enhanced monitoring, enforcement, and collection practices—strengthen billing integrity and improve recovery performance.

Overall, the trajectory demonstrates a stable yet progressively improving debtor profile, with performance consistently within target levels and supported by deliberate interventions that enhance revenue certainty, liquidity, and long-term financial resilience.

11.4. Customer Experience Improvement

Improving customer services is a central enabler of the Energy Directorate's broader transformation into a modern, customer-centred energy utility. Customer experience is not a standalone objective but a core enabler of revenue stability, payment compliance, and the transition to a more complex market-based system.

As the electricity system becomes more decentralised, digitally enabled, and interactive, customers increasingly expect timely responses, accurate information, transparent billing, and clear communication; particularly during supply disruptions and system changes. Meeting these expectations is not only critical to customer trust and satisfaction, but also to the financial sustainability and regulatory credibility of the electricity business.

Customer service improvement is therefore a foundational pillar of the Directorate's transformation agenda and a prerequisite for operating successfully within the Target Operating Model. It directly supports the City's shift toward a more platform-orientated utility, where the Directorate acts as a system operator, market facilitator and trusted service provider rather than solely as a seller of electricity. In this context, high-quality customer data, reliable metering and billing, and well-functioning communication channels are essential operational capabilities rather than ancillary functions.

The Energy Directorate's Business Plan is explicitly aligned with the A3 PIAP customer service-related indicators approved by Council and National Treasury, including customer completeness, metering effectiveness, billing accuracy, revenue collection and loss management. These indicators are

reinforced through structural reforms and operational programmes that strengthen customer information systems, integrate network and commercial processes, and improve the consistency and quality of customer engagement. Collectively, these interventions support both improved service outcomes for customers and improved financial and operational performance for the utility.

a. A1: Customer Satisfaction

Indicator description

This indicator measures customer satisfaction with electricity services using the City's annual, geo-located customer satisfaction survey. Electricity service responses are aggregated for City-supplied areas, providing a consistent and comparable measure of customer experience over time.

Target

By 30 June 2031, maintain a minimum score of 3.5 out of 5 annually, representing "good" service delivery at 70%, with a baseline of 3.1 achieved in 2023/24. The targeted percentage achievement against this benchmark of 3.5 is outlined in Table 8 below.

Table 8: A1 Customer survey annual targets

		2023/24 (Actual)	2024/25 (Actual)	2025/26 (forecast)	2026/27 (target)	2027/28 (target)	2028/29 (target)	2029/30 (target)	2030/31 (target)
A1	Customer surveys	City conducts an Annual Customer Satisfaction Survey.23/24 Score: 3.1, target is 3.5, so result is 88.58%	City conducts an Annual Customer Satisfaction Survey. 24/25 Score: 3.1, target is 3.5, so result is 88.58%	90%	91%	93%	95%	97%	100%

Critical initiatives supporting the target

As outlined in the Business and Improvement Plan in Table 3 in Section 10, the Energy Directorate will implement a coordinated set of initiatives under the Improved Customer Experience (A1) programme, aimed at enhancing service quality, strengthening customer engagement and ensuring a more responsive and efficient customer interface.

A key focus of the programme is the standardisation of query resolution workflows, which will introduce consistent and clearly defined processes for handling customer queries across the organisation. This will be complemented by a comprehensive redesign of key customer journeys, including billing enquiries, new connections, fault reporting and complaints management. Through structured customer journey mapping and process redesign, the Directorate aims to simplify interactions, reduce response times and improve overall service outcomes.

To support these improvements, customer communication will be more closely aligned with both operational and commercial processes. A structured customer communications campaign plan will be developed to ensure that messaging is timely, clear and responsive to customer needs. In parallel, the integration of outage communication with network operations, supported by the centralisation of dispatch functions and the implementation of an Outage Management System (OMS), will enhance the accuracy and timeliness of information provided to customers during service disruptions.

The Directorate will also strengthen its use of data and feedback to drive continuous improvement. This includes the systematic analysis of complaints and customer feedback to identify recurring issues and address underlying systemic challenges. In addition, customer satisfaction will be actively monitored through both the City-wide Customer Satisfaction Survey and a dedicated Energy-specific Customer Satisfaction Survey, providing targeted insights into service performance and customer expectations.

These initiatives are collectively supported through the establishment of a Customer Relationship Management Branch within the Retail Department of the Energy Directorate. Collectively, these initiatives are designed to create a more integrated, transparent and customer-centric service environment, where operational efficiency, communication and responsiveness are aligned to deliver a consistently improved customer experience.

11.5. Capital Expenditure

The Energy Directorate's multi-year capital programme under the Metro Trading Services Reform (MTSR) framework represents a structured and integrated investment response to the City's rapidly evolving energy landscape. It translates the Business Plan into a coherent, performance-aligned investment portfolio that directly supports improvements in reliability, financial sustainability, supply security, and revenue integrity. The programme follows a deliberate "ramp-up and consolidate" trajectory, with capital expenditure increasing to address urgent infrastructure backlogs, capacity constraints, and system modernisation requirements before stabilising at more sustainable levels over the long term. This approach reflects a careful balance between accelerating critical investment in the medium term and maintaining affordability and financial resilience over time, ensuring that each investment category is aligned with clearly defined operational, financial, and customer service outcomes.

a. A4: Capital Budget Execution

Indicator description

Measures the proportion of the approved capital budget that is spent within the financial year, excluding contingencies.

Target

Achieve at least 90% capital budget execution annually.

Motivation and rationale

The 90% target reflects recognised best practice for large infrastructure programmes, balancing delivery ambition with the complexity of procurement, construction, and regulatory approvals. Historical performance demonstrates that the Energy Directorate has the capacity to meet this benchmark consistently.

Critical investments supporting the target

- Investment in capital programme planning and project management capacity.
- Dedicated funding for engineering design, feasibility studies, and readiness activities, reducing implementation delays.
- Strengthening of supply chain and contract management systems, supporting timely procurement and contractor performance.
- Integration of capital planning with long-term network planning and asset management frameworks.

b. F5: Infrastructure Capital Investment

Indicator description

Tracks annual actual infrastructure capital expenditure against a reference baseline year of 24/25.

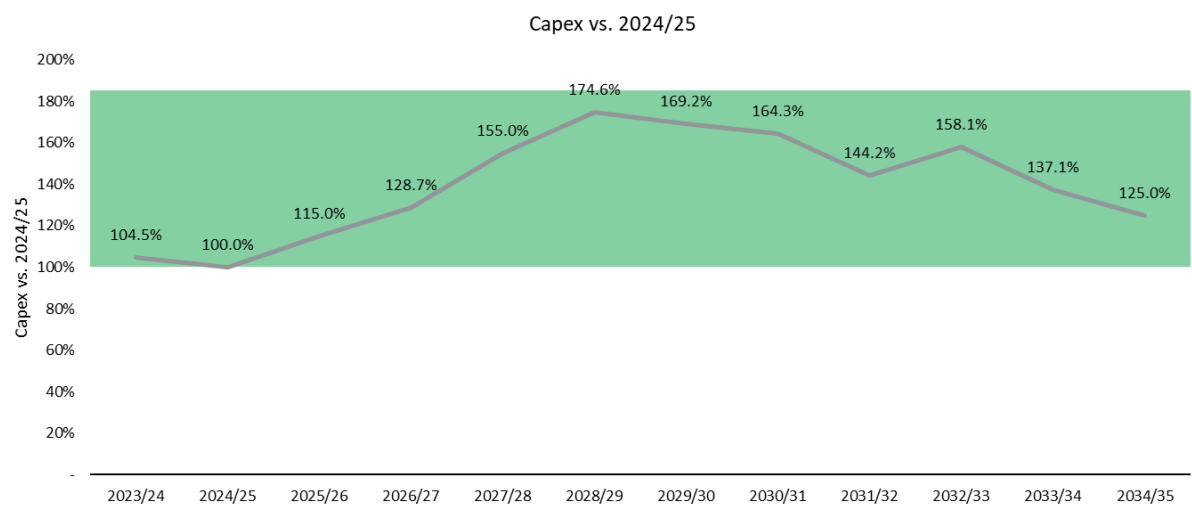


Figure 18: Graph showing the modelled results for percentage increase in capex expenditure over time (relative to 24/25 baseline)

Observations

Infrastructure expenditure increases materially over the period, rising from approximately R1.1 billion in 2024/25 to a peak of about R1.9 billion in 2029/30, before moderating in the outer years.

As illustrated in Figures 18 and 19, capital investment grows steadily in the early and mid-programme years, increasing from roughly R1.1 billion in 2024/25 to R1.6 billion in 2028/29, and reaching a peak of approximately R1.86 billion in 2029/30. This peak represents the most capital-intensive phase of the programme, after which expenditure remains elevated but begins to taper, declining to around R1.75 billion in 2031/32 and R1.53 billion in 2032/33.

A brief secondary increase to approximately R1.68 billion in 2033/34 is evident, reflecting programme sequencing, before expenditure declines further to about R1.33 billion by 2034/35.

Overall, the profile reflects a front-loaded, invest-to-save strategy, where higher levels of capital expenditure are concentrated in the middle years to strengthen infrastructure, improve resilience and reduce long-term operating costs. The subsequent moderation in the outer years signals a transition from major expansion and upgrades toward optimisation and maintenance, while still sustaining a relatively high level of investment to support ongoing system performance and reliability.

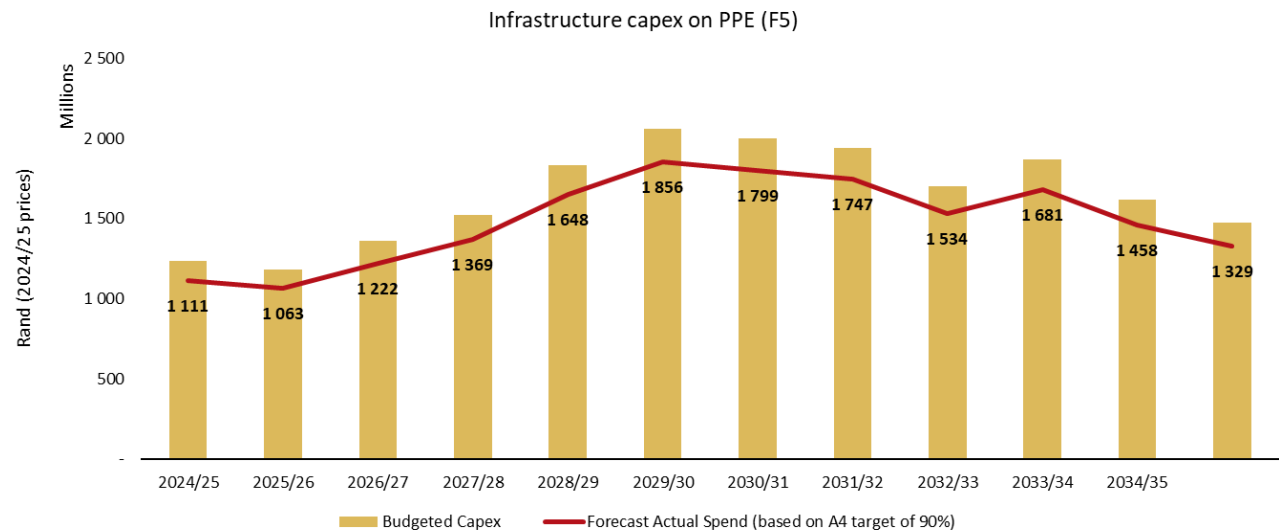


Figure 19: Graph showing the modelled results for budgeted and actual infrastructure expenditure

Critical investments supporting the target

As shown in Figure 19 and Table 9, the capital programme reflects a targeted and strategically balanced investment portfolio, with total planned expenditure of approximately R7.0 billion over the period 2025/26 to 2030/31. Investment increases from R666 million in 2025/26 to a peak of approximately R1.47 billion in 2028/29, before moderating slightly to R1.34 billion by 2030/31, indicating a structured ramp-up followed by consolidation.

The programme is anchored by a strong focus on system capacity and network resilience, with Transmission System Development representing the single largest allocation at over R2.3 billion. This investment strengthens the high-voltage backbone through new substations, lines and switching infrastructure, enabling load growth, relieving network constraints and supporting long-term economic development. This is complemented by targeted investments in MV switchgear refurbishment (R342 million), HV cable and substation upgrades, and overhead line refurbishment, which collectively address ageing infrastructure, improve fault performance and extend asset life.

A significant portion of the programme is also directed toward energy security and supply diversification. Investment in Electricity Generation (R1.5 billion) ensures the continued availability of firm municipal generation capacity to support peak demand and emergency conditions. In parallel, ground-mounted solar PV (R794 million) and Battery Energy Storage Systems introduce flexibility into the system through local generation, peak shaving and load shifting, reducing reliance on bulk purchases while improving resilience and operational efficiency.

Revenue protection and financial sustainability are central to the programme, with major investments in Metering Replacement (R681 million) and Prepayment Meter Replacement (R284 million). These initiatives enhance billing accuracy, reduce technical and non-technical losses, strengthen revenue collection and improve consumption visibility. Supporting systems such as the Prepayment Vending System further reinforce revenue integrity and operational efficiency.

The programme also supports the City's developmental mandate, with dedicated funding for Electrification and Electrification Programme projects (approximately R90 million combined). These initiatives expand access to electricity in new developments and underserved areas, reduce illegal connections, improve safety, and convert previously unbilled consumption into revenue.

In addition, there is a clear emphasis on digital enablement and operational efficiency, with investment in telecommunications infrastructure (R141 million), microwave systems, and the Outage Management System, enabling improved system visibility, faster fault response and enhanced customer communication. Complementary investments in facilities, security (fencing) and fleet (approximately R385 million combined) ensure that operational capacity keeps pace with network expansion and service delivery requirements.

Overall, the capital programme demonstrates a well-sequenced and risk-based approach, balancing large-scale infrastructure expansion with targeted interventions in revenue management, digital systems and customer service. The concentration of expenditure in the mid-period reflects a deliberate acceleration of investment to address capacity constraints and modernisation needs, while the sustained allocation across all categories ensures that reliability, financial sustainability and service delivery are maintained over the long term.

Table 9: Performance Improvement CAPEX investments for 25/26 and the FY26/27 MTREF linked to benefits and MTSR indicators

Performance improvement capex (from I-Capex)	Programme Description	Benefits Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL	MTSR indicators
1 Battery Energy Storage Systems	Deployment of grid-connected battery energy storage at strategic nodes to support peak shaving, load shifting and network stability.	Reduces MV/HV peak loading, improves voltage and reliability, defers network upgrades, lowers peak energy purchases and improves security of supply.	53 829 421	5 673 726	0	0	0	0	59 503 147	F1, F3, F5, F6
2 Electricity Generation	Refurbishment and replacement of municipal generation assets and supporting infrastructure.	Preserves firm generation capacity, supports peak demand and emergencies, avoids high-cost short-term energy purchases and extends asset life.	12 343 301	7 718 400	256 740 940	321 777 321	361 196 381	549 183 793	1 508 960 136	F1, F3, F5, F6
3 Electrification	Roll-out of LV reticulation to new and informal settlement areas across the network.	Improves safety and reliability, reduces illegal connections, expands the revenue base and reduces non-technical losses.	17 034 174	14 100 000	10 100 000	10 100 000	10 100 000	10 100 000	71 534 174	F1, F3, F5, F6, F2, F4, E5
4 Electrification Programme	Targeted electrification and infill projects in priority communities.	Lowers fault rates and losses, enables proper protection and metering, converts losses into billable energy and supports socio-economic development.	8 172 091	6 243 877	2 243 877	2 000 000	0	0	18 659 845	F1, F3, F5, F6, F2, F4, E5

Performance improvement capex (from I-Capex)	Programme Description	Benefits Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL	MTSR indicators
5	Ground Mounted Photo Voltaic Install	Reduces net demand on substations, lowers bulk energy costs, improves energy diversity and supports decarbonisation.	38 170 649	0	101 501 842	390 510 575	263 906 760	0	794 089 826	F1, F3, F5, F6
6	High Voltage Cable Replacements	Improves reliability and fault performance, restores capacity and avoids high-impact supply failures.	1 253 093	564 966	0	0	0	0	1 818 059	E6, E7, F5
7	HV Cables - Link box repl & Installation	Improves cable sheath protection and safety, reduces circulating currents and extends HV cable life.	800 000	800 000	800 000	800 000	800 000	800 000	4 800 000	E6, E7, F5
8	HV Substations Facilities Upgrades	Upgrades to HV substation buildings, security, lighting and support infrastructure.	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	18 000 000	E6, E7, F5
9	HV Substations System Equipment Repl	Restores dependable fault clearing, reduces forced outages and avoids unplanned capital replacements.	1 691 500	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	9 191 500	E6, E7, F5
10	HV Substations System Equipment Upgrades	Enables automation and condition monitoring, reduces outage duration and avoids obsolescence.	11 000 000	4 000 000	3 000 000	2 000 000	2 000 000	2 000 000	24 000 000	E6, E7, F5

Performance improvement capex (from I-Capex)	Programme Description	Benefits Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL	MTSR indicators
11 Metering Replacement	Replacement of aged or compromised meters with modern metering.	Improves measurement accuracy, reduces losses and theft, strengthens revenue protection and load visibility.	102 000 000	107 500 000	113 000 000	124 000 000	116 000 000	119 000 000	681 500 000	F1, F3, F5, F6, F2,F4, E5
12 Microwave Systems and Infra Upgrades	Upgrade of microwave systems supporting SCADA and protection signalling.	Improves protection reliability, reduces outage duration and lowers long-term telecoms operating costs.	2 070 000	1 800 000	1 800 000	0	0	0	5 670 000	E6, E7, F5
13 MV Switchgear Refurbishment	Refurbishment of MV switchgear across the distribution network.	Extends asset life at relatively low cost, improves safety and avoids full equipment replacement.	23 200 000	44 000 000	44 000 000	45 980 000	100 067 000	85 000 000	342 247 000	E6, E7, F5
14 New Electricity Facilities	Construction of new electricity depots and operational facilities.	Supports operational growth, improves service delivery efficiency and avoids capacity constraints.	46 058 035	29 020 136	4 436 820	0	0	0	79 514 991	E6, E7, F5
15 OH Line Refurbishment	Refurbishment of overhead line structures, conductors and insulators.	Improves reliability, reduces weather-related faults and extends asset life.	7 579 400	4 500 000	4 500 000	3 000 000	2 500 000	3 000 000	25 079 400	E6, E7, F5
16 Outage Management System	Centralised IT system for outage detection, switching and customer communication.	Reduces outage duration, improves coordination and enhances regulatory and customer performance.	2 251 934	0	0	0	0	0	2 251 934	E6, E7, F5
17 Overheads Fencing	Installation and renewal of security fencing along overhead line routes.	Reduces vandalism and theft, improves public safety and avoids outage-related repair costs.	510 900	1 100 000	1 100 000	300 000	300 000	300 000	3 610 900	E6, E7, F5

Performance improvement capex (from I-Capex)	Programme Description	Benefits Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL	MTSR indicators
18 Power Quality System Expansion	Expansion of power quality monitoring and mitigation systems.	Identifies voltage and harmonic issues, reduces customer claims and avoids unnecessary network upgrades.	2 759 424	1 292 000	1 370 000	1 452 000	1 500 000	1 500 000	9 873 424	E6, E7, F5
19 Prepayment Meter Replacement	Replacement of prepayment meters across the customer base.	Strengthens revenue assurance, reduces fraud and improves system reliability.	41 100 000	44 000 000	46 000 000	48 500 000	51 000 000	53 000 000	283 600 000	F1, F3, F5, F6, F2,F4, E3
20 Prepayment Vending System	Upgrade of prepayment vending platforms and systems.	Improves system availability, reduces revenue leakage and lowers support costs.	1 500 890	1 500 000	2 000 000	1 500 000	1 500 000	1 500 000	9 500 890	F1, F3, F5, F6, F2,F4, E2
21 Substation Protection Replacement	Replacement of protection relays and schemes at substations.	Ensures dependable fault isolation, reduces equipment damage and prevents wide-area outages.	12 700 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	62 700 000	E6, E7, F5
22 Substations: Fencing	Installation and renewal of fencing at substations.	Protects critical infrastructure, improves safety and reduces outage risk.	25 230 002	22 450 000	17 512 364	17 573 105	17 637 492	17 500 000	117 902 963	E6, E7, F5
23 Telecommunication Infrastr - Additional	Expansion of fibre, RTUs and SCADA telecommunication infrastructure.	Enables automation, improves system visibility, reduces outage duration and supports grid modernisation.	22 299 999	22 865 000	23 337 000	23 837 000	24 367 000	24 500 000	141 205 999	E6, E7, F5
24 Transmission System Development	Expansion and reinforcement of HV lines, substations and switching stations.	Increases capacity and redundancy, enables load growth and supports long-term economic development.	159 930 663	476 771 137	525 076 484	399 388 483	353 124 007	394 106 975	2 308 397 749	E6, E7, F5

Performance improvement capex (from I-Capex)	Programme Description	Benefits Description	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTAL	MTSR indicators
25 Vehicles: Additional	Acquisition of additional fleet vehicles for operations and maintenance.	Improves response capability and service delivery efficiency.	6 150 000	0	0	0	0	0	6 150 000	E6, E7, F5
26 Vehicles: Replacement	Planned replacement of ageing fleet vehicles.	Reduces operating costs, improves reliability and supports predictable fleet management.	63 670 000	68 000 000	41 500 000	66 000 000	75 000 000	65 000 000	379 170 000	E6, E7, F5
Total capex			666 305 476	878 399 242	1 214 519 327	1 473 218 484	1 395 498 640	1 340 990 768	6 968 931 937	

11.6. Operational Performance Improvement

a. E1: Bulk and Commercial Metering Coverage

Indicator description

This indicator measures the percentage of bulk, commercial, and industrial electricity consumers that are metered with functional, reliable meters capable of producing accurate billing data. It focuses primarily on Large Power Users (LPUs) and Small Power Users (SPUs), for whom accurate metering is critical to revenue assurance, system planning, and regulatory compliance.

Target

Maintain 99.5% functional metering coverage annually for Large Power Users (representing all bulk and industrial customers)

Motivation and rationale

Bulk and commercial customers account for a disproportionate share of electricity revenue. Ensuring near-universal metering coverage materially reduces billing risk, disputes, estimation errors, and revenue leakage. The target deliberately allows limited tolerance for meter failures and operational downtime, recognising that 100% functionality at all times is neither realistic nor cost-effective in a large, complex network.

Critical investments supporting the target

- Deployment of Advanced Metering Infrastructure (AMI) for all large power users.
- Upgrading the MDUS
- Ongoing replacement and lifecycle management of bulk and commercial meters.
- Skilled technical teams responsible for meter maintenance, calibration, and data validation.

b. E2: Vending Efficiency (Prepaid Meter Activity)

Indicator description

Measures the percentage of prepaid electricity meters that record vending activity within a rolling month, serving as a proxy for prepaid meter functionality and customer engagement.

Target

Maintain approximately 95% vending efficiency, below the 98% programme benchmark.

Motivation and rationale

The target intentionally reflects customer purchasing behaviour, rather than system failure. A portion of prepaid customers, such as holiday accommodation or seasonal dwellings, do not vend monthly by choice. The City cannot, and should not, artificially force monthly vending to meet an arbitrary benchmark. The focus of this indicator is therefore on system availability and functionality, not customer consumption patterns.

Critical investments supporting the target

- Ongoing roll-out and replacement of prepaid meters across customer categories.
- Investment in vending platforms and transaction processing systems to ensure high system uptime.
- Integration of vending and customer data into SAP-enabled billing systems.
- Operational support teams responsible for fault resolution and vending troubleshooting.

c. E3: AMR meter coverage

Table 10: SPU meter replacement programme - increased delivery to meet performance targets over time

SPU Meter Replacement Planning	23/24 (actual)	24/25 (actual)	25/26 (forecast)	26/27 (target)	27/28 (target)	28/29 (target)	29/30 (target)	30/31 (target)	31/32 (target)	32/33 (target)
Total LPU Meters as of 30 June - all AMR	1 589	1 589	1 585	1 585	1 585	1 585	1 585	1 585	1 585	1 585
Total Number of SPU Meters as of 30 June	37 028	36 796	36 977	36 977	36 977	36 977	36 977	36 977	36 977	36 977
No. of SPU AMR meters as of 30 June	22 286	22 625	24 025	25 875	27 725	29 575	31 425	33 275	35 125	36 975
Total no. of SPU Meter replacements		339	1 400	1 850	1 850	1 850	1 850	1 850	1 850	1 850
No. of SPU CT meters (>100A 3 phase) replaced with AMI				300	300	300	300	300	300	300
No. of SPU Conventional Credit Meters replaced with Prepaid Meters				1550	1550	1550	1550	1550	1550	1550
% of Commercial (SPU + LPU) meters that are AMR	61.8%	63.1%	66.4%	71.2%	76.0%	80.8%	85.6%	90.4%	95.2%	100.0%

Indicator description

Tracks the proportion of eligible customers whose electricity consumption is captured through automated meter reading, for Small Power Users and Large Power Users.

Target

As shown in Table 10, the progressive increase to 100% automated meter reading coverage by 2032/33.

Critical investments supporting the target

- Accelerated AMI replacement programme, particularly for SPU customers.
- Expansion of MDUS capacity to accommodate increased data volumes.
- Investment in metering accommodation upgrades where required.
- Additional technical capacity to manage installation, commissioning, and data integration.

Motivation and rationale

The meter replacement programme is designed to progressively expand automated meter reading (AMR) across all commercial customers in order to eliminate estimation, improve billing accuracy and enable more advanced tariff structures, such as wheeling and time-of-use pricing. The graph shows a structured, multi-year rollout that reflects both the operational complexity and increasing cost of converting the remaining legacy credit meters.

At the start of the programme in 2023/24, AMR penetration is already relatively high at 61.8%, with 22,286 Small Power User (SPU) meters converted out of a total base of just over 37,000 meters. This reflects an earlier focus on high-value customers. However, a portion of SPUs still rely on conventional credit meters, creating the need for a phased and targeted upgrade approach.

The rollout accelerates after an initial ramp-up phase, with annual replacements increasing from 339 meters in 2024/25 to 1,400 in 2025/26, and stabilising at around 1,850 replacements per year from 2026/27 onwards. This steady delivery profile aligns with practical installation capacity and technical constraints, as indicated in the graph.

A differentiated strategy is clearly reflected in the replacement mix: each year from 2026/27, approximately 300 large (>100A, 3-phase) SPU meters are upgraded to AMI, while around 1,550 smaller SPU meters are converted to prepaid meters. This prioritisation ensures that higher-consumption customers are addressed early, allowing financial and operational benefits to be realised ahead of full rollout completion.

As a result, AMR coverage increases consistently over time, from 66.4% in 2025/26 to 71.2% in 2026/27, then rising sharply to 76.0%, 80.8%, 85.6%, 90.4%, and 95.2%, before reaching 100% by 2032/33. Despite full physical rollout occurring at the end of the period, the graph indicates that the majority of benefits are realised earlier due to the prioritisation of high-load customers.

Overall, the programme demonstrates a realistic and scalable transition to a fully automated commercial metering environment. By following a phased approach grounded in capacity constraints and customer segmentation, the plan strengthens billing accuracy, enhances revenue protection, improves demand management, and supports long-term financial sustainability.

d. E4: Repairs and Maintenance Coverage

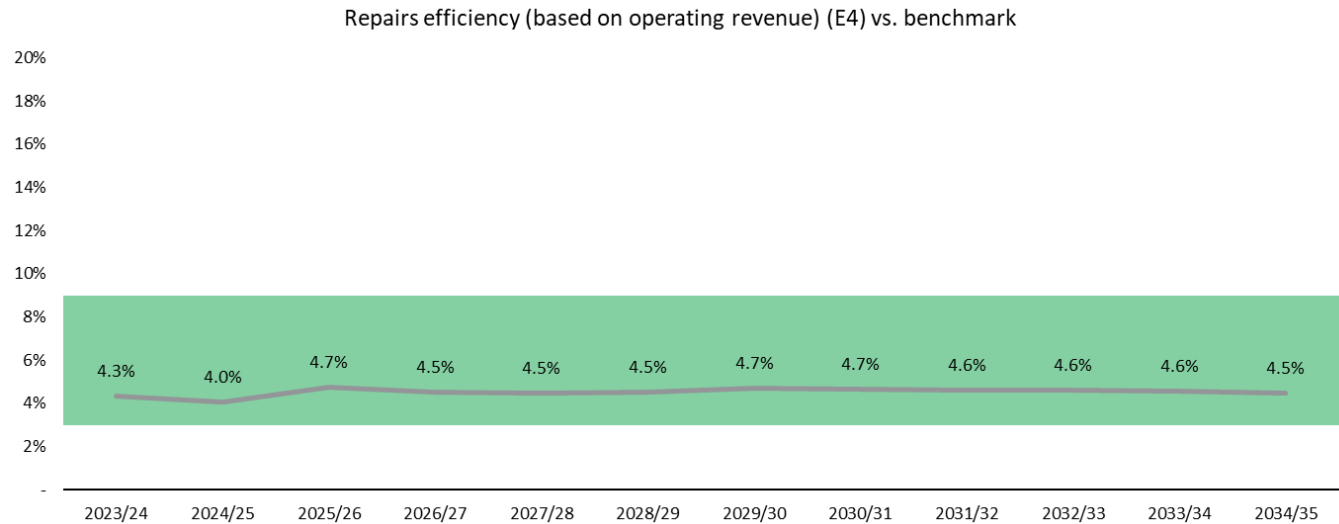


Figure 20: Graph showing the modelled results for repairs and maintenance coverage

Indicator description

Measures repairs and maintenance (R&M) expenditure as a percentage of operating expenditure.

Target

Based on the modelled figures in Figure 20, maintain a target of 4.3% in each year

Motivation and rationale

The lower target reflects the Energy Directorate's historically strong maintenance regime, as shown in Figure 21, and well-maintained asset base. High network reliability and low outage indicators demonstrate that current R&M expenditure is sufficient. Furthermore, the traditional benchmark has become distorted over time by exponential growth in bulk purchase costs, which inflate the denominator without reflecting maintenance needs.

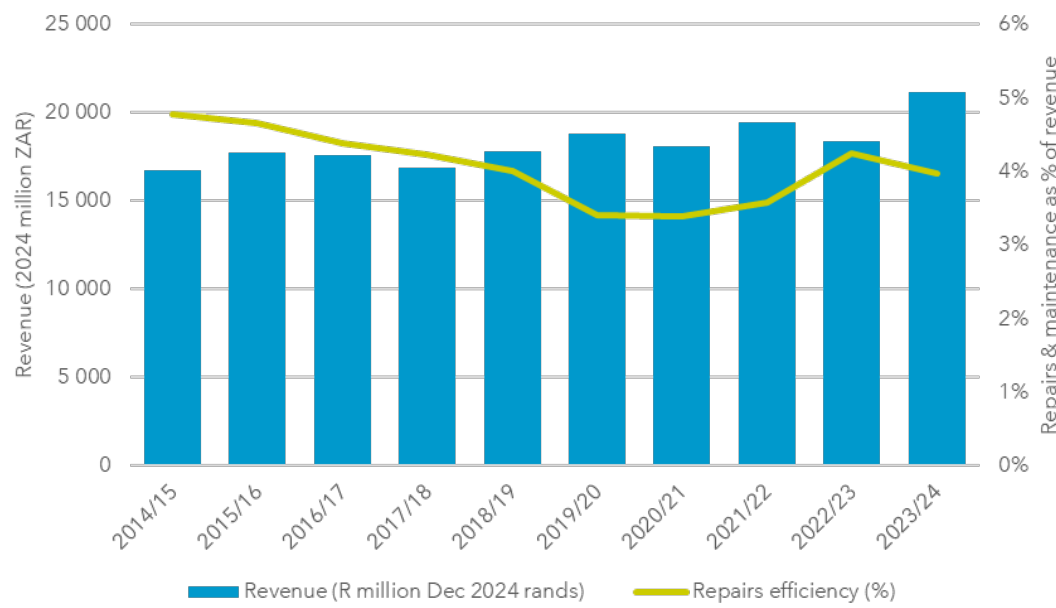


Figure 21: City supply area repairs and maintenance efficiency (spend on R&M as a function of operating revenue)

Critical investments supporting the target

- Long-term preventative maintenance programmes aligned with asset condition assessments.
- Adoption of asset management frameworks, as detailed further in Section 13: Asset Management.
- Investment in skilled maintenance teams and operational depots.
- Network monitoring systems that enable condition-based maintenance.

e. E5: Technical and Non-technical Losses

Indicator description

Measures total technical and non-technical electricity losses as a percentage of electricity purchased.

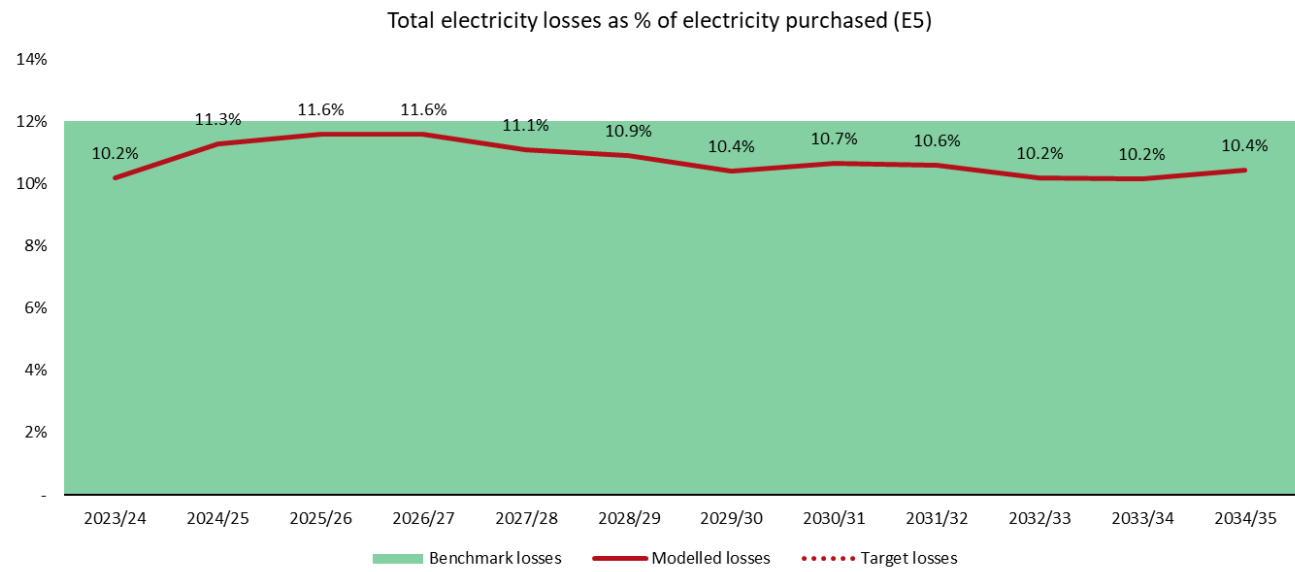


Figure 22: Graph showing the modelled results for total electricity losses (commercial and technical losses)

Target

Based on the modelled results shown in Figure 22, the intention is to maintain the target for losses at 12% (aligned with the national benchmark from NERSA), with annual improvements of approximately 0.1% in the outer years. Historically, this target is shown in to be achievable as can be seen in Figure 23, but can also be impacted by external events, such as Covid-19, in 2019/20 and 2020/21 where there were under and over recoveries due to increased use of estimated meter readings, as a result of Covid-19 restrictions.

Motivation and rationale

Given declining electricity sales and persistent informal settlement challenges, the Directorate is adopting a loss containment strategy rather than aggressive loss reduction, recognising that maintaining losses at current absolute levels already represents operational improvement. The approach balances ambition with realism, acknowledging legal, spatial and social constraints.

A key focus from 2026/27 is improving the measurement and attribution of technical and non-technical losses, moving beyond benchmark estimates to more precise, locally derived data. This will enable more targeted and effective interventions.

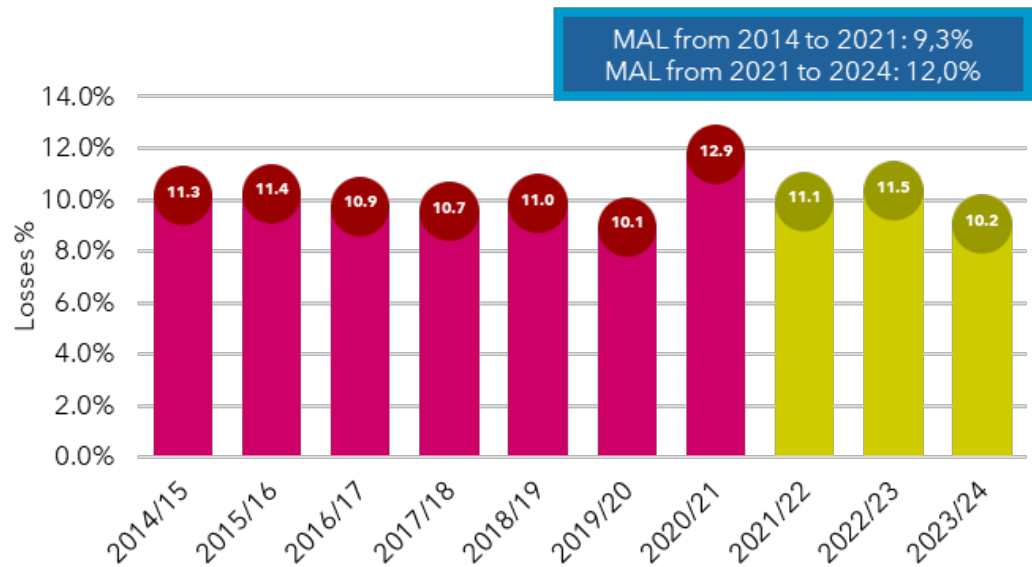


Figure 23: Historic values for technical and commercial losses in City Supply Areas

Non-technical losses will be addressed through expanded AMI deployment, transformer-level metering, regularisation of illegal connections, and enhanced GIS- and SCADA-enabled analytics to detect theft and vandalism. Technical losses will be reduced through ongoing network upgrades, conductor replacements and voltage optimisation.

In parallel, collaboration with other trading services will strengthen community engagement, data standardisation and law enforcement support, improving both loss management and the protection of electricity infrastructure.

Interventions to reduce losses

The Directorate will implement a coordinated set of interventions and investments to systematically reduce both technical and non-technical losses across the network, supported by improved measurement, targeted infrastructure upgrades and strengthened revenue management.

A central pillar of this approach is the Revenue Protection Programme (OPEX: R189.7 million; CAPEX: R99.0 million), which focuses on addressing meter tampering, bypassing and irregular consumption

through intensified audit activity and targeted meter replacements. This is complemented by broader initiatives in 2026/27, including the expansion of legal electrification and service connections in informal areas, which reduces illegal connections while improving safety and converting unbilled consumption into revenue.

At a network level, ongoing MV and LV renewal programmes upgrade feeders, transformers, kiosks and reticulation infrastructure. These interventions improve reliability and voltage quality, while reducing technical losses associated with ageing and overloaded assets. In parallel, GIS- and SCADA-enabled analytics are increasingly used to detect theft, vandalism and abnormal consumption patterns, enabling faster and more targeted responses.

A key strategic focus for 2026/27 is to enhance the accuracy and granularity of loss measurement, including the implementation of a structured programme to differentiate and quantify technical versus non-technical losses across voltage levels. This improved visibility will enable more precise attribution of losses between network and retail operations, supporting better-targeted interventions and stronger performance management.

- Supporting these efforts are a number of critical investments, including:
- Targeted network upgrades to reduce technical losses and improve system efficiency,
- Metering and audit interventions to address unmetered supply and illegal connections, and
- The exploration of alternative energy solutions for areas where conventional grid electrification is not feasible, reducing reliance on informal and loss-prone connections.

Collectively, these measures reflect a structured and multi-dimensional strategy to reduce losses. By combining infrastructure investment, enhanced analytics, improved metering, and strengthened enforcement and electrification programmes, the Directorate is positioned to achieve sustained reductions in both technical and non-technical losses while improving safety, reliability and revenue integrity.

f. E6: Average System Interruption Frequency Index (ASIFI)

Indicator description

Measures the average number of supply interruptions experienced by customers over a year.

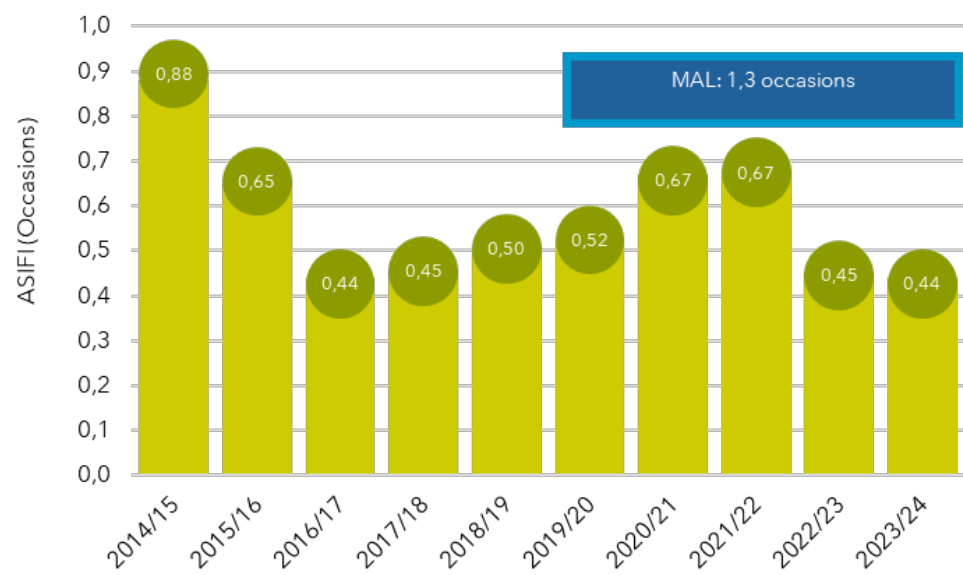


Figure 24: Average System Interruption Frequency Index (ASIFI)

Target

Maintain ASIFI at or below the national benchmark of 1.3 interruptions, with current performance performing substantially better than the benchmark.

Motivation and rationale

ASIFI measures the frequency of electricity interruptions due to faults or failures, excluding planned outages or national load-shedding, and is calculated by dividing the total power capacity (measured in kVA) affected by interruptions by the total installed power in a distribution network (IEEE, 2012). The indicator is calculated on a 12-month rolling average basis.

CCT applies a maximum allowable limit (MAL) of 1.3 for this indicator, and since 2014, its performance has consistently stayed below this threshold, as shown in Figure 24 below, demonstrating that the distribution grid has not only met, but regularly exceeded its benchmark.

Overall, the performance of the network in recent years reflects consistent and sufficient investments in grid stability and improved outage monitoring, contributing to higher customer satisfaction and reduced economic disruption from power supply interruptions.

Low interruption frequency is a direct outcome of effective asset management, preventative maintenance, and timely infrastructure renewal. Maintaining performance at or better than the benchmark demonstrates the success of long-term planning and targeted capital investment, rather than reactive fault repair.

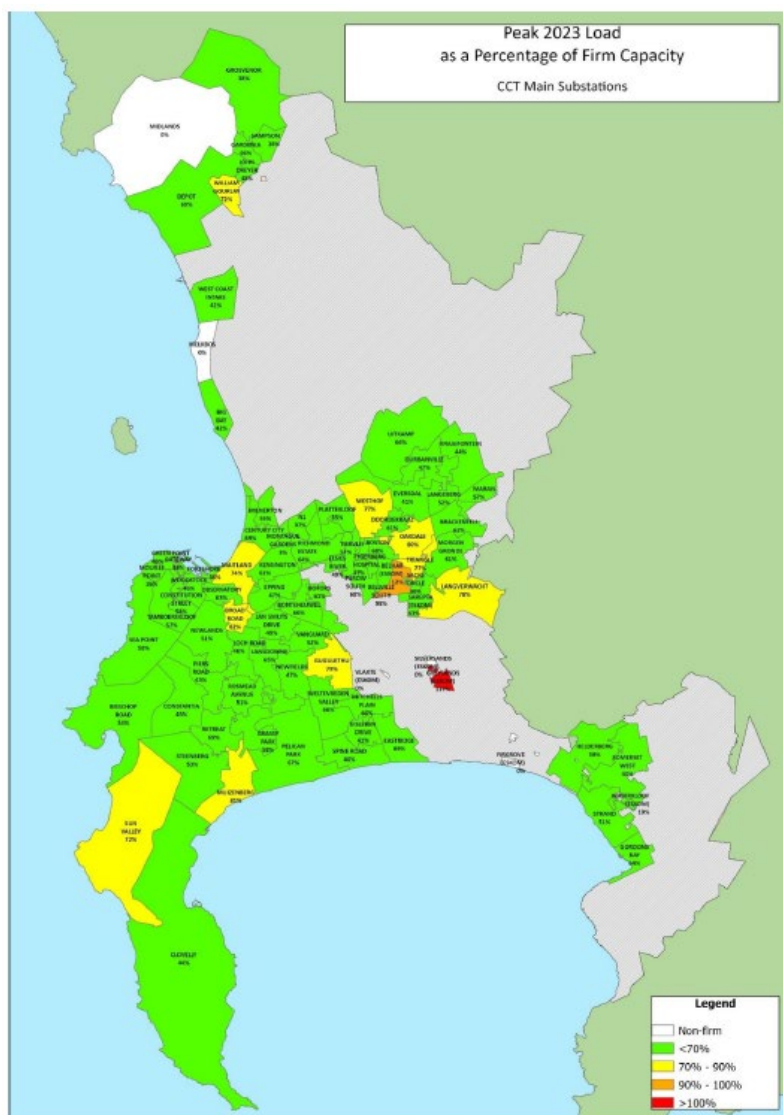


Figure 25: Peak 2023 Load as a percentage of firm capacity

Critical investments supporting the target

- Sustained investment in preventative maintenance and asset replacement.
- Network firm capacity assessments, planning, and modelling across HV, MV, and LV systems
- Engineering capacity to implement asset management protocols effectively.
- Capital funding for infrastructure reaching end of life.

These investments result in most main substations operating at <70% firm capacity, as shown in Figure 25, thereby reducing the likelihood of interruptions.

g. E7: Average System Interruption Duration Index (ASIDI)

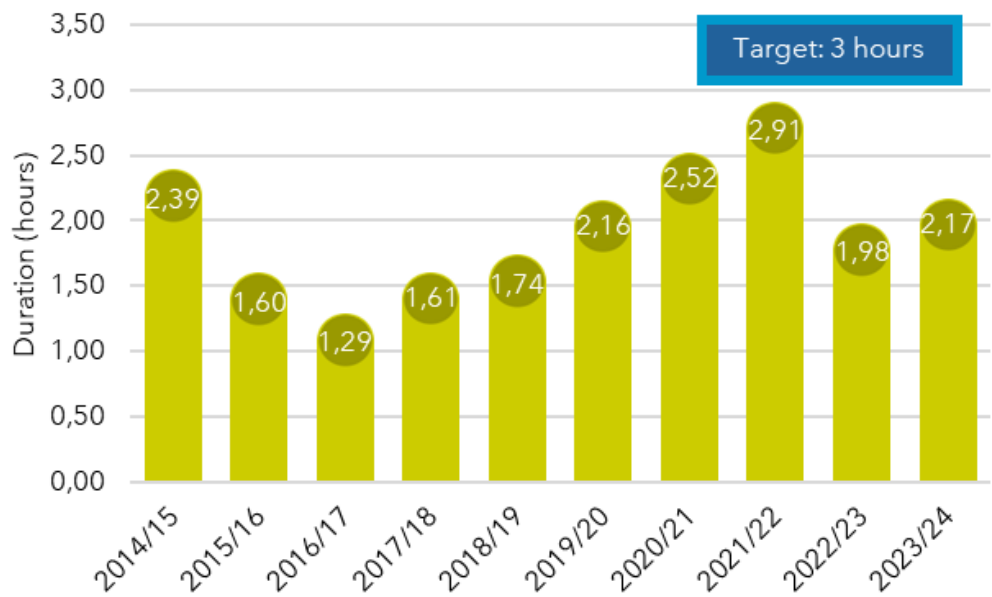


Figure 26: Average System Interruption Duration Index (ASIDI)

Indicator description

Measures the average duration of electricity supply interruptions experienced by customers.

Target

Maintain ASIDI at less than 3 hours, aligned with national benchmarks.

Motivation and rationale

The ASIDI of a distribution network is intended to measure the total duration of sustained power interruptions experienced by a connected load over a year. Because customer-level outage information is not yet utilised, CCT determines this metric using the formula shown below. Supply-point outages originating from Eskom, including load-shedding, are also excluded because these fall outside the operational control of the municipal network. Re-interruptions are similarly omitted to avoid double-counting. ASIDI is widely recognised as a key indicator of system resilience, as it provides insight into the ability of a utility to restore network functionality following a fault. ASIDI is calculated as:

$$\text{Annual Network ASIDI (medium + high voltage)} = \frac{\text{Sum Network MVA hours lost (medium + high voltage)}}{\text{Average Installed Capacity}}$$

Interruption duration reflects not only asset condition, but also organisational efficiency: fault detection, materials availability, fleet readiness, depot response times, and call-centre accuracy. As demonstrated in Figure 25, sustained performance below the benchmark indicates an integrated and well-resourced operational response capability.

Over the last decade, CCT achieved a substantial reduction in ASIDI, reaching a low of 1.3 hours in 2016/17. In subsequent years, the index increased, reaching around 2.9 hours in 2021/22, during which ASIFI, as shown in Figure 26, was stable (fewer interruptions) but longer durations per event, causing the index to spike. Importantly, even as ASIDI indicates increased duration in some recent years, the frequency of supply interruptions to connected load has been effectively managed within the target of less than 3 hours, with ASIDI returning to approximately 2.2 hours in 2023/24.

Critical investments supporting the target

- Well-resourced stores and inventory management systems, supported by SAP.

- Ongoing investment in fleet procurement and maintenance to ensure rapid response.
- Upgraded call-centre and fault logging systems to reduce dispatch delays.
- Decentralised depots and first-response teams across the service area.

12. Asset Management

The Energy Directorate's asset management approach, as summarised in Figure 27, represents a maturing, continuously improving system that is central to delivering reliable, affordable electricity services while strengthening both operational effectiveness and commercial performance. Managing a large and diverse asset base, including generation, high-, medium- and low-voltage networks, public lighting, and emerging renewable and storage assets, the Directorate applies a structured, lifecycle-based methodology to optimise value, manage risk and control cost over the long term.

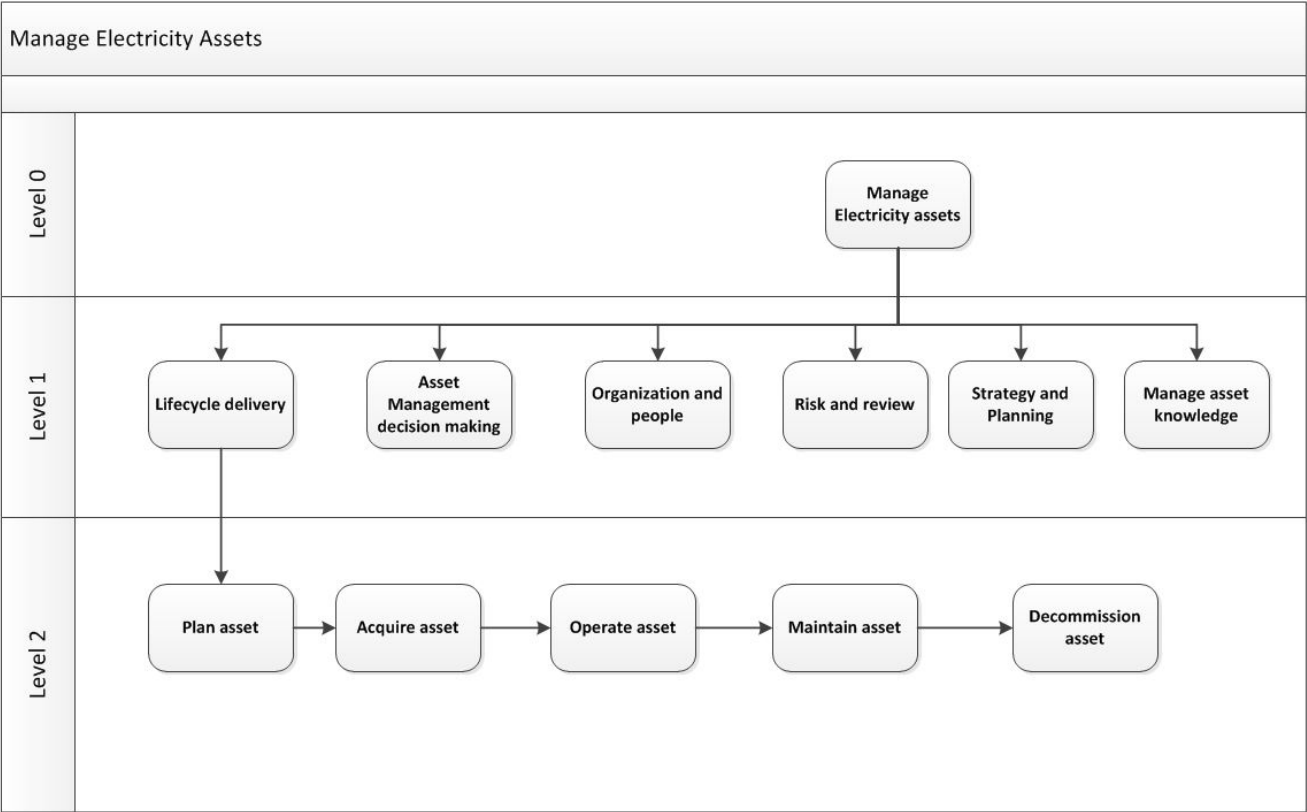


Figure 27: Process levels for Asset Management based on GFMAM

- Frameworks and alignment: Energy adopts the Global Forum for Maintenance and Asset Management (GFMAM) model as the organising framework, aligned with ISO 55001 and National Treasury's CIDMS. This ensures coherent, repeatable value realisation across context and stakeholders, leadership, strategy and planning, decision making, lifecycle delivery, information, and organisational capability, embedded into day-to-day work rather than treated as a parallel compliance exercise.
- Lifecycle and risk: Lifecycle delivery (acquisition, operation, maintenance, renewal, disposal) is the heart of Energy's system, where most cost and risk reside. Risk management is embedded across all lifecycle stages, with lessons from internal/external case studies used to strengthen redundancy, design choices and operating practices.
- Asset information and digital enablement: Asset knowledge is built on SCADA for real time operations, GIS for location/capacity planning and service mapping, smart metering for monitoring and demand side management, vending/billing platforms for customer and revenue interfaces, and load control for peak shaving. Operational teams use simplified, intuitive tools, e.g., SAP scripting/automation, GIS visualisations of missed inspections, and Power

BI connectors, so asset data becomes actionable information for field supervisors and depot managers. This improves data accuracy, reduces human error and accelerates decisions.

- Operations and service delivery: Operations cover distribution within licensed areas, grid integration of renewables/SSEG, public lighting maintenance (including LED retrofits), energy efficiency programmes, and customer service (vending and billing). Service planning employs GIS, demand forecast models and infrastructure performance monitoring. Standards include NRS 047/048 response and quality of supply parameters. Accessibility maps classify customers by energy source, connection size and tariff. Connection codes apply to SSEG and storage. In underserved settlements, GIS highlights backlogs and guides grid extensions.
- Performance metrics: Key indicators include Asset Consumption Ratio (depreciated to current replacement cost, with an indicative balanced band of 40–60%), customer satisfaction, revenue growth, return on investment in renewals and maintenance, quality of service compliance, and on time delivery of upgrades and maintenance.

A key area of ongoing improvement is the integration of lifecycle and risk-based planning. Acquisition, operation, maintenance, renewal and disposal decisions are increasingly informed by asset condition, criticality and failure risk. Lessons from system failures and international practice are actively incorporated into design standards, redundancy decisions and operating practices, reducing systemic risk and avoiding high-impact failures that would negatively affect customers and revenue.

Significant progress has also been made in asset information maturity and digital enablement, which underpins both operational responsiveness and commercial control. SCADA, GIS, smart metering, billing and vending platforms are increasingly integrated, providing real-time visibility of network performance, asset condition and energy flows. Frontline teams use intuitive digital tools, such as automated SAP workflows, GIS-based inspection dashboards and Power BI reporting, to translate asset data into actionable operational insights, improving data accuracy, reducing manual errors and accelerating maintenance and response decisions.

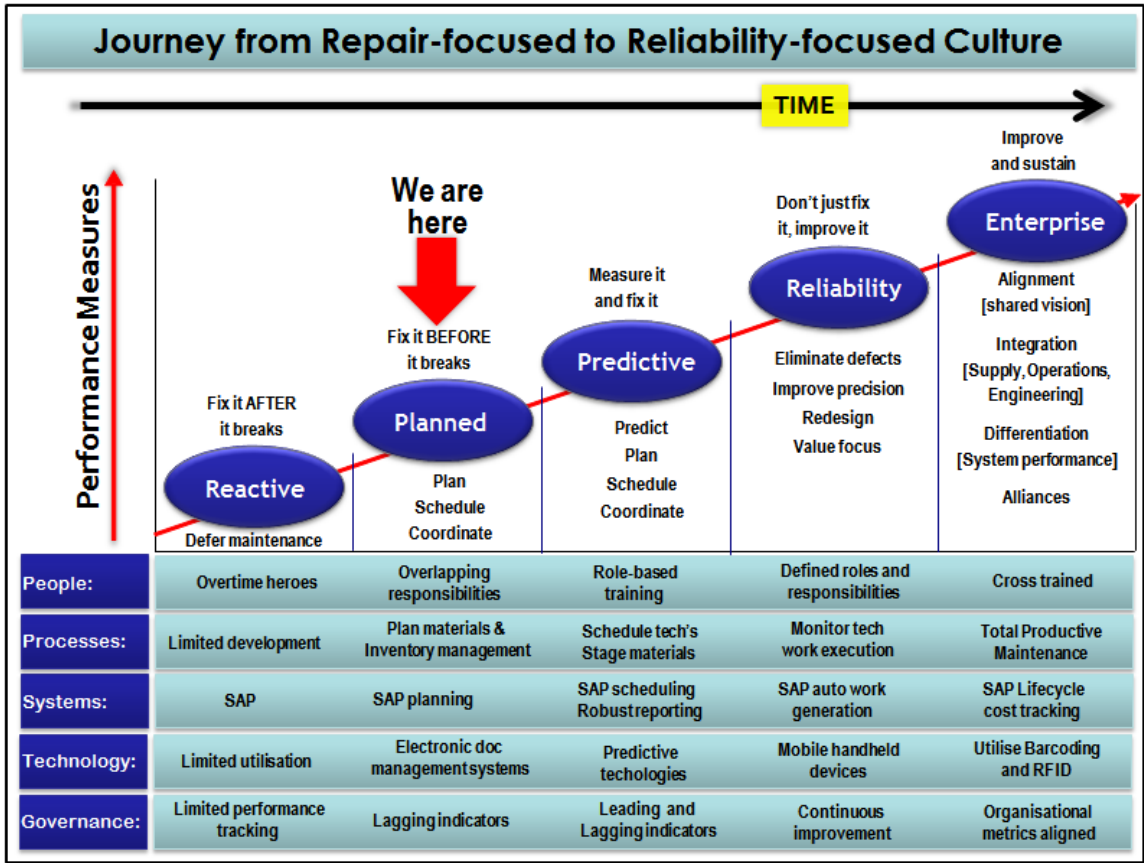


Figure 28: Maintenance Maturity Continuum

Operationally, this maturing asset management capability, as shown in Figure 28, supports more effective service planning, maintenance execution and customer delivery. GIS-enabled planning, demand forecasting and infrastructure performance monitoring guide maintenance prioritisation, grid extensions and electrification programmes, particularly in underserved areas. Compliance with national response and quality-of-supply standards is strengthened, contributing directly to improved reliability, reduced outages and enhanced customer experience.

From a commercial perspective, asset management improvements directly support revenue protection, cost control and tariff sustainability. Better asset condition data and energy flow visibility improve loss identification, reduce non-technical losses and enable more targeted interventions. At the same time, the Directorate is actively addressing the structural gap between engineering-based economic asset values (CRC/DRC) and financial accounting based on historic cost, which currently limits the accuracy of cost recovery signals. The use of capital replacement reserves (recovered from the tariff annually as an addition of 2% of projected sales), and a clearly defined programme to align engineering and financial asset registers, represents a critical step toward tariffs and funding models that reflect true asset consumption and renewal needs.

Perhaps most significant is the ongoing evolution of the maintenance philosophy. While a disciplined, interval-based preventive maintenance regime remains the backbone of asset upkeep, ensuring compliance and predictable workloads, the Directorate is steadily progressing toward condition-based and predictive maintenance. Pilots in online condition monitoring, digital field tools and automated data capture are laying the groundwork for risk-based maintenance decisions that reduce lifecycle cost, prevent catastrophic failures and improve system reliability. This shift reflects a utility deliberately moving up the maintenance maturity curve in response to network complexity and service expectations.

Overall, the Energy Directorate's asset management system demonstrates a clear trajectory of continuous improvement. By strengthening lifecycle discipline, data quality, digital capability and maintenance maturity, asset management is increasingly positioned as a strategic enabler of both operational reliability and commercial sustainability, protecting infrastructure value, improving service performance, and supporting long-term financial resilience of the electricity business.

13. Integrated Human Capital Strategy for Utility Performance

The City's human capital approach is intrinsically linked to its utility reform agenda, with the Energy Directorate serving as a practical application of how institutional capability translates into improved service delivery outcomes. Within this context, the City's structured, policy-driven human capital framework, encompassing recruitment, performance management, skills development, succession planning, remuneration and employee wellness, is actively operationalised to support the transition to a modern, reliable and financially sustainable electricity service. This integrated approach reflects international best practice in utility management, where workforce capability is directly aligned with operational performance, infrastructure reliability and customer outcomes.

In the Energy Directorate, this alignment is most evident in the deliberate integration of workforce planning with the unbundled utility operating model. Recruitment and retention strategies are not applied generically, but are targeted toward enabling new functional areas such as Retail, Network Services Provider (NSP), Generation, Energy Business Sustainability, and Finance and Governance. This includes focused attraction of scarce and emerging skills, such as energy traders, distributed energy resource (DER) engineers, grid integration specialists and data analysts, ensuring that the Directorate's workforce is equipped to operate in an evolving, decentralised energy market. Staff are actively matched to these functions through clarified accountabilities, enabling stronger performance oversight, improved productivity and clearer career pathways.

A distinctive feature of the Directorate's approach is its reliance on a structured internal skills pipeline to meet workforce demand. Recruitment is increasingly supported through Graduate programmes,

Learner Technicians and Apprentices, which serve as the primary source for filling vacancies. This pipeline approach reduces recruitment lead times, alleviates pressure on external hiring processes and ensures that skills are developed and deployed in alignment with operational requirements. Complementing this, the Directorate maintains pre-qualified candidate databases for bulk and entry-level roles, enabling rapid appointment from a pool of assessed and ready candidates. Recruitment is further aligned to equity objectives through targeted advertising across multiple platforms to attract candidates from previously disadvantaged groups.

Over time, this model also supports organisational redesign and workforce renewal, with legacy roles being adapted as incumbents retire to ensure alignment with the evolving needs of the energy system and the communities served. This forward-looking approach strengthens institutional agility while ensuring continuity of service delivery.

The City's performance management framework is embedded within Energy operations, linking individual accountability to critical service delivery metrics such as outage response, maintenance execution and customer service efficiency. Within the Directorate, productivity improvements are being driven through digital and process innovations, including mobile field applications, digital scheduling tools and improved standard operating procedures. These interventions reduce unplanned work, optimise field operations and enhance reporting quality, thereby translating workforce effectiveness into measurable operational gains.

A key enabler of this integrated model is the Directorate's strong focus on skills development and technical capability building. Training is aligned to Workplace Skills Plans (WSP) and the Skills Alignment to Job Description (SAJD) model, which ensures that employees can perform their functions competently and safely. The Directorate averages approximately 4 000 training interventions per year, reflecting a sustained and structured investment in workforce capability. This is complemented by multiple formal programmes, including:

- An ECSA-registered Graduate Internship Programme (candidate engineers)
- Learner Technician and Apprentice programmes (both internal and external)
- The Urban Sustainability Internship Programme (USIP)

These programmes serve multiple objectives: strengthening succession planning, addressing scarce skills gaps, improving demographic representation, and ensuring readiness for future operational requirements. The artisan training programme, delivered largely in-house and aligned to South African Qualification Authority (SAQA) standards, ensures that critical electrical skills are built to consistent quality standards while remaining directly applicable to operational needs.

Importantly, the Directorate is actively adapting its training programmes to support the transition to renewable and decentralised energy systems, with new modules focusing on safety, regulatory compliance and installation standards for renewable technologies. This ensures that staff competencies remain current in a rapidly changing energy environment and supports the City's broader energy reform objectives.

The Directorate also demonstrates innovation in job design and organisational flexibility through the introduction of cross-functional job descriptions. These enable roles across different divisions to be standardised and flexibly deployed, supporting rapid adaptation to changing operational demands. This approach enhances recruitment efficiency, enables broader skills development across functions, and allows staff mobility without compromising service delivery. It also supports a more agile workforce, consistent with modern utility operating models.

A critical area of focus is succession planning and retirement change-over management, particularly given that approximately 35% of the Directorate's workforce is expected to retire over the next 20 years. To mitigate the risk of skills loss, structured knowledge transfer mechanisms have been implemented, including overlap arrangements where incoming and outgoing employees work together for defined

periods prior to retirement. This approach ensures the preservation of institutional knowledge, reduces operational risk and supports smoother transitions into key roles. It also addresses the structural risk of a “missing middle” in experience levels by strengthening the pipeline between junior and senior staff.

The City’s emphasis on employee wellness and safety is particularly important within the Energy Directorate, where staff operate in high-risk environments affected by infrastructure vandalism, crime and service delivery pressures. Through the Employee Health and Wellness Programme, trauma support services and targeted management interventions, the Directorate promotes workforce resilience, reduces absenteeism risk and sustains productivity under challenging operating conditions. This aligns with global best practice, where employee wellbeing is recognised as a critical determinant of utility performance and reliability.

The remuneration framework supports this integrated strategy by ensuring competitive and equitable compensation aligned with market conditions and organisational performance. Scarce skills measures, structured salary progression and operational allowances are applied to attract and retain critical technical expertise within the Energy Directorate. Integrated with performance management systems, remuneration reinforces accountability and productivity, supporting a pay-for-performance culture that underpins efficient service delivery.

Finally, the selective use of contractors and flexible workforce arrangements enables the Directorate to respond effectively to peak demands and high-risk operations, including illegal connections, infrastructure repairs and specialised refurbishment projects. These arrangements are governed through formal processes to ensure efficiency, compliance and value for money, while maintaining core internal capability.

The Energy Directorate demonstrates a fully integrated human capital model in which workforce strategy, skills development, succession planning, wellbeing and remuneration are directly aligned to operational requirements and utility reform objectives. By leveraging structured talent pipelines, targeted skills programmes, flexible job design and proactive succession planning, the Directorate is building a resilient, future-fit workforce capable of supporting a modern electricity utility. This integrated approach enhances staff effectiveness and productivity while improving service reliability and operational performance; consistent with international best practice in high-performing utilities, where sustainable outcomes are ultimately driven by capable, motivated and well-supported people.

14. Service Outcomes and Social Contributions

The Energy Directorate’s activities over the next three years will produce meaningful improvements in service quality, access, resilience and environmental performance while contributing to broader social and developmental objectives. These improvements are grounded in the operational, commercial and asset-management initiatives detailed in the Business Plan, and they reflect the Directorate’s commitment to regulatory compliance, public safety and the City’s long-term energy strategy.

14.1. Improving Services in Informal Settlements

In informal settlements, the Directorate’s programme focuses on expanding access, improving safety and responding to community needs. Electrification will continue where technically feasible and in line with grant funding requirements, using processes that support safe and lawful service connections aligned with the Residential Electricity Reticulation Policy. In particular, this is enabled through the electrification projects as noted below and further detailed in Annexure A:

- Routine Electrification in Areas North, Central, East and South each year
- Electrification - Imizamo Yethu
- Electrification – Nomzamo
- Electrification - Lavendar Hill Backyarders
- Electrification - Cafda Backyarders
- Electrification – Khikhi

- Electrification - Imizamo Yethu Infill

Where grid electrification is not immediately feasible due to land constraints or settlement layout, the Directorate will explore alternative energy models to improve access and reduce reliance on unsafe connections.

A major focus will be mitigating the safety risks associated with illegal connections. Weekly removal operations will continue, supported by contractors and in partnership with Law Enforcement, SAPS and community services to ensure staff safety. These efforts will be supported by ongoing community education, including campaigns in schools and local areas on safe electricity use and infrastructure protection.

14.2. Anticipated Improvements in Service Outcomes

Across the city, the Directorate anticipates several improvements in service outcomes over the three-year period:

- a. Service access: Expanded electrification and alternative service models will improve access for low-income and underserved communities.
- b. Service quality and reliability: Network upgrades, improved maintenance practices, SCADA/ADMS enhancements and asset-protection investments will reduce outages and improve response times.
- c. Service resilience: Security hardening, better system monitoring, predictive maintenance and the continued use of Steenbras to mitigate load-shedding will enhance resilience across the grid.
- d. Environmental compliance: Energy-efficiency retrofits and the rollout of utility-scale solar PV projects will support emissions reductions and contribute to climate mitigation targets.
- e. Affordability: Tariff restructuring will create a more sustainable tariff model while protecting indigent households through continued Free Basic Electricity allocations and cross-subsidisation.

14.3. Other Social Contributions

Beyond operational service delivery, the Directorate contributes to wider social outcomes. Capital investment programmes support local job creation through construction, metering and maintenance contracts. The Directorate also contributes significantly to climate mitigation goals by enabling embedded generation, deploying solar PV plants and implementing municipal energy-efficiency initiatives. Safety and wellbeing in vulnerable communities are strengthened through illegal-connection removals, safer electrical infrastructure and community education, reducing risks of electrocution, fires and vandalism.

15. Enabling Innovation

The Energy Directorate enhances performance by embedding innovation into a structured, evidence-based system that reduces risk, improves decision-making, and strengthens service delivery outcomes. Central to this is the use of pilot projects as a formal mechanism to test, validate, and refine new technologies and approaches before large-scale implementation. Rather than adopting innovations blindly, the Directorate uses pilots to generate real-world data on feasibility, performance, cost, and user acceptance, ensuring that only solutions that demonstrate value are scaled.

A key way performance is improved is through the Directorate's systematic innovation process, which links research, problem analysis, solution development, and implementation. This structured approach ensures that innovation is not ad hoc, but aligned with strategic objectives and grounded in clearly defined problems and opportunities. By combining internal operational insights with external technology scanning, the Directorate is better positioned to identify relevant innovations and respond proactively to emerging challenges in the energy sector.

The Directorate also enhances performance by adopting ISO 56000-aligned innovation management principles, which emphasise value realisation, intentional processes, and continuous improvement.

Pilots operationalise these principles by providing a controlled environment to test novelty, manage uncertainty, and assess context-specific applicability. This reduces technical, financial, and operational risks while enabling more confident and informed investment decisions.

Another important enabler is the focus on evidence-driven decision-making and governance. Through defined processes such as desktop research, Request for Information (RFI) market engagement, and structured evaluation criteria, the Directorate ensures that innovation initiatives are transparent, fair, and based on robust data. This not only improves the quality of decisions but also strengthens compliance and stakeholder trust.

Finally, the Directorate improves performance through knowledge management and continuous learning. By systematically documenting pilot outcomes, lessons learned, and research findings, it builds an institutional knowledge base that informs future projects and avoids duplication of effort. This creates a feedback loop where each innovation initiative strengthens the Directorate's overall capability, leading to increasingly effective, efficient, and forward-looking energy services.

In summary, the Energy Directorate enhances performance by enabling innovation through structured piloting, evidence-based processes, strategic alignment, and continuous learning—ensuring that innovation translates into tangible public value.

16. Annexure A

Table 11: Performance Improvement Project List

Programme	Programme Description	Project ID	Project Name	Asset Life
Battery Energy Storage Systems	Deployment of grid-connected battery energy storage at strategic nodes to support peak shaving, load shifting and network stability.	CPX.0035776	Battery Energy Storage System Atlantis	20
Electricity Generation	Refurbishment and replacement of municipal generation assets and supporting infrastructure.	C14.84071, CPX.0016612, CPX.0016613, CPX.0016638, CPX.0016639, CPX.0016699, CPX.0040749	Steenbras: Refurbishment of Main Plant, Roggebaai Gas Turbine: Exhaust Stacks Re, Steenbras: Concrete ASR Remediation, Steenbras: SPS Crane Refurbishment, Steenbras: Transformers Replacement, Acquisition of Land & Servitudes, Steenbras Perimeter Fence Repl	45
Electrification	Roll-out of LV reticulation to new and informal settlement areas across the network.	CPX.0011115, CPX.0012608, CPX.0012615, CPX.0014574, CPX.0014575, CPX.0016567, CPX.0016569, CPX.0019598, CPX.0019662, CPX.0019664, CPX.0019786, CPX.0019789, CPX.0020580, CPX.0020581, CPX.0020582, CPX.0020583, CPX.0020584, CPX.0020585, CPX.0020636, CPX.0020637, CPX.0020638, CPX.0020639, CPX.0020640, CPX.0020641, CPX.0020642, CPX.0020643, CPX.0020644, CPX.0020645, CPX.0020646, CPX.0020647, CPX.0020648, CPX.0020649, CPX.0027045, CPX.0027047, CPX.0027048, CPX.0027050, CPX.0027051, CPX.0028789, CPX.0028830, CPX.0028834, CPX.0028835, CPX.0028949, CPX.0031329, CPX.0031331, CPX.0031333, CPX.0031335, CPX.0031337, CPX.0037395, CPX.0037397, CPX.0037399, CPX.0037415, CPX.0037455, CPX.0037457, CPX.0037471, CPX.0037504, CPX.0037506, CPX.0037508, CPX.0037511, CPX.0037513, CPX.0037555, CPX.0037580	Electrification Area N FY23, Electrification Area C FY22, Electrification Area S FY23, Electrification Area E FY24, Electrification Area N FY24, Electrification Area E FY25, Electrification Area S FY25, Servicing of Informal BY Structures FY26, Electrification Area S FY26, Electrification Area N FY26, Electrification Area E FY26, Electrification Area C FY26, Electrification Area C FY27, Electrification Area E FY27, Electrification Area N FY27, Electrification Area S FY27, Servicing of Informal BY Structures FY27, Electrification Area C FY28, Electrification Area E FY28, Electrification Area N FY28, Electrification Area S FY28, Servicing of Informal BY Structures FY28, Electrification Area C FY29, Electrification Area E FY29, Electrification Area N FY29, Electrification Area S FY29, Servicing of Informal BY Structures FY29, Electrification Area C FY30, Electrification Area E FY30, Electrification Area N FY30, Electrification Area S FY30, Servicing of Informal BY Structures FY30, Electrification Area C FY31, Electrification Area E FY31, Electrification Area N FY31, Electrification Area S FY31, Servicing of Informal BY Structures FY31, Electrification Area C FY32, Electrification Area E FY32, Electrification Area N FY32, Electrification Area S FY32, Servicing of Informal BY Structures FY32, Electrification Area N FY33, Electrification Area E FY33, Electrification Area C FY33, Electrification Area S FY33, Servicing of Informal BY Structures FY33, Electrification Area C FY36, Electrification Area E FY36, Electrification Area N FY34, Servicing of Informal BY Structures FY34, Electrification Area C FY34, Electrification Area E FY34, Electrification Area S FY34, Electrification Area C FY35, Electrification Area E FY35, Electrification Area N FY35, Electrification Area S FY36, Servicing of Informal BY Structures FY36, Servicing of Informal BY Structures FY35, Electrification Area S FY35	45
Electrification Programme	Targeted electrification and infill projects in priority communities.	CPX.0011000, CPX.0016626, CPX.0020491, CPX.0020496, CPX.0029586, CPX.0042183	Electrification - Imizamo Yethu, Electrification - Nomzamo, Electrification - Lavendar Hill Bckyd, Electrification - Cafda Backyarders, Electrification - Khikhi, Electrification - Imizamo Yethu Infill	45

Programme	Programme Description	Project ID	Project Name	Asset Life
Ground Mounted Photo Voltaic Install	Construction of utility-scale ground-mounted solar PV installations.	CPX.0014782, CPX.0022992	Ground Mounted Photo Voltaic, Ground mounted Solar PV Project	45
High Voltage Cable Replacements	Replacement of ageing or failed underground HV cables.	CPX.0039334	Clovelly Bridge HV Cable Replacement	45
HV Cables - Link box repl & Installation	Replacement and installation of HV cable link boxes for bonding and earthing.	CPX.0016540, CPX.0019659, CPX.0020816, CPX.0020817, CPX.0020818, CPX.0020819, CPX.0025143, CPX.0029240, CPX.0031314, CPX.0033517, CPX.0037618, CPX.0037812	HV Cables - Link box repl & Install FY25, HV Cables - Link box repl & Install FY26, HV Cables - Link box repl & Install FY27, HV Cables - Link box repl & Install FY28, HV Cables - Link box repl & Install FY29, HV Cables - Link box repl & Install FY30, HV Cables - Link box repl & Install FY31, HV Cables - Link box repl & Install FY32, HV Cables - Link box repl & Install FY33, HV Cables - Link box repl & Install FY34, HV Cables - Link box repl & Install FY35	45
HV Substations Facilities Upgrades	Upgrades to HV substation buildings, security, lighting and support infrastructure.	CPX.0039487, CPX.0039516, CPX.0039518, CPX.0039530, CPX.0039532, CPX.0039534, CPX.0039536, CPX.0039538, CPX.0039540, CPX.0039542	HV Substations Facilities Upgrades FY26, HV Substations Facilities Upgrades FY27, HV Substations Facilities Upgrades FY28, HV Substations Facilities Upgrades FY29, HV Substations Facilities Upgrades FY30, HV Substations Facilities Upgrades FY31, HV Substations Facilities Upgrades FY32, HV Substations Facilities Upgrades FY33, HV Substations Facilities Upgrades FY34, HV Substations Facilities Upgrades FY35	45
HV Substations System Equipment Repl	Replacement of ageing HV primary and secondary system equipment.	CPX.0039483, CPX.0039544, CPX.0039546, CPX.0039548, CPX.0039550, CPX.0039552, CPX.0039554, CPX.0039556, CPX.0039558, CPX.0039560	HV Substations Sys Equip Replace FY26, HV Substations Sys Equip Replace FY27, HV Substations Sys Equip Replace FY28, HV Substations Sys Equip Replace FY29, HV Substations Sys Equip Replace FY30, HV Substations Sys Equip Replace FY31, HV Substations Sys Equip Replace FY32, HV Substations Sys Equip Replace FY33, HV Substations Sys Equip Replace FY34, HV Substations Sys Equip Replace FY35	45
HV Substations System Equipment Upgrades	Modernisation of HV protection, control and monitoring systems.	CPX.0039485, CPX.0039488, CPX.0039500, CPX.0039502, CPX.0039504, CPX.0039506, CPX.0039508, CPX.0039510, CPX.0039512, CPX.0039514	HV Substations Sys Equip Upgrades FY26, HV Substations Sys Equip Upgrades FY27, HV Substations Sys Equip Upgrades FY28, HV Substations Sys Equip Upgrades FY29, HV Substations Sys Equip Upgrades FY30, HV Substations Sys Equip Upgrades FY31, HV Substations Sys Equip Upgrades FY32, HV Substations Sys Equip Upgrades FY33, HV Substations Sys Equip Upgrades FY34, HV Substations Sys Equip Upgrades FY35	45
Metering Replacement	Replacement of aged or compromised meters with modern metering.	CPX.0016555, CPX.0019640, CPX.0019641, CPX.0020565, CPX.0020566, CPX.0020568, CPX.0020571, CPX.0020573, CPX.0020575, CPX.0020587, CPX.0025176, CPX.0025245, CPX.0029045, CPX.0029621, CPX.0031284, CPX.0031286, CPX.0037561, CPX.0037563, CPX.0037635, CPX.0037637, CPX.0037777, CPX.0037779	Revenue Protection Meter Replacem FY25, Metering Replacement FY26, Revenue Protection Meter Replacem FY26, Revenue Protection Meter Replacem FY27, Metering Replacement FY28, Revenue Protection Meter Replacem FY28, Metering Replacement FY29, Revenue Protection Meter Replacem FY29, Metering Replacement FY30, Revenue Protection Meter Replacem FY30, Revenue Protection Meter Replacem FY31, Metering Replacement FY31, Revenue Protection Meter Replacem FY32, Metering Replacement FY32, Metering Replacement FY33, Revenue Protection Meter Replacem FY33, Metering Replacement FY27, Revenue Protection Meter Replacem FY36, Metering Replacement FY34, Revenue Protection Meter Replacem FY34, Metering Replacement FY35, Revenue Protection Meter Replacem FY35	15
Microwave Systems and Infra Upgrades	Upgrade of microwave systems supporting	CPX.0036946, CPX.0036947, CPX.0036949	Microwave Systems & Infra Upgrades FY26, Microwave Systems & Infra Upgrades FY27, Microwave Systems & Infra Upgrades FY28	45

Programme	Programme Description	Project ID	Project Name	Asset Life
	SCADA and protection signalling.			
MV Switchgear Refurbishment	Refurbishment of MV switchgear across the distribution network.	CPX.0016597, CPX.0019607, CPX.0019632, CPX.0019635, CPX.0020733, CPX.0020735, CPX.0020808, CPX.0020811, CPX.0020812, CPX.0020862, CPX.0020864, CPX.0020866, CPX.0020867, CPX.0020868, CPX.0020871, CPX.0020902, CPX.0020904, CPX.0020905, CPX.0020926, CPX.0020927, CPX.0020929, CPX.0020930, CPX.0020931, CPX.0020932, CPX.0020933, CPX.0020934, CPX.0020935, CPX.0025238, CPX.0025239, CPX.0025240, CPX.0025241, CPX.0025242, CPX.0025243, CPX.0025244, CPX.0029663, CPX.0029664, CPX.0029665, CPX.0029666, CPX.0029667, CPX.0029668, CPX.0029669, CPX.0031288, CPX.0031290, CPX.0031292, CPX.0031294, CPX.0031296, CPX.0035784, CPX.0036497, CPX.0037565, CPX.0037567, CPX.0037569, CPX.0037571, CPX.0037573, CPX.0037575, CPX.0037639, CPX.0037641, CPX.0037643, CPX.0037645, CPX.0037647, CPX.0037649, CPX.0037781, CPX.0037783, CPX.0037785, CPX.0037787, CPX.0037789, CPX.0037791	MV Infra Refurb: South Area S FY25, MV Infra Refurb: South Area S FY26, MV Infra Refurb: North Area C FY26, MV Infra Refurb: South Area C FY26, MV Infra Refurb: East Area C FY26, MV Infra Refurb: North Area N FY26, MV Infra Refurb: East Area C FY27, MV Infra Refurb: South Area S FY27, MV Infra Refurb: North Area N FY27, MV Infra Refurb: North Area C FY27, MV Infra Refurb: East Area C FY28, MV Infra Refurb: East Area N FY28, MV Infra Refurb: South Area S FY28, MV Infra Refurb: North Area N FY28, MV Infra Refurb: North Area C FY28, MV Infra Refurb: East Area C FY29, MV Infra Refurb: East Area N FY29, MV Infra Refurb: South Area S FY29, MV Infra Refurb: North Area N FY29, MV Infra Refurb: North Area C FY29, MV Infra Refurb: East Area C FY30, MV Infra Refurb: East Area E FY30, MV Infra Refurb: East Area N FY30, MV Infra Refurb: South Area S FY30, MV Infra Refurb: North Area N FY30, MV Infra Refurb: North Area C FY30, MV Infra Refurb: South Area C FY30, MV Infra Refurb: East Area C FY31, MV Infra Refurb: East Area E FY31, MV Infra Refurb: East Area N FY31, MV Infra Refurb: North Area C FY31, MV Infra Refurb: North Area N FY31, MV Infra Refurb: South Area C FY31, MV Infra Refurb: South Area S FY31, MV Infra Refurb: East Area C FY32, MV Infra Refurb: East Area E FY32, MV Infra Refurb: East Area N FY32, MV Infra Refurb: North Area C FY32, MV Infra Refurb: North Area N FY32, MV Infra Refurb: South Area C FY32, MV Infra Refurb: South Area S FY32, MV Infra Refurb: North Area N FY33, MV Infra Refurb: North Area C FY33, MV Infra Refurb: South Area S FY33, MV Infra Refurb: East Area N FY33, MV Infra Refurb: East Area C FY33, MV Infra Refurb: North Area C FY24, MV Infra Refurb: North Area N FY25, MV Infra Refurb: East Area C FY36, MV Infra Refurb: East Area N FY36, MV Infra Refurb: North Area C FY36, MV Infra Refurb: North Area N FY36, MV Infra Refurb: South Area C FY36, MV Infra Refurb: South Area S FY36, MV Infra Refurb: East Area C FY34, MV Infra Refurb: East Area N FY34, MV Infra Refurb: North Area C FY34, MV Infra Refurb: North Area N FY34, MV Infra Refurb: South Area C FY34, MV Infra Refurb: South Area S FY34, MV Infra Refurb: East Area C FY35, MV Infra Refurb: East Area N FY35, MV Infra Refurb: North Area C FY35, MV Infra Refurb: North Area N FY35, MV Infra Refurb: South Area C FY35, MV Infra Refurb: South Area S FY35	45
New Electricity Facilities	Construction of new electricity depots and operational facilities.	C13.84075, CPX.0004006, CPX.0007546, CPX.0009429	Hout Bay LV Depot, Noordhoek LV Depot, Facilities Alterations & Upgrading FY21, Facilities Alterations & Upgrading FY22	50
OH Line Refurbishment	Refurbishment of overhead line structures, conductors and insulators.	C10.84035, CPX.0020839, CPX.0020840, CPX.0020842, CPX.0020856, CPX.0020858, CPX.0020860, CPX.0025029, CPX.0029584, CPX.0031368, CPX.0037892	132kV OH Insulator Replacement, HV OH Line Refurbish (structures) FY27, HV OH Line Refurbish (structures) FY25, HV OH Line Refurbish (structures) FY26, HV OH Line Refurbish (structures) FY28, HV OH Line Refurbish (structures) FY29, HV OH Line Refurbish (structures) FY30, HV OH Line Refurbish (structures) FY31, HV OH Line Refurbish (structures) FY32, HV OH Line Refurbish (structures) FY33, HV OH Line Refurbish (structures) FY35	45

Programme	Programme Description	Project ID	Project Name	Asset Life
Outage Management System	Centralised IT system for outage detection, switching and customer communication.	C12.84078	Outage Management System	5
Overheads Fencing	Installation and renewal of security fencing along overhead line routes.	CPX.0010551, CPX.0020615, CPX.0020626, CPX.0020627, CPX.0020628, CPX.0020629, CPX.0020630, CPX.0025282, CPX.0029113, CPX.0031219, CPX.0037223, CPX.0037321, CPX.0037428	Overheads Fencing FY21, Overheads Fencing FY25, Overheads Fencing FY26, Overheads Fencing FY27, Overheads Fencing FY28, Overheads Fencing FY29, Overheads Fencing FY30, Overheads Fencing FY31, Overheads Fencing FY32, Overheads Fencing FY33, Overheads Fencing FY35, Overheads Fencing FY34, Overheads Fencing FY36	45
Power Quality System Expansion	Expansion of power quality monitoring and mitigation systems.	CPX.0016554, CPX.0019620, CPX.0020804, CPX.0020805, CPX.0020826, CPX.0020827, CPX.0025285, CPX.0029112, CPX.0031221, CPX.0037225, CPX.0037323, CPX.0037430	PQ System Expansion FY25, PQ System Expansion FY26, PQ System Expansion FY27, PQ System Expansion FY28, PQ System Expansion FY29, PQ System Expansion FY30, PQ System Expansion FY31, PQ System Expansion FY32, PQ System Expansion FY33, PQ System Expansion FY35, PQ System Expansion FY34, PQ System Expansion FY36	45
Prepayment Meter Replacement	Replacement of prepayment meters across the customer base.	CPX.0019619, CPX.0020598, CPX.0020599, CPX.0020600, CPX.0020601, CPX.0025284, CPX.0029111, CPX.0031223, CPX.0037227, CPX.0037325	Prepayment Meter Replacement FY26, Prepayment Meter Replacement FY27, Prepayment Meter Replacement FY28, Prepayment Meter Replacement FY29, Prepayment Meter Replacement FY30, Prepayment Meter Replacement FY31, Prepayment Meter Replacement FY32, Prepayment Meter Replacement FY33, Prepayment Meter Replacement FY35, Prepayment Meter Replacement FY34	15
Prepayment Vending System	Upgrade of prepayment vending platforms and systems.	CPX.0020505, CPX.0020526, CPX.0020527, CPX.0020528, CPX.0020529, CPX.0020861, CPX.0024798, CPX.0029110, CPX.0031201, CPX.0031203, CPX.0033464, CPX.0033466, CPX.0033468, CPX.0033502, CPX.0037126, CPX.0037252	Prepayment Vending System Upgrade FY25, Prepayment Vending System Upgrade FY26, Prepayment Vending System Upgrade FY27, Prepayment Vending System Upgrade FY28, Prepayment Vending System Upgrade FY29, Prepayment Vending System Upgrade FY30, Prepayment Vending System Upgrade FY31, Prepayment Vending System Upgrade FY32, Prepayment Vending System Upgrade FY37, Prepayment Vending System Upgrade FY33, Prepayment Vending System Upgrade FY34, Prepayment Vending System Upgrade FY35, Prepayment Vending System Upgrade FY36, Prepayment Vending System Upgrade FY38, Prepayment Vending System Upgrade FY40, Prepayment Vending System Upgrade FY39	8
Substation Protection Replacement	Replacement of protection relays and schemes at substations.	CPX.0016562, CPX.0019613, CPX.0020591, CPX.0020593, CPX.0020606, CPX.0020610, CPX.0025178, CPX.0028897, CPX.0031264, CPX.0037451, CPX.0037529, CPX.0037609	Substation Protection Replacement FY25, Substation Protection Replacement FY26, Substation Protection Replacement FY27, Substation Protection Replacement FY28, Substation Protection Replacement FY29, Substation Protection Replacement FY30, Substation Protection Replacement FY31, Substation Protection Replacement FY32, Substation Protection Replacement FY33, Substation Protection Replacement FY34, Substation Protection Replacement FY36, Substation Protection Replacement FY35	45

Programme	Programme Description	Project ID	Project Name	Asset Life
Substations: Fencing	Installation and renewal of fencing at substations.	CPX.0016520, CPX.0016548, CPX.0019614, CPX.0019615, CPX.0019626, CPX.0019630, CPX.0019631, CPX.0019633, CPX.0020602, CPX.0020605, CPX.0020616, CPX.0020657, CPX.0020658, CPX.0020659, CPX.0020660, CPX.0020661, CPX.0020662, CPX.0020664, CPX.0020665, CPX.0020676, CPX.0020677, CPX.0020678, CPX.0020718, CPX.0020721, CPX.0020722, CPX.0020739, CPX.0020742, CPX.0020743, CPX.0020746, CPX.0020748, CPX.0020750, CPX.0020796, CPX.0027078, CPX.0027091, CPX.0027094, CPX.0027096, CPX.0027137, CPX.0027158, CPX.0028708, CPX.0028709, CPX.0028898, CPX.0028940, CPX.0028941, CPX.0028942, CPX.0031240, CPX.0031339, CPX.0031341, CPX.0031343, CPX.0031345, CPX.0031347, CPX.0037417, CPX.0037419, CPX.0037441, CPX.0037443, CPX.0037445, CPX.0037447, CPX.0037515, CPX.0037517, CPX.0037519, CPX.0037521, CPX.0037523, CPX.0037525, CPX.0037533, CPX.0037535, CPX.0037537, CPX.0037539, CPX.0037601, CPX.0037603	Substation Fencing - South Area S FY25, Substation Fencing - East Area N FY25, Substation Fencing - South Area S FY26, Substation Fencing - South Area C FY26, Substation Fencing - North Area N FY26, Substation Fencing - East Area N FY26, Substation Fencing - East Area E FY26, Substation Fencing - East Area C FY26, Substation Fencing - North Area N FY27, Substation Fencing - South Area C FY27, Substation Fencing - South Area S FY27, Substation Fencing - East Area N FY29, Substation Fencing - East Area E FY29, Substation Fencing - East Area C FY29, Substation Fencing - South Area S FY30, Substation Fencing - South Area C FY30, Substation Fencing - North Area N FY30, Substation Fencing - East Area N FY30, Substation Fencing - East Area E FY30, Substation Fencing - East Area C FY27, Substation Fencing - East Area E FY27, Substation Fencing - East Area N FY27, Substation Fencing - South Area S FY28, Substation Fencing - South Area C FY28, Substation Fencing - North Area N FY28, Substation Fencing - East Area N FY28, Substation Fencing - East Area E FY28, Substation Fencing - East Area C FY28, Substation Fencing - South Area S FY29, Substation Fencing - South Area C FY29, Substation Fencing - North Area N FY29, Substation Fencing - East Area C FY30, Substation Fencing - East Area C FY31, Substation Fencing - East Area E FY31, Substation Fencing - East Area N FY31, Substation Fencing - North Area N FY31, Substation Fencing - South Area C FY31, Substation Fencing - South Area S FY31, Substation Fencing - South Area C FY32, Substation Fencing - North Area N FY32, Substation Fencing - South Area S FY32, Substation Fencing - East Area N FY32, Substation Fencing - East Area E FY32, Substation Fencing - East Area C FY32, Substation Fencing - South Area S FY33, Substation Fencing - East Area N FY33, Substation Fencing - South Area C FY33, Substation Fencing - North Area N FY33, Substation Fencing - East Area E FY33, Substation Fencing - East Area C FY33, Substation Fencing - East Area C FY34, Substation Fencing - East Area E FY34, Substation Fencing - East Area N FY34, Substation Fencing - North Area N FY34, Substation Fencing - South Area C FY34, Substation Fencing - South Area S FY34, Substation Fencing - East Area C FY36, Substation Fencing - East Area E FY36, Substation Fencing - East Area N FY36, Substation Fencing - South Area C FY36, Substation Fencing - South Area S FY36, Substation Fencing - East Area C FY35, Substation Fencing - East Area E FY35, Substation Fencing - East Area N FY35, Substation Fencing - North Area N FY35, Substation Fencing - South Area C FY35, Substation Fencing - South Area S FY35	45
Telecommunication Infrastr - Additional	Expansion of fibre, RTUs and SCADA telecommunication infrastructure.	CPX.0016559, CPX.0016561, CPX.0019599, CPX.0019623, CPX.0020563, CPX.0020570, CPX.0020574, CPX.0020588, CPX.0020633, CPX.0020634, CPX.0020635, CPX.0020656, CPX.0026119, CPX.0027159, CPX.0029041, CPX.0029114, CPX.0031231, CPX.0031242,	Optic Fibre Installations FY25, SCADA System RTUs FY25, SCADA System RTUs FY26, Optic Fibre Installations FY26, Optic Fibre Installations FY27, Optic Fibre Installations FY28, Optic Fibre Installations FY29, Optic Fibre Installations FY30, SCADA System RTUs FY27, SCADA System RTUs FY28, SCADA System RTUs FY29, SCADA System RTUs FY30, Optic Fibre Installations FY31, SCADA System RTUs FY31, SCADA System RTUs FY32,	45

Programme	Programme Description	Project ID	Project Name	Asset Life
		CPX.0037149, CPX.0037291, CPX.0037333, CPX.0037335, CPX.0037438, CPX.0037460	Optic Fibre Installations FY32, Optic Fibre Installations FY33, SCADA System RTUs FY33, SCADA System RTUs FY35, Optic Fibre Installations FY35, Optic Fibre Installations FY34, SCADA System RTUs FY34, Optic Fibre Installations FY36, SCADA System RTUs FY36	
Transmission System Development	Expansion and reinforcement of HV lines, substations and switching stations.	CPX.0003621, CPX.0003622, CPX.0003623, CPX.0004793, CPX.0004794, CPX.0004795, CPX.0004796, CPX.0004797, CPX.0004798, CPX.0009565, CPX.0012407, CPX.0012666, CPX.0012756, CPX.0012757, CPX.0014550, CPX.0019945, CPX.0019989, CPX.0020010, CPX.0021362, CPX.0021363, CPX.0021364, CPX.0021365, CPX.0021376, CPX.0021377, CPX.0021379, CPX.0021380, CPX.0022539, CPX.0029589, CPX.0029903, CPX.0029904, CPX.0033912, CPX.0036714, CPX.0037125, CPX.0039470, CPX.0042263	Mitchells Plain Intake Erica Integration, Grassy Park HV Network Rearrangement, Tamboerskloof Transformer Replacement, Bellville South Main Substation Upgrade, Oakland City New Main Substation, Eastridge Main Substation Upgrade, Melkbos New Main Substation, Briers New Main Substation, Mitchells Plain - Steenbras 132 kV OHL, Philippi & Acacia Reactors, Morgen Gronde Switching Station, Eversdal Substation Upgrade - Phase 2, Firlands New Main Substation, Oude Molen New Main Substation, Paardevlei Switching Station, Pelican Park MS Transformer upgrade, Paardevlei 132/66 kV stepdown, Liesbeek Main Substation, Eisleben Drive MS Transformer Upgrade, Muizenberg - Clovelly 3rd 66 kV Cable, Gardenia transformer upgrade, John Dreyer transformer Upgrade, Weltevreden SwStn, Sun Valley MS Transformer upgrade, Haasendal Main Substation, CBD 33kV cable upgrade, Triangle 132kV Upgrade, Acacia- MG 132 kV cables, Gugulethu-Mitchells Plain 132kV line UG, Mitchells Plain-Steenbras 132kV line UG, Oakdale 132kV Upgrade, Woodstock 132 kV GIS replacement, New Monte Vista Main Substation, Stikland - Morgen Gronde 3rd Cable, Philippi - Grassy Park 132kV feeder	45
Vehicles: Additional	Acquisition of additional fleet vehicles for operations and maintenance.	CPX.0020009, CPX.0031246, CPX.0037449, CPX.0037527, CPX.0037607	Vehicles: Additional FY26, Vehicles: Additional FY33, Vehicles: Additional FY34, Vehicles: Additional FY36, Vehicles: Additional FY35	7
Vehicles: Replacement	Planned replacement of ageing fleet vehicles.	CPX.0019595, CPX.0020567, CPX.0020569, CPX.0020572, CPX.0020586, CPX.0025141, CPX.0028754, CPX.0031316, CPX.0037626, CPX.0037675, CPX.0037814	Vehicles: Replacement FY26, Vehicles: Replacement FY27, Vehicles: Replacement FY28, Vehicles: Replacement FY29, Vehicles: Replacement FY30, Vehicles: Replacement FY31, Vehicles: Replacement FY32, Vehicles: Replacement FY33, Vehicles: Replacement FY36, Vehicles: Replacement FY34, Vehicles: Replacement FY35	7

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DRAFT ANNEXURE 3: PERFORMANCE IMPROVEMENT ACTION PLAN Version 1

2026/06/18

No	Name	2023/24 (Actual)	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Target Y6	
ELECTRICITY & ENERGY		these columns to be completed							
1	ACCOUNTABILITY PERFORMANCES	2023/24 (Actual)	2024/25 (Actual)	2025/26 (forecast)	2026/27	2027/28	2028/29	2029/30	2030/31
M1	SPoMA Service Compact	No Service Compact in place	Council commitment to put in place a Service Compact between Service Authority and Service Provider	City will, by 30 June 2026 have developed and approved a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly.	City will, by 30 June 2027 have implemented a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly.	City will, by 30 June 2028 have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly.	City will, by 30 June 2029 have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly.	City will, by 30 June 2030 have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly.	City will, by 30 June 2031 have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly.
M2	SPoMA Appointment	Head for Trading Service (TS) Business Unit appointed – Executive Director with annual Performance Agreement and Scorecard signed by City Manager and TS Head	Head for Trading Service (TS) Business Unit appointed – Executive Director with annual Performance Agreement and Scorecard signed by City Manager and TS Head	City will, by 30 June 2026, have reviewed the appointment documentation and 26/27 performance agreement of the existing head of the trading service's internal business unit to confirm relevant commercial and technical skills and experience, and added performance targets prioritising reform imperatives.	City will, by 30 June 2027, have assessed the performance of the Trading Service Head for 25/26 against the agreed performance criteria. The City will have reviewed and updated the Performance Agreement for 27/28 of the existing head of the trading service's internal business unit to ensure ongoing performance.	City will, by 30 June 2028, have assessed the performance of the Trading Service Head for 26/27 against the agreed performance criteria. The City will have reviewed and updated the Performance Agreement for 28/29 of the existing head of the trading service's internal business unit to ensure ongoing performance.	City will, by 30 June 2029, have assessed the performance of the Trading Service Head for 27/28 against the agreed performance criteria. The City will have reviewed and updated the Performance Agreement for 29/30 of the existing head of the trading service's internal business unit to ensure ongoing performance.	City will, by 30 June 2030, have assessed the performance of the Trading Service Head for 28/29 against the agreed performance criteria. The City will have reviewed and updated the Performance Agreement for 30/31 of the existing head of the trading service's internal business unit to ensure ongoing performance.	City will, by 30 June 2031, have assessed the performance of the Trading Service Head for 29/30 against the agreed performance criteria. The City will have reviewed and updated the Performance Agreement for 31/32 of the existing head of the trading service's internal business unit to ensure ongoing performance.
M3	SPoMA Organisational Structure	Organisational Macro-Structure establishes a business unit for each trading service.	Organisational Macro-Structure establishes a business unit for each trading service.	City will, by 30 June 2026, have reviewed the existing and approved macro-organisational structure to confirm it gives effect to and supports the mandate, responsibility and accountability of the head of the energy services internal business unit for all operational and supporting value chains.	City will, by 30 June 2027, have fully implemented an updated micro-structure to align with the updated service delivery operating model.	City will, by 30 June 2028, maintain the updated micro structure, review and amend as required to enhance service delivery and commercial viability.	City will, by 30 June 2029, maintain the updated micro-structure, review and amend as required to enhance service delivery and commercial viability.	City will, by 30 June 2030, maintain the updated micro-structure, review and amend as required to enhance service delivery and commercial viability.	City will, by 30 June 2031, maintain the updated micro-structure, review and amend as required to enhance service delivery and commercial viability.
		Organisational micro structure requires amendment in line with SPoMA delegations.	Council commitment to review organisational micro structure in line with SPoMA delegations.	City will, by 30 June 2026, have reviewed the existing and partially implemented an updated micro-structure to align with the updated service delivery operating model.					
M4	SPoMA Delegations	A few service level agreements are in place, most are not yet in place.	A few service level agreements are in place, most are not yet in place.	City will, by 30 June 2026, have reviewed, and if necessary updated, the approved delegations to confirm they give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains.	Taking in to account performance of services within the 26/27 Financial Year, the City will have reviewed the approved delegations and Service Level Agreements to confirm they continue to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains	Taking in to account performance of services within the 27/28 Financial Year, the City will have reviewed the approved delegations and Service Level Agreements to confirm they continue to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains	Taking in to account performance of services within the 28/29 Financial Year, the City will have reviewed the approved delegations and Service Level Agreements to confirm they continue to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains	Taking in to account performance of services within the 29/30 Financial Year, the City will have reviewed the approved delegations and Service Level Agreements to confirm they continue to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains	Taking in to account performance of services within the 30/31 Financial Year, the City will have reviewed the approved delegations and Service Level Agreements to confirm they continue to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains
		Council commitment to establish required service level agreements	Council commitment to establish required service level agreements	In support of the implementation of these delegations and, where required, documentation of services and accountability with relevant performance targets/service standards will be captured in a Service Level Agreement and approved by the trading service and the relevant corporate service provider.					
		Council commitment to establish review delegations in line with SPoMA establishment and required service level agreements.	Council commitment to establish review delegations in line with SPoMA establishment and required service level agreements.						
M5	Financial Model and Business & Investment Plan	Sector Plan, inclusive of business and investment plan, completed annually and approved by Trading Service Head Trading Service Financial Model developed with tariff parameters as an output	Trading Service makes use of City's Long Term Financial Plan and Model with utility-specific inputs and forecasted income statement is produced. City Manager approval of Business and Investment Plan v1 (A2)	City will, by 30 June 2026, develop a multi-year utility financial model (i.e. reflecting utility characteristics and requirements), and use this to prioritise and generate a 10-year Business & Investment Plan to achieve long-term strategic objectives starting from 2026/27, according to the requirements set out in M5 (Financial Model and Business & Investment Plan);	City will, by 30 June 2027, review and update the multi-year financial model and use this to review and update the 10-year Business and Investment Plan (2027/28 - 2037/38)	City will, by 30 June 2028, review and update the multi-year financial model and use this to review and update the 10-year Business and Investment Plan (2028/29 - 2038/39)	City will, by 30 June 2029, review and update the multi-year financial model and use this to review and update the 10-year Business and Investment Plan (2029/30 - 2039/40)	City will, by 30 June 2030, review and update the multi-year financial model and use this to review and update the 10-year Business and Investment Plan (2030/31 - 2040/41)	City will, by 30 June 2031, review and update the multi-year financial model and use this to review and update the 10-year Business and Investment Plan (2031/232 - 2041/42)
M6	Budget Support of Business & Investment Plan	Council-approved City Budget aligned with Trading Service Capital Investment Pipeline and Operating Budget Requirements	Council-approved City Budget aligned with Trading Service Capital Investment Pipeline and Operating Budget Requirements	City will, by 30 June 2026, ensure that its overall metro budget for the 2026/27 MTREF accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan).	City will, by 30 June 2027, ensure that its overall metro budget for the 2027/28 MTREF accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan).	City will, by 30 June 2028, ensure that its overall metro budget for the 2028/29 MTREF accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan).	City will, by 30 June 2029, ensure that its overall metro budget for the 2029/30 MTREF accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan).	City will, by 30 June 2030, ensure that its overall metro budget for the 2030/31 MTREF accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan).	City will, by 30 June 2031, ensure that its overall metro budget for the 2031/32 MTREF accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan).
M7	Financial Transparency – separate Annual Financial Statement (AFS)	Trading Service Business Unit financial reporting is published in City's AFS Segment Report.	Trading Service Business Unit financial reporting is published in City's AFS Segment Report.	City will, by 30 June 2026, will continue to report the Energy trading service finances in the segmented report for the 2024/25 financial year, noting the flows and balances statement, as set out in M7 (Financial Transparency).	City will, by 30 June 2027, will continue to report the Energy trading service finances in the segmented report for the 2025/26 financial year, noting the flows and balances statement, as well as publish an annual report for the trading service is embedded within the City's Integrated Annual Report.	City will, by 30 June 2028, will continue to report the Energy trading service finances in the segmented report for the 2026/27 financial year, noting the flows and balances statement, as well as publish an annual report for the trading service is embedded within the City's Integrated Annual Report.	City will, by 30 June 2029, will continue to report the Energy trading service finances in the segmented report for the 2027/28 financial year, noting the flows and balances statement, as well as publish an annual report for the trading service is embedded within the City's Integrated Annual Report.	City will, by 30 June 2030, will continue to report the Energy trading service finances in the segmented report for the 2028/29 financial year, noting the flows and balances statement, as well as publish an annual report for the trading service is embedded within the City's Integrated Annual Report.	City will, by 30 June 2031, will continue to report the Energy trading service finances in the segmented report for the 2029/30 financial year, noting the flows and balances statement, as well as publish an annual report for the trading service is embedded within the City's Integrated Annual Report.
M8	Support for management of organisational change	Existing resources in the City are providing additional support capacity to trading services to meet a portion of the need. City Manager and TS Head commitment to having support capacity in place.	City Manager and TS Head commitment to having support capacity in place.	City will, by 30 June 2026, have in place and effective (a) additional capacity to support and manage the planned organisational change; and (b) sufficient capacity to support the planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery).	City will, by 30 June 2027, confirm the retention of effective (a) additional capacity to support and manage the planned organisational change; and (b) sufficient capacity to support the planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery).	City will, by 30 June 2028, confirm the retention of effective (a) additional capacity to support and manage the planned organisational change; and (b) sufficient capacity to support the planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery).	City will, by 30 June 2029, confirm the retention of effective (a) additional capacity to support and manage the planned organisational change; and (b) sufficient capacity to support the planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery).	City will, by 30 June 2030, confirm the retention of effective (a) additional capacity to support and manage the planned organisational change; and (b) sufficient capacity to support the planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery).	City will, by 30 June 2031, confirm the retention of effective (a) additional capacity to support and manage the planned organisational change; and (b) sufficient capacity to support the planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery).
2	ACCOUNTABILITY PERFORMANCES	2023/24 (Actual)	2024/25 (Actual)	2025/26 (forecast)	2026/27	2027/28	2028/29	2029/30	2030/31
A1	Customer surveys	City conducts an Annual Customer Satisfaction Survey.23/24 Score: 3.1, target is 3.5, so result is 88.58%	City conducts an Annual Customer Satisfaction Survey. 24/25 Score: 3.1, target is 3.5, so result is 88.58%	90%	91%	93%	95%	97%	100%
A2	Financial Accounting - mScCoA compliance	ICU assessment completed and score for 23/24 available by end Feb 2025	ICU assessment completed and score for 24/25 available by end Feb 2026	ICU assessment completed and score for 25/26 available by end Feb 2027	ICU assessment completed and score for 26/27 available by end Feb 2028	ICU assessment completed and score for 27/28 available by end Feb 2029	ICU assessment completed and score for 28/29 available by end Feb 2030	ICU assessment completed and score for 29/30 available by end Feb 2031	ICU assessment completed and score for 30/31 available by end Feb 2032
		24/25 mScCoA Roadmap approved.	25/26 mScCoA Roadmap approved.	26/27 mScCoA Roadmap approved.	27/28 mScCoA Roadmap approved.	28/29 mScCoA Roadmap approved.	29/30 mScCoA Roadmap approved.	30/31 mScCoA Roadmap approved.	31/32 mScCoA Roadmap approved.
		Full adherence to statutory regulations regarding procurement	Full adherence to statutory regulations regarding procurement	By 30 June 2026, City will confirm full adherence to statutory regulations regarding procurement transparency.	By 30 June 2027, City will maintain full adherence to statutory regulations regarding procurement	By 30 June 2028, City will maintain full adherence to statutory regulations regarding procurement	By 30 June 2029, City will maintain full adherence to statutory regulations regarding procurement		

Approved by Executive Director: Energy
Kadri Nassiep

City of Cape Town Municipality - Metro Trading Services Reform Strategy: Electricity and Energy Trading Service
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No	Name	2023/24 (Actual)	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Target Y6	
ELECTRICITY & ENERGY		these columns to be completed							
1 ACCOUNTABILITY PERFORMANCE		2023/24 (Actual)	2024/25 (Actual)	2025/26 (forecast)	2026/27	2027/28	2028/29	2029/30	2030/31
A3	Public procurement transparency	Maintain e-procurement system in place for RFQs.	Maintain e-procurement system in place for RFQs.	Maintain e-procurement system in place for RFQs.	Maintain e-procurement system in place for RFQs.	Maintain e-procurement system in place for RFQs.	adherence to statutory regulations regarding procurement transparency. By 30 June 2029, the City will implement e-procurement system for tenders	By 30 June 2030, City will maintain full adherence to statutory regulations regarding procurement transparency.	By 30 June 2031, City will maintain full adherence to statutory regulations regarding procurement transparency.
A4	Capital Budget Execution	91.08%	90.35%	90%	90%	90%	90%	90%	90%
A5	Core technical & management capacity	Vacancy rate: 9.66%	Vacancy rate: 5.8%	Vacancy rate: 5.5%	Vacancy rate: 10%	Vacancy rate: 10%	Vacancy rate: 10%	Vacancy rate: 10%	Vacancy rate: 10%
		Gender (% of women in workforce): N/A	Gender (% of women in workforce): 30.21%	Gender (% of women in workforce): 30.5%	Gender (% of women in workforce): 31.9%	Gender (% of women in workforce): 31.9%	Gender (% of women in workforce): 32%	Gender (% of women in workforce): 33%	Gender (% of women in workforce): 34%
		Professionalisation (% of appointed staff): N/A	Professionalisation (% of appointed staff): N/A	Professionalisation (% of appointed staff): 40.91%	Professionalisation (% of appointed staff): 41%	Professionalisation (% of appointed staff): 42%	Professionalisation (% of appointed staff): 44%	Professionalisation (% of appointed staff): 48%	Professionalisation (% of appointed staff): 50%
3 FINANCIAL PERFORMANCE		2023/24 (Actual)	2024/25 (Actual)	2025/26 (forecast)	2026/27	2027/28	2028/29	2029/30	2030/31
F1	Financial viability OCCR (draft)	1.33	1.29	1.23	1.23	1.29	1.35	1.63	1.61
F2	Cash collection rate	97.80%	98.57%	98.6%	98.5%	98.5%	98.5%	98.5%	98.5%
F3	Operational cash flow (draft)	N/A	R1.3 billion	R0.8 billion	R0.8 billion	R1.1 billion	R1.3 billion	R2.6 billion	R2.5 billion
F4	Customer debt management - debtors days	39.61	40.18	40.5	40.5	40	39	38	37
F5	Infrastructure spending (capex)	% spend compared to base year 24/25: 104.5%	% spend compared to base year 24/25: 100%	% spend compared to base year 24/25: 115%	% spend compared to base year 24/25: 128%	% spend compared to base year 24/25: 155%	% spend compared to base year 24/25: 174%	% spend compared to base year 24/25: 169%	% spend compared to base year 24/25: 164%
		Actual spend value: R1.11 billion	Actual spend value: R1.06 billion	Actual spend value: R1.22 billion	Actual spend value: R1.36 billion	Actual spend value: R1.64 billion	Actual spend value: R1.85 billion	Actual spend value: R1.79 billion	Actual spend value: R1.74 billion
F6	Self-financing ratio (draft)	N/A	126%	68%	61%	69%	72%	142%	141%
4 OPERATIONAL PERFORMANCE		2023/24 (Actual)	2024/25 (Actual)	2025/26 (forecast)	2026/27	2027/28	2028/29	2029/30	2030/31
E1	Bulk commercial metering performance	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%
E2	Vending efficiency % metering operational	N/A	95.92%	95%	95%	95%	95%	95%	95%
E3	Automated meter reading coverage	61.80%	63.10%	66.40%	71.20%	76.00%	80.80%	85.60%	90.40%
E4	Repairs Coverage	4.30%	4.00%	4.50%	4.50%	4.40%	4.50%	4.50%	4.50%
E5	Electricity losses % of electricity purchased	10.22%	11.26%	11.60%	12%	12%	11.90%	11.80%	11.70%
E6	Network effectiveness ASIFI	0.44 Occasions	0.5 Occasions	0.75 Occasions	1.3 Occasions	1.3 Occasions	1.2 Occasions	1.1 Occasions	1 Occasions
E7	Network effectiveness ASIDI	2.17 hours	2.3 hours	2.7 hours	3 hours	3 hours	2.9 hours	2.8 hours	2.7 hours

Approved by Executive Director: Energy
Kadri Nassiep

METRO TRADING SERVICES REFORM

A3-PIAP_v2 PART 5

MTSR YEAR	1	2	3	4	5	6	
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MTSR PROGRAMME SPENDING									
Performance improvement opex (from I-Opex)		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTALS	Performance indicators targeted
1	Change Management Consultants	2 500 000	3 500 000	1 500 000	0			7 500 000	M8
2	Customer Experience enhancement	0	1 000 000	3 000 000	3 000 000	1 000 000	1 000 000	9 000 000	A1
3	Technical Advisors	5 000 000	3 000 000	0	0			8 000 000	F1, F3, F6
4	Project preparation and feasibility studies	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	2 000 000	12 000 000	F1, F3, F6
5	Business Process Optimisation	0	1 000 000	1 000 000	1 000 000	1 000 000	1 000 000	5 000 000	F1, F3, F6
6	Repairs & Maintenance	1 029 248 258	1 076 591 314	1 082 538 993	1 106 979 246	1 144 587 610	1 180 069 826	6 620 015 247	E4
Total opex		1 038 748 258	1 087 091 314	1 090 038 993	1 112 979 246	1 148 587 610	1 184 069 826	6 661 515 247	

Performance improvement capex (from I-Capex)		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTALS	Performance indicators targeted
1	Battery Energy Storage Systems	53 829 421	5 673 726	0	0	0	0	59 503 147	F1, F3, F5, F6
2	Electricity Generation	12 343 301	7 718 400	256 740 940	321 777 321	361 196 381	549 183 793	1 508 960 136	F1, F3, F5, F6
3	Electrification	17 034 174	14 100 000	10 100 000	10 100 000	10 100 000	10 100 000	71 534 174	F1, F3, F5, F6, F2,F4, E5
4	Electrification Programme	8 172 091	6 243 877	2 243 877	2 000 000	0	0	18 659 845	F1, F3, F5, F6, F2,F4, E5
5	Ground Mounted Photo Voltaic Install	38 170 649	0	101 501 842	390 510 575	263 906 760	0	794 089 826	F1, F3, F5, F6
6	High Voltage Cable Replacements	1 253 093	564 966	0	0	0	0	1 818 059	E6, E7, F5
7	HV Cables - Link box repl & Installation	800 000	800 000	800 000	800 000	800 000	800 000	4 800 000	E6, E7, F5
8	HV Substations Facilities Upgrades	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	3 000 000	18 000 000	E6, E7, F5
9	HV Substations System Equipment Repl	1 691 500	1 500 000	1 500 000	1 500 000	1 500 000	1 500 000	9 191 500	E6, E7, F5
10	HV Substations System Equipment Upgrades	11 000 000	4 000 000	3 000 000	2 000 000	2 000 000	2 000 000	24 000 000	E6, E7, F5
11	Metering Replacement	102 000 000	107 500 000	113 000 000	124 000 000	116 000 000	119 000 000	681 500 000	F1, F3, F5, F6, F2,F4, E5
12	Microwave Systems and Infra Upgrades	2 070 000	1 800 000	1 800 000	0	0	0	5 670 000	E6, E7, F5
13	MV Switchgear Refurbishment	23 200 000	44 000 000	44 000 000	45 980 000	100 067 000	85 000 000	342 247 000	E6, E7, F5
14	New Electricity Facilities	46 058 035	29 020 136	4 436 820	0	0	0	79 514 991	E6, E7, F5
15	OH Line Refurbishment	7 579 400	4 500 000	4 500 000	3 000 000	2 500 000	3 000 000	25 079 400	E6, E7, F5
16	Outage Management System	2 251 934	0	0	0	0	0	2 251 934	E6, E7, F5
17	Overheads Fencing	510 900	1 100 000	1 100 000	300 000	300 000	300 000	3 610 900	E6, E7, F5
18	Power Quality System Expansion	2 759 424	1 292 000	1 370 000	1 452 000	1 500 000	1 500 000	9 873 424	E6, E7, F5
19	Prepayment Meter Replacement	41 100 000	44 000 000	46 000 000	48 500 000	51 000 000	53 000 000	283 600 000	F1, F3, F5, F6, F2,F4, E3
20	Prepayment Vending System	1 500 890	1 500 000	2 000 000	1 500 000	1 500 000	1 500 000	9 500 890	F1, F3, F5, F6, F2,F4, E2
21	Substation Protection Replacement	12 700 000	10 000 000	10 000 000	10 000 000	10 000 000	10 000 000	62 700 000	E6, E7, F5
22	Substations: Fencing	25 230 002	22 450 000	17 512 364	17 573 105	17 637 492	17 500 000	117 902 963	E6, E7, F5
23	Telecommunication Infrastr - Additional	22 299 999	22 865 000	23 337 000	23 837 000	24 367 000	24 500 000	141 205 999	E6, E7, F5
24	Transmission System Development	159 930 663	476 771 137	525 076 484	399 388 483	353 124 007	394 106 975	2 308 397 749	E6, E7, F5
25	Vehicles: Additional	6 150 000	0	0	0	0	0	6 150 000	E6, E7, F5
26	Vehicles: Replacement	63 670 000	68 000 000	41 500 000	66 000 000	75 000 000	65 000 000	379 170 000	E6, E7, F5
Total capex		666 305 476	878 399 242	1 214 519 327	1 473 218 484	1 395 498 640	1 340 990 768	6 968 931 937	

Total MTSR Spending	1 705 053 734	1 965 490 556	2 304 558 320	2 586 197 730	2 544 086 250	2 525 060 594	13 630 447 184	
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MTSR PROGRAMME FUNDING								
Operational revenues		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTALS
1	Own operating revenues	1 034 248 258	1081591314	1 086 538 993	1110979246	1 146 587 610	1182069826	6 642 015 247
2	Transfers - UDFG (TS incentive)							0
3	Other	4500000	5500000	3500000	2000000	2000000	2000000	19 500 000
Total operational revenues		1 038 748 258	1 087 091 314	1 090 038 993	1 112 979 246	1 148 587 610	1 184 069 826	6 661 515 247

Capital funding		2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	TOTALS
1	Internally generated funds	31 935 612	79 928 875	-	159 012 752	178 135 113	114 470 467	563 482 819
2	Transfers recognised - UDFG (TS incentive)	133 640 000	369 793 000	416 643 000	542 597 000	542 597 000	542 597 000	2 547 867 000
3	Transfers recognised - other capital	20 000 000	20 000 000	20 000 000	20 000 000	20 000 000	20 000 000	120 000 000
4	Borrowing	432 529 864	358 205 367	725 146 327	696 734 732	596 618 527	605 423 301	3 414 658 118
5	Other	48 200 000	50 472 000	52 730 000	54 874 000	58 148 000	58 500 000	322 924 000
Total sources of capital funds		666 305 476	878 399 242	1 214 519 327	1 473 218 484	1 395 498 640	1 340 990 768	6 968 931 937



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Metro Trading Services Reform (MTSR) Programme

M1: SPoMA Service Compact

Water and Sanitation Directorate

June 2026

Between

the City of Cape Town Municipality, as **Service Authority**,
represented by the City Manager

and

the Water and Sanitation Directorate (Water and Sanitation
Trading Service), as **Service Provider**, represented by the
Executive Director: Water and Sanitation

Duration, Review, and Renewal

1. Term: This Service Compact applies from the date of approval and is aligned with the City of Cape Town's ("the City") Integrated Development Plan (IDP).
2. Annual Review: The Compact will be reviewed annually in light of operational performance, financial outcomes, PIAP target achievements, budgetary adjustments, and any legislative or regulatory changes.
3. Amendment and Renewal: Any material amendments or renewal of the Compact require joint agreement between the Service Authority (City of Cape Town) and Service Provider (Water and Sanitation Directorate), and formal approval through Council processes.

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1 Purpose and Objectives

The Constitution of the Republic of South Africa stipulates that the municipality has a responsibility to ensure that citizens of Cape Town have access to basic services. Municipal powers and functions are described in Section 156 (Schedules 4B and 5B) of the Constitution. Specific functions are outlined in Schedule 4B pertaining to the provision water and sanitation services.

The Local Government Municipal Systems Act, Act 32 of 2000, Section 4 (2) requires the council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, to strive to ensure that municipal services are provided to the local community in a financially sustainable manner.

Within this legislative context, the purpose of this service compact is therefore to define the relationship between the City as the Service Authority, as represented by the City Manager, and the Water and Sanitation Directorate as the Service Provider, as represented by the Executive Director of the Water and Sanitation Directorate. Specifically, it includes and stipulates the respective duties and obligations of each party with respect to each other, including minimum requirements and performance expectations and targets.

The overall objective of this service compact is to support the development and maintenance of a financially sustainable water and sanitation trading service that has the following characteristics:

- operates as an effective business;
- meets legislative requirements;
- achieves the performance targets set out in the A3: Performance Improvement Action Plan (PIAP); and
- achieves the ability to access loan finance, including commercial finance.

2 Scope of Service Provider

This section defines the scope of services to be provided to customers by the Water and Sanitation Directorate that is both a Water Service Provider and Water Service Authority, within the Cape Town Metro, as shown in Figure 1, and as per the relevant licences issued by the National Department of Water and Sanitation (DWS).

2.1 Water and Sanitation Service Areas

The City of Cape Town services an area covering 2 455 km² (Source: IDP 2022 – 2027) in the Western Cape. Administratively, it is comprised of 24 subcouncils which are further divided into 116 wards. The city serves a population that is estimated to be 4 756 255 (Source: 2022 Mid-Year Population Estimates, Statistics South Africa). All areas in the City receive water and sanitation services, and services within areas of informality are continually being improved upon as settlements arise and densities increase.



Figure 1: Cape Metro - Reticulation 4 Region Model

2.2 Customer Categories

2.2.1 The Water and Sanitation Directorate provides water and sanitation services to the following customer groups within the City of Cape Town Metro:

- Residential Customers (inclusive of those deemed indigent by the City's Credit Control and Debt Collection Policy), applies to formal and informal households subject to technical/operational and financial viability
- Commercial and Industrial customers

2.2.2. The CCT Water and Sanitation Directorate also provides a bulk supply of potable water to neighbouring municipalities (Stellenbosch and Drakenstein) primarily through the integrated Western Cape Water Supply System.

2.3 Service Description

The City of Cape Town's Water and Sanitation Directorate manages the full water value chain, from "source to tap to sea".



Figure 2: Water and Sanitation Value Chain

Water and Sanitation services are delivered through the Bulk, Distribution, Commercial, Technical and Shared Services as follows:

2.3.1 Bulk Services

- Strategic long-term planning for water supply infrastructure
- Water resource planning and optimisation
- Water quality and source-water protection
- The Bulk Water Master Plan addresses the infrastructure requirements for effective and efficient water treatment capacity, bulk storage and bulk transmission.
- Operations (catchment management, dams, groundwater, desalinisation and re-use sources)
- Planning, development, maintenance and operation of wastewater treatment infrastructure to ensure safe discharge of treated effluent
- Ensure capacity of the Wastewater Treatment Plants (WwTP)
- Provide Sludge management, final treated effluent compliance (Regulator) and reclamation for potable water and reuse

- Integrated catchment management, flood mitigation and management, controlling development along river corridors and within floodplains
- Management of water quality and preserving and enhancing riverine corridors and ecosystems

2.3.2 Distribution Services:

- Operation and maintenance of the water distribution network up to the water meter at the property boundary (excluding bulk supply)
- Operation and maintenance of the sewer distribution network up to the boundary manhole (excluding treatment)
- Planning and implementation of capital projects
- Installation of new water and sewer connections
- Operation and maintenance of pressure management zones
- Scrutinising of building plans to ensure regulatory compliance of water and sewer installations on private properties
- the provision and maintenance of basic water and sanitation services to all informal settlements in the Cape Metro Area
- Tanker services / emergency supply
- Runs programmes to regularly clean and service all toilets in informal settlements

2.3.3 Commercial Services:

- Water trading services, inclusive of supply optimisation, purchase, and settlement
- Customer Relationship Management
- Customer Account Management and engagement
- Meter Management – meter commissioning, maintenance, repair and testing
- Customer billing processes, debt management and revenue collection
- Management of Non-Revenue Water (NRW) and technical losses
- Disbursement of Free Basic water and sewerage services to eligible customers as per the Tariff Policy

2.3.4. Technical/Regulatory Services:

- Asset management
- Electrical and mechanical maintenance of the water and sewer networks
- Specialised design and contract services
- Provision and maintenance of vehicle and plant fleet
- Provision and maintenance of safe and healthy working environments
- Providing environmental monitoring services to protect public health and ensure a safe living environment
- Scientific Services – Quality Assurance, Water Laboratory and Analytical Laboratory
- Supporting stakeholders in complying with legislative requirements through credible laboratory services
- Supporting treatment processes for water purification, wastewater, solid waste and air quality management
- Undertaking scientific research for the City
- Water Demand Management, Regulation and Planning including:
 - Policy and strategy alignment with statutory requirements
 - Security of water supply (pressure management, treated effluent, reducing losses)
 - Integrated master planning of infrastructure
 - Information management (information collation, verification, storage and reporting)
 - Continuous improvement of business processes

2.3.5 Shared Services:

- Shared Services consists of the Support Service Branch, Capital and Contract Management Branch, Human Resources Business Partner Branch, and Communications and Partnerships Branch.
 - The Support Services Branch is a strategic enabler contributing to the operating effectiveness of the Water and Sanitation Directorate in delivering on its mandate through the provision of specialised support in the areas of strategy alignment and integration, risk, governance, legal, compliance, probity and the management of transversal programmes and projects.
 - The Capital and Contract Management Branch provides strategic and daily operational oversight of the department's 10-year capital programme.
 - The HRBP Branch is a strategic partner in enabling all branches to effectively deliver on their mandate through the provision of transactional and transformational human resources.
 - The Communications and Partnerships Branch provides Communication strategy development and implementation, Partnership model development and process management, media campaign management, Political and Corporate liaison, communication process oversight and related management reporting.

3 Customer Service Standards

This section defines the customer service standards that the Service Provider must meet when delivering water and sanitation services on behalf of the Service Authority. These standards ensure compliance with all legislative and regulatory requirements, adherence to industry standards, and alignment with the City's approved policies, including its Customer Care and Management obligations under Section 95 of the MSA.

The Service Provider must deliver water and sanitation services that are safe, reliable, courteous, prompt, and transparent, thereby supporting the City's commitment to high-quality service delivery and customer satisfaction. The Service Provider must continually seek opportunities to innovate and improve service quality, reliability, safety, and customer experience. Improvement initiatives must be aligned with City policies, national regulatory reforms, and evolving sector standards and norms.

3.1 Legislative and Regulatory Compliance (Minimum Requirements)

The Service Provider must comply with the minimum service levels prescribed in legislation, license conditions, and applicable technical standards. Where updates or new versions of these acts, regulations, and standards are published, the Service Provider must ensure compliance within timelines prescribed by law or mutually agreed upon with the Service Authority. These include, but are not limited to, the following:

3.1.1 Acts and Regulations

- Water Services Act (1997) – mandates WSP/WSDP, water quality duties.
- National Water Act (1998) – raw water, discharge licensing, protection of water resources.
- MSA – planning, service delivery, performance management, process control.
- MFMA (2003) – budgeting for WTP/WWTP assets, procurement, long-term contracts (Section 33).

3.1.2 National Compliance programmes

- Blue Drop Programme – drinking water quality management.
- Green Drop Programme – wastewater risk mitigation, process control, effluent quality.
- No Drop Programme – water loss & non-revenue water management

3.1.3 Legislated requirements

Table 1: Legislated minimum requirements (formal areas)

Basic water supply	Description / Comment
An obligation to provide “basic water supply services to all consumers or potential consumers in its jurisdictional area inclusive of people residing on privately owned land”, where a basic service meets the definitions and standards below.	City owned property and the relevant directorate/department request permission. The City does provide a basic water supply service. When the provision of a basic water supply service requires access to private property, written consent is requested from the private property owner. For City-owned land, written approval is obtained from the relevant City Directorate or department responsible for the property. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(1)</i>
Access: “an access or delivery point which must be at least at the end boundary of yard (user connection point) of the existing settlement”	All occupied properties in formal areas have user connection pipes to their yards, except undeveloped vacant properties. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(2)(a)</i>
Access: new applications completed within 21 days.	New applications are completed within 30 working days. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(4)</i> New applications should be completed within 21 calendar days.
At no cost to indigent households	Indigent households is offered free basic water services. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(2)(b)(iv)</i>
Quantity: minimum 6 kilolitres per household per month at a flow rate of at least 10 litres per minute.	The City supplies water within 200m When water services are interrupted for more than 24 hours, alternative services are to provide at least 10 litres of potable water per person per day and adequate sanitation services to protect health.

	Before the drought every household received 6 kilolitres per month, after the drought only indigent households get 6 kilolitres per month As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(2)(b)</i>.
Metering. All connections must be metered.	Bulk meters are metered except for the HOA properties (only one connection is metered). Single properties within the HOA must have submeters. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(5)</i>
Meters: broken/stolen meters to be replaced within 21 days.	The City's Response time is 2 working days and resolve time is within 2 working days As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(6)</i>.
Meters: must be replaced within their asset lifespan	The city has a meter replacement plan in which age is a major contributor. Problematic meters must be replaced as an emergency As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 2(7)</i>
Quality: drinking water provided is fit for human consumption as per SANS241	As per SANS 241 our: 2015 The City of Cape Town's drinking water has Excellent Compliance. The drinking water quality compliance has been consistent, as there has have been no significant changes in any of the various parameters measured As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(2)(c)</i>.
Reliability: available for at least 358 days per year	As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(2)(b)(ii)</i>. Comply, major maintenance and repairs are done, and water supply is reinstated within 48 hours. 2 WD. The city has continuous supply, during an unplanned interruption our response and repairs are within 24hours. When there's planned maintenance, water is supplied using tankers.

Reliability: not interrupted for longer than 48 hours	The City complies, major maintenance and repairs are done, and water supply is reinstated within 48 hours. If repairs or maintenance is done for more than 24 hours, water is supplied using tankers. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 2(2)(b)(iii)</i>.
Education: Provision of appropriate education in respect of safe, effective and efficient water use, hygiene and groundwater management.	Education on water use and hygiene, we distribute materials on groundwater management. Education drives at malls, schools, shopping centres drivers licence testing centres and public transport interchanges; education and awareness campaigns entail water conservation, new water programs and sewer blockage. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 2(8)</i>

Table 2: Legislated minimum requirements (informal settlements)

Basic water supply	Description / Comment
Access: provide interim water supply services within 90 days of becoming aware of a new informal settlement	Currently not achieved in all cases Land ownership Availability of bulk services Budget availability A reasonable timeframe must go up to six months. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A: Section 3(2)</i> provide interim water supply services within 90 days of becoming aware of a new informal settlement
An interim water service is defined as:	Means the provision of people's basic domestic needs for drinking water, living in informal settlements, at a minimum level through providing water at regular intervals to ensure increased opportunities for improved health. Defined in the <i>Compulsory National Water and Sanitation Services Norms and Standards</i>
Access within 200m	The City supplies water within 200m. In cases where we don't meet its target it is because

	of challenges such as density, property ownership and accessibility. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 3(5)(a)</i>.
Quantity: same as for a basic service	One tap to 25 households at a minimum flowrate of 10 litres per minute. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 3(5)(b)(i)</i>
Reliability: same as a basic service	The City has a turnaround time of 24 hours for any breakdowns and interruptions. If repairs or maintenance are done extending beyond the 24 hours, water is supplied using tankers. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 3(5)(b)(iii)</i>
Tanker service must not exceed 12 months.	Only in areas where there are no bulk services so some areas may exceed the 12 months. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 3(7)</i>
Where a settlement is formalised, a basic service must be provided	A basic service is provided when an informal settlement is formalized. As stipulated in the <i>Compulsory National Water and Sanitation Services Norms and Standards Part A Section 3(4)</i>

3.2 Customer Service Standards

In addition to the legislated minimum requirements, the Service Authority may set customer service performance targets for the Service Provider. These targets must be achieved unless prevented by factors outside the Service Provider's control, and they will be reviewed annually as per the Service Delivery and Budget Implementation Plan (SDBIP).

The Service Provider must meet or exceed the following customer service standards, which include both legislated minimums and Service Authority targets:

Table 3: Customer service standards (targets and minimums)

Basic water supply	Description / Comment
Telephone Calls	80% responded to within 20 seconds, remaining 20% within a minute. Return calls within 1 working day. (targets)
Correspondence	Acknowledgement with 1 working day (target)
Communication of unplanned service interruptions (as per the City's incident management protocol)	Notify within two hours of when the issue is known, through relevant communication methods / channels such as: • City media release sent out for radio stations and others to announce, • City's Facebook and Twitter accounts, • City's contact centre, Technical Dispatch Centre • City's area-based management to inform local political representatives and, (where relevant / possible) any resident / ratepayer / neighbourhood watch type of organisations in that area.
Formal areas	
New water connection	Respond within 2 working days (target), resolve within 29 working days (minimum)
Burst water main (Leaks/bursts)	First response on site: within 6 hours. Water supply restoration (technical fix): within 2 working days. Full reinstatement of road surfaces may take 6–9 months.
Sewer blockage/overflow	Respond within 1 working day (target), Resolve within 3 working days (target): Exceptions can be made for complex resolutions that require multi-party interventions such as a sewer collapse
Water pollution incidents	First response on notification, Source containment within 2 working days, Resolved within 28 working days
Other technical Queries (meter issues, low pressure,)	Respond within 2 working days for most technical requests.
Account queries	Acknowledged within 1 working day (target) resolved within 28 working days
Informal areas	
Toilet complaints	Respond within 1 working day Resolve (cleaning) action within 5 working days
Other incident reports	Respond within 1 working day (target), resolve within 3 working days

The detailed CCT Water and Sanitation Customer Services Charter is available on link: [Customer Service Charter for the Provision of Water and Sanitation Services Revision 5](#).

3.2.1 Communication and Customer Care

- a) Customer communication must comply with Section 95 of the Municipal Systems Act, including clear information on accounts, tariffs, consumption, and service rights.
- b) The Service Provider must meet accessibility targets (e.g. call centre response times, digital service availability) set by the Service Authority.
- c) The Service Provider will make use of the City's Corporate Call Centre (CCC) to ensure ease of access to services by customers with the parameters for this service outlined in the table below:

3.2.2 Reporting Requirements

- a) Mandatory reporting in accordance with relevant legislation and regulations
- b) Additional reporting obligations, such as monthly reporting to the Water and Sanitation Portfolio Committee or reliability performance reports, may be set by the Service Authority.

3.3 Review and Amendment of Standards

The customer service standards in this Section shall be reviewed jointly by the Service Authority and the Service Provider at intervals not exceeding three (3) years, or earlier if required by:

- a) regulatory amendments,
- b) new or updated DWS/SANS versions,
- c) changes in the Service Authority's approved policies.
- d) Any changes will be incorporated into this Service Compact by mutual agreement.

4 Functional Scope and Delegations

This section defines the scope of functions over which the trading service business unit exercises executive management and decision-making authority, as formalised through the Service Compact. In line with Guidance Note 3 and the seven-box model for effective utility management, the scope encompasses all technical, commercial, and support functions that are integral to the effective performance and sustainability of the service.

Executive management authority under the Executive Director as SPoMA therefore extends beyond core service delivery to include end-to-end responsibility for asset creation, operations and maintenance, financial management, human resources, supply chain management, commercial and customer services (including revenue management), fleet management, and information and operational technology. This integrated functional scope ensures that accountability for performance, financial viability, and service outcomes is clearly assigned and aligned with the objectives of the trading service.

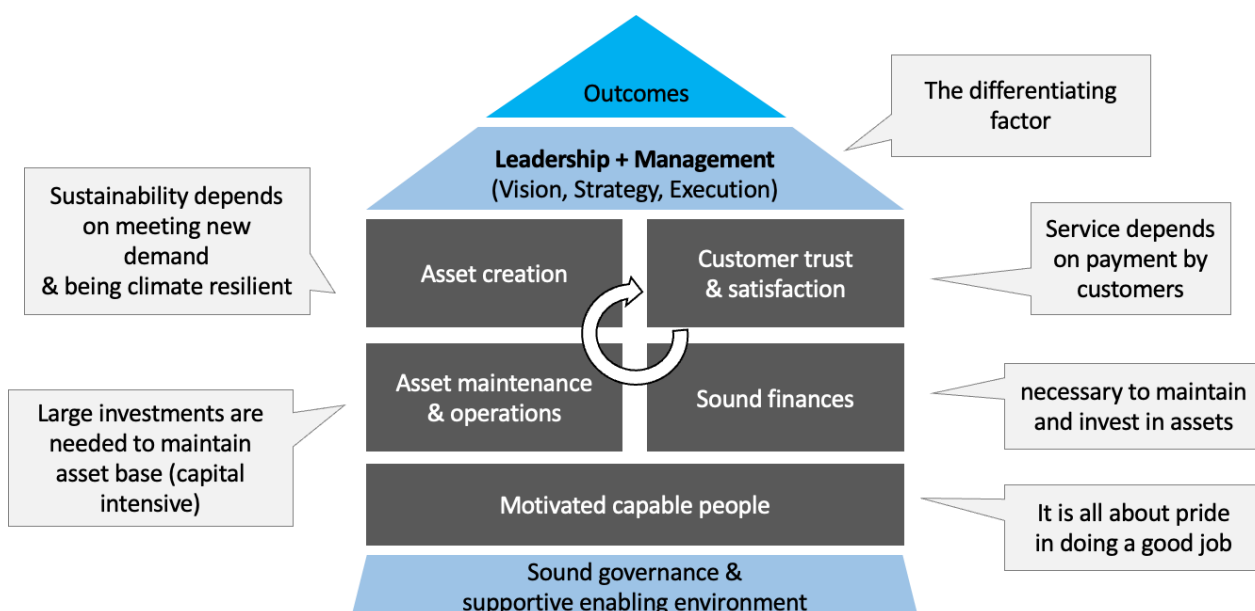


Figure 3: Seven-box model for effective management of a trading service

4.1 Summary Description of Functional Scope and Delegations

Table 4: Function and Delegated Authority

Category	Responsibility / functionality	Delegated Authority	Supporting Service
Accountability	Separate Trading Service	Independent Water and Sanitation Directorate	
	Reports to Accounting Officer for business unit (City Manager)	Executive Director: Water and Sanitation	
	Political Oversight	Water and Sanitation Portfolio Committee Mayoral Committee Member for Water and Sanitation	
Infrastructure Asset Management Life Cycle: Creation, Maintenance, Operation	Infrastructure Planning	Business Unit	Corporate C3PM, SCM and Budgets
	Infrastructure Construction	Business Unit	
	Infrastructure Condition Assessment	Business Unit	
	Infrastructure Operation	Business Unit	
	Infrastructure Maintenance	Business Unit	
	Infrastructure Upgrades	Business Unit	Corporate Finance
	Infrastructure Disposals / Decommissioning	Business Unit	Corporate Finance

Category	Responsibility / functionality	Delegated Authority	Supporting Service
Human Resources	Implementation of Council HR policies and national regulations.	Business Unit	Corporate Services
	Responsible for recruitment;	Business Unit	Corporate Services (R&S)
	Job Evaluation and Remuneration Assessment	Business Unit	Corporate Services
	Attending disciplinary cases;	Business Unit	Corporate Services (ER)
	Prepare documentation for payment of employees;	Business Unit	Corporate Services
	Management of employee pay and leave; and	Business Unit	Corporate Services (HR)
	Talent management and staff training	Business Unit	Corporate Services (HR)
	Organisational design	Business Unit	Future Planning and Resilience
IS&T/OT, Fleet, Facilities	Implementation of all relevant policies and regulations.	Business Unit	Corporate Services
	Manage requirements within policy	OT: Business Unit Fleet: Business Unit Facilities: Business Unit IS&T: Corporate Services	
	Procure, allocate, maintain assets	Business Unit	Corporate Service
Commercial and Customer Services	Call centre receives calls	Corporate Services	
	First line Response & Dispatch	Business Unit	
	Meter Management	Business Unit	
	Billing	Business Unit	Corporate Finance
	Customer Relations Management	Business Unit	Corporate Services and Corporate Finance
Finance	Provide data to raise consolidated bills to customers;	Business Unit	Corporate Finance
	Managing the corporate bank accounts;	Corporate Finance	
	Raising loans and undertaking investments;	Corporate Finance	Business Unit
	Approving the consolidated segmental management accounts of the trading services into the corporate municipal accounts at year-end;	Business Unit	Corporate Finance
	Implementing financial operation in compliance with corporate financial policies; and	Business Unit	Corporate Finance

Category	Responsibility / functionality	Delegated Authority	Supporting Service
	Critical revenue value chain functions including meters and metering, and management / oversight of credit control;	Business Unit	Corporate Finance
	Debt Management and Revenue Protection	Business Unit	Corporate Finance
	Meter reading and other customer service data to inform billing and Revenue Collection	Business Unit	Corporate Finance
	Credit control and Debt Collection	Business Unit	Corporate Finance
	Authorisation to process Creditors payment;	Business Unit	Corporate Finance
	Engaging with internal and external audit queries;	Business Unit	Corporate Finance
	Posting of entries into the accounts;	Business Unit	Corporate Finance
	Maintaining assets registers, etc; and	Business Unit	Corporate Finance
	Authorising published segmental report for trading service within metro AFS.	Business Unit	Corporate Finance
Supply Chain Management	Implement all relevant policies and regulations	Business Unit	Corporate Finance
	Bid Adjudication Committee (handling of reports from the trading service).	City Manager	Corporate Finance
	Manage holding facilities for inventory to be available for emergencies	Business Unit	
	Manage stores;	Corporate Finance	Business Unit
	Procurement process;	Business Unit	Corporate Finance
	The preparation of reports for consideration by the bid adjudication committee.	Business Unit	Corporate Finance
Contract Management	Implement all relevant policies and regulations; and	Business unit	Future Planning and Resilience
	Manage contracts and service providers	Business Unit	Future Planning and Resilience
Law Enforcement	Ensuring that operational teams in vulnerable areas have protection services to sites	Business Unit	Safety and Security
Legal Services	Legal support and guidance	Legal Services	Business Unit
Communications	External communications support	Business Unit	Corporate Communications

4.2 Delegations

The City of Cape Town undertakes a review of the System of Delegations document, as approved by Council. The latest version can be found here: [Councils System of Delegations.pdf](https://councils.systemofdelegations.pdf) (capetown.gov.za) with a summary of the Executive Director: Water and Sanitation found in Annexure A.

In terms of the Council-approved System of Delegations, the Executive Director: Water and Sanitation is appointed as per section 56 of the MSA and is the most senior official responsible for the Water and Sanitation Directorate, accountable to the City Manager for the exercise of all delegated powers within the functional area of Water and Sanitation.

The delegations to the ED: Water and Sanitation reflect full executive management authority within the approved governance and operating framework determined by Council and the City Manager. Specifically, that delegations are exercised subject to Council policy, applicable legislation, and CM oversight (via ED reporting of the exercising of delegations), but are not shared with corporate directorates. Furthermore, the City Manager retains the right to intervene or exercise a delegation directly if required, but this does not dilute the ED's accountability.

In addition to the Council System of Delegations, the City Manager has statutory delegations. The City Manager sub-delegates these delegations using the City's system of delegations and the statutory delegations. The following powers are delegated by Council to all Executive Directors (i.e., the general framework within which individual EDs operate).

The following powers are delegated by Council to *all* Executive Directors (i.e., the general framework within which individual EDs operate):

4.2.1 General Delegations (Part 29):

An Executive may:

- a) Establish standard operating procedures for matters within their functional areas, ensuring effective delivery and compliance with Council policy.
- b) Enter into and sign contracts or documents, with or without financial implications, provided they have the appropriate authority or approvals.
- c) Oversee and report on how delegated powers and duties are exercised within their directorate, including flagging failures or improper use to the City Manager.
- d) Authorize official travel for city business within South Africa for personnel in their directorate.
- e) Approve directorate-specific events if funds have been budgeted; this approval authority cannot be sub-delegated below director/manager level.
- f) Determine uniforms and protective clothing specifics (issue, life span, qualifying officials) in accordance with conditions of service.

Key principles applying to all EDs:

- EDs are responsible for the exercise of delegated powers within their areas.

4.2.2 Functional Delegations

The Executive Director: Water and Sanitation is accountable to Council (through the City Manager) for the following functional areas:

- a) Bulk Services
- b) Commercial Services
- c) Distribution Services
- d) Technical Services

This means the ED is the senior official responsible for leading those services and carrying out delegated powers associated with those functions (e.g., service delivery, operational policy implementation, compliance with by-laws and statutes) within the framework set by Council.

- e) The Directors in Water and Sanitation are tasked with implementing the City of Cape Town Water and Sanitation related by-laws and national legislation.

This indicates that delegations within the Water and Sanitation Directorate are structured such that the ED delegates specific operational or statutory duties to directors, with oversight.

5 Service Level Agreements

Where a service is delivered to the Water and Sanitation Directorate by another City directorate, as outlined in the table above, a service level agreement (SLA) is required. Importantly, even where a service is delivered by a corporate service-providing directorate and not the Water and Sanitation Directorate, the Executive Director: Water and Sanitation remains accountable for the performance of the services provided.

Each SLA should be entered in to by the Executive Director: Water and Sanitation and the relevant service providing Executive Director, reviewed annually, and contain the following information:

- a. Purpose and Objectives
- b. Service Focal Points
- c. Service Menu
- d. Service Availability
- e. Service Costs
- f. Key Performance Indicators
- g. Reporting and review requirements
- h. Roles and Responsibilities for both the service provider and service recipient
- i. Escalation and Dispute Resolution

Initially the following SLAs are required, with the expectation that by 29/30 there will be a SLA to manage performance of all corporately-provided services and related costs:

- a. Corporate Finance: Revenue, Supply Chain Management, Inventory & Stores Management
- b. Corporate Services: Human Resources, IS&T, and the Corporate Contact Centre

It is intended that these SLAs enable enhanced transparency, performance management, and ultimately the assessment of the effectiveness, efficiency, and economy of the services provided to the Water and Sanitation Directorate.

6 Asset Due Diligence

The Service Authority requires the Water and Sanitation Trading Service, as the designated Service Provider, to exercise full stewardship and due diligence over all water and sanitation infrastructure and related assets necessary for the safe, reliable, and efficient provision of water and sanitation services. In terms of the Service Compact, the Service Provider is accountable for the end-to-end management of the water and sanitation asset base on behalf of the municipality, including water treatment plants, reservoirs, water and sewer pipelines, wastewater treatment works, pump stations (water and sewer), stormwater management infrastructure, protection and control systems, meters, fleet, plant, tools, and associated information and operational technology assets.

The Service Authority requires that all water and sanitation assets be managed in accordance with lifecycle-based asset management principles aligned with ISO 55001 and the City Infrastructure Delivery Management System (CIDMS) developed through the National Treasury's Cities Support Programme. The Service Provider must further apply recognised international best practice, including the International Infrastructure Management Manual (IIMM), 6th Edition, to ensure that asset planning, creation, operation, maintenance, refurbishment, and renewal are integrated, risk-based, and financially sustainable.

The Service Provider is required to maintain complete, accurate, and up-to-date asset registers within the City's approved enterprise asset management systems and to undertake regular condition assessments of critical infrastructure and assets, including water treatment plants, reservoirs, water and sewer networks, wastewater treatment works and protection systems. These assessments must inform preventative and corrective maintenance programmes, prioritised refurbishment and replacement plans, and long-term infrastructure development strategies aligned with security of supply, water demand management, reliability standards, and safety requirements.

The Service Authority further requires the Service Provider to actively identify, monitor, and mitigate asset-related risks, including ageing infrastructure, capacity constraints, safety risks, and technical losses, through approved capital and maintenance programmes supported by the financial business model. Fleet, plant, and spares management must form an integral part of the asset management framework to ensure operational readiness and service continuity.

Through these requirements, the Service Authority establishes clear accountability for asset stewardship and confirms that robust, best-practice asset management is a mandatory condition for the provision of water and sanitation services under the Service Compact, supporting regulatory compliance, long-term infrastructure sustainability, and improved customer outcomes.

Governance and Assurance

- All reports must be submitted to the Service Authority in accordance with the Service Compact reporting calendar for oversight, review and assurance in a timely and frequent manner to ensure appropriate interventions.
- Key reports form part of the A3-PIAP performance monitoring, internal audit, and external audit processes.
- Material non-compliance triggers remedial actions in terms of the Service Compact enforcement provisions, including remedial-, corrective- and consequence action plans and escalation to Council where required.

6.1 Asset Management

Asset Management is the process of decision making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximize their service delivery potential and benefits, and to minimise their related risks and costs over their entire life.

The overarching goal of Asset Management (AM) is to manage infrastructure assets in such a way that city strategic and customer service requirements are met in the most cost-effective manner for the benefit of present and future customers. The key element of infrastructure asset management for the Trading Service is adopting a full lifecycle approach to the management of infrastructure which includes cost-effective, long-term strategies that meet defined service requirements. Figure 1 below shows the Asset Lifecycle Management methodology as defined by CIDMS (Cities' Infrastructure Delivery and Management System) standard. In further context Table 1 provides an insight on relevance of the methodology to Engineering and Asset Management and Operational branches within the Water and Sanitation Directorate.



Figure 4: Asset Lifecycle Management (Source: CIDMS)

Table 5: Asset Lifecycle Context Indication for Water and Sanitation Trading Service.

	EAM	OPERATIONS
Requirements definition	Define supporting requirements for mechanical, electrical and instrumentation/SCADA equipment.	Define asset requirements for Bulk, Reticulation and Waste Water plant/equipment.
Asset Planning	Generates capital project proposals for EAM specific contracts (maintenance tenders) and equipment.	Generates capital project proposals for the creation of new infrastructure, upgrading of existing facilities, renewal of infrastructure,

	EAM	OPERATIONS
		and consolidation or reconfiguration of current systems.
Asset Creation	Asset design and acquisition of mechanical, electrical and instrumentation/SCADA equipment. Creation of asset master data.	Asset design acquisition and construction of plant/equipment. Commissioning of new plant. Supply master data for asset creation on ERP system. Involve maintenance staff in design, project planning and plant/equipment handover/commissioning.
Operation and Maintenance	Maintain asset infrastructure excluding pipelines and reservoirs.	First line maintenance of equipment Operation and monitoring of equipment Make equipment available in preparation of maintenance
Asset performance and condition monitoring	Perform condition monitoring on selected equipment Analyse performance utilising SAP and SCADA information.	Monitor asset performance during production and first line maintenance. Generate notification to EAM for repairs
Asset renewal and/or upgrading	Provide input for decision making on repair/replace of equipment.	Initiate refurbishment/replacement projects.
Decommissioning and disposal	Decommissioning and disposal of redundant mechanical, electrical, instrumentation and SCADA equipment.	Decommissioning and disposal of redundant equipment.

In support of Asset Management, the Trading Service shall maintain a register of water services infrastructure assets and put in place a system to manage these assets in terms of the maintenance and rehabilitation plan. It is essential for water services authorities to protect their assets by ensuring that an appropriate maintenance and rehabilitation plan is developed and implemented. This plan shall be based on the principle of preventative maintenance in order to ensure that, as far as this is practical, damage to assets is prevented before it occurs. The Trading Service shall ensure that the maintenance and rehabilitation plan is part of the Water Services Development Plan and that this plan is implemented. Assets shall be rehabilitated and/or replaced before the end of their economic life and the necessary capital funds shall be allocated for this purpose.

The Water and Sanitation Trading Service has embarked on the process of implementation with the vision of maintaining certification of the Asset Management System compliant to the ISO 55001: Asset Management System standard. The project entailed a revision of the Asset Management Policy and Strategy and further development of Asset Management Plans for all branches within the Directorate. The project further entails development of Standard Operating Procedures in consultation with key role-players and stakeholders to ensure effective implementation.

6.2 Policy Positions

The Trading Service shall endeavour to meet the service needs of its citizens through an integrated, informed and participatory developmental planning approach (WSDP/sector plan as part of the IDP) and optimised lifecycle management of infrastructure assets, in a manner that promotes sustainability and prevents undue economic, social and environmental burden on current and future generations.

The Water and Sanitation Trading Service has developed and approved a Strategic Asset Management Plan. The Branches will develop and implement Asset Management Plans which shall guide priorities for replacement, refurbishment and maintenance projects and programs. Services shall be procured and projects developed and implemented with emphasis on best practice project management and engineering. In the provision or maintenance of services, all related standards, specifications, guidelines and other, shall be implemented uniformly across the directorate and adhered to at all times.

Infrastructure asset management within the City of Cape Town's Water and Sanitation Trading Service is described in the following strategic documents:

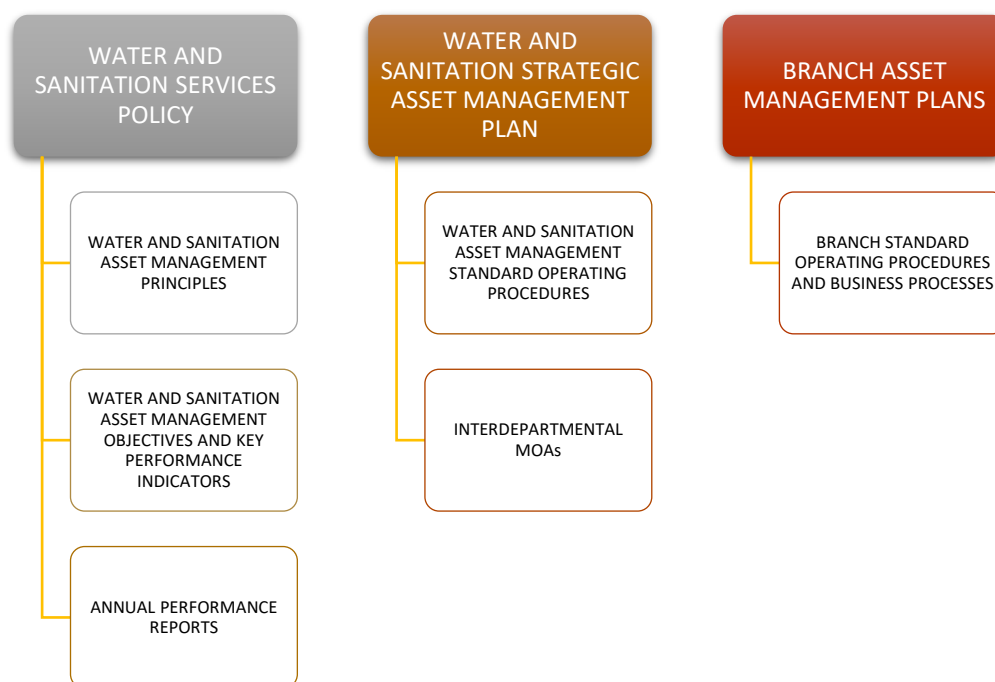


Figure 5: Water and Sanitation Asset Management Strategic Document Hierarchy

The policy and strategic documents are applicable to all infrastructure assets managed by the Water and Sanitation Directorate and all its Branches:

- Bulk Water
- Waste Water
- Reticulation
- Engineering and Asset Management
- Water Demand Management and Planning
- Scientific Services
- Customer Services
- Auxiliary Services
- Informal Settlements Basic Services

- Catchment and Stormwater River Management

The strategic asset management plan for Water and Sanitation Directorate is aligned with the guidelines of ISO 55000, the international standard specifying the requirements for the establishment, implementation, maintenance and improvement of a management system for asset management as well as the 17 key performance areas for asset management.

The 17 Asset Management key performance areas are listed below:

- Strategy Management
- Information Management
- Technical Information
- Organisation and Development
- Contractor Management
- Financial Management
- Risk Management
- Health, Safety, Security and Environment
- Asset Care Plans
- Work Planning and Control
- Operator Asset Care
- Material Management;
- Support Facilities and Tools
- Life Cycle Management
- Shutdown and Outage Management
- Performance Measurement
- Focused Improvement.

6.3 Asset Maintenance

Asset management, maintenance and repair functions for the Water and Sanitation Directorate are centralised and performed by the Engineering and Asset Management Branch who is the service provider for the customer Branches, which includes the Wastewater, Bulk Water and Reticulation Branch as the major service branches.

The Maintenance and Repairs Budget falls under the service branches' Operational Budget who are deemed to be the Asset Owners, and the Engineering and Asset Management Branch is paid directly by the respective service branch for its services.

The Engineering and Asset Management branch performs proactive and reactive maintenance services within Water and sanitation. These maintenance activities are processed on the SAP System which enables streamlining of transactional and maintenance activities by offering standardised maintenance processes. Figure 6 below shows the SAP Plant Maintenance Process flow utilised within the branch.

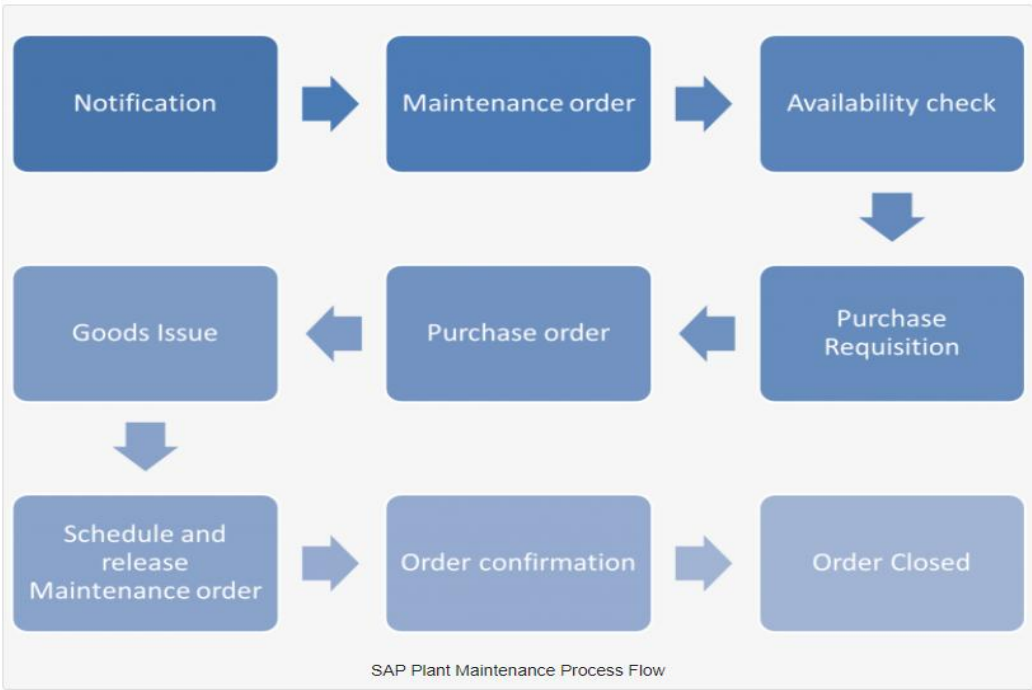


Figure 6: SAP Plant Maintenance Process

As a performance measurement, there are various engagements between the Engineering and Asset Management branch and the servicing branches in which maintenance planning and activities are discussed. Engineering and Asset Management also compiles reports based on the operational activities and data collated within SAP. Reports are issued for various periods and copied to depict information of services rendered via specific work centres.

These reports includes data based information on PM41/21 (Reactive maintenance), PM42/22 (Proactive maintenance) and PM46/7 (Capital) works orders technically completed on the Engineering and Asset Management Maintenance Work Centres during the month, inclusive of Fleet.

6.4 Asset Registers

Asset Registers are maintained on the SAP system within the Engineering and Asset Management branch. The Asset Register on SAP comprises of two focus registers namely, Technical Asset Register and Financial Register.

The Technical Asset Register in which maintaining refers to the creation and updating of assets takes into consideration the technical aspects of assets and associated sub-assets and is further used to inform Proactive Maintenance activities or requirements.

The Financial Asset Register in which maintaining refers to the creation and updating information of assets which is used to depreciate an asset. A reconciliation is also completed between the Financial Asset Register and the Insurance Asset Register to ensure completeness to insurance coverage of assets.

7 Business Plan and Financial Model

The Service Authority requires the Water and Sanitation Trading Service as the designated Service Provider, to develop, implement, and maintain a practical and comprehensive Business and Investment Plan in full compliance with Guidance Note 5, Annexure 2 (M5: Business and Investment

Plan – Minimum Content Template) and in alignment with the City's Integrated Development Plan, the Long Term Plan 2050, and the Water Strategy adopted in 2019. This business and investment Plan must then be realised through the SCM Demand Plan and the City's Project Readiness Assessment processes. The Business and Investment Plan is a core management instrument through which the Service Provider demonstrates its ability to deliver a financially sustainable, reliable, and compliant water and sanitation service while supporting sector reform objectives and improved customer outcomes.

The Business and Investment Plan must provide a clear and actionable roadmap to improve and sustain the financial, technical, and operational performance of the water and sanitation service. It must be anchored in a realistic and robust financial business model that tests long-term viability, affordability, and resilience under different demand, cost, tariff, and funding scenarios. The Service Authority requires that the plan advances recognised best practice water utility management principles and benchmarks, as set out in Guidance Note 5, Annexure 3, and responds appropriately to changing market, regulatory, and policy conditions, including water sector reform, supply constraints, urbanisation, and evolving customer behaviour.

The Service Provider is required to demonstrate through the Business and Investment Plan how management will achieve the performance targets defined in the A3 Performance Improvement Action Plan (PIAP), while fully complying with all applicable legislative requirements, DWS licence conditions, SANS standards, and obligations defined in this Service Compact.

In fulfilling these requirements, the Service Authority requires the Water and Sanitation Trading Service to develop and maintain an M5-compliant Business and Investment Plan covering at least the Medium-Term Revenue and Expenditure Framework (MTREF) period, supported by a longer-term strategic horizon of 10 to 25 years for major bulk supply, water and sewer network, and wastewater infrastructure investment.

The plan must be supported by an integrated financial business model that projects, at a minimum:

- water demand, water services, customer growth by category, and the impact of Water Demand Management and Water Conservation Management (WDM/WCM) strategy;
- Operating costs, including bulk purchases, operations and maintenance, NRW and system losses, staffing, water wise initiatives, and customer service costs;
- Capital investment requirements for asset creation, refurbishment and renewal, network modernisation, and compliance with regulatory standards; and
- Revenue, expenditure, and funding sources, testing whether tariffs, surcharges, grants, and borrowing are sufficient to ensure long-term financial sustainability and regulatory compliance.

The Service Authority further requires that the Business and Investment Plan and supporting financial model are fully aligned with, and demonstrably support, the A3-PIAP targets, including water security, reduction in Non-Revenue Water, improvements in reticulation network management, enhanced customer access and service quality, and strengthened revenue collection. These instruments must directly inform tariff applications, the MTREF budget submissions (M6), and strategic decisions relating to capital grant funding, borrowing, and bulk water purchases. Through these requirements, the Service Authority establishes the Business and Investment Plan as a mandatory, living management tool underpinning accountable, sustainable, and performance-driven delivery of water and sanitation services.

8 Performance Agreements

8.1 Service Authority Obligations

The Service Authority is responsible for ensuring that the Water and Sanitation Trading Service operates effectively within the framework of the Service Compact and complies with all statutory, regulatory, and sectoral requirements. In particular, the Service Authority must:

- Fulfil all duties and obligations assigned to it under the Service Compact (M1).
- Approve, and monitor the minimum commitments set out in the A3 Performance Improvement Action Plan (PIAP), including:
 - Appointment of the Single Point of Management Accountability (SPoMA) for the Water and Sanitation Trading Service (M2);
 - Approval and oversight of the SPoMA organisational structure (M3);
 - Approval and monitoring of SPoMA delegations (M4);
 - Approval, oversight, and implementation of the Financial Model and Business & Investment Plan (M5);
 - Provision of budgetary support for the trading service's business and investment plan (M6);
 - Ensuring financial transparency through separate segmental management accounts as part of the City's annual financial statements (M7); and
 - Support for organisational change management and capacity building to improve service delivery (M8).

To achieve these obligations, the Service Authority will:

- Maintain enabling policies, by-laws, and approvals that allow the Water and Sanitation Trading Service to operate effectively under its trading licence and within the municipal governance framework.
- Support realistic water and sanitation tariffs and ensure sufficient budget allocation to support operations, capital investment, and service delivery.
- Monitor all M-commitments that fall within the Centre's responsibility, including the delegations framework, reporting systems, and approval processes.
- Provide ongoing oversight, guidance, and support to the Water and Sanitation Trading Service to ensure that service compact commitments are met.

8.2 Service Provider / SPoMA Obligations

The appointed SPoMA (Head of the Water and Sanitation Trading Service) is responsible for the day-to-day execution of the Service Compact commitments and for delivering the objectives of the Water and Sanitation Directorate. Specifically, the SPoMA must:

- Fulfil all service provider duties and obligations defined in the Service Compact (M1).
- Implement and manage the Water and Sanitation Trading Service organisational structure (M3), ensuring staff are aligned, accountable, and resourced to deliver on the service compact.
- Develop, implement, and maintain the Business & Investment Plan (M5) in line with Guidance Note 5, ensuring alignment with the A3-PIAP performance targets (e.g., reductions in NRW, improvements in water network reliability, enhanced customer service, and financial sustainability).
- Produce or contribute to separate segmental management accounts as part of the City's annual financial statements for the Water and Sanitation Trading Service (M7).
- Lead change management initiatives and build organisational capacity to deliver on the Medium-Term Strategic Reform (MTSR) programme (M8).

- Achieve the performance targets set out in the A3-PIAP and ensure delivery of operational, financial, and customer service outcomes.
- Performance legislated regulatory role in respect of National/Provincial legislation, regulations and relevant Council by-laws.

8.3 Linking Compact Obligations to Performance Contracts

The Service Authority requires that all duties, obligations, and key A3-PIAP performance indicators are formally incorporated into the SPoMA's annual performance contract and scorecard, as well as the Directorate's Scorecard. In the case of the Water and Sanitation Trading Service, the SPoMA reports directly to the City Manager as Service Authority, and the performance agreement includes:

- Explicit references to A3-PIAP indicators (e.g., network performance, reduction in NRW, access to water and sanitation, financial sustainability, and customer satisfaction).
- Accountability for implementing the organisational structure, Business & Investment Plan, and financial reporting requirements.
- Responsibility for leading internal change management and capacity-building initiatives.
- Processes for corrective action in the event of non-performance, consistent with the mechanisms set out in Section 14 of the Service Compact.

These obligations are cascaded through the organisation to senior managers and operational units (water treatment, reticulation network, wastewater management, customer services, and commercial teams), ensuring that all levels of the Water and Sanitation Trading Service are aligned with service compact commitments, performance targets, and accountability requirements.

9 Financial Relationship between Authority and Provider

9.1 Section 9.1: Principles and basis for determining the financial relationship

Section 4(2) of the Municipal Systems Act requires that the council strives to ensure that municipal services are provided in a financially sustainable manner.

Financially sustainable is defined in the Act as meaning “the provision of a municipal service in a manner aimed at ensuring that the financing of that service from internal and external sources, including budgeted income, grants and subsidies for the service, is sufficient to cover the costs of — (a) the initial capital expenditure required for the service; (b) operating the service; and (c) maintaining, repairing and replacing the physical assets used in the provision of the service.”

Within this context, this service compact outlines the principles and basis for determining the financial relationship between the service authority (as business owner) and the service provider:

1. Water and Sanitation Trading Service contributions: This consists of grants from the City, the National Government or external sources, to meet service obligations to indigent customers; namely the Local Government Equitable Share and the Urban Settlements Development Grant to name a few.
 - a. Local Government Equitable Share allocation: The allocation of funds from these grants is needs based, such as on the budget required to provide the confirmed number of indigent customers with the allocation of Free Basic Water and Sewerage, as per the Credit Control and Debt Collection Policy.
 - b. Urban Settlements Grant and other grants: These grants are applied for based on a specific project list submitted to the City's Corporate Finance and subject to approval by National Treasury.

2. Inter-business charges are determined based on the provision of services outlined in the Service Level Agreement between the Trading Service and the relevant Corporate Directorate providing the Service. This is supported by the City's Activity Dictionary which captures the cost driver for each service, the per unit cost, and the total annual amount payable for the services provided.

9.2 Tariff Setting

The City of Cape Town's Water and Sanitation Directorate, acting as the Water and Sanitation Trading Service, sets water and sanitation tariffs using a structured regulatory and policy framework that combines municipal budgetary authority, cost-based analysis, public participation, and approval by Council.

9.2.1 Principles Governing Water and Sanitation Tariff Setting

1. **Cost Reflectivity:** Tariffs must reflect the full cost of supplying water and sanitation, including bulk purchases, operations, maintenance, capital investment, administration, and regulatory compliance. This ensures the financial sustainability of the Water and Sanitation Trading Service.
2. **Equity and Social Considerations:** Tariffs must be fair and equitable, taking into account different categories of customers (residential, commercial, industrial) and providing lifeline or subsidised tariffs for low-income households to promote access to basic water and sanitation services.
3. **Financial Sustainability:** Tariffs must support the long-term financial viability of the water and sanitation service, ensuring sufficient revenue to cover operating costs, fund maintenance and asset renewal, and support strategic investments in expansion and reliability improvements.
4. **Transparency and Public Participation:** Tariff-setting processes must be transparent, with cost-of-supply studies and proposed tariffs published for public comment, and stakeholder input formally considered before Council approval.
5. **Regulatory Compliance:** Tariffs must comply with national legislation (MFMA, MSA, Water Services Act) and be approved by Council, ensuring adherence to regulatory principles and preventing arbitrary or unsustainable tariff increases.
6. **Predictability and Stability:** Tariffs should be predictable and stable to enable customers to plan their water consumption and to provide certainty for financial and operational planning within the Water and Sanitation Directorate.
7. **Water Conservation and Water Demand Management:** Tariff structures should incentivise efficient water use and support Water Demand Management measures, encouraging customers to consume responsibly while optimising bulk water supply capacity and reducing NRW.
8. **Cost Transparency and Accountability:** The derivation of tariffs must be clearly documented, with transparent reporting of costs, assumptions, and financial modelling to allow accountability and scrutiny by oversight bodies, regulators, and the public.

9.2.2 Municipal Policy Framework

At the municipal level, water and sanitation tariffs are formulated in accordance with the City of Cape Town's Tariff and Rates Policy, which is adopted as part of the annual municipal budget process. The policy complies with both the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA), which require that all fees, charges, and tariffs for municipal services be approved by a majority vote of the municipal council and reflect cost-recovery, fairness, and

affordability principles. Under the Tariff and Rates Policy, water and sanitation tariffs are structured to recover the cost of providing the service, while also reflecting social equity principles such as structured, tiered pricing systems for piped water and sanitation services.

9.2.3 Tariff Formulation

Tariffs should ensure effective water management and resilience to drought, including the security of water supply, environmental degradation, and pollution of resources to achieve economic growth, development and socio – economic priorities in an equitable and sustainable manner.

The City therefore ensures that the Water and Sanitation budget is ringfenced for all costs, including the support service recharges from corporate services to adhere to cost recovery principle. This is performed via a dual approach, i.e. fixed basic charges as well as inclining block consumptive tariffs. The consumptive tariff helps to manage water demand and promote water conservation. The fixed basic charges create revenue stability, reduces the impact of climate events and to systematically, over time, reflect the structure of the cost.

Specific tariff settings are a function of the average cost and allows for cross-subsidisation of indigent / poor customers. Overall tariff increases are compared to the Consumer Price Index and reasonable affordability for residents.

The City's Corporate Finance budget processes, aligned with legislative prescripts, will be adhered to.

9.2.4 Public Participation and Transparency

In addition to regulatory requirements, the City's tariff-setting process incorporates public participation in line with the MSA and Promotion of Administrative Justice Act (PAJA). Proposed tariff changes and underlying analyses are published for public comment, and stakeholder input is considered before final approval by Council. This ensures transparency, allows customers to understand the cost drivers of tariffs, and provides an opportunity for meaningful engagement prior to implementation.

9.2.5 Council Approval and Budget Integration

Tariffs are incorporated into the City of Cape Town's annual budget through a Council resolution. Tariffs are reflected in the municipal Tariff Book and published as part of the budget documentation, ensuring formal adoption and legal enforceability. This process ensures that water and sanitation tariffs are integrated with broader municipal financial planning, including operating budgets, capital investment programmes, and service delivery outcomes.

By following this structured approach, the City of Cape Town ensures that water and sanitation tariffs reflect the true cost of service, comply with municipal and national legislation, and are formulated and approved in a transparent and participatory manner.

9.3 Statement of flows and balances

The payment for services and the transfer of funds between the service authority and the service provider is to be transparent and noted within the segment report for the trading service in the City's Annual Financial Statement. This should outline the transfer of all grants to the trading service by name with the associated value of each, along with any contributions from the service provider to

the service authority, and the payment of services by the service provider to the service authority noting the name of the directorate and the value of the payment on an annual basis.

10 Governance

10.1 Governance principles and practices

The Service Authority has established and operationalised a comprehensive governance framework for the Water and Sanitation Trading Service that aligns with national constitutional requirements and established municipal policies. This framework ensures adherence to sound governance principles, ethical leadership, accountability, transparency, and anti-corruption measures by both the Service Authority and the Service Provider.

1. **Ethical Leadership and Integrity:** Consistent with the Constitution of the Republic of South Africa and Section 195 of the Constitution which mandates high standards of professional ethics, accountable and transparent public administration, and efficient use of resources, the Service Authority requires ethical leadership and integrity across the Water and Sanitation Trading Service. This requirement has been embedded into organisational policy and practice through the City of Cape Town Ethics Code, which aligns with the Municipal Systems Act (including the Municipal Staff Members Code of Conduct) and King IV principles to promote integrity, fair conduct, and ethical behaviour in daily operations.
2. **Culture of Public Service and Accountability:** The Service Authority and Service Provider maintain a culture of public service and accountability, rooted in the constitutional duty of municipalities to provide services equitably and in the public interest. This commitment is reinforced through performance management systems aligned with the Local Government: Municipal Systems Act, which link service delivery outcomes to organisational and individual performance agreements.
3. **Separation of Oversight and Operational Roles:** The Service Authority exercises strategic oversight through established governance processes without involvement in operational decision-making. Oversight relies on structured information flows, regular performance reporting, and clear delegation frameworks under the SPoMA model, ensuring that operational decisions rest with the appointed Head of the Water and Sanitation Trading Service.
4. **Transparency and Reporting:** Transparency in both financial and non-financial reporting is a core requirement. The Service Provider submits comprehensive, regular reports on financial performance, operational metrics, compliance with regulatory requirements (including DWS licence conditions and Municipal Finance Management Act obligations), and progress against A3-PIAP performance targets. These reporting mechanisms align with the principles of transparent public administration in Section 195 of the Constitution and positional requirements under the MFMA, which calls for effective, efficient and transparent systems of financial and risk management and internal control.
5. **Measures to Prevent Corruption:** Robust anti-corruption measures have been implemented, including compliance with national anti-corruption legislation, mandatory code-of-conduct training, proactive forensic support, consequence management for unethical behaviour, and transparent supply chain management practices in accordance with the Municipal Finance Management Act and associated regulations.
6. **Institutional Oversight Bodies** exercised by key municipal bodies in ensuring effective governance:
 - a. Council: Provides the highest level of political authority and accountability within the City. Council approves the budget, tariffs, by-laws and key policies, sets the strategic

- direction of the municipality, and ensures oversight, compliance with legislation, and adherence to sound governance principles.
- b. **Mayoral Committee (MayCo):** Serves as the executive decision-making body of the City, chaired by the Executive Mayor and comprising councillors with delegated portfolio responsibilities. The Mayoral Committee oversees the implementation of Council-approved policies, strategies, budgets and service delivery programmes, and exercises executive authority to ensure integrated, effective and accountable municipal administration.
 - c. **Water and Sanitation Portfolio Committee:** Exercises oversight over the Water and Sanitation Directorate by reviewing performance, governance and service delivery reports. The Committee considers strategic and operational matters within its mandate and makes recommendations to Council to support informed decision-making and continuous improvement in the Water and Sanitation function.
 - d. **Finance Portfolio Committee:** Oversees the City's financial management by reviewing financial performance reports, monitoring compliance with the approved budget, the Municipal Finance Management Act (MFMA) and related prescripts, and ensuring prudent fiscal stewardship in support of sustainable service delivery.
 - e. **Municipal Public Accounts Committee (MPAC):** Functions as Council's primary oversight body for financial accountability, operating in accordance with legislative requirements and recognised national guidelines. MPAC reviews Auditor-General reports, management responses and related oversight matters, and makes recommendations to Council to ensure corrective action, strengthened governance and improved financial management. MPAC reports are formally tabled and considered by Council.
 - f. **Audit and Performance Audit Committee (APAC):** An independent advisory committee established in terms of section 166 of the MFMA to support Council, the Executive Mayor and administration. APAC provides oversight and advice on internal financial controls, risk management, internal and external audit processes, performance management systems, accounting practices and compliance with applicable legislation, thereby strengthening governance, accountability and assurance within the City.

Through these implemented governance arrangements, the Water and Sanitation Trading Service and the Service Authority demonstrate adherence to national legislative requirements, City of Cape Town policy imperatives, and accepted best practices in public sector governance. These structures ensure clear accountability, ethical conduct, transparency, and effective oversight at all levels of the service delivery framework.

10.2 Value for money and corruption

The Water and Sanitation Directorate, acting as the Water and Sanitation Trading Service, has fully implemented measures to ensure ethical conduct, transparency, and accountability in all operational and procurement processes. These measures align with the Municipal Trading Services Reform (MTSR) Programme Operations Manual, Chapters 11 and 15 of the Municipal Finance Management Act (Act 56 of 2003), the Prevention and Combating of Corrupt Activities Act (Act 12 of 2004), and the City of Cape Town's policies on ethics, anti-fraud, and supply chain management.

10.2.1 Ethical Conduct in Operations and Procurement

All officials and staff within the Water and Sanitation Directorate are governed by Schedule 2 of the MSA – Code of Conduct for Municipal Officials, the City of Cape Town Ethics Code, which establishes

standards of integrity, fairness, and accountability. Ethical conduct is actively promoted and enforced through:

- a) Mandatory ethics and anti-fraud training for all staff involved in operational and procurement processes;
- b) Maintenance of conflict-of-interest and declaration-of-interest registers;
- c) Structured approval workflows and supervisory oversight in line with City policy to ensure ethical decision-making and accountability.

10.2.2 Transparency, Value for Money, and Competitive Procurement

All procurement and contracting for water and sanitation services—including network operations and maintenance, bulk purchases, fleet and equipment acquisitions, and professional services—are conducted in strict accordance with:

- a) The City of Cape Town Supply Chain Management Policy;
- b) Chapters 11 and 15 of the MFMA, ensuring compliance with all legal, financial, and reporting obligations; and
- c) Best practice principles for transparency, competition, and value for money.

Procurement documentation, including bid evaluation reports and contract awards, is maintained in accordance with City procedures and is subject to internal and external audit verification. The Water and Sanitation Directorate, as the Service Provider, is responsible for execution in line with these policies, while the Service Authority provides strategic oversight and ensures compliance with municipal requirements.

10.2.3 Anti-Fraud and Corruption Measures

The Water and Sanitation Directorate has implemented a comprehensive anti-fraud and anti-corruption framework based on City of Cape Town policies and relevant national legislation, including POCA. Key measures include:

- a) Proactive identification of high-risk areas in procurement, operations, and revenue management;
- b) Mandatory reporting of irregular, unauthorised, or wasteful expenditure;
- c) Application of the City's debarment and blacklisting policies for suppliers found guilty of fraud or unethical conduct, including adherence to World Bank debarment provisions where applicable;
- d) Formal whistle-blower protection mechanisms to enable reporting of suspected fraud, corruption, or conflicts of interest; and
- e) Regular internal and external audits to monitor compliance and detect irregularities.
- f) Roles and Accountability
- g) The Water and Sanitation Directorate / Water and Sanitation Trading Service is responsible for implementing all ethics, procurement, and anti-fraud measures, including staff training, adherence to SCM and anti-fraud policies, operational risk management, and reporting of suspected irregularities.
- h) The Service Authority provides oversight, approves key procurement plans, monitors compliance with legislative and municipal policies, and ensures corrective action is taken where non-compliance is identified.
- i) The Audit and Risk Units, in coordination with MPAC, independently review procurement and financial management processes to verify compliance with City policies, legislation, and ethical standards.

Through these fully implemented measures, the Water and Sanitation Directorate ensures that all procurement, contracting, and operational processes are conducted with integrity, transparency, and efficiency, mitigating risks of fraud and corruption and safeguarding public resources in accordance with national legislation and the City of Cape Town's governance policies.

10.3 Transparency and reporting requirements

This section of the Service Compact outlines the reporting obligations between the Service Authority and the Water and Sanitation Trading Service (Water and Sanitation Directorate) to ensure transparency, accountability, performance oversight, and compliance with legislative and regulatory frameworks. These reporting requirements encompass operational, financial, performance, and statutory reporting and are aligned with practices reflected in the City of Cape Town's public reporting frameworks and annual reporting processes.

10.3.1 Key Reporting Obligations of the Water and Sanitation Trading Service

The Water and Sanitation Trading Service must produce and submit the following key reports to the Service Authority and relevant oversight bodies:

a) **Quarterly A3-PIAP Performance Reports**

The Service Provider must submit quarterly reports detailing performance against the A3 Performance Improvement Action Plan (PIAP) indicators (e.g., water security, water and sewer network reliability, NRW, customer service metrics, financial performance). These reports are submitted to the Service Authority, the Water and Sanitation Portfolio Committee, and relevant Council committees for review and oversight.

b) **Quarterly Management Accounts**

The Corporate Finance Treasury Department must prepare and provide detailed management accounts on a quarterly basis to the Water and Sanitation Directorate. These accounts include revenue and expenditure statements, variance analysis against budget, cash flow updates, and key financial ratios. The accounts are submitted to the Service Authority's finance function and the Water and Sanitation Portfolio Committee for scrutiny, in line with municipal financial management practices.

c) **Annual Separate Segmental Management Accounts as part of City's Financial Reporting (M7)**

In accordance with the City's financial transparency requirements, the Corporate Finance Treasury Department produces management accounts that are separate from the broader municipal financial statements. These include the Statement of Financial Position, Statement of Financial Performance, Cash Flow Statement, and Notes to the Financial Statements for the Water and Sanitation service. These financials are included in the City's Annual Report, and made publicly available in accordance with the Municipal Finance Management Act (MFMA) and the City's reporting policies.

d) **Annual Water and Sanitation Service Performance Report**

An annual report specific to the Water and Sanitation Trading Service is prepared for inclusion in the City of Cape Town's broader Annual Report. This report summarises service delivery performance, reliability outcomes, key operational achievements, challenges, regulatory compliance, and progress against strategic targets. It is tabled before Council, presented to relevant portfolio committees, and published on the City's public reporting platforms.

e) **Regulatory and Statutory Sector Reports**

The Service Provider must compile and submit any sector-specific statutory reports required by national or provincial regulatory bodies (e.g., DWS reports, prescribed regulatory financial reporting templates) in accordance with regulatory timelines and submission requirements.

f) **Ad Hoc Reports as Required**

The Water and Sanitation Trading Service must produce ad hoc reports in response to specific requests from the Service Authority or oversight committees related to emerging issues, regulatory developments, or strategic initiatives. These may include reports on compliance, risk, infrastructure failure and service disruptions, customer service metrics, or tariff proposals.

10.3.2 Reporting Channels and Oversight

a) **Service Authority Review:**

All required reports are submitted to the Service Authority for review, performance monitoring, and strategic oversight.

b) **Council and Portfolio Committees:**

Key reports (such as the City's annual financial statements and annual water and sanitation performance report) are tabled in Council and discussed in relevant portfolio committees (Water and Sanitation, Finance) and external Audit and Performance Audit Committee (APAC) to ensure legislative and governance oversight.

c) **Public Disclosure:**

The annual reporting documentation, including the Water and Sanitation Trading Service's performance and financial outcomes, is published as part of the City of Cape Town's Annual Report, consistent with the City's commitment to transparency and public accountability.

These reporting requirements ensure that the Water and Sanitation Trading Service provides timely, accurate, and comprehensive information to the Service Authority, oversight bodies, and the public, facilitating transparency, performance evaluation, and compliance with the legislative framework for municipal reporting.

11 Performance Management

11.1 Performance Management

The Service Compact establishes procedures for addressing any failure by either the Service Authority or the Service Provider to meet the obligations set out in this Compact. This includes operational, performance, human resources, financial, reporting, and service delivery responsibilities.

City Manager interventions are triggered by:

- a. Executive Director alerts to the City Manager (in writing or in person)
- b. City Manager information, example (inter alia) -
 - i. Dashboard information from the City's Data Scientists
 - ii. Exception reports
 - iii. Complaint notices and correspondence

- iv. Poor performance results
- v. Governance committee alerts – MayCo, Municipal Public Accounts Committee, Portfolio Committees and Audit and Performance Audit Committee.
- vi. One-on-one sessions with Executive Directors
- vii. Performance monitoring meetings

City Manager action include, amongst other things, the following steps:

- a. Verbal engagement
- b. Correspondence for response by the Executive Director
- c. Monitoring dashboards
- d. Forum establishment with a formal term of reference if the directorate is deemed to be in a state of continuous monitoring. These are established as monthly meetings and progress to quarterly meetings and then are stopped when better control is confirmed. The terms of reference include:
 - i. Frequency of meetings
 - ii. Attendees (members, standing invitees and guests)
 - iii. Agenda and Minute requirements with record management
 - iv. Correspondence requirements
 - v. Standard Agenda
 - Welcome and apology
 - Presentations
 - Minutes and matters receiving attention
 - Financial Management – SCM demand plan, grant monitoring and operating and capital monitoring
 - Contract management – gaps in contract months and business continuity
 - Operational service delivery – business processes and issues and risks
 - Human resources – vacancy gap, retirement risks and recruitment and selection pipeline

11.2 Dispute Resolution

The Parties acknowledge that the primary objective of this Service Delivery Compact is the uninterrupted provision of trading services to the City and its residents. In the spirit of the King IV Report on Corporate Governance, the Parties commit to resolving disputes through proactive, constructive, and interest-based mechanisms, prioritizing mediation and negotiation over adversarial processes.

Pending the resolution of any dispute, both Parties shall continue to perform their respective obligations under this Compact. No Party may withhold service delivery, technical support, or performance reporting as a result of a pending dispute.

11.2.1 Stage 1: Technical Level Resolution

- a. Should a dispute arise regarding the interpretation, performance metrics (KPIs), or operational requirements of this Compact, the aggrieved Directorate shall notify the other Party in writing.
- b. Within 5 (five) business days of such notification, the relevant Technical Leads or Line Managers shall meet to attempt an informal resolution.
- c. The resolution at this stage must focus on technical alignment with the Metro Trading Services Programme (SPOMA) standards and the recovery of any performance deviations.

11.2.2 Stage 2: Directorate Management Escalation

- a. If the dispute is not resolved at the technical level within the timeframe specified in 2.2, it shall be escalated to the respective Directors of the involved Directorates.

- b. The Directors shall meet within 7 (seven) business days to negotiate a settlement, taking into account the broader strategic objectives of the City's integrated development goals and financial frameworks (e.g., Grant Expenditure Scorecards).

11.2.3 Stage 3: Executive Mediation

- a. Should the dispute remain unresolved, it shall be referred to the relevant Executive Directors (EDs) for the respective Directorates.
- b. The EDs shall attempt to resolve the matter through formal mediation, ensuring that the resolution complies with the Municipal Finance Management Act (MFMA) and the City's delegated authority.

11.2.4 Stage 4: Independent Referral to ED: Corporate Services

- a. A dispute shall be referred to the ED: Corporate Services for an independent determination if:
 - i. The Executive Directors reach a deadlock and cannot resolve the matter within 10 (ten) business days of referral; or
 - ii. The City Manager is a formal party to the Service Compact or the dispute, thereby necessitating an independent arbiter to ensure administrative fairness and avoid a conflict of interest.
- b. The referral to ED: Corporate Services must be supported by a concise "Dispute Brief" outlining the technical and/or financial points of contention and the impact on the SPOMA Service Compact.
- c. ED: Corporate Services shall review the dispute based on performance data, compliance with the MFMA, and the City's Performance Management Framework.
- d. ED: Corporate Service shall issue a written recommendation to the City Manager.

11.2.5 Finality of Decision

- a. When issued, the determination provided by ED: Corporate Services shall be final and binding upon the Parties for the purposes of this internal Compact.
- b. This process is intended to remain an administrative governance mechanism; as such, no political office-bearer (including the Executive Mayor or MayCo Members) shall be called upon to adjudicate technical or operational disputes arising from this Compact.

11.3 Force Majeure

The Service Compact recognises that extraordinary events outside the reasonable control of either party may temporarily impede the ability to fulfil obligations and have both direct and indirect cost implications.

11.3.1 Definition of Force Majeure

"Force Majeure" refers to any event or circumstance beyond the reasonable control of either party, which prevents or materially impedes the performance of their obligations under the service compact. Such events may include:

- a. Natural disasters (such as floods, earthquakes, droughts, or fires);
- b. Civil unrest, war, terrorism, or acts of sabotage;
- c. Epidemics, pandemics, or public health emergencies;
- d. Industrial actions not limited to the control of the affected party;
- e. Power supply failures, critical infrastructure breakdowns or cyber-attacks;
- f. An unforeseeable change in national legislation that may impact on the total operation, structure or conditions of the market structure or

- g. Any other unforeseen event declared as a national or provincial disaster in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002)

11.3.2 Notification and Mitigation:

Subject to clause above regarding 'Breach', should any Party (the "Invoking Party") be prevented from fulfilling its obligations in terms of this Agreement as a result a *Force Majeure* event then:

- a. the Invoking Party shall forthwith give written notice thereof to the other Party and other relevant stakeholders;
- b. such notice must specify the cause and anticipated duration of the *Force Majeure* event; and
- c. the Invoking Party shall promptly upon termination of the *Force Majeure* event, give written notice to the other stating that such *Force Majeure* event has terminated and will forthwith, recommence performance of its obligations in terms of this Agreement.
- d. Performance of any such obligations shall be suspended from the date on which the written notice is given in terms of clause 11.2.1.a until the date on which notice is given in terms of clause 11.2.1.a.
- e. The Invoking Party shall not be liable for any delay or failure in the performance of any of its obligations under this Agreement, or loss or damage due to or resulting from the *Force Majeure* event during the period referred to in clause 11.3.2a provided that the Invoking Party uses and continues to use its best efforts and takes all reasonable steps to perform such obligation and provides the necessary notices as set out in clause 11.3.2a
- f. If the *Force Majeure* event continues for more than 30 (thirty) calendar days, the parties must jointly identify/review affected service compact obligations. This may result in adjustment of performance targets, timelines, or budget allocations, the temporary re-prioritisation of programmes or invoking additional support or relief mechanisms. Any such adjustments must be appended to the Compact as a formal addendum.
- g. Both parties commit to act in good faith during and after any *Force Majeure* event, ensuring that service continuity, transparency, and accountability remain central to all remedial actions and decisions taken under this clause.

12 Annexure A: Summary of Delegations

The City of Cape Town's System of Delegations establishes a layered governance framework that deliberately separates the exercise of authority from the retention of accountability. Within this system, Council delegates powers to the City Manager, who in turn sub-delegates to Executive Directors. These Executive Directors may further sub-delegate to Directors, Managers, and other officials to enable efficient day-to-day operations. However, a foundational principle runs throughout the framework: delegation does not remove accountability. Even where decisions are taken at lower levels, the Executive Director remains ultimately responsible for the performance of the entire directorate.

For the Executive Director: Water and Sanitation, this framework translates into a clear and comprehensive mandate. The delegations explicitly define the role as being accountable for the end-to-end management of the water and sanitation services value chain, encompassing regulated bulk, distribution, technical and commercial services. This establishes a holistic accountability that spans both the physical infrastructure of water sourcing and treatment, water reticulation and sewer conveyance, the discharge of treated effluent, the commercial and customer-facing elements of the service, and the shared services that reside within the directorate.

In practice, this means that responsibility extends across the full spectrum of service delivery. On the technical side, the Executive Director is accountable for master planning, asset creation, asset management, and the operation and maintenance of water and sanitation infrastructure. These functions ensure that the entire system is reliable, resilient, and able to meet both current and future demand. At the same time, the delegations make it clear that these technical responsibilities cannot be separated from the commercial and customer environment. The Executive Director is equally accountable for customer services, including communications and metering, and for financial performance, including billing and credit control.

The delegations further embed accountability across the organisational and human resource dimension. While authority for recruitment, appointments, performance management, and disciplinary processes is distributed through sub-delegations to Directors and Managers, the Executive Director retains responsibility for ensuring that the directorate as a whole has the capability, capacity, and performance culture required to deliver its mandate. This includes oversight of the staff establishment, competency, training, and workforce management, as well as ensuring that labour relations processes are properly managed and aligned with policy.

Similarly, the framework draws support services directly into the Executive Director's accountability. Functions such as procurement, contract management, information technology, and fleet management are not treated as peripheral or corporate-only responsibilities. Instead, the delegations position them as integral enablers of service delivery, for which the Executive Director remains accountable. This is particularly evident in the extensive delegations relating to supply chain management: the approval of bid specifications, oversight of procurement processes, and responsibility for monitoring contractor performance all sit within the directorate's mandate. The Executive Director is therefore accountable not only for what services are delivered, but also for how effectively external suppliers and internal support systems contribute to those outcomes.

Financial accountability is similarly embedded throughout the delegations. While specific financial authorities—such as virement thresholds or procurement limits—are distributed across levels of management, the Executive Director is ultimately responsible for the financial health and sustainability of the water and sanitation function. This includes ensuring that revenue collection, expenditure control, and budget alignment with strategic objectives are effectively managed. The

requirement to align directorate plans with the City's Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) reinforces the Executive Director's role in linking operational performance with broader municipal strategy.

Beyond operational and financial performance, the delegations also place strong emphasis on governance, compliance, and ethical conduct. The Executive Director is accountable for ensuring that all activities within the directorate comply with applicable legislation, by-laws, and policies, and that decisions are taken in accordance with principles of administrative justice. Delegations relating to disciplinary processes, forensic investigations, and the laying of criminal charges reinforce the expectation that the Executive Director must actively uphold integrity and respond to misconduct or irregularities within the value chain.

Overlaying this operational accountability is a structured system of oversight and reporting. Executive Directors are required to report to the City Manager on the exercise of delegated powers and on the performance of their directorates. At the political level, the Water and Sanitation Portfolio Committee exercises oversight over Bulk Services, Distribution Services, Technical Services, Commercial Services, and Shared Services, and monitoring implementation of plans such as the Water Services Development Plan and evaluating service delivery outcomes. This ensures that while the Executive Director holds executive accountability, performance is subject to continuous scrutiny within the City's governance structures.

In narrative terms, therefore, the delegations create a model in which the Executive Director: Water and Sanitation functions as the single point of accountability for a complex, utility-scale business embedded within the municipal administration. Authority is distributed across the organisation to enable responsiveness and efficiency, but accountability is intentionally concentrated at the top of the directorate. The Executive Director is responsible not only for the technical delivery of water and sanitation services, but also for the customer experience, financial viability, organisational capability, and governance integrity of the entire water and sanitation value chain.

Ultimately, the delegations reflect a deliberate design: to treat the Water and Sanitation Directorate as an integrated business unit, where infrastructure, people, finances, and support systems are all aligned under a single executive authority. In this way, the Executive Director's accountability is truly end-to-end, spanning from planning and investment decisions, through operational delivery and customer interface, to financial performance and regulatory compliance, ensuring that the City's water and sanitation services are delivered effectively, sustainably, and in the public interest.



CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

Metro Trading Services Reform (MTSR) Programme

M5: Business & Investment Plan

Water & Sanitation

A New Relationship with Water

June 2026

Version 1.3

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Abbreviations

NT	National Treasury
MTSR	Metro Trading Services Reform
CCT	City of Cape Town
SPoMA	Single Point of Management Accountability
SP	Service Provider
UDFG	Urban Development Funding Grant
IDP	Integrated Development Plan
NWP	New Water Programme
WDM/WC	Water Demand Management and Water Conservation
WWTW	Wastewater Treatment Works
SCADA	Supervisory Control and Data Acquisition
AM	Asset Management
SOP	Standard Operating Procedure
W&STS	Water and Sanitation Trading Service
WRC	Water Research Commission
DEWATS	Decentralised Wastewater Treatment Systems
BORDA	Bremen Overseas Research Development Association
MoA	Memorandum of Agreement
CCM	Capital and Contract Management
AMI	Advanced Metering Infrastructure
RIMA	Reactive Incident Management Application
WEMA	Water Engineering Maintainer Application
UCT	University of Cape Town
UWC	University of the Western Cape
US	University of Stellenbosch
CPUT	Cape Peninsula University of Technology
DWS	(National) Department of Water and Sanitation
DEADP	Provincial Department of Environment and Development Planning;
P-DWS	Provincial Department of Water and Sanitation
ND-CoGTA	National Department of Cooperative Governance and Traditional Affairs
SDBIP	Service Delivery and Budget Implementation Plan
OPM	Organisational Performance Management
PIAP	Performance Improvement Action Plan
MPP	Mayor's Priority Programme
SIWQ	Sanitation and Inland Water Quality
SLA	Service Level Agreements
NWP	New Water Programme
NRW	Non-Revenue Water
EPWP	Expanded Public Works Programme
IR	Institutional Roadmap
BIP	Business and Investment Plan
WSMT	Water and Sanitation Management Team
LTFP	Long-Term Financial Plan
AGSA	Auditor General of South Africa
WSPC	Water and Sanitation Portfolio Committee
APAC	Audit and Performance Audit Committee
KfW	Kreditanstalt für Wiederaufbau
IS&T	Information Systems and Technology
GIS	Geographical Information Systems
LLF	Local Labour Forum
DLC	Directorate/Departmental Labour Committee
EPM	Enterprise Performance Management
ILI	Infrastructure Leakage Index
HH	Household

EPM	Enterprise Performance Management
ISUPG	Informal Settlements Upgrading Partnership Grant
UDFG	Urban Development Financing Grant
SDF	Spatial Development Framework
WSDP	Water Services Development Plan
SCM	Supply Chain Management
CBOs	Community-Based Organisations
CMFs	Catchment Management Forums
MPVs	Multi-Purpose Vehicles
LDVs	Light Delivery Vehicles
NEVs	New Energy Vehicles
UIFW	Unauthorised, Irregular, Fruitless and Wasteful
MPAC	Municipal Public Account
SCM	Supply Chain Management
CM	City Manager
SANAS	South African National Accreditation System
SATAS	South African Technical Auditing Services
NRCS	National Regulator for Compulsory Specifications
SABS	South African Bureau of Standards
RFI	Rapid Financing Instruments

1 Introduction

Background to the Reform Programme

The National Treasury's (NT) Metro Trading Services Reform (MTSR) programme is a multi-year national initiative designed to improve the financial and operational performance of essential trading services, specifically water, sanitation, electricity and solid waste management, across South Africa's metropolitan municipalities. It was launched in response to structural underinvestment and declining service delivery quality experienced in several metros. For the City of Cape Town (CCT), the MTSR programme provides a strategic opportunity to further enhance its core trading services as high-performing, financially sustainable and service-oriented municipal business units. It enables the CCT to position its trading services for long-term viability, resilience and improved public value.

The MTSR Programme is underpinned by the new Urban Development Financing Grant (UDFG), which makes up to R54 billion available across all metros over an eight-year horizon to incentivise measurable improvements. Participating metros can access allocations based on compliance with programme requirements and demonstrated performance.

The Reform Goal

The five key requirements that must be met to achieve and sustain the reform are:

- Single Point of Management Accountability (SPoMA); namely that the Water and Sanitation Trading Service Head has full executive authority and accountability for the performance of the trading service
- A turnaround in cash revenue
- Generating a financial surplus
- A clearly defined relationship between service provider and service authority
- An institutional structure that is fit-for-purpose

Moreover, the 7-box Model provides the components of a management system for a successful trading service and serves as a framework to guide the reform process.

Participation in the MTSR Programme further reinforces the CCT's Integrated Development Plan (IDP) 2022 – 2027 objectives by enhancing access to reliable basic services, modernising infrastructure and strengthening governance.

The Water and Sanitation Reform Strategy was adopted by Council in September 2024 and supported further by the Institutional Roadmap (IR), Business & Investment Plan (BIP) and Performance Improvement Action Plan (PIAP) first approved in January 2025.

This programme has the full commitment of Council and the Executive Leadership of the City (M1). It will ensure that delegations (M4) align with the role of the SPoMA appointee (M2). Moreover, implementation of the business and investment plan (M5) has been enabled through having the necessary programme and project execution capacity (M8), a service model review (M3), budget support (M6) with financial transparency (M7), and a change management plan (M8).

Water and Sanitation - Overview

The Water and Sanitation Directorate has made significant progress in providing water and sanitation services to the CCT's residents since the formation of one Metro administration following the 2000 municipal elections. All formal areas are adequately provided for with water and sanitation services, while services within informal settlement areas are continually being improved.

Large scale urbanisation as seen in the City has led to some new areas being developed, resulting in the demand exceeding the installed capacity. In formal areas the latter is fully planned for in advance, in informal settlements it is not always fully planned for to the same extent, as the nature of informality is characterised by people arriving first on land followed by an official City response. This process could potentially impact the CCT's ability to consistently improve service levels.

To ensure sustainable, fair, equitable, reliable and financially viable provision of water and sanitation services, the Directorate has developed and is implementing programmes that address the priorities of both the City and the NT Trading Services Reform initiative. The programmes also seek to ensure compliance with the National Water Act, Water Services Act and the related regulations- National and City Policies.

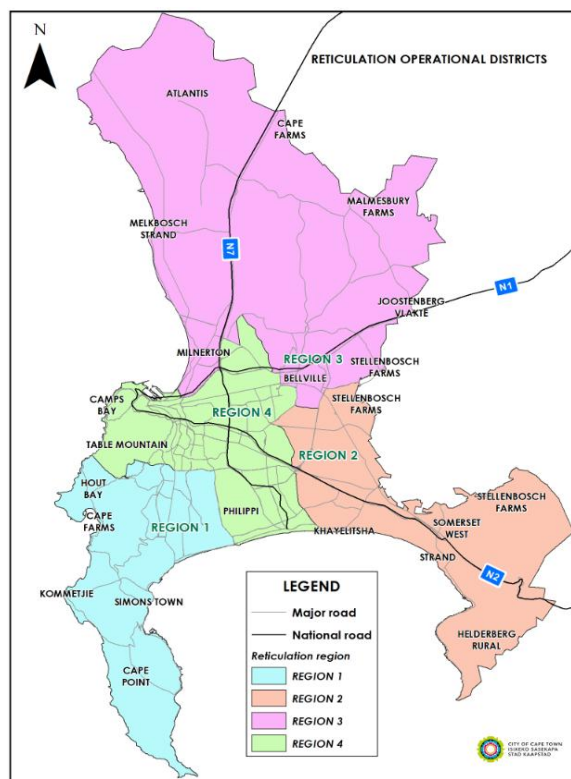


Figure 1: Reticulation Operational Districts

Due to the impact of the drought, the threat of climate change and the need to improve water security, the City's Water and Sanitation Directorate revised its vision and mission as part of the Water Strategy 2019. To achieve the improved service, the Water and Sanitation Directorate's Vision and Mission in support of the City's Vision of a *City of Hope*, is as follows:

Vision: By 2040, Cape Town will be a water-sensitive City that optimises and integrates the management of water resources to improve resilience, competitiveness and liveability for the prosperity of its people.

Mission: To provide safe, sustainable and affordable water and sanitation services through the efficient optimisation of resources and utmost respect for the environment

Commitments:

1. Safe access to water and sanitation
2. Wise use
3. Sufficient, reliable water from diverse source
4. Shared benefits from regional water resources
5. A water sensitive City

Transitional plan programmes, 2021-2030:

1. Upgrading water and sanitation in informal settlements (Commitment 1)
2. Improving water and sewer network management (Commitment 2)
3. Increasing water resilience (Commitments 3 and 4)
4. Improving water quality & transitioning to a water sensitive City (Commitment 5)
5. Creating a customer-oriented organisation
6. Achieving financial sustainability
7. Establishing a culture of continuous improvement
8. Becoming an employer of choice

Business focus areas to address critical challenges:

- First in Africa to become a Leading Water Utility of the World
- Employee and Leadership Development
- Infrastructure Stability
- Water Resource Adequacy
- Product Quality
- Community Sustainability
- Consumer Satisfaction
- Operational Optimisation
- Stakeholder Management and Support
- Financial Viability
- Operational Resilience

2 Contextual Analysis

Context and strategic alignment

The City's IDP has set out six strategic priorities, including basic services (reliable water and sanitation), resilience and protected public space, environment and amenities. This highlights Water and Sanitation as services that are central to improving living conditions, health outcomes, and poverty reduction in the City, as well as provide the enabling capacity for economic development and growth. The organisation further emphasises financial sustainability through good governance and alignment with King V. These priorities are further supported by credible reporting on water and sanitation programs to strengthen stakeholder trust.

Water and sanitation infrastructure and operations are capital- and energy-intensive. The City's focus on inclusive economic growth and affordability outlines a balanced approach to tariffs, subsidies for vulnerable households, and innovative finance models for long-term sustainability.

The three foundational enablers namely resilience, spatial integration and inclusivity, and capable and collaborative City government highlight digital transformation, data-driven decision-making, and integrated planning that is critical to among others, the reduction in non-revenue water (NRW), improved metering, asset management, and delivering timely performance reporting.

Legal and policy analysis

The City's Water and Sanitation Services Policy (2023) recognises that the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) assigns local government the responsibility for the provision of water and sanitation services. Accordingly, the City is mandated to deliver these services within its jurisdiction in a manner that is sustainable, safe, reliable, environmentally responsible, and financially

viable. The following legal instruments constitute the primary sources of authority and obligation for this programme (the list is not exhaustive):

- Constitution of the Republic of South Africa, 1996 (Act No. of 1996): Section 27 enshrines the right of everyone to have access to sufficient water.
- Local Government: Municipal System Act, 2000 (Act No. 32 of 2000): This Act provides the framework for resource mobilisation, service delivery, and performance management within municipalities.
- Water Services Act, 1997 (Act No. 108 of 1997): This Act governs the provision of water and sanitation services, setting the framework for duties of Water Services Authorities.
- The National Water Act, 1998 (Act No. 36 of 1998): This Act regulates water resources and pollution control.
- The Compulsory National Water and Sanitation Services Standards, 2025; These are core prescriptive, quality standards for service delivery. They include key performance indicators and timelines that the City would need to comply with in line with existing policies and procedures.

The CCT is experiencing the negative impacts of climate change, rapid urbanisation, expanding informal settlements, which places a greater demand for basic water and sanitation services. To ensure sustainability the Water and Sanitation directorate is looking at alternative supplies, with active projects in water reclamation, groundwater extraction and desalination.

The City therefore needs to review the current policy and bylaw instruments with the intent to strengthen the management of the water and sanitation value chain to ensure alignment with the evolving legislative environment and promote the proactive protection of the City's available water resources and existing infrastructures by developing a regulatory framework that will provide the level of protection and manage the risks.

Key opportunities

Climate adaptation, drought risk management, and disaster risk reduction serve as impetus to accelerate processes to secure water supply and provide services under climate volatility. Moreover, the roll-out of Water Demand Management and Water Conservation (WDM/WC) interventions, Advance Metering Infrastructure (AMI), SCADA, and data analytics also serve to reduce NRW, optimise energy use, and improve service reliability.

Prioritising reliable and improved water and sanitation access in informal settlements, and backyard dwellings is key to basic service delivery, and is supported by affordability measures. Tariff pathways with targeted subsidies, and the use of public private partnerships will assist in reducing cost pressures.

The MTSR also presents a strategic opportunity for the Water and Sanitation Trading Service to strengthen institutional and governance frameworks, enhance service delivery and achieve greater financial sustainability.

Key risks and mitigation

- Revenue risks and social protections: The challenge is to balance tariffs with social protection for indigents to better manage debt collection with subsidy targeting.
- Water security risk: Mitigate through diversification of sources, investment in infrastructure resilience, and implementation of WDM/WC strategy.

- Project delivery risk: Manage by strengthening engineering and project management capacity, procurement and contract management to support capital programme execution.
- Public trust risk: Enhance transparency through regular media updates, performance reporting, and community engagement.

Strategic priorities and actions

- Infrastructure development and network modernisation: Investing in resilient water capacity and networks, wastewater treatment capacity upgrades, and pipe replacement initiatives to improve service reliability and proactively plan for densities and growth
- Climate-adaptive design: Integrating climate risk assessments and nature-based solutions into capital programs and asset planning for water resilience.
- Service delivery enhancements: Improving access and availability of services in informal settlements
- Affordability and social equity: implementing tariff reforms with social protection components; monitored implementation of City's social/indigent support programmes; community awareness programmes and communications on water conservation, payment plans, and the benefits of regular payments.
- Governance and assurance: Strengthening SPoMA, internal controls, risk management, and assurance towards institutional readiness that is aligned with the City ambition as highlighted in the Water and Sanitation Reform Strategy and PIAP.

Key metrics to monitor and evaluate on the Performance Improvement Action Plan (PIAP):

- Capital budget execution (A4 and F5) and core technical and management capacity (A5)
- Financial viability (F1), cash collection (F2), debtor management (F4), and self-financing ratio (F6)
- Water security (W1) and drinking water quality assurance (W2), water network performance (W5) and NRW (W10) reduction as a percentage of total water supplied
- Sewer network performance (W6) and Wastewater treatment compliance (W3 and W4)
- Service Management response rates for both water and sewer service complaints (W8 and W9)
- Improved Metering performance (W11)
- Stakeholder trust and satisfaction as tracked and monitored through the City's Community Satisfaction Survey (A1)

Water and Sanitation Situation Analysis:

	Threats and risks	Opportunities
External	• Flood Risk, Climate change and rainfall uncertainty • Countries economic slowdown • Rejection of tariffs and implications for revenue collection • Lack of external funding/affordability constraints • Environmental degradation (i.e. alien plants) • Rapid urbanisation and informality • Quality of inland water/pollution impact • Safety and security of staff and contractors working in the community • Increased land invasions/informality and impact thereof • Encroachment onto City servitudes • Impediments to service delivery (and the concomitant compliance implications)	• Climate adaptation funding • Smart water technologies • Public-private partnerships • Metro Trading Services Reform Programme • Revenue generating possibilities e.g. Scientific service providing alternative services and increased implementation of non-potable water to generate revenue • AI and digital transformation (central integrated system – current systems fragmented) • City ISO 56001 Initiative International Innovation standard – Ambassadors for Innovation

Internal	Strengths	Weaknesses
	• Good Water quality • Resilience planning – lessons from Day Zero • Strong public and stakeholder engagement • Track record of performance • Skilled competent staff • Maintained a good CSS score • Good management systems (including quality/energy management) • A Leading Utility of the World – first in Africa • Directorate dedicated to Water and Sanitation	• Revenue instability • Ageing infrastructure • Lack of standardisation of WW treatment technologies across plants • Reactive maintenance and insufficient investment • Regulatory compliance – norms and standards not met in all instances • High increases in operational costs • Resource scarcity – business product • Ageing staff, challenges to skilled staff retention

Analysis facilitated by EY South Africa

Legislative changes

Proposed changes in legislation through the Draft National Water Amendment Bill and Draft Water Services Amendment Bill (published in November 2023). Relevance includes institutional reforms to improve management of water services such as the DWS regulations on licensing of water service provider (SP).

Table 1: Key Legislation

1. Draft National Water Amendment Bill	
Key Provisions	Potential Implications
Water Source Area Protection	Minister may review and prohibit water use licenses in threatened water sources areas
Personal Liability for Pollution Offences	Municipal Managers and cooperate directors may face conviction and imprisonment for water pollution offences by their entities.
2. Water Services Amendment Bill (B23-2025)	
The Draft Water Services Amendment Bill (B23-2025) introduces personal criminal liability for Municipal Managers and Directors in instances of intent or gross negligence, including fines of up to R10 million or imprisonment of up to 10 years.	
Key Provisions	Potential Implications
Mandatory Licensing of Service Providers	All Water Service Providers must obtain an operating license from the National Department of Water and Sanitation. The license will set conditions for governance, technical capacity, financial management and reporting.
Expanded enforcement	Minister can issue compliance directives and seek court relief for non-compliance. Authorised persons may access facilities, inspect, and have search and seizure powers.
3. Revised Compulsory National Water and Sanitation Services Standards (2025)	
The Revised Compulsory National Water and Sanitation Services Standards (2025) set out minimum requirements for water supply and water sanitation services by Water Service Authorities.	
Key Provisions	Potential Implications
Interim Services for Informal Settlements	Obligation on Water Service Authority to provide interim services within 90 days of discovery of informal settlement (communal standpipe within 200m)

Water Quality Standards	All drinking water must comply with SANS 241
Metering and Maintenance	Water Service Authorities are responsible for meter accuracy, maintenance, repair, and replacement within set timeframes
4. Occupational Health and Safety Amendment Bill and New Regulations The Occupational Health and Safety Amendment Bill and New Regulations enhance workplace safety, consolidate physical agent protections, and potentially introduces stricter employer duties and spot fines.	
Key Provisions	Potential Implications
Proposed OHS Amendment Bill	Expanded worker rights (i.e. refuse unsafe work) include increased penalties (up to R5million or 5 years improvement for employers) and spot fines.
Noise Exposure Regulations, 2024	Comprehensive framework for noise risk assessments and hearing conservation programmes
Physical Agents Regulations, 2024	Covers heat/cold stress, vibration, radiation and illumination.
Risk Assessments Requirements	Competent person must conduct documented risk assessment at least every two years
5. The National Water Resources Infrastructure Agency (NWRIA) Amendment Bill (B13-2025) The National Water Resources Infrastructure Agency (NWRIA) Amendment Bill (B13-2025) consolidates management of bulk water resources into a single entity, which may be the primary organisation for partnerships and possible water supply agreements.	

Climate Change

Cape Town's 2015–2017 water crisis was driven by an unprecedented low-rainfall period that was estimated to be a 1 in 590-year event. Climate change projections provide a window into possible climate futures for the City, but how this happens is unclear. There could be a gradual change, or a step-change in water availability, with more frequent and severe low-rainfall years, higher temperatures, and increased evaporation. These changes would significantly raise the risk to Cape Town's water supply. This could potentially impact investor confidence and economic growth. There is also uncertainty whether, and to what degree it will be possible to restrict water demand in a future drought, but it is unlikely that it will be possible to achieve the same levels – due to the embedded efficiencies coming out of the 2015-2017 drought.

The City's Water Strategy (2019) aims to transition the City away from its exclusive reliance on surface water. A New Water Programme is currently underway to diversify supply sources – groundwater abstraction, water reuse and desalination – while integrating these new schemes with the existing surface water system. The Water Strategy recognises that more expensive supplies may not always be required, but that they act as insurance against the increasing frequency of droughts.

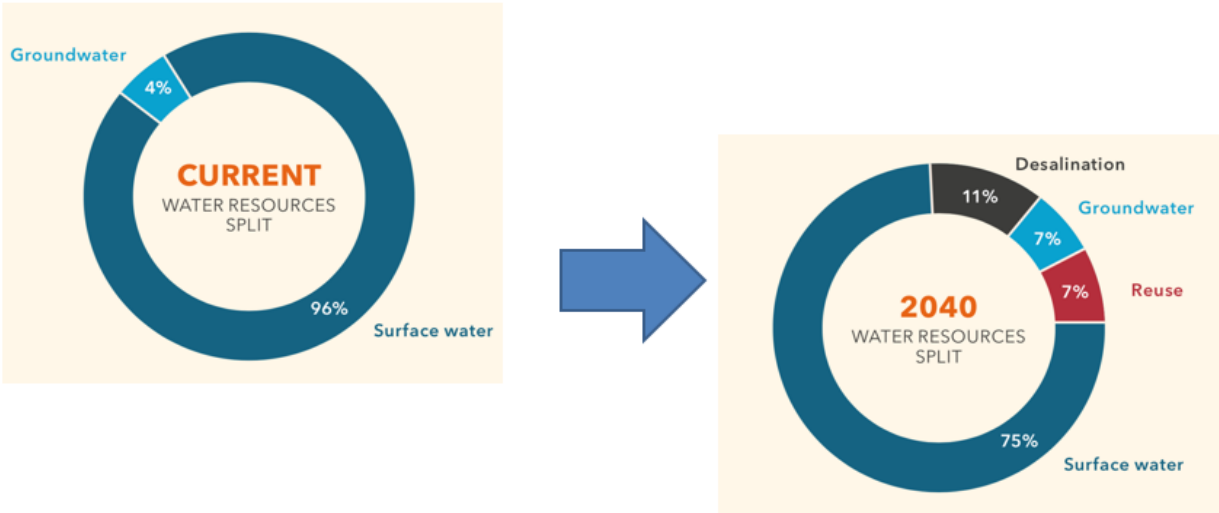


Figure 2: Water resilience: diversifying away from surface water

Complementary demand-management measures, such as smart metering, leak-reduction, advanced metering infrastructure (AMI) and consumer-education programmes, are also being strengthened to maximise water-sensitivity and resilience.

The Water Strategy’s investment priorities reflect the dual need for supply diversification and demand control. Over the next decade, the City plans to add more than 300 ML/d of new water capacity to increase the City’s assurance of supply and mitigate the risk of reduction in yield as a result of the impact of climate change. While initially targeting the 95th percentile climate change impact, the City is currently planning for the 50th percentile of climate change forecasts. While anecdotal evidence of shifts in climate – particularly concerning intensity and seasonality – have been noted, the initial assumptions in the Water Strategy were demonstrably conservative. With no evidence yet of the realisation of a “step change”, the slight relaxation in this planning assumption is considered reasonable considering the extensive internal and external regulatory approval processes, rigorous due diligence requirements for high-value investments, the pioneering nature of the work involved, and affordability considerations in implementing the New Water Programme. Should evidence come to light, it would be necessary for the City to accelerate its programme.

The New Water Programme, which aims to mitigate the impact of Climate Change, includes projects such as large-scale desalination, expanded wastewater reuse, groundwater augmentation, and surface water augmentation schemes. These initiatives are staged as “committed” and “adaptable” programmes and are regularly updated in the City’s annual Water Outlook Report. Changes aim to respond to changes in climate and water demand rebound patterns. At the same time, the City is upgrading infrastructure, through an infrastructure stability programme, to maintain reliability.

Changes in technology and costs affecting investment choices

The City continues to strengthen the resilience, security, and performance of its water and sanitation infrastructure through a range of targeted technology interventions. These initiatives are driven by three core imperatives: protecting critical municipal assets, enhancing operational oversight and management of water and sanitation systems, and improving the reliability and quality of services delivered to customers. Increasing incidents of infrastructure theft, vandalism, and unauthorised access, combined with the operational complexity of managing a vast and aging reticulation network, have necessitated innovative approaches rooted in smarter monitoring tools, robust materials, and data-driven maintenance practices.

To mitigate theft and asset losses, the City has implemented a suite of interventions aimed at reducing the scrap value of components, improving traceability, and limiting physical access to high-risk infrastructure. These include the use of polymer concrete chambers and polymer covers, City-branded access lids, the transition from brass to plastic water meters, and the rollout of lockable manhole covers across the metro. Daily geo-referenced reporting further supports intelligence gathering, hotspot identification, and enforcement planning. Future concepts under consideration, such as strategic CCTV camera installations and manhole breach sensors, will enable real-time detection and rapid response, expanding the City's capability to safeguard assets.

Theft loss prevention strategies and interventions
Preventative strategies • City of Cape Town branding on covers for ownership identification to deter scrap metal dealers from taking stolen property. • The City is no longer installing brass water meters and is only installing plastic water meters due to the scrap value potential from the brass water meters. Implemented Interventions • Polymer concrete chambers and beltobies are used as a substitute for infrastructure, where the valves, air valves and fire hydrant are located on the sidewalk and not in the road. • Metal covers are replaced with polymer covers where possible in certain hotspots to deter theft. This has proven to be effective, unless pure vandalism is experienced – which is different to theft. • Lockable Manhole covers are being implemented across the City in this financial year (FY25/26) to stop unauthorised access or removal of manhole covers. • Daily geo-referenced reporting for intelligence, hotspot tracking and enforcement planning. Possible Future / Conceptual Interventions • Strategic camera installations at high-risk sites (linked to a response plan). • Access breach sensors on selected manholes to trigger alerts when moved.

Complementing these protection strategies is the advancement of system performance monitoring. The deployment of sewer flow loggers in selected catchments represents a key milestone in enhancing the City's understanding of actual network behaviour. These devices enable calibration of SEWSAN hydraulic models using real-world data, support root-cause analysis of capacity constraints, and improve future flow forecasting. Additional benefits include accurate confirmation of wet-weather flows and peak factors, which will directly inform the appropriate sizing of future reticulation upgrades and pump station designs.

Underpinning all these interventions is the critical need for proactive, high-quality asset care. To improve maintenance execution and enhance the integrity of the asset database, the Reticulation Branch has implemented a mobility solution that integrates updated technology, skilled personnel, and streamlined business processes. This digital transformation improves the quality and speed of maintenance work, ensures accurate asset information, and strengthens the end-to-end customer experience.

Together, these asset protection measures, monitoring technologies, and digital maintenance enhancements contribute to a modernised, resilient, and intelligent water and sanitation network. By combining preventative infrastructure strategies with real-time operational intelligence and data-driven planning, the City is positioning itself to deliver reliable, secure, and sustainable services to all customers.

Metro Trading Services Reform: Theory of Change – Logic Model

The MTSR will be the vehicle for the directorate to move from being a Leading Utility of the World to higher levels of performance through the implementation of a financial business model to improve financial performance and liquidity, institutional reform that aligns with and enables SPoMA, and programmes to achieve operational excellence and high-quality service delivery.

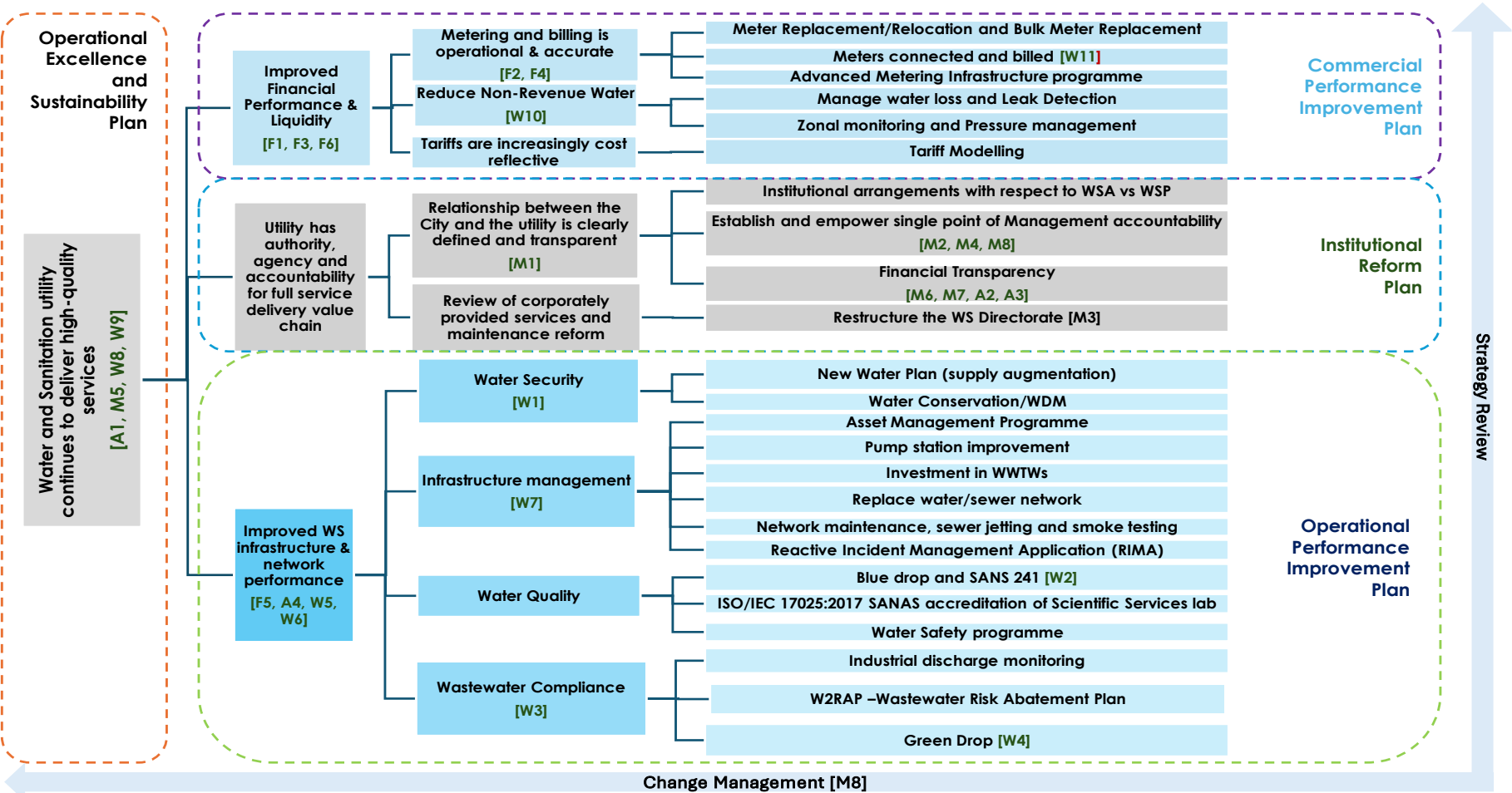


Figure 3: Water and Sanitation MTSR Logic Model

Table 2: Business and Investment Plan - A3 PIAP

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31
A Water and Sanitation utility that continues to deliver constantly improving high quality services	1. Enhanced accountability for the full water and sanitation services value chain	Improved Financial Accountability [A4]	Financial Transparency [M6, M7, A2]	Municipal budget approved by Council Trading Service Management Account	Director: Budgets, Finance						
				ICU Assessment Score mSCoA Roadmap	Director: Budgets, Finance						
			Procurement Transparency [A3]	e-procurement portal for tenders	Director: SCM, Finance						
			Enhanced Financial Planning [M5]	Business & Investment Plan Trading Service Financial Model	Head: Service Integration, Water and Sanitation Manager: Finance & Commercial, Water and Sanitation						
	Improved Organisational Accountability		Defined Service Relationship [M1]	Service Compact	Head: Service Integration, Water and Sanitation						
			Appointment [M2]	ED Job Description Performance contract Profile & Qualifications	Strategic Transversal Projects Executive, City Manager's Office						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31
			Institutional Arrangements [M3, M4]	Organisational restructuring report showing alignment with 7-Box Model	Manager: Business Improvement and Organisational Design, Future Planning & Resilience						
				City Delegations document	City Manager's Office						
				ED Sub-delegations document	Manager: Support Services, Water and Sanitation						
		Enhanced Capacity	Change capacity [M8]	Appointment of change managers Change Management Plan	HR Business Partner. Water and Sanitation Director: Organisational Innovation and Effectiveness, Future Planning and Resilience						
				HR vacancy analysis report	HR Business Partner, Water and Sanitation Directorate						
	2. Commercially viable utility with improved financial performance & Liquidity [F1, F3, F5, F6]	Cost effective and resource efficient water and sanitation service	Metering and Billing is operational and accurate [F2, F4]	Meter Replacement/ Relocation and Bulk Meter Replacement	Manager: Customer Services, Water and Sanitation						
				Meters connected and billed	Manager: Customer Services, Water and Sanitation						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31
				Advanced Metering Infrastructure	Manager: Customer Services, Water and Sanitation						
			Reduce Non-Revenue Water [W10]	Manage Water Loss and Leak Detection	Manager: Water Demand Management & Regulation, Water and Sanitation						
				Zonal monitoring and Pressure Management	Manager: Water Demand Management & Regulation, Water and Sanitation						
			Cost Reflective Tariffs	Tariff Modelling	Manager: Finance & Commercial, Water and Sanitation						
		Improved customer experience	Monitor and evaluate query-resolution against standards	Consistent handling of customer queries; reduced query turnaround times	Head: Customer Relations Management, Water and Sanitation						
			Align customer communication with operational and commercial processes	Customer communications that reflect real-time network and billing conditions; reduced misinformation	Manager: Customer Services, Water and Sanitation						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31
				and repeat enquiries							
			Analyse complaints and feedback for systemic issues	Identification of recurring customer issues; targeted corrective actions and continuous service improvement	Head: Customer Relations Management, Water and Sanitation Head: Technical Services (Reticulation), Water and Sanitation						
			Customer survey [A1]	City wide Customer Satisfaction Survey	Manager: Support Services, Water and Sanitation						
	3. Improved WS Infrastructure and Network Performance	Service Delivery and Operations	Water Security [W1]	New Water Plan (Supply Augmentation)	Manager: Bulk Water, Water and Sanitation						
				Water Conservation/Water Demand Management	Manager: Water Demand Management & Regulation, Water and Sanitation						
			Infrastructure Management [W7]	Asset Management Programme	Manager: Engineering and Asset Management, Water and Sanitation Director: Bulk Services. Water and Sanitation						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31
					Director: Distribution Services, Water and Sanitation						
				Pump Station Improvement	Manager: Reticulation, Water and Sanitation						
				Investment in Waste Water Treatment Works	Manager: Waste Water; Water and Sanitation						
				Replace water/sewer network	Manager: Reticulation, Water and Sanitation						
				Network Maintenance, sewer jetting, and smoke testing	Manager: Reticulation, Water and Sanitation						
				Reactive Incident Management Application (RIMA)	Manager: Reticulation, Water and Sanitation						
			Water Quality	Blue Drop [W2] and SANS 241	Manager: Bulk Water, Water and Sanitation						
				ISO/IEC 17025:2017 SANAS Accreditation of Scientific Services Laboratories	Manager: Scientific Services, Water and Sanitation						
				Water Safety Programme	Manager: Bulk Water, Water and Sanitation						

Impact	Intermediate Outcome	Direct Outcome	Activity / Programme	Output	Responsible	25/ 26	26/ 27	27/ 28	28/ 29	29/ 30	30/ 31
			Wastewater Compliance [W3]	Industrial Discharge Monitoring	Manager: Water Demand Management & Regulation, Water and Sanitation						
				W2RAP- Wastewater Risk Abatement Plan	Manager: Waste Water; Water and Sanitation						
				Green Drop [W4]	Manager: Waste Water; Water and Sanitation						

3 Leadership and Management

3.1 Leading Organisational Change and improvement

The Water and Sanitation Trading Service is committed to ensuring safe access to water and sanitation services, promoting the wise use of resources and securing reliable water supplies from diverse sources. It also aims to foster shared benefits from regional water resources and work toward ultimately creating a water-sensitive City. These commitments are underpinned by core values of caring, accountability, openness, innovation and service excellence. The organisation prioritises respect for the customers' dignity, ownership of service delivery, transparency in communication and the continuous pursuit of innovative solutions to serve customers better.

To achieve these commitments and values, the Water Strategy Transitional Plan (2021–2030) outlines several key programs, including upgrading water and sanitation services in informal settlements, improving water and sewer network management, enhancing water resilience and transitioning to a water-sensitive City. Additional goals include creating a customer-oriented organisation, achieving financial sustainability, establishing a culture of continuous improvement and becoming an employer of choice. Focused business areas to address challenges include aiming to maintain the directorate's position as Africa's Leading Water Utility of the World, enhancing employee and leadership development, ensuring infrastructure stability, securing water resource adequacy, and improving product quality and consumer satisfaction. Other priorities involve operational optimisation, stakeholder management, financial viability, and building resilience to ensure long-term sustainability and success.

Managing Change

The Water and Sanitation Leadership has instituted an approach of Changing Gears on service delivery that intends to generate momentum towards rendering a service worthy of a world class water and sanitation utility. This approach is not completely new as it builds on the directorate's past achievements of improving service delivery, expanding and maintaining infrastructure, and resource management. The focus areas of this approach is outlined as follows:

Customer Centric Operations: The increased tariffs have intensified expectations of value for money, and customers will expect a new relationship with CCT Water and Sanitation, along with a concurrent improvement in service delivery.

Change Management: Greater emphasis on being a Caring and Interested employer - the coalface employee is the service delivery interface between the citizen and the directorate.

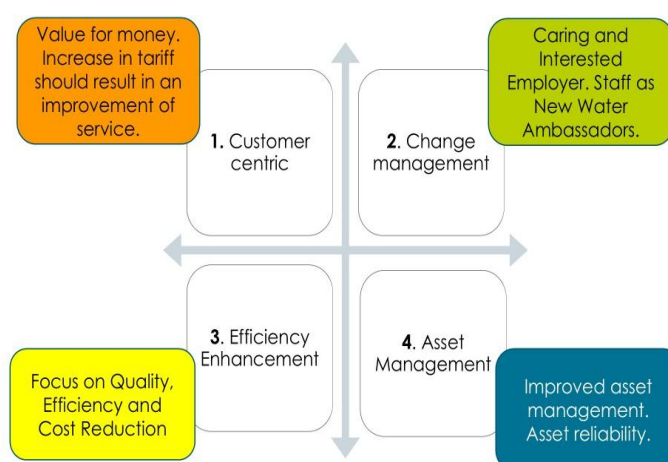


Figure 4: Changing Gears on service delivery

Change management initiatives include building capacity to implement planning and strategy for Water and Sanitation, including gearing the directorate for the SPoMA institutional reform initiated by NT through the MTSR programme (participatory change management). Lastly, the directorate will prepare staff to be New Water Ambassadors to ensure that New Water initiatives are championed and driven in the City.

Efficiency Enhancement: Invest in continuous Efficiency Enhancement through the reduction in cost of services (Opex), implementation of projects within time and cost, align Capital Funding Planning and Management, improved facility management, and strategically blitz targeted areas for winter-readiness in areas where run-off is causing an overload of sewer systems.

Asset Management: Improve directorate asset management by providing assurance that the W&S Asset Register fully complies with GRAP principles and a true reflection of the current asset base and that the asset management accountability order be reviewed. Proposed amendment to the AM accountability order includes:

- a review of first order maintenance implementation responsibility (change management plan required)
- a new Maintenance Contracting and Procurement Strategy to ensure effective reliability engineering accountability
- establishment of a Strategic Asset Management function to ensure adherence to an approved Maintenance Plan (new maintenance performance metric)
- an improvement in Maintenance Contractor performance management.

Sectoral Prioritisation: The requirements for the Directorate to operate as a financially sustainable, performance-driven utility has necessitated a transition from compliance led planning to an integrated, outcome-driven approach to infrastructure investment, in which financial discipline, asset lifecycle management, and measurable service delivery outcomes are central to decision-making. In line with National Treasury reform requirements, this transition introduces a step-change in how the Directorate plans, prioritises, and delivers infrastructure investment.

It requires:

- Financial sustainability within a tariff-funded operating model
- Clear alignment between investment decisions, cost structures, and service delivery outcomes
- A shift from compliance-led planning to performance- and outcome-driven planning

As a result, the Directorate is shifting its focus toward operating as a financially sustainable, performance-driven water utility delivering measurable system outcomes.

This strategic shift underpins the transformation of sector planning, investment prioritisation, and delivery management approaches described in the following sections. This transition establishes the basis for a more disciplined, transparent, and defensible approach to infrastructure investment amid increasing financial and service-delivery constraints.

This change in the Directorate aims to achieve the following deliverables on the below dates:

Calendar Year	Work Plan Item	Description of Work in Sector Plan	Date of Completion
2026	Prioritisation Model Implementation	Ensure that a Prioritisation model is implemented/incorporated in drafting all financial plans for the directorate – can be further refined to suit the directorates needs	Dec 2026
2027	Master Plan integration into the Sector Plan	Incorporation of the LUM 2050 into the Water and Sanitation Master Plans (Retic/Bulk Water and Wastewater)	Dec 2027
2028	Digitisation of the Sector Plan	Have a fully functional digital model of the Sector Plan - focusing automated updates of key elements and priorities within the Directorate	Dec 2028
2029	Asset Management Integration	Operational alignment with the Strategic Assessment Management Plan of the City within W&S – ensuring that there is a clear maintenance programme, asset life expectation and replacement plan	Dec 2029
2030	Development of W&S Planning Guidelines	Development of a W&S guideline document for planning Water and Sanitation Infrastructure in Informal and unplanned High-Density areas	Dec 2030

3.2 Strategic Goals

In meeting the Water and Sanitation Trading Service's (W&STS) core purpose and goal of ensuring sustainable, safe and equitable water and sanitation services for all residents of Cape Town, the Directorate continues to focus on enhancing infrastructure resilience, improving service delivery efficiency and progressing to secure Cape Town's water future. Key areas include upgrading critical water and wastewater infrastructure, modernising service delivery systems and continuing to implement the City's long-term Water Strategy to address climate change impacts, urban growth and limit impact of economic challenges.

To achieve the City's IDP objectives and long-term sector goals, the Directorate has outlined the following initiatives:

Infrastructure Development and Modernisation

- Expand the New Water Programme (NWP) – Including the Paarden Eiland Desalination Plant, Faure New Water Scheme and projects for groundwater extraction from aquifers (W1)
- Upgrade wastewater treatment facilities: continue delivery of major Wastewater Treatment Works (WWTW) programmes – including Potsdam; Athlone and Macassar (W3 and W4)
- Prioritise network modernisation: accelerate sewer and pump station upgrades, telemetry and Supervisory Control and Data Acquisition (SCADA) expansion, and bulk/reticulation capacity relief projects (W5, W6 and W7)
- Sustain preventative maintenance City-wide (W5, W6 and W7)
- Implement Asset Management (AM) reforms: adopt AM objectives and Standard Operating Procedures (SOP) updates aligned to ISO 55001, and Lifecycle programming - replacement / refurbishment.

Service Delivery Enhancements

- The Wastewater Branch is undertaking a targeted program to improve the treated effluent quality (W4) produced by its fleet of Wastewater Treatment Works (WWTWs). This initiative was introduced because it was recognised that treated effluent compliance improvement and infrastructure reliability can no longer remain dependent on large treatment capacity increase projects alone due to affordability constraints, implementation timelines and increasing operational risk across the broader WWTW fleet.

The Branch is therefore transitioning towards a more balanced infrastructure investment model which integrates:

- Strategic capacity expansion projects at critical high-growth WWTW
- Dedicated asset replacement and refurbishment interventions
- Targeted process upgrade 'only' projects
- Overarching projects addressing common causes of non-compliance across multiple WWTW
- Introduction of smaller 'Quick-win' compliance improvement programs / projects.

A program to finalise a decade-long Water Use License amendment process with DWS as well as an equally long process to obtain Coastal Water Discharge Permits for the three marine outfalls and the five WWTW that discharge directly into the coastal environment is included in the program, because this also has a significant effect on compliance.

- Improving access in informal settlements through infrastructure upgrades and innovative pilots:
 - Gates Foundation (GF)/Water Research Commission (WRC) technologies and Decentralised Wastewater Treatment Systems (DEWATS) pilot with The Bremen Overseas Research Development Association (BORDA)—starting at Wolwerivier
 - User-Pays service delivery model: four service providers selected via Request for Information for pilot, Memorandum of Agreements (MoAs) in selected settlements
 - Apply innovation as developed or becomes known
 - Benchmark and partner with global partners

Financial and Operational Viability

- Trading Service Reform: implement the National Treasury Metro Trading Services Reform (MTRSR) requirements (M1 to M8) to improved service levels and build greater financial sustainability
- Revenue growth, impact of rising operational costs, driving cost effectiveness and efficiency, capital investment to address critical infrastructure need and implementing a tariff structure that is progressive and cost reflective (F1 to F6)
- Contract and programme delivery: capacitate Capital & Contract Management (CCM) and establish sector-specific prioritisation models (A3 and A4)
- Workforce development and equity: address critical skills pipelines and succession planning to meet compliance and operational demands (A5)

The Directorate's strategic approach will ensure reliable water and sanitation services for all residents through diversified, climate-resilient sources under the New Water Programme. By reducing water losses, sewer spills, and environmental pollution, improving effluent compliance, and expanding access in informal settlements, the Directorate will strengthen service delivery and environmental protection. Digital innovations such as Advanced Metering Infrastructure (AMI) and Reactive Incident Management System (RIMA) will enhance operational efficiency and customer

experience, while robust governance and partnerships will position Cape Town as a leader in sustainable water and sanitation management.

3.3 Strategy Review

The Directorate acknowledges that the current Water Strategy is largely centered on the response to the drought and how to build resilience into our water system to mitigate the effects of climate change. Going forward, the directorate will develop a comprehensive Water and Sanitation strategy that will focus on water and sanitation services in line with a continuous improvement approach. This strategy will include the Directorate's extensive capital expenditure on bulk sanitation services such as the upgrading of wastewater treatment works and pump stations. It will also include the implementation of various innovative technologies along with skills transfer training programmes. These skills transfer training programmes will allow for the transfer of operational knowledge and the upskilling of staff. It will also consist of clear targets for operational performance, customer satisfaction, and financial sustainability. The WS Directorate has set a target date for the end of Financial Year (FY) 2027 to develop this strategy.

3.4 Holistic approach to utility management in alignment with 7-box model

Table 3: Utility Management

MTSR Attribute	MTSR Contextual Descriptor	CCT Programmes to address
Service outcomes, overall sustainability and risk management		
Product quality, including service reliability	Consistent delivery of safe, high quality drinking water that meets regulatory standards and customer expectations. Safe collection of human waste.	• Blue drop and SANS 241 [W2] • ISO/IEC 17025:2017 SANAS accreditation of Scientific Services lab • Water Safety programme • Replacement of water/sewer network • Network maintenance, sewer jetting and smoke testing • Reactive Incident Management Application (RIMA)
Community sustainability	Universal access, sustainable water abstraction, and social value creation.	• Informal Settlements Water and Sanitation basic services • Formal applications for residential and commercial services
Resource sustainability	Water security, conservation of water sources and use, energy efficiency in treatment and conveyance, compliance with effluent standards, catchment protection	• New Water Plan (supply augmentation) • Catchment management • Water re-use • Water Conservation and Water Demand Management • Investment in WWTWs • Industrial discharge monitoring • Green Drop [W4] • W2RAP –Wastewater Risk Abatement Plan

MTSR Attribute	MTSR Contextual Descriptor	CCT Programmes to address
		- Mayoral Priority Programme: Sanitation and Inland Water Quality - Healthy Urban Waterways programme
Enterprise resilience	Risk and continuity planning for droughts, floods, or supply interruptions.	Winter Readiness Programme
Customer service and stakeholder management		
Customer satisfaction	Transparent accurate billing, online smart services, quick response to service issues, proactive communication during disruptions. Strong customer engagement programs. Annual community satisfaction survey, customer service charter and a service level standards document.	- Consolidated total municipal account - Customer Relationship Management - Service Management Programme - Annual Community Satisfaction Survey (CSS)
Stakeholder understanding and support	Transparency with regulators, municipalities, and citizens through reporting and community engagement.	- NT, DWS and DEADP - Reporting to oversight committees (Section 79 and 80) - Community engagement, education and awareness programmes
Finances		
Financial viability	Cost-reflective tariffs, sound capital planning, and sustainable revenue collection.	- Meters connected and billed [W11] - Meter Replacement/Relocation and Bulk Meter Replacement - Advanced Metering Infrastructure programme - Revenue model and tariff structure
Asset management, investment and operations		
Operational Optimisation	Energy-efficient pumping, leakage reduction, and automation of plant operations.	- Network modernisation - Pump station improvement - Supervisory Control and Data Acquisition (SCADA) expansion
Asset management	Asset management plans that balance performance, risk, and lifecycle costs.	Asset Management Programme
Human resources		
Employee and leadership development	Skilled, safety-conscious, motivated and productive workforce with technical, managerial, and adaptive capacity.	Managerial and Technical skills Programme

3.4.1 Water and Sanitation Trading Services Value Chain

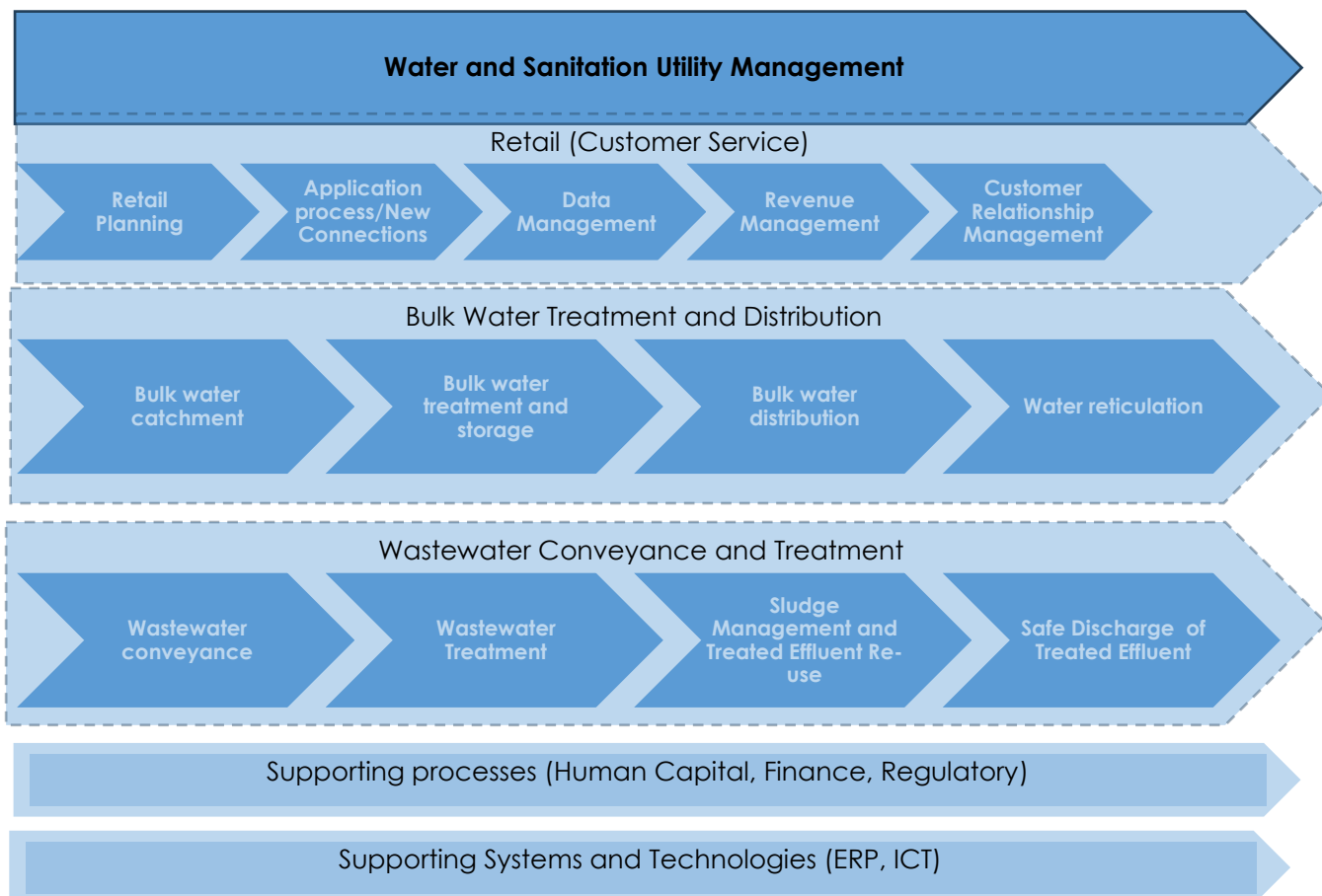


Figure 5: Value Chain

3.5 Organisational Design

Cape Town is vulnerable to climate-change related risks and challenges as experienced through the water crisis (2015 – 2017). In response, the Water Strategy was developed as a roadmap to address these challenges, including diversification of sources, to reduce regional water resource risks and to ultimately change the City's relationship with water. A review and re-alignment of the Water & Sanitation Department (within the Directorate of Water and Waste) was undertaken in 2019, and in December 2021 the CCT Water and Sanitation business unit was re-positioned in the macro structure as a stand-alone directorate. This structure was implemented with effect from 1 February 2022 to better position the trading service to address sector challenges, the growth in complexity and resultant wider scope of functions, the impact of pollution, and the significant gaps exposed by the water crisis. Pollution challenges related to sewer spillages with a variety of complex root causes are impacting on service delivery and natural waterways. The growth in informal settlements is adding to dynamic complexity of providing basic services but with less grant and Expanded Public Works Programme (EPWP) funding. Infrastructure replacement and growth did not keep up with the growing demand trend over the years and is currently being addressed but is proving to be more complex than anticipated due to operational complexities and limitations on revenue collection and related budget funding.

The Water & Sanitation Directorate serves more than 5 million residents and has approximately 689 000 water and sanitation metered connections yielding about R7 billion of annual revenue. It is operating a complex value chain from bulk water catchment, bulk water treatment, bulk water

storage, bulk water distribution, reticulation, wastewater reticulation and wastewater treatment. This full water and sanitation value chain is replicated only by few others globally and none in South Africa.

Creating a fit for purpose water service provider required shifts in the structure based on four main Departments focusing on core service delivery and commercial functions. The four core service delivery departments are supported by four units providing transversal services including customer services, capital and contract management support, integration services, human resources business support, and communications and partnership facilitation.

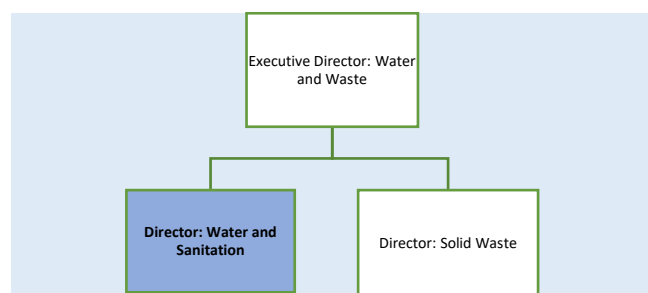


Figure 6: Directorate Structure in 2019

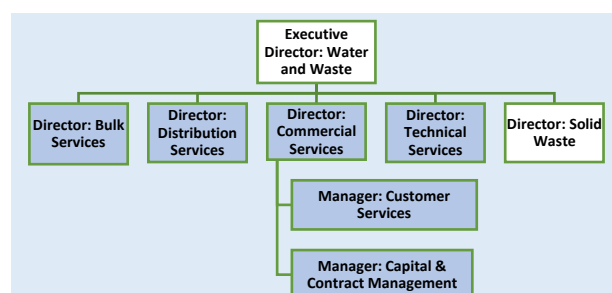


Figure 7: W&S Realignment - effective 2020

Customer interaction and account back-office functions have been prioritised through the creation of the Customer Services Branch. This branch will provide greater customer-centricity, enhanced revenue collection through improved interaction with the customer. The Capital and Contract Management branch will support and monitor project delivery and long-term capital planning, and the Communication and Partnerships branch will ensure integrated communication and improved community engagement.

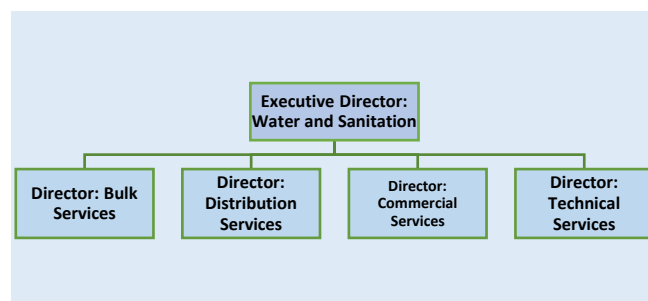


Figure 8: Macro Structure Review – effective 2022

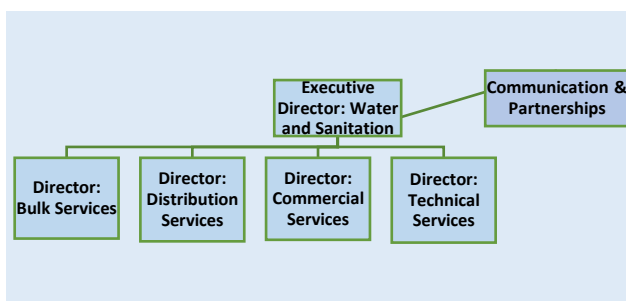


Figure 9: Micro-alignment Phase 2 – effective 2022

This new organisational design was aimed at improving capabilities to mitigate the following identified risks and challenges within the Directorate:

- i. Increasing fluidity and speed of execution within the organisation, particularly with respect to decision-making, appointments and procurement.
- ii. Climate Change / shocks pose risk to the water supply requiring diversification of water sourcing and capacity. Planning and implementation of new alternative water sources to ensure future water resilience including desalination, wastewater reuse and aquifers are adding substantial complexity to infrastructure planning, maintenance funding and operations.
- iii. Problematic span of control for the Director (in the old structure) delaying quick reaction to service delivery crisis situations and being more resilient against the background that Water & Sanitation accounts for more than 40% of the City's total number of service and maintenance requests.

- iv. Catchment, Stormwater & River Management functions were moved to Water & Sanitation adding to complexity.
- v. The growing needs and complexity of informal settlements are continually adding to demand on creative, transversal planning, requiring alternative business models and utilisation of resources within the Water and Sanitation space in a sustainable manner but with less grant and EPWP funding adding further to the complexity.
- vi. The impact of service delivery challenges within other Directorates or resident behaviours like dumping of solid waste into stormwater infrastructure, waterways and the sewer network and encroachment on Water and Sanitation infrastructure are increasing the requirement for improved co-operation among various Directorates.
- vii. The City is also a bulk water provider to some neighbouring municipalities and farmers in its role as water authority.
- viii. The range of tariffs including sets for restriction levels and pricing for re-use of grey water adds to the complexity.
- ix. Customer interaction, account management and water wise awareness.
- x. The profile of Water and Sanitation has been elevated to give it the required attention, focus and political support to address the growing demand and customer expectations of this critical basic service.

Organisational Design Principles to achieve the strategy include:

- a. Incremental Development of the organisation which is flexible to respond to internal and external dynamics
- b. Service delivery structured around a set service menu with defined and measured service levels structured and review on an annual basis and governed by the IDP and budget cycle.
- c. Structures, processes and systems are supporting effective service delivery monitoring, evaluation and reporting of performance in (if applicable and practical) the standard 4-area model.
- d. Have an effective interface to residents via an integrated contact centre supported by a centralised enterprise resource planning system.
- e. Service Level Agreements are specifying the details of corporately provided support services which are centralised to leverage economies of scale and save costs.
- f. The business model is based on cost recovery of all costs producing a service including equipment, operational costs and human capital.
- g. Business processes must be supported by integrated IT systems for effective and efficient service delivery and to provide a basis for analysis, measurement and strategic planning enabled by business intelligence systems.
- h. Business improvement is aimed at customer satisfaction, staff satisfaction and operational efficiency including productivity improvement to enhance value for money and financial sustainability.
- i. Generally, the span of control in organisational structures are between six and eight with the objective to maintain flatter structures although this can vary depending on the operational environment. Ideally no more than six vertical management levels are maintained.
- j. Staffing strategies and plans are developed in conjunction with the three-year MTREF planning cycle informing staff budgeting and reviewed on an annual basis. Staffing strategies are intended to build and retain an effective workforce for the future to provide high quality, motivated and skilled staff to implement business goals. Flexible staffing approaches are utilised including insourcing, outsourcing and co-sourcing as appropriate with consideration of the cost and value for money.

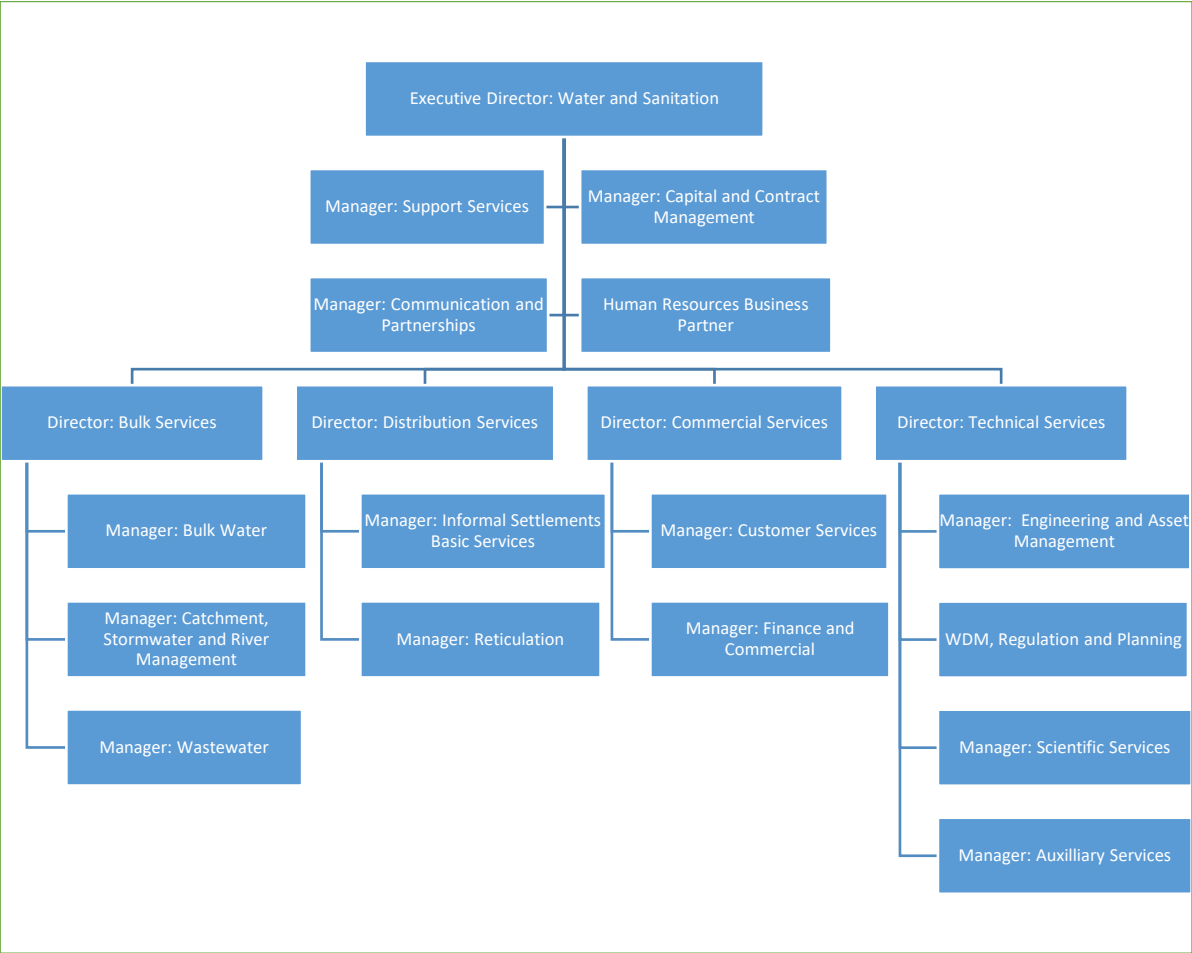


Figure 10: Current Water and Sanitation Senior Management Structure (2026)

As discussed above, the Water & Sanitation Directorate has a number of unique and new challenges that has emerged over the last few years, along with increasing complexity necessitating continuous improvement. The W&STS will continue to introduce changes to further strengthen capabilities to deliver services across the full value chain of Water and Sanitation.

3.6 Governance Systems

Table 4: Elements of Governance

Leadership	• The Water and Sanitation Reform Strategy was approved by full Council on the 25th of September 2024 following recommendation by the Executive Mayor, together with the Mayoral Committee. The strategy and supporting Institutional Roadmap (IR), Business and Investment Plan (BIP) and Performance Improvement Plan (PIAP) documentation was published with the 2025/26 draft budget to the public for comment. • The Trading Service has mainstreamed the operational KPIs of the PIAP onto the Directorate SDBIP to ensure that the Section 79 Committee for Water and Sanitation has quarterly oversight of the deliverables. • In addition, capital spend; community satisfaction; vacancy rate and revenue collection are also monitored on the Directorate SDBIP • The MTSR process is further monitored monthly by the Water and Sanitation Management Team (WSMT) to ensure that institutional arrangements (M1 – 8) are undertaken and that projects and programme are in place to deliver on the PIAP targets.
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	The Directorate will be providing regular engagement and communication with staff in the roll-out of the programme delivery targets
Strategy and Plans	- The reform strategy was approved in September 2024 and the Business and Investment Plan that is aligned to delivery of the PIAP will be approved in May 2026. - The draft budget covers all programme delivery items set out in the PIAP and the achievement of targets over the 5 year implementation - The Long-Term Financial Plan (LTFP) supports the MTSR deliverables and requirements and is aligned to the MTREF.
Revenue and tariffs	Water and Sanitation tariffs are set to recover the cost of delivering the service, thereby generating sufficient revenue to meet efficient operating and investment costs.
Governance and oversight	- The Water and Sanitation Portfolio Committee (WSPC) is a Section 79 oversight committee of the MSA and provides oversight of the Water and Sanitation Portfolio by elected public representatives (Councillors). - Scorecard reporting follows the quarterly schedule for legislative reporting to oversight committees, supported by a monthly directorate report to provide an indication of progress, where KPI achievements and supporting data meet this reporting frequency - Annual Reporting and Segmental Management Accounts, as part of the City's AFS - audited by Auditor General of South Africa (AGSA), will be provided to WSPC in the annual cycle - The King Report on Corporate Governance for South Africa (King V), was adopted by Council on 27 May 2026. - The City has a governance framework that is supported by internal assurance providers and an external committee, namely the Audit and Performance Audit Committee (APAC) that provides independent oversight of the organisation
Management	- All staff including management are appointed in line with the central guiding principle for selection namely, competence with respect to the inherent requirements of the position (key performance areas, competencies, knowledge, skills and qualifications required to perform in that role to achieve the service mandate of the City and as required by the Municipal Staff Regulations GN890 20 September 2021) - The MTSR deliverables are written into the Section 57 scorecard of the Trading Services Head and the PIAP deliverables will be included in the Individual Performance Plans of Directors, Managers, Heads and Professionals at the start of the FY26/27. - WSMT has instituted monthly reporting on the MTSR to ensure that deliverables are met, and the related change management is supported
Values	Integrity: We act with integrity by doing what we say, doing the right thing, being honest, and treating everyone with fairness and respect Service excellence: We strive for excellence in everything we do by focusing on our customers and delivering the highest standard of services. Accountability: We show accountability by taking ownership of

	our roles, responsibility for our actions, and by honouring our obligations. • Trust: We show trust by working as a team and believing that the other person has our best interests at heart. Trust makes our relationships effective. • Accessibility: We promote accessibility when we remove barriers between people and services, make obtaining services easier, and are responsive and attentive to customer needs
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3.7 Leadership and Management Development

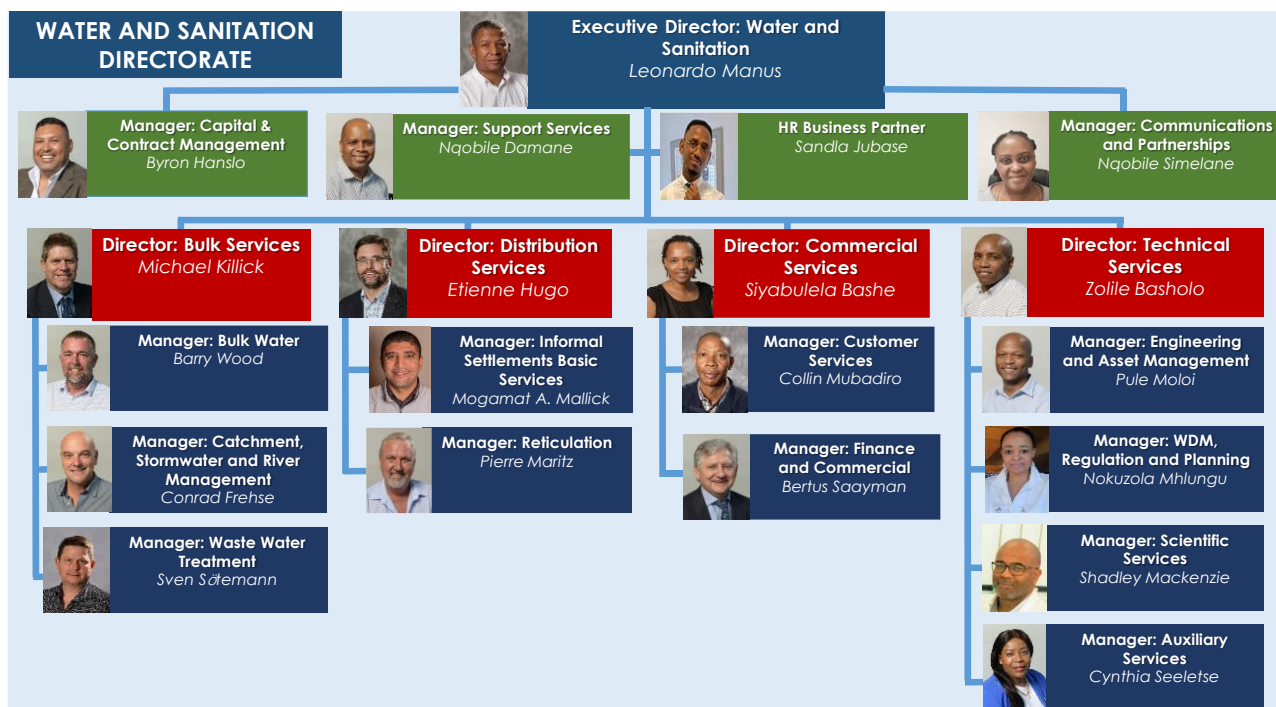


Figure 11: Senior Management Organogram

Leadership and management development

A well-performing trading service recruits and retains a management team that is competent, motivated and adaptive. Recruitment and appointment processes need to support the above.

Recruitment and Retention

The Water and Sanitation trading service ensures a competent, motivated and adaptive management team by applying a structured and merit-based recruitment and selection process. Management appointments are guided by clearly defined inherent job requirements, competency frameworks and objective selection criteria to ensure leaders have the appropriate skills, experience and capability to meet current and future operational needs.

Rigorous assessment methods, including competency-based interviews, validated assessments and reference checks, support the appointment of high-quality candidates. Post-appointment, managers are supported through probation, induction and Personal Development Plans to address development gaps and build adaptability. Together, these measures enable the organisation to attract, assess, develop and retain an effective management team aligned to service delivery and strategic priorities.

Corporate Strategic Staffing is the process owner for recruitment and selection. The HRBP is responsible for managing and monitoring vacancies, working with Strategic Staffing to ensure posts are filled timeously and that vacancy rates are maintained below the approved target.

The directorate also has an internal team who specialises in psychological assessments and uses these skills to provide effective and efficient support services where psychological assessments are concerned. These include supporting hiring managers in understanding psychometric results in order to make informed appointments at various levels of leadership.

The management team has established a participatory, collaborative organisational culture dedicated to continual learning and improvement. The management team focuses on and emphasises opportunities for professional and leadership development within the management team and throughout the organisation. The Leadership team also have access to Management Development Programmes (MDP), Coaching and Mentoring, Leadership Symposiums and Executive Management initiatives and other organisational development interventions.

Organisational Development Interventions

Annual Leadership summit- is a purposeful strategic platform designed to strengthen leadership capability across the organisation in response to an increasingly complex and evolving operating environment.

Leadership engagement programmes for different layers of leader within the directorate:

Develop a leadership engagement programme for operational leaders (Depot managers, Superintendents)

- Webinars
- In person sessions
- Resource centre

Developing the Leaders toolkit- to equip leaders with the practical resources, skills, and confidence needed to lead consistently and effectively in a complex work environment.

Through the KFW grant funding, specialised consultants are being sourced to partner with internal professional staff in order to provide an enhanced and integrated support in the conceptualisation, development and implementation of leadership development tools and interventions, aimed towards professional development of leaders now and for the future.

A Culture supporting operational excellence

The Trading Services Head strives to create and maintain an integrated and well-coordinated senior leadership team. The Trading Services Head, together with the management team, establishes a participatory, collaborative organisational culture dedicated to continual learning and improvement.

The Directorate strives to create a learning culture, where talent appreciation and growth mindsets are encouraged and nurtured. This is achieved and maintained through integrated and well-coordinated leadership team engagements, formal and informally structured through collaborative meetings, workshops, summits and Water and Sanitation Expo.

Participatory leadership is modelled by encouraging an open dialogue during staff engagements which are held at various depots across the directorate, inviting staff, managers and various stakeholders to input into operational and other critical matters. As the directorate operates as a system, and systems thinking is an ultimate goal to enhance service delivery, we create spaces for cross collaboration, learning the skills and trade of various functions in the water value chain. These exhibitions and interventions promote continuous development and opportunities for business improvement. Interventions are increasingly conceptualised where management is

more accessible to staff; as all voices matter in crafting a way forward in tackling operational matters; strategically.

The organisation acknowledges that leadership well-being is a strategic leadership responsibility and commits to leadership wellness days. By doing so, executive leaders strengthen their capacity to lead effectively while sustaining a shared responsibility toward growing an organisational culture dedicated to wellbeing and productivity. We know that we have to fill our own cups before we can fill the cups of the staff and the residents. We are taking great stride in ensuring that we model self-care and effectively roll-out this way of being through various levels of the organisation, as we are in this together.

3.8 Policies – Development and Review

The Water and Sanitation policy development and review process forms part of the CCT policy environment that is accessible for public representatives and officials within a regulatory framework that is streamlined to ensure proper governance. The Policy instruments are written in plain language and translated into the appropriate languages for the public to understand and interact with. These policy instruments exist in a hierarchy where the various policy instruments take direction from instruments higher up in the hierarchy. The following policy instruments are listed in order of its hierarchical level:

3.8.1 The Integrated Development Plan (IDP)

- Guides all City actions and decisions and serve as the municipality's principal strategic planning and management tool of the Service Authority.
- The current 2022–2027 IDP: Water and Sanitation Trading Service focus on delivering reliable, equitable, and resilient water and sanitation services in support of the City's strategic objectives, legislative mandates, and long-term sustainability goals.
- In line with its legislative mandate, the Trading Service is guided by the IDP's core priorities of *improved access to quality basic services, modernised and well-managed infrastructure*, and *building a resilient City*. Water and sanitation were positioned as critical enablers of public health, dignity, economic activity, and environmental protection, particularly in the context of climate change, ageing infrastructure, and rapid urban growth.

3.8.2 Strategies

Strategies are developed from the IDP that provide details on specific priority areas and cover broad goals of the City. The Cape Town Water Strategy takes a long-term City-wide approach to securing water and sanitation services in a context of climate uncertainty, water scarcity, population growth, and inequality. The directorate response to the 2015–2017 drought and the looming Day Zero, reframed how the City viewed its dependence on surface water and shifted from a single source water supply to an integrated, resilient and people-centred approach to water management. Another key strategy, namely the updated Water Conservation and Water Demand Management Strategy was approved by Council in October 2025. The purpose of this updated WC/WDM strategy is to highlight and ensure the long-term balance between available water resources and water demand, to achieve equity and redistribution of our water resources, to ensure water security for the future, to ensure enough water for our national economic growth, and to ensure water use efficiency. This WC/WDM Strategy will be key to the successful implementation of the Water Strategy (2019) and a critical input to the development of the new Water and Sanitation strategy.

3.8.3 Policies

Policies are derived from both IDP and strategies and provide a clear plan of action that guides decisions and efforts toward achieving long-term goals. The Water and Sanitation Services Policy deals with the provision of water and sanitation services to all consumers within the City's jurisdiction and serve as a guide to the City's Water and Sanitation Directorate in the provision of the services. The policy provides a framework to ensure reliable and sustainable access to water and sanitation services and focus on resilience, integrated resource management, and adaptation to climate change to secure water supply. The policy supports smart metering and automated systems to boost water service efficiency and transparency and ensures universal access including emergency response and services to informal settlements for social equity.

3.8.4 By-laws

Bylaws are based on approved policies and govern everyday activities within the City's jurisdiction. The Water and Sanitation have several bylaws that provide for the control and regulation of the full value chain of water and sanitation services.

These bylaws include:

- The Water Bylaw
- The Tariff Bylaw
- Wastewater and Industrial Effluent Bylaw
- The Stormwater Management Bylaw and
- The Treated Effluent Bylaws

Changes in legislation, standards, and identified problems require that the City adapts and responds in a manner that ensures service delivery and meeting the needs of the citizens of Cape Town. These factors drive the update of policy instruments. The Water Strategy was drafted with a focus on responding to the 2015-2017 water drought and consequently does not adequately address sanitation. To address this, the development of a comprehensive Water and Sanitation Strategy is underway. Accordingly, the new Water and Sanitation Strategy will necessitate an update of the Water and Sanitation Services Policy, and which in turn will drive the need to update all affected bylaws.

3.9 Improving Data, Measurement and Systems

A well-performing trading service understands that measurement is critical to management improvement efforts and that this is the backbone of successful continual improvement management and strategic business planning. The utility implements a progressive approach to data management and measurement starting with ensuring the basics are in place and with incremental improvement, driven by and focused on answering questions critical to effective internal management and external stakeholder needs and supported by a well-defined decision framework assuring results are evaluated, communicated, and responded to in a timely manner.

Specifically, the Reticulation Branch has undergone a significant transformation, shifting from fragmented manual processes to a digitally enabled, data-driven operational environment. This evolution strengthens the City's ability to manage assets, protect infrastructure, improve customer service, and achieve long-term targets across the various national performance indicators.

Historically, operational data was captured manually through paper job cards, resulting in delayed and incomplete feedback. Critical information, response times, resolution times, photographic evidence, and accurate asset failure details, was not reliably available. This constrained operational

planning, made trend analysis impossible, and limited visibility of mains failures (W5), blockages (W6), and service response (W8 & W9).

Real-time oversight of pump stations, reservoirs, and system behaviour was also severely limited. Without centralised SCADA, alarms were inconsistent, often unverified, and not standardised across sites. Failures were frequently detected only after sewer spills, pump breakdowns, or customer complaints, directly compromising wastewater compliance (W3 and W4) and elevating environmental and public health risks.

The introduction of mobility solutions (Reactive Incident Management Application - RIMA and Water Engineering Maintainer Application - WEMA), centralised SCADA, daily Organisational Performance Management (OPM) dashboards, SAP Business Warehouse (BW) analytics, sewer flow monitoring, and targeted asset-protection technologies has fundamentally reshaped how the City plans, operates, and responds both now and in the future:

- Centralised SCADA (Web-Based Platform) now provides unified, real-time monitoring across 414 sewer pump stations, 76 water pump stations, and 79 reservoirs.
 - Critical alarm testing procedures were introduced to ensure that alarms are accurate, verified, and actionable.
 - This has significantly improved alarm reliability, reduced false alarms, and strengthened the ability to respond proactively before failures escalate.
 - As a result, network reliability and wastewater compliance have improved, directly supporting W3 and W4.
- RIMA standardises reactive maintenance workflows across all 23 depots, enabling accurate Service Level Agreement (SLA) tracking (W8, W9), traceability, and improved data quality.
- WEMA supports data collection on proactive pump station inspections, improving pump reliability and reducing blockages (W6) and environmental risk.
- SAP BW analytics and operational dashboards provide management with real-time hotspots, SLA performance, trends, and operational inefficiencies.
- Sewer flow loggers, once fully implemented, will start to provide real-world flow data for hydraulic model calibration, improving long-term capacity planning and supporting W1, W5–W7, and W10.

These interventions collectively strengthen customer experience, enhance regulatory compliance, improve turnaround times, and enable data-driven decision-making.

By the end of the long-term planning horizon, the City aims to operate a largely integrated, predictive, and telemetry-rich environment characterised by:

- A 24/7 Central Control Centre for SCADA, telemetry, pressure management, and automated incident escalation.
- Full telemetry coverage across all critical sewage pump stations and key sewer and water network nodes.
- AI-enabled anomaly detection, supporting predictive maintenance and early detection of leaks (W5, W7, W10), blockages (W6), and reservoir optimisation (W1).
- Expanded flow measurement to improve modelling accuracy and guide strategic infrastructure upgrades.
- Strengthened asset protection systems including supervised CCTV, breach sensors, and smart alarms.
- A fully verified, trusted data ecosystem supporting improved Blue Drop, Green Drop, and No Drop performance (W2, W3, W4, W10, W11).

As the branch expands its digital capabilities, the depth, complexity, and sophistication of future solutions must remain aligned with feasibility and cost–benefit analysis. Not all advanced technologies will be equally practical or cost-effective across all network environments. The City will therefore prioritise solutions that:

- deliver measurable operational benefits,
- enhance KPI performance,
- strengthen service reliability and compliance, and
- offer sustainable value relative to lifecycle costs.

This ensures that digital transformation remains both responsible and economically justified, particularly as systems scale.

The Branch has implemented and continues to enhance a suite of digital platforms designed to support data-driven operational decision-making and improve overall efficiency. Several technology-based solutions are currently in use:

- WEMA: A mobile workforce management application used by Pump Station Operations teams
- RIMA: A mobile workforce management application supporting Conveyance Operational Teams
- Ignition: A centralised SCADA system for real-time monitoring and alarming
- Valve Exercising Machines: Specialised equipment used to automate and standardise valve maintenance, ensuring optimal performance and reducing the risk of failure.
- CCTV inhouse Teams and Specialised Equipment

To complement these technologies, the unit has introduced key procedures aimed at improving SCADA reliability and the accuracy of the asset register. These include:

- Critical alarm testing
- Asset verification
- Alarm verification

Looking ahead, the unit is exploring the integration of Artificial Intelligence to enable machine learning and anomaly detection, with the goal of further enhancing operational performance. In addition, flow loggers are planned to be installed in order to improve overall network management and further support with calibration of the models and operational decision making.

Water and Sanitation Reticulation Digital Systems

Sewer flow logging and sanitation system calibration

During the past financial year, the City initiated the rollout of sewer flow loggers within selected catchments. As of the writing of this report, four sets of flow loggers have been installed within the gravity sewer network.

These devices will play a critical role in validating theoretically modelled flows, ensuring accurate calibration of SEWSAN hydraulic models against real-world data. Leveraging this information will enable root cause analysis of existing capacity constraints within the sanitation network and improve the accuracy of future flow forecasts.

A secondary benefit of these flow loggers is their ability to confirm wet-weather flows and corresponding peak factors on a catchment-by-catchment basis. This insight will support the appropriate sizing of future reticulation systems and pump station designs.

The upkeep of the assets is critical to maintaining the required levels of service provided to customers through the Reticulation distribution and conveyance network. In order to sustain and improve the quality of asset care and services rendered to customers, the Reticulation branch developed and implemented a mobility solution through the use of updated technology, people skills and business processes that will realise improvements in maintenance, quality of work, integrity of the database and, ultimately, a positive end-to-end customer journey.

SAP Systems

Reactive Incident Management System (RIMA)

Embedding Operational Excellence Post-Implementation

Following the successful deployment of the Reactive Incident Management Application (RIMA) across all 23 Reticulation depots within the four-region operating model at the close of FY 2023/2024, the past financial year focused on institutionalising the new operating model. This entailed embedding revised workflows and reinforcing adoption, while aligning with strategic imperatives: enhancing operational efficiency, reducing costs, improving responsiveness to service delivery complaints, and supporting MFMA and City Manager directives related to branch accountability and compliance.

Realised Business Benefits:

- Near real-time, paperless feedback on notifications and work orders
- Standardised, structured task execution with integrated documentation and photographic evidence
- Accurate and consistent field data capture
- Enhanced reporting and faster query resolution through system-driven traceability
- Improved data quality, enabling deeper analytics and more effective planning
- Automated confirmation postings, significantly reducing administrative workload

Water Engineering Maintainer App (WEMA)

Reticulation has implemented the technology developed by the Water & Sanitation E&AM branch as a mobility solution to enable improved digital workforce efficiency in how they assign and record proactive maintenance of sewer pump stations and associated assets. Proactive maintenance work orders are scheduled in SAP to auto-generate at defined intervals, allowing pump station crews to inspect critical infrastructure and perform first-line maintenance across the metro. Each maintenance plan includes a predefined set of tasks for crews to complete, along with requirements to capture photographic evidence and record feedback. Similar to RIMA, the application securely transfers field data to SAP for verification and automates confirmation postings.

Web-Based Monitoring Dashboards/Organisational Performance Management (OPM)

Elastic Drilldown tool and Superset dashboard

These tools are built with the same data but have different purposes in mind. The data is pulled from SAP, several times a day and there is about a 4 – 6 hour delay behind SAP production.

The Drilldown tool was built as a tool to look at customer facing C3s across the whole City. This includes a heat map and high-level breakdowns of C3s across many different categories.

The Superset dashboards were built with a water and sanitation focus. These only include notifications that are assigned to Water and Sanitation work centres. The current mapping functionality only allows for points on a map. The tool is being enhanced to include heat maps into the Superset.

Ignition SCADA

SCADA and Data Acquisition, is a smart system that automates and monitors essential equipment, such as pumps and reservoirs, in real time. It connects sensors to a central server, which can be accessed either onsite or remotely. With SCADA, teams can monitor equipment from a distance, view and analyse real-time data, interact directly with crucial components like pumps and motors, and keep detailed records of events for reporting and future use.

Using a centralised SCADA system, the control room provides live tracking of infrastructure performance across 414 sewer pump stations, 76 water pump stations and 79 reservoirs throughout the metro. This real-time monitoring provided by the system helps with early detection of issues like pump failures (resulting in sewer overflows), greatly improving response times and reducing the public and environmental risk of exposure to such incidents.

Control Room staff operate within a centralised and web-based system that can be accessed from any device, allowing flexibility in monitoring and escalation of issues. Three Professional Officers are on duty daily, monitoring dashboards from 8 am to 4 pm, flagging any anomalies and verifying alarm accuracy. The system also has built-in safeguards to ensure continuity of automated support after hours and over weekends, with alerts sent directly to field teams by SMS if necessary.

Future Outlook

The strategic vision entails the establishment of a fully operational 24-hour control centre responsible for real-time monitoring of multiple web-based platforms, including Ignition and pressure management systems. The City intends to expand its telemetry infrastructure to enable proactive incident detection, rapid investigation, and timely maintenance interventions. This will be achieved through the systematic utilisation of automated alarm notifications generated by anomalies within the network such as deviations in wet well sump levels, pump performance at sewage pumping stations, and reservoir storage levels. The ongoing deployment of telemetry systems will progressively encompass all sewage pumping stations, with future phases incorporating flow measurement at critical points within the gravity sewer and water network. Furthermore, the telemetry-derived datasets will constitute a vital asset for system calibration, performance benchmarking, and comprehensive assessment of the existing sewer and water infrastructure. These datasets will also underpin advanced hydraulic modelling, thereby enhancing the accuracy and reliability of future network planning and optimisation initiatives.

Advanced analytics**SAP Business Warehouse (BW) reports**

The development and roll-out of the mobility solution/s have enabled the development of advanced analytics through SAP BW reporting.

This rich stream of previously unavailable operational maintenance data provides:

- Improved operational visibility by accurately tracking response time, repair time and resolve time for each complaint.
- Enables measurement and trending of SLA and Customer Charter adherence.
- Identify recurring issues and develop action plans.
- Accountability & Transparency on performance
- Provides auditable records for compliance and performance reporting.
- Benchmarking and process optimisation based on near real-time metrics.

The overall benefits derived from, and the ongoing efforts to continuously expand capabilities through advanced data systems and processes (such as the combination of OPM dashboards, SCADA Ignition, and BW reporting) enable the following:

1. Increased confidence in decision making
 - Decisions are based on facts and evidence, not assumptions or guesswork.
 - Reduces errors and increases confidence in outcomes whilst avoiding expending resources on ineffective actions.
 - Builds trust among internal and external stakeholders and improves overall governance.
2. Enhanced efficiency by identifying risks and opportunities
 - Speeds up decision-making by providing clear insights in a presentable format.
 - Reveals patterns and gaps that may lead to innovation or cost saving solutions.
 - Highlights vulnerabilities, hotspots and helps prioritise high-impact focused interventions.
3. Enables predictive data driven insights and timely responses
 - Historical and real-time data help forecast trends and anticipate future risks.
 - Supports proactive planning, helps prioritise actions and deploy teams efficiently resulting in timely incident management and reactive responses.
4. Supports transparency & accountability
 - Data-driven decisions are traceable, auditable and justifiable.
5. Performance monitoring, compliance and reporting
 - Enables performance monitoring, target setting and baselining,
 - Meet compliance and reporting requirements such as branch reporting, SDBIP, National Treasury etc.
 - Provides feedback loops for refining strategies and improving performance over time.

3.10 Improving Plans and Planning Capability

3.10.1 Capacity to plan and deliver the Capital Project Pipeline

The mandate of the Capital & Contract Management Branch (CCM) provides for strategic oversight of a portfolio of high risk, complex projects, programmes and contracts of significant impact (example Mayoral Priority Programme) in the Directorate. CCM was formed in May 2020 and has since its inception not been appropriately funded for capacitating to fulfil its given mandate. Notwithstanding this, since its inception, CCM has absorbed additional functions such as the Project Monitoring Unit (PMU) when Water & Sanitation became a standalone Directorate.

There have also been additional functions brought into the Contract Management section in CCM and further demands for support in the various implementing branches cannot be met due to staffing constraints. With the significant pressure on the Capital Budget, it is critical that budget be allocated in order to provide the level of support required in the Directorate. Budget has been approved for the creation of additional staff to provide these functions and support. New positions are being created with a view to appoint in FY2026/27.

The current portfolio is reviewed through various Corporate mechanisms such as Quarterly Iteration reviews, Stage gate reviews and Project and Execution Readiness assessments. Annual reviews of the Long-term financial plan also inputs into the Budget adjustment cycles on Capital expenditure delivery.

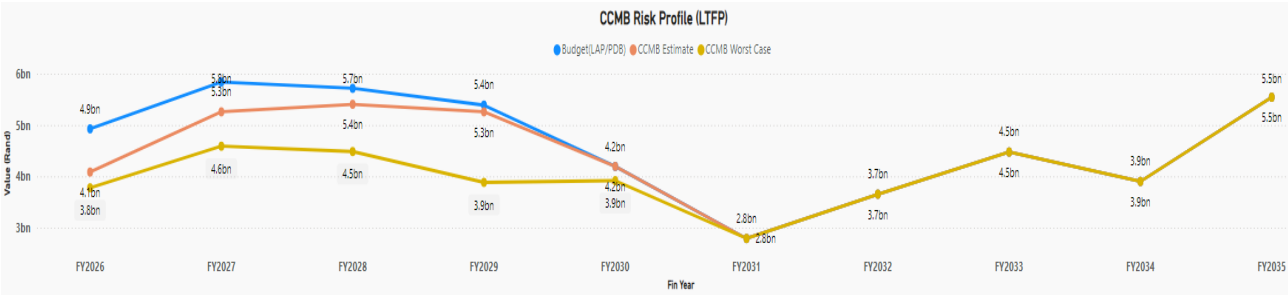


Figure 12: CCMB risk profile (LTFP review)

Stage gate reviews occur in line with the Stage Gate Review Guide that determines Citywide governance. The reviews are done on Corporate level for projects with a total project cost over R100m and at Directorate level for projects with less than R100m total project cost. The Directorate reviews are coordinated via the Capital and Contract Management Branch.

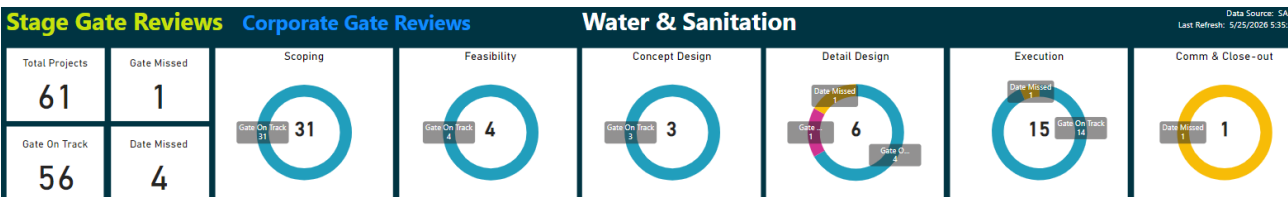


Figure 13: Corporate Gate Review Stage Gate dashboard

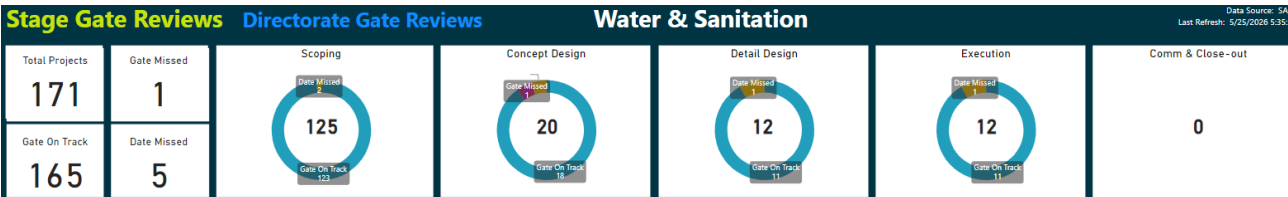


Figure 14: Directorate Gate Review Stage Gate dashboard

Iteration reviews occur quarterly however during the second quarter screenings the items included for review cover the MTREF+1 and an additional Project Readiness assessment is conducted. Below an illustration of the results of this process:

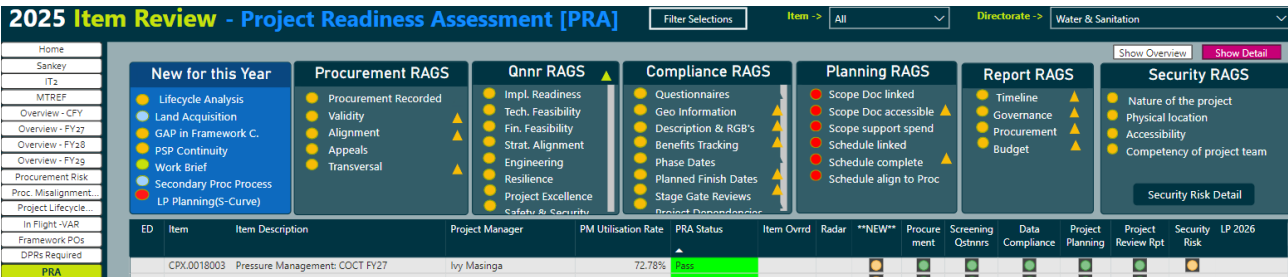


Figure 15: FY2026 IT2 Review Project Readiness assessment dashboard

3.10.2 Performance Planning and Reporting

The alignment of operational key performance indicators in the MTSR PIAP with Circular 88 reporting on the Directorate's SDBIP has facilitated integrated planning and delivery to achieve reform programme objectives and targets. These KPIs will be monitored and reported quarterly to the City Manager, the Water and Sanitation Portfolio Committee and thereafter full Council.

The management team has monthly meetings to monitor key performance indicators and to ensure that the Trading Services Head can anticipate and timeously address non-performance within the quarter. Moreover, the directorate has a monthly operational report that keeps the Section 79 Portfolio Committee Councillors informed of progress.

Building a sustainable Enterprise Performance Management (EPM) capability

The Water and Sanitation Trading Services Head has committed full directorate involvement in the community of practice to build a sustainable EPM capability in the organisation that will inform the City's integrated strategy development and planning processes. The end goal of the EPM journey is to grow the maturity of the trading service and the City in the development and implementation of performance management objectives.

By the start of the next IDP term (July 2027), improve overall EPM maturity by:

- Improving the **quality and focus** (reducing volume) of objectives, KPIs, targets and initiatives across the IDP, SDBIPs etc.
- Strengthening focus on **resident, customer and stakeholder outcomes**, underpinned by clear logic models / Theory of Change.
- Securing **senior leadership and key external stakeholder buy-in** and commitment (tone from the top).
- Strengthening **EPM ownership and accountability** within Directorates through formalised EPM roles and a Community of Practice.
- Closing **EPM capability gaps** at both Directorate and Corporate Centre levels.
- Establishing a stronger **EPM partnership model** between Directorates and the Centre.
- Embedding **behavior change**, including active use of strategic scorecards in M&E and decision-making forums.

(City of Cape Town Framework: Facilitated by EY Cape Town)

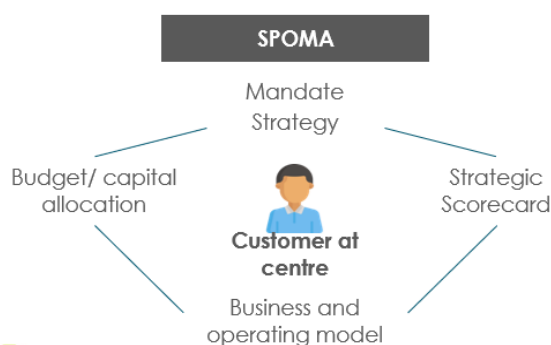


Figure 16: Strategy Formulation and Execution

The EPM initiative complements the MTSR Programme by strengthening the planning framework and capacity of the directorate.

This will enhance and grow strategic support capability to enable the Trading Services Head to drive strategy development and the execution thereof.

In addition to the abovementioned reporting, the Directorate has a Management dashboard that is updated daily providing insight into:

- Financial performance
- Detailed reports regarding Project Management, Tender monitoring, Procurement overviews, BIF And Specification due reports, Demand planning overview, Fund source performance, commitment overviews and long-term financial planning
- Procurement Management
- Contracts Expiring
- Project risks

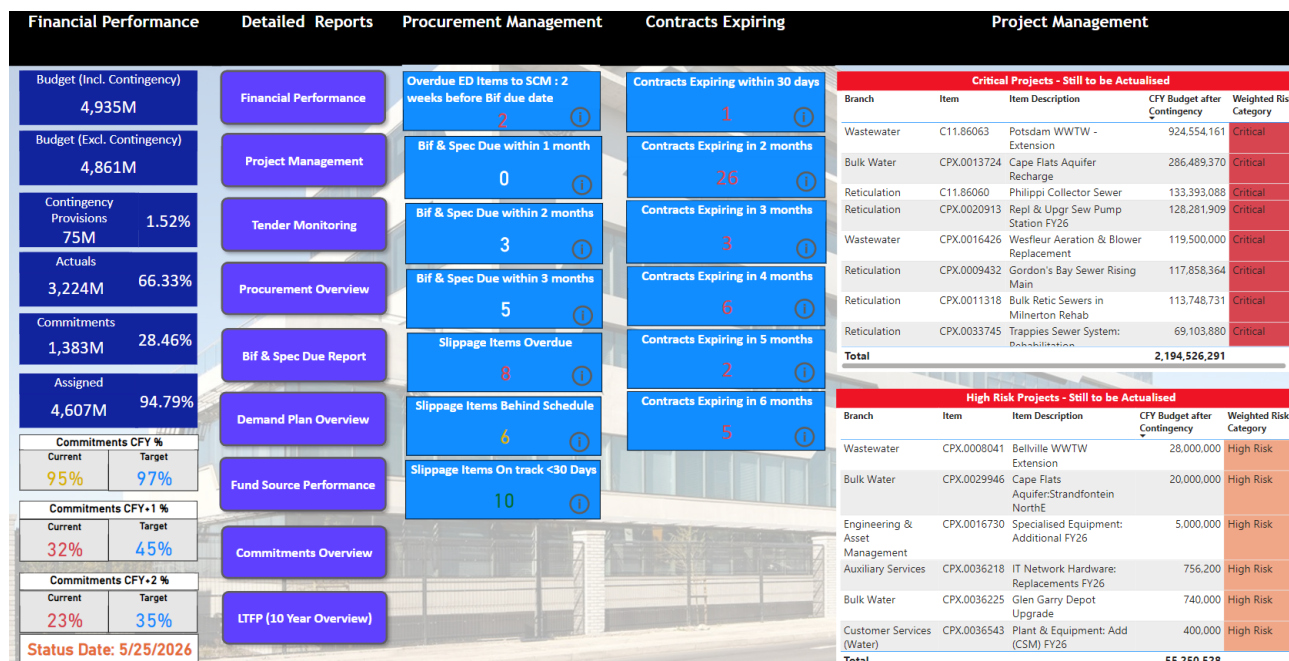


Figure 17: Water and Sanitation Management Dashboard

3.11 Continuous improvement

The Directorate recognises the need for continued improvement. Areas for further development include:

- **Strengthening SLAs:** The review and development of Service Level Agreements with corporate departments and other service providers, will enhance collaboration and accountability.
- **Human Resources capacity:** The Directorate will focus on developing and retaining a skilled workforce to meet the challenges of new technologies and evolving service demands.
- **Financial sustainability:** The Directorate will explore strategies to achieve long-term financial sustainability and ensure the provision of high-quality water and sanitation services.
- **Achieving procurement excellence**

Auditor General Audit Findings 2024/25 and lessons learnt:

The majority of the findings referenced reg. 28 whereby the Bid Evaluation Committee (BEC) (and SCM Practitioner) failed to evaluate the tender in accordance with all the responsiveness criteria. This resulted in the tender evaluation not aligning to the specifications stipulated in the tender documents and possible non-compliance and irregular expenditure. The key takeaway is that it is important to note that if none of the bidders qualified and it is decided to "lower" the criteria the tender should be cancelled and re-advertised to allow other potential providers to bid.

Key lessons learnt was that evaluators adhere to the tender specifications when evaluating a tender and ensure that there are no deviations from the specifications that were advertised. Ambiguity in tender documents must be avoided, and the only exception is if ambiguity is identified by our staff that requires clarification. Further, the evaluator may not ask a tenderer to supply mandatory documents which are not in the tender document and no new information can be requested that is not in the tender document. To also ensure that all tenderers and their respective directors do not owe money to the City longer than 3 months. Lastly, all awards especially deviations, must be accompanied by a declaration by the supplier at the time of making an award. No declaration means no award.

Municipal Public Accounts Oversight:

In terms of the City delegations, when an instance of Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure is identified, it is firstly reported by the W&STS Head to the City Manager (CM) in compliance with Section 32 of the MFMA. The CM, once having applied his mind is delegated to refer the matter to Municipal Public Accounts Committee (MPAC) whereafter MPAC will select a task team to investigate the matter to determine recovery or written-off, and the matter addressed at MPAC. Where applicable, responsible officials are consequence managed by the SPoMA Head, for non-compliance to the Supply Chain Management (SCM) Policy and Conditions of Contract. Control deficiencies are identified and addressed through the enhancement of controls or implementation of new controls.

3.12 Stakeholder Engagement and Communications

Table 5: W&S relevant Partners and Stakeholders

Partners/stakeholders	Roles and responsibilities of directorate	Roles and responsibilities of stakeholder
Consumers; Communities; Business/industry; Developers	• Service delivery; water and sanitation. • Uninterrupted supply. • Reasonable turnaround time on service request. • Assessing development applications efficiently. • Implementing the DC Policy equitably	• Payment for services rendered. • Feedback on service problems. • Wise water use. • Treating public infrastructure with respect for other consumers. • Developments that support the City's Spatial Framework
Internal partners (Political) Mayor; Mayoral Committee; Section 79 and 80 Committees; Sub-councils and Ward Councillors	• Oversight reporting. • Communication of directorate requirements and service standards	• Policy direction • Governance. • Budget approval • Oversight and accountability
Internal partners (Administrative)	• Information sharing. • Commitment to transversal functions. • Communication of directorate requirements and service standards	• Responsible governance • Reciprocal roles

Partners/stakeholders	Roles and responsibilities of directorate	Roles and responsibilities of stakeholder
External partners Higher Education Institutions: Institutions of higher learning; University of Cape Town (UCT), University of the Western Cape (UWC), University of Stellenbosch (US), Cape Peninsula University of Technology (CPUT) Civil society organisations Community Interest groups, ratepayers' associations, special interest forums, religious groups, neighbourhood watch groups and Non-Governmental Organisations (NGOs)	• Enable research and partnerships therein. • Information • Information sharing • Providing a communication channel • Responsiveness to concerns	• Research and innovation • Expertise and knowledge • Participation and consultation • Communication to their stakeholders
External partners (Other spheres of government) National Department of Water and Sanitation (DWS); Provincial Department of Environment and Development Planning (DEADP); Provincial Department of Water and Sanitation (DWS); National Treasury; National Department of Cooperative Governance and Traditional Affairs (CoGTA)	• Execute the water services provider function for the City. • Information sharing and reporting. • Legal and policy compliance. • Implement key National and Provincial Programmes and initiatives	• Regional water resource management and municipal support. • Monitoring the water service authority; and provide technical support to the water service authority when required. • Monitor City planning • Driving key transversal initiatives across municipalities

The W&STS recognises the intricate relationship between water and sanitation services and broader urban development. To ensure the effective delivery of these essential services, the Directorate actively engages in intergovernmental and transversal cooperation with various stakeholders.

Key Areas of Intergovernmental and Transversal Cooperation:

a) Housing Development:

- Collaboration with the Human Settlements Directorate:
 - Infrastructure Planning: Jointly planning the development of water and sanitation infrastructure to accommodate new housing developments.

- Service Provision: Ensuring that new housing developments have access to reliable water supply and adequate sanitation services, while also prioritising the use of durable and SABS compliant plumbing materials to avoid future maintenance issues caused by using poor quality materials.
- **Tariff Structures:** Collaborating on affordable tariff structures for low-income households.

b) Growth Management:

- Cooperation with the Urban Planning and Design and Development Management Departments:
 - Urban Planning: Aligning water and sanitation infrastructure planning with broader urban development strategies.
 - Development Management: Commenting on land-use and building development applications

c) Risk, Resilience and Disaster Management:

- Partnership with the Disaster Management Risk Centre and Risk and Resilience Department:
 - Emergency Response: Coordinating emergency response efforts during natural disasters, such as floods and droughts.
 - Risk Assessment: Identifying and mitigating risks to water and sanitation infrastructure.
 - Contingency Planning: Developing contingency plans to ensure the continuity of water and sanitation services.
 - Climate Change and Resilience: Collaboration across departments to integrate climate change adaptation and resilience strategies, ensuring the City's infrastructure and communities are better prepared for climate-related risks while mitigating environmental impacts.

d) Environmental Management:

- Collaboration with the Environmental Management Department:
 - Environmental Impact Assessments: Considering the environmental impact of water and sanitation projects on the broader urban landscape.
 - Water Quality Monitoring: Jointly monitoring water quality in rivers, dams, and the ocean.
 - Wastewater Treatment: Ensuring compliance with environmental regulations for wastewater treatment plants.
 - Conservation Initiatives: Promoting water conservation and sustainable water use practices.

Ensuring Transversal Collaboration:

To ensure effective transversal collaboration, the Water and Sanitation Directorate:

- Holds regular meetings with relevant departments (internal and external) to discuss issues and coordinate efforts.
- Utilises shared information systems to facilitate data sharing and decision-making.
- Undertakes joint projects with other departments to achieve shared objectives.
- Provides training and capacity-building opportunities for staff to enhance their understanding of transversal issues.

- Participates in the Local Labour Forum (LLF) that is a City forum chaired by Corporate Services, and deals with high level matters such as restructuring.
- Facilitates and Chairs the Directorate/Departmental Labour Committee (DLC) which is a forum that addresses staff matters specific to Water and Sanitation

By actively engaging in intergovernmental and transversal cooperation, the Water and Sanitation Directorate aims to optimise resource allocation, improve service delivery, and contribute to the overall well-being of Cape Town residents.

Communication, Stakeholder Engagement and Partnerships

The Water and Sanitation Community Engagement function prioritizes effective stakeholder management by maintaining continuous engagement with a diverse range of stakeholders to ensure responsive, inclusive, and sustainable service delivery. With customers, the department facilitates open communication through community hall meetings, business forums, consumer councils, and other accessible platforms, enabling the sharing of information, addressing service concerns, and incorporating feedback into planning and operations. Engagement with Community-Based Organisations (CBOs) strengthens local partnerships, supports community-driven initiatives, and enhances awareness on water conservation, sanitation practices, and infrastructure protection. In addition, the department collaborates with other key stakeholders—such as government entities, regulatory bodies, private sector partners, and civil society organisations—to align strategic objectives, coordinate projects, and ensure compliance with policies and standards. Through these structured and ongoing interactions, Water and Sanitation fosters transparency, accountability, and mutual trust, ultimately improving service delivery outcomes for all stakeholders.

The Communications and Partnerships Branch continues to play a strategic role in strengthening collaborative water resource management and community-based environmental stewardship through the facilitation of Catchment Management Forums (CMFs) and partnerships with community organisations.

During the reporting period, the branch continued supporting the establishment and coordination of 10 Catchment Management Forums across various catchment areas in the city. These forums serve as important stakeholder engagement platforms that bring together residents, community groups, non-governmental organisations, businesses, academic institutions and relevant government departments to discuss catchment-related challenges, share information, and promote collaborative solutions for the protection and improvement of waterways and associated infrastructure. While the functionality and maturity of the forums vary, several are meeting regularly and driving local initiatives, while others remain in developmental phases focused on stakeholder mobilisation, relationship building and increasing participation. The CMFs continue to contribute towards improving communication between the City and communities, fostering local ownership of waterways, and supporting integrated catchment management principles.

In parallel, the branch has continued to expand its partnerships programme aimed at enabling community-led environmental and water stewardship initiatives. Through the Water and Sanitation Directorate's grant funding programme, partnerships were established with 11 community organisations during the 2024/25 financial year. These partnerships supported a range of water and sanitation initiatives including river clean-ups, invasive vegetation clearing, environmental education and awareness campaigns, community upliftment projects and activities aimed at improving the health of waterways and surrounding environments.

Building on the positive outcomes and increased interest from community stakeholders, the programme expanded significantly during the 2025/26 financial year, with 22 organisations being supported, and four Catchment Management Forums. The growth of the programme reflects increasing community participation and the value of collaborative partnerships in extending the impact of environmental and water-related initiatives at a local level. These partnerships continue to strengthen relationships with communities, support local capacity development, in in certain instances temporary employment, and contribute towards broader environmental resilience and sustainability objectives within the City.

4 Improving Customer Services

4.1 Customer Service-Related Targets

Table 6: Customer Service Improvement Targets

A3-PIAP targets	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
A1 Customer Satisfaction Survey	%	W: 60% S: 58%	W: 60% S: 58%	W: 60% S: 58%	W: 60.5% S: 58.5%	W: 61% S: 59%	W: 61.5% S: 59.5%	W: 62% S: 60%	W: 62.5% S: 60.5%

The City conducts an annual Community Satisfaction Survey to understand resident's perceptions of the overall quality of services received and assess how well these services meet their needs and expectations. In the survey, water provision and sanitation services maintained a consistent rating over the 2023/24 and 2024/25 financial years, showing steady performance. The outcome of this survey is analysed through a detailed review of the findings and instituting of improvement plans to address areas of concern where ratings have declined or remained stagnant.

Outcomes of the CCT Resident Satisfaction Survey during the current 5-Year IDP

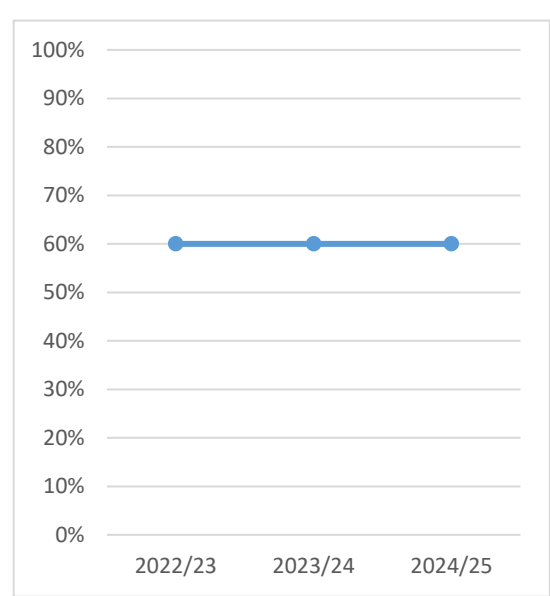


Figure 18: Performance of CSS Water Provision

Water Provision

The overall satisfaction score for Water Provision remained steady. This indicates no significant improvement or decline overall, suggesting a stable but plateaued public perception of service quality. The slight decline in the “water charges” scoring indicates that affordability remains a challenge, while the decrease in effective management of water restrictions was potentially linked to perceptions of fairness or transparency.

Improved satisfaction is noted for uninterrupted water supply possibly due to fewer network disruptions, while the satisfaction score significantly increased for drinking water quality - clear recognition of better water quality.

The Northern and Southern districts showed high and rising satisfaction, likely due to quality and reliability of supply. Khayelitsha district though showed a drop indicating increased dissatisfaction. This will be a focus area for affordability and service response issues.

Sanitation Services

Satisfaction with Sanitation services has remained unchanged over the last two financial years. This flat performance suggests no perceived improvement in the municipality's sanitation services or no progress in public perception regarding investment or maintenance of infrastructure. Both components are rated identically and show no movement, indicating persistent service delivery issues or lack of visible progress in addressing sanitation concerns.

Infrastructure capacity is seen as consistent but stagnant, resulting in no change to the satisfaction score for providing infrastructure for sewerage and sanitation. Satisfaction scores for attending to sanitation problems in a reasonable time remain stagnant possibly due to response time perceptions not improving.

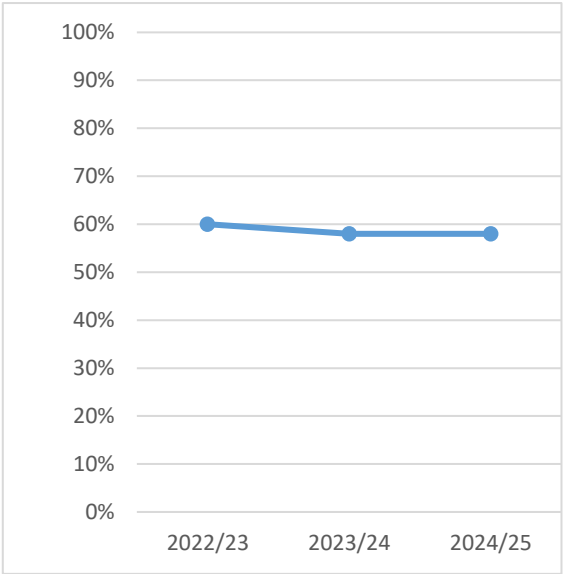


Figure 19: Performance of CSS Sanitation Services

The Klipfontein district, while showing sanitation improving, remains significantly underserved, likely linked to infrastructure deficits or slower response times. The Western district showed significant decline, which is consistent with negative trends in housing and water provision, suggesting potential broader service delivery challenges in the area. The Southern and Tygerberg districts continue to show steady progress, possibly due to more consistent maintenance and response systems.

(CCT Resident Satisfaction Survey Research Project Report by Plus 94, July 2025)

The City is implementing programmes and interventions that address the above survey concerns, namely affordability, stakeholder awareness and empowerment, investment in infrastructure (particularly wastewater/sanitation infrastructure) and customer responsiveness.

Customer Responsiveness

the A3 – PIAP operational indicators W8 and W9 below, measure how responsive the Trading Service is to water and sewer service complaints and sets improvement targets into the outer years of the reform process. In addition to water and sewer service-related complaints, the directorate also monitors and reviews performance on the time taken to resolve service notifications across all work centres against pre-determined standards.

The directorate has also implemented metrics on its Service Delivery and Budget Implementation Plan (SDBIP) and Section 57 scorecard to respectively measure the percentage of residential, and

commercial water and sewerage service applications processed within the response standard. These metrics serve to improve the customer's experience and raise the City's profile as a place to do business.

Table 7: Water Service Complaints Response Improvement Targets

A3-PIAP targets	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W8 Water Service Complaints Response % in 48 hours	%	New	89.41%	>=86%	>=87%	>=88%	>=90%	>=91%	>=92%

The target is determined on the basis that it is limited to Burst Pipe complaint types only and restricted to burst pipes which occur on the municipal network or distribution main (75mm and above). It is further determined that the target understands “response” to mean that a team has arrived on site, assessed and apply reasonable measures where possible and not resolved the complaint.

It is important to note that improvements in response time are dependent on several key factors, including:

- Access to infrastructure in volatile areas, which is dependent on support from law enforcement.
- Access to encroached infrastructure, which can delay or prevent timely repairs.

From a reporting perspective, the dataset is captured through mobile devices. There is a high dependency on:

- Consistent use of devices by staff.
- Reliable and up to date IS&T infrastructure to prevent service disruptions, including:
 - SAP Maintenance system downtime (planned and unplanned)
 - Network connectivity challenges
 - Delays in device setup for new users and replacement of damaged or stolen devices

Achievement of the target can be further improved through implementation of the staffing requirements identified in the Strategic Manpower Framework (SMF).

Target Achievement Plan

A critical challenge for this indicator is the misuse of complaint codes by customers, resulting in non-burst issues being logged as burst pipes. This leads to system overload and requires teams to prioritise multiple reported “burst pipes” that are not actual bursts, negatively impacting response times.

Key Dependencies

- Staffing: Availability of staffing resources, Filling of vacancies and related constraints
- Fleet Support Services: Delayed turnaround times for repair and maintenance of fleet services impacting on response. Availability of pool vehicles.
- Overtime and standby: Budget and hours allowed for, whereas the indicator assumes 24/7 operations.
- IS&T to improve management of SAP system disruptions.
- IS&T role players to improve Citywide network connectivity.
- IS&T support with device management

- Safety and Security support (both within Water & Sanitation and external agencies) to be readily available when required, as escort services currently need to be scheduled, which delays responsiveness.

With reporting, the quality of the report is highly dependent on the inputs/entries made (internal):

- People, behaviour, change management, Regional, depot and line management support and leadership.
- Correct use of the system in terms of capturing, completeness, timeliness, validation and accuracy.

Table 8: Sewer Service Complaints Response Improvement Targets

A3-PIAP targets	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W9 Sewer Service Complaints Response % in 24 hours	%	New	49.8%%	>=70%	>=70%	>=75%	>=80%	>=85%	>=90%

The target specifically relates to Sewer Blockage and Overflow (also known as Spills) complaint types which occur along the municipal waste water conveyance network as reported by the customer. Improvement in response times is dependent on key external factors, including:

- Access to infrastructure in volatile areas, requiring support from law enforcement.
- Access to encroached infrastructure, which may delay operational response.

From a reporting perspective, data is captured via mobile devices, creating a strong dependency on:

- Consistent utilisation by operational staff.
- Stable and aligned IS&T systems, including:
 - SAP Maintenance availability (planned and unplanned downtime)
 - Network connectivity
 - Timely setup and replacement of mobile devices

Further improvement in target achievement is dependent on implementation of the staffing requirements identified in the Strategic Manpower Framework (SMF).

Target Achievement Plan

Achievement of this target is influenced by cross-cutting departmental dependencies and external factors contributing to sewer blockages and overflows, requiring coordinated operational, technical, and support interventions.

Key Dependencies:

- Staffing: Availability of staffing resources, Filling of vacancies and related constraints
- Fleet Support Services: Delayed turnaround times for repair and maintenance of fleet services impacting on response. Availability of pool vehicles.
- Overtime and standby: Budget and hours allowed for, whereas the indicator assumes 24/7 operations.
- IS&T to improve management of SAP system disruptions.

- IS&T role players to improve Citywide network connectivity.
- IS&T support with device management
- Safety and Security support (both within Water & Sanitation and external agencies) to be readily available when required, as escort services currently need to be scheduled, which delays responsiveness.

With reporting, the quality of the report is highly dependent on the inputs/entries made (internal):

- People, behaviour, change management, Regional, depot and line management support and leadership.
- Correct use of the system in terms of capturing, completeness, timeliness, validation and accuracy

4.2 Commercial services (revenue enhancement)

Table 9: A3-PIAP Operational indicators directly impacting on revenue (Water & Sanitation)

A3-PIAP indicators	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W11 Metering performance	%	New	New	87%	89%	90%	92%	93%	94%

The current and historical performance for W11 reflects the percentage of water connections that are metered and billed on actual monthly readings.

The W11 indicator calculation measures both metered and unmetered connections, as prescribed in MTSR – GN4 Annexure 1, using the following formula:

$$(\text{Number of connections metered and billed on actual readings monthly} \div \text{Total number of connections [metered + unmetered]}) \times 100$$

The 2025/26 target of 87% is supported by the current operational context. At present, there are approximately 25 134 reported unmetered connections, which significantly impacts the overall percentage. When these unmetered connections are included in the denominator, performance reduces to 87%, thereby justifying the baseline and target setting for 2025/26.

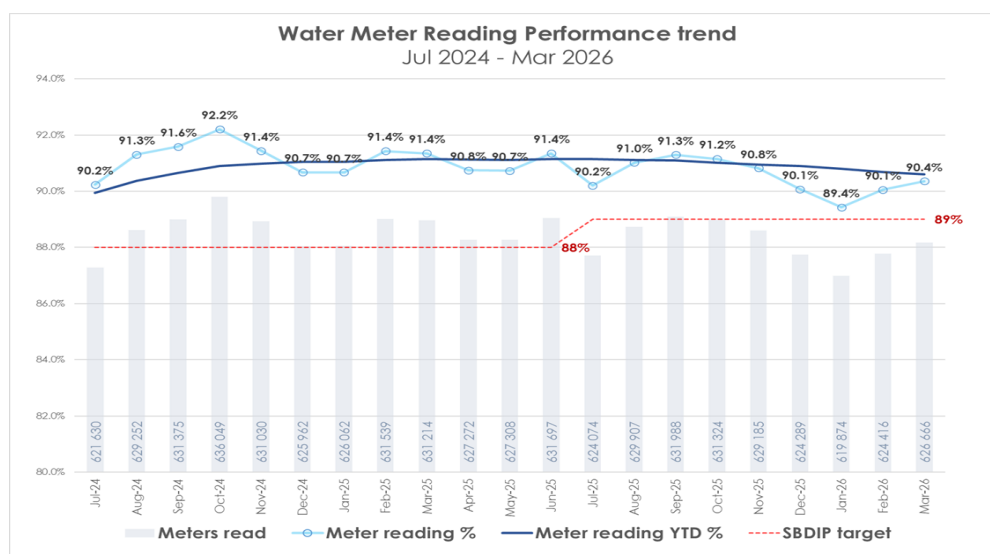


Figure 20: Meter Reading Performance

The 2026/27 target of 89% is based on the implementation of approved action plans aimed at:

- Reducing the number of metered connections billed on estimations, and
- Reviewing approximately 12 986 connections currently registered as SG-approved metered connections that remain linked to a registered “mother ERF”, including both City-owned and non-City-owned low-income housing developments.

The above-mentioned review process will confirm the correct billing configuration and migrate eligible connections to individual and/or be accounted as metered billing accounts. These interventions support the planned incremental improvement from 87% to 89%.

Targets for Y3–Y6 are aligned to, the progressive implementation of the initiatives/action plans detailed below and the phased deployment of Advanced Metering Infrastructure (AMI), which will:

- Reduce reliance on physical meter access,
- Improve reading frequency and accuracy, and
- Significantly lower estimated billing over time.

Target achievement Plan

Challenge / Area	Key Identified Issue	Impact on Performance	Key Actions
Inaccessible & Missing Meters	±12 050 properties affected	Repeated estimations, revenue loss, reduced billing accuracy, negative impact on NRW	Customer communication; removal of obstacles; meter relocation; prioritisation of high-impact meters (Commercial and Domestic Full); customer self-read submissions via call centre and email
Underground / Unlocatable Meters	Inaccurate GIS positions and underground/paved over installations.	Continued estimations and unreliable meter data.	Ground Penetration Radar procured to locate underground meters; use of MOBI GIS Spatial Viewer for validation and route optimisation
Unsafe Meter Locations	Approximately 14 409 meters located in unsafe or high-risk environments	Missed readings, increased estimations, safety risks	Law-enforcement-supported readings; Services Blitz initiatives; coordination with Subcouncils and Ward Councillors; customer self-read submissions; Long term - smart/AMI meter installations
Faulty meter/ Blank Meter Estimations	1 913 estimations applied without valid or traceable readings	Repeated estimations, revenue loss, reduced data integrity and NRW impact	Prioritised meter replacement focusing on high-impact connections; integration with AMI rollout and meter replacement programme

Advanced Metering Infrastructure

The City's AMI programme is a complex, large scale, strategic initiative of the WS Directorate aimed at improving the management of water resources and services through the replacement of existing traditional mechanical water meters with a smart metering solution. AMI will allow real-time monitoring of water consumption, leading to more accurate billing, early detection of leaks, and improved revenue collection efficiency. The goal is to implement a digital water solution for the CCT that enhances customer trust in accurate water billing while supporting long-term water resilience. It is envisaged that the full and effective implementation of AMI could yield significant improvements

in revenue as a result of improvements in metering accuracy. The AMI will generate data that will be very useful in planning, operating and maintaining the service more effectively. This will help customers to monitor their consumption and make it easier for them to detect leaks.

The Programme has been structured into two phases:

- Phase I - This phase will include the installation of the first 130,000 smart meters and related infrastructure from approximately the 1st Quarter of Financial Year 2026 (Q1 FY26) to Q4 FY28, primarily targeting industrial, commercial, and high-usage residential customers.
- Phase II - This phase will cover the installation of the remaining circa 500,000 smart meters from approximately Q2 FY28 to Q2 FY38.

Table 10: Revenue Collection

A3-PIAP indicators	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
F2 Cash Collection rate	%	Wat: 88.22%	Wat: 91.83%	Wat: 91.0%	Wat: 91.5%	Wat: 92.0%	Wat: 93.0%	Wat: 93.5%	Wat: 94.0%
		San: 90.4%	San: 94.68%	San: 92.5%	San: 93.5%	San: 94.0%	San: 95.0%	San: 95.0%	San: 95.0%

Debt management strategies are in place to target outstanding payments, with an emphasis on arrears recovery through customer engagement and enforcement of service restrictions and disconnections in cases of non-payment in adherence to the City's approved policies. The City continuously streamline collections by introducing more flexible payment methods, including online platforms, mobile applications, and partnerships with third-party service providers through implementation of effective debt management and revenue collection process.

5 Improving Financial Performance

5.1 Financial Management Targets

Table 11: A3-PIAP Finance indicators

A3-PIAP indicators	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
M7 Financial transparency	Binary	New	2023/24 Seg Man Accs pro forma	2024/25 Seg Man Accs	2025/26 Seg Man Accs and AR	2026/27 Seg Man Accs and AR	2027/28 Seg Man Accs and AR	2028/29 Seg Man Accs and AR	2029/30 Seg Man Accs and AR
A2 MSCoA compliance	Binary	New	ICU Assessment Score MSCoA Roadmap	ICU Assessment Score MSCoA Roadmap	ICU Assessment Score MSCoA Roadmap	ICU Assessment Score MSCoA Roadmap	ICU Assessment Score MSCoA Roadmap	ICU Assessment Score MSCoA Roadmap	ICU Assessment Score MSCoA Roadmap

A3-PIAP indicators	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
A3 Public Procurement transparency	Binary	Full adherence to statutory regulations regarding procurement transparency. Partial procurement transparency - use of e-procurement for RFQs	Full adherence to statutory regulations regarding procurement transparency. Partial procurement transparency - use of e-procurement for RFQs	By 30 June 2026, City will confirm full adherence to statutory regulations regarding procurement transparency.	By 30 June 2027, City will confirm full adherence to statutory regulations regarding procurement transparency.	By 30 June 2028, City will confirm full adherence to statutory regulations regarding procurement transparency.	By 30 June 2029, City will confirm full adherence to statutory regulations regarding procurement transparency. e-procurement portal for tenders	By 30 June 2030, City will confirm full adherence to statutory regulations regarding procurement transparency. e-procurement portal for tenders	By 30 June 2031, City will confirm full adherence to statutory regulations regarding procurement transparency. e-procurement portal for tenders
A4 Capital Budget Execution	%	88.96% (excl contingencies)	94.8% (excl contingencies)	90%	90%	90%	90%	90%	90%
F1 OCCR	Ratio	1.29	1.35	1.10	1.10	1.20	1.30	1.40	1.40
F3 Operational Cash Flow	R	R1 864 015 000	R964 246 000	Positive cashflow > R1b	Positive cashflow > R1.5b	Positive cashflow > R2b	Positive cashflow > R2.5b	Positive cashflow > R2.5b	Positive cashflow > R2.5b
F4 Net debtors days	Days	Wat: 83 San: 81	Wat: 69 San: 68	Wat: 68 San: 68	Wat: 65 San: 65	Wat: 60 San: 60	Wat: <55 San: <55	Wat: <55 San: <55	Wat: <55 San: <55
F5 Infrastructure Capex	R	Total budget: R4.455b Actual: R3.316b	Total budget: R 4.713 b Actual: R 3.741b	R4.4b	R4.84b	R5.32b	R4.87b	R3.73b	R2.73b
F6 Self-Financing ratio	Ratio	0.56	0.26	>0.2	>0.3	>0.4	>0.6	>0.6	>0.6

5.2 Financial Performance Improvement

The finance related performance indicators are reflected in table 2 above.

The City does produce annual segmental financial reporting for the Water and Sanitation Service which are used to guide decisions. As regards to “Financial transparency”, the Water and Sanitation Directorate has therefor also already committed to provide Water and Sanitation segmental Financial Statements as part of the larger entity (i.e. City of Cape Town). It should be emphasised that the audited Financial Statement will be that of the City of Cape Town entity.

The City of Cape Town does adhere to current mSCOA requirements. The Water and Sanitation Directorate is however aware of ongoing developments to implement regulation with prescribes on management and requirements to have standard functionality requirements within the ERP Systems implemented by municipalities. The City will continue to raise issues in this regard via the standard communication mechanisms (example, Water Inventory, etc).

There is a good track record of implementing capital projects (taking due cognisance of budgeted contingencies on the projects). The implementation levels will continue to be pursued via current oversight mechanisms and further capacitation of the project and contract management staff.

It is important to emphasise that financial management cannot be viewed in isolation. Decisions in this regard are taken with due cognisance of assets required to ensure sufficient capacity, asset management to ensure the municipality remains operational and compliant, service levels are achieved and responsiveness levels are in line with the service charter. In order to ensure that the municipality acts responsibly with the public funds entrusted to the organisation, the directorate do follow a process of prioritisation to ensure loans obtained and revenue received are optimised.

Please refer to Section 8.2 below where the prioritising approach are reflected with due cognisance of the targets specified for the MTSR initiative.

In prioritising the operational budget, the following are considered:

- The service / responsiveness levels required based on the latest service charter, resources available via permanent staff and outsourcing and additional resources obtained via operational review process;
- Repairs and Maintenance programs on Water and Sanitation assets. Decisions are based on items reflected on the asset register, pro-active maintenance schedules and trends of re-active maintenance;
- Impact flowing from decisions on the capital budget related to interest and depreciation as well as additional operational cost to operate and maintain new assets;
- Increases on energy cost (Electricity and Fuel);
- Increases to chemicals required for water and sanitation processes;
- Cost of Living increases for permanent staff;
- Contract Price Adjustment for outsourced services;
- Expected inflationary increases for standard operational items;
- Expected collection ratios that can be obtained;
- Expected organic growth in sales;
- Efficiencies that can be achieved via technological advancements, training, and data analysis, etc.

As regard to the financial indicators, the following are relevant:

The collection ratio (F2) is already addressed under Section 4.2 above where the City will systematically be increasing the collection ratio to ultimately achieve 95%.

The systematic improvement of the collection ratio also plays a significant role in the Water and Sanitation Directorates ability to improve the debtors' days (F4). Although the revenue is set to increase, the Directorate is optimistic that such revenue will be collected (as per the mechanisms explained under F2) and that the potential increases in the receivables be limited via the realistic contributions that are made to the Debtors Working Capital Reserve that generates the provision to offset potential accrual of debt.

Infrastructure spending (F5), which is highlighted in more detail under Section 8.2 – Investment plan below where the prioritised projects is highlighted to reflect the required projects to ensure allowance for growth, expansion, compliance and managing ageing infrastructure (as specified later in the report, the capital budget excludes projects identified for implementation via Public Private Partnerships). The Water and Sanitation Directorate has a good track record in achieving the 90%

target (with due cognisance of the allowance for contingencies). It must however be highlighted that the aggressive capital programme does place significant strain on the financial performance of the Water and Sanitation Directorate.

The operational cash flow (F3) is currently reflecting positive cash flows and is projecting growing positive cash flow into the future. The Directorate has however taken a cautious approach when setting targets due to aggressive investment approach, the level of uncertainty regarding the approval of double-digit tariff increases to generate the revenue as well as uncertainty regarding starting times of projects identified for implementation via Public Private Partnerships.

By implication, the same cautious approach for the same reason was taken for the self-financing ratio (F6). It also needs to be highlighted that as indicated under the F5 indicator, the reduction in the capital expenditure trend is due to the fact that the Public Private Partnership projects will not be reflected in the capital budget and will skew the calculations in the outer years. In addition, it important to note that internal generation of funds also have a relationship with the establishment of the base budget and tariff smoothing approach in anticipation of the operationalisation of the Public Private Partnership initiatives. With the aggressive capital approach and Public Private Partnership projects, it is evident that the Directorate will require external financing.

The Operating Cost Coverage Ratio (F1) is also projecting to steadily increase, reflecting that the Water and Sanitation Directorate will still be generating sufficient revenue to cover its operating and maintenance expenses. The Directorate has again taken a cautious medium-term approach when setting targets due to the level of uncertainty regarding the approval of double-digit tariff increases to generate the revenue as well as uncertainty regarding starting times of projects identified for implementation via Public Private Partnerships.

5.3 Financial Plan

The Water and Sanitation Directorate performs and updates the long term (10 years) financial plan as part of the annual budget cycle. The long-term financial plan includes parameter driven increases to the base budget, updates for future budget realities / operational reviews as well as operating impacts flowing from the implementation and operationalisation of assets generated when capital projects are completed.

The financing of the capital budget forms part of the long-term financial modelling and includes internally generated funds (Reserves), raising of loans as part of the funding sources as well as Grants (which includes ISUPG and the new UDFG). The impact of the loans raised required to fund the capital programme are also factored into the financial model with due cognisance of asset class, expected lifecycle as well as interest rate (not only for interest applicable to the loan, but also temporary interest during charged during the implementation of the project).

The viability and affordability of the long-term financial plan is tested via tariff increases required to recover the cost to deliver the services at the required service levels. Various versions of the Long-Term Financial Plan do exist, and forms part of the iterations required as part of the direction provided by the Budget Steering Committee and Budget Strategy Meetings. The final version of the long-term financial plan is what is ultimately submitted for Council approval. This goes hand in hand with the approval of tariffs and tariff percentages that is key for viability, sustainability and affordability of the service.

Refinements have also recently been performed to improve the tracking of targets over the medium to long terms and provide clearer tracking of cash flows over the period. This adds further value for strategic decision making.

The Water and Sanitation Directorate is also making use of the financial model provided by NT for purposes of the MTSR Programme.

5.4 Tariffs

The Water and Sanitation tariffs are set to recover the cost of delivering the service, i.e. it provides a revenue stream to fund the services provided and keep the Utility financially viable. This is currently being performed via a two-part tariff structure containing both fixed as well as variable components which represents approximately 20% and 80% respectively of billed revenue.

The tariff structure, which was revised during the 2025/26 Budget Cycle makes use of the "Property Value Bands" as criterion for domestic customers and "meter sizes" for non-domestic properties for purposes of calculating fixed basic charges. This methodology, which also formed part of the March 2026 tabled budget, is applicable to both the water service and sanitation service. It must however be emphasised that the Water and Sanitation Directorate approach to make use of "Property Value Bands" has been challenged in the High Court and the Court judgement was against the City. This judgement will therefore now impact on the fixed basic mechanisms used to recover the cost. Although the change in mechanism (reverting to the 2024/25 methodology of using the size of the meter for domestic properties) will not change the overall revenue to be generated, the proportion of values generated from the fixed (reducing) and consumption (increasing) charges will be impacted.

Although the structure introduced endeavour address the principle of economic efficiency, it is acknowledged that such is not currently fully achieved. As the next step, the Water and Sanitation Directorate would want to increase its fixed component of the tariff to approximately 35% to create further stability in revenue generation. This will however take place over the medium to long terms and will be subject to support and buy-in from various stakeholders.

The variable portion of the two-part tariff is based on the inclining block tariff and as indicated in the Tariff Policy, Step 1 and 2 pricing is a function of the Average Cost, step 3 a function of the incremental marginal cost and step 4 a punitive charge to deter high water use. This approach does not only assist with applying cross-subsidisation but also addresses the principle of environmental sustainability via the management of water demand and promoting water conservation.

This tariff structure adheres to the principles of affordability as it takes the customers' ability to pay into account. It also allows for cross-subsidisation to ensure access to water and sanitation services to low-income households are maintained.

5.5 Financial Management

As indicated earlier, the Water and Sanitation Directorate has already committed to:

- Provide Water and Sanitation segmental Financial Statements as part of the larger entity (i.e. City of Cape Town).
- Adheres to the current mSCOA requirements

The budget preparation and financial reporting also already allow for the:

- The reflection of financial as well as cost accounting;
- The inclusion of support services based on the cost drivers identified;

In addition, as part of the annual budget process, the Water and Sanitation Directorate will perform its operational review in line with the strategic management framework and strategic brief. Such review includes decisions related to levels of service delivery, levels of staff capacity, in-sourcing or out-sourcing of required resources, alignment with the latest technologies and where potential exist to achieve further efficiencies.

To ensure efficiencies are achieved, the Water and Sanitation Directorate has also refined the level of operational decision-making and implemented additional control mechanisms to ensure proper oversight and value for money for payments made. Such control improvements include level of staff allowed to authorise, validating of job cards, analysis of actuals posted on the system, better co-ordination between operations and finance to improve visibility of expenditure, strengthening of stock and materials management to limit wastage and misuse, identify anomalies when comparing wrench time do not correspond with travel time as well as pro-active tracking of purchase orders to confirm planning and commitments created.

It must also be emphasised that projects identified for the Capital Budget and Development Programme are subject to stage gates process where for the various phases, i.e. scoping, feasibility, conceptual design, detail design, execution out as well as benefits review. As part of the stage gates process analysis and assessment are performed on the all the various aspects related to the cases made alignment with the strategy, socio-economic impact, procurement, commercial and regulatory, project management, technical and engineering management as well as financial. The financial assessment includes criteria such as funding requirement, funding options, financial feasibility and affordability.

As also indicated earlier, the operating impact from these created assets, once operationalised, are factored into the long-term financial plan. Also refer to 5.2 above regarding further aspects of financial management.

6 Operations

6.1 Optimising Operational Performance

6.1.1 Water Security

Table 12: A3-PIAP Operational indicator – Water Security

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W1 Water Security – input volume % raw water allocation	%	87.7.7%	87.1%	<100%	<100%	<100%	<100%	<100%	<100%

As at 31 December 2025 the Water Security was at 96.9%.

The target is based on the full licence allocation from the National Department of Water and Sanitation to the City of Cape Town divided by the input volume to water treatment plants.

Target achievement plan - Risk Mitigation Measures and Dependencies

Achievement of the target can be influenced by the following:

- 1) The City being able to either reclaim the 11 Mm³/a from the Berg River Dam allocated to other urban users. No agreements have been formalised with the other users or payments received since about 2019. The City will write to the National Department of Water and Sanitation in this regard. Failing getting the full allocation restored to the City, the City will request a temporary allocation of the 11 Mm³ per annum as the other users grow into their licenced allocations.
- 2) The implementation of the Berg Voelvlei Augmentation Scheme by DWS / TCTA has been delayed by around 5 years for various reasons not within the control of the City of Cape Town. The City will write to the DWS to obtain a licence allocation in advance of the first water date
- 3) The City will write to DWS to investigate the availability of being allocated any surplus water emanating from the Verification and Validation of Water use exercise recently undertaken by DWS.
- 4) Implementation of the City of Cape Town's Water Conservation and Demand Management Strategy

Risks: Delays to the City's New Water Programme beyond the control of the City of Cape Town.

The City is targeting a Water Security – input volume % raw water allocation of >100% due to the reasons provided in the text below.

Water demand in Cape Town has exceeded pre-drought levels (1,000Mℓ/d), and below-average rainfall in the Western Cape underscores the need for alternative water sources. The timeous implementation of the New Water Programme is thus essential to maintain the City's water security (W1).

The City is currently very close to their raw water allocation. The City's Water Strategy and New Water Programme (NWP) sets out, as part of Commitment 3, the need to diversify supply and increase the available supply by 300 Mℓ/d. The City is currently planning for an assurance of supply of 1: 200 and a medium climate change scenario. The NWP consists of the clearing of invasive alien plants, a surface water scheme, ground water schemes, water reuse and desalination

The cost of water reuse is approximately R 36/m³ and for desalination approximately R 56/m³. The Cape Flats Aquifer Project has a similar unit cost as desalination.

Should the City move towards the benchmark of 80% the City would need a surplus supply of approx. 200 Mℓ/d (or 73 Mm³/a). Given the marginal cost of water and the limited surface water options available for development, this increase in capacity would come at a cost of approximately R 11 million per day or R 4 billion per year. There are no large surface water augmentation schemes available for implementation and the DWS / City will need to develop a number of smaller schemes to augment water supply as shown in Fig 1 below. This is unlike Lesotho Highlands Phase 2 and the Umkomazi Water Supply Scheme which are large water augmentation schemes which could provide additional surplus allocation at the time of commissioning.

Given the above it does not make sense for the City to plan for a benchmark of 80% and significant surplus capacity. The growth in water demand is a key variable which drives the need for additional water augmentation schemes.

The Water Outlook 2024 highlighted that delays in implementing the New Water Programme will increase the likelihood of imposing water restrictions and jeopardise the goal of delivering a nominal

300 mega-litres as part of their committed programme. The Water Outlook 2025 highlighted that implementation timeline has been influenced by extensive internal and external regulatory approval processes, rigorous due diligence requirements for high-value investments, the pioneering nature of the work involved, and affordability considerations. The Water Strategy's Committed New Water Programme is now projected to be completed by December 2031. The revised implementation timeline for the projects forming part of the New Water Programme is provided in Table 13 below:

Table 13: New Water Programme (NWP) Timeline

Augmentation Scheme	Estimated date completion	Estimated Capacity (Ml/d)
Table Mountain Steenbras P1	Jun-23	22.72
CFA Strandfontein West	Jun-24	5.41
CFA Hanover Park & CFA Phillipi	Jun-29	10.00
CFA Strandfontein N & E and Mitchells plain P1	Jun-30	25.00
CFA Strandfontein N & E and Mitchells plain P2	Jun-32	13.00
Atlantis Aquifer	Jun-26	8.52
Berg Voëlvlei River Augmentation Scheme (BVRAS)	Jun-29	40.00
Faure New Water Scheme Ph1	Mar-31	70.00
Desalination Phase1	Dec-34(estimated)	70.00
AIP Clearance (Total 6 priority catchments)	Jun-30 (ongoing)	36.00
TOTAL		300.65

6.1.2 Drinking Water Quality

Table 14: A3-PIAP Operational indicators – Drinking Water Quality

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W2 Drinking Water Systems Blue Drop	%	2023 Blue Drop: 98.1%	>=95%	>=95%	>=95%	>=95%	>=95%	>=95%	>=95%

Blue Drop scores are currently determined every second year as per the table below.

Table 15: Current Blue Drop Assessment Cycles

FY	Target	Comment
24/25	>95%	
25/26	>95%	
26/27	>95%	26/27 published outcome based on 25/26 assessment date
27/28	>95%	
28/29	>95%	28/29 published outcome based on 27/28 assessment date
29/30	>95%	
30/31	>95%	30/31 published outcome based on 29/30 assessment date

It is noted that DWS has committed to providing a Blue drop assessment annually for the eight Metros in South Africa, commencing 2026/27.

Target achievement

Risks: The Blue Drop Scoring parameters and weighting are unknown before the assessment.

6.1.3 Sanitation

Table 16: A3-PIAP Operational indicators – Green Drop

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W3 Waste Water Treatment Systems Green Drop	%	2022 Green Drop: 76%		>=75%	>=75%	>=77%	<=77%	>=80%	>=80%

Green Drop scores are currently determined every second year as per the table below. This is the reason for the static score in between assessment years.

Table 17: Current Green Drop Assessment Cycles

FY	Target	Comment
24/25	>75%	
25/26	>75%	25/26 published outcome based on 24/25 assessment date and 23/24 treated effluent quality
26/27	>75%	
27/28	>77%	27/28 published outcome based on 26/27 assessment date and 25/26 treated effluent quality
28/29	>77%	
29/30	>80%	29/30 published outcome based on 28/29 assessment date and 27/28 treated effluent quality

It is noted that DWS has committed to providing a Green drop assessment annually for the eight Metros in South Africa, commencing 2026/27.

Risks: The Green Drop Scoring parameters and weighting are unknown before the assessment.

The rationale for the incremental improvement in the Greendrop score is given below. The Greendrop Score is only undertaken once every two years and the year the results come out is also based on treated effluent quality of 2 years prior. Given the fact that the scoring is undertaken every 2 years it is not possible for to have a linear increase in score over time. Unlike most other Metropolitan Areas, the City of Cape Town has 26 Wastewater treatment works which are all scored independently. In addition, the City has over 400 sewer pump stations given the topography of the metropolitan area.

The City also has a number of Directives and Coastal Water Protection Notices linked to various WWTW. Treated effluent quality forms a big component of the overall Greendrop scoring and hence there is overlap between W3 and W4. The City is still waiting for licence amendments from DWS and coastal water discharge permits from DFFE so at this point it is not easy to confirm future treated effluent compliance. Whilst the City is in the process of upgrading infrastructure, this takes time and effort. The Wastewater Branch's current allocation of the City's current 10-year capital budget is approximately R 15 billion with the Potsdam and Macassar capacity upgrades being the two largest projects currently being implemented with a combined project cost of approximately R 9 billion. This excludes a R 5 billion project at the Cape Flats WWTW which is currently on the City of Cape Town's operating budget and undergoing a Section 78(3) feasibility study for possible outsourcing as a PPP.

Table 18: Operational Indicators - Waste Water Samples

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W4 Waste Water % of samples compliant with license	%	81.4%	80.17%	>=77%	>=78%	>=79%	>=80%	>=81%	>=82%

The determination of final effluent quality is based on the requirements of Regulation 991 up until the time that all new licence amendment applications have been approved by DWS. The final effluent quality is based on the average compliance over all of the City of Cape Town's Wastewater Treatment Plants. Upon receipt of the Coastal Water Discharge Permits from DFFE and any licence amendments received from DWS, the new compliance limit requirements will be included in the calculation of treated effluent quality. Targets to be reviewed once all the new licences / permits have been received.

Target Achievement Plan

The rationale for the incremental improvement in wastewater treatment compliance is given below.

It must be noted that the estimated treated effluent compliance for FY25/27 will be in the order of 77.5%. Together with the capital budget for wastewater treatment, the City of Cape Town has developed a Treated Effluent Compliance Improvement Plan which it plans to roll out to ensure an incremental increase in treated effluent quality. The City is of the view that to consistently improve treated effluent quality it takes time and significant capital and operating budget. Each Metro also has its own unique set of circumstances and challenges, so it is very difficult to draw a comparison.

There are a multitude of issues impacting on treated effluent quality within the City of Cape Town at the moment and each needs to be addressed in turn:

- We are on the process of amending licence conditions with the regulator (for over a decade) and are unsure of the outcome.
- 8 of the wastewater treatment works (incl marine outfalls) require coastal water discharge permits. The City has applied three times to DFFE for these permits. DFFE are only now starting to issue the permits. The City is not sure what conditions are going to be attached to the permits. The 3 marine outfalls are currently under appeal. The current permit is irrational both in terms of flow and quality. Until the new permit requirements are known it is difficult to evaluate what the impact will be on treated effluent quality results.
- The City has appointed a consultant to fast-track tender documentation relating to short- and medium-term intervention (of example disinfection). Unfortunately, it takes a period of approximately 3 years from start of tender to the appointment of a contractor. The works then still need to be undertaken. At the same time the bigger capacity upgrades and expansions have been budgeted as shown on the City's proposed 9 year capital budget.
- The composition of wastewater within the metro has changed significantly over the last 8 years especially regarding nitrogen which makes it difficult to comply with the nitrate standards. It will take time and budget to retrofit plants to overcome this constraint.

Table 19: Operational Indicators - Sewer Network Blockages

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W6 Sewer Network – blockages frequency / 100 km	No.	866.8	893.2	<=880	<=880	<=875	<=775	<=600	<=500

NOTE:

Benchmark comparability risk: Inter-metro comparisons are currently made without transparency on how other metros define, scope, and exclude certain events (e.g. bylaw contraventions, duplicated complaint codes). This introduces a material risk of misleading performance conclusions.

Indicator input ambiguity: Terms such as “call-out” and “blockage” are not uniformly defined across datasets, which directly affects baselines, trend analysis, and target realism.

External dependency risk: Highly dependent on functions outside Water and Sanitation’s control, including Law Enforcement, Urban Waste Management, and Stormwater Services. Performance attribution is therefore diluted.

Financial viability and legislative compliance: The very big improvements suggested by the benchmark (for example, reducing sewer blockages to fewer than 50 per 100 km) would cost far more money than the City is legally allowed to spend without approved funding. Under the MFMA and MSA, the City cannot commit to major new spending unless it is properly budgeted, affordable, and approved. Achieving such dramatic reductions would require massive extra investment in infrastructure, staffing, enforcement, and maintenance, but there is no secured funding for this, which would create unfunded mandates and put the City in breach of financial legislation. In short, the benchmark expects improvements that are financially unrealistic and legally non-compliant within current municipal funding and governance rules.

Key interpretive concerns:

The indicator does not distinguish between infrastructure failure and bylaw contravention-related incidents. Current data shows that 70–80% of blockages originate from unlawful disposal of foreign objects, fats, oils, grease, and building rubble.

The normative benchmark of <50 blockages/100 km appears to assume near-universal customer compliance and ideal network conditions, which are not reflective of metropolitan operating realities.

The baseline of ~893 blockages/100 km includes all overflows, regardless of cause, which creates a structural bias against metros that report comprehensively.

Limitation:

Without disaggregation (e.g. operational vs behavioural causes), the indicator functions more as a proxy for city-wide behavioural compliance than infrastructure performance.

Achieving aggressive reductions is contingent on sustained enforcement action, which Water and Sanitation cannot directly deliver.

The proposed targets are contextualised as follows in relation to performance expectations.

Historical data indicates that more than 70% of sewer blockages are attributable to system misuse, whether intentional or unintentional.

This includes, but is not limited to:

- Disposal of foreign objects and non-flushable materials
- Discharge of fats, oils and grease (FOG)
- Ingress of stormwater into the sewer network
- Rag and debris accumulation

These contributing factors fall largely outside the operational control of the Water and Sanitation Directorate and require a coordinated, multi-departmental response across the City focused on prevention, behaviour change, and enforcement.

Key Departmental Dependencies

Achievement of the targets is dependent on sustained and active collaboration across the following departments and functions:

- Urban Waste Management – management of solid waste services and prevention of illegal dumping.
- Urban Mobility – maintenance and management of the stormwater network to reduce stormwater ingress into sewer systems.
- Communications and Stakeholder Engagement Branch – development and rollout of public awareness, education, and behaviour change campaigns.
- Water Pollution Control (WPC) – enhanced enforcement of the Stormwater Management Bylaw and related regulatory instruments.

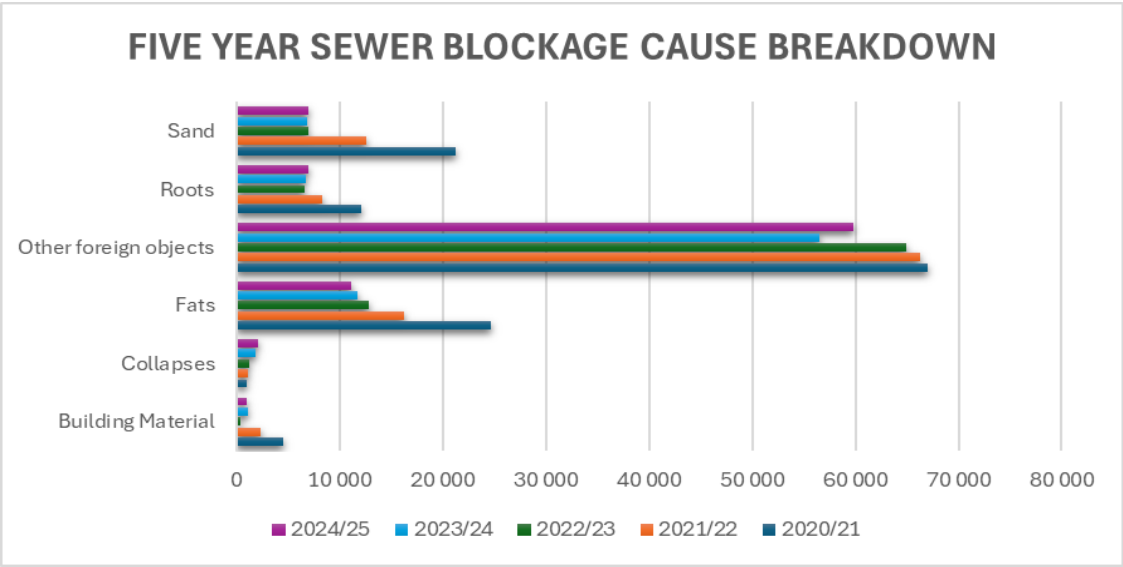


Figure 21: Sewer Blockages

Year on Year, while sewer blockage overflows are reducing annually, there is an increase in some of the main contributing factors, namely foreign objects, fats and building material. It is further noted that roots and sand as also increased compared to prior years – this is an indicator of network condition related causes and is currently being addressed through the ramped-up sewer pipe replacement programme.

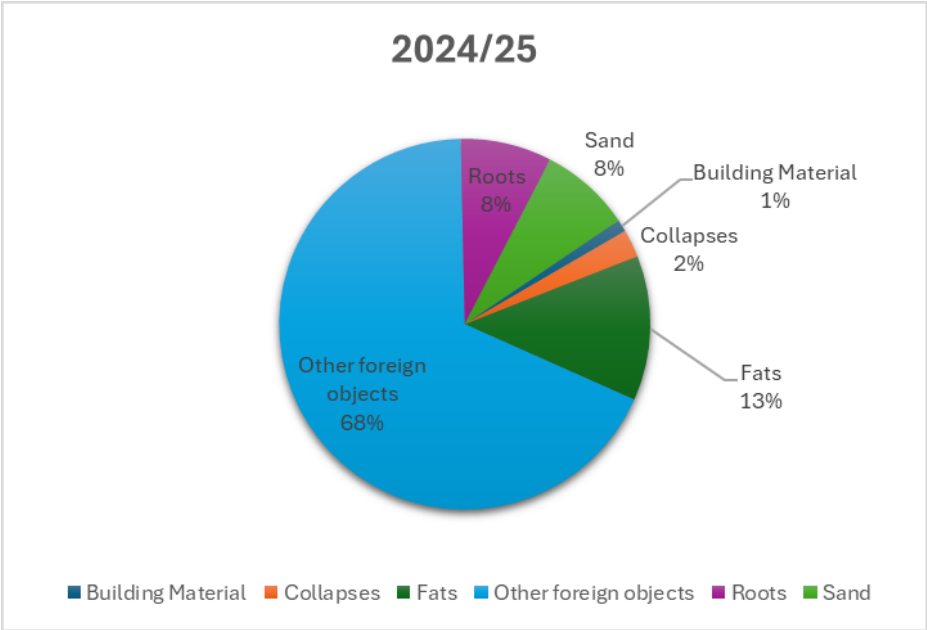


Figure 22: Root Causes of Sewer Blockages

In FY2025 more than 70% of blockages (i.e. foreign objects (includes rags), fats, building material, is as result of system misuse.

Target Achievement Plan

It is critical to distinguish between factors contributing to sewer blockages and overflows that fall within departmental control and those that are externally influenced.

Key Factors Contributing to Sewer Blockages and Overflows

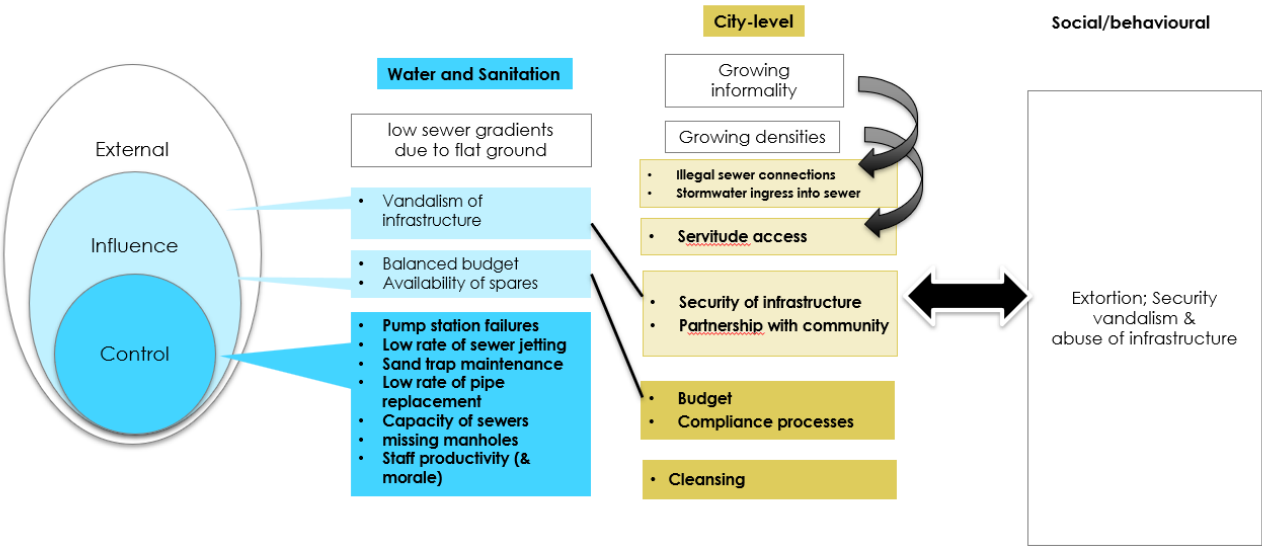


Figure 23: Factors contributing to sewer blockage overflows

Key Interventions

- 1) Focused Sewer Pipe Cleaning
 - Targeted and risk-based sewer cleaning programmes prioritising high-risk catchments.
 - Expansion of preventative maintenance schedules informed by historical blockage data.

Requirements:

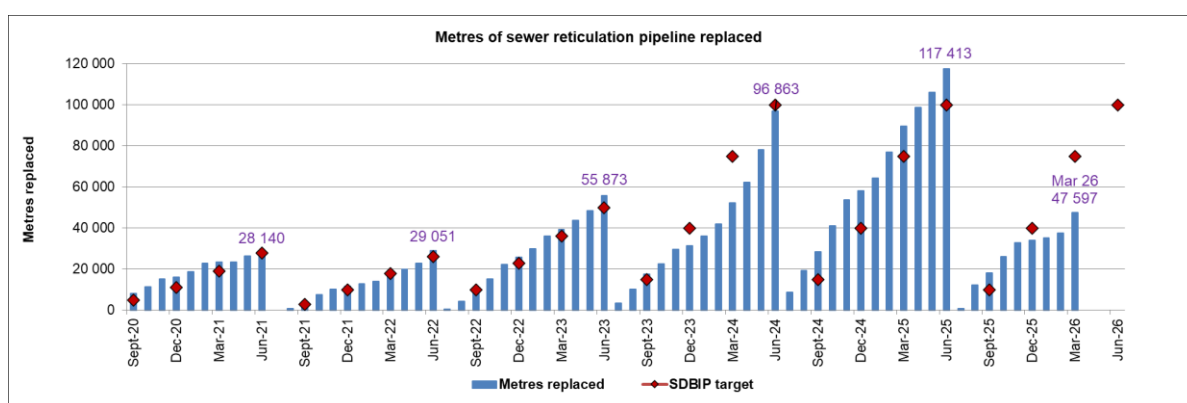
- Appointment of additional professional and technical resources for project planning and oversight.
- Filling of critical vacancies in line with the approved Strategic Workforce Plan.

2) Sustained Pipe Replacement and Renewal

- Continued investment in pipe replacement for structurally deficient and high-failure assets.
- Alignment of replacement programmes with long-term asset management and capital planning.

Requirements:

- Additional professional engineering and project management capacity.
- Improved contractor management and delivery assurance.

**Figure 24: Historic and current targets vs implemented pipe replacement****3) Cross-Departmental Collaboration**

- Formalised inter-departmental working groups targeting sewer misuse and stormwater ingress.
- Integrated planning between sewer, stormwater, waste, and mobility programmes.
- Joint monitoring of impact and accountability.

4) Investment in Bulk Sewer Upgrades

- Capacity upgrades and/or renewals of bulk sewers where hydraulic limitations contribute to overflows.
- Prioritisation informed by growth projections, failure risk, and environmental impact.

5) Innovative and Preventative Solutions

- Lockable manhole covers to prevent illegal dumping and unauthorised access.
- Grid collectors and screens at strategic locations to intercept debris.

This combined approach reinforces that technical interventions alone will not achieve the targets. Sustainable improvement requires parallel investment in infrastructure, human capital, enforcement, and public behaviour change supported by strong cross-departmental governance.

Mayoral Priority Programme (MPP)

The Mayoral Priority Programme (MPP) of which the Sanitation and Inland Water Quality Program (S&IWQP) is a key component of, focuses on enhancing wastewater treatment, sewer networks, and

pump stations to reduce pollution, address development constraints, and restore recreational vleis.

Key objectives include:

- Reducing sewer spills and Improving pump station reliability
- Strengthening partnerships:
- Improve and Increase Wastewater Treatment capacity:

Sewer and pump station maintenance project

The MPP, introduced in February 2022, represents a strategic initiative to address critical sanitation challenges through five targeted workstreams. Workstreams 1 and 2 specifically aimed to enhance the performance and reliability of sewer networks and pump station infrastructure.

Key indicators show marked improvements (Refer to Table below for detailed breakdown of year-on year improvements:

- Sewer cleaning and pipe replacement targets have consistently been exceeded.
- Sewer pipe replacement has increased from 29.05km in FY22 to 117.21km in FY25.
- Sewer blockages per 100km (W6) have decreased from 1367.76 in FY22 to 893.2 in FY25.
- Pump station failures restored within 24 hours improved from 89% in FY23 to 92.96% in FY25.

Table 20: Performance Against MPP and SDBIP Indicators

Indicator Description	Target	FY22	FY23	FY24	FY25
Sewer Length mains cleaned (km)	FY22 = N/A FY23 = 200 FY24 = 200 FY25 = 200	N/A	499.00k m	265.90k m	428.20k m
% Pump Station Failures restored <24hrs	FY22 =N/A FY23 = 80% FY24 = 82.5% FY25 = 85%	N/A	89%	94.36%	92.96%

6.1.4 Infrastructure Stability and Reliability

Table 21: A3-PIAP Operational indicators – Water Network mains failure

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W5 Water Network – mains failures frequency / 100 km	No.	34.7	34.5	<=35	<=35	<=34.5	<=34	<=33.5	<=33

The achievement and sustainability of these targets are highly dependent on several interrelated operational, organisational, and infrastructure factors. Network performance outcomes are not driven by a single intervention, but rather by the coordinated execution of maintenance, planning, monitoring, and capacity-building initiatives.

Key Enablers of Network Performance

Network performance is particularly dependent on the following critical enablers:

- Pressure Management and Asset Reliability
 - Timely and proactive maintenance of Pressure Reducing Valves (PRVs)
 - Reconfiguration and rationalisation of existing PRVs to align with optimal network design principles and hydraulic zoning requirements
 - Advanced oversight and monitoring of PRV and zone performance to enable early detection of abnormal trends and proactive intervention prior to system failure
- Operational Integration and Communication
 - Improved operational coordination and communication between Bulk Services and Reticulation Operations, particularly with respect to pressure management, planned shutdowns, and abnormal event response
 - Clear accountability and escalation protocols across operational interfaces
- Infrastructure Renewal and Risk Reduction
 - Achievement and sustained delivery of the benchmark infrastructure renewal standard of 150 km per annum of pipeline replacement
 - Prioritisation of pipeline renewal programmes based on condition assessment, failure history, hydraulic criticality, and service risk
- Organisational Capability and Skills Development
Ongoing and structured training of operational teams on network management principles, including:
 - Valve management and critical valve operations
 - Hydrant flushing methodologies
 - Zone isolation and pressure control practices
 - Appointment of additional professional technical expertise to manage the expedited pipe replacement and pressure management programmes

Enabling Actions to Support Target Achievement

Achievement of the proposed targets is contingent on a coordinated suite of organisational, technical, and operational interventions. Key enabling actions include:

- Integration of EAM Maintenance Teams into the Reticulation Branch to strengthen accountability and responsiveness at operational level
- Relocation of the Master Planning function to the Reticulation Branch to improve alignment between planning, operations, and implementation
- Appointment of key additional professional and technical staff to lead and manage pipeline replacement, pressure management, and network optimisation projects
- Strengthened data collection, analytical support, and performance reporting through enhanced reliance on operational systems and analytics

Target Achievement Plan

1. Organisational Restructure and Staffing

Objective: Strengthen operational accountability and alignment between planning, maintenance, and execution.

Key Actions:

- Transfer of EAM Maintenance Teams to the Reticulation Branch
- Transfer of the Master Planning Unit to the Reticulation Branch
- Appointment of professional technical staff to manage:
 - Pipe replacement programmes
 - Pressure management initiatives
 - Network optimisation projects
- Filling of critical vacancies as per the Strategic Workforce Plan (SMF)

2. Organisational Changes and Responsibilities

2.1. Training and Capacity Building

Objective: Improve operational effectiveness and decision-making capability across the reticulation network.

Key Training Focus Areas:

- Operational Network Management Training
- Valve and zone management protocols
- PRV operational principles and fault identification
- Technical training on zone performance analysis and data interpretation

3. Control Room and Performance Monitoring

Objective: Enable proactive, data driven management of the water reticulation network.

Key Actions:

- Implementation of advanced condition monitoring for PRVs and pressure zones
- Enhanced use of analytics to track:
 - Pressure variability
 - Flow anomalies
 - Night flow indicators
- Integration of alarms and dashboards within the control room to support rapid decision-making

4. Infrastructure Investment and Renewal

Objective: Reduce failure risk and improve system performance through sustained asset renewal.

Key Actions:

- Progressive ramp up of pipeline replacement to reach 150 km per annum
- Alignment of renewal programmes with hydraulic zones, pressure management strategies, and failure history
- Active programme management with professional technical oversight

Summary

The proposed performance targets are achievable, provided that enabling organisational restructuring, capacity building, asset monitoring, and infrastructure investment interventions are implemented in a coordinated and sustained manner. The integration of planning, operations, and maintenance, supported by data-driven decision-making and professional technical leadership, will be critical to improving network performance, enhancing system resilience, and ensuring long-term service reliability.

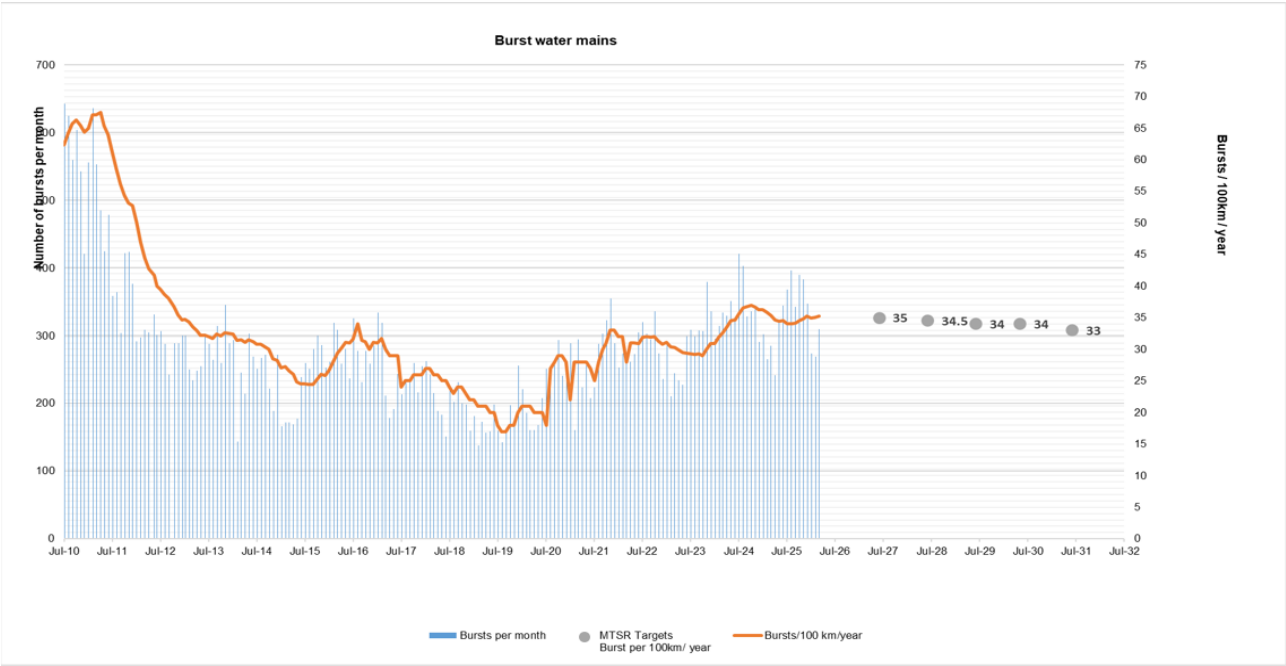


Figure 25: Historic Burst Pipe Failure records and alignment with proposed targets

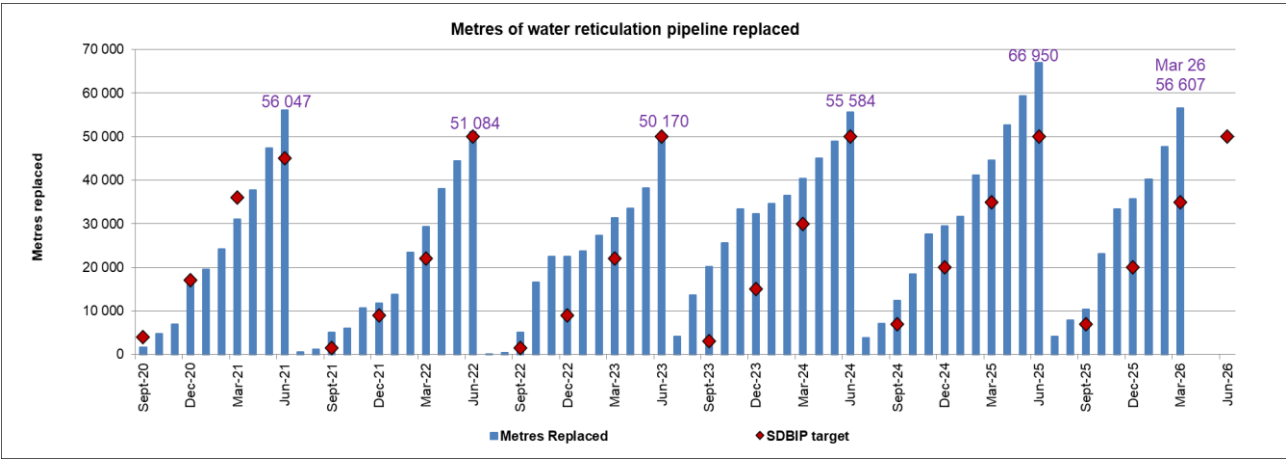


Figure 26: Historic Pipe and Current Pipe Replacement Targets and trends

Table 22: Operational Indicators - Infrastructure Leakage Index

A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W7 Physical Water Loss – infrastructure Leakage Index	Index	3.3	3.11	<=4.4	<=4.2	<=4.2	<=4.1	<=4.0	<=4.0

DWS provides the following table in the No Drop guidelines indicating Infrastructure Leakage Index (ILI) performance categories for developing and developed countries. The ILI targets provided align with the “A Performance Category” (1-4). The developing country guidelines were used due to significant levels of informality in Cape Town.

Technical Performance Category		ILI	Litres/connection/day (when the system is pressurised) at an average pressure of:				
			10 m	20 m	30 m	40 m	50 m
Developed Countries	A	1 - 2		< 50	< 75	< 100	< 125
	B	2 - 4		50-100	75-150	100-200	125-250
	C	4 - 8		100-200	150-300	200-400	250-500
	D	> 8		> 200	> 300	> 400	> 500
Developing Countries	A	1 - 4	< 50	< 100	< 150	< 200	< 250
	B	4 - 8	50-100	100-200	150-300	200-400	250-500
	C	8 - 16	100-200	200-400	300-600	400-800	500-1000
	D	> 16	> 200	> 400	> 600	> 800	> 1000

Figure 2: Proposed use of ILI as PI in developed and developing countries (Liemberger, 2005)

Figure 27: ILI Benchmarks (Liemberger, 2005)

The targets also align with the 2025 Compulsory National Water and Sanitation Services Standards that indicate an ILI range of 2-4.

Table 23: ILI actuals from March 2025

Date	Infrastructure Leakage Index (ILI)
2025 Mar	3.1
2025 Apr	3.2
2025 May	3.1
2025 Jun	3.1
2025 Jul	3.2

It should be noted that these figures are based on average network pressures calculated from hydraulic models. However, going forward ILI will be calculated using zonal pressure management reading which suggest a lower average network pressure. This is expected to reset ILI valves at a higher level than the existing baseline.

While the City's New Water Programme will ensure adequate water is available to meet demand, the Bulk Water Master Planning has identified several backlogs, capacity challenges and constraints in the short, medium and long term. Bulk Water has developed an Infrastructure Stability Programme that includes:

- The refurbishment of key pipelines, some of which are more than 100 years old.
- The refurbishment of the City's five main Water Treatment Plants to recover their full design capacity. Faure, the newest of these Water Treatment Plants has not had a major refurbishment since construction in 1994.

- Development of additional infrastructure interventions to ensure the flexibility and robustness of the bulk water supply system to ensure the supply to certain areas is not constrained to individual water treatment plants.

Initial scoping has indicated that the Infrastructure Stability Programme will require funding in the order of R2 billion over the next 10 years.

6.1.5 Non-Revenue Water

Table 24: A3-PIAP Operational indicators – Non-Revenue Water

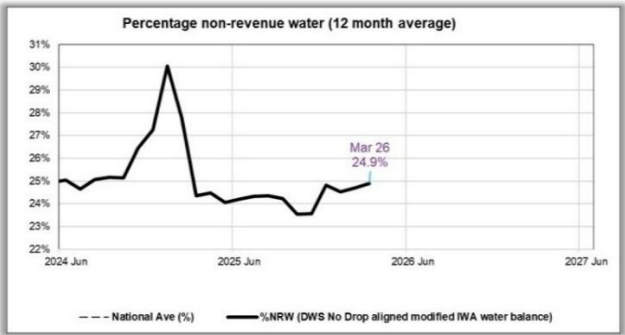
A3-PIAP indicators	Metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
W10 Non-Revenue Water (NRW)	%	25.4%	24.2%	<=29%	<=27%	<=26.5%	<=26%	<=25.5%	<=24.5%

The target of <29% for the current FY is linked to the approved SDBIP target.

Current %NRW is approximately 25%. Key trends including network aging and informality are increasing and are expected to drive NRW higher over time.

Table 25: NRW trends in the 2025/26 FY

Month	Percentage
Jul 2025	24.3
Aug 2025	24.4
Sep 2025	24.2
Oct 2025	23.5
Nov 2025	23.6
Dec 2025	24.8
Jan 2026	24.5
Feb 2026	24.7
Mar 2026	24.9



7 Logistical Services to Water and Sanitation

7.1 Fleet

The W&STS uses a hybrid fleet management and operational model where a centralised approach is used for the procurement, maintenance, fuel, telematics, and replacement planning and a decentralised approach for operational control where departments retain day-to-day use of assets.

What this entails is that W&S Fleet Management owns all fleet assets and is responsible for all aspects as laid out above in the above approach. This ensures that the directorate has better purchasing power through bulk procurement, standardised vehicle specifications, more efficient maintenance management, improved utilisation and more objective replacement and acquisition planning. Decentralisation for operational control ensures that user departments can enact faster operational decisions and have greater accountability in the use of the vehicles. This approach improves asset utilisation, supports lifecycle management, and reduces total fleet costs while maintaining service delivery standards.

The current spread of vehicles is as follows:

- Light Vehicles: Includes Cars, Multi-Purpose Vehicles (MPVs), (Light Delivery Vehicles (LDV's), Panel Vans and Mini buses
- Heavy Vehicles: Includes Platform Trucks, Crane Trucks, Dump Trucks and Lowbed Truck
- Specialised Vehicles: Jet Machine Trucks, Jet/Vac Combination trucks, Vacuum Tanker Trucks, Water Tanker Trucks and Fuel Bowser Trucks
- Plant: Includes Mobile Generators, Mobile Pumps, Excavators, Digger Loaders, Dumpers, Various types of trailers, Tractors, Blowers, Compressors and High Visibility trailers

Fleet applies a life cycle management framework for all our equipment which takes into account Asset age, usage, repairs and maintenance expenses, write-off/scrapped, and condition assessments as follows:

Replacement Criteria	Light Vehicles	Heavy Vehicles	Specialised Vehicles
Age (yrs)	7	12	12
Usage (KM/Hrs)	200000	250000	250000KM/15000Hrs
R&M:New vehicle	>60%	>60%	>60%
Writeoff/Scrapped	As required	As required	As required

Fleet applies a process of "sweating" assets, which entails continued utilisation of an asset beyond its replacement period in order to maximise ROI and account for capital budget constraints. The decision to sweat an asset is based on a condition assessment of the asset conducted by our technical staff. These assets will be marked as "run-to-failure" which entails periodic assessments for road worthiness and maintenance expenditure and replaced when budget becomes available.

7.2 Energy efficiency

Fleet

The City's Fleet management teams are engaged in an initiative to usher in New Energy Vehicles (NEVs) in consultation with industry specialists in moving towards new-energy mobility. The W&STS is a core role player in this initiative to ensure an integrated approach to transversal challenges.

Due to its large asset base and daily operational use, the W&STS fleet significantly affects carbon emissions in the City, which the NEV Adoption Plan aims to address. More importantly, the plan is not only about purchasing electric or hybrid vehicles. Instead, it is about establishing a comprehensive ecosystem to support the transition from internal-combustion engines to new energy solutions.

The City has already issued a request for information to vehicle manufacturers, providers of charging infrastructure as well as system developers to evaluate market readiness. Collaboration with Province's fleet entity and local academic institutions ensures that Cape Town's NEV Adoption Plan is well informed, practical and forward-looking.

Wastewater Treatment Works

Wastewater Treatment is one of the core functions of the City and is one of the largest energy consumers in the City. Moreover, and the sector contributes to 9% of the City's total emissions as indicated in Figure 28.

Key City Action Areas in the Waste Water space for energy efficiency are:

- Biosolids Beneficiation at wastewater treatment works
- Small hydropower at water treatment plants and floating solar systems at wastewater treatment plants

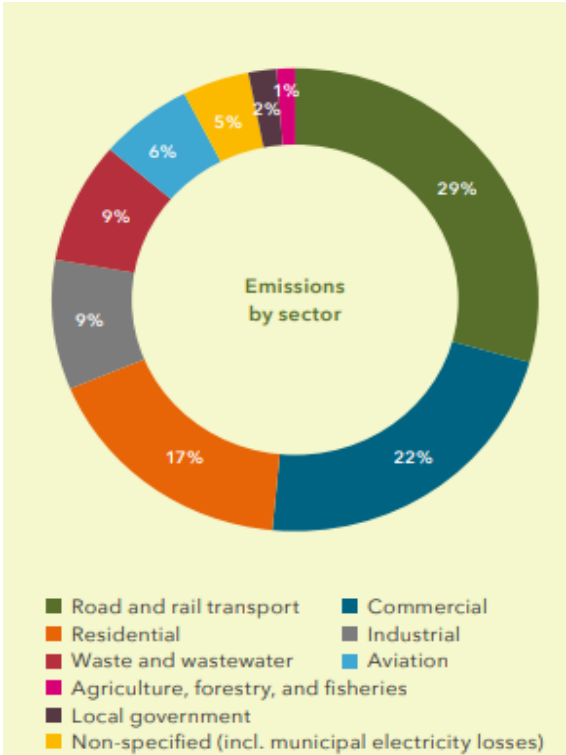


Figure 28: Sectoral emissions contributions for Cape Town (2018)

Source: Cape Town Climate Change Strategy approved in 2021.

CASE STUDY: BECOMING ISO 50001 COMPLIANT

The City's Bellville Wastewater Treatment Plant (WWTP) received ISO 50001 certification, which recognises this facility for its leading efforts in energy efficiency. Bellville WWTP is the first municipal wastewater treatment plant in South Africa to achieve this global energy management standard which reaps positive benefits for Cape Town and climate change mitigation. The energy-efficiency improvement at Bellville WWTP has resulted in some key benefits, with more than R1 million in savings a year for electricity costs, equivalent to more than one million kWh savings a year. This will reduce carbon dioxide emissions by around 1000 tonnes a year. This recognition highlights the City's commitment to improving

the quality of treated effluent, adopting energy-efficient operations, and reducing the impact of climate change by lowering carbon dioxide emissions. In the face of constant load-shedding, energy efficiency in City operations is particularly important. A third of the City of Cape Town's municipal electricity consumption is from running wastewater treatment plants. If this could be reduced by 10%, it would result in emission reductions equivalent to 13 000 tons of CO² a year. The Water and Sanitation Directorate will continue to invest in and enhance energy efficiency and treatment processes of our other plants at Macassar, Wesfleur, Cape Flats, Kraaifontein and Potsdam WWTPs.

Extract from CCT 2050 Energy Strategy

“Rising electricity costs and the targets in the City of Cape Town's Climate Change Strategy to decarbonise service delivery have driven a programme of energy efficiency and renewable energy in City operations, which has been ongoing since 2009. The City has invested in systems to monitor the energy usage of the City's infrastructure and public facilities, as well as quantify the energy

performance of projects and the anticipated savings of planned energy efficiency interventions. It is therefore important for the City to build on the success of these initiatives and expand them for greater impact through this programme" (CCT 2050 Energy Strategy). The recent volatility in fuel prices has further highlighted the need for improved energy efficiency.

8 Asset Management and Investment

8.1 Asset Management

Asset Management is the process of decision making, planning and control over the acquisition, use, safeguarding and disposal of assets to maximise their service delivery potential and benefits, and to minimise their related risks and costs over their entire life.

The overarching goal of asset management (AM) is to manage infrastructure assets in such a way that City strategic and customer service requirements are met in the most cost-effective manner for the benefit of present and future customers. The key element of infrastructure asset management for the Directorate is adopting a full lifecycle approach to the management of infrastructure which includes cost-effective, long-term strategies that meet defined service requirements. Figure 29 below shows the Asset Lifecycle Management methodology as defined by CIDMS (Cities' Infrastructure Delivery and Management System) standard. In further context Table 26 provides an insight on relevance of the methodology to Engineering and Asset Management and Operational branches within the Water and Sanitation Directorate.



Figure 29: Asset Lifecycle Management (Source: CIDMS)

Table 26: Asset Lifecycle Context Indication for Water and Sanitation Directorate.

	EAM	OPERATIONS
Requirements definition	Define supporting requirements for mechanical, electrical and instrumentation/SCADA equipment.	Define asset requirements for Bulk, Reticulation and Wastewater plant/equipment.
Asset Planning	Generates capital project proposals for EAM specific contracts (maintenance tenders) and equipment.	Generates capital project proposals for the creation of new infrastructure, upgrading of existing facilities, renewal of infrastructure, and consolidation or reconfiguration of current systems.
Asset Creation	Asset design and acquisition of mechanical, electrical and instrumentation/SCADA equipment. Creation of asset master data.	Asset design acquisition and construction of plant/equipment. Commissioning of new plant. Supply master data for asset creation on ERP system. Involve maintenance staff in design, project planning and plant/equipment handover/commissioning.
Operation and Maintenance	Maintain asset infrastructure excluding pipelines and reservoirs.	First line maintenance of equipment Operation and monitoring of equipment Make equipment available in preparation of maintenance
Asset performance and condition monitoring	Perform condition monitoring on selected equipment Analyse performance utilising SAP and SCADA information.	Monitor asset performance during production and first line maintenance. Generate notification to EAM for repairs
Asset renewal and/or upgrading	Provide input for decision making on repair/replace of equipment.	Initiate refurbishment/replacement projects.
Decommissioning and disposal	Decommissioning and disposal of redundant mechanical, electrical, instrumentation and SCADA equipment.	Decommissioning and disposal of redundant equipment.

In support of Asset Management, the Directorate shall maintain a register of water services infrastructure assets and put in place a system to manage these assets in terms of the maintenance and rehabilitation plan. It is essential for water services authorities to protect their assets by ensuring that an appropriate maintenance and rehabilitation plan is developed and implemented. This plan shall be based on the principle of preventative maintenance in order to ensure that, as far as this is practical, damage to assets is prevented before it occurs. The Technical Services Department will ensure that the maintenance and rehabilitation plan is part of the Water Services Development Plan and that this plan is implemented. Assets shall be rehabilitated and/or replaced before the end of their economic life and the necessary capital funds shall be allocated for this purpose.

The W&STS has embarked on the process of implementation with the vision of maintaining certification of the Asset Management System compliant to the ISO 55001: Asset Management System standard. The project entailed a revision of the Asset Management Policy and Strategy and further development of Asset Management Plans for all branches within the Directorate. The project further entails development of Standard Operating Procedures in consultation with key role-players and stakeholders to ensure effective implementation. This supported by the ongoing Asset Management Steercom that provides guidance and direction to Asset Management policy and practice in the trading service.

8.1.1 Asset Management Challenges

The effective execution and implementation of Asset Management within operations in Water and Sanitation operations is adversely affected or impacted by the challenges faced. These challenges stem from constraints on resources which include financial, human, infrastructure (lack of workshops) as well as skill gaps.

Though efforts are made to attend to the constraints, the performance results (*refer Table XXX*) from a Proactive work order (PM42) data trend shows that high volumes of PM41 reactive work are still limiting the effectiveness of planned maintenance. This is mainly because there are not enough maintenance resources for the current asset base and the work needed to keep performance at an acceptable level. To improve this, we need to review planned work orders in SAP to set a realistic baseline for the staff required to deliver current maintenance plans. This baseline is only temporary, as we will need a full review of all asset maintenance plans to update resource needs once we reassess asset criticality, condition, and strategy. Old and outdated equipment also makes compliance harder, since repairs take longer due to reverse engineering parts and limited OEM support. Using maintenance repair contracts helps in the short term but often leads to long wait times, as contractors are not OEMs and must source or make parts elsewhere.

On a positive note, capital renewal programs are underway to modernise high-risk assets, which should gradually reduce the need for reactive work. We have already seen clear improvements at the sewer pump stations, showing that targeted asset renewal and focused maintenance can make a real difference in proactive maintenance results.

8.1.2 Asset Management Improvement Plan

The operational branches within Water and Sanitation who are deemed the asset owners define various continual improvement plans for asset management in the context of the following aspects:

- Improvement of accuracy and information and date on the Asset Register
- Condition Assessments
- Master Planning

The sections below provide insight on the improvement plans and focus areas currently identified within these operational branches.

8.1.2.1 Asset Register Improvement Plan

Asset Registers are maintained on the SAP system within the Engineering and Asset Management branch. The Asset Register on SAP comprises of two focus registers namely, Technical Asset Register and Financial Register.

The Technical Asset Register in which maintaining refers to the creation and updating of assets takes into consideration the technical aspects of assets and associated sub-assets and is further used to inform Proactive Maintenance activities or requirements.

The Financial Asset Register in which maintaining refers to the creation and updating information of assets which is used to depreciate an asset. A reconciliation is also completed between the Financial Asset Register and the Insurance Asset Register to ensure completeness to insurance coverage of assets.

8.1.2.2 Master Planning

The role of master planning within the Water and Sanitation Directorate is explained in that existing water and sewer master plans are primarily capacity and demand-based planning tools. They assess current system performance, identify available and constrained capacity, and consider future demand based on approved spatial planning growth scenarios in order to indicate where and when infrastructure upgrades or capacity interventions may be required.

The use of master planning to directly inform asset condition, renewal or replacement decisions is limited. While hydraulic models contain asset-related attributes (e.g. installation year, material, class and diameter) based on the available GIS data, they do not assess asset condition, remaining useful life, or replacement timing for pipes, valves, pumps or other components.

Condition-based asset renewal is instead informed through dedicated asset management processes and studies, which is performed by the respective departments. The most direct link to reticulation renewal planning was the pipe assessment and replacement study undertaken in 2020, which considered factors such as age, material, pressure, location and pipe class to assess risk of failure and prioritise replacement interventions.

Accordingly, master planning supports asset due diligence indirectly, by informing future capacity requirements and upgrade needs, while detailed asset condition assessment and lifecycle replacement planning are addressed through separate asset management initiatives.

For example, the Reticulation Branch is advancing toward a structured, data-driven approach to infrastructure prioritisation, aligned with Directorate initiatives to improve investment decision-making under constrained budgets and increasing service pressures. This approach seeks to optimise the allocation of capital and operational expenditure by shifting from historically reactive interventions to proactive, risk-based planning.

At the Directorate level, a first-pass risk framework has been developed, combining Consequence-of-Failure (CoF) (based on asset scale and system impact) and Probability-of-Failure (PoF) (derived from operational indicators such as maintenance expenditure and failure history). This provides a consistent basis for identifying high-risk assets and guiding investment prioritisation across branches. Within this context, master planning plays an important but supporting role. Existing water and sewer master plans are primarily designed to assess:

- System performance and hydraulic behaviour
- Available and constrained capacity
- Future demand linked to spatial growth

These tools are effective in identifying capacity constraints, system bottlenecks, and future upgrade requirements, but they do not directly inform asset condition, remaining useful life, or replacement timing. As such, master planning cannot independently drive reticulation renewal decisions.

Instead, asset condition and lifecycle planning are primarily informed through dedicated asset management processes, including condition assessments, operational data analysis, and targeted studies. A key example is the 2020 pipe assessment and replacement study, which applied risk-based criteria (such as asset age, material, pressure, and location) to prioritise pipeline renewal.

These initiatives provide the most direct and defensible basis for renewal and replacement planning. In parallel, it is noted that enhanced pipe prioritisation models and pump station prioritisation models are currently under development, which will further strengthen the Branch's ability to systematically identify and rank high-risk assets for intervention.

To ensure effective prioritisation, the Reticulation Branch must integrate multiple data sources into a cohesive decision-making framework, including:

- Risk metrics (CoF × PoF)
- Asset condition and failure risk assessments
- Master planning outputs (capacity and growth alignment)
- Operational performance data (repairs, maintenance spend, call-outs)
- Network vulnerability and stress analysis
- Historic studies (e.g. GLS, pump station assessments)

This integrated view enables the identification of high-impact, high-risk interventions that maximise system-wide benefit, rather than isolated or ad hoc projects.

However, several challenges remain, including:

- A legacy of reactive planning practices
- Data fragmentation across systems and studies
- Limited visibility of informal settlement dynamics and unplanned demand growth

The need for clear, defensible prioritisation methodologies to ensure appropriate funding allocation. In conclusion, master planning is a critical enabler but not the primary driver of reticulation renewal. The Branch's infrastructure priorities must be grounded in a risk-based, asset-led framework, supported by planning insights and operational intelligence. With the continued development of advanced prioritisation models for both pipelines and pump stations, the Reticulation Branch is well-positioned to strengthen its evidence base and demonstrate credible, system-wide investment priorities that maximise impact and support Directorate-level decision-making.

8.2 Investment Plan

Develop and implement Sector-Specific Prioritisation Model

Issues considered during the investment of financial resources for capital expenditure include:

- Master Planning – providing prediction of upgrades and new infrastructure that will be required in future with a 20-year view with a cost estimate (national data base rates). Where possible the Master Plan identifies a due date for the infrastructure to be in place. The rate of take up vs the master plan prediction does allow the faster growing areas to be upgraded earlier. The combined evidence of constraints in the existing models and record of developments approved or in process of being approved.

- Triggers for the infrastructure – Branches in the directorate use triggers to assist them to prioritise upgrade or add new infrastructure. This is a function of where development is initiated, current infrastructure capacity, lead times for projects to be implemented (Planning to commissioning), dependencies and how the project compares with other projects that require funding. Triggers are different for different infrastructure and is a function of strategic importance, capacity, asset condition assessments, compliance, dependency, lead time, cost, political imperative /accountability (IDP, Water Services Development Plan (WSDP)) and risk analysis.
- Changing Legislative Requirements – legislation results in a city process or procedure to be none compliant and quality of a service to be below standard minimum service standards. National or provincial instruction pre-directives and directives form part of the legislation
- Supply Chain Management (SCM) – The Gate Review Process results in provision made on the budget on projects that have passed the readiness assessment - that the trigger is correctly identified and the sufficient detail has been put into the concept, design is fit for purpose and that the impact, dependency, operational requirements and risks are clearly defined. This will ensure that budget is appropriately prioritised, projects are implemented efficiently and infrastructure is fully operational on completion.
- Emergencies demand urgency (and is priority) – Examples are drought, load shedding, disaster management responses in general, etc. – this means often emergency projects will be prioritised over others at short notice.
- The necessary funding must be in place for the capital programme and operating service levels – Amount of grant funding applied for and approved, affordability levels of loans that need to be obtained, level of tariff increases that will be acceptable to adhere to the legislative requirement to run a sustainable service.
- Risk analysis (against a risk matrix) helps to rank risk that will impact the Directorate to deliver the service mandate.

As mandated by the City Manager, the Directorate is to ensure that an updated prioritisation model is implemented/incorporated in drafting all financial plans for the directorate. This prioritisation approach must align with the Spatial Development Framework (SDF) and the Sector Plans which should be informed by Master Plans and Asset Maintenance & Management Plans that drive the Strategic Implementation Plan (CapEx and OpEx) to provide the ability to make strategic decisions informed by Prioritisation Selection through Scenario Based Analysis. Phase one commenced in October 2025 and will complete in June 2026. There will be further phases which will span over FY2026/27 and FY2027/28.

Table 27: Investment Plan overview (funded investment plan)

Category of Investment	26/27 Rm	27/28 Rm	28/29 Rm	29/30 Rm	30/31 Rm
W1 - New Water Programme – Water Security	569.9	378.1	371.2	476.2	260.0
W2 – Bulk Water - Dam Safety, Additional and Replacement of Infrastructure, Bulk Meter Replacements	413.0	704.5	750.6	676.0	375.9
W3 and W4 - Wastewater Programme – WWTW Extensions, Upgrades, Infrastructure Replacements and Marine Outfalls	1 850.5	1 700.0	1 208.9	529.6	107.4
W5 and W7 – Water Network Infrastructure	317.2	295.9	340.8	322.3	313.0
W6 – Sewer Network infrastructure including Pump Stations	1 215.8	1 785.2	1 553.9	1 169.5	1 107.4

Category of Investment	26/27 Rm	27/28 Rm	28/29 Rm	29/30 Rm	30/31 Rm
W7 - Treated Effluent Re-use	78.6	90.7	102.7	92.5	91.5
W10 – Non-Revenue Water	10.0	11.0	7.5	16.5	15.0
W11 – Metering Performance – AML and Meter Replacements	517.5	448.9	349.5	349.5	349.5
Sub-Total: MTSR related Projects	4 972.5	5 414.3	4 685.1	3 632.1	2 619.7
Informal Settlements – Water and Sanitation Installations	44.0	42.0	42.0	42.0	50.0
Flood Alleviation / Liveable Urban Waterways	142.8	179.0	260.8	156.9	134.6
Depot Upgrading	50.3	91.1	143.0	166.9	41.8
IT Equipment	21.7	23.7	20.0	20.0	39.4
Vehicles, Plant and Equipment	52.1	40.2	56.1	59.7	56.6
Laboratory Requirements	6.0	7.1	7.1	7.1	7.1
Other + Contingencies	97.6	106.2	201.1	61.9	91.8
Total CAPEX (Rm)	5 387.0	5 913.6	5 415.2	4 146.6	3 041.0

It must be highlighted that the above amounts for the Capital Budget does not include the Faure Re-use Project and the Desalination Project which have been identified for implementation through a Public Private Partnership. This is also the reason why the capital budget reflects a downward trend, as the ultimate impact on the operating account needs to be considered.

The MTSR related projects are currently funded as follows:

Funding of Investment	26/27 Rm	27/28 Rm	28/29 Rm	29/30 Rm	30/31 Rm
Internally generated funds (CRR)	63.5	0.2	0	0	0
Transfers recognised - UDFG (TS incentive)	739.6	833.3	1 085.2	1 100.9	1 085.0
Transfers recognised - other capital (ISUPG)	9.0	59.0	82.0	66.0	58.0
Borrowing (EFF)	4 152.4	4 506.8	3 502.9	2 449.9	1 461.7
Other	8.0	15.0	15.0	15.3	15.0
Sub-Total: MTSR related Projects	4 972.5	5 414.3	4 685.1	3 632.1	2 619.7

Note: The UDFG has been projected at approximately the same level as 2028/29 for the outer years.

The table below reflects the capital investment differently into a spatial approach and specifically focussing on investment zones for MTSR performance areas.

Table 28: Water and Sanitation MTSR Implementation (CAPEX)

CAPEX Reform Programmes Costing ('R000)	2026/27 Rm	2027/28 Rm	2028/29 Rm	Areas of Benefit
New Water Plan	569.9	378.1	371.2	City-wide
Water Management	78.6	90.7	102.7	City-wide
Pump Station Improvement	256.7	748.4	752.1	City-wide
Wastewater Treatment Works Infrastructure	1 850.5	1 700.0	1 208.9	City-wide
Replace Sewer Network	959.1	1 036.8	801.7	City-wide
Replace Water Network	317.2	295.9	340.8	City-wide
Pressure Management, zone monitoring, leak detection	10.0	11.0	7.5	City-wide
Advanced Metering Infrastructure (AMI) Rollout	457.0	379,1	300,0	City-wide
Meter Replacement/Relocation	60,5	69.7	49.5	City-wide
Bulk Water Meter Replacement	20.0	20.0	20.0	City-wide
Grand Total	4 579,4	4 729.8	3 954.4	

Spatially targeted investments and integration zones

- Water & Sanitation Projects
- Integration Zones
 - Atlantis SEZ PHDA
 - Blue Downs Integration Zone
 - Cape Town Voortrekker Road Corridor
 - Hout Bay/Imizamoethu PHDA
 - Khayelitsha Corridor
 - N7 Growth Corridor
 - Critical Natural Asset
- Transport
 - Principal Arterial
 - Major Arterial
 - Minor Arterial
 - Railways
 - Airport

Note: Table does not include the full Bulk Water Programme as some Water Treatment Plants are outside the municipal area.

From the tables above it is evident that the investment categories are aligned with the master planning and prioritisation guidelines. It is also clear that these prioritised projects predominantly relate to the objective and targets inherent to the Metro Trading Services Reform's objectives and targets. The Water and Sanitation Directorate has been and will continue to invest in the New Water Programme, Bulk Water Infrastructure, Wastewater Programme, Infrastructure Replacements, Water and Sewer Network Infrastructure performance, functioning of Pump Stations, Metering Performance as well as other Non-Revenue Water projects.

At its core the objective is to ensure sufficient capacity via the creation of new assets to allow for growth and expansion whilst maintaining and improving the current assets to ensure service levels are maintained and systematically improved. In doing so, the Water and Sanitation Directorate is striving to find the balance between demand pressure versus infrastructure capability versus affordability to the customer to ensure the water and sanitation services remains sustainable.

9 Human Resources

Table 29: A3-PIAP Accountability indicators – Technical and Management Capacity

A3-PIAP targets	metric	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
		Act	Act	Fcst	Tgt	Tgt	Tgt	Tgt	Tgt
A6 Core technical and management capacity	Vac-rate	VR: 5.37%	VR: 7.01%	VR: ≤10%	VR: ≤10%	VR: ≤10%	VR: ≤10%	VR: ≤10%	VR: ≤10%
	% of staff establishment			Tech & Man staff: 39.2%	Tech & Man staff: 40%	Tech & Man staff: 40.5%	Tech & Man staff: 41%	Tech & Man staff: 41.5%	Tech & Man staff: 42%
	• Tech & Man			Gender target - Female: 33.7%	Gender target - Female: 34%	Gender target - Female: 34.5%	Gender target - Female: 35%	Gender target - Female: 36%	Gender target - Female: 37%
	• Gender								

9.1 Best practices for recruitment and contracting in capacity:

- Monitoring and managing vacancy rates
- Efficient staff recruitment process
- Staff selection best on competency and merit
- Appropriate contracting in of external capacity

Monitoring and managing vacancy rates

Vacancy rates across all posts are actively monitored to ensure they remain within the approved target. Vacancy trends are reviewed on an ongoing basis, and where vacancy levels exceed the required threshold, immediate corrective actions are implemented to stabilise and reduce the rate as quickly as possible. This is achieved through close collaboration with Corporate Strategic Staffing to prioritise vacancies, fast-track recruitment processes and implement targeted interventions. Progress is monitored through structured workforce planning, regular engagement forums and management meetings, allowing risks to be escalated early and ensuring sustained focus on maintaining stable and controlled vacancy levels.

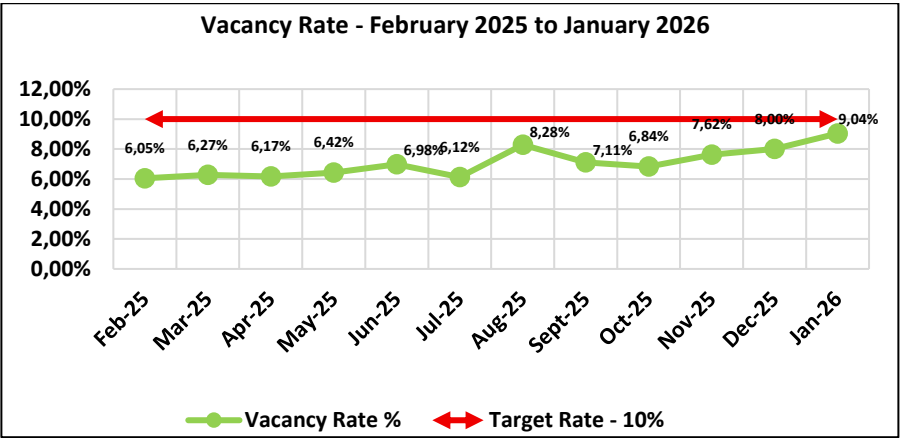


Figure 30: Water and Sanitation Vacancy Rate

Efficient staff recruitment process

The organisation applies an efficient and structured recruitment process in line with the approved Recruitment and Selection Policy to ensure vacancies are filled timeously while maintaining fairness, transparency and compliance. Recruitment is enabled through early assessment and authorisation of posts, clearly defined inherent job requirements and coordinated planning between line management and Corporate Human Resources. The policy provides for flexible and appropriate sourcing mechanisms, including internal and external recruitment, tailored advertising strategies and the use of alternative staffing solutions where required, to address operational needs effectively. Standardised selection processes, agreed turnaround times, service level agreements and active collaboration between Strategic Staffing and line departments support prompt filling of vacancies without compromising the integrity and validity of the recruitment process.

Staff selection based on competency and merit

Staff selection is guided by objective, merit-based principles, with competence as the central criterion for appointment. Selection criteria are aligned to the inherent requirements of each position, including the required skills, knowledge, experience and competencies. Candidates are assessed through an integrated and standardised selection process, which may include competency-based interviews, validated assessments, application screening and structured reference checks. Selection panels apply consistent rating methodologies, and final appointment decisions are based on the outcomes of the total assessment process to ensure that the most suitable candidate is appointed in a fair, transparent and defensible manner.

9.2 Best practices related to Technical Training

Improving the artisanal skills base is critical for sustaining operational excellence, ensuring safety compliance, reducing downtime, supporting Blue Drop and Green Drop Requirements for organisational growth. A strong artisan enables the Trading Service to maintain infrastructure, adopt new technologies, and support succession planning.

Technical Training conducts regular skills audits and training needs analysis to identify critical artisanal skills gaps, ageing workforce risks, and formalise Skills Transfer within the Directorate, by:

- Continuously strengthening of Apprenticeships/ Artisan Recognition of Prior Learning (ARPL) and Water & Wastewater Learnerships Programmes
- Insource Training- accredit training centre & workplace approvals by the relevant SETA to ensure that all artisan training complies to OHS requirements including medical fitness, eye screening, and statutory certification, to ensure learner safety and legislative compliance
- Ensure collaboration, strategic partnership with various stakeholders to established to improve access to specialised training and modern technologies
- Continuous monitoring and evaluation of artisan development through measurable indicators such as training completion rates, trade test success, productivity improvements, and infrastructure performance outcomes

- Implementing clear artisan career pathways, continuous development opportunities, and recognition mechanisms to attract, motivate, and retain qualified artisans with programmes that challenge gender stereotypes in the technical fields.

The Technical Training section has trained over 250 staff in various Apprenticeship/ ARPL Training Programmes in various Trades (e.g. Electricians, Fitters, Welders, Boilermakers Millwrights, Plumbers, Instrumentation, Bricklayers, Diesel Mechanics, etc.), in the past 5 years and absorbed some in the business.

Table 30: External Apprentices

TRAINED AND QUALIFIED EXTERNAL APPRENTICES: 2022-2026			
Name of Trade	No. of Apprentices	Branch	Year completed
Millwrights	15-M	EAM	2022
Bricklayers	5-F	Retic	2022
Millwrights	15-M	EAM	To complete July- Sept 2026
Welders	6-F	EAM	
Total	41		

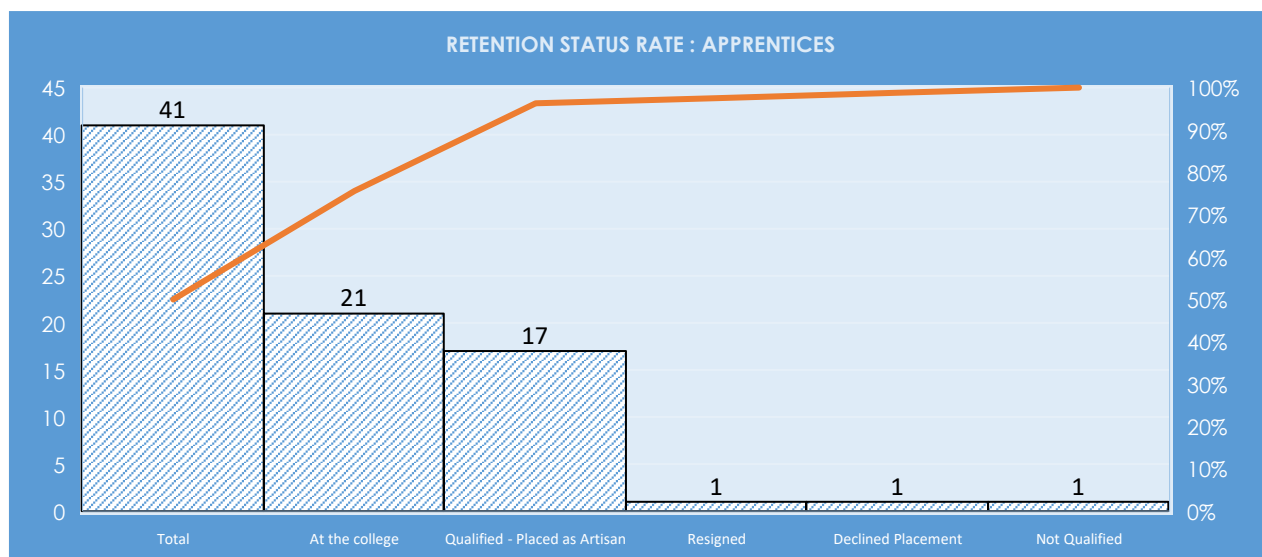
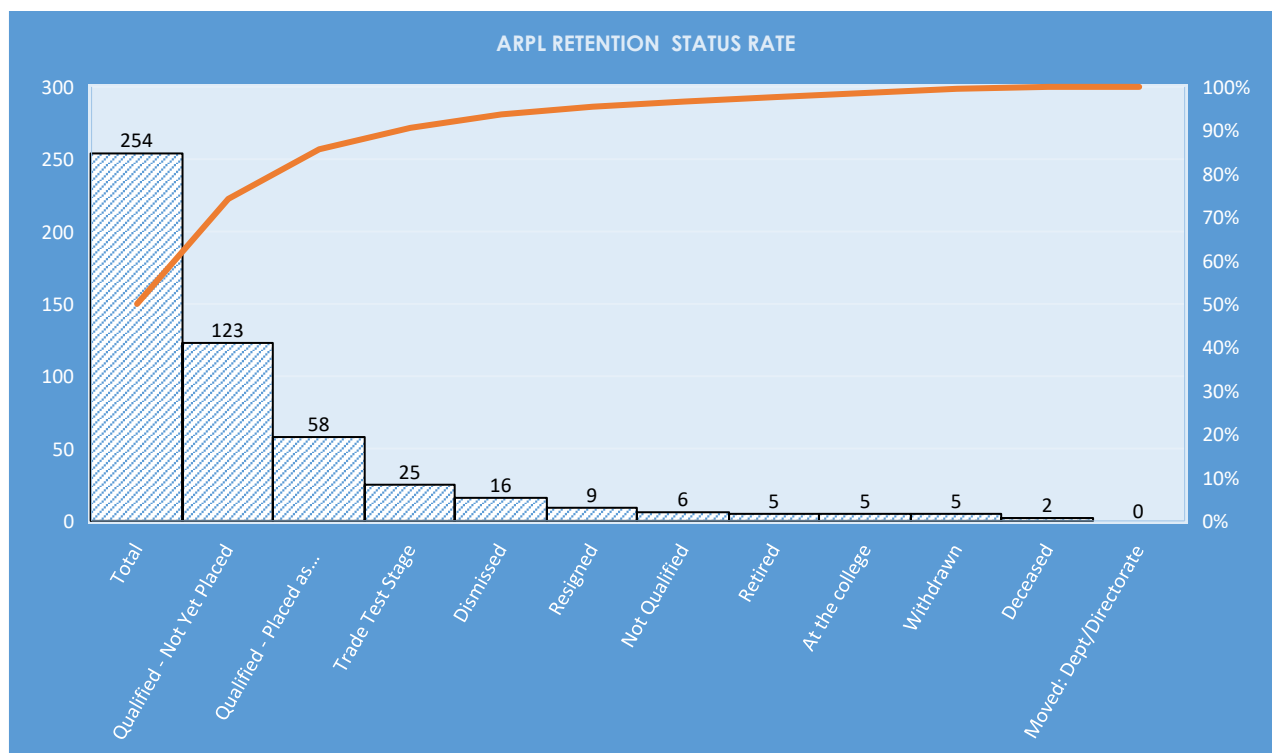


Figure 31: Retention Rate: Apprentices

Table 31: Trained Artisans in Water and Sanitation

TRAINED ARTISANS IN WATER & SANITATION DIRECTORATE: 2022-2026													
Name of Trade	TOTAL	BW	Cust Servs	EAM	Fin	ISBS	Retic	Sci Servs	WDM	WW	City Tags	No Tags	
Plumbing	216	11	57	5	0	20	118	1	2	2	182	32	
Mechanical Fitters	14	0	0	14	0	0	0	0	0	0	0	0	
Diesel Mechanic	9	0	0	9	0	0	0	0	0	0	6	3	
Electrician	15	0	0	13	0	0	1	1	0	0	12	2	
Total	254	11	57	41	0	20	119	2	2	2	200	37	

**Figure 32: ARPL Retention Rate**

Bursary Programmes

The directorate is implementing bursary programmes in various Engineering and Science disciplines to address the critical and scarce skills gap and ensure that strategic infrastructure, operations, maintenance, and regulatory compliance requirements to support sustainable service delivery. Strategic partnerships are established with accredited higher education institutions, TVET colleges, Professional bodies, and sector authorities to ensure curriculum relevance, accreditation compliance, and access to specialist training.

Bursary funding prioritises critical and scarce skills, including but not limited to civil, mechanical, electrical, industrial and chemical engineering, water treatment process plumbing, wastewater management, and artisan trades relevant to water and sanitation services:

- 147 Staff members awarded Bursaries in various Engineering and Science Fields of studies
- Technical Training regularly monitors and evaluates bursary programme outcomes, including completion rates, provides learner support, employment absorption, skills impact, and service delivery improvements, to inform continuous improvement and strategic workforce planning.

Management of critical skills Bursaries and mentorship programs for professional engineering skills

The graduate development programme is supported through structured learning and development plans, technical exposure and behavioural development through coaching. Quarterly progress reviews with mentors and graduates are aimed at monitoring learning outcomes and readiness for permanent and professional roles.

Targeted initiatives support the road to professional registration in the fields of scarce and critical skills such as engineering and science. Supporting the development of graduates in the Infrastructure Skills Development Grant (ISDG) partnered with and funded by National Treasury. This contributes towards skills development, professionalisation of the built environment within the directorate, the City and ultimately the country. Internal interventions conceptualised to marry behavioural and technical skills of young leaders are important, to develop a talent pipeline for the future. This integrated approach is what sets the Water and Sanitation trading service apart when investing in the young leaders of tomorrow.

Technical Training Function:

In line with the Directorate's approved Workplace Skills Plan (WSP), Technical training includes:

- Artisan and trade-related training (electrical, mechanical, millwright, instrumentation, plumbing, welding, fitting, etc.)
- Water and wastewater treatment process control
- Plant, equipment, and machinery operation and maintenance
- Occupational Health and Safety (OHS)-related technical training
- Asset management and infrastructure maintenance
- New and emerging technologies relevant to municipal operations

Training delivery, Monitoring and Evaluation, and Compliance and Prerequisites:

- Technical training is delivered through the use of internal facilitators or accredited external service providers, this includes classroom instruction, practical demonstrations, workplace-based learning, and competency assessments.
- The effectiveness of technical training is continuously monitored weekly, monthly and quarterly through attendance records, assessment results, certification outcomes, workplace performance indicators, and ongoing skills audits.

Participation in technical training is subject to the submission of mandatory documentation, including valid ID document, proof of qualifications, medical fitness certificates, eye screening reports, and any other programme specific requirements.

9.3 Talent Pipeline Development**Capacity building and career development**

Where possible, structured job rotation opportunities are implemented to broaden technical and operational exposure, strengthening, institutional capability and leadership readiness. Assessing talent pools and identifying talent profiles are being rolled out in the directorate to better assist succession planning as a journey through various coaching and development conversations, career guidance, and development plans. Assessing current resourcing and capability for future scenarios allows the trading service to ensure effective gap analysis, effective management of risks associated with retirement of scarce and critical skills, and effective strategic workforce planning in consultation with leaders across the directorate.

The directorate is aligned to City frameworks regarding succession planning processes, to support internal talent pipelines for critical and / leadership positions. In instances where formal succession plans are not conducive based on the available pool of workforce, alternate talent interventions such as proactive recruitment are encouraged to test the internal and external markets in order to find the most suitable, competent and qualified professionals to ensure effective continuity of service delivery.

Supporting professional development

Structured development programmes are implemented to strengthen the technical and leadership behavioural competencies across various professional disciplines in the built environment and other.

Support is provided for professional registration through coaching, mentorship, workplace exposure and guidance aligned with appropriate requirements and standards to ensure continuous professional development dialogues with various professionals and professional bodies. Collaboration and partnership with Engineering management are imperative in this regard as a custodian of driving professionalisation with the trading service and the City.

9.4 Best practices related to staff satisfaction and productivity

Best practices related to staff productivity

The organisation applies a structured, data driven approach to monitoring and managing workforce productivity through the regular review of key people management indicators. Management reports covering staff turnover, absenteeism, overtime and other productivity measures are generated and distributed on a monthly basis. These reports provide clear visibility of workforce trends across the business and enable timely intervention where risks or inefficiencies are identified. The Human Resources partnering team uses this information to engage line management and recommend appropriate action plans to address emerging challenges.

- Monitoring and managing:
- Staff turnover
 - Staff satisfaction (surveys)
 - Absenteeism
 - Overtime
 - Other productivity measures

Monitoring and managing staff turnover

Staff turnover is monitored on a monthly basis to track trends and identify areas of potential risk. Turnover data is analysed to understand patterns within departments or occupational groups, enabling targeted engagement with line management. Where elevated turnover is identified, the HR partnering team supports management in identifying root causes and implementing retention focused interventions to maintain operational stability and continuity.

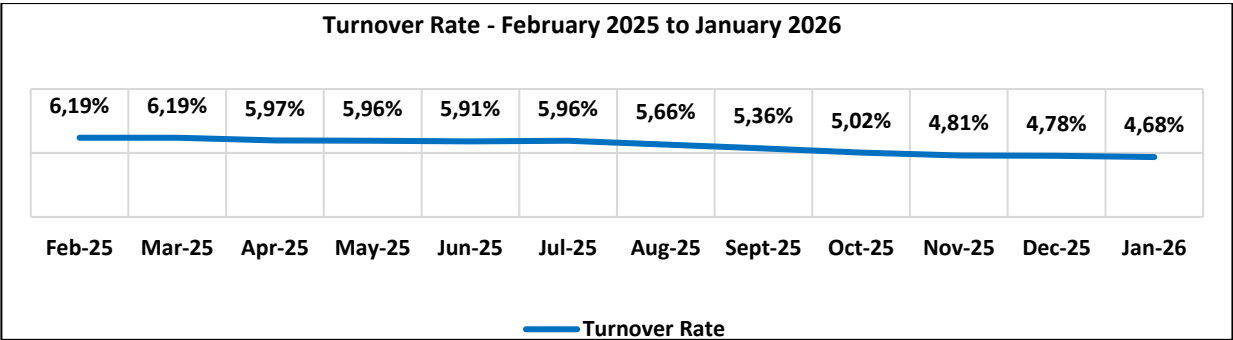


Figure 33: Staff Turnover Rate

Monitoring and managing absenteeism

Absenteeism levels are closely tracked through monthly reporting to identify trends, hotspots and recurring patterns. When high or increasing absenteeism rates are observed, the HR partnering team works with line management to assess underlying causes and implement corrective actions. These may include management interventions, policy application, wellness related support or attendance management measures aimed at reducing unplanned absences and improving productivity.

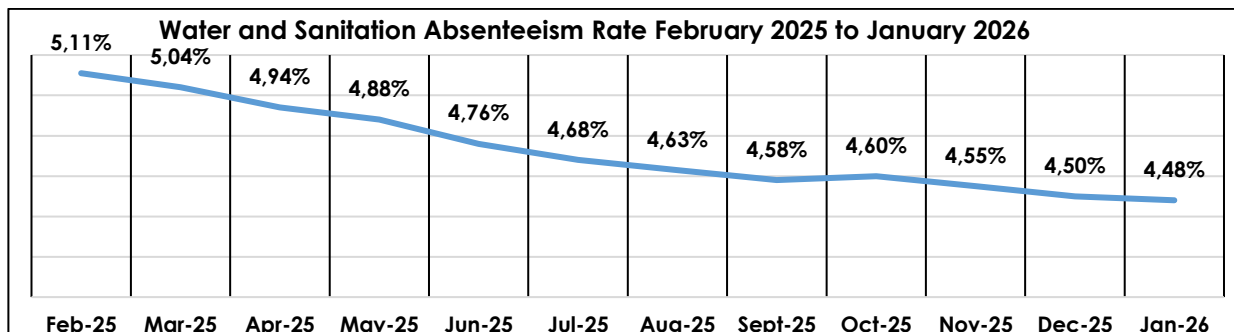


Figure 34: Absenteeism Rate

Monitoring and managing overtime

Overtime is monitored monthly to ensure it remains controlled, justified and aligned to operational requirements. Overtime trends are reviewed to identify workload pressures, capacity constraints or inefficiencies in work allocation. Where excessive or ongoing overtime is identified, the HR partnering team engages with line management to recommend corrective measures, such as workload redistribution, process improvements or staffing-related interventions.

Table 32: Overtime hours

Total % Number of Overtime Hours to 43 Hours Excess			
Rolling Year	Total Number of Overtime Hours	Total 43 Hours Excess	% 43 Hours Excess
Feb-25	26 204.67	196.09	1%
Mar-25	32 578.82	1 044.86	3%
Apr-25	39 840.43	1 684.09	4%
May-25	41 704.71	593.01	1%
Jun-25	39 054.81	636.61	2%
Jul-25	34 600.11	981.60	3%
Aug-25	40 463.08	1 533.01	4%
Sept-25	38 092.41	1 595.97	4%
Oct-25	41 882.91	1 500.40	4%
Nov-25	42 815.48	1 604.21	4%
Dec-25	29 266.75	1 003.48	3%
Jan-26	34 443.40	446.31	1%

Employees in excess of 43 hrs	75
Staff Compliment (perm)	4568
Percentage of Incidence of Overtime in excess of 43 hrs	1.6%

Other productivity measures

Additional productivity indicators are reviewed through monthly workforce reports to provide a comprehensive view of organisational performance. These insights enable proactive HR support, informed decision making and early implementation of targeted action plans to improve productivity, manage operational risks and support sustained service delivery.

10 Service Outcomes and Social Contributions

10.1 Improving Services in Informal Settlements

The ISBS branch, through its partnership with the WRC and the GF, has piloted 3 new innovative sanitation technologies across 5 informal settlements over the past 12 months. All 5 sites have successfully been handed over to the community, with very positive responses having been received from these communities in terms of the new technologies provided.

The units include an on-site treatment and water recirculation system, which treats incoming black water from the toilets prior to recirculation back into the system as flushing water. In this way, the system does not require any sewer reticulation networks, with potable water only being used for hand washing basins, thereby reducing the water requirements of the system. The next phase of the project will entail rolling out the systems to additional areas within the City over the next 18 months.

Informal Settlements are currently receiving water and sanitation services at no charge with the funding support of the Equitable Share. These communal services are provided at a higher City standard of a minimum ratio of 1 standpipe per 25 households for water and 1 toilet per 5 households for sanitation. Further improvements to address the current backlogs are reflected below

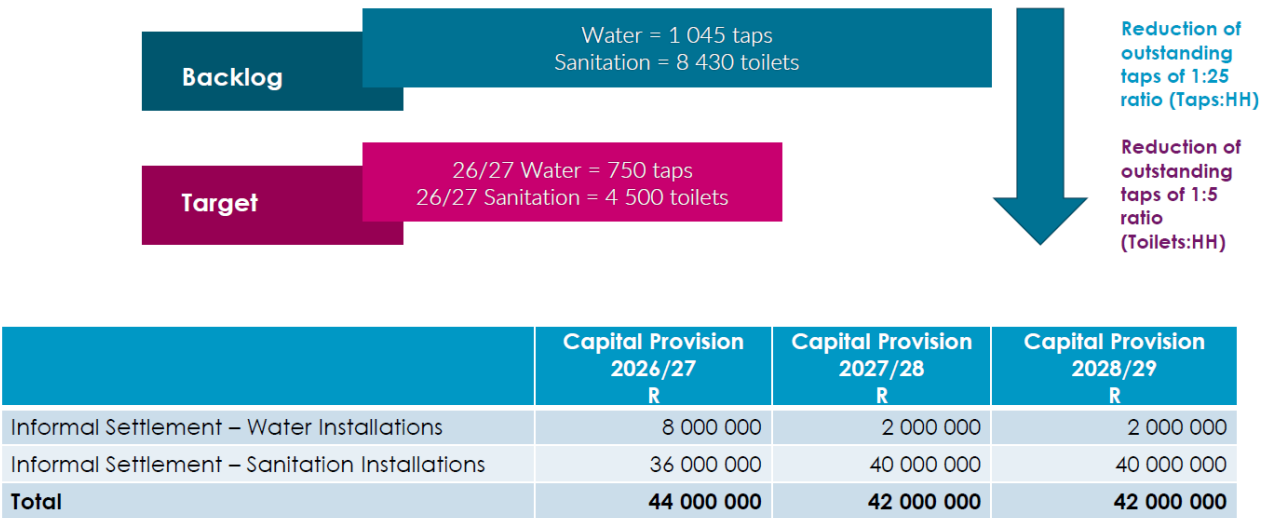


Figure 35: Planned Services in Informal Settlements

10.2 Anticipated Improvements in Service Outcomes

10.2.1 Informal Settlements

The key benefit of these piloted technologies is their ability to install full flush toilets without requiring connection to the bulk sewer system, making them a promising option for areas where such connections are not practical. Over the past few months, an assessment has been initiated to measure the performance of these solutions, focusing on community acceptance, cost-effectiveness, and their overall feasibility for widespread adoption. Work is currently underway to finalise on the procurement for additional units to be rolled out to various settlements as part of the first phase of a scale-up program. The ultimate goal is to improve the quality of life for residents in informal settlements while creating long-term, sustainable sanitation solutions that integrate into the City's broader development plans.

10.2.2 New Technology and Innovation

With constant innovation taking place within the City and across the water sector together with other industries, the W&STS is often approached by external suppliers to introduce new products and technology to the directorate. To ensure that proper protocol and good governance is adhered to, especially in the procurement space, the Business Improvement Unit of the Water and Sanitation Directorate has put in place a procedure to be followed in handling vendors promoting their new products or technology. The procedure to manage the adoption process of new products was written in accordance with ISO 9001:2008, Clause 7.4.1 Purchasing Process and SCM Policy that was approved on 8 December 2011 (C36/12/11).

The Directorate is establishing a New Technology database with respect to water and sanitation and consumer-based technology and innovation. These technologies are benchmarked in collaboration with other conformity partners, namely South African National Accreditation System (SANAS), Agreement South Africa, South African Technical Auditing Services (SATAS), National Regulator for Compulsory Specifications (NRCS) and South African Bureau of Standards (SABS).

Strategic New Technology Partners include the South African Local Government Association (SALGA), GreenCape and the National Science and Technology Department - Council for Scientific and Industrial Research (CSIR). Engagement takes place through among others, the Technology Approval Group (TAG) facilitated by Isle Utilities, the Smart Water Network (SWAN) Forum, and Finnish Water Forum where the W&STS has an opportunity to interact with other utilities and sector roleplayers.

Areas where innovative new technologies and products are being explored, and where appropriate, implemented include Bulk Water Monitoring – Micro 2000, NRW Technologies, Water Savings, AML pilot projects, non-sewer sanitation, low flush toilets, Innovative Sanitation technology projects funded by GF, User Paid sanitation through Rapid Financing Instruments (RFI). Biomediation, Smart Lock project for manhole covers and other sewer blockage abatement technologies.

11 Conclusion

The City is committed to achieving the reform goals of the NT MTSR programme through the adoption of the Water and Sanitation Reform strategy in 2024 and implementation thereof in line with the relevant regulations and guidance notes by NT. Accordingly, the W&STS manages the full water and sanitation value chain in the Cape Town Metro area, providing services to both formal and informal settlements/areas of informality, where services are continually being improved. Bulkwater supply also extends beyond the metro to certain neighbouring municipalities.

Key opportunities for the W&STS are further climate adaptation to build resilience and improved resource management through the roll-out of the WDM/WC strategy and AML, among others. Key risks are revenue and affordability concerns, water security, capital project execution and maintaining public trust. In alignment with the goals of the reform programme, the W&STS will focus on infrastructure development and network modernisation, climate adaptive design, affordability for customers, financial sustainability, strengthening a model that aligns with SPoMA and a structure that is fit-for-purpose.

The W&STS Head is responsible for the strategic and operational leadership of the full water and sanitation services value chain within the organisation. This includes the provision of regulated services across bulk services, distribution services, technical services and commercial services functions. The role carries end-to-end accountability for both core and enabling functions of the water and sanitation business. SLA's will be developed for core and enabling functions that are performed outside of the directorate, to ensure that the accountability is managed by the W&STS head. The core services will be the focus in 2025/26, and SLA's will be developed for the remaining enabling services in the years thereafter.

The Water and Sanitation Directorate has undergone extensive transformation since the approval of the Water Strategy in 2019. The strategy was formulated as a response to the climate-change related risks and challenges as experienced through the water crisis (2015 – 2017). The subsequent restructure and re-

alignment process has enabled the organisation to better position the W&STS to address prevailing challenges. The MTSR is seen as an opportunity to drive further reform and improvement in the City.

Within this context, the BIP sets out a plan to achieve the deliverables and targets as set out in the A3 PIAP. The BIP focuses on driving the Accountability, Finance and Operational key performance indicators of the MTSR. These encompass improvement in responsiveness and customer services, metering performance and revenue enhancement, investment in infrastructure and financial performance improvement, an increase in technical and managerial capacity, representative of gender, and operational performance to improve infrastructure and resource management. This shift towards an operating model that is financially sustainable and performance-driven with measurable system outcomes underpins the transformation of sector planning, investment prioritisation, and delivery management approaches.

12 Annexures

12.1 Annexure A: Full MTSR Capital Projects List

Item Description	MTSR Activity	F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11
Development of Addit Infra Central FY32	Infrastructure management	x				x		x	x					x			x	
Development of Addit Infra East FY32	Infrastructure management	x				x		x	x					x			x	
Development of Addit Infra North FY32	Infrastructure management	x				x		x	x					x			x	
Development of Addit Infra Central FY31	Infrastructure management	x				x		x	x					x			x	
Development of Addit Infrs East FY31	Infrastructure management	x				x		x	x					x			x	
Development of Addit Infra North FY31	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure Centrl FY28	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure Centrl FY30	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure East FY30	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure North FY30	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure Centrl FY29	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure East FY29	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure North FY29	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure East FY28	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure North FY28	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure Centrl FY27	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure North FY27	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure East FY27	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure South FY32	Infrastructure management	x				x		x	x					x			x	
Development of Add Infrastructure FY31	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure South FY30	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure South FY29	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure South FY28	Infrastructure management	x				x		x	x					x			x	
BW Additional Infrastructure South FY27	Infrastructure management	x				x		x	x					x			x	
Development of Add Infrastructure FY26	Infrastructure management	x				x		x	x					x			x	
AMI rollout programme Phase 2	Advanced Infrastructure Metering	x	x	x	x	x	x								x	x	x	x
AMI rollout programme Phase 2	Advanced Infrastructure Metering	x	x	x	x	x	x								x	x	x	x
AMI rollout programme	Advanced Infrastructure Metering	x	x	x	x	x	x								x	x	x	x
AMI rollout programme	Advanced Infrastructure Metering	x	x	x	x	x	x								x	x	x	x
AMI rollout programme	Advanced Infrastructure Metering	x	x	x	x	x	x								x	x	x	x
Athlone WWTW-Capacity Extension-phase 2B	Investment in WWTWs					x				x	x							
Athlone WWTW-Capacity Extension-phase 2A	Investment in WWTWs					x				x	x							
Athlone WWTW-Capacity Extension-phase 2A	Investment in WWTWs					x				x	x							
Athlone WWTW-Capacity Extension-phase 1	Investment in WWTWs					x				x	x							
Athlone WWTW-Capacity Extension-phase 1	Investment in WWTWs					x				x	x							
Bellville WWTW Inlet works construction	Investment in WWTWs					x				x	x							
Bellville WWTW Inlet works construction	Investment in WWTWs					x				x	x							
Bellville WWTW Inlet works construction	Investment in WWTWs					x				x	x							
Replacement of Membranes: Bellville WWTW	Investment in WWTWs					x				x	x							
Bellville WWTW Extension	Investment in WWTWs					x				x	x							
Borcherds Quarry WWTW Phase II	Investment in WWTWs					x				x	x							

Item Description				MTSR Activity	F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11
Borchers Quarry WWTW Phase II				Investment in WWTWs					x				x	x							
Bulk Sewers in Milnerton Rehab Phase 2				Sewer Network					x							x			x		
Bulk Retic Sewers in Milnerton Rehab				Sewer Network					x							x			x		
Access Road for Muldersvlei reservoir				BW Infrastructure management					x		x										
BWAS:Voelvlei P/L B PS - Windmeul 200MLD				BW Infrastructure management					x		x										
BWAS:Muldersvlei Reservoir & Pipeline				BW Infrastructure management					x		x										
Bulk Water Infra Replace Central FY32				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace Central FY31				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace North FY32				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace North FY31				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace East FY32				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace East FY31				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace Central FY30				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace Central FY29				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace Central FY28				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace Central FY27				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace North FY30				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace North FY29				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace East FY30				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace East FY29				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace East FY28				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace East FY27				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace North FY28				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace North FY27				BW Infrastructure management	x				x		x	x					x			x	
BW Infrastructure Replacement FY32				BW Infrastructure management	x				x		x	x					x			x	
BW Infrastructure Replacement FY31				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace South FY30				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace South FY29				BW Infrastructure management	x				x		x	x					x			x	
BW Infrastructure Replacement FY28				BW Infrastructure management	x				x		x	x					x			x	
Bulk Water Infra Replace South FY27				BW Infrastructure management	x				x		x	x					x			x	
BW Infrastructure Replacement FY26				BW Infrastructure management	x				x		x	x					x			x	
N1-Wemmershoek pipeline relocation				BW Infrastructure management	x				x		x	x					x			x	
Cape Flats Rehabilitation				Sewer Network					x							x			x		
Cape Flats Rehabilitation				Sewer Network					x							x			x		
Cape Flats Rehabilitation				Sewer Network					x							x			x		
Gordons Bay Beach Front Sewer Ph2				Sewer Network					x							x			x		
Gordons Bay Beach Front Sewer Ph2				Sewer Network					x							x			x		
Gordons Bay Beach Front Sewer Ph2				Sewer Network					x							x			x		
Highlands Estate Project				Sewer Network					x							x			x		
Inform Settl Sanit Install North FY32				Sewer Network					x										x		
Inform Settl Sanit Install South FY32				Sewer Network					x										x		
Inform Settl Sanit Install East FY32				Sewer Network					x										x		
Inform Settl Sanit Install Central FY32				Sewer Network					x										x		
Inform Settl Sanit Install South FY31				Sewer Network					x										x		
Inform Settl Sanit Install North FY31				Sewer Network					x										x		
Inform Settl Sanit Install East FY31				Sewer Network					x										x		

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
Inform Settl Sanit Install Central FY31	Sewer Network					x										x				
Inform Settl Sanit Install South FY30	Sewer Network					x										x				
Inform Settl Sanit Install North FY30	Sewer Network					x										x				
Inform Settl Sanit Install East FY30	Sewer Network					x										x				
Inform Settl Sanit Install Central FY30	Sewer Network					x										x				
Inform Settl Sanit Install South FY29	Sewer Network					x										x				
Inform Settl Sanit Install North FY29	Sewer Network					x										x				
Inform Settl Sanit Install East FY29	Sewer Network					x										x				
Inform Settl Sanit Install Central FY29	Sewer Network					x										x				
Inform Settl Sanit Install South FY28	Sewer Network					x										x				
Inform Settl Sanit Install North FY28	Sewer Network					x										x				
Inform Settl Sanit Install East FY28	Sewer Network					x										x				
Inform Settl Sanit Install Central FY28	Sewer Network					x										x				
Inform Settl Sanit Install South FY27	Sewer Network					x										x				
Inform Settl Sanit Install North FY27	Sewer Network					x										x				
Inform Settl Sanit Install East FY27	Sewer Network					x										x				
Inform Settl Sanit Install Central FY27	Sewer Network					x										x				
Informal Settlement Sanitation Install FY26	Sewer Network					x										x				
Informal Settlement Sanitation Install FY25	Sewer Network					x										x				
Inform Settl Water Install South FY32	Water Network					x									x					
Inform Settl Water Install North FY32	Water Network					x									x					
Inform Settl Water Install East FY32	Water Network					x									x					
Inform Settl Water Install Central FY32	Water Network					x									x					
Inform Settl Water Install East FY31	Water Network					x									x					
Inform Settl Water Install Central FY31	Water Network					x									x					
Inform Settl Water Install North FY31	Water Network					x									x					
Inform Settl Water Install South FY31	Water Network					x									x					
Inform Settl Water Install East FY30	Water Network					x									x					
Inform Settl Water Install North FY30	Water Network					x									x					
Inform Settl Water Install South FY30	Water Network					x									x					
Inform Settl Water Install Central FY30	Water Network					x									x					
Inform Settl Water Install North FY29	Water Network					x									x					
Inform Settl Water Install Central FY29	Water Network					x									x					
Inform Settl Water Install East FY29	Water Network					x									x					
Inform Settl Water Install South FY29	Water Network					x									x					
Inform Settl Water Install South FY28	Water Network					x									x					
Inform Settl Water Install Central FY28	Water Network					x									x					
Inform Settl Water Install East FY28	Water Network					x									x					
Inform Settl Water Install North FY28	Water Network					x									x					
Inform Settl Water Install North FY27	Water Network					x									x					
Inform Settl Water Install South FY27	Water Network					x									x					
Inform Settl Water Install East FY27	Water Network					x									x					
Inform Settl Water Install Central FY27	Water Network					x									x					
Informal Settlement Water Installation FY26	Water Network					x									x					
Informal Settlement Water Installation FY25	Water Network					x									x					

Item Description	MTSR Activity	F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11
WWTW Equipment Replacem - Central FY29	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - East FY29	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - North FY29	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - South FY29	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - Central FY28	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - East FY28	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - South FY28	Investment in WWTWs					x				x	x							
WWTW Equipment Replacem - North FY28	Investment in WWTWs					x				x	x							
Infrastr Replacement WW - East FY27	Investment in WWTWs					x				x	x							
Infrastr Replacement WW - Central FY27	Investment in WWTWs					x				x	x							
Infrastr Replacement WW - South FY27	Investment in WWTWs					x				x	x							
Infrastr Replacement WW - North FY27	Investment in WWTWs					x				x	x							
Infrastructure Replacements - WWTW FY30	Investment in WWTWs					x				x	x							
Infrastructure Replacements - WWTW FY26	Investment in WWTWs					x				x	x							
Infrastructure Replacements - WWTW FY26	Investment in WWTWs					x				x	x							
Dam Safety Programme FY26 - FY44	Water Safety Programme					x			x									
Voëlvlei Water Treatment Plant Refurbish	Blue Drop and SANS 241					x			x									
Faure Water Treatment Plant Refurbishmen	Blue Drop and SANS 241					x			x									
Wemmershoek Water Treatment Plant Refurb	Blue Drop and SANS 241					x			x									
Blackheath Water Treatment Plant Refurbi	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb South FY30	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb South FY29	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb South FY32	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb South FY31	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb North FY32	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb North FY31	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb East FY32	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb East FY31	Blue Drop and SANS 241					x			x									
Dam Safety Routine Programme North FY29	Water Safety Programme					x			x									
Dam Safety Routine Programme CentralFY29	Water Safety Programme					x			x									
Dam Safety Routine Programme East FY29	Water Safety Programme					x			x									
Dam Safety Routine Programme South FY29	Water Safety Programme					x			x									
Dam Safety Routine Programme CentralFY28	Water Safety Programme					x			x									
Dam Safety Routine Programme East FY28	Water Safety Programme					x			x									
Dam Safety Routine Programme South FY28	Water Safety Programme					x			x									
Dam Safety Routine Programme CentralFY27	Water Safety Programme					x			x									
Dam Safety Routine Programme South FY27	Water Safety Programme					x			x									
Dam Safety Routine Programme North FY27	Water Safety Programme					x			x									
Dam Safety Routine Programme East FY27	Water Safety Programme					x			x									
Dam Safety Routine Programme North FY28	Water Safety Programme					x			x									
BW Treatment Routine Refurb North FY30	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb East FY30	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb North FY29	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb East FY29	Blue Drop and SANS 241					x			x									
BW Treatment Routine Refurb North FY28	Blue Drop and SANS 241					x			x									

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
BW Treatment Routine Refurb East FY28	Blue Drop and SANS 241					x			x											
BW Treatment Routine Refurb North FY27	Blue Drop and SANS 241					x			x											
BW Treatment Routine Refurb East FY27	Blue Drop and SANS 241					x			x											
BW Treatment Routine Refurb South FY28	Blue Drop and SANS 241					x			x											
BW Treatment Routine Refurb South FY27	Blue Drop and SANS 241					x			x											
Dam Safety Routine Programme FY26	Blue Drop and SANS 241					x			x											
Bulk Water Treatment Routine Refurb FY26	Blue Drop and SANS 241					x			x											
Laboratory Equipment: Additional FY32	Scientific Services					x			x		x									
Laboratory Equipment: Additional FY31	Scientific Services					x			x		x									
Laboratory Equipment: Additional FY30	Scientific Services					x			x		x									
Laboratory Equipment: Additional FY29	Scientific Services					x			x		x									
Laboratory Equipment: Additional FY28	Scientific Services					x			x		x									
Laboratory Equipment: Additional FY27	Scientific Services					x			x		x									
Laboratory Equipment: Additional FY26	Scientific Services					x			x		x									
Laboratory Equipment: Replacement FY31	Scientific Services					x			x		x									
Laboratory Equipment: Replacement FY30	Scientific Services					x			x		x									
Laboratory Equipment: Replacement FY29	Scientific Services					x			x		x									
Laboratory Equipment: Replacement FY28	Scientific Services					x			x		x									
Laboratory Equipment: Replacement FY27	Scientific Services					x			x		x									
Laboratory Equipment: Replacement FY26	Scientific Services					x			x		x									
Leak Detection Equipment: Add FY31	Leak Detection	x				x								x			x			
Leak Detection Equipment: Add FY26	Leak Detection	x				x								x			x			
Macassar WWTW Extension	Investment in WWTWs					x				x	x									
Macassar WWTW Extension	Investment in WWTWs					x				x	x									
Macassar WWTW Extension	Investment in WWTWs					x				x	x									
Camps Bay Marine Outfalls	Investment in WWTWs					x				x										
Hout Bay Marine Outfalls	Investment in WWTWs					x				x										
Green Point Marine Outfalls	Investment in WWTWs					x				x										
Meter Laboratory Equipment: Replac FY26	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme North FY32	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme North FY31	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme South FY32	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme South FY31	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme East FY32	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme East FY31	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme South FY28	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme North FY28	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme South FY30	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme North FY27	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme South FY27	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme North FY29	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme South FY29	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme North FY30	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme East FY30	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme East FY28	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme East FY27	Meter replacement	x	x	x	x	x	x										x	x		
Meter Replacement Programme East FY29	Meter replacement	x	x	x	x	x	x										x	x		

Item Description	MTSR Activity	F1											W1										
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14	W15	W16
Meter Replacement Programme Central FY32	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme FY31	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme FY30	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme Central FY29	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme FY28	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme FY27	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme FY27	Meter replacement	x	x	x	x	x	x											x	x				
Meter Replacement Programme FY26	Meter replacement	x	x	x	x	x	x											x	x				
Mitchells Plain WWTW Capacity Expansion	Investment in WWTWs					x				x	x												
Atlantis Aquifer: Upgrade of Witzands MAR	New Water Plan					x		x															
Table Mountain Group Aquifer: Steenbras	New Water Plan					x		x															
Table Mountain Group Aquifer: Steenbras	New Water Plan					x		x															
Cape Flats Aquifer: Strandfontein NorthE	New Water Plan					x		x															
Cape Flats Aquifer: Hanover Park & Philip	New Water Plan					x		x															
Cape Flats Aquifer: Strandfontein West	New Water Plan					x		x															
Cape Flats Aquifer: Strandfontein West	New Water Plan					x		x															
Zandvliet/Faure Plant Re-use (70ML)	New Water Plan					x		x															
Desalination Location 2	New Water Plan					x		x															
Desalination Location 1	New Water Plan					x		x															
Cape Flats Aquifer Recharge	New Water Plan					x		x															
Cape Flats Aquifer Recharge	New Water Plan					x		x															
Atlantis Aquifer	New Water Plan					x		x															
Atlantis Aquifer	New Water Plan					x		x															
New water supply Macassar	New Water Plan					x		x															
Philippi Collect Sewer Ph2	Sewer Network					x							x				x						
Philippi Collect Sewer Ph2	Sewer Network					x							x				x						
Philippi Collect Sewer Ph2	Sewer Network					x							x				x						
Philippi Collect Sewer Ph2	Sewer Network					x							x				x						
Philippi Collector Sewer	Sewer Network					x							x				x						
Philippi Collector Sewer	Sewer Network					x							x				x						
Philippi Collector Sewer	Sewer Network					x							x				x						
Philippi Collector Sewer	Sewer Network					x							x				x						
Potsdam WWTW - Extension	Investment in WWTWs					x				x	x												
Potsdam WWTW - Extension	Investment in WWTWs					x				x	x												
Pressure Management: COCT FY32	Water Conservation and WDM	x				x		x				x		x	x		x						
Pressure Management: COCT FY31	Water Conservation and WDM	x				x		x				x		x	x		x						
Pressure Management: COCT FY30	Water Conservation and WDM	x				x		x				x		x	x		x						
Pressure Management: COCT FY29	Water Conservation and WDM	x				x		x				x		x	x		x						
Pressure Management: COCT FY28	Water Conservation and WDM	x				x		x				x		x	x		x						
Pressure Management: COCT FY27	Water Conservation and WDM	x				x		x				x		x	x		x						
Pressure Management: COCT FY26	Water Conservation and WDM	x				x		x				x		x	x		x						
Refurbishment of Labs FY32	Scientific Services					x			x		x												
Refurbishment of Labs FY31	Scientific Services					x			x		x												
Refurbishment of Labs FY30	Scientific Services					x			x		x												
Refurbishment of Labs FY29	Scientific Services					x			x		x												
Refurbishment of Labs FY28	Scientific Services					x			x		x												
Refurbishment of Labs FY27	Scientific Services					x			x		x												
Refurbishment of Labs FY26	Scientific Services					x			x		x												
Refurbishment of Labs FY26	Scientific Services					x			x		x												
Sewer Network Replace R4 Central FY32	Sewer Network					x							x				x						
Sewer Network Replace R4 Central FY32	Sewer Network					x							x				x						
Sewer Network Replacement R3 North FY32	Sewer Network					x							x				x						
Sewer Network Replacement R3 North FY32	Sewer Network					x							x				x						
Sewer Network Replacement R2 East FY32	Sewer Network					x							x				x						
Sewer Network Replacement R2 East FY32	Sewer Network					x							x				x						
Sewer Network Replacement R1 South FY32	Sewer Network					x							x				x						

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
Sewer Network Replacement R1 South FY32	Sewer Network					x							x			x				
Sewer Network Replace R4 Central FY31	Sewer Network					x							x			x				
Sewer Network Replace R4 Central FY31	Sewer Network					x							x			x				
Sewer Network Replacement R3 North FY31	Sewer Network					x							x			x				
Sewer Network Replacement R3 North FY31	Sewer Network					x							x			x				
Sewer Network Replacement R2 East FY31	Sewer Network					x							x			x				
Sewer Network Replacement R2 East FY31	Sewer Network					x							x			x				
Sewer Network Replacement R1 South FY31	Sewer Network					x							x			x				
Sewer Network Replacement R1 South FY31	Sewer Network					x							x			x				
Sewer Network Replace R4 Central FY30	Sewer Network					x							x			x				
Sewer Network Replacement R3 North FY30	Sewer Network					x							x			x				
Sewer Network Replacement R3 North FY30	Sewer Network					x							x			x				
Sewer Network Replacement R2 East FY30	Sewer Network					x							x			x				
Sewer Network Replacement R2 East FY30	Sewer Network					x							x			x				
Sewer Network Replacement R1 South FY30	Sewer Network					x							x			x				
Sewer Network Replacement R1 South FY30	Sewer Network					x							x			x				
Sewer Network Replacement - Central FY29	Sewer Network					x							x			x				
Sewer Network Replacement - North FY29	Sewer Network					x							x			x				
Sewer Network Replacement - East FY29	Sewer Network					x							x			x				
Sewer Network Replacement - South FY29	Sewer Network					x							x			x				
Sewer Network Replacement - Central FY28	Sewer Network					x							x			x				
Sewer Network Replacement - Central FY28	Sewer Network					x							x			x				
Sewer Network Replacement - North FY28	Sewer Network					x							x			x				
Sewer Network Replacement - North FY28	Sewer Network					x							x			x				
Sewer Network Replacement - East FY28	Sewer Network					x							x			x				
Sewer Network Replacement - East FY28	Sewer Network					x							x			x				
Sewer Network Replacement - South FY28	Sewer Network					x							x			x				
Sewer Network Replacement - South FY28	Sewer Network					x							x			x				
Sewer Network Replacement - Central FY27	Sewer Network					x							x			x				
Sewer Network Replacement - Central FY27	Sewer Network					x							x			x				
Sewer Network Replacement - North FY27	Sewer Network					x							x			x				
Sewer Network Replacement - North FY27	Sewer Network					x							x			x				
Sewer Network Replacement - East FY27	Sewer Network					x							x			x				
Sewer Network Replacement - East FY27	Sewer Network					x							x			x				
Sewer Network Replacement - South FY27	Sewer Network					x							x			x				
Sewer Network Replacement - South FY27	Sewer Network					x							x			x				
Pentz Drive Bulk Sewer	Sewer Network					x							x			x				
Replace Sewer Network (Citywide) FY26	Sewer Network					x							x			x				
Philippi open Trench pipe replacement	Sewer Network					x							x			x				
Trappies Sewer System: Rehabilitation	Sewer Network					x							x			x				
Gordon's Bay Sewer Rising Main	Sewer Network					x							x			x				
Gordon's Bay Sewer Rising Main	Sewer Network					x							x			x				
Sewer Projects as per Master Plan FY32	Sewer Network					x							x			x				
Sewer Projects as per Master Plan FY31	Sewer Network					x							x			x				

Item Description	MTSR Activity	F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11
Sewer Projects as per Master Plan FY30	Sewer Network					x							x			x		
Sewer Projects as per Master Plan FY29	Sewer Network					x							x			x		
Sewer Projects as per Master Plan FY28	Sewer Network					x							x			x		
Sewer Projects as per Master Plan FY27	Sewer Network					x							x			x		
Sewer Projects as per Master Plan FY26	Sewer Network					x							x			x		
Sewer Pump Station Refurb R4 Centr FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R4 Centr FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R3 North FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R3 North FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R2 East FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R2 East FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R1 South FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R1 South FY32	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R4 Centr FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R4 Centr FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R3 North FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R3 North FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R2 East FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R2 East FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R1 South FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R1 South FY31	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R4 Centr FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R4 Centr FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R3 North FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R3 North FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R2 East FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R2 East FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R1 South FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb R1 South FY30	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - Central FY29	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - North FY29	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - East FY29	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - South FY29	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - Central FY27	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - Central FY27	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - Central FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - Central FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - North FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - North FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - East FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - East FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - South FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - South FY28	Pump improvement Station					x							x			x		
Sewer Pump Station Refurb - North FY27	Pump improvement Station					x							x			x		

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
Sewer Pump Station Refurb - North FY27	Pump improvement Station					x							x			x				
Sewer Pump Station Refurb - East FY27	Pump improvement Station					x							x			x				
Sewer Pump Station Refurb - East FY27	Pump improvement Station					x							x			x				
Sewer Pump Station Refurb - South FY27	Pump improvement Station					x							x			x				
Sewer Pump Station Refurb - South FY27	Pump improvement Station					x							x			x				
Repl & Upgr Sew Pump Station FY26	Pump improvement Station					x							x			x				
Tafelsig Swartklip Pump Station Upgrade	Pump improvement Station					x							x			x				
Witzands Pump Station Upgrade	Pump improvement Station					x							x			x				
West Bank Pump Station	Pump improvement Station					x							x			x				
Khayelitsha Site B Pump Station	Pump improvement Station					x							x			x				
Phoenix Sewer Pump Station Upgrade	Pump improvement Station					x							x			x				
Phoenix Sewer Pump Station Upgrade	Pump improvement Station					x							x			x				
Philippi Pump Station Phase 4 Upgrade	Pump improvement Station					x							x			x				
Philippi Pump Station Phase 4 Upgrade	Pump improvement Station					x							x			x				
Lupin Crescent Pump Station	Pump improvement Station					x							x			x				
Joe Slovo Pump Station	Pump improvement Station					x							x			x				
Fisantekraal Pump Station Upgrade	Pump improvement Station					x							x			x				
College Road Pump Station	Pump improvement Station					x							x			x				
Bokmakierie Pump Station Upgrade	Pump improvement Station					x							x			x				
Sanddrift East Pump Station Upgrade	Pump improvement Station					x							x			x				
Koeberg Pump station capacity upgrade	Pump improvement Station					x							x			x				
Koeberg Pump station capacity upgrade	Pump improvement Station					x							x			x				
Langa Pump Station (9) - screens, pumps	Pump improvement Station					x							x			x				
Langa Pump Station (9) - screens, pumps	Pump improvement Station					x							x			x				
Langa Pump Station (9) - screens, pumps	Pump improvement Station					x							x			x				
Raapenberg Pump Station Upgrade	Pump improvement Station					x							x			x				
Raapenberg Pump Station Upgrade	Pump improvement Station					x							x			x				
Table View East Bulk Sewer & PS Upgrade	Sewer Network/Pump Station improvement					x							x			x				
Simonstown Process Upgrade	Investment in WWTWs					x				x	x									
Collector Sewer Upgrade Jabavu Street	Sewer Network					x							x	x						
Water Main Upgrade Tulip Crescent	Water Network					x							x	x						
Water Main Upgrade Usamas Street Tie-in	Water Network					x							x	x						
Water Main Upgrade Orchard Road	Water Network					x							x	x						
Water Main Upgrade Thandabantu Road	Water Network					x							x	x						
Water Main Upgrade Siyabonga Road	Water Network					x							x	x						
Water Main Upgrade Mnandi Road	Water Network					x							x	x						
Sewer Upgrade Church Street	Sewer Network					x							x	x						
Helderberg (ex Steenbras): HBR- NLR 50Ml	BW Infrastructure management					x			x					x						
Windmeul 300MLD Reservoir	BW Infrastructure management					x			x					x						
Driftsands Dam Rehabilitation	BW Infrastructure management					x			x											
Refurbishment of Upper Golf Course Dam	BW Infrastructure management					x			x											
Refurbishment of Kommissaris Dam	BW Infrastructure management					x			x											
Stormwater Dams: Safety upgr (City-wide)	BW Infrastructure management					x			x											
Stormwater Dams: Safety upgr (City-wide)	BW Infrastructure management					x			x											
Stormwater Dams: Safety upgr (City-wide)	BW Infrastructure management					x			x											

Item Description	MTSR Activity	F1											W1										
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14	W15	W16
Sundry Equipment: Additional FY30	Investment in WWTWs					x				x	x												
Sundry Equipment: Additional FY29	Investment in WWTWs					x				x	x												
Sundry Equipment: Additional FY28	Investment in WWTWs					x				x	x												
Sundry Equipment: Additional FY27	Investment in WWTWs					x				x	x												
Sundry Equipment: Additional FY26	Investment in WWTWs					x				x	x												
Treated Effluent Re-Use:Wildevolei WP	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Stikland	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Bellville NW1	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Kuilsriver	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use:Wildevolei PS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use:Macassar BPS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Scottsdene PH1	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Cape Flats PS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Cape Flats PS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Potsdam PH1	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Zandvliet PS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Scottsdene PS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Scottsdene PS	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent Re-Use: Zandvliet Link	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY32	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY31	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY30	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY29	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY28	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY27	Water Conservation and WDM	x				x		x		x							x						
Treated Effluent: Refurb& PipeLinks FY26	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Macassar Network FY31	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Macassar Network FY30	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use:Zandvliet Network FY30	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Athlone network FY32	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: CapeFlats network FY32	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: CapeFlats network FY31	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: CapeFlats network FY30	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Scottsdene network FY32	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Scottsdene network FY31	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Scottsdene network FY30	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Bellville Network FY32	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Bellville Network FY31	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Bellville Network FY30	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Wildevolei network FY31	Water Conservation and WDM	x				x		x		x							x						
TE-Re-Use:Macassar Network FY32	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Potsdam Network FY30	Water Conservation and WDM	x				x		x		x							x						
TE Re-Use: Wildevolei network FY30	Water Conservation and WDM	x				x		x		x							x						
Upgrade of Rietvlei Bulk Sewer	Sewer Network					x							x				x						
Upgrade Reservoirs City Wide FY29	Water Network					x			x					x									

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
Upgrade Reservoirs City Wide FY28	Water Network					x			x					x						
Upgrade Reservoirs City Wide FY27	Water Network					x			x					x						
Upgrade Reservoirs City Wide FY26	Water Network					x			x					x						
Upgrade Reservoirs City Wide FY30	Water Network					x			x					x						
Upgrade Reservoirs City Wide FY32	Water Network					x			x					x						
Upgrade Reservoirs City Wide FY31	Water Network					x			x					x						
Rietvlei Pump Station and Rising Main	Pump Station improvement					x							x			x				
Rietvlei Pump Station and Rising Main	Pump Station improvement					x							x			x				
Kuilsriver Outfall Sewer	Investment in WWTWs					x							x			x				
W&S Meters New Connections East FY32	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY32	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY31	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY31	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY32	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY32	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY32	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY32	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY31	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY31	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY31	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY31	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY30	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY30	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY28	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY28	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY28	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY30	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY30	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY29	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections South FY29	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY29	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections North FY29	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY29	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY29	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY30	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY30	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY28	Meters Connected and Billed	x	x	x	x	x	x													x
W&S Meters New Connections East FY28	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY32	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY32	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY31	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY31	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY28	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY28	Meters Connected and Billed	x	x	x	x	x	x													x
Water Meters New Connections FY30	Meters Connected and Billed	x	x	x	x	x	x													x

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
Water Meters New Connections FY30	Meters Connected and Billed	x	x	x	x	x	x												x	
W&S Meters New Connections Central FY29	Meters Connected and Billed	x	x	x	x	x	x												x	
W&S Meters New Connections Central FY29	Meters Connected and Billed	x	x	x	x	x	x												x	
Water Meters New Connections FY27	Meters Connected and Billed	x	x	x	x	x	x												x	
Water Meters New Connections FY27	Meters Connected and Billed	x	x	x	x	x	x												x	
Water Meters New Connections FY26	Meters Connected and Billed	x	x	x	x	x	x												x	
Water Network Replace R4 Central FY32	Water Network					x						x			x					
Water Network Replace R4 Central FY32	Water Network					x						x			x					
Water Network Replacement R3 North FY32	Water Network					x						x			x					
Water Network Replacement R3 North FY32	Water Network					x						x			x					
Water Network Replacement R2 East FY32	Water Network					x						x			x					
Water Network Replacement R2 East FY32	Water Network					x						x			x					
Water Network Replacement R1 South FY32	Water Network					x						x			x					
Water Network Replacement R1 South FY32	Water Network					x						x			x					
Water Network Replace R4 Central FY31	Water Network					x						x			x					
Water Network Replace R4 Central FY31	Water Network					x						x			x					
Water Network Replacement R3 North FY31	Water Network					x						x			x					
Water Network Replacement R3 North FY31	Water Network					x						x			x					
Water Network Replacement R2 East FY31	Water Network					x						x			x					
Water Network Replacement R2 East FY31	Water Network					x						x			x					
Water Network Replacement R1 South FY31	Water Network					x						x			x					
Water Network Replacement R1 South FY31	Water Network					x						x			x					
Water Network Replacement R4 Central FY30	Water Network					x						x			x					
Water Network Replacement R4 Central FY30	Water Network					x						x			x					
Water Network Replacement R3 North FY30	Water Network					x						x			x					
Water Network Replacement R3 North FY30	Water Network					x						x			x					
Water Network Replacement R2 East FY30	Water Network					x						x			x					
Water Network Replacement R2 East FY30	Water Network					x						x			x					
Water Network Replacement R1 South FY30	Water Network					x						x			x					
Water Network Replacement R1 South FY30	Water Network					x						x			x					
Water Network Replacement - Central FY29	Water Network					x						x			x					
Water Network Replacement - Central FY29	Water Network					x						x			x					
Water Network Replacement - North FY29	Water Network					x						x			x					
Water Network Replacement - North FY29	Water Network					x						x			x					
Water Network Replacement - East FY29	Water Network					x						x			x					
Water Network Replacement - East FY29	Water Network					x						x			x					
Water Network Replacement - South FY29	Water Network					x						x			x					
Water Network Replacement - South FY29	Water Network					x						x			x					
Water Network Replacement - Central FY28	Water Network					x						x			x					
Water Network Replacement - Central FY28	Water Network					x						x			x					
Water Network Replacement - North FY28	Water Network					x						x			x					
Water Network Replacement - North FY28	Water Network					x						x			x					
Water Network Replacement - East FY28	Water Network					x						x			x					
Water Network Replacement - East FY28	Water Network					x						x			x					

Item Description	MTSR Activity																			
		F1	F2	F3	F4	F5	F6	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11		
Water Network Replacement - South FY28	Water Network					x						x			x					
Water Network Replacement - South FY28	Water Network					x						x			x					
Water Network Replacement - Central FY27	Water Network					x						x			x					
Water Network Replacement - Central FY27	Water Network					x						x			x					
Water Network Replacement - North FY27	Water Network					x						x			x					
Water Network Replacement - North FY27	Water Network					x						x			x					
Water Network Replacement - East FY27	Water Network					x						x			x					
Water Network Replacement - East FY27	Water Network					x						x			x					
Water Network Replacement - South FY27	Water Network					x						x			x					
Water Network Replacement - South FY27	Water Network					x						x			x					
Anti-vandalism protective cages	Water Network					x						x			x					
Replace Water Network (City Wide) FY26	Water Network					x						x			x					
Replace Water Network (City Wide) FY26	Water Network					x						x			x					
Simonstown Main Water Supply Upgrade	Water Network					x						x			x					
Replace Water Main Voortrekker Rd	Water Network					x						x			x					
Houtbay Pressure Management Remodelling	Water Conservation and WDM					x						x		x	x					
Upgrade water supply system Hout Bay	Water Network					x						x		x	x					
Upgrade water supply system Hout Bay	Water Network					x						x		x	x					
Wesfleur(Dom & Indus)Capacity Expansion	Investment in WWTWs					x				x	x									
Wesfleur Aeration & Blower Replacement	Investment in WWTWs					x				x	x									
Wildevoelelei WWTW-Upgrade dewatering	Investment in WWTWs					x				x	x									
Wildevoelelei WWTW-Upgrade dewatering	Investment in WWTWs					x				x	x									
Zevenwacht Reservoir and Network	Water Network					x						x		x	x					
Zevenwacht Reservoir and Network	Water Network					x						x		x	x					

Approved by Executive Director: Water and Sanitation
Leonardo Manus

ACCOUNTABILITY PERFORMANCE DEFINITION			PERFORMANCE INDICATORS			10	Reform Activity Packages to achieve targets									
			Starting point / status quo			Metro ambition	Evidence	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31			
A1	Customer surveys	Customer surveys provide a measurable feedback mechanism or data point that can be used to assess the effectiveness of customer satisfaction, identify trends in customer feedback, and derive actionable insights. All metros already conduct annual surveys of customer satisfaction, and generate headline results per trading service Using the historical results of these surveys, metro trading services should plan and execute actions to improve these results, as part of the business and investment plan (M7). a) Surveys assist trading service businesses to monitor and evaluate customer behaviour, sentiment, and experience. b) They provide the business units with quantifiable insights into customer experiences and can help track performance over time.	Targets (as per business and investment plan)		2	Annual Customer Satisfaction Survey: CSS - 2023/24 actuals: - Water = 60% - Sanitation = 58% CSS - 2024/25 actuals: - Water = 60% - Sanitation = 58% 31 March 2026: Survey in progress	Targets determined in line with CSS trend analysis	Customer Satisfaction Survey Analysis Report	Institutional & Workforce Reform Programme: SPoMA	Water = 60% Sanitation = 58%	Water = 60.5% Sanitation = 58.5%	Water = 61% Sanitation = 59%	Water =61.5% Sanitation = 59.5%	Water = 62% Sanitation = 60%	Water = 62.5% Sanitation = 60.5%	
A2	Financial Accounting - mSCoA compliance	The mSCoA compliance technical indicator evaluates a Trading Services Business Unit or Entity's alignment with the prescribed standards for financial accounting, reporting, and internal controls (minimum business processes and system requirements) as articulated in Annexure B of MFMA Circular No. 80.	Benchmark: full compliance with mSCoA requirements as per City process Y0: Baseline position Y1: CM plan of mSCoA compliance, countersigned by mSCoA team Y2 – Y6: CM certificate of mSCoA compliance (against target), countersigned by mSCoA team.		2	The City is mSCoA Compliant for the segmental Financial Reporting As at 31March 2026: In progress: City implementing as per mSCoA roadmap.	By 30 June 2026, mSCoA compliance is achieved by the City and maintained in the years thereafter	Segmental Financial Reporting for Trading Service	Segmental Financial Control & Reporting Programme	ICU Assessment Score 25/26 mSCoA Roadmap approved.	ICU Assessment Score 26/27 mSCoA Roadmap approved.	ICU Assessment Score 27/28 mSCoA Roadmap approved.	ICU Assessment Score 28/29 mSCoA Roadmap approved.	ICU Assessment Score 29/30 mSCoA Roadmap approved.	ICU Assessment Score 30/31 mSCoA Roadmap approved.	
A3	Public procurement transparency	This measures the degree to which the Trading Service Business Unit adheres to best practices in ensuring transparency in its procurement process. This includes openness in tendering, decision-making, and reporting, aiming to reduce corruption, promote competition, and ensure the effective use of public resources.	Benchmark: Full transparency Y0: Y1: Baseline to be set with trading service business plans and targets for improvement in trading services procurement transparency Y2 – Y6: implementation of the plan		2	Full adherence to statutory regulations regarding procurement transparency. Partial procurement transparency - use of e-procurement for RFQs As at 31 March 2026: In progress: City implementing regulatory requirements	City will confirm full adherence to statutory regulations regarding procurement transparency. By 30 June 2031, the City will implement e-procurement system for tenders	Procurement Report	Segmental Financial Control & Reporting Programme	By 30 June 2026, City will confirm full adherence to statutory regulations regarding procurement transparency. Partial procurement transparency	By 30 June 2027, City will maintain full adherence to statutory regulations regarding procurement transparency.	By 30 June 2028, City will maintain full adherence to statutory regulations regarding procurement transparency.	By 30 June 2029, City will maintain full adherence to statutory regulations regarding procurement transparency.	By 30 June 2030, City will maintain full adherence to statutory regulations regarding procurement transparency.	By 30 June 2031, City will maintain full adherence to statutory regulations regarding procurement transparency.	
A4	Capital Budget Execution	This measures how effectively an organization or public sector entity manages and executes investment projects to achieve its objectives.	Benchmark = 90% Y0: Y1: Plan with targets for improved capital budget execution Y2 – Y6: implementation of the plan		2	2023/24 Actual: 88.96% (excl contingencies) 2024/25 Actual: 94.8% (excl contingencies) As at 31 March 2026: In progress	The City will spend a minimum of 90% of the planned CAPEX budget.	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	By 30 June 2026, the Water and Sanitation Business Unit will have spent a minimum of 90% of its planned CAPEX budget.	By 30 June 2027, the Water and Sanitation Business Unit will have spent a minimum of 90% of its planned CAPEX budget.	By 30 June 2028, the Water and Sanitation Business Unit will have spent a minimum of 90% of its planned CAPEX budget.	By 30 June 2029, the Water and Sanitation Business Unit will have spent a minimum of 90% of its planned CAPEX budget.	By 30 June 2030, the Water and Sanitation Business Unit will have spent a minimum of 90% of its planned CAPEX budget.	By 30 June 2031, the Water and Sanitation Business Unit will have spent a minimum of 90% of its planned CAPEX budget.	
A5	Core technical & management capacity	Progress against planned technical and managerial capacity increases.	Benchmark = to be set as part of business plan (M7) Y0: Y1: Plan with targets for increasing tech and management capacity Y2 – Y6: implementation of the plan		2	Vacancy rate (% funded vacancies) 2023/24 Actual: 5.37% 2024/25 Actual: 7.01% Technical & Managerial staff as % of establishment 30 April 2026 Actual: 39.2% Gender breakdown - Female: 33.7% (staff establishment as at 30 April 2026) Strategic Workforce Plan approved	By 30 June 2026 and in the years thereafter, the Water and Sanitation Business Unit has a maximum vacancy rate of 10%. By 30 June 2027, the Water and Sanitation Business Unit will report on the technical and managerial capacity added during FY, including gender breakdown.	SAP HR Report	Skills & Capacity Programme	Vacancy rate: <10%. Technical and Managerial staff: 39.2% Gender target - Female: 33.7%	Vacancy rate: ≤10%. Technical and managerial: 40% Gender target - Female: 34%	Vacancy rate: ≤10%. Technical and managerial: 40.5% Gender target - Female: 34.5%	Vacancy rate: ≤10%. Technical and managerial: 41% Gender target - Female: 35%	Vacancy rate: ≤10%. Technical and managerial: 41.5% Gender target - Female: 36%	Vacancy rate: ≤10%. Technical and managerial: 42% Gender target - Female: 37%	

FINANCIAL PERFORMANCE			DEFINITION			PERFORMANCE INDICATORS			30	Starting point / status quo	Metro ambition	Evidence	Reform Activity Packages to achieve targets	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
F1	Financial viability OCCR	The basic definition is "operating revenue / operating expenses". Operating revenue excludes any capital items (capital grants) and interest income. Operating expenditure excludes any capital related items (interest and depreciation). The basic formula is adjusted to take into account cost of sales (bulk purchases). Bulk purchases is subtracted from operating revenue to give a gross operating profit. And operating costs are similarly adjusted to exclude the bulk purchases.	Target (as determined in financial model and business plan)						5	2023/24: 1.29 2024/25: 1.35	As determined in the financial model, the City will maintain financial viability of the Water and Sanitation trading service within a minimum OCCR of 1 and maximum of 1.4.	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	1,1	1,1	1,2	1,3	1,4	1,4
			Y0: n/a	Y0:															
			Y1: Plan to approach / reach normative benchmark	Y1: binary															
			Y2-Y6: percentage achievement of targets	Y2-Y6: scalable tbc															
F2	Cash collection rate	The efficiency of cash collection measured as cash collected from customers/ total invoiced to customers (over the same relevant 12 month period).	Normative benchmark = 95% (W&S)						5	2023/24: Water: 88.22% Sanitation: 90.40% 2024/25: Water: 91.83% Sanitation: 94.68%	Enhanced cash collection to achieve benchmark of minimum 93% and 95% respectively for water and sanitation in 2028/29 and thereafter maintain sanitation and further improve Water to 95%.	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	Water: 91.0% Sanitation: 92.5%	Water: 91.5% Sanitation: 93.5%	Water: 92.0% Sanitation: 94%	Water: 93.0% Sanitation: 95%	Water: 93.5% Sanitation: 95%	Water: 94.0% Sanitation: 95%
			Y0: n/a	Y0:															
			Y1: Plan with targets to approach / reach benchmark	Y1: binary															
			Y2-Y6: percentage achievement of targets	Y2-Y6: scalable tbc															
F3	Operational cash flow	The cash available from operations after all operating costs have been met.	Performance target: as per financial model and business plan showing a financial turnaround and substantial improvement in cash from operations.						5	2023/24 R1 864 015 000 2024/25 R964 246 000	The City will maintain a positive operational cash flow on an annual basis with the exact value to be determined based on financial and operational requirements.	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	To maintain a positive operational cash flow > R1b.	To maintain a positive operational cash flow > R1.5b.	To maintain a positive operational cash flow > R2b	To maintain a positive operational cash flow > R2.5b.	To maintain a positive operational cash flow > R2.5b.	To maintain a positive operational cash flow > R2.5b.
			Y0: n/a	Y0:															
			Y1: Plan with targets to approach / reach benchmark	Y1: binary															
			Y2-Y6: percentage achievement of targets	Y2-Y6: scalable tbc															
F4	Customer debt management- debtors days	Customer debt outstanding expressed as days of revenue.	Normative benchmark = < 60 days						5	2023/24: Water: 83 days Sanitation: 81 days 2024/25: Water: 69 days Sanitation: 68 days	The City will achieve customer debt management with debtors days being less than the national benchmark of 60 days by 2027/28 and thereafter maintain.	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	Water: 68 days Sanitation: 68 days	Water: 65 days Sanitation: 65 days	Water: 60 days Sanitation: 60 days	Water: 55 days Sanitation: 55 days	Water: <55 days Sanitation: <55 days	Water: <55 days Sanitation: <55 days
			Y0:	Y0:															
			Y1: Plan to approach / reach normative benchmark	Y1: binary															
			Y2-Y6: achievement of targets.	Y2-Y6: scalable tbc															
F5	Infrastructure spending (capex)	Actual capital expenditure incurred during the financial year on property, plant and equipment (PPE) for that trading service. (Includes replacement, refurbishment, upgrades and expansion).	City has already doubled Capex (target determined in line with business & investment planning)						5	2023/24: R4.455b = Total CAPEX budget R3.316b = Total CAPEX Actual 2024/25: R 4.713b = Total CAPEX budget R 3.741b = Total CAPEX Actual	The City will ensure sufficient capital expenditure is incurred to achieve operational performance targets, as per the business and investment plan. <u>Please note that these projected budget provisions exclude any provisions for the implementation of PPP projects.</u>	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	R4.4b	R4.84b	R5.32b	R4.87b	R3.73b	R2.73b
			Y0: n/a	Y0:															
			Y1: Plan to approach / reach normative benchmark	Y1: binary															
			Y2-Y6: implementation	Y2-Y6: scalable tbc															
F6	Self-financing ratio	Cash flow from operations (Indicator F3) divided by actual capital expenditure incurred during the financial year on property, plant and equipment (PPE). (Indicator F5).	To maintain ratio of above 0.1 (as per business & investment planning)						5	2023/24: 0.56 2024/25: 0.26	The City will maintain a self-financing ratio of above 0.1. Aggressive capital budget to ensure investment into water and sanitation infrastructure as well as PPP initiatives will keep pressure on the ratio in the short to medium-term.	Segmental Financial Reporting for Trading Service	Financial Sustainability Programme	Maintain ratio above 0.2	Maintain ratio above 0.3	Maintain ratio above 0.4	Maintain ratio above 0.6	Maintain ratio above 0.6	Maintain ratio above 0.6
			Y0: n/a	Y0:															
			Y1: PPlan with targets to approach / reach benchmark	Y1: binary															
			Y2-Y6:percentage achievement of targets.	Y2-Y6: scalable tbc															

Operational Performance		Definition	Performance Indicators		60	Starting point / status quo	Metro ambition	Evidence	Reform Activity Packages to achieve targets	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
W1	Water Security –system input volume as % raw water allocation New NT C88, WS5.5	The Water Security indicator measures the adequacy of a water utility's supply system in meeting demand while adhering to regulatory bulk raw water allocation limits and ecosystems requirements. It is defined as the ratio of the bulk water system input volume (all sources) to the permitted raw water allocation volume. The planned water use allocations are determined through Department of Water and Sanitation (DWS) facilitated water reconciliation strategies, which reconcile all available water resources (surface, ground, desalinated and reused water) with current use requirements. These allocations are formalized in Water Use Licenses (WUL) or Service Level Agreements (SLA) and apply to water service providers, such as municipalities and Water Boards.	City target <100%: in line with CT trends.		5	2023/24: 87.7% 2024/25: 87.2% 31 December 2025 96.9%		Water Balance Report	New water programme Water conservation programme Water demand management programme	<100%	<100%	<100%	<100%	<100%	<100%
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: percentage achievement of targets.	Y2-Y6: scalable tbc											
W2	Drinking Water Systems - Blue Drop NT C88, WS4.5	The Blue Drop Score is a performance indicator developed as part of the Blue Drop Certification Program to assess and promote the excellence of drinking water quality management. It evaluates compliance by the Water Services Authority (WSA) with water quality standards and the effectiveness of operational and management systems supporting safe drinking water provision. The WSA is supported by a Water Services Provider (WSP), which is a public or private entity. For example, waterboards are regarded as WSPs, also known as a Bulk Water Supplier or Provider, and their performance contributes to the overall municipal Blue Drop score. In several instances the WSAs themselves act as water service providers in their own areas and may also be WSPs for other WSAs.	Normative Benchmark ≥95-100%		5	2023 Blue Drop: 98.1%	Maintain Blue Drop "Excellence" (Blue Drop score of >95-100%)	National DWS Blue Drop report	Implementation of SANS 241 standard on drinking water quality. ISO/IEC 17025:2017 SANAS accreditation of CCT, Scientific Services laboratory Water safety programme	≥95%	≥95%	≥95%	≥95%	≥95%	≥95%
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: percentage achievement of targets.	Y2-Y6: scalable tbc											
W3	Waste Water Treatment Systems - Green Drop NT C88 WS4.4	The Green Drop Score is a performance indicator introduced as part of the regulatory Green Drop Certification Program to assess the quality and efficiency of wastewater management systems. It evaluates the ability of water service authorities and providers to treat wastewater effectively, protect public health, and minimize environmental impacts. The score reflects adherence to regulatory and best-practice standards in wastewater management.	Targets are informed by Green Drop baseline data.		5	2022 Green Drop: 76% 2025/26 Green Drop 75.1%	Short term (2yr): Maintain & reverse the trend of decreasing Green Drop Scores back to an increasing trend. Medium Term (2 - 5 year): 76 - 80% Long term (5 - 10 yr) >=80%	National DWS Green Drop report	Green Drop compliance programme. Pump station improvement programme Investment in WWTWs Industrial discharges monitoring by Water Pollution Control inspectors WZRAP Risk Abatement	>75%	>75%	>77%	>77%	>80%	>80%
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: percentage achievement of targets.	Y2-Y6: scalable tbc											
W4	Wastewater Final Effluent Quality NT C88 WS4.22	The Wastewater Final Effluent Compliance Indicator measures the extent to which treated wastewater (final effluent) discharged from wastewater treatment facilities complies with the conditions outlined in the Water Use License (WUL), or defaults to a General Authorisation (GA) in the absence of WUL. It is aligned with the DWS Green Drop Certification Program, and assesses compliance with microbiological, chemical, and physical standards mandated to protect water resources, public health, and ecosystems.	Targets are in line with WW compliance plan.		5	2024/25 80.17% 2025/26 (to 10 February 2026) 77.9% Note: The determination of final effluent quality is based on the requirements of Regulation 991.	The City aims to increase compliance as WWT Plants are upgraded.	Service Delivery and Budget Implementation Plan (SDBIP) Annual Report	Investment in WWTWs Industrial discharges monitored by Water Pollution Control inspectors WZRAP Risk Abatement	>77%	>78%	>79%	>80%	>81%	>82%
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: percentage achievement of targets.	Y2-Y6: scalable tbc											
W5	Water Network performance – mains failures / 100 km NT C88 WS3.2	The number of water mains failures per 100km of mains pipe per year is a performance indicator that has been developed to evaluate the efficiency and functionality of water distribution systems, particularly in managing the number of mains failures.	Normative Benchmark = <50/100km		5	2023/24 34.7 2024/25 34.5	manage downstream through network management, pressure management and the prioritised replacement of high-risk pipes. Current target pipe replacement rate is 50km per annum which the City aims to maintain and improve.	Service Delivery and Budget Implementation Plan (SDBIP) Annual Report	Replace Water Network Pressure Management, zone monitoring, leak detection Programme	<=35	<=35	<=34.5	<=34	<=33.5	<=33
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: achievement of targets.	Y2-Y6: scalable tbc											
W6	Sewer Network performance – blockages / 100 km NT C88 WS3.1	The number of sewer blockages per 100km of sewer length per year is a performance indicator that has been developed to evaluate the efficiency and functionality of sewer network systems, particularly in the management of blockages.	Targets based on definition that includes sewer collapses (infrastructural) and blockages (operational).		5	2023/24 866.8 2024/25 893.2	Increase and maintain sewer main replacements to >100 km a year Target reductions per annum equate to approximately 5000 blockages.	Service Delivery and Budget Implementation Plan (SDBIP) Annual Report	Replacement of Sewer Network. Enhancement of preventative network maintenance and jetting of sewers. Prevention of stormwater ingress programme - inspections by smoke testing. Large scale installation of lockable manhole covers.	<=880	<=880	<=875	<=775	<=600	<=500
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: achievement of targets.	Y2-Y6: scalable tbc											
W7	Physical water loss - Infrastructure Leak Index NT C88 WS5.21	The ILI is a performance indicator developed by the International Water Association (IWA) to evaluate the operational efficiency of water distribution systems, particularly in managing water losses. It is the ratio of the Current Annual Real Losses (CARL) to the Unavoidable Annual Real Losses (UJARL).	ILI targets (as per business and investment plan.)		5	2023/24 3.3 2024/25 3.11	The City aims to reduce physical leaks and Non-Revenue Water (NRW) while noting that the water network is ageing. The budget currently only allows for 50 km/yr replacement (0.5% pa). Approximately >170 km/yr is required to prevent ageing.	Service Delivery and Budget Implementation Plan (SDBIP) Annual Report	Replace Water Network Pressure Management, zone monitoring, leak detection Programme	<=4.4	<=4.2	<=4.2	<=4.1	<=4.0	<=4.0
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: achievement of targets	Y2-Y6: scalable tbc											
W8	Water Service Complaints Response % in 48 hours NT C88 WS3.21	The percentage of water callouts responded to within 48 hrs is a performance indicator that has been developed to evaluate quality of service provision and is a proxy indicator for customer care. (Where 'responded to' refers to 'complaint logged, someone was on site, and has appraised the matter, and a process has been initiated to resolve the matter within 48 hours').	Benchmark = 90-100%		5	2023/24 New 2024/25 89.41%	Increase network reliability through network replacement, pressure management & improved reactive dispatching. While noting that the water network is ageing.	Service Delivery and Budget Implementation Plan (SDBIP) Annual Report	* Development of mobile dispatching IT system. Replace Water Network Pressure Management, zone monitoring, leak detection Programme. AMI programme	>=86%	>=87%	>=88%	>=90%	>=91%	>=92%
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: percentage achievement of targets	Y2-Y6: scalable tbc											
W9	Sewer Service Complaints Response % in 24 hours NT C88 WS3.11	The percentage of sewer callouts that are responded to within 24 hrs is a performance indicator that has been developed to evaluate quality of service provision and is a proxy indicator for customer care. (Where 'responded to' refers to 'complaint logged, someone was on site, and has appraised the matter, and a process has been initiated to resolve the matter within 24 hours').	Targets (as per business and investment plan.)		5	2023/24 New 2024/25 49.80%	Reduce sewer overflows through investment in pump stations, increased sewer replacement to 100 km/year and enhanced maintenance and sewer jetting. While noting that the sewer network is ageing. Consideration of security challenges for dispatched teams in meeting the 24 hour standard, especially in hotspots. An analysis underway to better inform target setting.	Service Delivery and Budget Implementation Plan (SDBIP) Annual Report	Development of mobile dispatching IT system. Replace Sewer Network Enhanced network maintenance and jetting of sewers Prevention of stormwater ingress programme	>=70%	>=70%	>=75%	>=80%	>=85%	>=90%
			Y0: n/a	Y0:											
			Y1: Plan with targets to approach / reach benchmark	Y1: binary											
			Y2-Y6: percentage achievement of targets	Y2-Y6: scalable tbc											
W10	Non-Revenue Water (%) NT C88 WS5.1	NRW is a performance indicator included as a part of the No Drop Certification Program to measure the percentage of the treated volume of water supplied to a distribution system that does not generate revenue. NRW includes: Real Losses: Physical water losses (leaks, bursts, overflows). Apparent Losses: Unauthorized consumption, customer metering inaccuracies. Unbilled Authorized Consumption: Unbilled metered consumption and unbilled unmetered consumption (Water used for firefighting, municipal services, informal settlements).	Benchmark = <25%:		10	2023/24 25.4% 2024/25 24.2% 31 December 2025 24.8%	Manage water loss and NRW. Increase in zonal monitoring / pressure management coverage. Leak detection: inspection of entire water network (11,000 km) every 3 years.	Water Balance Report	Pressure Management, zone monitoring, leak detection Programme. Meter Replacement and Meter Relocation Programme AMI Rollout Programme	<=29%	<=27.0%	<=26.5%	<=26%	<=25.5%	<=24.5%
			Y0: n/a	Y0:											
			Y1: Plan to approach / reach normative benchmark	Y1: binary											
			Y2-Y6: implementation	Y2-Y6: scalable tbc											
W11	Metering performance NT C88 WS5.32	Percentage of all water connections metered and billed on actual monthly readings: The percentage of water connections metered and billed monthly on actual monthly readings. This indicator evaluates the financial sustainability and water use efficiency of municipalities by tracking accurate metering, and billing practices.	Targets (as per business and investment plan.)		5	2023/24 New 2024/25 New	Improvement in percentage meters billed on monthly actual readings. With due consideration to the negative impacts of the growth in unsafe suburbs on meter reading	SAP Report	Meter Replacement and Meter Relocation Programme AMI Rollout Programme	87%	89%	90%	92%	93%	94%
			Y0: n/a	Y0:											
			Y1: Plan to approach / reach normative benchmark	Y1: binary											
			Y2-Y6: implementation	Y2-Y6: scalable tbc											

NOTE:

Target setting
Target setting is based on financial modelling, budget/resource allocation, baseline data and trends.

Force Majeure considerations:
Force majeure refers to events beyond the reasonable control of the Service Authority or the Water and Sanitation Trading Service that materially impact performance, including:
a) Natural disasters (floods, fires, earthquakes, droughts);
b) Civil unrest, war, terrorism, or acts of sabotage;
c) Epidemics, pandemics, or public health emergencies;
d) Industrial actions beyond the control of the affected party;
e) National power failures or critical supporting infrastructure breakdowns, including cyber-attacks;
f) Unforeseeable changes in legislation affecting water and sanitation provision; and
g) Any event declared as a national or provincial disaster under the Disaster Management Act, 2002 (Act No. 57 of 2002).

No	Name	Performance Framework	Assessment method	Weight
SOLID WASTE MANAGEMENT' A3 PIAP v1				Weights
Target-setting template		PLEASE CONSULT THE ADDENDUM TO GUIDANCE NOTE 4		
Please complete all sections of 1		TECHNICAL INDICATOR DESCRIPTIONS ARE PROVIDED IN THE ANNEXURE		
		(Y0 = by June 2025; Y1 = by June 2026; Y2 = by June 2027 . . . Y6 = by June 2031)		
1 ACCOUNTABILITY PERFORM MINIMUM COMMITMENTS				0
M1	SPoMA Service Compact	Y0: Council commitment to service compact	Y0: binary	0
		Y1: Council approval and implementation of service compact	Y1: binary	
		Y2 – Y6: retention of service compact	Y2 – Y6: binary	
M2	SPoMA Appointment	Y0: Council commitment to appointment of TS head	Y0: binary	0
		Y1: Council approved appointment	Y1: binary	
		Y2 – Y6: retention	Y2 – Y6: binary	
M3	SPoMA Organisational Structure	Y0: Council commitment to revising org structure for SPOA	Y0: binary	0
		Y1: Council approval of org structure and impl. plan	Y1: binary	
		Y2 – Y6: retention of org structure	Y2 – Y6: binary	
M4	SPoMA Delegations	Y0: Council commitment for delegations for full SPoMA	Y0: binary	0
		Y1: Full delegations and SSAs in place	Y1: binary	
		Y2 – Y6: of full delegations and SSAs	Y2 – Y6: binary	
M5	Financial Model and Business & Investment Plan	Y0: Council commitment to financial model & bus plan	Y0: binary	0
		Y1: Financial model & bus plan in place and approved	Y1: binary	
		Y2 – Y6: Annual revisions to approved financial model & bus plan	Y2 – Y6: binary	
M6	Budget Support of Business & Investment Plan	Y0: Council commitment to alignment	Y0: binary	0
		Y1: Council approval of fully aligned metro budget	Y1: binary	
		Y2 – Y6: Council approval of fully aligned metro budget	Y2 – Y6: binary	
M7	Financial Transparency – separate AFS	Y0: Council commitment to separate AFS	Y0: binary	0
		Y1: AFS produced	Y1: binary	
		Y2 – Y6: separate AFS produced	Y2 – Y6: binary	
M8	Support for management of organisational change	Y0: Council commitment to having support capacity in place	Y0: binary	0
		Y1: Management and change capacity and plan in place	Y1: binary	
		Y2 – Y6: management & change capacity support in place	Y2 – Y6: binary	

Starting point / status quo	Metro ambition	Reform Activity Packages to achieve targets	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Target Y6
these columns to be completed								
The descriptions provided here are intended to be summarised and specifically for the purpose of target setting.			The accompanying narrative report can be used to provide more detail than is easily conveyed in a spreadsheet cell.					
Status Y0	Target Y1	Target Y2	Target Y3	Target Y4	Target Y5	Target Y6		
Starting point / status quo	Metro ambition	Reform Activity Packages to achieve targets	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Starting point / status quo	Metro ambition	Reform Activity Packages to achieve targets	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Service Compact between the City Service Authority and the Trading Service Provider is not yet in place.	City will have developed and approved a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2027.	Institutional & Workforce Reform Programme: SPoMA	City Council will have committed to develop and approve a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2027.	City will have developed and approved a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2027.	City will have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2028.	City will have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2029.	City will have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2030.	City will have reviewed and retained a service compact clarifying the separation of roles between service authority and service provider, and defining accountabilities and authorities accordingly, by 30 June 2031.
The City has established a Trading Service Provider for solid waste services and has appointed an Executive Director (as a Head) already. City Manager and the Executive Director have signed a 2025/26 annual performance agreement and scorecard.	City will have reviewed the appointment documentation and 2027/28 performance agreement of the existing head of the trading service's internal business unit to confirm relevant commercial and engineering skills and experience, and added performance targets prioritising reform imperatives, by 30 June 2027.	Institutional & Workforce Reform Programme: SPoMA	City Council will have committed to review the appointment documentation and performance agreement of the existing head of the trading service's internal business unit to confirm relevant commercial and engineering skills and experience, and added performance targets prioritising reform imperatives, by 30 June 2026.	City will have reviewed the appointment documentation and 2027/28 performance agreement of the existing head of the trading service's internal business unit to confirm relevant commercial and engineering skills and experience, and added performance targets prioritising reform imperatives, by 30 June 2027.	City will have assessed the performance of the Trading Service Head for 2026/27 against the agreed performance criteria, by 31 October 2027.	City will have assessed the performance of the Trading Service Head for 2027/28 against the agreed performance criteria, by 31 October 2028.	City will have assessed the performance of the Trading Service Head for 2028/29 against the agreed performance criteria, by 31 October 2029.	City will have assessed the performance of the Trading Service Head for 2029/30 against the agreed performance criteria, by 31 October 2030.
Organisational Macro-Structure establishes a business unit for the Trading Service. Organisational micro structure requires amendment in line with SPoMA delegations.	City will have reviewed the existing and approved macro-organisational structure to confirm it gives effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains as per the 7 box model, and solid waste strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2027.	Institutional & Workforce Reform Programme: SPoMA	City Council will have committed to reviewed the existing and approved macro-organisational structure to confirm it gives effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains as per the 7 box model, and solid waste strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2026.	City will have reviewed the existing and approved macro-organisational structure to confirm it continues to give effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, and WS strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2027.	City will have reviewed the existing and approved micro-organisational structure to confirm it continues to give effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, and WS strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2028.	City will have reviewed the existing and approved micro-organisational structure to confirm it continues to give effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, and WS strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2029.	City will have reviewed the existing and approved micro-organisational structure to confirm it continues to give effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, and WS strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2030.	City will have reviewed the existing and approved micro-organisational structure to confirm it continues to give effect to and supports the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, and WS strategic processes to implement best practice and efficiency to improve service delivery to customers, by 30 June 2031.
Full Delegations in place for SPoMA. A few service level agreements are in place, most are not yet in place.	City will have reviewed, updated and approved delegations to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, by 30 June 2027. In support of the implementation of these delegations and, where required, documentation of services and accountability with relevant performance targets/service standards will be captured in a Service Level Agreement and approved by the trading service and the relevant corporate service provider, by 30 June 2027.	Institutional & Workforce Reform Programme: SPoMA	City Council will have committed to review, update and approve delegations to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, by 30 June 2026.	City will have reviewed, updated and approved delegations to give effect to and support the mandate, responsibility and accountability of the head of the trading services internal business unit for all operational and supporting value chains, by 30 June 2027. In support of the implementation of these delegations and, where required, documentation of services and accountability with relevant performance targets/service standards will be captured in a Service Level Agreement and approved by the trading service and the relevant corporate service provider, by 30 June 2027.	City will have reviewed the approved delegations to confirm they continue to give effect to and support the mandate, responsibility and accountability of the Head of the Trading Services internal business unit for all operational and supporting value chains, by 30 June 2028.	City will have reviewed the approved delegations to confirm they continue to give effect to and support the mandate, responsibility and accountability of the Head of the Trading Services internal business unit for all operational and supporting value chains, by 30 June 2029.	City will have reviewed the approved delegations to confirm they continue to give effect to and support the mandate, responsibility and accountability of the Head of the Trading Services internal business unit for all operational and supporting value chains, by 30 June 2030.	City will have reviewed the approved delegations to confirm they continue to give effect to and support the mandate, responsibility and accountability of the Head of the Trading Services internal business unit for all operational and supporting value chains, by 30 June 2031.
Sector Plan, inclusive of business and investment plan, completed annually and approved by the Head of the Trading Service. Trading Service Financial Model is to be developed with tariff parameters and KPI planning as an output.	City will have developed a multi-year utility financial model (i.e. reflecting utility characteristics and requirements), and use this to prioritise and generate a 10-to-15-year Business & Investment Plan to achieve long-term strategic objectives, according to the requirements set out in M5 (Financial Model and Business & Investment Plan), by 30 June 2027.	Financial & Tariff Reform Programme: Business & Investment Planning	City Council will have committed to develop a multi-year utility financial model (i.e. reflecting utility characteristics and requirements), and use this to prioritise and generate a 10-to-15-year Business & Investment Plan to achieve long-term strategic objectives, according to the requirements set out in M5 (Financial Model and Business & Investment Plan), by 30 June 2026.	City will have developed a multi-year utility financial model (i.e. reflecting utility characteristics and requirements), and use this to prioritise and generate a 10-to-15-year Business & Investment Plan to achieve long-term strategic objectives, according to the requirements set out in M5 (Financial Model and Business & Investment Plan), by 30 June 2027.	City will review and update the multi-year financial model and use this to review and update the 10-to-15-year Business and Investment Plan, by 30 June 2028.	City will review and update the multi-year financial model and use this to review and update the 10-to-15-year Business and Investment Plan, by 30 June 2029.	City will review and update the multi-year financial model and use this to review and update the 10-to-15-year Business and Investment Plan, by 30 June 2030.	City will review and update the multi-year financial model and use this to review and update the 10-to-15-year Business and Investment Plan, by 30 June 2031.
The City Council approves annually an MTREF budget aligned with the Trading Service Capital Investment Pipeline and Operational Budget requirements.	City Council will have approved an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2027.	Financial & Tariff Reform Programme: Business & Investment Planning	City Council will have committed to approve from 2026/27 going forward an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2026.	City Council will have approved an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2027.	City Council will have approved an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2028.	City Council will have approved an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2029.	City Council will have approved an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2030.	City Council will have approved an annually MTREF budget that accommodates, supports and funds the business and investments plans of its trading services, to the maximum extent possible, as set out in M6 (Budget support of Trading Service Business & Investment Plan), by 30 June 2031.
Financial reporting is currently integrated into the municipal financial reporting framework, but not published with the City's Annual Financial Statement.	City will have ensured that it is able to provide a full Segmental Financial Reporting for the trading service for the 2025/26 FY, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2027.	Financial & Tariff Reform Programme: Financial Transparency	City Council will have committed to provide a full Segmental Financial Reporting for the trading service from 2025/26 FY going forward, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2026.	City will have ensured that it is able to provide a full Segmental Financial Reporting for the trading service for the 2025/26 FY, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2027.	City will have provided a full Segmental Financial Reporting for the Water and Sanitation trading service for the 2026/27 FY, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2028.	City will have provided a full Segmental Financial Reporting for the Water and Sanitation trading service for the 2027/28 FY, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2029.	City will have provided a full Segmental Financial Reporting for the Water and Sanitation trading service for the 2028/29 FY, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2030.	City will have provided a full Segmental Financial Reporting for the Water and Sanitation trading service for the 2029/30 FY, and the flows and balances statement, as set out in M7 (Financial Transparency), by 30 June 2031.
Existing resources in the City are providing additional support capacity to trading services to meet a portion of the need, but requires strengthening to support Trading Service reform.	The City will obtain Council commitment for to ensure that management and change management resources are provided to support capacity to the City Trading Service to support current plan changes and envisaged capex.	Institutional & Workforce Reform Programme: Workforce Capability & Capacity Development	City Manager and Trading Service Head will have committed to have support capacity in place to support and manage the planned organisational change and planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery), by 30 June 2026.	City Manager and Trading Service Head will have put in place additional capacity to support and manage the planned organisational change and planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery), by 30 June 2027.	City Manager and Trading Service Head will have retained additional capacity to support and manage the planned organisational change and planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery), by 30 June 2028.	City Manager and Trading Service Head will have retained additional capacity to support and manage the planned organisational change and planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery), by 30 June 2029.	City Manager and Trading Service Head will have retained additional capacity to support and manage the planned organisational change and planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery), by 30 June 2030.	City Manager and Trading Service Head will have retained additional capacity to support and manage the planned organisational change and planned trading services capex, as set out in M8 (Support for the management of organisational change and increased delivery), by 30 June 2031.

Jason
Mc Neil

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by Jason Mc Neil
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Jason McNeil
Executive Director: UWM

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2 ACCOUNTABILITY PERFORM PERFORMANCE INDICATORS				10
A1	Customer surveys	Y0: Existing customer survey baseline set, indicative targets	Y0: binary	2
		Y1: Plan for customer service improvement, substantive targets	Y1: binary	
		Y2 – Y6: actual as % of planned improvement	Y2 – Y6: scalable	
A2	Financial Accounting - mSCoA compliance	Y0: mSCoA compliance baseline established	Y0: binary	2
		Y1: mSCoA compliance achieved	Y1: binary	
		Y2 – Y6: implementation against plan	Y2 – Y6: scalable	
A3	Public procurement transparency	Y0:	Y0:	2
		Y1: Baseline to be set with trading service business plans	Y1: binary	
		Y2 – Y6: Implementation of the plan	Y2 - Y6: scalable	
A4	Capital Budget Execution	normative benchmark = 90%	Y0:	2
		Y1: Plan with targets for improved capital budget execution	Y1: binary	
		Y2 – Y6: actual as % of planned improvement	Y2 - Y6: scalable	
A5	Core technical & management capacity	Y0:	Y0:	2
		Y1: Plan with targets to improve core tech & management capac	Y1: binary	
		Y2 – Y6: actual as % of planned improvement	Y2 - Y6: scalable	

Starting point / status quo	Metro ambition	Reform Activity Packages to achieve to 2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
The City conducts annual customer satisfaction survey for the Trading Service, and for the 2024/25 FY the Trading Service achieved 60% satisfaction.	The City will have conducted the annual customer satisfaction survey and achieved the 2030/31 FY target of >70% customer satisfaction for the Trading Service, by 30 June 2031.	Institutional & Workforce Reform Programme: SPoMA	The City will have conducted the annual customer satisfaction survey for 2025/26 FY and achieve a target of 60% satisfaction for the Trading Service, by 30 June 2026.	The City will have conducted the annual customer satisfaction survey for 2026/27 FY and achieve a target of 60% satisfaction for the Trading Service, by 30 June 2027. The Trading Service will have developed a customer satisfaction improvement plan incorporated in business plan, by 30 June 2027, and set the substantive targets for the next FYs.	The City will have conducted the annual customer satisfaction survey and achieved the 2027/28 FY target for the Trading Service, by 30 June 2028. The indicative target for this FY is >60% customer satisfaction.	The City will have conducted the annual customer satisfaction survey and achieved the 2028/29 FY target for the Trading Service, by 30 June 2029. The indicative target for this FY is >65% customer satisfaction.	The City will have conducted the annual customer satisfaction survey and achieved the 2029/30 FY target for the Trading Service, by 30 June 2030. The indicative target for this FY is >65% customer satisfaction.	The City will have conducted the annual customer satisfaction survey and achieved the 2030/31 FY target for the Trading Service, by 30 June 2031. The indicative target for this FY is >70% customer satisfaction.
The City Trading Service is in compliant with the minimum requirements of a mSCoA for the segmental of Annual Financial Statement.	The City Trading Service will have achieved a full alignment with Business Unit accounting standards, by 30 June 2028.	Segmental Annual Financial Statements for Trading Services	The City Trading Service will have reviewed mSCoA compliance status and established a baseline, by 30 June 2026.	The City Trading Service will have developed an implementation plan addressing mSCoA compliance gaps with targets from 2027/28 FY and onwards, by 30 June 2027.	The City will have aligned fully the Trading Service with the prescribed standards of a Business Unit, by 30 June 2028.	The City will have reviewed and maintained a Trading Service fully compliant with mSCoA requirements of a Business Unit, by 30 June 2029.	The City will have reviewed and maintained a Trading Service fully compliant with mSCoA requirements of a Business Unit by 30 June 2030.	The City will have reviewed and maintained a Trading Service fully compliant with mSCoA requirements of a Business Unit, by 30 June 2031.
The City complies with minimum statutory procurement transparency requirements.	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency.	Procurement Report	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency, by 30 June 2026.	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency, by 30 June 2027.	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency, by 30 June 2028.	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency, by 30 June 2029.	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency, by 30 June 2030.	The City will have maintained the full complaint with the statutory regulations regarding procurement transparency, by 30 June 2031.
The City Trading Service had a target of 90% capital budget execution for 2024/25 FY and achieved 96%.	The City Trading Service will have achieved a >90% target capital expenditure as a minimum for every FY.	Segmental Annual Financial Statements for Trading Services	The City Trading Service will have achieved a target of >90% capital expenditure for 2025/26 FY, by 30 June 2026.	The City Trading Service will have achieved a target of >90% capital expenditure for 2026/27 FY, by 30 June 2027.	The City Trading Service will have achieved a target of >90% capital expenditure for 2026/27 FY, by 30 June 2028.	The City Trading Service will have achieved a target of >90% capital expenditure for 2028/29 FY, by 30 June 2029.	The City Trading Service will have achieved a target of >90% capital expenditure for 2028/29 FY, by 30 June 2030.	The City Trading Service will have achieved a target of >90% capital expenditure for 2028/29 FY, by 30 June 2031.
The City Trading Service has appointed 82% of the approved vacancy for technical, managerial and project/contract management vacancies.	The City Trading Service will have appointed the required permanent technical, managerial and project/contract management staff as set in the business plan (target TBC), by 30 June 2031.	SAP HR Report	The City Trading Service will have reviewed the number of permanent technical, managerial and project/contract management staff per 100 k population in the service area and establish a baseline position, by 30 June 2026.	The City Trading Service will have developed an implementation plan to appoint the required permanent technical, managerial and project/contract management, and set targets for future FYs, by 30 June 2027.	The City Trading Service will have appointed the required permanent technical management and contract management staff as set in the business plan for 2027/28 FY target (TBC), by 30 June 2028	The City Trading Service will have appointed the required permanent technical management and contract management staff as set in the business plan for 2028/29 FY target (TBC), by 30 June 2029.	The City Trading Service will have appointed the required permanent technical management and contract management staff as set in the business plan for 2029/30 FY target (TBC), by 30 June 2030	The City Trading Service will have appointed the required permanent technical management and contract management staff as set in the business plan for 2030/31 FY (TBC), by 30 June 2031

3 FINANCIAL PERFORMANCE PERFORMANCE INDICATORS				30
F1	Financial viability OCCR	normative benchmark = 1.5 - 2.0		5
		Y0:	Y0:	
		Y1: Plan to approach / reach normative benchmark	Y1: binary	
F2	Cash collection rate	normative benchmark = 95% (W&S); 98% (E%&E)		5
		Y0:	Y0:	
		Y1: Plan to approach / reach normative benchmark	Y1: binary	
F3	Operational cash flow	Performance target: per financial model & business plan.		5
		Y0:	Y0:	
		Y1: Plan to approach / reach normative benchmark	Y1: binary	
F4	Customer debt management - debtors days	normative benchmark = < 60 days		5
		Y0:	Y0:	
		Y1: Plan to approach / reach normative benchmark	Y1: binary	
F5	Infrastructure spending (capex)	normative benchmark = TS capex x 2, per business plan		5
		Y0:	Y0:	
		Y1: Plan to approach / reach normative benchmark	Y1: binary	
F6	Self-financing ratio	normative benchmark = 100%		5
		Y0:	Y0:	
		Y1: Plan to approach / reach normative benchmark	Y1: binary	

Starting point / status quo	Metro ambition	Reform Activity Packages to achieve ts 2025/26		2026/27	2027/28	2028/29	2029/30	2030/31
1.28	The City Trading Service will have achieved an OCCR target of >1.5 (indicative) for 2029/30 as set up in the improvement plan, by 30 June 2030.	Segmental Annual Financial Statements	The City Trading Service will have reviewed the performance indicator normative benchmark and requirements, and established a baseline position, by 30 June 2026.	The City Trading Service will develop an implementation plan to achieve OCCR improvement targets aligned with financial model and business plan, by 30 June 2027.	The City Trading Service will have achieved an OCCR target for 2027/28 as set up in the improvement plan, by 30 June 2028. The indicative target for this FY is 1.3.	The City Trading Service will have achieved an OCCR target for 2028/29 as set up in the improvement plan, by 30 June 2029. The indicative target for this FY is 1.4.	The City Trading Service will have achieved an OCCR target for 2029/30 as set up in the improvement plan, by 30 June 2030. The indicative target for this FY is 1.5.	The City Trading Service will have achieved an OCCR target for 2030/31 as set up in the improvement plan, by 30 June 2031. The indicative target for this FY is 1.6.
93%	The City Trading Service will have achieved a cash collection rate of >95% (indicative), by 30 June 2030.	Segmental Annual Financial Statements	The City Trading Service will have reviewed the performance indicator normative benchmark and requirements, and established a baseline position, by 30 June 2026.	The City Trading Service will have developed an implementation plan to address the collection rate gaps, and set targets for future FYs, by 30 June 2027.	The City Trading Service will have achieved a collection rate for 2027/28 as set up in the improvement plan, by 30 June 2028. The indicative target for this FY is 94%.	The City Trading Service will have achieved a collection rate for 2028/29 as set up in the improvement plan, by 30 June 2029. The indicative target for this FY is 94%.	The City Trading Service will have achieved a collection rate for 2029/30 as set up in the improvement plan, by 30 June 2030. The indicative target for this FY is 95%.	The City Trading Service will have achieved a collection rate for 2030/31 as set up in the improvement plan, by 30 June 2031. The indicative target for this FY is 95%.
R1B	The City Trading Service will show a financial turnaround and substantial improvement in cash from operations as per financial model and business plan (target TBC), by 30 June 2028.	Segmental Annual Financial Statements	The City Trading Service will have reviewed the performance indicator normative benchmark and requirements, and established a baseline position, by 30 June 2026.	The City Trading Service will have developed an implementation plan to achieve a financial turnaround and substantial improvement in cash from operations, backed up by financial model and business plan, and set targets for future FYs, by 30 June 2027.	The City Trading will have achieved the 2028/28 FY target (TBC) for the financial turnaround and substantial improvement in cash from operations, by 30 June 2028.	The City Trading will have achieved the 2028/29 FY target (TBC) for the financial turnaround and substantial improvement in cash from operations, by 30 June 2029.	The City Trading will have achieved the 2029/30 FY target (TBC) for the financial turnaround and substantial improvement in cash from operations, by 30 June 2030.	The City Trading will have achieved the 2030/31 FY target (TBC) for the financial turnaround and substantial improvement in cash from operations, by 30 June 2031.
40 days	The City will have achieved and maintained customer debt management with debtors days of <40 days or less as a minimum for every FY.	Segmental Annual Financial Statements	The City Trading Service will have reviewed the performance indicator normative benchmark and requirements, and established a baseline position, by 30 June 2026.	The City will have developed an implementation plan to improvement of customer debt outstanding days, and set targets for future FYs, by 30 June 2027.	The City Trading will have achieved the 2027/28 FY target for customer debt outstanding days, by 30 June 2028. The indicative target for this FY is <40 days.	The City Trading will have achieved the 2028/29 FY target for customer debt outstanding days by 30 June 2029. The indicative target for this FY is <40 days.	The City Trading will have achieved the 2029/30 FY target for customer debt outstanding days by 30 June 2030. The indicative target for this FY is <40 days.	The City Trading will have achieved the 2030/31 FY target for customer debt outstanding days by 30 June 2031. The indicative target for this FY is <40 days.
R384M	The City Trading Service will have achieved the 2030/31 FY target of >200% (indicative) actual cash expenditure on PPE, by 30 June 2031.	Segmental Annual Financial Statements	The City will have reviewed the performance indicator normative benchmark and requirements, and established a baseline position, by 30 June 2026.	The City will have developed an implementation to achieve an actual capital expenditure incurred during the FY on PPE with targets for the future FYs, backed up by business and investment plan, by 30 June 2027.	The City Trading Service will have achieved the 2027/28 FY target of actual cash expenditure on PPE, by 30 June 2028. The indicative target for this FY is >125%.	The City Trading Service will have achieved the 2028/29 FY target of actual cash expenditure on PPE, by 30 June 2029. The indicative target for this FY is >150%.	The City Trading Service will have achieved the 2029/30 FY target of actual cash expenditure on PPE, by 30 June 2030. The indicative target for this FY is >175%.	The City Trading Service will have achieved the 2030/31 FY target of actual cash expenditure on PPE, by 30 June 2031. The indicative target for this FY is >200%.
260%	The City Trading Service will have achieved the 2030/31 FY target of >100% (indicative) for the ability to finance capex from operation, by 30 June 2031.	Segmental Annual Financial Statements	The City Trading Service will have reviewed the performance indicator normative benchmark against the status quo to established the baseline position by 30 June 2026.	The City Trading Service will have developed an implementation plan to achieve the ability to finance 100% of capex from own operations, and set targets for future FYs, backed up by financial model, and business and investment plan by 30 June 2027.	The City Trading Service will have achieved the 2027/28 FY target for the ability to finance capex from operation, by 30 June 2028. The indicative target for this FY is >25%.	The City Trading Service will have achieved the 2028/29 FY target for the ability to finance capex from operation, by 30 June 2029. The indicative target for this FY is >50%.	The City Trading Service will have achieved the 2029/30 FY target for the ability to finance capex from operation, by 30 June 2030. The indicative target for this FY is >75%.	The City Trading Service will have achieved the 2030/31 FY target for the ability to finance capex from operation, by 30 June 2031. The indicative target for this FY is >100%.

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4 OPERATIONAL PERFORMAN PERFORMANCE INDICATORS60					Starting point / status quo	Metro ambition	Reform Activity Packages to achie	To	Subject	Sent	Size	Categories		
S1	Service coverage - formal	normative benchmark =		5	99%	The City Trading Service will have achieved and maintained the annual target of 99% coverage of curbside waste collection services in formal areas as a minimum for every FY.	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will have achieved a target of 99% coverage of curbside waste collection services in formal areas by 30 June 2026. The City Trading Service will have reviewed the 2025/26 FY performance achieved against the normative benchmark and established the baseline position by 30 June 2026.	The City Trading Service will have achieved a target of 99% coverage of curbside waste collection services in formal areas by 30 June 2027. The City Trading Service will have developed an implementation plan to achieve and maintain a 99% coverage of curbside waste collection services in formal areas for future FYs.	14:46	1 MB			
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S2	Service coverage - informal	normative benchmark =		5	100%	The City Trading Service will have achieved and maintained the annual target of 99% coverage of weekly and/or passive waste collection services in informal areas as a minimum for every FY.	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will have achieved a target of 99% coverage of weekly and/or passive waste collection services in informal areas by 30 June 2026. The City Trading Service will have reviewed the 2025/26 FY performance achieved against the normative benchmark and established the baseline position by 30 June 2026.	The City Trading Service will have achieved a target of 99% coverage of weekly and/or passive waste collection services in informal areas by 30 June 2027. The City Trading Service will have developed an implementation plan to achieve and maintain a 99% coverage of weekly and/or passive waste collection services in informal areas for future FYs 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S3	Service reliability	normative benchmark =		5	The City Trading Service is currently not measuring this indicator due to lack of vehicle and bin lifting tracking system.	The City Trading Service will have achieved the annual target of <10% of scheduled waste collection points experiencing delays of more than one day, by 30 June 2028.	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will review the indicator normative benchmark against the status quo to establish the gap, including key components and calculation formula, by 30 June 2026.	The City Trading Service will have developed an implementation plan to reduce scheduled waste collection points experiencing delays of more than one day, and set targets for future FYs, by 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S4	Functional weighbridge infrastructure	normative benchmark =		15	90%	The City Trading Service will have achieved and maintained the annual target of >90% of weighbridge operational performance as a minimum for every FY.	Infrastructure & Technology Reform Programme: Network System Repairs and Maintenance	The City Trading Service will have achieved a target of >90% of weighbridge operational performance, by 30 June 2026. The City Trading Service will have reviewed the 2025/26 FY performance achieved against the normative benchmark and established the baseline position, by 30 June 2026.	The City Trading Service will have achieved a target of >90% of weighbridge operational performance by 30 June 2027. The City Trading Service will have developed an implementation plan to achieve and maintain a >90% of weighbridge operational performance for future FYs 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S5	Waste minimisation	normative benchmark =		15	28%	The City Trading Service will have achieved an annual target of 35% (indicative) waste diverted from landfill to treatment facilities by 30 June 2031	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will have reviewed the waste diversion target achieved for 2025/26 FY and establish a baseline position, by 30 June 2026.	The City Trading Service will have developed an implementation plan to divert waste from landfill to treatment facilities, and set targets for future FYs, by 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S6	Environmental compliance	normative benchmark = 100%		5	66% Compliant (1 out of 3 elements is outstanding, which is the publication of completed external audit reports on the City's official website or designated public platform)	The City Trading Service will have achieved an annual target of 100% compliant with environmental compliance, by 30 June 2028.	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will review the indicator normative benchmark against the status quo to establish a baseline position of compliant with environmental compliance, by 30 June 2026.	The City Trading Service will have developed an implementation plan to be 100% compliant with environmental compliance, by 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S7	Climate change mitigation	normative benchmark =		5	The City Trading Service is currently flaring and generating electricity with the methane.	The City Trading Service will have achieved a the 2027/28 FY target (TBC) for significant reduction in CH ₄ emissions compared to the baseline, demonstrating effective climate resilience strategies, by 30 June 2028.	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will have reviewed the indicator normative benchmark (TBC) against the status quo to establish the baseline position, including key components and calculation formula, by 30 June 2026.	The City Trading Service will have developed an implementation plan to reduction of greenhouse gas emissions, specifically CH ₄ (methane), from waste management operations, and set targets for future FYs by 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											
S8	Landfill airspace monitoring	normative benchmark =		5	100% compliant	The City Trading Service will have achieved and maintained an annual target of 100% complaint on topographical survey and airspace calculations for each operational landfill for every FY.	Financial & Tariff Reform Programme: Retail System Optimisation	The City Trading Service will have achieved and maintained an annual target of 100% complaint on topographical survey and airspace calculations for each operational landfill, by 30 June 2026.	The City Trading Service will have achieved and maintained an annual target of 100% complaint on topographical survey and airspace calculations for each operational landfill, by 30 June 2027.					
		Y0:	Y0:											
		Y1: Plan to approach / reach normative benchmark	Y1: binary											
		Y2-Y6: implementation	Y2-Y6: scalable tbc											

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Programme Name	Programme Description	Programme Outcomes	Projects/Initiatives
Upgrading Solid Waste facilities - Major Upgrades	Modernise and rehabilitate primary operational depots and facilities to ensure regulatory compliance, improve workforce conditions, enhance operational efficiency, and protect municipal assets.	Increased operational efficiency and service reliability Strengthened Occupational Health and Safety (OHS) compliance Improved staff welfare, morale, and productivity Reduced operational risk exposure Extended asset lifecycle and reduced lifecycle maintenance costs Enhanced security and site control	Woodstock Depot Upgrade
			Muizenberg Depot Upgrade
			Major Upgr of Facilities - Maitland
			Major Upgr of Facilities - Wynberg
			Major Upgr of Facilities - Vaalfontein
			Major Upgr of Facilities - Goodwood
			Scottsdene Depot Upgrade - Collections
			Construction of Workshop - Vissershok
Upgrading of drop-off facilities	Expand and improve community-level waste disposal infrastructure to reduce illegal dumping, increase diversion, and improve environmental compliance.	Improved accessibility to compliant disposal services Reduced illegal dumping and environmental degradation Increased recycling and diversion performance Reduced landfill pressure and extended landfill lifespan Improved public health outcomes Medium- to long-term cost containment	Drop-off Facilities: Schaapkraal Upgrade
			Drop-off Facilities: Sea Point Upgrading
			Drop-off Facilities: Kommetjie Upgrade
			Drop-off Facilities: Wynberg Upgrade
			Killarney Drop-off Upgrade Waste Min
			De Grendel Drop-off Upgrade Waste Min
Development of Transfer Stations	Optimise municipal waste logistics by consolidating waste streams for efficient bulk transfer to regional treatment or disposal facilities.	Improved service reliability and turnaround times Reduced transport costs and fleet inefficiencies Strengthened environmental controls and	CPTS: Transfer Station New
			Transfer Station Gantry Crane Replacem
New Drop-offs Facilities	These programmes focus on improving municipal waste service delivery through the construction of new drop-off facilities that provide communities with safe, convenient, and compliant points for disposing of garden refuse, recyclables, and general household waste. The projects include full planning and implementation activities such as site identification and feasibility assessments, detailed engineering design, obtaining required environmental authorisations and municipal approvals, procurement, construction of the facility infrastructure (including paving, waste bays/containers, fencing, drainage, signage, lighting, and traffic circulation measures), and commissioning to ensure effective operations, improved public access, and enhanced health, safety, and environmental compliance.	Improved service delivery and accessibility, reduction in illegal dumping, better waste diversion and recycling outcomes, environment protection, public health and safety improvements and reduced landfill pressure, strong compliance and governance, cost savings over the medium and long term and extended landfill lifespan.	Construction of CBRF - Fisantekraal D/O
			Drop-off Facilities: New Bothasig
			Drop-off Facilities: New Durbanville
			Drop-off Facilities: New Macassar
			Drop-off Facilities: New Kuilsriver
			Drop-off Facilities: New Westbank
			Drop-off Facilities: New Simonstown/Sth
			Drop-off Facilities: New MitchellsPlain1
			Drop-off Facilities: New Khayelitsha
			Drop-off Facilities: New Bellville
			Drop-off Facilities: New MitchellsPlain2
			Drop-off Design and develop Helderberg
Development of landfill infrastructure	Enhance landfill capacity, environmental controls, and long-term waste disposal security while exploring renewable energy and resource recovery opportunities.	Extended landfill lifespan Increased regional disposal capacity Improved safety and environmental compliance Renewable energy generation potential Reduced greenhouse gas emissions Revenue generation and/or cost recovery opportunities	Purchase of Land Regional Landfill
			Dev of the Regional Landfill Site
			Vissershok North:Design&Dev Airs(Phase2)
			Landfill Site Gantry Crane Replacement
			Major Upgrade of Landfill Sites FY26
Solid Waste Facilities - Minor Upgrades	Maintain and improve secondary and smaller operational facilities to sustain compliance, efficiency, and asset integrity.	Sustained operational performance Improved OHS compliance Reduced unplanned maintenance Lower risk exposure Extended landfill lifespan	Minor Upgrading Works: Building
			Minor Upgrading Works: Civil
			Minor Upgrading Works: Electrical
			Minor Upgrading Works: Fencing
Landfill Gas Infrastructure to Flaring	Mitigate environmental impact through landfill gas extraction, flaring, and potential beneficiation to reduce greenhouse gas emissions and improve compliance.	Reduced greenhouse gas emissions Improved environmental compliance Potential carbon credit revenue Reduced long-term environmental liability Improved landfill gas management	Vissershok N: Landfill Gas Infrastr
			Coastal Park: Landfill Gas Infrastr
			Bellville: Landfill Gas Infrastructure
			VHS: LFG Infrastructure - Beneficiation
			VHS: LFG Infr - Beneficiation (Phase 2)
Development of Material Recovery Facilities	Drive waste diversion and circular economy outcomes through development and optimisation of material recovery infrastructure.	Increased diversion from landfill Extended landfill lifespan Reduced environmental impact Strengthened recycling value chain Job creation and local economic development Reduced disposal costs Improved governance and compliance	Coastal Park: Design and develop (MRF)
			BTS: Material Recovery Facility / MBT
			KWMF: Material Recovery Facility Refurb
			ARTS: MBT (Phase 2)
Plant & Vehicles: Replacement	These programmes focuses on purchase of the Plant: Landfill Compactors, Front End Loaders, Dozers, Graders, Water tankers, Articulated Dump Trucks. Also a purchase of replacement vehicles; various crane trucks; tipper trucks; water tankers, street washers; road-sweepers; refuse trucks,	Reduction of breakdowns, reduced maintenance costs, reliable plant fleet, reduced operating	Plant Replacement
			Vehicles Replacement
Institutional & Workforce Reform	Programme further sets out the roadmap to implement full Single Point of Management Accountability across the value chain, aligned to the Seven Box organisational effectiveness model. This intervention consolidates governance, clarifies decision rights, strengthens performance management, and eliminates fragmentation across functions.	The entrenchment of a Single Point of Management Accountability (SPoMA) The development of fit-for-purpose governance arrangements Reinforced management, change and technical capacity Full financial and operational transparency through ring-fenced systems and reporting.	Shared Services & Governance Realignment
			Single Point Accountability SLA Consolidation
			SLA Performance Governance & Assurance Mechanism
			Executive Authority Enablement & Accountability Strengthening
			Trading Services Financial Reform
			Steering Forum
Business & Investment Plan	Programme translates reform intent into a structured business model and investment roadmap required to reposition Solid Waste trading services as a financially sustainable Municipal Trading Service.	Achieve financial sustainability Improve transparency and accountability Respond to growing urban demand Align with broader City strategic priorities	Full Cost of Service Determination
			Tariff Reform & Revenue Optimisation
			Multi-Year Capital Investment Roadmap
			Waste Infrastructure Investment Packaging
Waste Strategy Implementation	Programme translates the approved 2025 Waste Strategy into a structured, phased, and measurable delivery roadmap. It is the execution vehicle that converts strategic intent into funded projects, operational reforms, policy instruments, and measurable service outcomes.	Convert the approved 2025 Waste Strategy into a sequenced, funded, and performance-driven implementation plan. Establish clear project pipelines with defined milestones and accountability.	Translate Strategy into Executable Delivery
Skills & Capacity	Programme is a structural reform intervention designed to ensure Solid Waste trading services has the right people, with the right skills, in the right roles, at the right cost — to deliver modern waste services, improve diversion performance, enhance financial viability, and operate with full accountability under a Municipal Trading Service framework.	Establish a capable, accountable, and performance-driven Solid Waste trading services workforce positioned to deliver modern, sustainable waste services.	Technical skills development programme for technical staff
			Management skills development programme for management staff
			Close Critical Skills Gaps
			Embed Strategic Workforce Planning
Asset Management	Programme is to ensure that Solid Waste trading services physical assets (such as depots, vehicles, treatment facilities, and infrastructure) are maintained, optimised, and aligned to long-term service delivery objectives. It further establishes a lifecycle-driven, financially disciplined approach to managing Solid Waste assets as part of the Municipal Trading Service model.	Ensure that all physical and operational assets are strategically managed, financially sustainable, and optimised for service reliability.	Develop a Strategic Asset Management Plan
			Asset Register Consolidation and Data Governance
			Infrastructure Condition Assessment
			Review and Update of the Asset Management SOP's

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5 INDICATIVE SUMMARY PROGRAMME COSTING ('000)	Total Capex	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
The purpose of this template is for the metro to offer early indications of what its turnaround- and reform-oriented expenditure plan would be, and how that would be funded. Please outline the capex and opex implications of all turnaround- and reform-oriented initiatives contemplated, and the funding sources envisaged (For A3-PIAP v2, such a tabulation will need to be fully substantiated on the basis of strategic financial modelling).							
Accountability Performance							
Institutional & Workforce Reform Program		187 972 553.64	82 682 447.64	87 023 276.15	91 591 998.14	96 400 578.05	101 461 608.39
Institutional & Workforce Reform Program		-	-	-	-	-	-
Waste Strategy Implementation Opex		373 121.00	366 567.00	364 709.00	354 821.00	354 821.00	354 821.00
Waste Strategy Implementation Capex		-	-	-	-	-	-
Skills & Capacity Programme Opex		18 987 602.00	18 670 781.00	18 670 781.00	18 670 781.00	18 670 781.00	18 670 781.00
Skills & Capacity Programme Capex		-	-	-	-	-	-
Total Opex		207 333 276.64	101 719 795.64	106 058 766.15	110 617 600.14	115 426 180.05	120 487 210.39
Total Capex		-	-	-	-	-	-
Financial Performance							
Financial Sustainability Programme Opex		2 500 000.00	2 000 000.00	-	-	-	-
Financial Sustainability Programme Capex		-	-	-	-	-	-
Total Opex		2 500 000.00	2 000 000.00	-	-	-	-
Total Capex		-	-	-	-	-	-
Operational Performance							
Upgrading Solid Waste facilities - Major Upgrades		3 671 069.00	21 210 508.00	35 756 868.00	55 299 897.00	62 133 999.00	8 662 958.00
Upgrading Solid Waste facilities - Major Upgrades		5 347 066.00	24 665 725.00	58 209 240.00	69 035 296.00	6 197 348.00	2 636 544.00
Upgrading of drop-off facilities Opex		148 716 154.00	153 463 978.00	155 423 137.00	157 653 607.00	162 540 868.82	167 579 635.75
Upgrading of drop-off facilities Capex		2 100 000.00	1 365 842.00	30 330 564.00	51 276 662.00	56 500 980.72	24 384 597.64
Development of Transfer Stations Opex		7 500 158.00	15 034 362.52	19 328 462.40	24 532 046.70	25 741 160.51	27 028 218.53
Development of Transfer Stations Capex		106 536.00	9 900 394.00	3 075 948.00	128 343 505.00	294 757 619.84	193 283 651.20
New Drop-offs Facilities Opex		4 223 893.85	11 302 421.75	18 427 525.76	19 348 902.05	20 316 347.15	21 332 164.51
New Drop-offs Facilities Capex		493 455.00	8 596 619.00	1 331 166.00	59 722 196.00	53 085 866.00	94 043 144.00
Development of landfill infrastructure Opex		68 302 312.00	73 589 924.67	75 508 760.57	77 339 202.24	79 736 717.51	82 208 555.75
Development of landfill infrastructure Capex		9 679 060.00	4 820 780.00	48 800 732.00	252 006 051.00	411 614 040.36	41 316 414.50
Solid Waste Facilities - Minor Upgrades Opex		-	-	-	-	-	-
Solid Waste Facilities - Minor Upgrades Capex		51 904 343.00	50 000 000.00	40 000 000.00	30 550 000.00	19 000 000.00	13 000 000.00
Landfill Gas Infrastructure to Flaring Opex		15 000 000.00	15 510 000.00	16 006 320.00	16 502 515.92	17 014 093.91	17 541 530.82
Landfill Gas Infrastructure to Flaring Capex		10 720 000.00	10 720 000.00	10 720 000.00	-	-	-
Development of Material Recovery Facilities Opex		2 011 373.52	12 977 556.92	23 777 257.31	35 684 222.59	37 468 433.72	39 341 855.41
Development of Material Recovery Facilities Capex		1 620 000.00	2 150 000.00	33 768 714.00	9 450 492.00	112 792 988.00	218 032 172.00
Plant & Vehicle Replacement Opex		472 390 681.00	512 599 960.00	547 929 004.00	587 843 089.00	606 066 224.76	624 854 277.73
Plant & Vehicle Replacement Capex		337 456 865.00	349 519 000.00	406 130 560.00	444 850 228.00	485 832 255.00	163 800 000.00
Total Opex		721 815 641.37	815 688 711.85	892 157 335.04	974 203 482.50	1 011 017 845.38	988 549 196.50
Total Capex		419 427 325.00	461 738 360.00	632 366 924.00	1 045 234 430.00	1 439 781 097.92	750 496 523.34
Total Operating Cost		931 648 918.01	919 408 507.50	998 216 101.19	1 084 821 082.64	1 126 444 025.43	1 109 036 406.90
Total Capital Cost		419 427 325.00	461 738 360.00	632 366 924.00	1 045 234 430.00	1 439 781 097.92	750 496 523.34
Total Programme Cost		1 351 076 243.01	1 381 146 867.50	1 630 583 025.19	2 130 055 512.64	2 566 225 123.35	1 859 532 930.24
Programme Funding							
Operating revenues		-	-	-	-	-	-
Own operating revenues		-	3 357 584 773.00	3 592 259 938.00	4 158 249 302.00	4 287 155 030.36	4 420 056 836.30
Transfers - TS incentive		-	-	-	-	-	-
Total operational revenues		-	3 357 584 773.00	3 592 259 938.00	4 158 249 302.00	4 287 155 030.36	4 420 056 836.30
Capital funding							
Transfers - TS incentive		-	123 265 000.00	-	-	-	-
Transfers recognised - other capital		-	-	-	-	-	-
Borrowing		430 981 590.00	216 648 360.00	531 951 461.00	810 114 202.00	1 163 316 842.92	753 196 523.34
Internally generated funds		3 944 717.00	134 362 500.00	116 852 963.00	249 487 053.00	292 951 755.00	13 937 500.00
Total sources of capital funds		434 926 307.00	474 275 860.00	648 804 424.00	1 059 601 255.00	1 456 268 597.92	767 134 023.34

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