



**Sedibeng
WATER**



ANNUAL REPORT 2014 - 2015

"Sustaining the source and flow of life forever"



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CORPORATE PROFILE

Introduction

Sedibeng Water was established on 1 June 1979. Initially it serviced the Free State Goldfields and parts of the former Western Transvaal. In 1996 Sedibeng Water extended its operational area to the North West Province. Since then, Sedibeng Water grew to include the Vaal Gamagara Water Scheme in the Northern Cape Province.

In 2011 Sedibeng Water expanded its operational area further with the incorporation of the Namakwa Water Board. As a result, Sedibeng Water is now serving the Nama Khoi Local Municipality (Steinkopf, Okiep, Concordia, Carolusberg, Nababeep, and Springbok) as well as mines in the arid north-western part of the Northern Cape. Sedibeng Water has recently also incorporated the Pelladrift and Botshelo Water Boards into its operations.

The organisation currently services an operational area spanning across three provinces: The Free State, North West and Northern Cape. This makes Sedibeng Water one of the largest water utilities in the country in terms of the geographical area that it serves.

Vision and Mission

Sedibeng Water is driven by a vision of *Excellence in Water Services Provision*.

Sedibeng Water's mission statement underpins this excellence by focusing on:

- The appropriate treatment of wastewater and the supply of potable water;
- Ensuring viability and sustainability;
- Creating an environment that is conducive to the growth and retention of skills;
- Providing effective and efficient communications; and
- Ensuring compliance.



STATEMENT OF CAPABILITY

Technical Services

- Evaluation and planning of systems;
- Project planning and management;
- Refurbishment and upgrade of existing infrastructure; and
- Implementing agency.

Social Services and Community Involvement

- Capacity building and training; and
- Community involvement in water and sanitation facilitation.

Wastewater Treatment

- Chemical and bacteriological analysis;
- Chemical treatment and process upgrading;
- Process problem solving and control;
- Process optimisation; and
- Consultancy.

Water Quality Management in Network and Environmental Services

- Chemical analysis;
- Bacteriological analysis;
- Toxicity testing; and
- Consultancy (waste disposal and pollution control).

Water and Wastewater Management Services

- Bulk water treatment and distribution;
- Retail water services;
- Bulk sanitation management; and
- Water metering and billing services.

Operations and Maintenance Services

- Optimisation of operational and infrastructure efficiencies; and
- Infrastructure maintenance and support services.

Water Purification

- Chemical analysis;
- Bacteriological analysis;
- Process upgrading;
- Process problem solving and control;
- Process optimisation; and
- Consultancy.

Training and Development Services

- Water purification and distribution:
 - Theoretical and practical aspects of the operation and maintenance of different unit processes;
 - Process optimisation;
 - Comprehensive filter evaluation;
 - Sampling procedures and techniques;
 - Management of water quality in the network; and
 - Reservoir cleaning.
- Wastewater treatment:
 - Plant optimisation; and
 - Theory of wastewater treatment.
- Establishment of laboratories:
 - Implementation of a quality management system; and
 - Performing of chemical and bacteriological analyses on drinking water and wastewater.
- Industrial cost-recovery;
- Pollution control; and
- Student training programmes.

CHAIRPERSON'S REPORT



M.D. Dikoko
Chairperson

As Chairperson of the Board of Sedibeng Water, I take pride in introducing the organisation's annual report for the 2014/2015 financial year. The content of this report will confirm why Sedibeng Water has through its sound financial management, good corporate governance, strategic direction and sufficient capacity and skills competencies, earned a rightful place amongst the most progressive water utilities in South Africa.

Sedibeng Water is a statutory Water Board that was established over 3 decades ago. Its head-office is situated at Balkfontein, just outside Bothaville. Sedibeng Water currently operates across 3 provinces, namely the Free State, North West and Northern Cape.

Sedibeng Water operates within the legislative framework of South Africa. The organisation is an organ of state that falls under the Department of Water and Sanitation. The Minister of Water and Sanitation is a sole shareholder.

Driven by its vision of *Excellence in Water Services Provision*, Sedibeng Water has been mandated to provide a full range of water services to improve the quality of life of citizens in a manner that is efficient and that complies fully with all relevant regulatory and policy requirements.

The Board of Sedibeng Water is accountable for the leadership and control of the organisation. Its responsibilities include the development, review and monitoring of strategic objectives, the approval of major capital expenditure, risk management and the monitoring of operational and financial performance. In doing so, the Board is committed to nurturing a culture of ethical leadership, integrity and accountability in the organisation.

As an organisation that runs its affairs in a transparent manner, Sedibeng Water has once again received an unqualified audit report for the 2014/2015 financial year. Apart from illustrating good financial management and efficient governance, this achievement also highlights a steadfast commitment to ensuring the long-term viability, sustainability and growth of the organisation.

A concise summary of achievements related to the corporate services and operations functions of Sedibeng Water during the past financial year is provided in the ensuing report by the Chief Executive of Sedibeng Water. Therefore, I will rather focus briefly on Sedibeng Water's significant contributions towards realising Government's imperatives related to the provision of quality water services to all communities.

The Board of Sedibeng Water concluded a Shareholder's Compact with the Minister of Water and Sanitation for the 2014/2015 financial year. This is because Regulation 29 of the National Treasury Regulations issued in terms of the PFMA prescribes that the Accounting Authority for a Public Entity listed in Schedule 3B, must, in

consultation with its Executive Authority, annually conclude a Shareholder's Compact which sets out the key performance measures and indicators to be achieved over the next five years. As the Board of Sedibeng Water we are dedicated to honour this agreement.

In pursuit of realising efficient water services delivery to communities, Sedibeng Water offers various water related services, expertise and partnerships to local government structures and other stakeholders. Essential services being delivered include technical services, water and wastewater management, operations and maintenance, as well as water quality management.

Against this background, the Department of Water and Sanitation appointed Sedibeng Water as an Implementing Agent for a number of multi-million rand projects, such as the Mier Kalahari East Pipeline Project, as well as the upgrading of the Namakwa Regional Water Supply Scheme and the Vaal Gamagara Water Supply Scheme. Sedibeng Water has an admirable track record with regards to successful project implementation, spanning over more than 30 years. As will be confirmed elsewhere in this annual report, Sedibeng Water has demonstrated during the 2014/2015 financial year that it is sufficiently equipped with in-house technical and operational capacity, and the necessary experience to do justice to these projects.

Furthermore, Sedibeng Water fully supports the Department of Water and Sanitation's Institutional Reform and Realignment process, which is aimed at improving water resource management and water services in order to address the rising cost of water resource infrastructure development, varying capacity and sustainability, as well as a lack of regulation and compliance.

Within this context, Sedibeng Water was directed by the Minister of Water and Sanitation to officially take over the Pelladrift Water Board in the Northern Cape as from 1 October 2014. The Pelladrift Water Supply Scheme provides water to the towns of Aggeneys, Pella and Pofadder, as well as mines in the area. This was followed by a second directive by the Minister concerned to likewise incorporate Botshelo Water in North West into Sedibeng Water's operations as from 1 October 2014. Sedibeng Water is now also responsible for providing water services to greater parts of the Dr. Ruth S. Mompati and the whole of the Ngaka Modiri Molema District Municipalities, which were previously served by Botshelo Water. These takeovers posed unique operational and fiscal challenges to Sedibeng Water, but the organisation is set on playing a constructive part in ensuring the success of Government's Institutional Reform and Realignment efforts in the water services sector in South Africa.

Representatives from the Department of Water and Sanitation and a delegation from the Netherlands visited Sedibeng Water's plant at Balkfontein on 29 October 2014. This visit formed part of the Kingfisher Programme, which involves the decentralisation of tasks from the Department of Water and Sanitation to Catchment Management Agencies (CMAs). By the end of 2015, nine such CMAs need to be established in our country. The Kingfisher Programme supports this development by providing Dutch expertise to water authorities and municipalities.

As Chairperson of the Board, I wish to thank the Board Members, Management and all employees of Sedibeng Water for their hard work and dedication throughout the year under review. It was through your efforts that Sedibeng Water has concluded yet another successful year in enhancing its services to customers and clients in all operational areas.

At the same time, I am grateful to all our loyal customers for their continued support of the organisation. It is also evident from this annual report that the vision and leadership of the Chief Executive of Sedibeng Water, Mr. Rembulwani Takalani, again played a pivotal role in the commendable performance and achievements of the organisation.

In closing, I also want to express my gratitude towards the Department of Water and Sanitation and the Minister concerned for the indispensable and valued guidance and support provided. We at Sedibeng Water will not disappoint you in the next financial year.



M.D. Dikoko
Chairperson of the Board

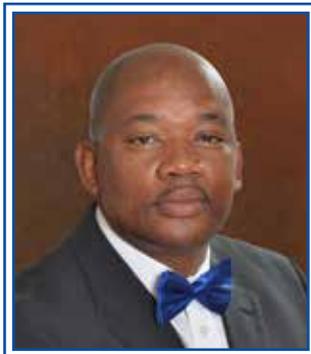
BOARD MEMBERS



Mr. M.D. Dikoko
Chairperson



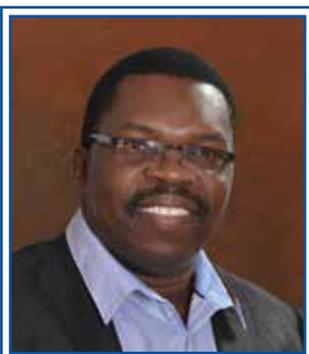
Ms. J.M. Ramataboe



Adv. S.S.T. Kholong



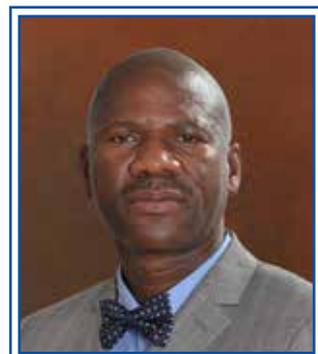
Dr. P. Molokwane



Mr. C.D. Mboweni



Ms. G.G. Ramakarane



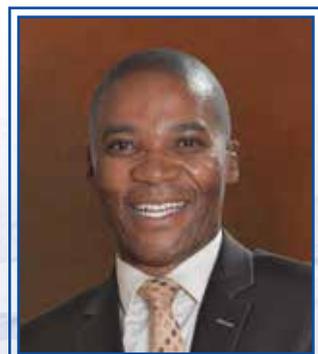
Mr. E.A. Gaborone



Mr. M.M. Mthombeni

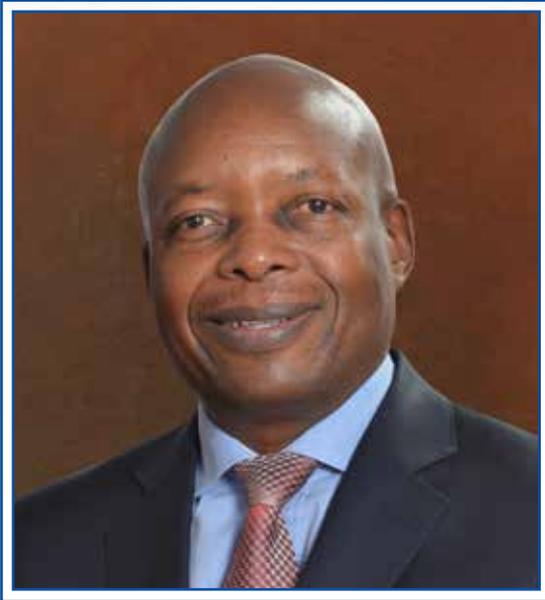


Ms. K.G. Sereko



Mr. D.D. Madyo

CHIEF EXECUTIVE'S REPORT



R.T. Takalani
Chief Executive

At Sedibeng Water we strive to achieve excellence in water services provision. This approach underpins both our managerial philosophy and operational endeavours. Within this context, Sedibeng Water's principal strategic objectives for the 2014/2015 financial year were focused on improving and enhancing both business and operational efficiency. The realisation of these objectives was grounded in good corporate governance and in compliance with applicable legislation that governs the water services sector in South Africa.

The organisation has exceeded in most key performance areas set by the Board at the beginning of the year under review. In doing so, Sedibeng Water once again delivered on its unwavering commitment to be a reliable and reputable supplier of water and sanitation services.

As Chief Executive, it is my privilege to provide the following brief overview indicating our achievements, progress and improved performance during the 2014/2015 financial year:

Financial Indicators and Performance

Total revenue increased from R761,6 million in the previous financial year to R958,6 million in the 2014/2015 financial year. This increase can be attributed to increases in both potable water tariffs and sales volumes, as well as the incorporation of Botshelo and Pelladrift operations. An increase of R341,5 million (61%) in operating and administrative expenses was evident due to an escalation in the cost of electricity and chemicals, increased salaries and wages, as well as the incorporation of Botshelo and Pelladrift Water Boards into Sedibeng Water's operations.

The operating profit for the year, before gains and net finance income and costs, was R163 million, while the net profit amounted to R191 million. The latter constitutes an increase when compared to the net profit of R97,9 million reported in the 2013/2014 financial year. Total assets increased from R3,3 billion in the 2013/2014 financial year to R4,1 billion in the year under review.

Sedibeng Water has once again received an unqualified audit report for the 2014/2015 financial year. This has been the case since 2002 and testifies to the fact that financial management in the organisation remains on a sound footing, which allows us to continue with expansion and delivery of a high standard service in the areas where we operate.

Water Supply

Since Sedibeng Water is committed to high quality, uninterrupted water supply to all its clients and customers, a concerted effort was made to deliver water services to the various regions without major interruptions. A 5.09% increase in the volume of water sales was recorded for the Free State Region.

When compared to the previous financial year, water produced in the Vaal Gamagara Water Supply Scheme, the Namakwa Regional Water Supply Scheme and the Pelladrift Water Supply Scheme constitutes a total volume increase of 3.2% for the Northern Cape Region. Potable water production in the North West Region increased by 34.4%. This was mainly due to larger volumes that had been extracted from boreholes.

During the year under review, no major interruptions in water supply were experienced in any of the regions. Where interruptions did occur, however, it was often due to ageing infrastructure, load-shedding, vandalism and/or theft of infrastructure, diesel and cabling.

Water Quality Management

Our Scientific Services Quality Control Laboratory at Balkfontein was audited by the South African National Accreditation System (SANAS) in February 2015 as part of an 18-month assessment cycle to determine continued compliance to the ISO 17025 standard. The laboratory was successful in maintaining its accredited status. A total of 178 239 chemical and 60 904 microbiological analyses were performed in the financial year under review. Three more chemistry methods were accredited and the laboratory increased its client base with five new customers, namely the Local Municipalities of Nketoana, Masilonyana, Ngaka Modiri Molema and Lekwa-Teemane, as well as Senwes.

With regards to the quality of water supplied by Sedibeng Water, the Balkfontein Treatment Works in the Free State Region achieved an overall compliance rate of 97% with regards to each determinand listed in SANS 241:2015. In the North West Region water quality was good in general, with the exception of the Mahikeng Water Treatment Works and Dinokana Water Supply System where minor failures were recorded and addressed

Despite the best efforts by personnel at the Bogosing Water Treatment Works, final water delivered by this plant continues to fail in meeting SANS 241 requirements due to design limitations. Aesthetic determinands, colour and turbidity, as well as aluminium and iron show a decline in compliance from the previous financial year - though microbiological compliance improved somewhat. However, all other determinands at this plant presented a compliance rate of greater than 96%. At the Vaal Gamagara, Henkries and Pelladrift Water Treatment Works in the Northern Cape Region, all determinands listed in SANS 241 indicated a compliance percentage above the required 96%. These results testify to the competency of Sedibeng Water in all the regions to deliver safe and good quality water to consumers.

The establishment of a Chair in Water Utilisation Engineering at the University of Pretoria, which Sedibeng Water is funding, offers the organisation the opportunity to find solutions to water quality problems through scientific research.

Infrastructure Development and Maintenance

During the 2014/2015 financial year, Sedibeng Water acted as Implementing Agent for the Department of Water and Sanitation in overseeing the construction of the Mier Kalahari East Pipeline. This project is progressing well and is in its construction phase. Sedibeng Water was likewise appointed as Implementing Agent for the upgrading of the ageing facilities of the Namakwa Regional Water Supply Scheme and the Vaal Gamagara Water Supply Scheme. Currently, the Namakwa project is in its second phase focussing on the replacement of the gravity main pipeline from the Eenriet reservoir at Steinkopf to the Vaalhoek reservoir at Springbok. The project is progressing well and is ahead of schedule, which confirms the efficiency of Sedibeng Water in supplying water services to far and remote communities in our area of operation. Progress at the Vaal Gamagara Water Scheme is on schedule.

As one of Sedibeng Water's strategic objectives, the maintenance and refurbishment of infrastructure is of crucial importance. Capital expenditure for the 2014/2015 financial year amounted to R262,3 million compared to the R71 million spent in the previous financial year.

Repairs and maintenance amounting to R38,2 million were carried out in the 2014/2015 compared to R32,4 million in the previous financial year. All critical maintenance works were performed and completed on time.

Human Capital

Sedibeng Water realises that its organisational achievement, future growth and stability are inseparably linked to the well-being of its employees. When it comes to appointments and promotions, Sedibeng Water is committed to the equitable treatment of all people seeking employment and employees, regardless of their race, colour, creed, national origin, sex, age, mental or physical disability. During the 2014/2015 financial year, the Human Resources Department was successful at filling about 80% of the available vacancies and this in turn has reduced the organisation's vacancy rate to 4.5%.

Two top management posts were filled by women and this significantly improved gender representation at Senior Management level. At Middle Management level, all set targets in terms of diversity and the representation of designated groups were achieved. Sedibeng Water's Central Equity Consultative Forum meets regularly to review policies and to ensure that barriers to employment and promotion of the designated groups are eliminated.

Furthermore, the Human Resources Department at Sedibeng Water assists staff members with self-development to the benefit of both the organisation and the individual employee concerned.

To this end, the total cost for training and development of staff for the past financial year amounted to R5,1 million. In terms of bursary and study loans, 44 employees (of which 29 are women) received assistance to further their qualifications.

Fourteen employees from Middle and Senior Management levels have enrolled for a Management Development Programme presented by the University of the Free State. Nine of them successfully completed the programme. The remaining five employees will take part in supplementary examinations in order to receive the qualification. Two Learnership Programmes offered 53 interns the opportunity to gain valuable experience. In addition, our Apprenticeship Programme and Experiential Learning Programme attracted 20 and 10 individuals, respectively.

The benefits of staff have also been adjusted favourably in consultation with organised labour. Amongst others, housing allowances and the subsidising of medical aid contributions were increased. A number of human resources policies and procedures were reviewed in consultation with organised labour. A total of 713 of our employees are registered members of labour unions, of which SAMWU (505 members) has the largest representation.

Safety, Health and Environment

Sedibeng Water realises that its operational activities should not only be in harmony with the environment, but also take place in a safe and healthy working milieu. Therefore, Sedibeng Water takes pride in retaining its record of being a fatality-free organisation in the 2014/2015 financial year.

Despite some disabling injuries experienced in the Free State and the North West Regions, all regions successfully obtained a Disabling Injury Frequency Rate (DIFR) of less than 2 and thus achieved the organisation's key strategic objective in this regard.

The Northern Cape Region has been maintaining a DIFR of 0 since the early months of the 2013/2014 financial year and excelled in sustaining this remarkable performance throughout the year under review. Although the disabling injuries in the Free State and North West Regions were of low severity, Management reviewed the work procedures concerned in an effort to prevent the recurrence of such incidents.

With regards to occupational risk management, Sedibeng Water was audited during April 2015 using the new NOSA CMB 253N system. The Free State, North West and Northern Cape Regions achieved a NOSA 4-star grading, reaching ever closer to coveted 5-star status. All three regions have likewise shown an increase in audit scores since 2012/2013.

Apart from implementing an effective HIV and AIDS Programme, special efforts have also been made to promote the well-being and occupational health of employees through a Disease Management Programme, an Employees Assistance Programme and an Employees Recreational Programme. Our training programmes to enhance safety and health in the workplace are on-going and well supported.

Customer and Stakeholder Relations

Since Sedibeng Water places a high value on customer and stakeholder relations, various channels and platforms were used to reach each targeted stakeholder group. Amongst these are regularly scheduled meetings, involvement and collaboration on some projects, awareness campaigns, radio talk-shows, a corporate newsletter, roadshows, a website, print and electronic media, as well as an inspector phone-in programme.

Through co-ordinating committees, customer interaction forums, project steering committees and community forums, Sedibeng Water continues

to enhance and support customer interaction structures. Through these forums, the organisation has driven systematic processes that captured and recorded customer issues.

Levels of Customer Satisfaction

A customer satisfaction survey was undertaken towards the end of the 2014/2015 financial year by an independent research company. A representative sample was drawn amongst Sedibeng Water's retail customers in the Greater Taung, Ga-Segonyana and Phokwane areas. A survey was also conducted with officials from mines and municipalities representing bulk customers. Statistical analyses using various customer service indicators established that Sedibeng Water currently maintains a customer satisfaction level of 79.1% (2014/2015) amongst its retail customers and 81.5% (2014/2015) amongst its bulk customers. Therefore, it can be assumed that in general Sedibeng Water had been reasonably successful in maintaining its already high levels of customer satisfaction during the 2014/2015 financial year.

Corporate Social Investment

The main focus of Sedibeng Water's Corporate Social Investment Programme is to assist previously disadvantaged schools with special needs, women, non-governmental organisations, community based organisations and other organs of civil society. This takes place by means of donations and sponsorships to cause-worthy initiatives, as well as the development of sports and art. Some of our beneficiaries include the Letlotlo Naledi Public School, the Lesedi Day Care Centre, the Learamele School for the Mentally Disabled, the Lokgabeng Centre for the Disabled, the M.M. Sebitloane Special School for the Disabled, the Emang Disability Care Centre, the Tihomamo Child Care Centre and the Leboneng Special School for Intellectually Impaired Learners.

This brings me to conclude that Sedibeng Water has again exceeded expectations in the 2014/2015 financial year. Add to this, the organisation's depth of talent, operational and financial efficiency, as well as the effort and dedication of its employees, and it becomes clear why Sedibeng Water is playing an increasingly important role in the water services sector today.

I wish to express my gratitude towards the Board and the Management Team of Sedibeng Water for their support during the past financial year. My gratitude also goes to the Ministry of Water and Sanitation for their continued support and constructive involvement. Our clients, stakeholders and strategic partners enabled us to grow and improve our service delivery standards. For this and

your interest in Sedibeng Water, I thank you. Last but not least, I cannot but commend our diligent and dedicated employees who saw to it that we could deliver water services efficiently and effectively to communities in our operational area.

May we build on our achievements, progress and improved performance during the past financial year to give substance to our vision of *Excellence in Water Services Provision*.



R.T. Takalani
Chief Executive

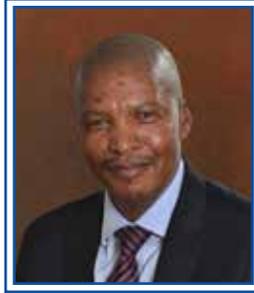
MANAGEMENT TEAM



Mr. R.T. Takalani
Chief Executive



Ms. M.A. Shasha
Chief Financial Officer



Mr. M.I. Motsamai
Manager: Internal Audit



Mr. D.R. Mukondeleli
Manager: Projects



Ms. D.I. Khumalo
Company Secretary



Mr. N.T. Molobye
Manager: Human Resources



Mr. N.A. Theys
Manager: Marketing and Communication



Mr. D.F. Traut
Manager: Scientific Services



Mr. N.E. Ratshitanga
Manager: Technical Support and Acting Health and Environment Manager



Mr. I.M. Hasenjager
Manager: New Business Development



Mr. O.A. Masia
Regional Manager: Northern Cape



Mr. M.M. Lebitso
Regional Manager: North West



Mr. G.M. Dippenaar
Regional Manager: Free State

CORPORATE GOVERNANCE

Governance Framework

Sedibeng Water adheres to the governance framework as informed by, but not limited to, the Companies Act (Act No. 71 of 2008), Public Finance Management Act (PFMA) (Act No. 01 of 1999), the Water Services Act (WSA) (Act No. 108 of 1997), the King Report on Corporate Governance (King III) and the Protocol on Corporate Governance in the Public Sector. As a public entity, Sedibeng Water's purpose is to deliver on the strategic intent mandated by Government.

Executive Authority over the organisation is vested in the Minister of Water and Sanitation, the Honourable Ms. Nomvula Mokonyane, MP. The Board guides the strategic direction of the organisation and monitors progress in executing the business strategy. The Board ensures that the organisation complies with the requirements of the Companies Act and PFMA, as well as National Treasury regulations, together with any other legislative requirements.

There is clarity of roles between the Executive Authority, the Board and the Management of Sedibeng Water, as provided by the strategic intent and the shareholder's compact with the company.

Shareholding and Shareholders' Compact

The Government of the Republic of South Africa, represented by the Minister of Water and Sanitation, is the sole shareholder of Sedibeng Water. The Board concluded a Shareholder's Compact with the Executive Authority, the Minister of Water and Sanitation for the 2014/2015 financial year. This is because Regulation 29 of the National Treasury Regulations issued in terms of the PFMA prescribes that the Accounting Authority for a Public Entity listed in Schedule 3B, must, in consultation with its Executive Authority, annually conclude a Shareholder's Compact. The Shareholder's Compact sets out the key performance measures and indicators that the organisation is committed to achieve for the next five years as agreed between

the Accounting Authority and the Executive Authority. Quarterly performance reports are submitted to the Shareholder for the performance of Sedibeng Water to be monitored in order to determine whether the entity has achieved its objective.

Board and Sub-committees

Governance and the responsibility for driving ethical leadership, integrity and accountability, are vested in a unitary board, which is supported by several sub-committees and the Company Secretary. The Board of Sedibeng Water is appointed by the Minister of Water and Sanitation in terms of the provisions of the Water Services Act (Act No. 108 of 1997). The Board consists of a majority of independent non-executive members in the manner prescribed by the King III Report and Water Services Act. The Board, through its committees, provides the company's strategic direction, while the Chief Executive, assisted by the Management Committee (Manco) and its sub-committees, is accountable to the Board for implementing strategies. The roles of the Chairperson and that of the Chief Executive are segregated as recommended in the King III Report to ensure the independence of the two positions and the clear definition of roles and responsibilities.

Company Secretary

The Company Secretary is responsible for coordinating meetings of the Board and its sub-committees and providing guidance to members. The Company Secretary was appointed effective from 1 November 2014. The candidate has the experience and is suitably qualified to serve the Board and its sub-committees in this role.

The Board of Sedibeng Water

The Board is accountable for the leadership and control of Sedibeng Water. Its responsibilities include the development, review and monitoring of strategic objectives, the approval of major capital expenditure, risk management and the monitoring of operational and financial performance.

Board Structure and Composition

The Department of Water and Sanitation, duly represented by the applicable Minister, is responsible for the appointment of the Members of the Board of Sedibeng Water in accordance with the provisions of the Act. The Board was appointed by the Minister of Water and Sanitation with effect from 1 May 2013 and its term of office is for four years. The Board of Sedibeng Water as at the end of the financial year on 30 June 2015, comprised ten independent non-executive members.

The Chairperson of the Board is an independent non-executive member who is supported in his role by a Deputy Chairperson, who is also an independent non-executive member.

The Chief Executive, who is the Accounting Officer in terms of the PFMA, is appointed in terms of Section 36 of the Water Services Act. The Chief Executive is accountable to the Board for the performance of the organisation in respect of the financial, human resources, administrative functions and the operations of Sedibeng Water, as well as any other duties that may be delegated to him by the Board.

The current members of the Board have the requisite qualifications and expertise to carry out their responsibilities in order to enable the organisation to attain its objectives. The members possess diverse skills and experience in the fields of science, law, human resources, finance, accounting, business and risk management.

The Board Charter

The Charter sets out:

- The role, function, obligations, rights, responsibilities and powers of the Board;
- The policies and practices of the Board in respect of its duties, function and responsibilities; and
- The parameters within which the Board will operate, inclusive of the obligation to ensure good corporate governance in all dealings of the Board.

Responsibilities of the Board

The primary role of the Board is to ensure that Sedibeng Water succeeds in fulfilling its mandate of providing a full range of water services to improve the quality of life of citizens in a manner that is efficient and that complies fully with all relevant regulatory and policy requirements.

The Board has overall authority for conducting the organisation's business. There are also a number of matters that have been specifically reserved for the Board to decide. These include:

- Approval of financial reporting and controls, such as interim and annual results, the organisation's Annual Report and policies;
- Reviewing and ensuring implementation of effective systems of delegation and internal control and the carrying out of an annual review of the effectiveness of such systems;
- Identifying and continually reviewing key risks, as well as their mitigation by Management, against a background of economic, environmental and social issues;
- The overall review and approval of organisational strategy and the setting of long-term objectives and/or changes in strategic direction; and
- Monitoring the overall performance of the organisation in relation to its objectives, plans and targets, as well as monitoring the implementation of projects and decisions.

Delegation of Authority (DoA)

The Board, by way of resolution, delegates any of its powers and functions to its sub-committees and Management. This includes the implementation of strategies, which is also delegated to Management. Such delegation does not divest the Board of its accountability for the exercise of the delegated authority or performance of the assigned duty.

Meetings

Meetings of the Board and its sub-committees are scheduled annually in advance. Special meetings are convened as and when required to address specific material issues.

Board Sub-committees

The effectiveness of the Board is improved through the use of four Board sub-committees to which it delegates authority without diluting its own accountability. The Board appoints members to the various committees, with due consideration of the necessary skills and experience required by members of the different committees.

All the Board sub-committees are chaired by an independent non-executive member and consist of a majority of independent non-executive members. The members exercise their authority in accordance with the sub-committees' approved terms of reference, which are reviewed each year and define their composition, role, responsibilities and authority.

Deliberations of the committees do not reduce the individual and collective responsibilities of the members regarding their fiduciary duties and responsibilities. Members are required to exercise due care and judgement in accordance with their statutory obligations. The chairperson of each sub-committee delivers a report at each scheduled Board meeting.

The various established Board sub-committees are:

Audit and Risk Committee (A&RC)

The Audit and Risk Committee is constituted as a statutory committee of Sedibeng Water in respect of its statutory duties in terms of section 94(7) of the Companies Act, 2008 and a committee of the Board in respect of all other duties assigned to it by the Board. The Committee is mandated by the Board to assist the Board with the oversight of financial reporting and disclosure, internal control system, risk management system and internal and external audit functions.

The Chief Executive, Chief Financial Officer, the Manager Internal Audit and External Auditors attend committee meetings, but shall have no vote at the meetings.

In keeping with this policy, PricewaterhouseCoopers was appointed as the organisation's external auditor. Both the external and internal auditors have unrestricted access to the Audit and Risk Committee. They attend meetings whenever necessary to report on their findings and discuss matters relating to accounting, auditing, risk identification, management, measurement and mitigation, as well as internal controls and financial reporting. The Audit and Risk Committee has three non-executive members.

Finance and Information Technology Committee (FINCO)

The purpose of the Committee is to assist the Board in fulfilling its responsibility for oversight with respect to all governance aspects of information technology, financial management and financial accounting. This will entail assisting the Board in fulfilling its responsibility to oversee Sedibeng Water's information technology infrastructure and governance, financial position, financing plans and programmes, cash management, investment management, employee retirement plans, insurance management and review of financial policies. The FINCO has two non-executive members.

The responsibilities of the FINCO are the following:

- Implementation of effective and efficient Financial Management and Financial Accounting systems and applicable systems of internal controls;
- Ensuring that Financial Management and Financial Accounting policies are in place and are reviewed each financial year;
- Monitoring and report on the financial operations, budgetary and related administrative matters;
- Considering all procurement processes deviations tabled by Management on a case by case basis;
- Considering the annual budget, corporate business plan and Shareholder's Compact;
- Reviewing the capital expenditure programmes annually;

- Reviewing the performance of the investment portfolio;
- Reviewing the liquidity position, including the entity's credit facilities and banking portfolio;
- Ensuring that the Annual Financial Statements together with the Annual Report, are compiled by Management;
- Appraising major information technology-related projects and technology architecture decisions; and
- Advising the Board on the transfer and/or disposal of assets within specified limits.

The FINCO has two non-executive members.

Human Resources, Remuneration and Ethics Committee (REMCO)

The purpose of the REMCO is to assist the Board in dealing with the remuneration of Sedibeng Water staff, human resources strategies and related policies.

The main role and function of the REMCO is to assist the Board in developing and administering a fair and transparent procedure for setting policy on the overall human resources strategy of the organisation and the remuneration of Sedibeng Water staff. The Committee achieves this by having regard for the organisation's operating results, individual performance and comparable market statistics.

The responsibilities of the REMCO are the following:

- Supporting the Board in the administration and exercise of its responsibility for supervisory oversight;
- Overseeing the development of remuneration policies for the organisation;
- Overseeing the establishment and implementation of human resources policies;

- Providing the Board with details regarding the overall performance of the organisation;
- Succession planning;
- Reviewing of the Board Employment Equity Strategy regarding principles of employment equity; and
- Contributing to the long-term financial and commercial viability of Sedibeng Water by reviewing and maintaining compensation policies and plans, to enable the company to attract and retain critical skills within the organisation.

The Committee consist of three non-executive members.

Operations Committee

The purpose of the Operations Committee is to consider, monitor, oversee and make recommendations to the Board related to Sedibeng Water's infrastructural development and maintenance. The Committee assists the Board in fulfilling its responsibility for oversight with respect to all governance aspects of the operations of Sedibeng Water regarding infrastructure projects, expansion programmes and maintenance programmes. The Operations Committee has two non-executive members.

The main role and function of the Operations Committee is to assist the Board to carry out its mandate regarding infrastructure development, refurbishment and maintenance through capital and maintenance projects.

The Operations Committee is responsible for:

- Reviewing the infrastructure and expansion programmes of the organisation;
- Ensuring that the maintenance programme and schedules are adhered to;
- Monitoring expansion programmes as approved by the Board;

- Taking all reasonable steps to ensure that maintenance is done on a regular basis to ensure optimal operation and upkeep of infrastructure assets;
- Ensuring that all applicable legislation is adhered to;
- Monitoring and reporting on the operations and technical matters of Sedibeng Water; and
- Reviewing annually the capital expenditure programmes and ensuring that the capital programmes are adhered to.

Board Evaluation

The evaluation of the Board, sub-committees and individual members' performance and effectiveness will be conducted during the 2015/2016 financial and will be done on an annual basis going forward.

Management Committee (Manco)

Manco is established by the Chief Executive and assists him in guiding the overall direction of the business and exercising executive control in managing day-to-day operations.

Table 1: Summary of Board and Sub-committee Meetings Held During the 2014/2015 Financial Year

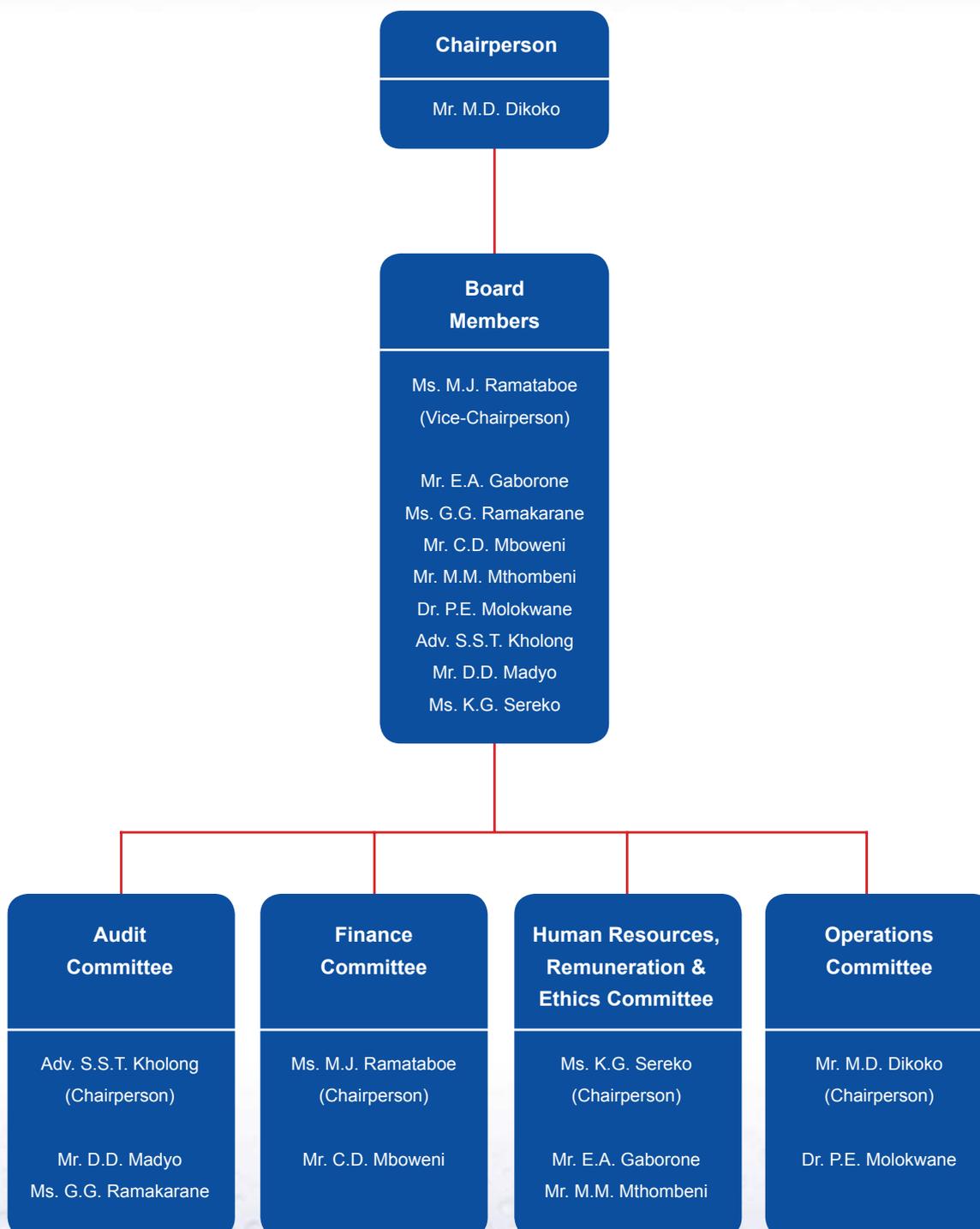
Board Members	Board Meetings	Audit and Risk Committee Meetings	Finance & Information Technology Committee Meetings	Human Resources, Remuneration & Ethics Committee Meetings	Operations Committee Meetings
Number of Scheduled meetings	5*	5	4**	2	5***
Mr. M.D. Dikoko	5				5
Ms. M.J. Ramataboe	3		4		
Adv. S.S.T. Kholong	5	5			
Dr. P.E. Molokwane	5				5
Mr. C.D. Mboweni	5		4		
Mr. M.M. Mthombeni	5			2	
Ms. G.G. Ramakarane	3	5			
Ms. K.G. Sereko	5			2	
Mr. D.D. Madyo	5	5			
Mr. E.A. Gaborone	5			2	

* Two of the Board meetings were Special Meetings

** One of the Finance & Information Technology Committee meetings was a Special Meeting

*** One of the Operations Committee meetings was a Special Meeting

Board Structure



CORPORATE SERVICES

- › CORPORATE SERVICES REVIEW
- › FINANCE
- › HUMAN RESOURCES
- › MARKETING AND COMMUNICATION
- › SCIENTIFIC SERVICES
- › SAFETY, HEALTH AND ENVIRONMENT



CORPORATE SERVICES REVIEW

Corporate Services at Sedibeng Water incorporates a number of support services that contribute to the organisation's efficiency. These include Finance, Marketing and Communication, Human Resources, Scientific Services, Safety, Health and Environment, as well as the Corporate Secretary. In our quest for service excellence, these support services contribute greatly to the achievement of annual goals set by the organisation.

A brief summary will now be provided for some of the significant contributions (related to Corporate Services) that were made during the 2014/2015 financial year:

Budget Control and Financial Stability

The Audit Committee at Sedibeng Water has a mandate to review financial statements; the appropriateness of the organisation's accounting and disclosure policies; compliance with Internal Financial Reporting Standards (IFRS), and the effectiveness of internal controls.

PricewaterhouseCoopers was appointed as external auditors for the 2014/2015 financial year. Like in the preceding financial years, Sedibeng Water again received an unqualified auditor's report, which clearly indicates that the organisation's financial matters are sound, enabling the organisation to meet all the financial demands and challenges of the past fiscal year.

Water Quality Management

Sedibeng Water sees the delivery of high quality potable water to its customers as a very high priority. The Scientific Services Department plays an important part in meeting set requirements by providing support to the Free State, Northern Cape and North West Regions, as well as Water Service Authorities served by Sedibeng Water.

Good results were obtained in the South African Bureau of Standards (SABS), Environmental Resource Associates (ERA) and Health Protection Agency (HPA) proficiency testing schemes.

A total of 178 239 chemical and 60 904 microbiological analyses were performed in the financial year under review.

Throughout all the regions drinking water quality was in agreement with South African National Standard (SANS) 241:2015, which proves the earnest with which Sedibeng Water sees its mandate as a supplier of water services. At the various water treatment works, filters were evaluated and steps taken to remediate problems, if they occurred.

During the 2014/2015 financial year, the South African National Accreditation System (SANAS) accreditation in the Scientific Services Laboratory at Balkfontein was successfully renewed. Three new chemistry methods were also accredited. The laboratory generated an income of R10,9 million in the past financial year, while five new customers were added to its client base, namely the Local Municipalities of Nketoana, Masilonyana, Ngaka Modiri Molema and Lekwa-Teemane, as well as Senwes.

On the research side, the official launch of the Sedibeng Water Chair in Water Utilisation Engineering took place on 9 September 2014 at the University of Pretoria. The chair offers several benefits to Sedibeng Water as a water utility when it comes to solving water quality problems through scientific research.

Human Capital

Concerning the recruitment of skilled workers, the Human Resources Department facilitated the filling of about 80% of the vacancies that became available during the year under review and this in turn has reduced the organisation's vacancy rate to 4.5%. The benefits of staff have also been adjusted favourably to retain and attract personnel. Amongst others, housing and other allowances were increased.

Two Senior Management posts have been filled by women and this brought about a much needed change in terms of gender representation at Senior Management level. One of these posts is that of Company Secretary, which is a new addition to the management structure of Sedibeng Water.

The Company Secretary is, inter alia, responsible for coordinating the meetings of the Board and its sub-committees, and providing guidance to members. At Middle Management level, all set targets in terms of diversity and the representation of designated groups were achieved.

Because Sedibeng Water regards employees as its greatest asset, the organisation continued to implement its Employee Wellness Programme during the past financial year. Employees were made aware of the services that are provided, such as telephone counselling, face-to-face counselling, trauma counselling, life management services, and e-Care services where employees are provided with communication and services online.

Training and Skills Development

During the 2014/2015 financial year, Sedibeng Water implemented a range of programmes and interventions aimed at equipping all our employees with knowledge and skills to perform their work assignments competently. Training which was provided, has either been done internally by having employees coached on-the-job by their supervisors, or it has been outsourced to external service providers who were appointed to do specific theoretical and practical training at their own centres or on-site.

Employees who are keen on the advancement of their chosen careers, were provided with either bursaries or study loans to further their studies. The number of beneficiaries of our Bursary and Study

Loan Schemes stands at 44 for the year under review. Fourteen employees, who were selected from Middle and Senior Management levels, have enrolled for a Management Development Programme presented by the University of the Free State. Nine of them successfully completed the programme. The remaining five employees will take part in supplementary examinations so that they can satisfy the requirements of the programme in order to be awarded the qualification.

Two Learnership Programmes (Water and Wastewater Reticulation NQF2 and Water and Wastewater Treatment Control Supervision NQF4) offered 53 interns the opportunity to gain valuable experience. Likewise, 20 individuals enrolled for our Apprenticeship Programme, while 10 people participated in the Experiential Learning Programme.

Safety, Health and Environment

During the 2014/2015 financial year, Sedibeng Water continued its quest to provide a safe and healthy environment to its workers. The performance of the SHE Management System has shown satisfying improvement as a result of the commitment of Management and all employees at every level in the organisation.

A Disabling Injury Frequency Rate (DIFR) of less than 2 was maintained in all our operational areas, while the Free State, Northern Cape and North West Regions each secured a 4-star NOSA grading. A total of 22 different training courses related to health and safety issues in the workplace, have been presented during the past financial year.

The well-being of our employees was further supported by implementing a Disease Management Programme, an Employees Assistance Programme and an Employees Recreational Programme.

Environmental impact and aspect assessments had been conducted in the Northern Cape and the Free State Regions. An environmental pollution study was also done in the North West Region, where the potential for soil pollution from diesel and oil at boreholes exists. Corrective action plans were developed to combat all environmental deviations that had been identified.

Stakeholder Relations and Corporate Social Investment

During the 2014/2015 financial year, Sedibeng Water's integrated Marketing and Communication Strategy and related programmes, activities and initiatives, made a significant contribution towards ensuring that the organisation continuously engage with all its stakeholders.

Various communication channels were used to reach each targeted customer segment and stakeholder group. These include regularly scheduled meetings, initiatives to ensure involvement and collaboration on some projects, roadshows, a corporate newsletter, the organisation's website, print and electronic media, as well as an inspector phone-in programme. Sedibeng Water has likewise introduced customer interaction structures to the newly acquired operational area of the Ngaka Modiri Molema District Municipality, where previously no such structures existed. Municipalities which have benefitted from this initiative include the Mahikeng Local Municipality, the Ramotshere Moiloa Local Municipality and the Ratlou Local Municipality.

In order to ensure positive publicity for Sedibeng Water, the Marketing and Communications Department is continuously engaging with a variety of print and electronic media in the organisation's operational areas. This has also been done with regards to Sedibeng Water's new area of operation in the North West Province. Additionally, a radio campaign extending over six months involving three community radio stations, has commenced on 1 July 2015 and regular monthly and bi-monthly radio talk-shows on national radio stations were procured to enhance a positive corporate image of the organisation.

Sedibeng Water also engaged in water education and plant visits, water conservation awareness campaigns, the National Science Week and the Youth Water Summit, amongst other community-focussed programmes. Sedibeng Water was honoured by a visit by the Department of Water and Sanitation and a delegation from the Netherlands to the water treatment plant at Balkfontein on 29 October 2014. This visit formed part of the Kingfisher Programme.

During the 2014/2015 financial year, various schools and organisations have benefited from Sedibeng Water's Corporate Social Investment Programme, for example the Lokgabeng Centre for the Disabled and the Lesedi Day Care Centre, amongst others.

With the above-mentioned information taken into account, it is clear that the functions constituting Corporate Services have in the 2014/2015 financial year played a pivotal role in enhancing the quality of service provided by Sedibeng Water to the communities it serves.

FINANCE

The annual financial statements for the financial year ending 30 June 2015 were prepared and presented in accordance with South African Generally Accepted Accounting Practices (SA GAAP), the Public Finance Management Act (Act No. 1 of 1999) as amended and reflect the reporting requirements of the Water Services Act (Act No. 108 of 1997). The Department is guided in the performance of its tasks by the following Acts of Parliament and Financial Codes: Water Services Act 108 of 1997, Public Finance Management Act 1 of 1999, Municipal Finance Management Act, Preferential Procurement Policy Framework Act, Supply Chain Management Framework, and other related prescripts.

The financial statements have been prepared on the going concern basis. This basis assumes that the organisation will continue to operate in the foreseeable future. The Finance Department, as a contributor to the overall vision of the organisation, developed the following five key objectives:

- Ensuring the financial sustainability of the organisation;
- Enabling of the business to operate optimally by providing efficiencies in the business processes and providing appropriate information systems;

- Ensuring that risk management processes are embedded in the business processes;
- Ensuring compliance with the prescripts of legislation relevant to the managing of the finances of the organisation; and
- Ensuring that all employees receive training and development to enhance their capacity to deliver on the set objectives.

Achievements

- Following the extension of areas of operation through Gazette 38100, the Finance Department successfully integrated Botshelo Water and Pelladrift Water into the operations of Sedibeng Water as a receiving Water Board; and
- Despite the new businesses acquired, Sedibeng Water still maintained an unqualified and clean audit opinion.

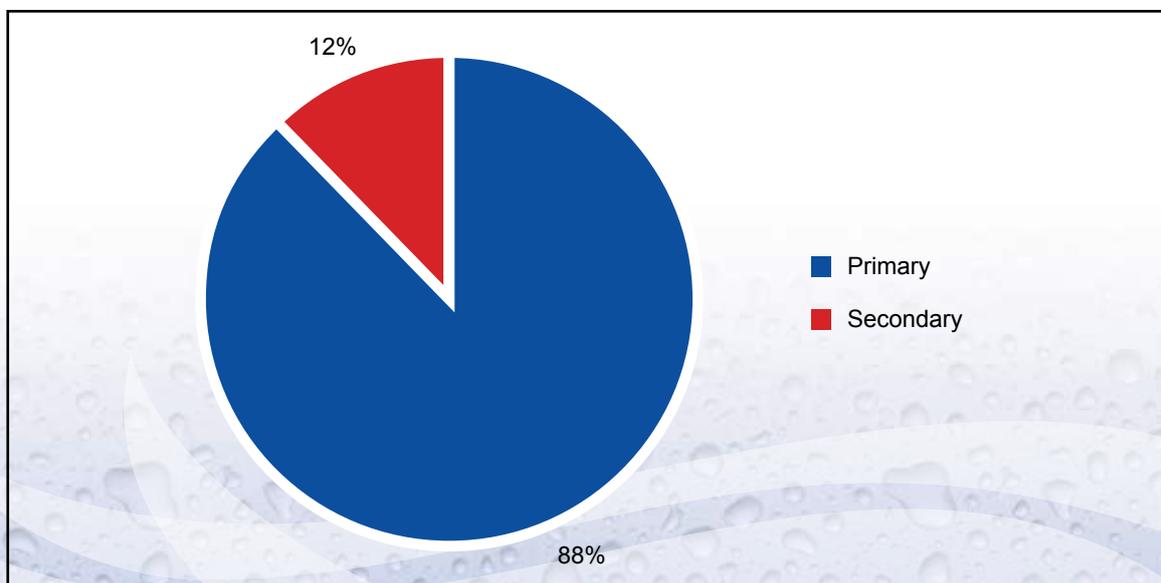
Financial Highlights:

Statement of Financial Performance

Total Revenue

The business of Sedibeng Water is divided into two operations i.e. Section 29 and Section 30 activities as defined by the Water Services Act No. 108 of 1997.

Graph 1: Primary versus Secondary Activities



Section 29 activities depict our primary activities i.e. activities linked to bulk potable water supply, and Section 30 activities relate to other services, which are the operation and maintenance of rural schemes on behalf of municipalities. During the current year, the total revenue from both operations amounted to R1 090 billion (2014: R761,1 million). The financial statements for 30 June 2015 were reinstated retrospectively to bring into the financial statements the Long-service Awards, which were accounted for in line with AC 130, previously to AC 116.

Bulk Potable Water Supply versus Operate and Maintain Business

During the year under review, the organisation achieved a 12% secondary business rating against a target of 12%, which means that the activities of the organisation are more focused on its core business (see Graph 1).

Gross Profit

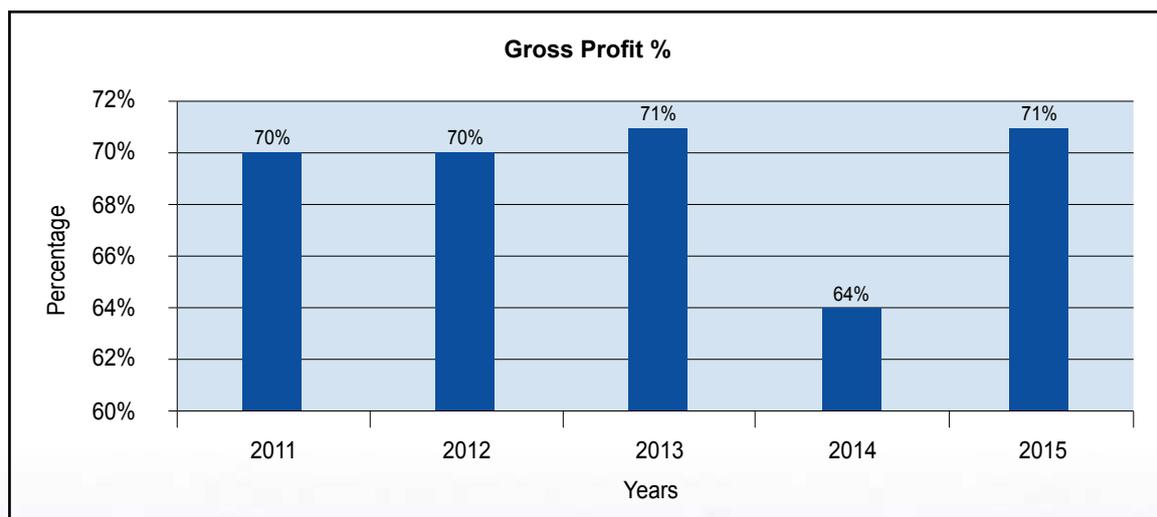
The gross profit percentage increased from 64% in the previous financial year to 71% in the 2014/2015 financial year. We believe that the current financial year is more in line with historical performance. The 2013/2014 financial year experienced droughts and less water was available from the Sand Canal than usual. This led to more water being purchased from the Vaal River at higher tariffs and this resulted in higher expenditure for raw water purchases. As can be seen in Graph 2, the gross profit for the 2013/2014 financial year is lower than other financial years, which are all above 70% of revenue.

Other Income

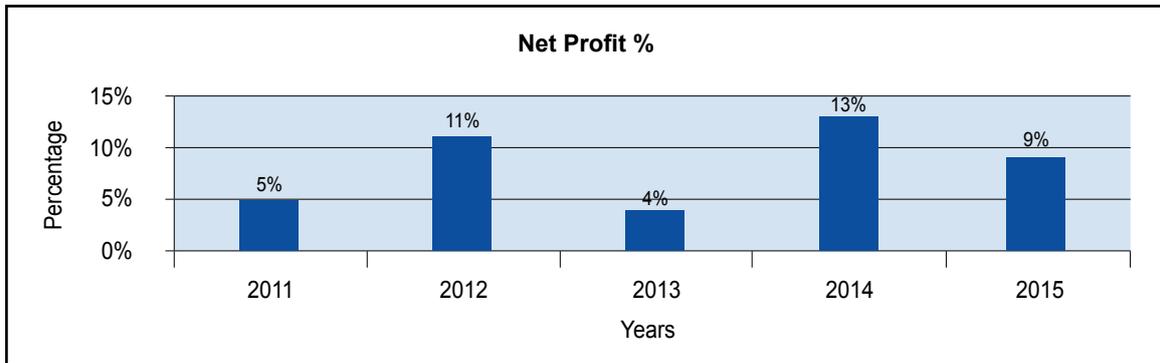
Grant Received

Sedibeng Water received a grant from the Department of Water and Sanitation to augment the operational expenditure of the then Botshelo Water up to 30 June 2015.

Graph 2: Gross Profit Percentage



Graph 3: Net Profit Percentage



Total Comprehensive Income

The organisation recorded a total comprehensive income of R191 million (2014: R97,9 million) for the 2014/2015 financial year (see Graph 3). The comprehensive income is after taking into account R97 million generated from profit on disposal and the acquisition of the Sishen Western Expansion Project (SWEP) bypass pipeline.

Statement of Financial Position

Financial Position

The financial position of the organisation remains financially viable, consistent with the previous financial years. The incorporation of the former Botshelo and Pelladrift Water resulted in increased debtors' books and debtors' days. As a result of these debtors, an additional provision for bad debts was required. The additional bad debts provision affected the profitability and the current ratio negatively. There is, however, intervention initiated by the Department of Water and Sanitation and the National Treasury, where municipalities were obligated to sign payment arrangements with the Water Board. Subsequent to year end, there have been considerable efforts by the municipalities to honor their debts.

Table 1: Other Major Financial Ratios

	2015	2014
Current Ratio	1.46:1	1.54:1
Debtors' Days	471	422.47

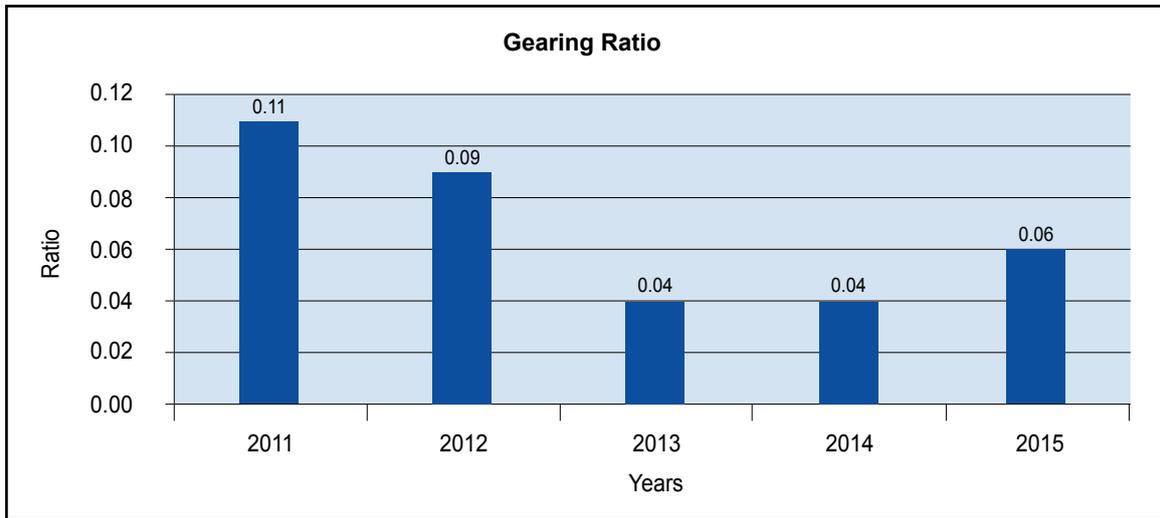
Gearing Ratio

During the year under review, the organisation augmented the SWEP bypass pipeline and replaced 27km of a pipeline in the Northern Cape Region to increase supply in our area of operations. The replacement of the pipeline necessitated that the organisation borrowed R51 million for this purpose. To be noted, is the fact that the Sishen Mine funded R97 million worth of this pipeline. The asset was officially handed over to Sedibeng Water in October 2014. The borrowing of R51 million resulted in the gearing of the organisation trending from a ratio 0.04 in 2014 to a 0.06.

Cash Flow Statement

As can be seen in Table 2, the organisation has generated sufficient cash from its operations to sustain its operations. The increase in cash and cash equivalents is mainly due to intervention by the Department of Water and Sanitation and the National Treasury in the area of debt management.

Graph 4: Gearing Ratio



Tariff Determination

In terms of Section 42 of the Municipal Finance Management Act, Water Boards must submit the proposed tariff increase to the Accounting Authority, National Treasury and South African Local Government Association upon consultation with the customers. Thereafter, the Department of Water and Sanitation must table proposed tariff increases by all Water Boards to the National Parliament on, or before 15 March each year for implementation with effect from 1 July annually. This process is adhered to with all our customers.

Looking Forward

The main focus in the 2015/2016 financial year will be on:

Governance and Control

- Capacitating the supply chain management and the IT governance unit;

- Documenting the business process and improving the control environment;
- Creating a Business Intelligence Suite (customising reports to suit the Water Board's environment);
- Signing Service Level Agreements with the customers;
- The training and development of the finance staff; and
- Credit Control Management remains a high risk and major focus is given to the matter.

Change in the Accounting Framework

All Schedule 3B entities are reporting on a withdrawn Accounting Standard i.e. GAAP SA. There are possibilities that all Schedule 3B entities will be required to report on GRAP in the 2016/2017 financial year and Sedibeng Water is ready for this change.

Table 2: Cash Flow Statement (2014/2015)

	2015 R'000	2014 R'000
Cash generated from operating activities	199,023	183,235
Cash and cash equivalents at end of period	337,923	305,364

HUMAN RESOURCES

Introduction

The year under review was an eventful one where the organisation experienced growth and an increased scope due to the directives that were received from the Minister of Water and Sanitation. The implementation of these Ministerial Directives meant that the operations of the disestablished Botshelo and Pelladrift Water Boards were to be incorporated into Sedibeng Water. This report therefore, will provide highlights of the integration process, its impact on the functioning of the Human Resources Department and the organisation as a whole; the achievement of strategic goals that were set, as well as the gains that were made amidst the challenges that were experienced along the way as a result of the expanded growth. For easy reference, it would be necessary to also provide a snapshot of the key strategic goals that were pursued by the Department as they also form part of the organisation's Corporate Performance Scorecard (key strategic goals) which are:

- To recruit skilled and competent individuals and offer them competitive market related remuneration;
- To make a concerted effort to improve the employment equity profile of the organisation focusing on gender, diversity and people with disabilities (PWDs);
- To train and develop staff;
- To retain skilled technical staff in particular and promotion of the well-being of employees in general; and
- To implement benchmarked employment best practices and policies and thereby comply with relevant legislation.

Growth and Widening of Scope

When the Botshelo and Pelladrift Water Boards were disestablished, a directive was issued that Sedibeng Water should take over their operations. This meant that there had to be negotiations with stakeholders or affected parties about the terms and

conditions of the transfers. The transfer agreements were concluded and signed accordingly by the affected parties. It can be confirmed that as a result of the transfers in question, Sedibeng Water now has a footprint in the Ngaka Modiri Molema District Municipality of the North West Province and in the Namakwa District Municipality in the Northern Cape Province. This also means an exponential increase on the organisation's headcount from 480 to 713 (an increase of 48.54%) by the end of December 2014.

The integration of the employees of the disestablished Water Boards into Sedibeng Water was not a seamless process, because it brought about many changes in various areas and some of the significant ones can be detailed as follows:

Remuneration and Benefits

Certain components of the remuneration packages of employees received from the disestablished Water Boards had to be adjusted so that they can be in harmony or on par with the benefits that the organisation is already providing to its existing employees. To name a few, contributions towards Retirement Funds had to be topped-up by the employer in order to ensure that the affected employees would not be on the whole, "worse-off" as a result of their transfer to Sedibeng Water; contributions towards insured benefits such as the Permanent Health Insurance (PHI) and Funeral and Spouse Insurance Covers had to be subsidised heavily by the employer, all in the name of ensuring parity and so that provisions of Section 197 of the Labour Relations Act (LRA) were adhered to.

Other Terms and Conditions of Employment

Other terms and conditions of employment such as special leave, maternity leave, and recognition of service, had to be either adjusted upward or downward, yet ensuring that on the whole, they are not less favourable than the ones that the employees enjoyed before the transfer.

Job Analysis and Evaluations

The majority of the jobs occupied by the employees integrated into the organisation were analysed and job descriptions were then compiled. Since the job analysis process is a lengthy one, some of the jobs are still receiving attention and once all the job descriptions have been compiled, an arrangement will be made to have them evaluated externally so that grades can be allocated to them. The aim is to ensure that all employees who were transferred are remunerated in terms of the applicable salary scales on the uniform organisation salary structure.

Induction

In order to ensure that the transferred employees settled down quickly and were fully integrated into the organisation, they were put through a comprehensive induction programme which covered the following:

- A brief description of the organisation and its operations;
- Management structure and channels of communication;
- The organisation's Vision, Mission, Strategic Objectives and Values;
- Policies and Procedures;
- Basic Conditions of Service;
- Code of Conduct; and
- Rules and Grievance Procedures; etc.

Re-organisation of Management Structures

The integration of the new units (former Botshelo and Pelladrift Operations) into Sedibeng Water also necessitated changes in the organisational structures in order to ensure that there is alignment and synchronisation of functions and activities at business unit and at corporate levels. The restructuring processes have not yet been completed, because of the continuous changes that are taking place in the local government sector which have either a direct or indirect impact on the organisation.

Overall Performance of the Department

The key strategic goals which were set out at the beginning of the period under review, as well as highlights of our performance against set targets and the challenges that were encountered along the way, are as follows:

Strategic Goal 1: Recruitment of Skilled and Competent Individuals and Offering Competitive Market Related Salaries

The organisation, through its recruitment and selection policy, has committed to an undertaking to ensure that all employees and/or people seeking employment regardless of their race, colour, creed, national origin, sex, age, mental or physical disability will be treated equitably when it comes to appointments and promotions. The organisation has also made a commitment to establish and follow fair and objective procedure to attract job candidates who have requisite skills, qualities and potential needed to enable the organisation to achieve its objectives. In furtherance of these ideals, the Human Resources Department facilitated the filling of about 80% of the vacancies that became available during the period under review and this in turn has reduced the organisation's vacancy rate to 4.5%.

It was not easy to fill some critical vacancies speedily, because some potential applicants were reluctant to apply for vacancies or take up offered job opportunities and cited the location of some of our operations in rural areas, as their reasons for declining. We are pleased to report that this challenge was dealt with through the improvement of remuneration packages from time to time to make these job opportunities irresistible to job applicants.

As has been stated, some benefits forming part of our remuneration mix were reviewed with the objective of improving them. The benefits referred to include, among others, the following:

Medical Aid

The employer resolved to continue absorbing the annual increases of medical aid contributions. This was done to ensure that cash components of employees' remuneration packages are not reduced or eroded by the increased contributions. Furthermore, it was ensured that employees who were transferred from the disestablished Water Boards get medical aid cover if they did not have such cover, and those who had cover, could continue their membership at the medical aid schemes where they were enrolled. This meant that the number of recognised medical aid schemes for subsidy purposes was increased and consequently, employees now have a wider choice in terms of schemes and options.

Housing Allowance and Other Variable Allowances

The housing allowance offered to all employees was adjusted. Further to this, an agreement in principle was entered into with a financial services provider to provide a pension-backed lending facility to employees to enable them to get funding to build and/or improve their dwellings. Variable allowances such as shift, standby and acting allowances were increased automatically when the basic salaries of employees were adjusted after collective agreement was concluded with organised labour. Employees were provided with an increased subsidy on staff

uniforms for both male and female staff members. This has resulted in enhancing the professional image of both individuals and the organisation.

Strategic Goal 2: Make a Concerted Effort to Improve the Employment Equity Profile of the Organisation Focusing on Gender, Diversity and People with Disabilities (PWDs)

It can be confirmed that the two top management posts that became vacant were filled by women and that brought about the much needed change in terms of gender representation at Senior Management level. At Middle Management level, all set targets in terms of diversity and the representation of designated groups were achieved. The Central Equity Consultative Forum (CECF) met regularly to review policies and to ensure that barriers to employment and promotion of the designated groups are eliminated.

We are also pleased to report that the organisation, as a designated employer, was able to submit the required Employment Equity Report to the Employment Equity Registry on time and non-compliances that were highlighted previously by the Department of Labour were addressed adequately.

Table 1 outlines the specific goals that were to be achieved in this regard:

Table 1: Employment Equity Performance Targets

Performance Target	Actual Performance
To achieve a 30% gender representivity at Senior Management level	14.29%
To achieve a 50% diversity profile at Senior Management level	78.57%
To achieve a 50% representation of Designated Groups at Middle Management level (Superintendent)	84.62%
To achieve a 1% workforce representation of People with Disability (PWDs) throughout the organisation	0.70%

Strategic Goal 3: Training and Development of Staff

We have a range of programmes and interventions that are aimed at equipping all our employees with knowledge and skills to enable them to perform their work assignments competently. Training which is provided, has either been done internally

by having employees coached by their supervisors on-the-job or it has been outsourced to external service providers who were appointed to do specific theoretical and practical training at their own centres or onsite. Further to this, the organisation has implemented other initiatives that are aimed at providing employees with opportunities to develop

Table 2: Bursary and Loan Scheme and Gender Distribution

Qualification	Males	Females	Total
Human Resources Management	-	4	4
Information Technology	1	-	1
B-Tech Water Care	-	2	2
Marketing Management	1	-	1
Certificate in Public Procurement and Supply Chain	-	1	1
ND: Transport and Supply Chain Management	-	1	1
CIMA	3	3	6
Honours Industrial and Organisational Psychology	-	1	1
M-Tech Quality	-	2	2
Post Graduate Labour Law	1	-	1
ND: Engineering Mechanical	1	-	1
ND: Safety Management	-	3	3
ND: Civil Engineering	1	-	1
Office Management and Technology	-	2	2
ND: Accounting	-	2	2
ND: Human Resources Management	-	1	1
ND: Management	-	1	1
Certificate in Sourcing and Supply Chain Management	1	-	1
Office Administration (ICB)	-	1	1
ND: Business Management	-	1	1
Electrical Engineering	-	1	1
Advanced Diploma in Management	-	1	1
ND: Office Management	-	1	1
Diploma in Fleet Management	-	1	1
Postgraduate Diploma in Taxation	1	-	1
Certificate: Risk Management	1	-	1
Postgraduate Diploma in Business Admin (PGD)	1	-	1
Masters of Business Leadership	1	-	1
Diploma: Welding Level 6	1	-	1
Diploma: Fitter & Turner N1 – N3	1	-	1
Total	15	29	44

themselves so that they can be qualified in various fields of study and thereby stand a better chance of being appointed, should relevant vacancies arise within the organisation. The initiatives referred to include amongst others: the Bursary and Study Loan Schemes; Management Development Programme (MDP); Apprenticeship and Learnership Programmes and the Experiential Training Programme for interns and volunteers.

Bursary and Study Loan Schemes

The organisation's budget for its Bursaries and Study Loan Schemes was increased and more employees were encouraged to seize these opportunities and apply for a bursary (if the chosen field of study is relevant to the organisation) and for a study loan (if the chosen study programme does not relate to careers that are available in the organisation). It is heartening to observe that there is a huge increase in the number of employees who have enrolled for post-graduate studies. Table 2 provides details of the fields of study and the distribution of beneficiaries for both bursary and study loan schemes in terms of gender.

Management Development Programme (MDP)

Fourteen employees who were selected from Middle and Senior Management levels, have been on the Management Development Programme which is offered in partnership with the University of the Free State. Learners in this programme are doing distance learning predominantly, but also have weeklong contact sessions every month throughout the duration of the programme. Lecturers from the University have been coming onsite to offer

lessons on the various modules. Out of the 14 employees selected, nine successfully completed the programme. The remaining five employees are to sit for a supplementary examination so that they can satisfy the requirements of the programme in order to be awarded the qualification.

The gender distribution of the employees who successfully completed the programme, is as follows:

Table 3: Gender Distribution in the Management Development Programme

Management levels	Male	Female	Total
Middle Management	5	1	6
Senior Management	3	-	3
Total	8	1	9

Employees who still have to write supplementary exams are only five, i.e. four males and one female.

Learnership Programme

The two Learnership Programmes viz. Water and Wastewater Reticulation NQF2 and Water and Wastewater Treatment Control Supervision NQF4, came to an end in June 2015. Integrated assessments were conducted on learners enrolled for both programmes. The EWSETA will do the moderations for these two Learnership Programmes as soon as all the relevant reports have been submitted.

Table 4: Employment Status and Gender Distribution in Learnership Programmes

Learnership Title	Males		Females		Total
	Employment Status				
	Employed	Unemployed	Employed	Unemployed	
Water and Wastewater Reticulation NQF 2	5	11	-	7	23
Water and Wastewater Treatment Control Supervision NQF 4	14	1	13	2	30
Total	19	12	13	9	53

Table 5: Employment Status and Gender Distribution in the Apprenticeship Programme

Apprenticeship Title	Males		Females		Total
	Employment Status				
	Employed	Unemployed	Employed	Unemployed	
Electrical	5	-	1	-	6
Fitter and Turner	5	-	1	-	6
Mechanical	2	-	2	-	4
Boiler-maker	4	-	0	-	4
Total	16	-	4	-	20

Table 4 shows the employment status and gender distribution of the learners that were enrolled in the two Learnership Programmes.

Apprenticeship Programme

The organisation has also implemented an Apprenticeship Programme which is still in progress, i.e. Phase 3 (off-the-job training).

The chosen fields, employment status and gender distribution of apprentices are indicated in Table 5.

Experiential Training Programme

University graduates with no work experience and current students from universities of technology and FET Colleges, who require practical training in order to qualify, were enlisted in our Experiential Training Programme. This initiative has had tremendous

results in the past. At the end of the practical programme, many graduates are either absorbed into the organisation or released as they have found employment elsewhere. The organisation has been inundated with requests from unemployed graduates to be enlisted in this programme as either interns or volunteers. Some of the requests could not be granted, because there are not enough mentors available in the organisation. This initiative does not only benefit Sedibeng Water, but on a small scale, we are providing a number of young people with required experience and skills and thereby reduce youth unemployment in the communities that we serve.

The intake for the year under review for both interns and volunteers is depicted in Table 6.

Table 6: Gender Distribution in the Experiential Training Programme

Function	Males	Females	Total
Human Resources	1	2	3
Finance	1	1	2
Scientific Services	4		4
Internal Audit	-	-	-
Safety, Health and Environment	1	-	1
Operations (Volunteer)	-		
Electrical (Volunteer)	-	-	-
Total	7	3	10

Strategic Goal 4: Retention of Skilled and Competent Individuals and Promotion of the Well-being of Employees in General

The organisation has implemented its Employee Wellness Programme (EWP) during the previous financial year. Employees were made aware of the services that are provided, which included amongst others: **Telephone Counselling, Face-to-face Counselling, Trauma Counselling, Life Management Services, and e-Care Services** where employees are provided with communication and services online. Quarterly reports received from the organisation that has partnered with Sedibeng Water on the EWP, show that presented problems from employees as well as their immediate family members are spread over the following problem clusters: Health and Lifestyle; Relationship issues; Organisational issues; Stress; Money Management; Child and Family care; Legal issues; Loss issues; HR issues; Information and Resources issues and Personal Development. The statistics provided in the reports show that most of the reported cases are about interpersonal conflicts, money management and absenteeism. The reports further reveal that employees and their dependents prefer to receive counselling services and support via telephone. In terms of demographics on utilisation, 61.1% of the users of the EWP are females. The average age of such users is 34.9 years and the average employment tenure of all users of the programme

is 4.6 years. Managers and supervisors are able to identify employees who seem not to be coping with work and life pressures and then refer them to the EWP counsellors for assistance and support. The EWP and other initiatives that were implemented by the organisation enabled a turnover rate of 0.07% and an improved retention rate for the year under review.

Strategic Goal 5: Compliance to Relevant Legislation and Implementation of Benchmarked Employment Best Practices and Policies

There are a number of HR policies and procedures that were reviewed during the 2014/2015 financial year. The fact that our workplace is highly unionised, can be seen in Table 7. Participation and involvement is encouraged and the policy review referred to above was done in consultation with organised labour.

The distribution of union membership as at 30 June 2015, is as follows:

Table 7: Distribution of Union Membership

Region	SAMWU	UASA	OTHER	TOTAL
Free State	88	115	21	224
North West	331	31	14	376
Northern Cape	86	2	25	113
Total	505	148	60	713

It can be confirmed that amendments or changes to the policies and procedures were done to ensure compliance to the applicable legislation and relevance to the constantly changing business environment.

The Human Resources Department can report that most of the goals that were set at the beginning of the 2014/2015 financial year were achieved, yet we are aware that we need to improve in certain areas so that we can report exceptional performance in future.

MARKETING AND COMMUNICATION

The Marketing and Communication Department is primarily responsible for developing and managing the successful implementation of the overall marketing and communication strategy of the organisation. The Department acknowledges the fact that the organisation's existence largely depends on the sound management of stakeholder relations. In this process, brand activation in the minds of our customers, the creation of public awareness and the promotion of services and products rendered by the organisation, are key activities of the Department.

The Department is using the results of regular customer satisfaction surveys to formulate a comprehensive understanding of consumer behaviour and needs. Through this information, aggressive plans and strategies are implemented to respond to the needs and expectations of our customers. Feedback is shared with all departments and issues being raised, are addressed immediately. This is giving the organisation a competitive advantage in its area of supply.

The primary functions of the Marketing and Communication Department include:

- Marketing Communications (using marketing communication and advertising media to create awareness);
- Media Relations (generating positive publicity for the organisation);
- Communication Management (facilitating research on communication and customer service related issues);
- Customer and Stakeholder Relations (fostering alliances and lobbying support for the activities of the organisation);
- Technical Communication Support (photography, graphic design and layout, speech writing, video production, exhibitions, compilation of annual reports, designing and managing the organisation's website);
- Market Development;
- Employee Relations;
- Market Positioning; and
- Corporate Social Investment.

During the 2014/2015 financial year, the Department's integrated Marketing and Communication Strategy and related programmes, activities and initiatives made a significant contribution towards ensuring that Sedibeng Water continuously engages with all its stakeholders. Central to its mandate, the Department has also coordinated customer relations, market development and growth strategy initiatives.

Marketing Communications

Sedibeng Water used integrated marketing communication messages delivered through both print and electronic media to create and promote awareness about its products and services amongst the broader public. Apart from developing brand awareness, marketing communication also assisted in retaining the current client base and improving healthy relationships with customers. Likewise, the Marketing Communication Strategy enabled Sedibeng Water to address potentially negative perceptions about the organisation and to consolidate its position within the larger market.

Media Relations

The media relations function involves establishing and maintaining good working and mutually beneficial relationships with the media. As part of ensuring positive publicity for Sedibeng Water, the Marketing and Communications Department is continuously engaging with a variety of print and electronic media, at a national, provincial, regional, as well as local level. This has also been done with regards to Sedibeng Water's new area of operation in the North West Province. A radio campaign extending over six months involving three community radio stations has commenced on 1 July 2015.

Furthermore, regular monthly and bi-monthly radio talk-shows on national radio stations were also procured during the past financial year in order to portray a positive corporate image of the organisation. These talk-shows assisted the

organisation in communicating directly with its customers. Sedibeng Water has also placed advertorials in publications such as the PMR.africa magazine, the WISA Directory, the South African Business Journal, the Government Digest, the Pan African Parliament (Special Edition) and the Provincial Government Handbook.

Communication Management

As part of ensuring that Sedibeng Water's product and services are continuously aligned with the needs and expectations of its consumers, the Marketing and Communication Department is responsible for an annual Customer Satisfaction Survey involving both retail and bulk customers. As in the previous years, the survey conducted in the 2014/2015 financial year was done by an independent research company and it afforded the organisation an opportunity to investigate the prevailing levels of customer satisfaction. The results of the survey indicated that Sedibeng Water was able to maintain its already high levels of customer satisfaction during the year under review. Sedibeng Water is also in the process of devising remedial actions to address some challenges identified in this research report.

Customer and Stakeholder Relations

It is important for the organisation to continuously engage and communicate with all its customers and stakeholders, on decisions, plans and programmes affecting them directly or indirectly. This enables Sedibeng Water to achieve its goal of efficiently providing water services, while it also affords the organisation the opportunity to be branded or regarded as a key player in improving the quality of life of communities in all areas of operation.

As a result, various channels and platforms were effectively and efficiently used during the 2014/2015 financial year to reach each targeted customer segment and stakeholder group. These included regularly scheduled meetings, initiatives to ensure involvement and collaboration on some

projects, roadshows, a corporate newsletter, the organisation's website, print and electronic media, as well as an inspector phone-in programme.

Customer Interaction Structures

Sedibeng Water continues to support and improve customer interaction structures, such as co-ordinating committees, customer interaction forums, project steering committees and community forums. Through these initiatives, the organisation has driven systematic processes that captured and recorded issues raised by customers. Feedback was referred to the relevant departments to ensure that such issues would be resolved timeously. Furthermore, these structures were also used to share information and proactively resolve issues affecting communities.

Sedibeng Water has likewise introduced customer interaction structures in the operational area of the Ngaka Modiri Molema District Municipality, where previously no such structures existed. Municipalities which have benefitted from this initiative during the past financial year, include the Mahikeng Local Municipality, the Ramotshere Moiloa Local Municipality and the Ratlou Local Municipality.

Water Education and Plant Visits

Sedibeng Water has continued to host visits to its plants by schools, tertiary institutions, government departments, training institutions, etc. In the year under review, a total of 30 visits took place. Themes covered during these visits included, amongst others, an explanation of the water cycle; how water gets to our taps; the water treatment process and the importance of water conservation and water quality monitoring.

Water Conservation Awareness Campaign

Sedibeng Water in partnership with the Department of Water and Sanitation and municipalities, embarked on several water conservation campaigns that formed part of National Water Week events held in the North West and Northern Cape Regions.

These campaigns, targeting community members and learners, were aimed at addressing and providing education on:

- Water conservation and demand management;
- Water pollution;
- Importance of paying for services provided;
- Vandalism;
- Water losses; and
- Inculcating a culture of ownership within communities.

National Science Week

Sedibeng Water participated in National Science Week celebrations by exhibiting and providing presentations to learners. National Science Week is an initiative of the national Department of Science and Technology. The purpose of this event is to encourage learners and the youth to follow careers in science, mathematics and technology.

Youth Water Summit

The key objective of the Youth Water Summit is to bring young people together to share knowledge on water related issues. It also promotes enthusiasm amongst the youth to pursue careers related to the water sector. During the Youth Water Summit, learners are given the opportunity to showcase their water related projects and take part in debates, exhibitions and competitions. Sedibeng Water participated in the event by sharing information on careers in the water sector with learners.

Mandela Day Celebrations

Sedibeng Water, in partnership with the office of the premier in the North West Province, celebrated Mandela Day by embarking on a cleaning campaign around Mahikeng. In the Northern Cape Province the organisation sponsored and participated in an event held in Galeshewe near Kimberley, during which the Sol Plaatje Local Municipality also handed over several houses to community members in the Promised Land settlement area.

Dutch Delegation Visits Sedibeng Water

The Department of Water and Sanitation and a delegation from the Netherlands visited Sedibeng Water's plant at Balkfontein on 29 October 2014. This visit formed part of the Kingfisher Programme. South Africa's water governance structure is currently being reorganised. This reorganisation involves the decentralisation of tasks from the Department of Water and Sanitation to Catchment Management Agencies (CMAs). At the end of 2015, nine such CMAs need to be established in our country. The Kingfisher Programme supports this development by providing Dutch expertise to water authorities and municipalities.

Ngaka Modiri Molema District Municipality Water Summit

Sedibeng Water participated and sponsored the 2015 Ngaka Modiri Molema District Municipality Water Summit. The summit is a platform created by the district municipality to bring together key role players in the water sector, such as local municipalities, water boards and tribal authorities, to collectively identify water services challenges in the area and to develop short and long-term solutions aimed at addressing these challenges. During the summit, representatives from both civil society and the business sector presented papers on the water services value chain, which included water conservation and demand management; water regulations; integrated water resource management; the socio-political impact on water provision, as well as the state of water and sanitation in the district.

Technical Communication Support

The Marketing and Communication Department provides technical communication support to other departments with regards to the graphic design and layout of their promotional material. The Department is likewise responsible for corporate photography, the production of DVDs and exhibition material, as well as participating in exhibitions. Additionally, this Department assists with managing the website of Sedibeng Water.

Market Development

Market development initiatives at Sedibeng Water are aimed at increasing the organisation's market share. Therefore, Sedibeng Water has conducted an assessment profiling the needs of current and potential customers. The organisation's Market Development Strategy is also underpinned by the notion of providing excellent service in all operational areas. Furthermore, Sedibeng Water's market development initiatives are not only focusing on increasing sales volumes, but are also aimed at enhancing the capacity and skills base of targeted municipalities. Regular presentations and technical audits are conducted and results are shared with the clients concerned.

Discussions between Sedibeng Water and the Dr. Ruth S. Mompati District Municipality to incorporate more areas in the district, are at an advanced stage. These targeted areas include:

- The Naledi Local Municipality;
- Reivilo (operations and maintenance, as well as Taung/Pudimoe wastewater services);
- The Mamusa Local Municipality (bulk water and wastewater services);
- Lekwa-Teemane; and
- The Bloemhof and Christiana Water and Wastewater Treatment Plants

As part of the Institutional Reform and Realignment (IRR) process, Sedibeng Water has incorporated the Pelladrift Water Board and Botshelo Water into its operations. Technical audits were conducted and presented to the municipal areas served by these former entities. Such audits will assist the Water Service Authorities concerned to identify and address prevailing problems. In some instances, the audit outcomes are already utilised as a checklist to improve the condition of the infrastructure in these areas. In addition, Sedibeng Water has commenced with negotiations to take over all the water and sanitation functions in the municipalities that form part of the Ngaka Modiri Molema District Municipality, as per the directive of the Minister of Water and Sanitation.

Employee Relations

In an attempt to promote employee relations, the Marketing and Communication Department creates platforms to enhance a sense of belonging and interaction amongst employees from different divisions and regions. Against this background, corporate events such as Sports Days, Women's Day celebrations, year-end functions, HIV Counselling and Testing, as well as HIV/AIDS awareness programmes are being presented. Wherever possible, external stakeholders are also involved in such events to foster relationship building.

Market Positioning

Through its Market Positioning Strategy, Sedibeng Water is able to understand and appreciate the needs of its customers. Needs and gaps were identified and addressed through rendering of the following services:

- Community capacity building;
- Water quality monitoring;
- Implementing agent for DWS projects;
- Environmental management services; and
- Operations and maintenance services.

Corporate Social Investment

Sedibeng Water's Corporate Social Investment Programme is aimed at creating a mutually beneficial relationship with customers in all areas of supply. As a good corporate citizen, the organisation is taking into account the historical discrepancies that exist in communities. Therefore, our Corporate Social Investment Programme is geared towards addressing the needs of previously disadvantaged communities. Sedibeng Water is actively assisting schools with special needs (learners with disabilities), women, non-governmental organisations, community-based organisations and other cause-worthy organs of civil society. This includes the provision of donations, sponsorships and the development of sports and arts. To ensure accountability, monthly meetings are held with beneficiaries, while annual reviews are also conducted to assess the impact of the organisation's contributions.

During the 2014/2015 financial year, the following schools and organisations have benefited from Sedibeng Water's Corporate Social Investment Programme:

Letlotlo Naledi Public School

The Letlotlo Naledi Public School is located in the Nala Local Municipal area that incorporates Bothaville in the Free State Region. The school accommodates more than 1 500 learners from previously disadvantaged communities in the area. Sedibeng Water established a feeding scheme at the school and a trust fund to assist these learners.

Lesedi Day Care Centre

The centre accommodates children from unemployed families and orphans around Saaiplaas in Virginia in the Free State Region. Through sponsorship money provided by Sedibeng Water, a feeding scheme was established and more than 500 children have benefited from the project.

Learamele School for the Mentally Disabled

This school, catering for mentally impaired learners, is located in Kuruman that forms part of the Ga-Segonyana Local Municipality in the Northern Cape Province. The project is aimed at developing the technical skills and arts talent of these learners. More than 150 learners benefited from the sponsorship provided by Sedibeng Water.

Lokgabeng Centre for the Disabled

The centre is located in the area of the Greater Taung Local Municipality in the North West Province. Sedibeng Water has provided a sponsorship aimed at improving the social, emotional, physical and psychological well-being of disabled and vulnerable people housed at the centre. The sponsorship was used towards providing food and to do maintenance at the centre.

M.M. Sebitloane Special School for the Disabled

The school is situated within the area of the Greater Taung Local Municipality in the North West

Province and caters for learners with special needs. Sedibeng Water has provided a sponsorship aimed at sports development and the implementation of maintenance projects at the school.

Emang Disability Care Centre

The centre is located in Wolmaransstad in the Maquassi Hills Local Municipality in the North West Province. The centre accommodates orphaned children and people with disabilities. Through this sponsorship, a feeding scheme and maintenance projects were implemented at the centre.

Tlhomamo Child Care Centre

The centre is based in Dryharts village in the Greater Taung Local Municipality in the North West Province. The centre caters for orphans and vulnerable children in the area. The sponsorship granted by Sedibeng Water was used to establish a feeding scheme.

Leboneng Special School for Intellectually Impaired Learners

The school is situated in Welkom in the Free State Province and caters for learners with severe mental impairment. Sedibeng Water's sponsorship is aimed at developing the art and basic artisan skills of these learners.

J.L.V. Echoes Providers

The centre is located at Longlands in the Dikgatlong Local Municipality in the Northern Cape Province. The centre is rendering support and hope to destitute and vulnerable members of the community. Sedibeng Water's sponsorship is aimed at assisting the centre in providing senior citizens with a place of safety and supporting people living with HIV/AIDS.

Sedibeng Water will continue to expand its Corporate Social Investment Programme in order to reach remote and isolated communities in the operational area.

SCIENTIFIC SERVICES

Introduction

The mission of Scientific Services (Quality Control Laboratory) is to provide accurate, reliable, professional and economically viable laboratory services to internal and external clients within agreed time frames, in terms of ISO/IEC 17025 (2005) requirements, and with respect to our clients and fellow employees. A Surveillance Assessment was conducted in February 2015 to ensure if our laboratory is still in compliance with national and international standards, the Accreditation Act and our own Quality Management System. During the assessment only one minor issue in need of addressing, was raised, and it was successfully resolved within a short period of time. Scientific Services strives to improve each year by setting new goals.

The goals of the 2014/2015 financial year included the following:

- To maintain the status of continued accreditation by the South African National Accreditation System (SANAS);
- To extend the scope of accredited methods;
- To replace the Nominated Representative for SANAS successfully after the retirement of the current Quality Scientist;
- To increase our business and improve on income generation;
- To improve on our customer reviews and reduce complaints;
- To review current methods and ensure back-up methods are accredited;
- To increase the scope of knowledge in the Department through accredited training;
- To successfully participate in Proficiency Testing Schemes for all methods;
- To attend to water quality non-compliance by assisting the Operations Departments; and
- To finalise the appointment of the Research Chair in Water Utilisation at the University of Pretoria.

The Quality Policy Statement was revised and changed in December 2014, while goals and objectives with targets were likewise developed. Policies and procedures that were no longer suitable, have been changed or made obsolete throughout the year. These changes are now reflected in the Quality Manual.

Performance Review

Quality Control Section

Accreditation

The South African National Accreditation System (SANAS) audited the laboratory in February 2015 as part of an 18-month assessment cycle to determine continued compliance with the international standard ISO/IEC 17025 (2005). Only one minor non-conformance was raised during the audit and was successfully resolved. SANAS granted the laboratory continued accreditation.

Extension of Scope

In February 2015 three Chemistry methods, namely Chemical Oxygen Demand, Molybdenum and Vanadium, were assessed. There were two major non-conformances, which were successfully resolved. All three methods were granted accreditation.

Nominated Representative

Following the retirement of the Quality Scientist in May 2015, the laboratory appointed a new Quality Scientist. The incumbent was assessed and approved as a Nominated Representative in June 2015.

Income Generation

During the 2014/2015 financial year, the laboratory generated a total income of R10.9 million. This amount includes revenue from the Department of Water and Sanitation's project on the monitoring of surface and wastewater samples during the financial year under review.

New Business

The laboratory managed to attract the following new customers during the past financial year:

- Nketoana Local Municipality;
- Senwes;
- Masilonyana Local Municipality;
- Ngaka Modiri Molema District Municipality; and
- Lekwa-Teemane Local Municipality.

Customer Feedback

Questionnaires (in which various operational issues were to be evaluated) had been sent to internal and external customers. The laboratory's scores in this regard (marks out of five), are indicated in Table 1.

It was also found that Sedibeng Water's Quality Control Laboratory was chosen as service provider

by clients based on price, quality of service, accreditation status and accessibility.

Goals Achieved

At the beginning of every year goals are set by each section of the laboratory (see Table 2).

New Methods are methods that have never been used in the Laboratory. The Laboratory strives towards having accredited methods for all determinands required by the South African National Standard (SANS) 241: 2015 and the General Standard for Wastewater. It is therefore necessary to formulate goals for new methods each and every year.

Table 1: Customer Survey Scores in the 2014/2015 Financial Year

Description	Average Score of All the Surveys (out of 5)
1. Results	
Turnaround time (time elapsed from when sample is received up to report is send out)	4.0
Accuracy, precision and reliability	5.0
2. Test Reports	
Test reports user-friendly and legible	4.0
Test reports received on time	5.0
3. Liaison	
Standard of communication, interaction and accessibility of laboratory personnel	5.0
Response to water quality related issues (turnaround time)	4.7
Flexibility (laboratory's ability to timeously analyse samples in case of operational problems/emergencies)	4.7
4. Adherence to Confidentiality Requirements	
Confidentiality compliance	4.0
5. Sample Retention Time	
Samples retained	5.0
6. Overall Efficiency and Effectiveness of the Laboratory	
Efficiency and effectiveness	4.7
Total %	86

Table 2: Chemistry Goals for the 2014/15 Financial Year

Determinand	Method Development	Method Validation	Accreditation
Lead	Completed	Completed	Completed
Cadmium	Completed	Completed	Completed
Chromium	Completed	Completed	Completed
Cobalt	Completed	Completed	Completed
Nickel	Completed	Completed	Completed
Iron	Completed	Completed	Completed
Manganese	Completed	Completed	Completed
Zinc	Completed	Completed	Completed
Aluminium	Completed	Completed	Completed
Barium	Completed	Completed	Completed
Boron	Completed	Completed	Completed
Copper	Completed	Completed	Completed
Chemical Oxygen Demand	Completed	Completed	Completed
pH	Completed	Completed	Completed
Electrical Conductivity	Completed	Completed	Completed
Ammonia	Completed	Completed	Completed
Orthophosphate	Completed	Completed	Completed
Total Suspended Solids	Completed	Completed	Completed

Training and Competency

Laboratory personnel continuously attend courses and training sessions, which help them increase their scope of knowledge in the field. Training opportunities attended in the 2014/2015 financial year include:

- Root Cause Analysis;
- Statistical Method validation;
- Cost of Quality;
- SANAS ISO 17025 Laboratory Systems course;
- Documenting the System;
- Lean Laboratory Management;
- Good Laboratory Practice;
- First Aid and Fire Fighting;
- TOC Seminar; and
- ICP Seminar.

Additionally, employees visited the East Rand Water Care Company (ERWAT) for benchmarking on sewage water analysis, as well as Midvaal Water for benchmarking on the analysis of Uranium (U).

Two employees attended the Test and Measurement Conference organised by the National Laboratory Association. Our Analytical Chemist presented a paper at this conference. This paper focused on the validation of a method for the determination of recoverable/free cyanide in water.

Proficiency Testing Schemes (PTS)

The Chemistry Section of the laboratory participates in two different Proficiency Testing Schemes, namely nationally in the South African Bureau of Standards (SABS) and internationally in the Environmental Resource Associates (ERA). There were only 3% outliers in the Chemistry Section during the past financial year.

The Microbiology Section of the laboratory participated in the Health Protection Agency (HPA) Proficiency Testing Scheme. During the 2014/2015 financial year only 1 outlier was prevalent in the Microbiology Section.

Inter-laboratory Comparison

The Proficiency Testing Scheme for the Somatic Coliphages Method is currently unavailable and the laboratory participates in the Inter-laboratory Comparison Scheme run by Rand Water. Inter-laboratory Comparison outliers for the year under review was zero (0).

Workload

Analyses conducted per section during the 2014/2015 financial year, are depicted in Table 3.

Highlights

- Fifteen back-up test methods were accredited by SANAS;
- Methods for the analysis of Vanadium and Molybdenum were accredited;
- The Analytical Chemist continued to be the Technical Signatory for all accredited Chemistry methods;
- The Chemistry Technician continued to be the Technical Signatory for all Chemistry methods; and
- Continued accreditation status of the laboratory.

Research and Development

All the operational water treatment works at Sedibeng Water were subjected to routine evaluations for algae presence, filter management, coagulation optimisation and disinfection efficiency. Intervention monitoring at the Lekwa-Teemane

Local Municipality (Bloemhof and Christiana) was initiated and is still continuing.

Investigations were undertaken throughout the operational area of Sedibeng Water in an effort to develop solutions to persistent problems. Investigations into microbiological failure at the Taung borehole and reservoirs highlighted the importance of impeccable and consistent disinfection procedures, and how any deviations from these set protocols impact negatively on the quality of the water supplied. By re-instating the protocols and re-affirming the significance thereof to the personnel, the situation was corrected satisfactorily.

The newly acquired operations of the Dinokana Water Supply System presented microbiological failures promptly and was thus investigated with urgency. Changes to correct the situation were recommended, which resulted in immediate improvement. Further investigation into the permanent upgrading of the disinfection system, is in process.

An investigation into Distribution Turbidity failure at the Bloemhof Water Treatment Works, emphasised the efficiency of correct and direct communication between operational staff, the organisation and the community, in order to solve problems before they become critical.

General investigations were conducted at the Christiana and Bloemhof Wastewater Treatment Works in order to gather and convey information on operational issue at these two plants to the Sedibeng Water Research Chair in Water Utilisation Engineering at the University of Pretoria, which was launched last year.

Table 3: Number of Analyses Conducted per Section

January 2014 – June 2015	Analyses Done
Chemistry	178 239
Microbiology	60 904

Capacitating and developing people by presenting opportunities for training in skills related to performing filter evaluations and jar tests, is an important issue. Therefore, skills transfer and training were conducted (as and when requested) throughout the year. Such training was provided to Sedibeng Water employees, as well as to people outside the organisation. Jar Tests Procedure training was conducted at all Sedibeng Water plants in order to develop the staff, as well as to improve and optimise operational procedures. The continuation of this training is imperative to increase the level of exposure of employees, as it benefits both the individual and the organisation.

Optimisation of Filtration Processes

Fourteen of the 20 operational filters at the Balkfontein Water Treatment Works were evaluated. Parameters to evaluate the filters were within specifications. Therefore, the general condition of the Balkfontein filters is considered to be good. Continued evaluation on a rotation basis ensures that these filters are being kept in optimum operational condition.

Department of Water and Sanitation (DWS) Project

The Department of Water and Sanitation appointed Sedibeng Water as the Implementing Agent for a project to monitor surface and wastewater in the Middle Vaal and Upper Orange Water Management Areas. It had been a three year project, which ended in March 2015. The aim of the project was to effectively monitor the quality of the water resources and the wastewater released back into the environment. To this end, 93 surface water sampling points and 89 wastewater effluent sampling points have been identified across the whole project area, which spans the entire Free State Province, as well as parts of the North West, Northern Cape and Eastern Cape Provinces. Each of these sampling

points was sampled once every month according to a monitoring programme. Scientific Services appointed a dedicated sampler for the project and this formed part of knowledge transfer to an unemployed young individual.

The samples were brought for analysis to the Scientific Services Accredited Quality Control Laboratory at Balkfontein within 24 hours of sampling. Chemical and microbiological determinands, specified by DWS, were analysed for each sample and the results were uploaded via data templates to the DWS National Water Quality Management System Database.

Launch of a Research Chair in Water Utilisation Engineering at the University of Pretoria

In an effort to expand our research efforts regarding operational issues of major concern, Sedibeng Water signed a contract with the University of Pretoria to establish a Research Chair in Water Utilisation Engineering in the University's Department of Chemical Engineering. Research that this Chair will initially conduct, relates to the declining water quality in source water treated at the various water treatment works managed by Sedibeng Water; the development of a flow model to be used in our distribution systems in order to calculate retention times, as well as the removal of nitrates in the water of our different wastewater treatment works.

Sedibeng Water will provide funding for the operation and maintenance of this Chair. Professor Evans Chirwa from the Department of Chemical Engineering at the University, is the Project Manager. Sedibeng Water will form part of an Advisory Committee that is responsible for the management of the Chair and its activities. The official launch of the Sedibeng Water Chair in Water Utilisation Engineering took place on 9 September 2014 at the University of Pretoria.

The Chair in Water Utilisation Engineering offers several benefits to Sedibeng Water as a water utility, when it comes to solving water quality problems through scientific research. The research project team will consist of the Research Chair, one post-doctoral member and two Ph.D.-students. Extensive pilot and bench scale work was performed during the year under review, while the first Advisory Committee meeting is scheduled for the next financial year (September 2015) to evaluate progress and determine the way forward.

Drinking Water Quality Performance: Regional Water Quality

Water Treatment Works

Water quality performance is established for each plant on an annual basis indicating compliance (as a percentage) to each determinand listed in SANS 241:2015. It is required that a 95% compliance rate for each determinand is achieved on an annual basis.

Free State Region

Balkfontein (Table 4)

The Balkfontein Water Treatment Works has put out final water of exceptionally high quality during the past financial year. All determinands listed in SANS 241 have a compliance percentage above the required 95%.

Virginia (Table 4)

The Virginia Water Treatment Works delivered treated water of excellent quality to consumers and achieved above 95% compliance for the determinands tested in SANS 241.

North West Region

Bogosing (Table 5a)

Despite the best efforts by personnel at the Bogosing Water Treatment Works, the final water delivered by this plant continues to fail in meeting SANS 241 requirements. Aesthetic determinands, colour and turbidity, as well as aluminium and iron,

show a decline in compliance from last year - though microbiological compliance improved somewhat. All other determinands presented greater than 95% compliance rates.

Kgomotso (Table 5a)

The final water of the Kgomotso Water Treatment Works complied with the SANS 241 requirements during the 2014/2015 financial year and in doing so, delivered safe water of good quality to consumers.

Pampierstad (Table 5b)

By having final water which complied with the SANS 241 requirements, the Pampierstad Water Treatment Works delivered safe and good quality water to its consumers during the past financial year.

Pudimoe (Table 5b)

Despite on-going construction and the extension of infrastructure at the Pudimoe Water Treatment Works, final water delivered during the reporting period complied with all SANS 241 requirements.

Mahikeng (Table 5c)

Water is supplied to Mahikeng from two systems, namely the Mahikeng Water Treatment Works and the Mmabatho Water Treatment Works. Water samples from these two systems were in general acceptable, with a few microbiological and turbidity failures. Non-compliance was addressed soon after the sampling programmes were implemented and very few failures have occurred in the last months.

Dinokana (Table 5d)

The Dinokana Water Supply System gets its water from the Dinokana Eye. This water is of exceptional quality.

Itsoseng (Table 5d)

The borehole system supplying Itsoseng has put out final water of exceptionally high quality during the period of reporting. All determinands listed in SANS 241 have a compliance percentage above the required 95%.

Northern Cape Region

Vaal Gamagara (Table 6a)

The Vaal Gamagara Water Treatment Works has put out final water of exceptionally high quality during the past financial year. All determinands listed in SANS 241 have a compliance percentage above the required 95%.

Pelladrift (Table 6a)

By having final water which complied with the SANS 241 requirements, the Pelladrift Water Treatment Works delivered safe and good quality water to its consumers during the year under review.

Henkries (Table 6b)

By having final water which complied with the SANS 241 requirements, except for turbidity which has a compliance of 77.8%, the Henkries Water Treatment Works delivered safe and good quality water to its consumers during the 2014/2015 financial year.

Table 4 Compliance of Potable Water in the Free State Region (based on SANS 241: 2015)					
Determinand	Risk	Unit	Standard Limits	Virginia Plant	Balkfontein Plant
Microbiological determinands					
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	>99.99%	>99.99%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Protozoan parasites					
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	>99.99%	99.00%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	>99.99%	99.50%
Somatic coliphages	Operational	Count per 10 mL	Not detected	>99.99%	>99.99%
Physical and aesthetic determinands					
Free Chlorine	Chronic health	mg/L	≤ 5	-	99.50%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	>99.9%	96.40%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	97.90%	>99.9%
Odour or taste	Aesthetic	-	Inoffensive		
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	n/a	n/a
Turbidity	Operational	NTU	≤ 1	>99.9%	97.10%
	Aesthetic	NTU	≤ 5	>99.9%	>99.9%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%	>99.9%
Chemical determinands – macro-determinands					
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	>99.9%	>99.9%
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%	>99.9%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%	>99.9%
Chemical determinands – micro-determinands					
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	>99.9%	98.20%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	>99.9%	>99.9%
Chemical determinands – organic determinands					
Total organic carbon as C	Chronic health	mg/L	≤ 10	>99.9%	>99.9%
Trihalomethanes:					
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%	>99.9%

Table 5a Compliance of Potable Water in the North West Region (based on SANS 241: 2015)					
Determinand	Risk	Unit	Standard Limits	Bogosing Plant	Kgomotso Plant
Microbiological determinands					
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	97.90%	97.00%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	-	-
Protozoan parasites					
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	97.90%	>99.99%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	97.90%	>99.99%
Somatic coliphages	Operational	Count per 10 mL	Not detected	>99.99%	>99.99%
Physical and aesthetic determinands					
Free Chlorine	Chronic health	mg/L	≤ 5	89.6%	94.30%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	35.4%	98.10%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	>99.9%	>99.9%
Odour or taste	Aesthetic	-	Inoffensive	-	-
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	-	-
Turbidity	Operational	NTU	≤ 1	8.00%	96.20%
	Aesthetic	NTU	≤ 5	12.50%	96.20%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%	>99.9%
Chemical determinands – macro-determinands					
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	-	-
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%	>99.9%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%	>99.9%
Chemical determinands – micro-determinands					
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	50.00%	>99.9%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	37.50%	>99.9%
Chemical determinands – organic determinands					
Total organic carbon as C	Chronic health	mg/L	≤ 10	97.90%	>99.9%
Trihalomethanes:					
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%	>99.9%

Table 5b Compliance of Potable Water in the North West Region (based on SANS 241: 2015)					
Determinand	Risk	Unit	Standard Limits	Pampierstad Plant	Pudimoe Plant
Microbiological determinands					
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	>99.99%	>99.99%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	-	-
Protozoan parasites					
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	>99.99%	>99.99%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	>99.99%	98.00%
Somatic coliphages	Operational	Count per 10 mL	Not detected	>99.99%	>99.99%
Physical and aesthetic determinands					
Free Chlorine	Chronic health	mg/L	≤ 5	>99.9%	97.00%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	>99.9%	>99.9%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	>99.9%	>99.9%
Odour or taste	Aesthetic	-	Inoffensive	-	-
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	-	-
Turbidity	Operational	NTU	≤ 1	98.10%	89.20%
	Aesthetic	NTU	≤ 5	>99.9%	>99.9%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%	>99.9%
Chemical determinands — macro-determinands					
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	-	-
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%	97.80%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%	>99.9%
Chemical determinands — micro-determinands					
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	98.10%	>99.9%
Chemical determinands — organic determinands					
Total organic carbon as C	Chronic health	mg/L	≤ 10	>99.9%	>99.9%
Trihalomethanes:					
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%	>99.9%

Table 5c Compliance of Potable Water in the Northern West Region (North)					
(based on SANS 241: 2015)					
Determinand	Risk	Unit	Standard Limits	Mmabatho Plant	Mahikeng Plant
Microbiological determinands					
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	>99.9%	90.90%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	-	-
Protozoan parasites					
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	>99.99%	90.90%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	>99.99%	>99.99%
Somatic coliphages	Operational	Count per 10 mL	Not detected	>99.99%	>99.99%
Physical and aesthetic determinands					
Free Chlorine	Chronic health	mg/L	≤ 5	>99.9%	>99.9%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	>99.9%	>99.9%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	>99.9%	>99.9%
Odour or taste	Aesthetic	-	Inoffensive	-	-
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	-	-
Turbidity	Operational	NTU	≤ 1	94.12%	>99.9%
	Aesthetic	NTU	≤ 5	>99.9%	>99.9%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%	>99.9%
Chemical determinands – macro-determinands					
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	>99.9%	>99.9%
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%	>99.9%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%	>99.9%
Chemical determinands – micro-determinands					
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	>99.9%	>99.9%
Chemical determinands – organic determinands					
Total organic carbon as C	Chronic health	mg/L	≤ 10	>99.9%	>99.9%
Trihalomethanes:					
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%	>99.9%

Table 5d Compliance of Potable Water in the Northern West Region (North)					
(based on SANS 241: 2015)					
Determinand	Risk	Unit	Standard Limits	Dinokana Plant	Itsoseng Plant
Microbiological determinands					
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	83.33%	>99.9%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	-	-
Protozoan parasites					
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	88.89%	>99.99%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	>99.99%	>99.99%
Somatic coliphages	Operational	Count per 10 mL	Not detected	>99.99%	>99.99%
Physical and aesthetic determinands					
Free Chlorine	Chronic health	mg/L	≤ 5	>99.9%	>99.9%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	>99.9%	>99.9%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	>99.9%	>99.9%
Odour or taste	Aesthetic	-	Inoffensive	-	-
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	-	-
Turbidity	Operational	NTU	≤ 1	96.56%	>99.9%
	Aesthetic	NTU	≤ 5	>99.9%	>99.9%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%	>99.9%
Chemical determinands – macro-determinands					
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	>99.9%	>99.9%
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%	>99.9%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%	>99.9%
Chemical determinands – micro-determinands					
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	>99.9%	>99.9%
Chemical determinands – organic determinands					
Total organic carbon as C	Chronic health	mg/L	≤ 10	>99.9%	>99.9%
Trihalomethanes:					
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%	>99.9%

Table 6a Compliance of Potable Water in the Northern Cape Region (based on SANS 241: 2015)					
Determinand	Risk	Unit	Standard Limits	Vaal Gamagara Plant	Pelladrift Plant
Microbiological determinands					
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	>99.9%	>99.9%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	-	-
Protozoan parasites					
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	>99.99%	>99.99%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	>99.99%	>99.99%
Somatic coliphages	Operational	Count per 10 mL	Not detected	-	-
Physical and aesthetic determinands					
Free Chlorine	Chronic health	mg/L	≤ 5	96.30%	95.20%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	96.30%	>99.9%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	>99.9%	>99.9%
Odour or taste	Aesthetic	-	Inoffensive	-	-
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	-	-
Turbidity	Operational	NTU	≤ 1	98.20%	95.20%
	Aesthetic	NTU	≤ 5	>99.9%	>99.9%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%	>99.9%
Chemical determinands — macro-determinands					
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	>99.9%	>99.9%
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%	>99.9%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%	>99.9%
Chemical determinands — micro-determinands					
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	98.20%	>99.9%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	>99.9%	>99.9%
Chemical determinands — organic determinands					
Total organic carbon as C	Chronic health	mg/L	≤ 10	96.30%	>99.9%
Trihalomethanes:					
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%	>99.9%

Table 6b Compliance of Potable Water in the Northern Cape Region (based on SANS 241: 2015)				
Determinand	Risk	Unit	Standard Limits	Henkries Plant
Microbiological determinands				
<i>E. coli</i> or faecal coliforms	Acute health – 1	Count per 100 mL	Not detected	>99.9%
Cytopathogenic viruses	Acute health – 2	Count per 10 L	Not detected	-
Protozoan parasites				
<i>Cryptosporidium</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%
<i>Giardia</i> species	Acute health – 2	Count per 10 L	Not detected	>99.99%
Total coliforms	Operational	Count per 100 mL	≤ 10	88.89%
Heterotrophic plate count	Operational	Count per mL	≤ 1 000	>99.99%
Somatic coliphages	Operational	Count per 10 mL	Not detected	-
Physical and aesthetic determinands				
Free Chlorine	Chronic health	mg/L	≤ 5	66.60%
Colour	Aesthetic	mg/L Pt-Co	≤ 15	>99.9%
Conductivity at 25°C	Aesthetic	mS/m	≤ 170	>99.9%
Odour or taste	Aesthetic	-	Inoffensive	-
Total dissolved solids	Aesthetic	mg/L	≤ 1 200	-
Turbidity	Operational	NTU	≤ 1	77.80%
	Aesthetic	NTU	≤ 5	>99.9%
pH at 25°C	Operational	pH units	≥ 5 to ≤ 9,7	>99.9%
Chemical determinands — macro-determinands				
Nitrate as N	Acute health – 1	mg/L	≤ 11	>99.9%
Nitrite as N	Acute health – 1	mg/L	≤ 0,9	>99.9%
Sulfate as SO ₄ ²⁻	Acute health – 1	mg/L	≤ 500	>99.9%
Fluoride as F ⁻	Chronic health	mg/L	≤ 1,5	>99.9%
Ammonia as N	Aesthetic	mg/L	≤ 1,5	>99.9%
Chloride as Cl ⁻	Aesthetic	mg/L	≤ 300	>99.9%
Sodium as Na	Aesthetic	mg/L	≤ 200	>99.9%
Zinc as Zn	Aesthetic	mg/L	≤ 5	>99.9%
Chemical determinands — micro-determinands				
Antimony as Sb	Chronic health	µg/L	≤ 20	>99.9%
Arsenic as As	Chronic health	µg/L	≤ 10	>99.9%
Cadmium as Cd	Chronic health	µg/L	≤ 3	>99.9%
Total chromium as Cr	Chronic health	µg/L	≤ 50	>99.9%
Cobalt as Co	Chronic health	µg/L	≤ 500	>99.9%
Copper as Cu	Chronic health	µg/L	≤ 2 000	>99.9%
Cyanide (recoverable) as CN ⁻	Acute health – 1	µg/L	≤ 70	>99.9%
Iron as Fe	Chronic health	µg/L	≤ 2 000	>99.9%
Lead as Pb	Chronic health	µg/L	≤ 10	>99.9%
Manganese as Mn	Chronic health	µg/L	≤ 500	>99.9%
Mercury as Hg	Chronic health	µg/L	≤ 6	>99.9%
Nickel as Ni	Chronic health	µg/L	≤ 70	>99.9%
Selenium as Se	Chronic health	µg/L	≤ 10	>99.9%
Uranium as U	Chronic health	µg/L	≤ 15	>99.9%
Vanadium as V	Chronic health	µg/L	≤ 200	>99.9%
Aluminium as Al	Operational	µg/L	≤ 300	>99.9%
Chemical determinands — organic determinands				
Total organic carbon as C	Chronic health	mg/L	≤ 10	>99.9%
Trihalomethanes:				
Chloroform	Chronic health	mg/L	≤ 0,3	>99.9%
Bromoform	Chronic health	mg/L	≤ 0,1	>99.9%
Dibromochloromethane	Chronic health	mg/L	≤ 0,1	>99.9%
Bromodichloromethane	Chronic health	mg/L	≤ 0,06	>99.9%
Microcystin as LR	Chronic health	µg/L	≤ 1	-
Phenols	Aesthetic	µg/L	≤ 10	>99.9%

SAFETY, HEALTH AND ENVIRONMENT

At Sedibeng Water, our Safety, Health and Environment (SHE) Programme is designed to exceed the minimum legal requirements. Our SHE Programme guarantees the accomplishment of our long-term sustainability goals and safeguards the wellness of our employees, the communities we serve and the well-being of the future generations. Our success in the implementation of the SHE Programme is driven by the commitment that coexists between Management and employees of Sedibeng Water. Our SHE Programme, based on risk management processes, is integrated into our business operations to lower the probability of the occurrence of SHE incidents and to reduce the severity thereof. Through effective communication, awareness and training, we are able to achieve our key objective targets.

SHE Performance Review

It can be proudly said that at the end of the 2014/2015 financial year, Sedibeng Water has retained its record of being a fatality-free organisation. As a matter of fact, fatality does not feature at all in our key strategic objectives. Although our key strategic objective is not to exceed a disabling injury frequency rate (DIFR) of two (2), the Safety, Health and Environment (SHE) Department has set a stringent objective of maintaining a DIFR of less than one (1) in all our operational areas. For us to achieve NOSA Five Star Grading, we have to maintain a DIFR of less than one (1) in all the respective workplaces.

At operational level, our target is to achieve and maintain NOSA Five Star Grading and a zero (0) disabling injury (DI). Of course, the basic objective of the SHE Programme is to prevent and minimise incidents, which is automatically coupled by the achievement of a higher NOSA Audit Grading. Since the 2012/2013 financial year, we have been focusing on achieving these underlying key performance areas, namely, the reduction of the DIFR and the improvement in the external NOSA Audit Grading.

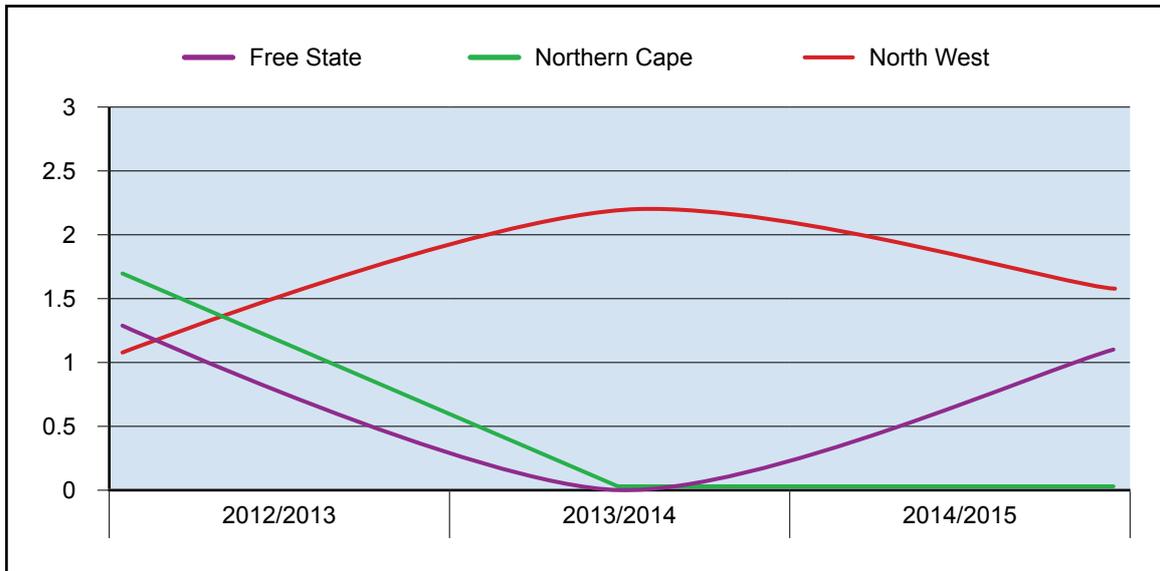
Injury Statistics

The Northern Cape Region has maintained a DIFR of zero (0) since in the early months of the 2013/2014 financial year and excelled in sustaining that remarkable performance throughout the year under review. However, despite some disabling injuries that were experienced in the Free State Region and North West Region, all regions successfully completed the 2014/2015 financial year with a DIFR of less than two (2) and thus achieved the organisation's key strategic objective in this regard. Although the disabling injuries in the Free State Region and in the North West Region were of low severity, they have caused management to review the applicable work procedures in an effort to prevent the recurrence of such incidents. The following table and graph show the performance trends during the 2012/2013 to 2014/2015 financial year:

Table 1: DIFR (Disabling Injury Statistics)

Region	Disabling Injury Frequency Rate (DIFR)		
	2012/2013	2013/2014	2014/2015
Free State	1.3	0	1.1
Northern Cape	1.7	0	0
North West	1.1	2.2	1.6

Graph 1: DIFR (Disabling Injury Frequency Rate) Trends



External Audit Results

Sedibeng Water was audited during April 2015 using the new NOSA system, the CMB 253N. The results of the audit are displayed in Table 2.

Table 2: NOSA CMB 253N Audit

Region	2012/2013		2013/2014		2014/2015	
	Score (%)	NOSA Grading	Score (%)	NOSA Grading	Score (%)	NOSA Grading
Free State	75.00	4 Stars	84.00	4 Stars	89.36	4 Stars
Northern Cape	66.09	3 Stars	78.84	4 Stars	88.38	4 Stars
North West	68.28	3 Stars	69.29	3 Stars	81.70	4 Stars

All regions showed an increase in the trends of the audit scores since 2012/2013. These upturn trends can mainly be attributed to the basic SHE Plan based on the continuous improvement approaches. The SHE Plan is implemented at grassroots level and it includes amongst other things, the following:

- The strict enforcement of Incident Reporting and the Investigation System whereby all incidents including disabling injuries, non-disabling injuries (medical and first-aid cases), environmental incidents, vehicle and property damages and near misses are reported within 24 hours. All incidents are investigated to identify the root causes and to identify the appropriate corrective and preventative measures. Management is involved in the investigation of all serious incidents to convey the message to employees that such incidents are not to be tolerated. As part of awareness and preventative measures, serious incidents are recalled during the SHE Committee Meetings and the SHE Talks.
- We incorporate risk assessments in our operations. Risk assessments form part of our operational plans and procedures, and therefore have to be reviewed and updated regularly.
- We have put in place fully functional SHE structures at all levels.
- We develop and implement an annual training matrix to ensure that all employees are trained and retrained as planned and/or as necessary.
- We have developed and implemented communication and awareness programmes which includes, amongst other things, the monthly SHE Committee Meetings, the monthly SHE Talks, Green Area Talks, videos, posters and publications.
- We have established a SHE Executive Committee, which jointly with the Executive Risk Management Committee, sits on a quarterly basis to review the SHE Programme and the risk matrix.
- Management together with the SHE representatives conduct two Internal SHE Audits per annum.

- The SHE Officers together with the responsible supervisors of particular work areas conduct monthly inspections.
- We conduct at least one external audit (NOSA CMB 253N Integrated System Audit) per annum in all work areas.
- We conduct annual opinion inspections or surveys by specialists of occupational health, safety and environment related matters. Opinion surveys cover stressors and/or hazards such as temperature, lighting or illumination, noise, ventilation, ergonomics, dust, hazardous chemical substances, fire risks, glass doors, etc.
- We develop, implement and monitor detailed corrective action plans for all audits, inspections and/or surveys.

Training

The Management of Sedibeng Water has continued to show its enabling commitment of training and development of employees. Training is regarded as so important that it forms part of our key strategic objectives. In the beginning of the financial year, the SHE Department developed an annual training matrix as a tool for successful implementation and monitoring of the training programme. The matrix was populated by information derived from the training needs analysis to close the gaps that were identified in the legal, operational and system improvement requirements. Based on the annual training matrix, the following courses were successfully conducted during the 2014/2015 financial year:

- Overhead Crane;
- Counterbalance Truck;
- Cherry Picker Operation;
- Advanced Fire Fighting;
- First Aid Level 1;
- First Aid Level 2;
- SHE Representative Functions;
- Venomous Creatures Awareness;
- Confined Space Entry;
- Handling of Hazardous Chemicals;
- Transportation of Dangerous Goods By Road;
- Peer Educator Training;

- Permit to Work and Lockout Procedure;
- Preliminary Incident Investigation;
- Root Cause Analysis;
- Office Safety;
- Scaffolding Erection;
- Scaffolding Inspection;
- TLB Operation;
- Truck-mounted Crane;
- Job Observation; and
- Incline Winch.

Occupational Hygiene Programme

The required Occupational Hygiene Surveys were conducted in all operational areas of Sedibeng Water. The purpose of these surveys is to ensure that all work areas comply with recommended exposure limits and that management understands the health risks that employees could be exposed to. The surveys included the measurement of noise, vibration, illumination, thermal and cold stresses, ergonomics assessment, dust, welding fumes, hazardous chemical substances such as chlorine, any hazardous physical aspects such as glass doors, etc. Action plans to rectify the identified deviations and to implement the recommendations from the surveys were developed, implemented and monitored.

Occupational Health Management

The programme aims at monitoring the health status of employees throughout their employment period to determine their medical fitness and to identify

any adverse health effects that might be caused by occupational risks. Employees undergo the following three distinct medical surveillances:

- **Entry Medicals** which are conducted during the recruitment stage to determine the candidate's fitness in relation to the job requirements and to identify and record any existing medical conditions.
- **Periodic Medicals** which are conducted at a predetermined frequency based on job requirements and/or risk exposure levels. In addition to medical surveillance, employees that are exposed to biological hazards due to their areas of work, such as the sewage treatment plants and the laboratories, undergo scheduled immunisation.
- **Exit Medicals** which are conducted at the termination of an employment contract to identify any gaps relating to an employee's medical condition at recruitment and at termination of the employment contract.

The above medical surveillances are conducted by registered Occupational Health Practitioners in our areas of operation. All identified medical conditions resulting from illness or injuries during the period of employment are registered for claims with the Department of Labour in terms of the Compensation for Occupational Injuries and Diseases Act. Table 3 displays medical surveillances that were done as part of the Occupational Health Programme in the 2014/2015 financial year.

Table 3: Medical Surveillances Conducted in the 2014/2015 Financial Year

Region	Pre-employment (Baseline)	Periodic (Scheduled)	Exit	Immunisation
Free State	53	23	26	0
Northern Cape	13	13	1	0
North West	250	33	15	0

NB: No immunisations were conducted in 2014/2015 because the previous immunisation for hepatitis A and hepatitis B were done using the Twinrix Vaccination Schedule and therefore were still valid.

Environmental Management System

Environmental impact and aspect assessments had been conducted in the Northern Cape Region, as well as in the Free State Region. An environmental pollution study was conducted in the North West Region, where there is potential for soil pollution from diesel and oil at boreholes. Corrective action plans were developed to combat all the environmental deviations that had been identified.

In compliance with Element 1.26 of the NOSA CMB 253N guideline, resource conservation plans had been developed and implemented throughout the organisation. The plans are aimed at managing the use of natural resources such as energy (electricity and fuel consumptions) and water consumption. The implementation of resource conservation plans is monitored and reported monthly.

Waste management continues to be a nucleus in our environmental management programme. Hazardous waste in the forms of used oil, oil rags, expired chemicals and fluorescent tubes are collected and disposed by registered waste management companies. Certificates of safe collection and safe disposal are issued in this regard. Hazardous biological waste generated in the laboratories is also collected regularly by a contracted service provider. Waste separation, with the intention of implementing the recycling programme, has also been introduced in all the regions.

Sedibeng Water has never experienced any serious environmental incident. An environmental incident is defined as any event that has a localised effect that causes environmental damage beyond our operational boundaries or that has substantial adverse effect on the community. Based on the risk assessments, Chlorine has so far been identified as the highest risk factor. As part of emergency preparedness, Sedibeng Water has developed a Chlorine Emergency Plan, which still has to undergo consultation with the municipalities and all other relevant authorities.

Employees' Well-being

The Management of Sedibeng Water has continued to show commitment to the well-being of employees. Sedibeng Water's Employees Wellness Programme includes the following main elements:

- Disease Management Programme;
- Employees Assistance Programme (EAP); and
- Employees Recreational Programme.

Disease Management Programme

This is a comprehensive programme that covers medical examinations, the monitoring of identified cases, awareness and making necessary medication accessible. The HIV and AIDS programme form part of Sedibeng Water's strategic intent and it was established back in 2003 in support of the National HIV/AIDS Strategy Plan and South African Business Coalition on HIV and AIDS. The programme has been successful and improving ever since its establishment. The programme includes, amongst other things, the following:

- The establishment and training of HIV and AIDS support structures (peer educators) at all areas of operations;
- The establishment of HIV and AIDS committees at all areas of operations;
- Undertaking at least four (4) HIV and AIDS awareness campaigns per year;
- Undertaking at least two (2) HIV Counselling and Testing (HCT) in all areas of operations per year; and
- Develop and implement a comprehensive Disease Management Programme, which gives access to antiretroviral drugs to employees and their beneficiaries who are in need of such drugs.

Through experience of related cases at work, Management came to the decision of extending the Disease Management Programme to incorporate the assessment and awareness of the following common chronic conditions:

- High/low blood pressure;
- Diabetes; and
- Cholesterol.

Employees are also assessed for the following health conditions:

- Body mass index;
- TB symptomatic; and
- Sexually transmitted infection symptomatic.

Employees Assistance Programme (EAP)

Sedibeng Water has contracted a service provider to manage its Employees Assistance Programme. The programme was placed externally in order to maximise its enrolment by employees without compromising confidentiality. The overall objective of the EAP is to increase employees' productivity and effectiveness.

Employees Recreational Programme

Chronic illnesses such as diabetes, hypertension and cholesterol are becoming a national concern. The increase in chronic cases has been identified as changes in lifestyle leading to obesity and stress. Sedibeng Water, taking cognisance of these problems, introduced the Employees Recreational Programme that includes regular scheduled activities such as Netball, Soccer, Fun run/walk, etc. Employees in different regions participate in internal and external sport tournaments. Every year in November, Sedibeng Water has been holding a Sports Day for its employees. In addition to sport, the organisation is in the process of establishing gymnasiums for employees in the different regions. The first gymnasium was established at Vaal Gamagara in the Northern Cape Region, during the 2013/2014 financial year. The organisation is currently busy with the establishment of gymnasiums in the Free State Region and thereafter the focus will be in the North West Region and the other operational areas of the Northern Cape Region in Namakwa.

Incentive Programme

Element 5.21.2 of the NOSA CMB 253 system requires the organisation to have competitions relating to the best achievements in the implementation of the SHE system, and also to reward the winners. In order to comply with these requirements, Sedibeng Water initiated a SHE Representatives Competition to recognise the best performers in executing the duties of the SHE Representative. Based on the set criteria for the competition, monthly winners are selected from each SHE Committee and rewarded at regional levels as the 'SHE Rep of the Month' and the 'SHE Rep of the Year'. The best performer in the regional category of the 'SHE Rep of the Year' is crowned the 'Organisational SHE Rep of the Year'.

The performance of the SHE management system has shown satisfying improvement during the 2014/2015 financial year. This improvement is as a result of the commitment of all employees at all levels in the organisation. Continual commitment and improvement will ensure that the organisational strategic objectives are achieved in years to come.

The 2014/2015 financial year has been a successful year in the implementation of the SHE Programme, with notable improvement compared to the previous three financial years. The improvement is as a result of, amongst other things, the following initiatives:

- Commitment shown by Management and employees;
- The positive attitude of both the Management and employees toward the SHE Programme;
- Management's planning that enables the successful implementation and continuous improvement of the SHE Programme.

Through these initiatives, Sedibeng Water has achieved all the set targets of the SHE strategic objectives. Based on the current upturn in performance trends, it can be projected that the organisation is heading for better performance results in the 2015/2016 financial year and beyond.



OPERATIONS

- › OPERATIONS REVIEW
- › NEW BUSINESS DEVELOPMENT
- › NORTHERN CAPE REGION
- › NORTH WEST REGION
- › FREE STATE REGION
- › PROJECT MANAGEMENT UNIT

OPERATIONS REVIEW

Sections that form part of the Operations function at Sedibeng Water are responsible for core business, as well as new business development and project management. Since the organisation's operational area covers three provinces, a regionalised operational approach is being followed to ensure efficient service delivery at ground level. Resultantly, the Operations function consists of 3 regional business units, namely the Free State, the Northern Cape and the North West Regions, as well as the New Business Development Department and the Project Management Unit.

The core activities of Operations include:

- Abstraction of both ground and surface water;
- Purification and treatment of raw water and wastewater;
- Supply, treatment and distribution of bulk water;
- Operation and maintenance of water and sewerage works, as well as storage and network facilities;
- Implementation of capital and refurbishment projects as part of asset management, as well as replacement planning; and
- Development of new business and strategic support services.

Operational activities during the 2014/2015 financial year in the Free State, Northern Cape and North West Regions will now be summarised in terms of:

- Water volumes, sales and quality;
- Wastewater; and
- Infrastructure and maintenance.

Free State Region

The Free State Region recorded an increase in water sales of 5.09%. This is, however, down from the 10.01% increase in the previous financial year. Final water at both the Balkfontein and Virginia Water Treatment Plants complied with SANS 241:2014 standards for drinking water with regards to microbiological, physical and organoleptic, as

well as chemical safety. However, due to heavy rains in the catchment area of the Vaal River, raw water quality deteriorated resulting in high turbidity and algal blooms.

The effluent discharged from the Balkfontein Wastewater Treatment Plant complied with the General Standard for Wastewater, except for nitrates and *E. coli*. All the reservoirs in the Free State Region were cleaned according to a scheduled programme and refurbishment was done where necessary. Expenditure in the Free State Region on maintenance and refurbishment for the 2014/2015 financial year amounted to R15,916,718 which represents a decrease of 0.4%, compared to the previous financial year.

Plans for the upgrading of the Buisfontein-Tsweleng, Wesselsbron and Koppie Alleen-Ventersburg Bulk Water Supply Schemes have been developed. Final designs for these upgrades were also completed. Construction will commence as soon as the Environmental Impact Assessments have been approved and the appropriate funding is sourced. At Balkfontein a building was refurbished with new equipment in order to supply bottled water. Building on the new sludge dams at the Virginia Plant has not yet commenced, due to changed legislation.

Sedibeng Water was commissioned by the Department of Water and Sanitation to construct wastewater plants at Monyakeng and Wolmaransstad. Furthermore, Sedibeng Water is busy with cathodic protection refurbishment in order to counterbalance the effect of corrosion on pipes in the water networks. There was also unplanned maintenance that had to be done, mainly on leaks in the system and due to the ageing of equipment. Unfortunately, the Region also experienced an escalation in expenses related to unforeseen maintenance as a result of vandalism.

North West Region

During the past financial year, Sedibeng Water continued to render potable water supply and wastewater treatment services on behalf of the Water Services Authorities in the North West Province. Potable water production in the Region increased by 34.4%. This was mainly due to larger volumes that had been extracted from boreholes. When compared to the 2013/2014 financial year, borehole water volumes were up by 2 035 210 dm³.

However, production in this area is fluctuating, mainly due to boreholes that run dry. Water tankering services had to be delivered due to infrastructure breakdown and other emergencies. Nevertheless, the extent of tankering services declined in the 2014/2015 financial year by about 47%. The increased reliance on water from boreholes also caused a significant rise in expenditure on diesel used for pumping purposes. During the past financial year, 32 559 more litres of diesel was used than in the 2013/2014 financial year.

Potable water quality in the Region complied with SANS 241:2006 standards and met microbiological, chemical and operational requirements for drinking water.

Sedibeng Water was appointed by the Department of Water and Sanitation to operate and maintain the Bloemhof Wastewater Treatment Plant on behalf of the Dr. Ruth S. Mompati District Municipality. However, only the old plant is operational, since the new plant has been vandalised and is currently in a non-operational condition.

During the past financial year, the Region supplied reticulation services to various communities. The newly acquired Ganyesa District has come with its own challenges, as many of the villages in this district have no water. The area is very dry and ground water limited. Currently, water tankering is the only means of water supply.

The most extensive production of bulk water in the North West Region comes from the Mahikeng Water Treatment Works, which produced 62% of the bulk water supply. The Region continued to deliver operational and maintenance services in the Ngaka Modiri Molema District Municipality, where 82 villages are being served. Additionally, during the past financial year 1 718 pipeline, plant and borehole maintenance activities were conducted within the boundaries of this district municipality.

An extensive increase of 91.7% in maintenance and refurbishment expenses was experienced in the 2014/2015 financial year. On the positive side, the installation of pre-paid meters has caused an improvement in cost-recovery in the Region.

Northern Cape Region

Water produced in the Vaal Gamagara Water Supply Scheme amounted to 19.1 million m³ for the 2014/2015 financial year, while the Namakwa Regional Water Supply Scheme contributed 2.7 million m³ and the Pelladrift Water Supply Scheme 4.6 million m³, respectively. When compared to the previous financial year, this constitutes a total volume increase of 3.2%.

In the Vaal Gamagara Scheme, water quality deteriorated in terms of turbidity, while bacteriological failures were also recorded. This problem was addressed by the installation of booster chlorine stations at the Gloucester, Kathu and the Sishen reservoirs. Wastewater complied with the General Standards for Wastewater. *E. coli* complied 96% with the requirements of the SANS 241:2011 standard.

The Henkries distribution network is undergoing refurbishment, which is planned for completion towards the beginning of 2019. Turbidity is closely monitored as it is likely to exceed the operational standard limit due to construction activities along the distribution main pipeline. At the Henkries Water Treatment Plant, *E. coli* complied 98% with the requirements of the SANS 241:2011 standard.

All sewage determinands in the Vaal Gamagara Water Supply Scheme complied 100% with the requirements of the General Standard for Wastewater. There has been an improvement in the bacteriological quality of the final effluent as nitrates complied 92% with the requirements of the General Standard for Wastewater.

Although up from the previous financial year, expenditure on maintenance and refurbishment showed a smaller percentage increase in the year under review. Maintenance expenditure increased with 14.9% and refurbishment expenditure with 32.0%, compared to 74.9% and 83.8%, respectively in the previous financial year. Unplanned maintenance was mainly due to pipe bursts. Major maintenance was undertaken at the Kneukel, Trewill and Kathu Pump Stations.

New Business Development

In pursuit of realising efficient water services delivery to communities, Sedibeng Water offers various water related services, expertise and partnerships to local government structures and other stakeholders. Essential services being delivered include technical services, water and wastewater management, operations and maintenance, as well as water quality management.

The following projects were implemented during the 2014/2015 financial year:

Project FS 208: Monitoring Surface and Wastewater in the Middle Vaal and Upper Orange Water Management Areas

The Department of Water and Sanitation appointed Sedibeng Water as the Implementing Agent for this project. In total, 93 surface water sampling points and 89 wastewater effluent sampling points were identified across the whole project area, which spans the entire Free State Province, as well as parts of the North West, Northern Cape and

Eastern Cape Provinces. Each of these sampling points was sampled once a month according to a monitoring programme. The samples were brought within 24 hours of sampling to the Scientific Services Accredited Quality Control Laboratory at Balkfontein for analysis. The project was completed towards the end of March 2015. Expenditure on the project amounted to R1,9 million during the 2014/2015 financial year.

Namakwa Regional Water Supply Scheme

Towards the end of 2010, Sedibeng Water was tasked by the former Department of Water and Environmental Affairs to act as Implementing Agent in overseeing the refurbishment of the ageing facilities of the Namakwa Water Board, as well as to replace key components in its water supply infrastructure.

The refurbishment process is being conducted in four phases and the estimated overall cost of the project is R1,2 billion. Currently, the project is in its second phase focussing on the replacement of the gravity main pipeline from the Eenriet reservoir at Steinkopf to the Vaalhoek reservoir at Springbok. The project is progressing well and is ahead of schedule. During the 2014/2015 financial year, total expenditure on the Namakwa Phase II of the project was R310 million.

Upgrading of the Vaal Gamagara Water Supply Scheme

The upgrading of the Vaal Gamagara Water Supply Scheme will be done in the following four phases:

Phase 1:	2014 - 2016	(R1,2 billion)
Phase 2.1:	2016 – 2018	(R1,4 billion)
Phase 2.2:	2018 – 2019	(R3,5 billion)
Phase 3:	2020	(R2 billion)
Phase 4:	2020	(R2,3 billion)

The project is currently in the design stage for Phase I and it is anticipated that construction will commence in January 2016.

Mier Kalahari East Pipeline Project

Sedibeng Water has been appointed as Implementing Agent for the project by the Department of Water and Sanitation. This project entails the construction of a 170km water supply pipeline system from the existing Kalahari East take-off point (50km south east of Askham) to the towns of Askham, Andriesvale, Groot Mier, Kleinzee, Mier, Loubos, Rietfontein and Philandersbron. Also forming part of the project is the construction of a 21Mℓ earth fill reservoir close to Groot Mier. This project is now in the construction phase.

Pelladrift Water Supply Scheme

Sedibeng Water was directed by the Honourable Minister of the Department of Water and Sanitation, Mrs. Nomvula Mokonyane, to take over the Pelladrift Water Board as from 1 November 2014. The Pelladrift Water Treatment Plant currently supplies water to the towns of Aggeneys, Pella and Pofadder. The challenge Sedibeng Water faces at Pelladrift is that the current plant is designed to deliver only 12,5Mℓ per day, which is no longer sufficient to comply with the rising demand.

Especially during summer and peak seasons, water demand exceeds the design capacity of the plant on a daily basis.

The fact that the Black Mountain Mine is currently in the process of opening the long awaited Gamsberg Mine, a huge capital injection in the Northern Cape Province and in South Africa, will put additional strain on the existing plant and infrastructure. It is thus imperative to upgrade and double the capacity of the current plant and network to address the new requirements and increased demand.

Project Management Unit

This is a newly established department that deals with the implementation and monitoring of projects. The key strategic objective of the Project Management Unit is to assist both the Department of Water and Sanitation and municipalities in the successful construction, monitoring, evaluation and completion of projects.

During the past financial year, the unit oversaw projects in the Free State, North West and Northern Cape Regions. Some of these projects include the upgrading of the Jacobsdal Water Treatment Plant, the Luckhoff Water Treatment Plant, the Maquassi Wastewater Treatment Works, as well as the implementation of the Bucket Eradication Programme in the Sol Plaatje Local Municipality, the Rainwater Harvesting Project in the Northern Cape and the construction of a new quality control laboratory at Vaal Gamagara.

In conclusion, it is evident from the above that the sections constituting the Operations function at Sedibeng Water have made significant contributions in the 2014/2015 financial year towards executing and managing the organisation's core business and new business development.

NEW BUSINESS DEVELOPMENT

In pursuit of realising efficient water services delivery to communities, Sedibeng Water offers various water related services, expertise and partnerships to local government structures and other stakeholders.

Essential services being delivered include technical services, water and wastewater management, operations and maintenance, as well as water quality management. In rendering these services, Sedibeng Water enters into contractual agreements with clients. Such agreements could incorporate:

- Strategic support;
- Bulk water provision;
- Total water service provision;
- Training and development;
- Analytical services; and
- Acting as implementing agent.

The following projects were implemented during the 2014/2015 financial year:

Namakwa Regional Water Supply Scheme

In January 2010 the former Minister of Water and Environmental Affairs, Ms. B.P. Sonjica, requested Sedibeng Water to conduct an assessment of the Namakwa Regional Water Supply Scheme's infrastructure with the view of taking over its administration, operations and maintenance as a whole. Since December 2009 interruptions of the water supply to the Springbok area have been rife with continuous occurrences of pipe failures leading to towns being without water for periods of up to four days.

Towards the end of 2010, Sedibeng Water was tasked by the former Department of Water and Environmental Affairs to act as implementing agent in overseeing the refurbishment of the ageing facilities of the Namakwa Water Board, as well as to replace key components in its water supply infrastructure.

Scope of the Feasibility Study

The scope of the feasibility study concerned, included the following:

- To determine the current and future water demand of all towns and villages;
- To liaise with all interested and affected parties in the region to determine future developments and associated water demands;
- To conduct an assessment of the current infrastructure condition;
- To conduct a GAP analysis to determine the difference between current and future needs;
- To investigate and evaluate all possible water supply options;
- To select a single technically feasible solution and develop a project scope for construction;
- To calculate estimated capital requirements, as well as the operating and maintenance costs; and
- To compile a Water Master Plan for the Namakwaland region.

General Condition of the Existing Supply System

The primary problems of the existing system are age and the lack of extensive maintenance over a long period of time. The main supply system is now in excess of 30 years old and has reached the end of its economic lifecycle. Before copper mining activities ceased in 1998, maintenance was primarily conducted by staff of the Okiep Copper Company, as it was in their interest to do so. Since the closure of the mines, the Namakwa Water Board has had neither the capacity in terms of personnel, nor the financial resources to maintain the system to the required standard.

The current water supply crisis is mainly due to the continuous failure of the gravity main between the Eenriet reservoir and Okiep. Failures occur primarily as a result of the delamination of the pipe's concrete lining over the past 10 years and the consequent accelerated corrosion of the steel pipe wall. The highest pressure occurs in the section between the Bulletrap turn-off and Rooiwinkel. The pipe structure is no longer able to cope with the stress involved.

Project Scope, Timeframes and Costs

The project is divided into three phases, namely:

PHASE 1

Project 1:

- Construction of emergency by-pass pipelines;
- Henkries Housing Project; and
- Upgrading of gravel access roads to reservoirs and pump stations.

Project 2:

- Construction of the gravity main pipeline between Eenriet reservoir and Vaalhoek reservoir;
- Upgrading of the raw water pump station at the Orange River including replacement of raw water pumps with new pumps on a trolley system;
- Upgrading the Sand filters at the Henkries water treatment plant;
- Refurbishment of the Eenriet reservoir; and
- Refurbishment of the Vaalhoek reservoir.

PHASE 2

Project 3:

- Gravity main and canal from the Orange River to the Henkriesmond pre-sedimentation facility;
- Henkriesmond pre-sedimentation facility, pump station and rising main;
- Henkries water treatment plant, clear water pump station and rising main; and
- Doornwater booster pump station and rising main.

Project 4:

- Okiep pump station and reservoir,
- Okiep-Concordia rising main and Concordia reservoir,
- Okiep-Carolusberg rising main and Carolusberg reservoir,
- New Rooiwinkel-Nababeep gravity main and reservoir, and
- Vaalhoek-Springbok gravity main and Springbok reservoir.

Project 5:

- Refurbishment of the Clear Water gravity main from Nababeep to Kleinzee;
- Construction of new reservoir in Okiep;
- Construction of new reservoir in Matjieskloof;
- Construction of new reservoir in Fonteintjie;
- Construction of new reservoir in Bergsig; and
- Construction of new reservoir in Steinkopf.

With the start of the implementation of the project in 2010, emergency work was performed on the system which had not been budgeted for initially. These works are referred to as Project 1 of Phase 1. Project 2 of Phase 1 is currently under construction and works are carried out by the Construction Unit of the Department of Water and Sanitation. Sedibeng Water and DWS Construction signed a memorandum of understanding in November/December 2012 after the latter submitted a tender document to Sedibeng Water to complete this phase of the project. No public tendering procedures were followed and therefore no comparable prices were obtained. Sedibeng Water appointed the consulting engineers in November 2014 for the Design and Project Management of Phase 2 of the project (referred to as Project 3 and Project 4 in Table 1). Project 5 of phase 2 includes the additional works to be carried out to augment the water storage capacities of the Local Nama Khoi Municipality, as well as the refurbishment of the Nababeep-Kleinzee pipeline.

The project costs shown for Phase 1 (Project 1 and Project 2) are the actual construction costs and therefore the amounts are only escalated for the time left to completion. The total estimated cost for Phase 1 amounts to R459,8 million. The value of the construction works for Phase 2 (Project 3, 4 & 5) is only estimated and costs done in July 2015 are subject to further change. The total estimated cost for Phase 2 amounts to R748,2 million under Option 1 in Table 1 above. The total overall estimated project cost is R1,2 billion.

Table 1: Cost Projections

Year/ Project Phase	Original Cost Estimate		Construction Cost Phase 1		Revised Engineers Cost Estimate Phase 2		Revised Engineers Cost Estimate Phase 2	
			Project 1 & 2		Project 3, 4 & 5 - Option 1		Project 3, 4 & 5 - Option 2	
	Date: July 2010		Date: July 2015		Date: July 2015		Date: July 2015	
	Total Cost (R x 1000)	Escalation amount included (R x 1000)	Total Cost (R x 1000)	Escalation amount included (R x 1000)	Total Cost (R x 1000)	Escalation amount included (R x 1000)	Total Cost (R x 1000)	Escalation amount included (R x 1000)
Year 1 (10/11)	9,341	9,341	-	-	-	-	-	-
Project1	-	-	-	-	-	-	-	-
Project2	9,341	9,341	-	-	-	-	-	-
Year 2 (11/12)	14,012	14,853	29,838	29,838	-	-	-	-
Project1	-	-	29,838	29,838	-	-	-	-
Project2	14,012	14,853	-	-	-	-	-	-
Year 3 (12/13)	163,475	183,680	13,953	13,953	-	-	-	-
Project1	-	-	13,953	13,953	-	-	-	-
Project2	163,475	183,680	-	-	-	-	-	-
Year 4 (13/14)	148,585	176,967	186,068	186,068	-	-	-	-
Project2	46,707	55,629	186,068	186,068	-	-	-	-
Project3	101,878	121,338	-	-	-	-	-	-
Year 5 (14/15)	130,711	165,019	104,526	104,526	-	-	-	-
Project2	-	-	104,526	104,526	-	-	-	-
Project3	101,878	128,619	-	-	-	-	-	-
Project4	28,833	36,401	-	-	-	-	-	-
Year 6 (15/16)	67,276	90,031	100,000	106,000	41,507	44,000	41,507	44,000
Project2	-	-	100,000	106,000	-	-	-	-
Project3	-	-	-	-	41,507	44,000	41,507	44,000
Project4	67,276	90,031	-	-	-	-	-	-
Year 7 (16/17)	-	-	17,294	19,430	283,237	318,250	151,071	169,740
Project2	-	-	17,294	19,430	-	-	-	-
Project3	-	-	-	-	194,943	219,040	76,718	86,200
Project4	-	-	-	-	88,295	99,210	74,353	83,540
Year 8 (17/18)	-	-	-	-	324,057	385,950	160,821	191,540
Project3	-	-	-	-	157,633	187,740	98,521	117,340
Project4	-	-	-	-	97,589	116,230	27,883	33,210
Project5	-	-	-	-	68,835	81,980	34,418	40,990
Year 9 (18/19)	-	-	-	-	-	-	178,676	225,580
Project3	-	-	-	-	-	-	123,365	155,750
Project4	-	-	-	-	-	-	19,397	24,490
Project5	-	-	-	-	-	-	35,914	45,340
Year 10 (19/20)	-	-	-	-	-	-	129,570	173,400
Project3	-	-	-	-	-	-	61,683	82,550
Project4	-	-	-	-	-	-	67,888	90,850
Total	533,400	639,891	451,678	459,815	648,801	748,200	661,645	804,260

Currently, the project is in its second phase focussing on the replacement of the gravity main pipeline from the Eenriet reservoir at Steinkopf to the Vaalhoek reservoir at Springbok. The pipeline is of the same size as the previous one, but is a ductile iron pipe instead of a steel pipe. The choice of the new pipe material was taken in order to afford better corrosion protection, while it also allows for more flexibility in the expansion and contraction movements of the pipes.

The project is progressing well and is ahead of schedule. The estimated total progress on the project is 71% as measured at the end of June 2015. The total time elapsed is 65.4% of the contract period. The total expenditure on Namakwa Phase II is R310 million at the end of June 2015.

Upgrading of the Vaal Gamagara Water Scheme

The Vaal Gamagara Water Scheme is situated in the Northern Cape Province. The upgrading of this scheme will be done in the following four phases:

Phase 1: 2014 - 2016 (R1,2 billion)

- Replacing the existing pipeline with a 900mm pipeline from Roscoe to the South West Expansion Project (7,8km); and
- Replacing the existing pipeline with a 700mm pipeline from Kathu to Blackrock (82,6km).

Phase 2.1: 2016 – 2018 (R1,4 billion)

- Replacing the pipeline from Clifton to Roscoe; and
- Development of SD2 and SD4 well sites.

Phase 2.2: 2018 – 2019 (R3,5 billion)

- Replacing the pipeline between Beeshoek and Gloucester (dedicated pipeline from Beeshoek dewatering to Gloucester);
- Refurbishing rising main from water treatment works to Clifton;
- Upgrading of reservoirs;
- Upgrading the Trewill Pump Station and sump; and
- Development of SD 1 well site.

Phase 3: 2020 (R2 billion)

- Replacing the third rising main.

Phase 4: 2020 (if necessary) (R2,3 billion)

- Upgrading and refurbishing the Delportshoop Water Treatment Works and pump stations; and
- Upgrading the Kneukel Pump Station and sump.

The project is currently in the design stage for Phase I and the tender documents for the construction of the pipeline should be ready for advertisement by the end of August 2015 so that the construction can commence in January 2016.

The challenges experienced in the project thus far are that in the 35 years since the scheme was originally built, many new mines have developed, especially in the region of phase I, while the railway and power lines built next to the existing pipeline, restrict the working area in the servitude for the construction of the new pipeline. New pipe routes also need to be negotiated with the land users concerned.

Notwithstanding these challenges, the project is still on schedule.

Mier Kalahari East Pipeline Project

This project entails the construction of a 170km water supply pipeline system from the existing Kalahari East take-off point (50km south east of Askham) to the towns of Askham, Andriesvale, Groot Mier, Klein Mier, Loubos, Rietfontein and Philandersbron. Also forming part of the project is the construction of a 21Mℓ earth fill reservoir close to Groot Mier. Sedibeng Water has been appointed as Implementing Agent for the project by the Department of water and Sanitation.

Scope of Works:

- NMK (KMP) 10/2015: Construction of a new uPVC water supply pipeline (±69km) extending from the farm Cramond to Askham, inclusive of the branch pipeline to Kameelduin and other related works.
- NMK (KMP) 11/2015: Construction of a new uPVC water supply pipeline (±56km) extending from Askham to Groot Mier, inclusive of the branch pipelines to Andriesvale and Groot Mier and other related works.
- NMK (KMP) 12/2015: Construction of a new uPVC water supply pipeline (±46km) extending from Groot Mier to Philandersbron, inclusive of the branch pipelines to Klein Mier, Loubos, Rietfontein and other related works.
- NMK (KMR) 13/2015: Construction of a new 21Mℓ earth fill reservoir with floating roof and related works on the farm Breekduin near Groot Mier.

This project is now in its construction phase and contractors allocated the four contracts had their site-handing-over meetings on 21 May 2015. By the end of June 2015 all the contractors were established on-site.

Pelladrift Water Board

The Pelladrift Water Board was established in terms of the Water Services Act (Act No. 108 of 1997). The infrastructure concerned was constructed and previously owned by Anglo Operations Limited, who invested in the asset base for 30 years in order to sustain mining activity at the Black Mountain Mine and also provide water services to local communities in this remote area of the Northern Cape Province. After the formation of the Pelladrift Water Board, Anglo Operations Limited transferred these assets to the newly established water board.

The Black Mountain Mine was recently sold by Anglo Operations Limited to Vedanta Resources plc.

The main purpose of the Pelladrift Water Board is still the provision of sustainable water services to the Black Mountain Mine and surrounding areas. Water is abstracted at Pelladrift on the Orange River, where after it is purified and supplied to the mine and the towns of Aggeneys and Pofadder, the Pella Mission and some farms along the distribution routes. The primary non-mining customer of the Pelladrift Water Board is the Khâi-Ma Local Municipality, which is also the local Water Service Authority (WSA) in the area. The Black Mountain Mine currently utilises approximately 86% of the entire water supply. The total population that benefits from this scheme (including staff at the Black Mountain Mine) is approximately 8 500 people.

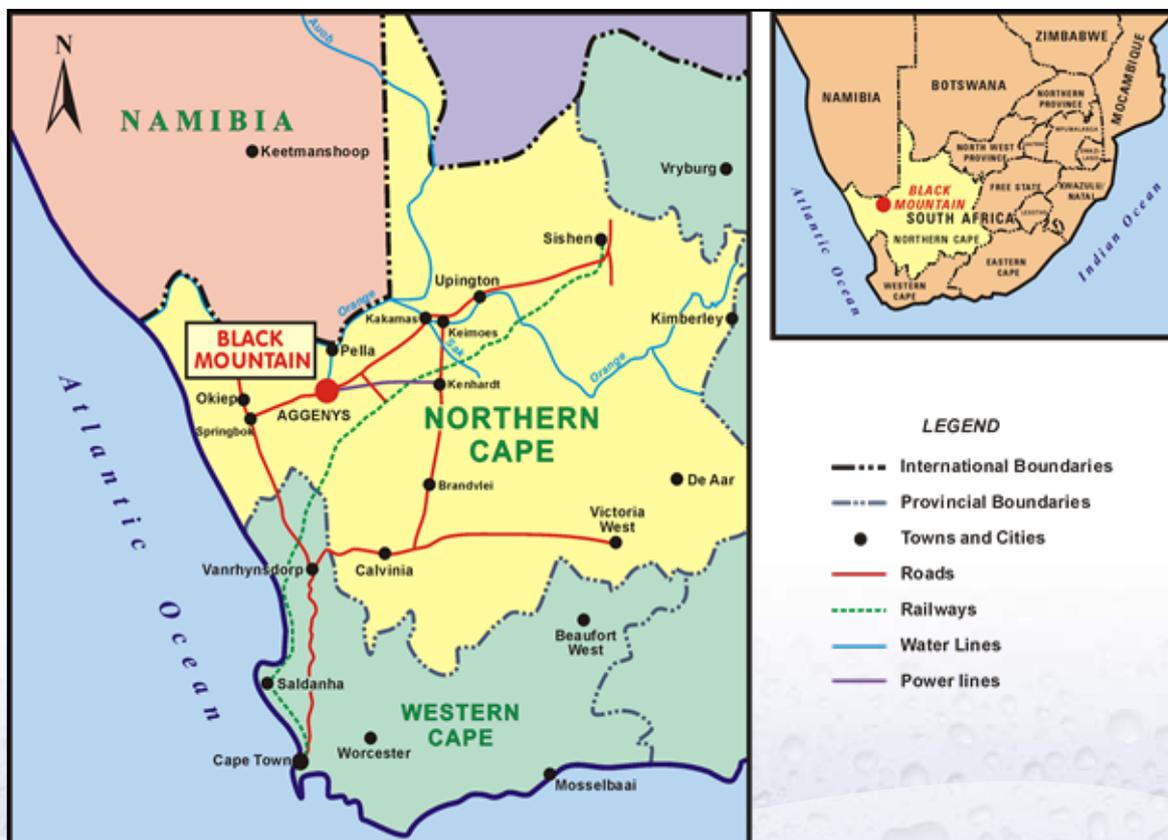
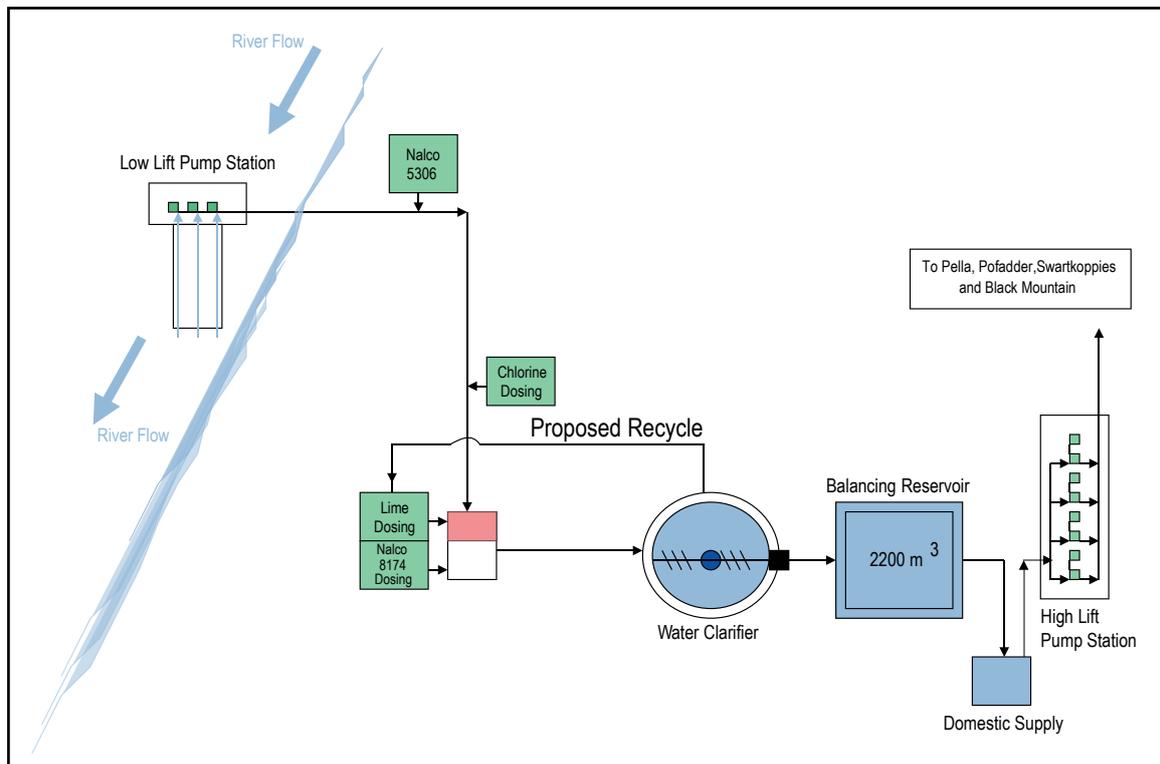


Illustration 1: Flowchart: Pelladrift Purification Plant



Sedibeng Water received a directive from the Honourable Minister of the Department of Water and Sanitation, Mrs. Nomvula Mokonyane, to take over the Pelladrift Water Board as from 1 November 2014.

The Pelladrift Water Treatment Plant (currently supplying water to the towns of Aggeneys, Pella and Pofadder) comprises a bridge and abstraction tower in the Orange River from where the water is pumped to the purification plant 800m away on the river bank. At the plant the water is sanitised, clarified and pumped to the Horseshoe reservoir, from where it gravitates to Aggeneys, Pella and Pofadder.

The challenge Sedibeng Water faces at Pelladrift is that the current plant is designed to deliver only 12,5Mℓ per day, which is no longer sufficient to comply with the rising demand. Especially during summer and peak seasons, water demand continuously exceeds the designed capacity of the plant on a daily basis.

In light of the fact that the Black Mountain Mine is currently in the process of opening the long awaited Gamsberg Mine, a huge capital injection in the Northern Cape Province and in South Africa, the existing plant and infrastructure have to be upgraded in order to meet the envisaged increased demand.

NORTHERN CAPE REGION

Introduction

The primary function of the Northern Cape Region is to supply bulk water services to local authorities and mines in the Northern Cape Province. The main objectives of the Region are the operation and maintenance of the water treatment works and distribution pipeline in order to ensure reliability in the supply of good quality water to customers and to comply with relevant legislation. A new Scientific Services Laboratory has been completed at Vaal Gamagara. The opening of this laboratory will assist local municipalities and customers in the province with their water quality monitoring programmes and to improve their Blue/Green Drop status.

The Northern Cape Region consists of the Vaal Gamagara, Namakwa and Pelladrift Water Supply Schemes. Raw water is abstracted from the Vaal River for the Vaal Gamagara Scheme and from the Lower Orange River for both the Namakwa and Pelladrift Schemes. The Vaal Gamagara Water Supply Scheme is responsible for the supply of potable bulk water services to the Dikgatlong, Tsantsabane, Gamagara and Joe Morolong Local Municipalities, as well as various mines in the Northern Cape Province. The Namakwa Water Supply Scheme is responsible for supplying potable bulk water services to the Nama Khoi Local Municipality, small scale mines and small industries within the jurisdiction of the Nama Khoi Local Municipality.

The Pelladrift Water Supply Scheme was incorporated into Sedibeng Water in November 2014 as per a directive by the Minister of Water and Sanitation. The main purpose of the Pelladrift Scheme is the provision of bulk water services to the Black Mountain Mine, the Khâi-Ma Local Municipality, the Aggeneys township and surrounding areas. This water scheme is located at Pelladrift on the Orange River. The Khâi-Ma Local Municipality is the local Water Service Authority (WSA) in the area. The Black Mountain Mine currently utilises approximately 86% of the water provided by the Pelladrift Water Supply Scheme. The total population supplied (including the Black Mountain Mine) is approximately 8 500 people.

The following targets have been achieved during the 2014/2015 financial year, and are indicated in Tables 1 and 2.

Vaal Gamagara Water Supply Scheme

Potable Water Supply

Raw water for this scheme is abstracted from the Vaal River, while ground water is supplied from the dewatering activities at the Kolomela (Beeshoek) and Sishen mines. Raw water from the Vaal River is treated at the Delportshoop Water Treatment Plant and distributed through the bulk pipeline from the plant all the way to Black Rock. The scheme was in operation throughout the year and all three water sources contributed to the total water supply.

Table 1: Raw Water Purchases

Year	Vaal Gamagara Volume (m ³)	Namakwa Volume (m ³)	Pelladrift Volume (m ³)	Total Volume (m ³)	Increase in demand (m ³)	Variance (%)
2014/2015	19,859,340	4,166,227	4,744,230	28,769,797	31,495	0.11
2013/2014	19,917,390	4,299,055	4,521,857	28,738,302	-	-

The Vaal River and Kolomela mine were the main production sources during the year under review. However, the Sishen Pump Station produced lower volumes due to low ground water levels at the dewatering sites.

The plant is currently operating at full capacity (13.7 m³ per annum) and the rest of the water is supplied from the dewatering ground water sources at the Kolomela (Beeshoek) and Sishen mines. The scheme can only supply a maximum of 22 million m³ per annum, which is a combination of surface and ground water supplied through the pipeline network. However, demand is estimated at 25 million m³ per annum. The scheme is due for upgrading starting with the Kathu to Blackrock section in 2016. The scheme produced a total of 19.1 million m³ of water during the 2014/15 financial year, which constitutes an increase of 3.6% when compared to the previous financial year. The scheme was affected by load-shedding events, thus limiting its production - mainly that of the water treatment plant.

Namakwa Regional Water Supply Scheme
Potable Water Supply

Raw water for this scheme is sourced from the Lower Orange River catchment basin of the Orange River at Henkries. The Henkries River Pump Station abstracts raw water from the river and gravitates to the Henkries Mond Pump Station, which is 3km away from the abstraction point. A set of five multistage centrifugal pumps are housed at Henkries Mond to

pump the raw water over a distance of 10km to the Henkries Water Treatment Plant. The scheme was fully operational throughout the past financial year and able to supply water to meet customer demand, which remained relatively stable. The pipelines, water treatment works, pump stations and the river abstraction point of the scheme are currently being upgraded and refurbished in order to improve the efficiency and reliability of its water supply.

In the 2014/2015 financial year, total water sales amounted to 2.77 million m³ as compared to the total water sales of 2.74 million m³ in the 2013/2014 financial year, indicating an increase of 0.97% in sales volume. There is a low growth in demand due to the closure of several mines in the area.

Pelladrift Regional Water Supply Scheme
Potable Water Supply

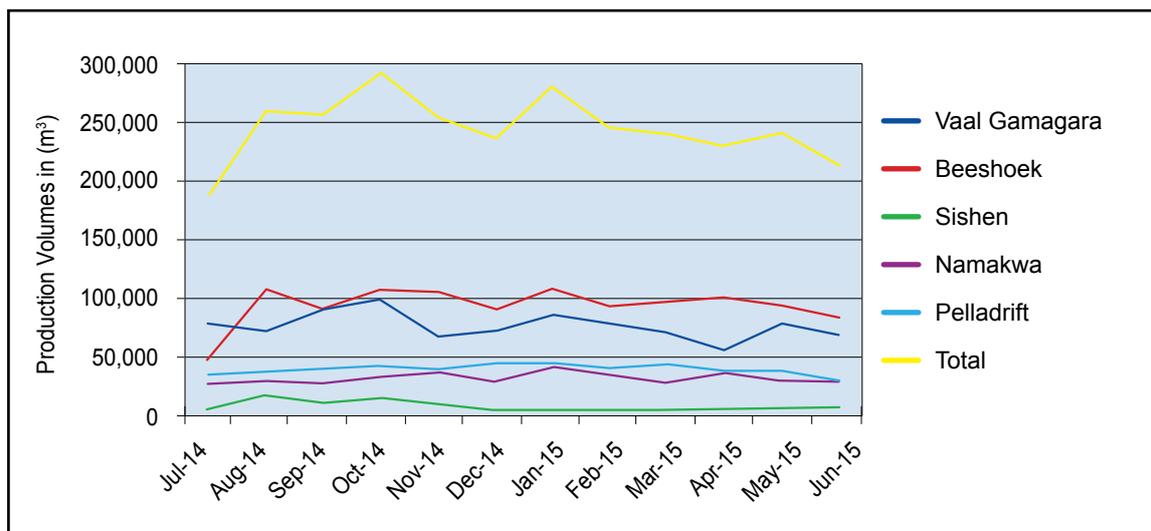
Raw water for this scheme is abstracted from the Lower Orange River at Pelladrift. The Pelladrift Regional Water Supply Scheme provides water to the towns of Poffader, Pella, Aggeneys township and the Black Mountain Mine within the Khâi-Ma Local Municipality. The Black Mountain Mine together with the Aggeneys township, consumes 86% of water supplied by the Pelladrift scheme. The remainder is used by the Khâi-Ma Local Municipality. The Pelladrift Water Board and the entire scheme were incorporated into Sedibeng Water in November 2014. The plant has a capacity of 12Mℓ per day and is operating at full capacity.

Table 2: Volume of Water Produced (Sold)

Year	Vaal Gamagara Volume (m ³)	Namakwa Volume (m ³)	Pelladrift Volume (m ³)	Total Volume (m ³)	Increase in demand (m ³)	Variance (%)
2014/2015	19,014,188	2,771,145	4,604,699	26,390,032	824,563	3.12
2013/2014	18,480,307	2,721,193	4,363,969	25,656,469	-	-

The following graph reflects monthly production trends:

Graph 1: Northern Cape Bulk Water Production



The scheme produced a total of 4.6 million m³ during the 2014/15 financial year and was able to meet customer demand.

During the financial year under review, the Vaal Gamagara, Namakwa and Pelladrift schemes in the Northern Cape Region produced a total of 28.8 m³ of water, while sales volume increased by 3.12% when compared to the previous financial year (see Tables 1 and 2).

Maintenance and Refurbishment Expenditure

Planned maintenance programmes were carried out on an on-going basis according to a planned maintenance schedule. These programmes include daily, weekly, monthly and annual inspections. Maintenance and refurbishment expenditure for the 2014/2015 financial year is reflected in Table 3.

In terms of the Transfer Agreement between Sedibeng Water and the Department of Water and

Table 3: Maintenance and Refurbishment Expenditure

Year	Maintenance/Refurbishment	Expenditure (R)	Increase in Expenditure (R)	Variance (%)
2014/2015	Maintenance	6,794,838	-510,774	-6.99
	Refurbishment	7,000,000	1,700,000	32.08
2013/2014	Maintenance	7,305,612	27,387	0.37
	Refurbishment	5,300,000	4,422,356	83.44

Sanitation, an amount of R7 million was allocated to the DWS Regional Office for the refurbishment of the security fence at Vaal Gamagara and valves on the pipeline. The refurbishment of the Namakwa Scheme is done as part of Phase II of the Upgrade and Refurbishment of the Namakwa Regional Water Scheme Project.

Maintenance and Refurbishment Activities

The following maintenance and refurbishment activities were carried out during the 2014/2015 financial year:

Vaal Gamagara

- The security fence (approximately 4km in length) is being replaced with ClearVU fencing, while a section of 1.1km is also being electrified;
- Refurbishment of control valves at the High Lift, Kneukel and Trewill Pump Stations;
- Painting of the Kneukel Pump Station; and
- Completion of the Scientific Services Laboratory.

The Vaal Gamagara Water Supply Scheme will be refurbished and upgraded starting with the Kathu to Black Rock section (80km), which is expected to commence in early 2016. Consultants are busy finalising the designs for Phase I. Designs for the rest of the scheme will be developed in the 2015/2016 financial year.

Namakwa

- Commissioning of four filter basins at the Henkries Water Treatment Works;
- Painting of handrails and auxiliary fittings at the filtration bay;
- Refurbishment of electrical panels at the Henkries River Pump Station;
- Acquisition of a double-cab LDV for transporting operators; and
- Acquisition of computers for the artisans and process controller.

Construction commenced in September 2013 on Phase II of the Rehabilitation and Upgrade of

the Namakwa Water Scheme Project. Currently, 55km of pipeline (from the Vaalhoek reservoir to the Eenriet reservoir) is under construction. Total progress on the project is 71% as measured in June 2015. Total time elapsed is 64.5% of the contract period. The current phase of the project is expected to be completed in June 2016.

Planned and Unplanned Maintenance per Scheme

Planned maintenance programmes were carried out on an on-going basis according to weekly, monthly and annual schedules to optimise the availability of plant equipment for sustainable operations.

Vaal Gamagara

Planned Maintenance

- Maintained the main transformers;
- Replaced the 700mm butterfly valves for isolation (IV 25 & 29) on the pipeline and 350mm gate valves (PN 16 & 40) on the High Lift, Kneukel and Trewill Pump Stations;
- Replaced the submersible pump at the Low Lift;
- Installed a new water connection for the Adam Solar Plant at Mamatwan;
- Replaced the gate valve at the Sishen reservoir;
- Replaced the entire roof at the Kathu workshop;
- Renovated the two houses in Kathu; and
- Built a number of new manholes along the scheme.

Unplanned Maintenance

- Replaced the non-drive bearing in Pump no.2;
- Replaced the vacuum contactors at the High Lift, Kneukel and Trewill Pump Stations;
- Repaired the butterfly valve bypass of Chamber 32;
- Repaired the burst pipe around the VGG property;
- Repaired the burst pipe at Lime Acres and Silver streams;
- Repaired the pipe burst on the Roscoe line; and
- Replaced the level transducers with ultra-sonic level indicators at Kneukel, Trewill and Clifton.

Major Maintenance and Refurbishment

- Refurbished and re-installed Pump no.3 at the High Lift pump station;
- Refurbished and re-installed the plunger valve no.2 at the High Lift Pump Station, no.3 at the Kneukel Pump Station and no. 1 and 2 at the Trewill Pump Station;
- Sent the variable speed drive at the Low Lift Pump Station for repairs; and
- Sent the two 300mm non-return valves, two pumps and the plunger valve for refurbishment and re-installed it at the Kathu Pump Station.

Namakwa

Planned Maintenance

- Overhauled Sulzer pumps at the Henkries Treatment Works;
- Serviced mono pumps at the river intake pump station;
- Tested overhead cranes;
- Serviced fire extinguishers;
- Cleaned clarifiers at the Henkries Treatment Works and replaced the clarifier bridge wheels;
- Assisted the Department of Water and Sanitation in isolating water supply during tie-in and commissioning of completed sections of refurbished pipeline;
- Worked on safety audit deviation outcomes; and
- Installed sampling points on the Pelladrift distribution pipeline.

Unplanned Maintenance

- Repaired the leaking secondary pipes between the Okiep Pump Station and Nababeep;
- Repaired the burst raising main at the Doringwater Pump Station ;
- Repaired the pumps at the Henkries Pump Station; and
- Repaired the Olifant pump at the Garragoup Pump Station.

Pelladrift

Planned Maintenance

Planned maintenance at the scheme is carried out

as per the annual maintenance plan. The following maintenance was done during the 2014/15 financial year:

- Overhauled the High Lift pump no. 2;
- Serviced and set of actuators;
- Vibration analysis of pumps was done;
- Oil analysis of pumps was undertaken;
- Serviced telemetry system at the Horse Shoe reservoir station;
- Cleaned reservoirs and clarifier; and
- Graded the road from Pella to the Pelladrift Plant on a monthly basis.

Unplanned Maintenance

- Repaired the pressure reducing valve at the Saddleback reservoir;
- Repaired burst pipe at the Kokerboom reservoir outlet gravity main;
- Repaired leaking bulk meters;
- Replaced faulty meter; and
- Repaired telemetry outstation.

Refurbishment

There was no refurbishment at Pelladrift in the 2014/15 financial year. The plant and the pipeline are earmarked for upgrades from a capacity of 12Mℓ per day to 45Mℓ per day to accommodate the new Gamsberg Mine located at Aggeneys.

Potable Water Quality: Vaal Gamagara

Table 4 indicates the water quality results of the Vaal Gamagara distribution network for the year under review, which met SANS 241: 2011 standards. Water quality in the network is monitored continuously, while ground water supplied by the mines is likewise subjected to quality assurance measures. An agreement was reached with the mines that if the supplied ground water does not meet SANS 241: 2011 standards, it cannot be supplied into the pipeline nor to customers. The installation of booster chlorine stations at the Gloucester, Kathu and Sishen reservoirs has also assisted in improving the quality of ground water supplied.

Table 4: Vaal Gamagara Water Quality Results

Based on SANS 241: 2011				
Determinand	Unit	Risk	Standard Limit	Compliance
Physical and aesthetic determinands				
pH at 25°C	pH units	Operational	≥ 5.0 ≤9.7	100%
Turbidity	NTU	Operational	≤1	94%
		Aesthetic	≤5	99.5%
Conductivity at 25°C	mS/m	Aesthetic	≤170	100%
Microbiological safety requirements				
Determinand	Unit	Risk	Standard Limit	Compliance
Heterotrophic Plate Count	count /100mℓ	Operational	≤1000	97%
Total Coliforms	count /100mℓ	Operational	≤10	97%
<i>E. coli</i>	count /100mℓ	Acute health	Not detected	99.1%
Chemical determinands				
Determinand	Unit	Risk	Standard Limit	Compliance
Acid soluble iron	µg/l Fe	Operational	≤2000	100%
		Aesthetic	≤300	99.4%
Acid soluble aluminium	µg/l Al	Operational	≤300	99.8%

Table 5: Vaal Gamagara Wastewater Quality Results

Sampling Dates: July 2014 - June 2015		
Determinand	Unit	Compliance
pH at 25°C	pH units	100%
Electrical conductivity at 25°C	mS/m	100%
Total Alkalinity	mg/l as CaCO3	100%
Nitrate	mg/l N	100%
Total suspended solids	mg/l	100%
Chemical Oxygen Demand	mg/l COD	100%
Ammonia Nitrogen	mg/l N	100%
Oxygen Absorbed	mg/l OA	100%
Dissolved Ortho Phosphate	mg/l P	100%
<i>E. coli</i>	count/100mℓ	100%

Wastewater Effluent Quality: Vaal Gamagara

All sewage determinands complied 100% with the requirements of the General Standard for Wastewater (see Table 5). There has been an improvement in the bacteriological quality of the final effluent as nitrates complied 92% with the requirements of the General Standard for Wastewater.

Potable Water Quality: Namakwa

Table 6 indicates the overall water quality results of the Henkries distribution network during the 2014/2015 financial year. The scheme is currently undergoing refurbishment that started in September 2013 and is planned for completion towards the beginning of 2019.

Table 6: Henkries Water Quality Results

Based on SANS 241: 2011				
Determinand	Unit	Risk	Standard Limit	Compliance
Physical and aesthetic determinands				
pH at 25°C	pH units	Operational	≥ 5.0 ≤9.7	100%
Turbidity	NTU	Operational	≤1	96.1%
		Aesthetic	≤5	100%
Conductivity at 25°C	mS/m	Aesthetic	≤170	100%
Microbiological safety requirements				
Determinand	Unit	Risk	Standard Limit	Compliance
Heterotrophic Plate Count	count /100m ^l	Operational	≤1000	99.4%
Total Coliforms	count /100m ^l	Operational	≤10	97.0%
<i>E. coli</i>	count /100m ^l	Acute health	Not detected	98.1%
Chemical determinands				
Determinand	Unit	Risk	Standard Limit	Compliance
Acid soluble iron	µg/l Fe	Operational	≤2000	100%
		Aesthetic	≤300	99.3%
Acid soluble aluminium	µg/l Al	Operational	≤300	100%

Turbidity is closely monitored as it is likely to exceed the operational standard limit due to construction activities along the distribution main pipeline. Chlorine is boosted at the Okiep reservoir supplying water to Carolusberg, Concordia and Nababeep in order to prevent the presence of *E. coli* during the summer season. During the construction process, pipes were laid above ground level and are thus exposed to summer temperatures as high as 41°C. *E. coli* complied 98.1% with the requirements of the SANS 241:2011 standard.

Potable Water Quality: Pelladrift

Overall water quality results for determinands analysed in the Pelladrift distribution network during the last quarter of the 2014/2015 financial year, are reflected in Table 7. The treatment works do not have a filtration system for the distribution of final water. There is only a small pressurised filtration unit for domestic consumption available. Turbidity is always more than 1, but less than 5 NTU. The existing clarifier is able to effectively remove flocks formed and it is cleaned once a year. Planning is in progress to upgrade the treatment works to accommodate an increase in demand anticipated from the Gamsberg Mine at Aggeneys. This upgrade will include the construction of a filtration system to reduce the levels of turbidity.

Table 7: Pelladrift Water Quality Results

Based on SANS 241: 2011				
Determinand	Unit	Risk	Standard Limit	Compliance
Physical and aesthetic determinands				
pH at 25°C	pH units	Operational	≥ 5.0 ≤9.7	100
Turbidity	NTU	Operational	≤1	0
		Aesthetic	≤5	100
Conductivity at 25°C	mS/m	Aesthetic	≤170	-
Microbiological safety requirements				
Determinand	Unit	Risk	Standard Limit	Compliance
Heterotrophic Plate Count	count /100m ^l	Operational	≤1000	100
Total Coliforms	count /100m ^l	Operational	≤10	100
<i>E. coli</i>	count /100m ^l	Acute health	Not detected	100
Chemical determinands				
Determinand	Unit	Risk	Standard Limit	Compliance
Acid soluble iron	µg/l Fe	Operational	≤2000	-
		Aesthetic	≤300	-
Acid soluble aluminium	µg/l Al	Operational	≤300	-

NORTH WEST REGION

Sedibeng Water's operations in the North West Region are performed in accordance with Section 30(1) of the Water Service Act (Act No. 108 of 1997), which states that a Water Board may perform an activity other than its primary activity only if:

- a) It is not likely to limit the Water Board's capacity to perform its primary activity;
- b) It is not likely to cause financial prejudice of itself, any water services institution; existing consumers and other users serviced by it within its service area;
- c) It is in accordance with the Board's Policy Statement; and
- d) It is provided for in a business plan.

The North West Region therefore operates as a Water Services Provider (WSP) where it enters into Water Services Level Agreements with Water Services Authorities (WSAs) to render water services, which according to Section 30(2) of the above Act, may include, but are not limited, to:

- a) Providing management services, training and other support services to water services institutions, in order to promote cooperation in the provision of water services;
- b) Supplying untreated or non-potable water to end-users who do not use the water for household purposes;
- c) Providing catchment management services to, or on behalf of the responsible authorities; and
- d) Supplying services with the approval of the Water Services Authority having jurisdiction in the area in:
 - i) supplying water directly for industrial use;
 - ii) accepting industrial effluent;
 - iii) acting as a Water Services Provider to consumers;
- e) Providing water services in a joint venture with Water Services Authorities; and
- f) Performing water conservation functions.

Against this background, the North West Region has entered into a Water Services Agreement

with the Dr. Ruth S. Mompoti District Municipality, the Ga-Segonyana Local Municipality and the Phokwane Local Municipality. During the 2014/2015 financial year, Sedibeng Water also acquired the operational area of Ngaka Modiri Molema District Municipality, which includes Ratlou Local Municipality, the Mahikeng Local Municipality, the Tswaing Local Municipality, Ditsobotla Local Municipality and Ramotshere Moila Local Municipality.

Services Rendered

The services offered by the Region to municipalities include, but are not limited to, the following:

Reticulation Water Services

- Operations and maintenance of reticulation systems;
- Replacement of all conventional yard water meters with pre-paid yard meters; and
- Pre-paid yard water meter connections (new connections).

Bulk Water Services

Operations and maintenance of:

- Bulk potable water supply infrastructure (water treatment plants and main pump lines); and
- Bulk sewage infrastructure.

Management and Other Support Services

- Technical audits;
- Optimisation and management of water supply systems;
- Training of personnel; and
- Project management.

Water Quality Monitoring

- Sampling and testing.

Cost-recovery

- Bulk meter replacement and installation to minimise water losses; and
- Billing and collection.

Bulk Water Services

The Region renders operations and maintenance services of the infrastructure for both Potable Water Supply and Wastewater Treatment on behalf of the Water Services Authorities (WSAs).

Dr. Ruth S. Mompoti, Phokwane and Ga-Segonyana Water Supply Cluster

Bulk Potable Water Supply

The primary source of potable water is groundwater resources, which constitutes 62% of the total potable water supply. The remaining 38% is surface water, which is abstracted from the Vaalharts Scheme and treated at the Pampierstad, Bogosing, Kgomotso and Pudimoe Water Treatment Plants in the Dr. Ruth S. Mompoti District Municipality's area of operation.

The biggest challenge in the Region is still localised water supply, where each village has its own boreholes. The ideal potable water supply system should consist of clusters of boreholes, pumping into reticulation systems supplying multiple adjoining villages, thereby decreasing maintenance and operational costs. To remedy the intensity of operations and to reduce operational costs,

telemetry is used where possible for the start/stop of borehole pumps and monitoring of systems.

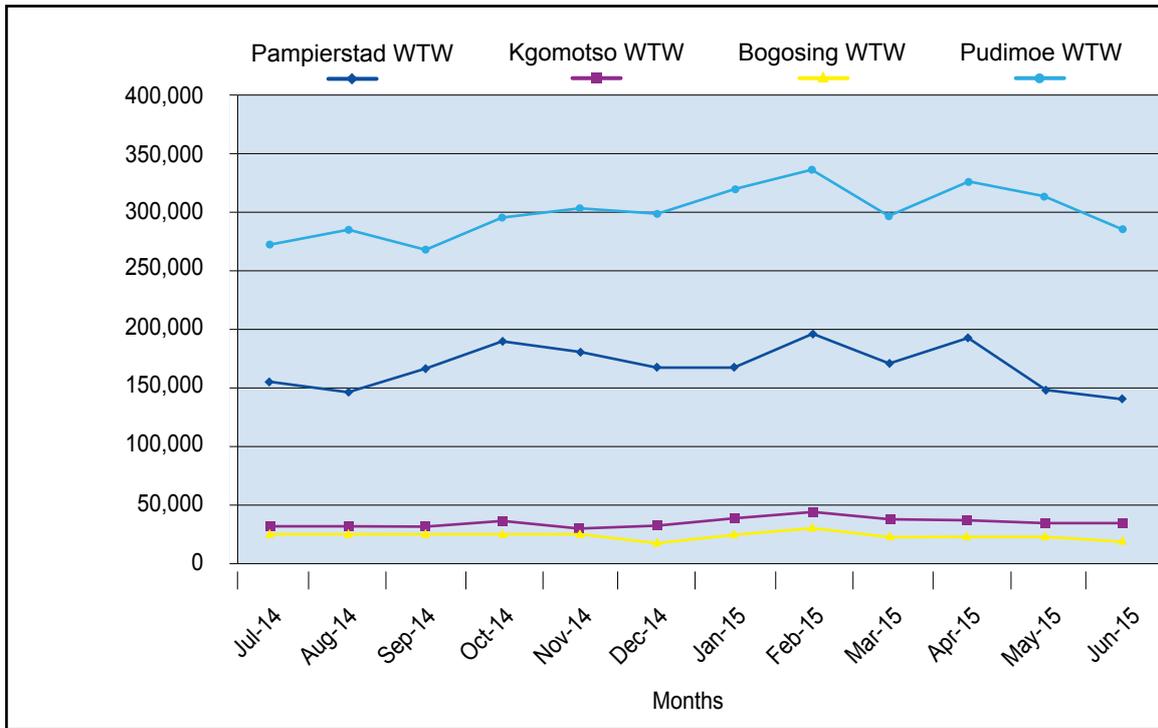
As depicted in Table 1, total annual production volumes have increased by 34.4% from 12 387 778kℓ in the previous financial year to 16 654 340kℓ in the 2014/2015 financial year. Water production from treatment plants increased by 4.8% from 6 069 900kℓ to 6 378 990kℓ, while that of boreholes increased by 38.5% from 6 317 878kℓ to 10 275 350kℓ. The increase in the production from boreholes was mainly due to new projects that have been completed, which added additional sources to the system. The increase in plant production was mainly due to the refurbishment of Module I at Pudimoe, supplying water to Huhudi.

Graphs 1-3 highlight water demand and production trends in the North West Region, identifying the periods of high demands and consumption. There was great fluctuation in production volumes from the Pudimoe Plant due to the fact that the water supply from the canal was erratic. This was caused by the upgrading/refurbishing of the supply canal by the Vaalharts Water Users Association.

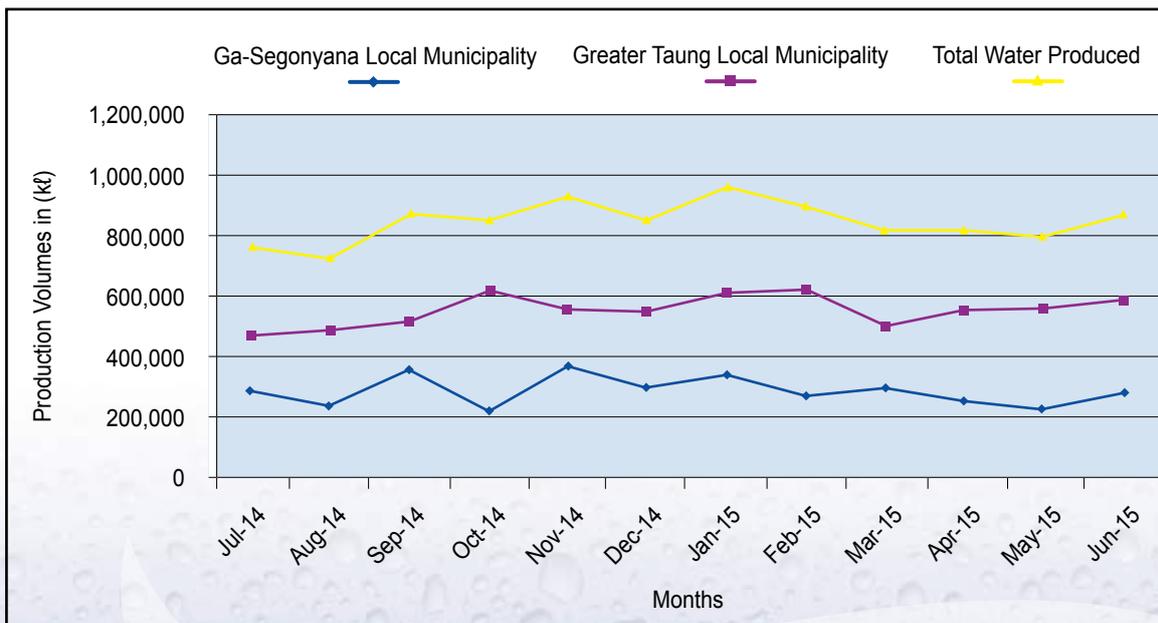
Table 1: Potable Water Production

Source	2013/2014 Volume (kℓ)	2014/2015 Volume (kℓ)	Variance (%)
Plants	6,069,900	6,378,990	4.85
Boreholes	6,317,878	10,275,350	38.51
Total Production	12,387,778	16,654,340	34.44

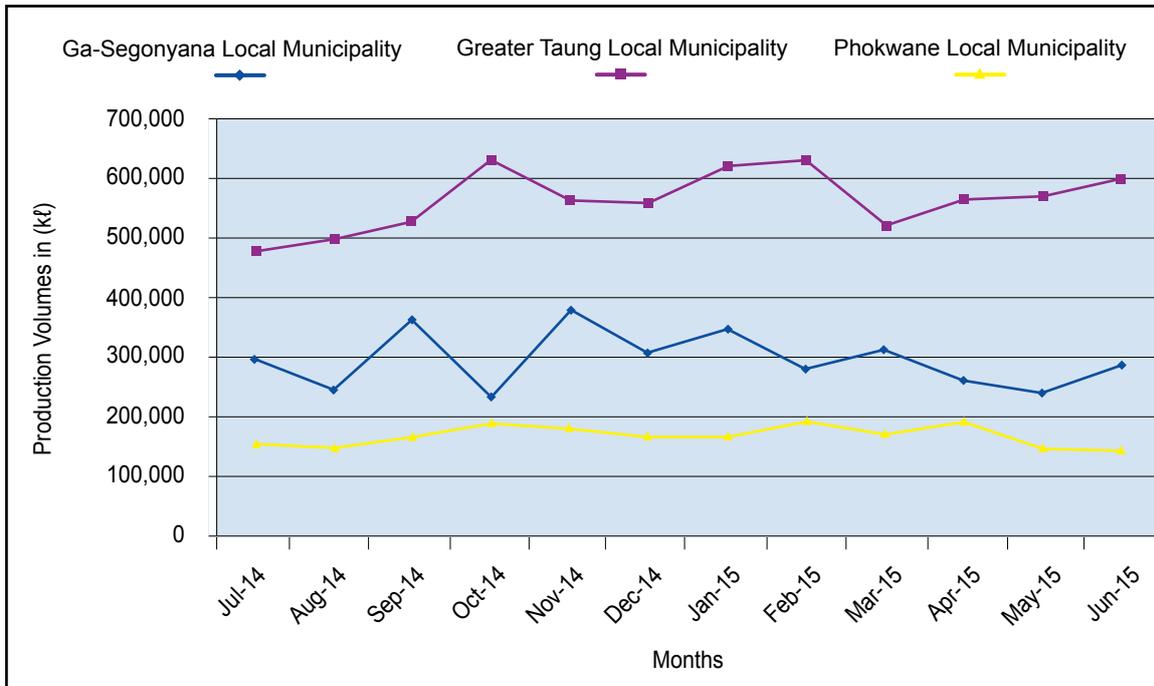
Graph 1: Monthly Plant Production Trends



Graph 2: Monthly Borehole Production Trends



Graph 3: Production Trends per Municipality



Bulk Sewage Services

Sedibeng Water renders operations and maintenance services to the Pampierstad Wastewater Treatment Plant on behalf of Phokwane Local Municipality and to the Christiana Wastewater Treatment Plant on behalf of Dr. Ruth S. Mompoti District Municipality, respectively. Sedibeng Water was also appointed in the 2014/2015 financial year to operate and maintain Bloemhof Wastewater Treatment Plant on behalf of Dr. Ruth S. Mompoti District Municipality. The plants are licensed and authorised to discharge effluent into the nearby Harts River and Vaal River.

Reticulation Water Services

In addition to bulk water services, the Region also renders operations and maintenance services to the reticulation systems, making this a full-scale service ranging from source to tap. Most of the reticulation infrastructure has aged beyond its lifespan, especially where AC pipes were installed some years ago. A refurbishment programme to replace the AC pipes in Pampierstad within Phokwane Local Municipality,

has been implemented. The programme is already in its fourth phase of construction and should be completed by the end of 2015/2016 financial year. The refurbishment of the reticulation system has resulted in higher pressure in the supply system and consequently consumers are using more water than was anticipated. The water treatment works and the raw water supply system will have to be upgraded to meet the increased demand.

There is an increasingly high demand for yard connections, which is beyond the capacity/means of the current basic level of service. At the moment, yard connections are limited to areas where sources are available and reticulation systems are nearby. In many cases the current resources cannot sustain the higher demand and therefore the area/supply needs to be augmented with new sources. For this reason the current infrastructure needs to be upgraded as it was designed to address water supply backlogs in terms of Reconstruction and Development Programme (RDP) standards.

The affected villages have expanded over the past years due to the influx of people from very remote areas. The completion of two water treatment plants, one in Pudimoe which will be supplying the Naledi Local Municipality with potable water and the second which will be supplying Taung and surrounding areas with potable water, will alleviate the supply challenges in certain areas tremendously.

The newly acquired Ganyesa District has come with its own challenges, as most of the villages have no water. The area is very dry and ground water is very limited. Water tankering is the only means of water supply. A study focussing on ground water has been approved and is in progress. This will help to identify possible high water yielding areas, which can be explored to supply areas without water.

Ngaka Modiri Molema Water Supply Cluster

In the area of Ngaka Modiri Molema District Municipality, Sedibeng Water depends on the following five water resources for the provision of potable water:

1. The dolomitic groundwater compartments located approximately 20km to the east of Mahikeng, which are utilised to serve the towns of Mahikeng, Mmabatho and the surrounding peri-urban areas. It has two abstraction points, namely the high yielding Grootfontein borehole fields and Molopo Eye. The abstraction quantity allocated from these dolomitic groundwater compartments amounts to 45Mℓ per day. This water is of good quality. However, the yield has been inconsistent over the reporting period, ranging from 600 to 1200m³ per hour. Currently, the Department of Water and Sanitation is funding a project to refurbish the scheme in order to allow constant flow.
2. The Setumo Dam was constructed in 1996 to augment the bulk water supply to Mmabatho, Mahikeng and the surrounding peri-urban villages. It is situated to the west of Mahikeng

and supplies raw water to the Mmabatho Water Treatment Works. The design capacity of the dam is 18 million m³. The abstraction quantity allocated from this source amounts to 20Mℓ per day. Raw water from the Setumo Dam is highly eutrophic, due to upstream pollution emanating from the wastewater treatment works.

3. The Sehujwane Dam is situated approximately 102km north east of Mahikeng and is used for supplying raw water to the Motswedi Water Treatment Works in the Ramotshere Moiloa Local Municipality. The abstraction quantity allocated to this resource is 2Mℓ per day, however, low water levels are experienced during winter, while the raw water is also characterised by high levels of turbidity.
4. The Dinokana Eye is situated 100km north east of Mahikeng. Water is pumped to five 600m³ storage reservoirs and gravitates to supply Dinokana and other small villages. The quality of raw water abstracted here is good. It only requires disinfection before it is supplied to consumers.
5. The Itsoseng well field is situated some 32km south east of Mahikeng. Here Sedibeng Water is licensed to abstract 4Mℓ per day. Water is pumped to a ground reservoir, then to an elevated reservoir and thereafter it gravitates to the towns of Itsoseng, Sheila and Verdwaal. The water quality is very good and meets the set standards for potable water. However, it is slightly hard with a high calcium content.

Bulk Potable Water Sales

Graph 4 indicates that the Mahikeng Water Treatment Works produces the most potable water as compared to the rest of the schemes, while the second highest production volume of potable water comes from the Mmabatho Water Treatment Works. It is worth noting that the bulk of the water produced, is sold to the Mahikeng Local Municipality.

Bulk Potable Water Production

Sedibeng Water employs different technologies to produce potable water. Depending on the impurities to be removed, conventional treatment is applied followed by disinfection.

Mahikeng Water Treatment Works

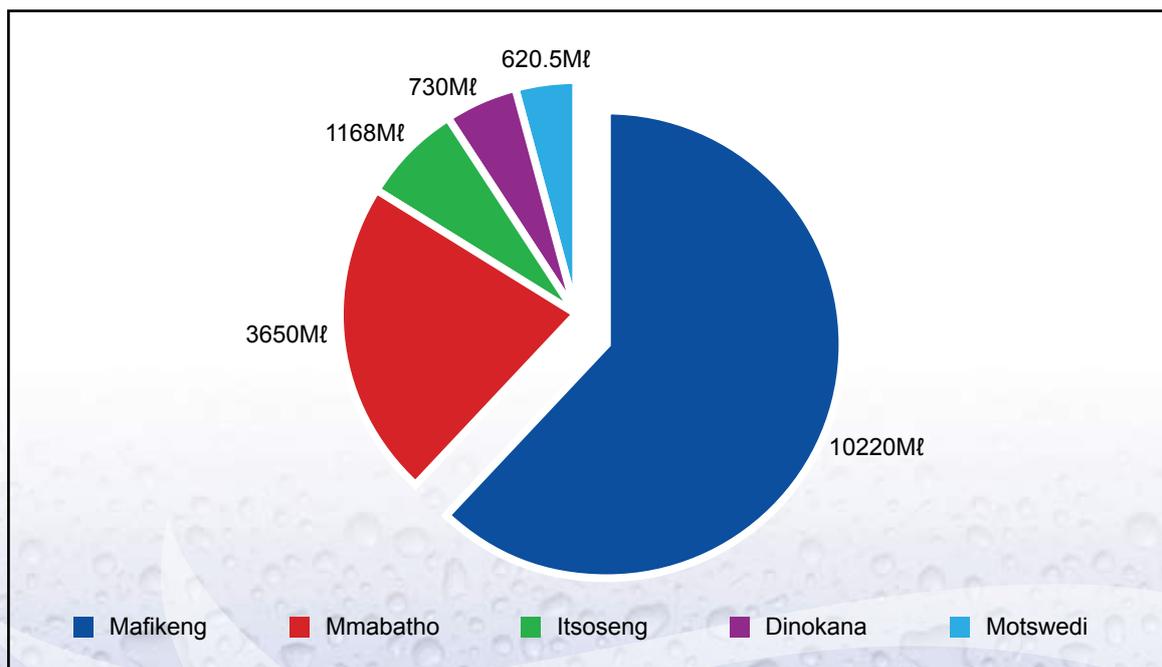
The Mahikeng Water Treatment Works is situated 5km to the east of Mahikeng town and has a total allocation of 30Mℓ per day, which constitutes 20Mℓ per day from the Grootfontein well fields and 10Mℓ per day from the Molopo Eye. The plant supplies peri-urban and urban areas around Mahikeng and Mmabatho. The raw water quality from these two abstraction points is good, hence only disinfection is applied. Although the Mahikeng Water Treatment Works has an allocation of only 30Mℓ per day, it has a design capacity of 45Mℓ per day, which is adequately higher than the combined allocated yields from the Grootfontein well fields and the Molopo Eye.

The treatment works consist of inlet chambers, pressure filters and chlorination processes. Due to good quality of raw water, the sand filters are bypassed. The level of water production is highly dependent on the yield from Molopo Eye and the Grootfontein boreholes. The average production volume of Mahikeng Water Treatment Works has remained relatively constant for the past two years with an average of 28Mℓ per day. This plant is characterised by minimal water loss, due to the good quality of the source water.

Mmabatho Water Treatment Works

The Mmabatho Water Treatment Works has an allocation of 20Mℓ per day, although it was designed to be upgradable through phases up to a maximum capacity of 60Mℓ per day. Average production during the 2014/2015 financial year was 10Mℓ per day, which was consistent with that of the previous financial year. This consistency is largely because of the refurbishment project at the plant and less pumping to the storage reservoirs.

Graph 4: Bulk Water Production in the Ngaka Modiri Molema District Municipality



The refurbishment of the plant has since been completed during the financial year under review. The average level of the Signal reservoir has increased to levels between 60% and 80% as compared to the previous financial year when the levels were always around 30%. Currently, there are no water supply interruptions to customers.

Motswedi Water Treatment Works

The Motswedi Water Treatment Works is situated in Lehurutshe, close to Zeerust. It has a design treatment capacity of 2Mℓ per day and only supplies peri-urban areas in Motswedi, Borakalalo and Reagile.

Dinokana Water Scheme

The Dinokana Water Scheme is located at the Dinokana village which is 30km to the north west of Zeerust. Source water comes from a natural spring called the Dinokana Eye, as well as seven boreholes, which produce good quality water. Production volumes depend mainly on the natural yield of the spring and water table. For the year under review, an average of 2Mℓ per day was estimated to have

been produced, while 762m³ per day was yielded by the seven boreholes. The final product is disinfected with chlorine and then distributed to communities.

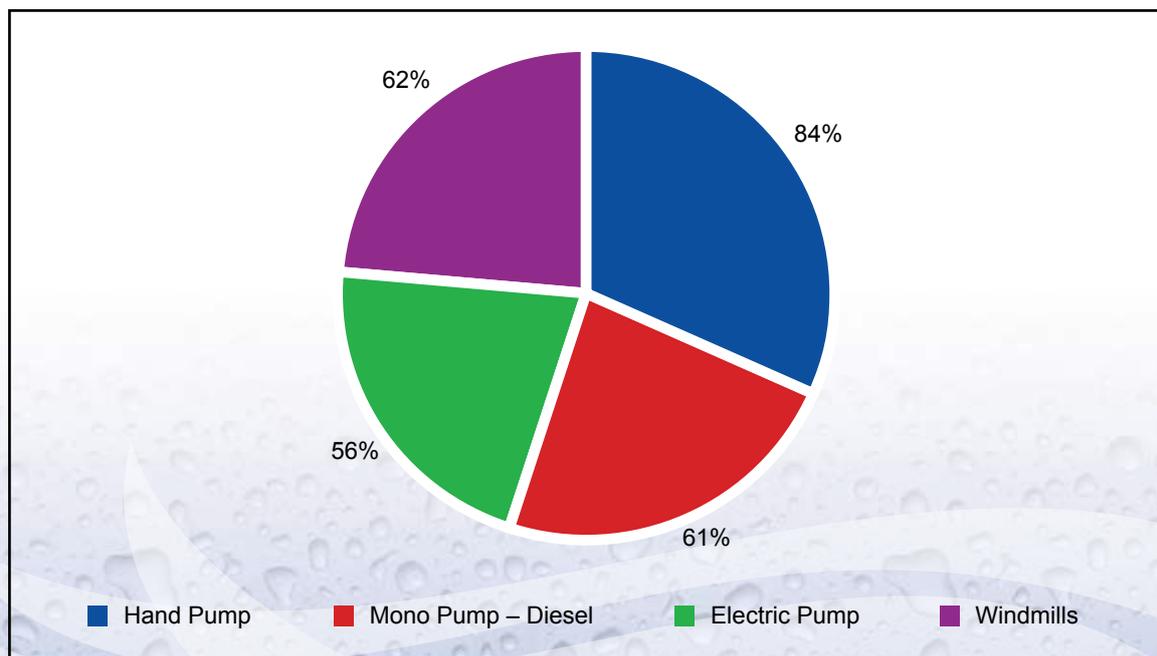
Itsoseng Water Scheme

The Itsoseng Water Scheme is situated 20km to the west of the town (Lichtenburg) in the Ditsibotla Local Municipality's area of jurisdiction. Water for this scheme emanates from five boreholes situated at Itsoseng village. The total yield from the five boreholes is approximately 3.2Mℓ per day, which indicates a decrease in water supply from the previous financial year. The water undergoes disinfection prior to distribution. It is worth noting that this potable water complies with SANS 241 water quality standards.

Operations and Maintenance Services

Sedibeng Water is responsible for operating and maintaining the water services infrastructure of Ngaka Modiri Molema District Municipality. The infrastructure consists mainly of boreholes, reservoirs, windmills, hand pumps and distribution pipelines (see Graph 5).

Graph 5: Number of Boreholes and Windmills in the Ngaka Modiri Molema District Municipality



Sedibeng Water performs operation and maintenance services in 82 villages in the district municipality concerned. During the past financial year, Management took a decision to establish a bulk infrastructure maintenance team, which is responsible for ensuring the operational efficiency of the bulk water infrastructure. The establishment of such a maintenance team was also aimed at improving the turnaround time of repairing infrastructure breakdowns, as well as minimising maintenance costs as most of the services will be sourced internally.

Operation and maintenance services relating to bulk water infrastructure include, but are not limited to: pump operation and maintenance for raw water abstraction; operation and maintenance of the sites and facilities of the water treatment works; the operation and maintenance of booster pump stations; operation and maintenance of bulk reticulation; valves, and the cleaning and maintenance of reservoirs. Operation and maintenance services associated with groundwater abstraction, include repairs and maintenance of borehole pipes and pumps; installations and the reading of borehole meters; pipeline repair or replacement, and valve maintenance.

Potable Water Supplied from Boreholes

Some of the rural schemes are metered. This measure assists Sedibeng Water to account for the pumping time and energy used, as well as to avoid over-abstraction from boreholes, which could exceed the recharge rate. During the 2014/2015 financial year (see Graph 6), Sedibeng Water used boreholes to supply a total of 3 773 033m³ potable water to the areas of the Ngaka Modiri Molema District Municipality, while 1 620 624m³ and 1 737 823m³ were supplied in the 2012/2013 and 2013/2014 financial years, respectively. The fluctuating supply trend mainly resulted from boreholes drying up (especially during non-rainy seasons) and borehole breakdowns.

Volume of Water Supplied Through Water Tankers

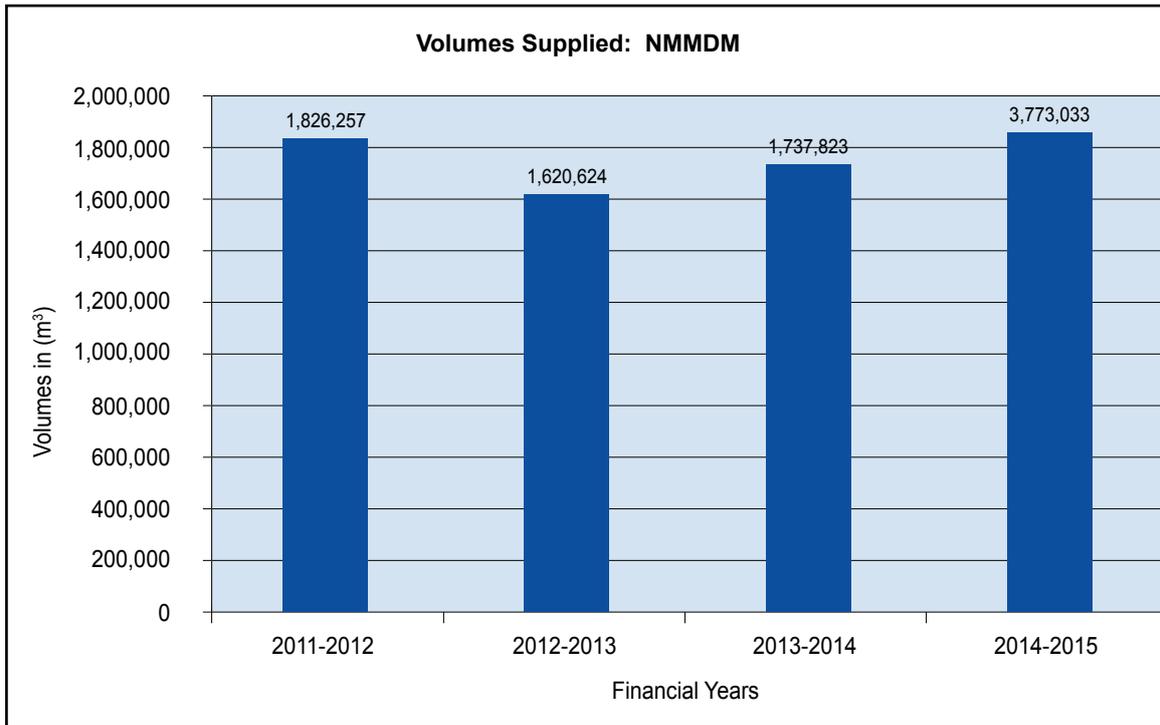
Water tankering services are being provided due to infrastructure breakdowns, special events, emergencies, etc. During borehole maintenance activities, tankering services were also organised to ensure water supply to affected areas. Due to a continuous drop in the water table caused by drought, such services were likewise used to augment existing water supplies.

With regards to the Ngaka Modiri Molema District Municipality, a total volume of 2 060m³ of water was supplied through water tankering to villages located within the Mahikeng Local Municipality. It is worth mentioning that the total volume of tankered water supplied has declined by about 47% during the 2014/2015 financial year, when compared to a total of 3 920m³ in the previous financial year. No water tankering services were provided to the Ramotse Moiloa Local Municipality during the year under review. There is also a general decline in the volumes of tankered water supplied over the past four years, which is largely due to a reduction in the number of water interruptions being experienced, as well as improved volumes delivered by the water resources concerned.

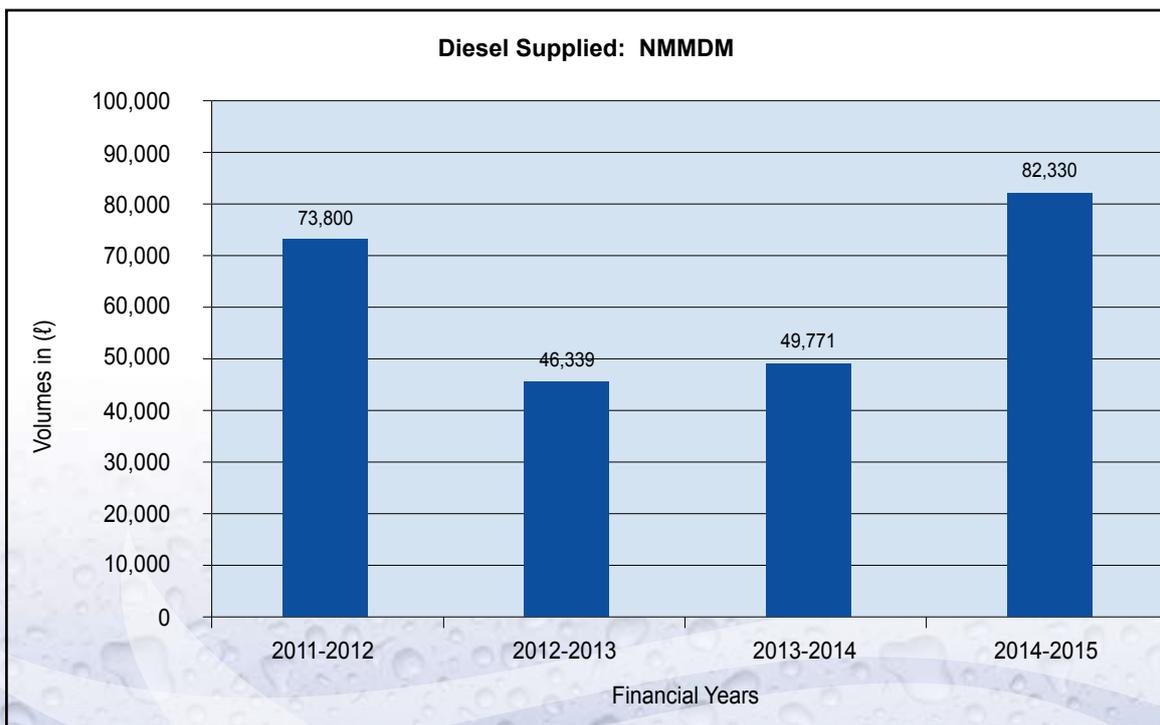
Diesel Supply

As part of its operations and maintenance function, Sedibeng Water is responsible for supplying diesel in order to pump water to various communities. In the Ngaka Modiri Molema District Municipality, Sedibeng Water supplies diesel to pump water from 61 boreholes to villages located within the Ratlou Local Municipality. These boreholes are entirely diesel-driven. Graph 7 reflects historical data of diesel supplied to the villages of the Ratlou Local Municipality. During the 2014/2015 financial year, a total volume of 82 330ℓ of diesel was supplied as compared to 49 771ℓ in the previous financial year. This covered 61 boreholes and new engines that were installed at non-operational boreholes, causing higher diesel consumption.

Graph 6: Borehole Production Volumes in the Ngaka Modiri Molema District Municipality



Graph 7: Diesel Supply in the Ngaka Modiri Molema District Municipality



Diesel was also provided to those villages which did not receive any diesel supply in the past. In the previous financial year, diesel supply was the responsibility of both the Ngaka Modiri Molema District Municipality and Sedibeng Water.

Maintenance Activities

In terms of its Service Level Agreement with the Ngaka Modiri Molema District Municipality, Sedibeng Water is responsible for the maintenance, protection and preservation of the water supply infrastructure. This function includes proactive and reactive maintenance activities conducted according to planned schedules, as well as on an ad-hoc basis, as and when required.

During the year under review, 1 718 pipeline, plant and borehole maintenance activities were conducted within the Ngaka Modiri Molema District Municipality. These breakdowns per local municipality (as depicted in Graph 8) included the following:

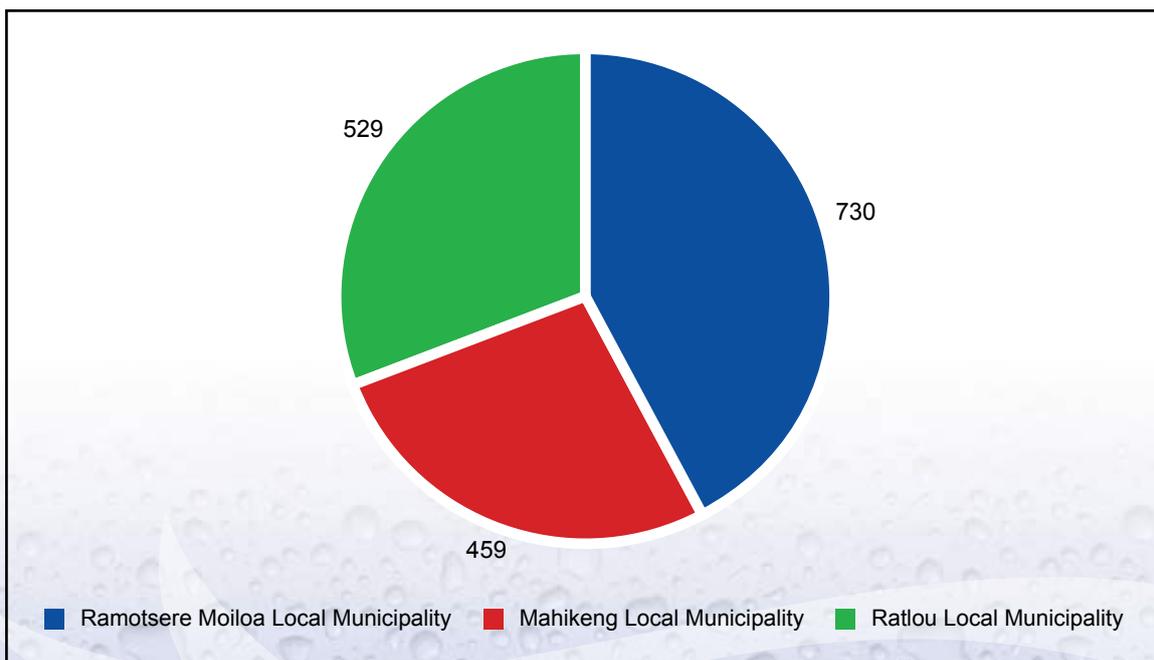
- Ramotshere Moila Local Municipality: 730 maintenance activities (due to aged infrastructure, illegal yard connection activities and vandalism);
- Ratlou Local Municipality: 529 maintenance activities (including boreholes); and
- Mahikeng Local Municipality: 459 maintenance activities (including plants and boreholes)

The total number of repairs during the 2014/2015 financial year has increased as compared to figures from the previous financial year.

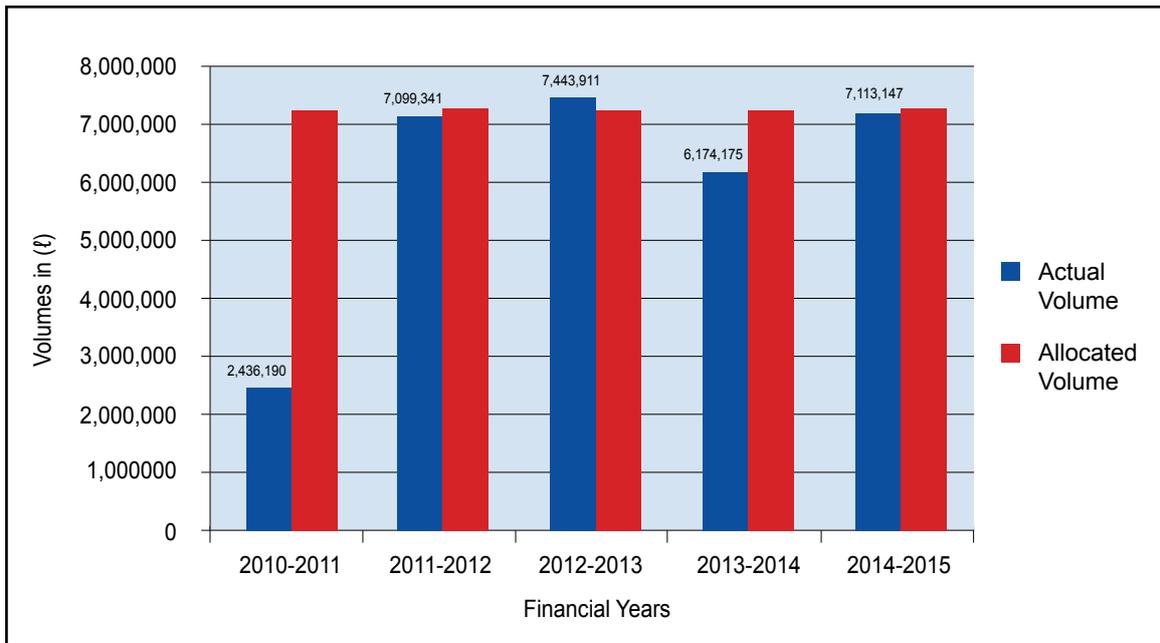
The TSWASA Water Scheme

The TSWASA Water Scheme was built in the late 1980s, following an agreement between the then Republic of Bophuthatswana, the Water Utilities Corporation of the Republic of Botswana and the Department of Water and Sanitation in the Republic of South Africa. The total cost of the scheme in 1989 was estimated at R38 million.

Graph 8: Number of Maintenance Repairs in the Ngaka Modiri Molema District Municipality



Graph 9: Water Supplied from the TSWASA Scheme



Sedibeng Water operates and maintains, on behalf of the Department of Water and Sanitation, the TSWASA Water Scheme that supplies water to Botswana.

This scheme provides for an allocation of 7,3 million m³ of water per annum to Botswana to augment water supply to Gaborone from Botswana's own resources. Furthermore, it also provides for a small allocation for irrigation purposes in Botswana along the Marico River, which forms the border between the two countries.

In the RSA, the scheme supplies about 10.6 million m³ of water per annum to irrigation farmers along the lower Groot Marico River and about 5 million m³ of water per annum for primary use in the Madikwe Game Reserve, the village of Molatedi and the Kopfontein border post between the RSA and Botswana. The scheme consists of the following infrastructure:

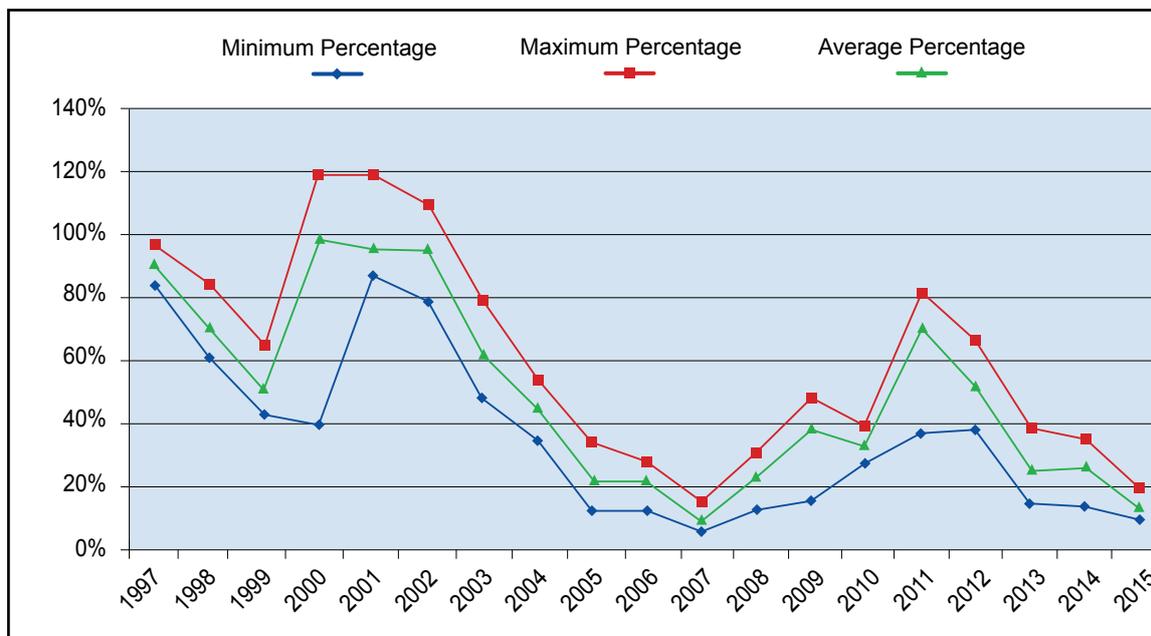
- The Molatedi Dam located on the Groot Marico River;
- A balancing reservoir;

- A pump station at Mooiplaats, 26km downstream of the Molatedi Dam;
- A 22km feeder pipeline to the balancing reservoir; and
- A 32km gravity pipeline to the Gaborone Dam in Botswana.

During the 2014/2015 financial year, the TSWASA Scheme supplied a total volume of 7 113 147m³, 3% less than the allocated volume of 7 300 000m³ (see Graph 9).

According to an old agreement, an allocation restriction (2015-2016) was imposed because the dam level dropped below 26%. As indicated in Graph 10, there has been a drastic drop in the water level of the dam since 2002 and operating rules require that water restrictions be imposed when the level reaches 9%. The effects of improvements done at the dam in 2011, were short-lived. This is mainly due to drought being experienced in the catchment area.

Graph 10: Molatedi Dam: Minimum and Maximum Levels (1997-2015)



Water Quality Monitoring

The Region has developed and implemented a comprehensive water quality monitoring programme, which involves sampling and testing above minimum requirements. The operators are also trained to carry out regular on-site sampling and testing procedures at the plants to identify deviations that may negatively impact on the final water quality.

Potable Water Quality

Samples are sent on a weekly basis to Sedibeng Water’s Accredited Laboratory at Balkfontein for detailed analysis as per SANS 241:2006 standards. Borehole water samples from the Ga-Segonyana Local Municipality are referred to a nearby contracted laboratory in Kuruman.

Table 2 summarises water quality statistics for the year under review, which complied with SANS 241:2006 in terms of microbiological, chemical and operational requirements for drinking water.

Table 2: Treated Potable Water Quality Results

Treated Water	Bogosing Supply System	Kgomotso Supply System	Pampierstad Supply System	Pudimoe-Taung Supply System	Majeakgoro Supply System
	% Compliance				
Microbiological (Health)	95.8%	99.1%	99.0%	98.5%	99.1%
Chemical (Health)	90.7%	>99.9%	>99.9%	99.9%	99.2%
Physical, Organoleptic (Non-health)	76.2%	99.6%	99.7%	>99.9%	>99.9%
Operational	83.0%	86.0%	93.1%	83.0%	85.2%

Bogosing Supply System

Water quality challenges experienced at the scheme were due to plant design limitations. However, control measures were put in place to ensure that safe drinking water is supplied to consumers at all times. The Bogosing Water Treatment Works will be decommissioned towards the end of 2015 and supply will be sourced from the newly constructed Taung Water Treatment Works, once it is operational.

Kgomotso Supply System

The quality of water from this system was mostly compliant with SANS 241. Turbidity that interfered with chlorine depletion within the system, posed a challenge due to the consistent failure of the dosing pumps concerned. New dosing pumps were procured and the dosing system will be modified to ensure more user-friendly operation for process controllers.

Pampierstad Supply System

Water quality complied with SANS 241 most of the time. However, challenges related to free residual chlorine within the distribution system had been experienced. Control measures were put in place to address the problem.

Pudimoe-Taung Supply System

Final water from the Pudimoe Water Treatment Works failed to comply in terms of turbidity with SANS 241, due to filter media loss in Module 1

(see Table 3). The filter media was replaced and filter backwash optimised. However, there were free residual chlorine challenges within the distribution system and control measures were put in place to address the problem.

The overall water quality of all the borehole systems has improved from the previous financial year due to the installation of online chlorine systems at boreholes identified as problematic.

Wastewater Effluent Quality

Pampierstad Wastewater Treatment Works

The final effluent from the Pampierstad Wastewater Treatment Works complied with the required standard within the parameters of the treatment capacity of the plant design. However, a consistent non-compliance of nitrates was due to plant design limitations. Free chlorine was maintained within limits before discharging effluent into the Harts River. To enforce compliance with regards to the effluent discharged, a fully equipped quality monitoring laboratory is available on-site. Samples for detailed analysis are sent on a weekly basis to Sedibeng Water's accredited laboratory at Balkfontein. During a period of about five months, there was a monthly failure of *E. coli* to comply with general authorisation. This *E. coli* failure was due to maintenance challenges. Control measures were put in place to overcome this challenge.

Table 3: Borehole Water Quality Results

Borehole Water	Taung Borehole Systems	Ga-Segonyana Borehole Systems
	% Compliance	
Microbiological (Health)	98.6%	97.2%
Chemical (Health)	99.9%	>99.9%
Physical, Organoleptic (Non-health)	98.9%	99.9%
Operational	79.9%	94.6%

Christiana Wastewater Treatment Works

The final effluent from the Christiana Wastewater Treatment Works complied with the required standard, however chemical and microbiological compliance failures were experienced in the system due to maintenance challenges (see Table 4). Control measures were put in place to overcome these challenges. Samples for detail analysis are sent weekly to Sedibeng Water’s accredited laboratory at Balkfontein to enforce compliance of the effluent before it is discharged into a nearby stream.

Maintenance and Refurbishment

Table 5 reflects maintenance and refurbishment expenditure in the North West Region for the 2014/2015 financial year. A wide range of maintenance activities, in part (component replacement) and in full (general overhaul), was performed on the following assets according to a Maintenance Plan:

- Process equipment at the water and sewage treatment plants;
- Borehole equipment;
- Pump stations;

- Storage facilities, such as concrete reservoirs, steel and plastic tanks;
- Reticulation equipment;
- Buildings; and
- Vehicles.

As indicated in Table 5, the North West Region recorded an increase in maintenance expenditure during the 2014/2015 financial year. Ageing equipment and frequent breakdowns demanded the refurbishment and replacement of equipment and machines. Constant water supply shortages and disruptions in raw water supply necessitated the acquisition of new mobile pumps to supply raw water to the treatment plants, especially with the increased demand being experienced in Pampierstad, which exceeded the supply provided by the raw water pumps. An escalation in the number of dry periods due to canal maintenance and upgrading contributed to increased mobile pumping. This also impacted on the supply of diesel and security services. A second truck has been converted into a water tanker and was completed by the end of January 2015. This truck will be used to provide tankering services to areas affected by water shortages.

Table 4 : Wastewater Quality Results

Effluent Discharged	Pampierstad Wastewater Treatment Works	Christiana Wastewater Treatment Works
	% Compliance	
pH	100%	100%
Electrical conductivity	100%	100%
Nitrate	31.6%	88.7%
Total suspended solids	100%	100%
Ammonia nitrogen	100%	100%
Oxygen absorbed	100%	100%
Dissolved ortho phosphate	100%	100%
Free residual chlorine	100%	100%
<i>E.coli</i>	89.5%	86.8%

Table 5: Maintenance and Refurbishment Expenditure

Year	Expenditure (R)	Increase in Expenditure (R)	Increase (%)
2013/2014	7,655,923	1,899,168	33%
2014/2015	19,602,803	11,946,880	156.05%

Cost-recovery

Sedibeng Water also renders full cost-recovery services in the North West Region. These services include the installation of pre-paid water meters, maintenance and management of old meters, billing and revenue collection. Sedibeng Water decided to replace all conventional water meters with pre-paid meters. This process has been completed.

The Region operates according to a set cost-recovery strategy, which was developed in line with the credit control policies of the Water Services Authorities in the Region. However, limitations hamper the full implementation and enforcement of this cost-recovery strategy. Water Services Authorities have no bylaws in place to back-up their credit control policies. Political interference is also being experienced during disconnection and the restriction of services to consumers who are in default. Notwithstanding these challenges, cost-recovery has improved drastically where pre-paid yard meters have been installed.

Management and Other Support Services

In addition to standard services that are rendered in fulfilment of the Water Services Provider Agreements in the Region, Sedibeng Water also renders management and support services on request to Water Services Authorities within its area of operations. Currently, a negotiation process is taking place between the Region and the Dr. Ruth S. Mompoti District Municipality to take over the bulk water services of this district.

Optimisation and Management of Water Supply Systems

Where Water Services Authorities are faced with serious problems due to a lack of capacity, Sedibeng Water may assist temporarily by managing their water supply systems. Currently, Sedibeng Water maintains and operates the water supply line from Pudimoe to Vryburg on behalf of the Naledi Local Municipality and the Christiana Wastewater Treatment Plant on behalf of the Lekwa-Teemane Local Municipality, on a cost-recovery basis. With its temporary management of these systems, Sedibeng Water assists the Water Services Authority concerned by optimising water treatment processes to bring water quality in line with acceptable standards, and to ensure the correct dosing of chemicals.

Project Management

Sedibeng Water has been acting as Implementing Agent for water related projects in all its areas of operation. Using our knowledge and expertise in the water industry, we do quality assurance assessments on behalf of Water Service Authorities and ensure that specifications on critical items within projects are adhered to. Such project implementation also took place in the North West Region during the year under review.

FREE STATE REGION

The primary function of the Free State Region is to supply bulk water services to some of the local authorities and mines in the Free State and North West Provinces. The following operational targets have been achieved during the 2014/2015 financial year:

Potable Water Supply

The Balkfontein and Virginia Water Treatment Plants treat raw water that is abstracted from two sources in the Region. Boreholes in the North West Province also supplement the supply of potable water.

Raw water treated at the Balkfontein Water

Treatment Plant is drawn from the Vaal River, while raw water from the Allemanskraal Dam is treated at the Virginia Water Treatment Plant.

Raw water from the Allemanskraal Dam is subject to a quota based on the amount of water available in the dam. A quota of 65% (10 720 000kℓ) had been allocated during the year under review. Due to late rains in the catchment area of the dam, as well as unused water initially allocated to other users, the Sand-Vet Water Users Association (WUA) was able to supply another 5 685 320kℓ in excess of the allowed quota.

Table 1: Raw Water Purchases

Year	Volume (kℓ)	Increase in Demand (kℓ)	Increase (%)
2013/2014	74,736,613	6,399,543	9.36
2014/2015	78,372,745	3,636,132	4.87

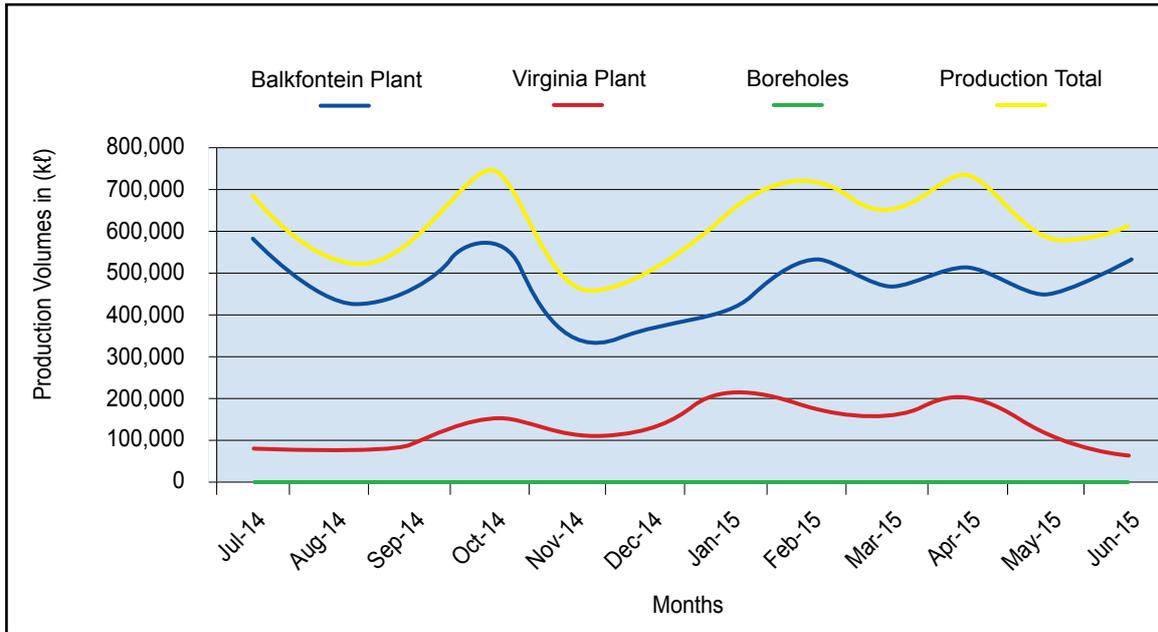
Table 2: Volume Produced (Sold)

Year	Volume (kℓ)	Increase in Demand (kℓ)	Increase (%)
2013/2014	71,121,020	6,473,293	10.01
2014/2015	74,739 203	3,618 183	5.09

There was an increase in water sales of approximately 5.09%. An increase in demand from municipalities and mines is the reason for this higher sales volume.

The following graph reflects monthly production trends for the past financial year.

Graph 1: Free State Region Monthly Production Trends



Potable Water Quality

Water quality statistics for the year is summarised in Tables 3.1 and 3.2.

The final water at both the Balkfontein and Virginia Water Treatment Plants complied with SANS 241:2014 for drinking water with regards to

microbiological, physical and organoleptic, as well as chemical safety. Heavy rains in the catchment area of the Vaal River contributed to the deterioration of raw water quality causing high turbidity and algal blooms. Blue-green algal blooms were experienced again in the Vaal River during the year under review.

Table 3.1: Water Quality Results - Balkfontein (Final Water)

Determinand	Unit	Specification	Compliance SANS 241:2014
Physical and Organoleptic Requirements			
pH	pH	5.0 – 9.5	>99.9
Turbidity	NTU	<1.0	98.1
Microbiology Safety Requirements			
<i>E. coli</i>	Count/100mℓ		>99.9
Operational Water Quality Alert Levels			
Total Coliforms	Count/100mℓ	10	99.4
Average Free Chlorine	mg/ℓ		1.85

Table 3.2: Water Quality Results - Virginia (Final Water)

Determinand	Unit	Specification	Compliance SANS 241: 2011
Physical and Organoleptic Requirements			
pH	pH	5.0 – 9.5	>99.9
Turbidity	NTU	<1.0	>99.9
Microbiology Safety Requirements			
<i>E. coli</i>	Count/100mℓ		>99.9
Operational Water Quality Alert Levels			
Total Coliforms	Count/100mℓ	10	>99.9
Average Free Chlorine	mg/ℓ		1.80

Water quality compliance for the different supply systems in the distribution network in the Free State Region is reflected in Table 3.3.

In the Nala and Maquassi Hills Local Municipalities very few Drinking Water Quality (DWQ) failures occurred as a result of the presence of *E. coli* in

samples from reservoirs in the distribution network. As required in terms of Section 9 of the Water Services Act (Act No. 108 of 1997), these failures were communicated to the municipalities concerned. To address the problem and prevent possible re-occurrence, additional chlorine was added prior to the municipal take-off point.

Table 3.3: Water Quality Results (Supply Systems)

Supply Systems in the Free State Region	Compliance Levels (%) - SANS 241:2014			
	Physical, Organoleptic: (95% min)	Chemical Health: (95% min)	Operational Limits: (95% min)	Microbiological Health: (97% min)
Hennenman/Ventersburg	99.5	99.2	99.3	>99.9
Odendaalsrus	98.7	99.5	99.5	>99.9
Virginia	99.2	>99.9	99.3	>99.9
Allanridge	99.4	>99.9	99.1	>99.9
Welkom	>99.9	99.1	99.3	99.4
Leeudoringstad	>99.9	>99.9	99.2	>99.9
Tswellelang	99.8	>99.9	99.4	>99.9
Wolmaransstad (Boreholes)	99.6	>99.9	>99.9	>99.9
Wesselsbron/Monyakeng	99.7	>99.9	98.4	99.3
Bothaville	99.4	99.2	98.8	>99.9

Wastewater Effluent Quality: Balkfontein Wastewater Treatment Plant

In terms of the Department of Water and Sanitation General Authorisation, the effluent discharged from the Balkfontein Wastewater Treatment Plant complied with the General Standard for wastewater, except for nitrates and *E. coli*.

The final effluent is irrigated onto the golf course at the plant and not discharged into the Vaal River.

Maintenance, Refurbishments and Projects

A system of planned maintenance was carried out throughout the 2014/2015 financial year. All buildings, equipment and vehicles were inspected and serviced according to a daily, weekly, monthly quarterly and annual schedule. Specific refurbishment projects were also implemented as part of the maintenance plan for the year. Provision for unplanned maintenance (repair) was likewise made in the maintenance budget. This expenditure is reflected in Table 4:

All reservoirs are cleaned according to a scheduled programme throughout the Region. The cleaning programme is also determined by the analysis of the quality of water released from the reservoirs. The joints and seals of the reservoirs were inspected and replaced as needed.

Some of the more significant maintenance and refurbishment activities are shown in Table 5.

Upgrading of the Buisfontein-Tswelelang Bulk Water Supply

Consultants were appointed to do an investigation and proposals to upgrade the bulk supply system. Construction of the additional bulk pipe line will start as soon as the Environmental Impact Assessment (EIA) has been approved and the appropriate funding sourced for the project.

Table 4: Maintenance Expenditure

Year	Expenditure (R)	Increase/(Decrease) in Expenditure (R)	Increase/Decrease (%)
2013/2014	15,986,000	3,442,000	27.4
2014/2015	15,789,205	195,795	-1.23%

Upgrading of the Wesselsbron Bulk Water Supply

Consultants were appointed to do an investigation and prepare/submit proposals to upgrade this bulk supply system. Construction of the additional bulk pipe line will start as soon as the EIA has been approved and the appropriate funding sourced for the project.

Upgrading of the Koppie Alleen-Ventersburg Bulk Water Supply

Consultants were appointed to do an investigation and submit proposals to upgrade the bulk supply system. This additional supply system poses unique challenges as four towns are involved and the supply line will cover a distance of approximately 50km. Construction of the additional bulk pipe line will start as soon as the EIA has been approved and the appropriate funding sourced for the project.

New Bottling Plant at Balkfontein

A building at Balkfontein was refurbished where equipment for a new bottling plant can be installed and operated. This plant was commissioned during the past financial year and bottled water for promotional events can now be supplied.

New Sludge Dams at Virginia Plant

Construction was delayed due to the fact that environmental legislation changed and an EIA is now needed before construction can commence. The EIA for the project was approved with some provisos. Construction will start as soon as the appropriate funding has been sourced for the project.

DWS Projects

Sedibeng Water was appointed by the Department of Water and Sanitation (DWS) as the implementing agent for the construction of the Monyakeng and Wolmaransstad Wastewater Treatment Plants. Construction is in progress.

Rapid Response Unit Project

Sedibeng Water is the implementing agent of the Rapid Response Unit (RRU) Project. In this project consultants are appointed to respond to water and sanitation problems that are being encountered by Free State municipalities. These consultants are tasked with providing short, medium to long-term solutions to these problems.

Eskom Demand Side Management (DSM) Project

The telemetry control system (SCADA) in the control room at Balkfontein and various other controllers in remote pump stations were upgraded as part of an Eskom (DSM) Project during previous financial years. The aim of the project is to shift electricity usage out of the critical demand period from 18:00 to 20:00 daily. This method of operation is strictly adhered to, especially with electricity supply being constrained nationwide. The initial verification revealed that the target of 4.2 Megawatt was exceeded.

Cathodic Protection

Sedibeng Water is currently busy with cathodic protection refurbishment, which is designed to counteract the effects of corrosion on the steel pipelines and increase the life span of the pipe line. A Bill of Quantity was completed for all transformer rectifier sets in the distribution system.

Maintenance, Refurbishments and Projects

Planned maintenance was carried out on an on-going basis according to a planned maintenance schedule. These include daily, weekly, monthly, quarterly and annual inspections and services to equipment and vehicles (see Table 5).

Table 5: Planned and Unplanned Maintenance

Planned Maintenance	Unplanned Maintenance
<ul style="list-style-type: none"> • Sections of pipelines to Wesselsbron and Monyakeng were replaced. • The 660mm Welkom main circuit pipeline is out of operation for maintenance and repair purposes. • Various new meter inserts were installed. • The gate valves on the 900mm Welkom-Saaiplaas pipeline were modified in order to minimise vandalism. • A number of consumer connections were replaced, modified and upgraded. • Pumps were removed, refurbished, put back in operation in the Saaiplaas, Hennenman, Koppie Alleen Booster, De Erf boreholes and Virginia Pump Stations. • The KSB pumps at the inlet pump station were tested for efficiency and new drive belts were installed. • Major service was done on the high pressure pump station's Pumps 1-4. • A new pump was installed at the Wesselsbron Pump Station. The old pump has been refurbished and is kept as a spare. • A new sump pump was installed at Leeuwbult for the reservoir seepage water. • Two 700mm electronic flow meters were installed on the Saaiplaas Pump Station delivery line. • A new level control mechanism for the Ventersburg municipal reservoir was installed to minimise water loss as a result of the reservoir overflowing. • A new 400mm butterfly valve was installed on the Phomolong supply line. • A new draw-off was installed for an additional Thabong water supply line. • A number of Programmable Logic Controllers (PLCs) was replaced and upgraded at various pump stations and installations. • Soft starters were installed in some pump stations. • Repair and upgrade of the main electricity supply connection to the Balkfontein main substation. • Settling ponds, Module 2, at Balkfontein was refurbished and put back in operation. 	<ul style="list-style-type: none"> • The 700mm butterfly valve on the Welkom circuit was repaired after being vandalised. • Three 150mm gate valves on the Welkom circuit 700mm pipeline were replaced as a result of vandalism. • Three 150mm air valves on the 700mm Welkom circuit pipeline were replaced as a result of vandalism. • A section of the 700mm Welkom-Saaiplaas pipeline has been replaced as a result of pipeline aging. • The meter insert for F29 had to be replaced as a result of vandalism. • The meter insert for F22 was replaced as a result of faulty readings. • The 700mm gate valve on the Welkom – Saaiplaas pipeline next to the Saaiplaas Pump Station was vandalised and temporary repairs were done to minimise water loss. • A 3m section of the 400mm pipeline supplying Oryx Mine (Sibanye Gold) has been replaced, because of wearing and aging. • The leaking section of the bypass pipeline in Monyakeng was replaced. • Numerous cascade clamps were installed on the 400mm, 600mm, 700mm and 900mm pipelines. • A new hefty steel square tubing gate was installed at Dirksburg. • Sixteen 150mm gate valves were replaced on the Welkom-Saaiplaas pipeline as a result of vandalism. • Four 500mm cascade clamps were installed on the Koppie Alleen to Brabant pipeline. • Copper cables at the Brabant pumps were replaced with Aerial Bundle cables. • The sleeve at Borehole P18 broke and resulted in pump damage. • Leaks, due to aging, were repaired on a pipe line from Balkfontein to De Erf. • Sulzer 7 at De Erf Pump Station was sent for repairs due to bearing failure. • KSB No 3 at De Erf Pump Station was repaired due to bearing failure.

PROJECT MANAGEMENT UNIT

The Project Management Unit at Sedibeng Water is a newly established department that deals with the implementation and monitoring of projects.

The key strategic objective of the Project Management Unit is to assist both the Department of Water and Sanitation and municipalities in the successful construction, monitoring, evaluation and completion of projects by:

- Overseeing the effective management of consultants and contractors;
- Enhancing the capacity of technical departments in municipalities;
- Coordinating the design and construction of projects; and
- Improving service delivery by municipalities through the completion of projects within their allocated budget limitations and time frames.

During the 2014/2015 financial year, the Project Management Unit oversaw projects in the Free State, North West and Northern Cape Regions. A brief overview will now be given of some of the projects concerned.

Free State Region

Nala Wastewater Treatment Works

The original project entailed the construction of wastewater treatment works with a capacity of 4.5Mℓ per day in Wesselsbron/Monyakeng. The project was initially funded by the Municipal Infrastructure Grant, but never completed. Sedibeng Water was appointed in 2013 as Implementing Agent by the Department of Water and Sanitation for the completion of the Monyakeng Wastewater Treatment Plant. The project is currently funded by the Department of Water and Sanitation as part

of the Regional Bulk Infrastructure Grant (RBIG) Programme. Sedibeng Water was tasked with re-commissioning the civil structures and mechanical and electrical equipment supplied during the abandoned first construction phase.

The objectives of the second construction phase are to:

- Complete the civil structures;
- Supply, deliver, install and commission all the necessary equipment; and
- Complete the sewage works that will serve 6 871 stands in Wesselsbron/Monyakeng.

A contractor was assigned during October 2013 to complete the mechanical and electrical work at the plant at a cost of R11,3 million, while a civil contractor was appointed in September 2014 to complete the civil structures at a cost of R20,1 million. Extensive refurbishment had to be done due to vandalism and a lack of maintenance on the initially supplied equipment. Some aspects of the civil works still need to be completed, while the process of installing equipment was approximately 90% complete at the end of the financial year under review.

Table 1 indicates funding by the Regional Bulk Infrastructure Grant (RBIG) Programme that was made available to the project to date.

Upgrading of the Jacobsdal Water Treatment Plant

Sedibeng Water has appointed a contractor in February 2015 to construct a 5Mℓ reservoir to augment the supply of potable water to Ratanang. The construction costs amount to R15,6 million of which R6,5 million had been spent during the

Table 1: RBIG Funding: Monyakeng Wastewater Treatment Plant

	2013/2014 (R)	2014/2015 (R)	2015/2016 (R)	Total (R)
Allocation	4,000,000.00	14,000,000.00	20,015,362.86	38,015,362.86
Spent amount	4,000,000.00	13,638,286.39	-	17,638,286.39
Balance	-	361,713.61	20,015,362.86	20,377,076.47

2014/2015 financial year. The construction of the reservoir will be completed in February 2016. Local labourers, who were trained in concrete work and steel fixing, are being used in the project

Jacobsdal Raw Water Canal

The canal supplying the Jacobsdal Water Treatment Works with raw water from the Kalkfontein Dam and the Oranje Riet River Canal System, has been refurbished. During the past financial year, all the vegetation and trees that can damage the canal or interfere with waterflow, were removed. Additionally, all broken concrete slabs were replaced, while joints were sealed and cracks repaired. The project has been completed successfully in April 2015. Should sufficient funding be available, the fencing of the canal will also be upgraded to prevent livestock from damaging the canal.

Upgrading of Luckhoff Water Treatment Plant

The upgrading of the Luckhoff Water Treatment Plant is divided into the following phases:

- **Phase 1:**
 - Replacing of all sand filters; and
 - Repairing of all water leaks.

- **Phase 2:**
 - Replacing of all AC pipes with UPVC pipes;
 - Installing a 160mm UPVC pipeline from the pump station;
 - Replacing all pump and motor sets;
 - Increasing the capacity of the raw water storage facility;
 - Increasing the holding volume of the flocculation canal;
 - Sealing of the clear water dams; and
 - Refurbishing of the buildings on-site.

Phase 1 has been completed during November 2014. After consultation took place with the Letsemeng Local Municipality on the scope of work to be done, Phase 2 commenced during March 2015. An amount of R2,8 million was thus far spent on the upgrading of the plant.

Upgrading of the Water Reticulation Network in Dithlake

The scope of this project includes the following:

- Reticulation of 180 stands in Dithlake (it was later established that 262 stands were actually in need of reticulation);
- Upgrading of the bulk water supply from the reservoirs to the reticulation site;
- Construction of a valve control room for the control and measurement of all outgoing water from the reservoirs; and
- Connection of all these reservoirs to the valve control room.

The project was completed by the end of September 2015 at a cost of R7,8 million.

North West Region

Upgrading of the Maquassi Wastewater Treatment Works

In February 2014 the Department of Water and Sanitation appointed Sedibeng Water as the Implementing Agent for the upgrading of the Maquassi Wastewater Treatment Works, which is funded as part of the RBIG Programme. The Maquassi Hills Local Municipality ceded the appointment of the consulting engineers to Sedibeng Water and a Service Level Agreement was signed between the relevant parties.

The project is divided into the following volumes:

- Volume A: Civil works of the purification plant;
- Volume B: Upgrading of the pump station at Maquassi and the construction of a pump line from Maquassi to the new plant; and
- Volume C: Mechanical and electrical works.

The Department of Human Settlements in the North West Province took over responsibility for Volume B, excluding the new pump station in Lebaleng. A contractor for civil works (to the amount of R62,0 million) was appointed in September 2014. At the end of the 2014/2015 financial year progress on the construction of the civil works stood at 15%.

Table 2: Ngaka Modiri Molema District Municipality Projects

Project Name	Total Project Value (R)	Funding Source
Groot Marico Bulk Water Supply	3,900,000	MWIG
Greater Lichtenburg Bulk Water Supply	3,300,000	MWIG
Water Service Operating Grant	30,000,000	WSOS
Mahikeng Bulk Water Supply	45,000,000	RBIG
Ratlou Bulk Water Supply	45,000,000	RBIG
NMMDM Rural Water Supply Programme (Equipping of boreholes and reticulation)	150,530,661	WSOS

A contract to the value of R60,0 million for the mechanical and electrical works was awarded in May 2015.

Projects from the Ngaka Modiri Molema District Municipality (NMMDM)

During the 2014/2015 financial year, a number of the projects from the Ngaka Modiri Molema District Municipality (see Table 2) were handed over to Sedibeng Water as per the directive from the Minister of Water and Sanitation.

Northern Cape Region

Refurbishment of the Vaal Gamagara Water Supply Scheme

The Vaal Gamagara Water Supply Scheme, currently supplying approximately 22 million m³ of water per annum to domestic consumers, mines and farmers, was transferred in 2008 to Sedibeng Water by the Department of Water and Sanitation.

The upgrading of the scheme consists of two phases:

• **Phase 1**

This phase entails the replacement of the pipelines from Kathu to Black Rock, as well as from Roscoe to the Sishen Western Expansion Project (SWEP) bypass, at an estimated cost of R688 million. Aging

infrastructure is negatively affecting the reliability and volumes of water supply to customers served by the Kathu to Black Rock section of the scheme, as increased pressure in the network causes regular pipe bursts. Therefore, this pipeline section has to be replaced, while the capacity of the line from Roscoe to the SWEP bypass likewise needs to be increased so that additional water emanating from the dewatering operations at the Kolomela Mine, adjacent to Postmasburg, can be utilised.

• **Phase 2**

The second phase of the project will comprise of the upgrade of the water treatment plant in Delpportshoop, related pump stations, as well as the pipeline from this plant to Kathu.

The feasibility study for the project has been completed, while project implementation is still in the planning phase. A consulting engineer responsible for the design of Phase 1 has been appointed.

Refurbishment and Upgrading of the Namakwa Regional Water Supply Scheme

Phase 1 in the refurbishment and upgrading of the Namakwa Regional Water Supply Scheme consisted of the construction of an emergency above ground bypass pipeline over a distance of 13.5km from Vrieskloof to Kliphooigte.

This phase has been completed. Phase 2, comprising of the replacement of the gravity main pipeline (55km in length) from the Eenriet reservoir to the Vaalhoek reservoir, is in progress. Phase 3 entails the upgrade of the rising main pipeline (spanning 50km) from the Orange River to the Eenriet reservoir, as well as the refurbishment of pump stations and the purification plant. The tender for a consulting engineer for Phase 3 has been advertised. It is anticipated that Phase 3 will be completed by April 2016 and that Phase 4 will commence in 2016 and be completed in 2019.

Bucket Eradication Programme in the Sol Plaatje Local Municipality

Sedibeng Water was appointed by the Department of Water and Sanitation as the Implementing Agent for the Bucket Eradication Programme in the Sol Plaatje Local Municipality. The aim of the project is to replace the bucket sanitation systems that are still in use in this municipal area with waterborne sanitation systems.

The objectives of the programme are:

- To construct 954 waterborne sanitation systems on stands and connect them to existing sewer and water reticulation networks;
- To construct 1 300 waterborne sanitation systems in areas that do not have sewer and water reticulation networks - the implementation of these systems will take longer as the planning and design of the reticulation networks have to be carried out first;
- To construct conventional toilets (2 254 in total) on stands and connect them to existing sewer and water reticulation networks; and
- To provide training to the community regarding the functioning of waterborne sewerage systems and the correct use thereof.

Rainwater Harvesting Project

The Department of Water and Sanitation has appointed Sedibeng Water as the Implementing Agent for the Rainwater Harvesting Project in order to assist poor households in harvesting rainwater for food gardening in their yards. This initiative is in line with Chapter 2, Section 27.1b of the Constitution of the Republic of South Africa, whereby Government guarantees that every citizen has to have access to food and water, and that the State should be able to provide for these within available resources.

The project involves the installation of 5 000 litre water tanks and the supply of gutter systems. During the 2014/2015 financial year, 156 tanks were installed (50 in Petrusville and 106 in Mier). A total of 210 tanks will be installed in Griekwastad and Douglas in the new financial year. The total budget of the project is R4 million over two years and thus far R1 million has been spent.

Construction of a New Quality Control Laboratory at Vaal Gamagara (Internal Project)

This project consists of the construction of a quality control laboratory at the Vaal Gamagara Water Treatment Plant and the purchasing of the necessary laboratory equipment for use in this facility. The project costs amount to R10,0 million.

The laboratory will consist of the following four sections aimed at assisting municipalities and other clients with water quality management:

- Instrumentation;
- Wet Chemistry;
- Sewage; and
- Microbiology.

Sedibeng Water's experienced Scientific Services Department and its accredited Quality Control Laboratory at Balkfontein oversaw the establishment and development of this facility to ensure that SANAS accreditation for the new laboratory is obtained as soon as possible. The project was completed in July 2015.

FINANCIALS

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STATEMENT OF THE BOARD'S RESPONSIBILITY

In accordance with the Water Services Act (Act No.108 of 1997) and the Public Finance Management Act (Act no. 1 of 1999), as amended, the Board is required to prepare annual financial statements that comply with Statements of South African Generally Accepted Accounting Practice.

The Board is responsible for ensuring that complete, accurate and reliable accounting records form the basis for preparing consolidated annual financial statements. The consolidated financial statements include judgments and estimates that are reasonable and prudent, made by Management, reviewed and accepted by the Board. The Board also ensures that accounting policies are appropriate to the operation's circumstances. In order to achieve this objective, the Board relies on the systems of internal control set up and maintained by Management.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP) and in the manner required by the other enabling legislation. The financial statements are based upon appropriate policies consistently applied and supported by reasonable and prudent judgments and estimates.

External Auditors are responsible to report on the fair presentation of these financial statements. The external auditors were given unrestricted access to all financial related data and have audited the consolidated financial statements. The Board believes that all representations made to the independent auditors during their audit are valid and appropriate.

Independent internal auditors assist the Board in their task of providing that internal controls are adequate and operate as intended throughout the financial year under review. The Board is also responsible for such internal controls as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

These controls are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect misstatements and loss. Nothing has come to the attention of the Board to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The Board Members acknowledge that they are ultimately responsible for the system of internal financial control and place considerable importance on maintaining a strong control environment. To enable the managers to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

Sedibeng Water and all employees are required to maintain the highest ethical standards in ensuring Sedibeng Water's activities are conducted in a manner that in all reasonable circumstances is above reproach.

The Board is of the opinion that the financial statements fairly present the financial position of Sedibeng Water as at 30 June 2015, and the results of its operations and cash flows for the year then ended. Material facts or circumstances between the accounting date and the date that the report has been signed, have been disclosed in the consolidated annual financial statements. The financial statements, which appear on pages 118-168, have been approved by the Board on 15 October 2015 and signed on the Board Members' behalf.



M.D. Dikoko
Chairperson of the Board

AUDIT AND RISK COMMITTEE'S REPORT

The Audit and Risk Committee is pleased to present its annual report for the financial year ended 30 June 2015, as required by the Public Finance Management Act (PFMA) and Treasury Regulations. The Audit and Risk Committee's report contains work performed by the Committee in line with provisions covered in the King III Report guidelines and the Audit and Risk Committee Charter, as adopted by the Board of Sedibeng Water.

Audit and Risk Committee Members

The Audit and Risk Committee is a Sub-committee of the Board and is composed of three Board Members. The Committee reports to the Board on a quarterly basis. The Committee held four ordinary meetings and one special meeting during the 2014/2015 financial year. The Committee consists of the following independent non-executive members:

Adv. S.S.T. Kholong (Chairperson)

Ms. G.G. Ramakarane

Mr. D.D. Madyo

Responsibility of the Audit and Risk Committee

The Audit and Risk Committee takes overall responsibility for the organisation's financial oversight and the effectiveness of the internal control system as delegated by the Board. The Committee performs its duties through reviewing the work of the internal and independent auditors. The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 38(1) (a) of the PFMA, as amended, and Treasury Regulation 3.1.13. Furthermore, the Audit and Risk Committee has adopted appropriate formal Terms of Reference as outlined in its Audit and Risk Committee Charter, which is reviewed and updated for alignment with standards and any applicable legislation on an annual basis. It has regulated its affairs in compliance with this charter; complied with its responsibilities arising from the Water Services Act; and discharged all its responsibilities contained therein.

In conducting its duties, the Audit and Risk Committee has, inter alia, performed the following activities:

- Reviewed the reports of both internal and external auditors, detailing their concerns arising out of their audits and requested appropriate responses from Management, which resulted in their concerns being addressed;
- Reviewed and recommended operating and financial policies for adoption by the Board; and
- Reviewed and recommended the adoption of the annual financial statements of Sedibeng Water for the year ended 30 June 2015.

Internal Control

The Audit and Risk Committee is of the opinion, based on the information and explanations given by Management, the internal audit and discussions with independent external auditors on the results of the audits, that the internal accounting controls of the organisation are adequate to ensure that the financial records may be relied upon for preparing the financial statements and accountability for assets and liabilities are maintained. Nothing significant, other than reported in the internal and external reports, has come to the attention of the Audit and Risk Committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the financial year under review.

Evaluation of Financial Statements

The Audit and Risk Committee has evaluated the annual financial statements of Sedibeng Water for the year ended 30 June 2015, and based on the information provided, the Audit and Risk Committee considers that these financial statements comply, in all material respects, with the requirements of the Public Finance Management Act (PFMA), as amended, and South African Statements of Generally Accepted Accounting Practice (SA GAAP).



Adv. S.S.T. Kholong

Chairperson of the Audit and Risk Committee

ENVIRONMENTAL PROTECTION AND MANAGEMENT

The National Environment Management Act (Act No. 107 of 1998) defines waste as any matter, in any state of matter (gaseous or liquid or solid or any combination thereof), originating from residential or commercial or industrial or agricultural sources. The Act stipulates requirements regarding the management or disposal of various forms of waste in an effort to protect the environment.

Sedibeng Water values the importance of protecting the environment and as such, has developed and implemented its Environmental Management Programme that exceeds the minimum requirements of the Act. This programme is in line with the NOSA CMB 253N Integrated System, which enforces compliance in terms of pollution risk control, waste management and environmental monitoring. The NOSA CMB 253N Integrated System further encourages organisations to exceed the minimum requirements of the Act by developing and implementing resource conservation plans.

To meet the requirements of the NOSA CMB 253N system regarding pollution risk management, environmental impact and aspect assessments were conducted in the Free State Region and the Northern Cape Region. Similarly, environmental pollution control was conducted in the North West Region. All three regions implemented corrective actions to combat the identified environmental deviations.

Waste Management

The classification of waste is central to the waste management process. At Sedibeng Water, waste generated by our operations is classified as either hazardous or non-hazardous, based on the risk assessments that are conducted. These risk assessments determine the handling and disposal of such waste.

Hazardous Waste

This type of waste requires special handling and disposal procedures. At Sedibeng Water hazardous waste includes fluorescence tubes, chemicals and biological waste. The disposal of hazardous waste is contracted to specialised service providers who are licensed to dispose of such waste at special landfills, or to deform it in the prescribed and authorised manner. Certificates of safe collection and safe disposal are issued in this regard.

Non-Hazardous Waste

Most of the waste that is generated at Sedibeng Water is of a non-hazardous nature, which includes general waste such as paper, garden refuse, building rubble and other general household waste. Employees responsible for cleaning the grounds collect and dispose of general waste at municipal landfills, or at authorised internal disposal sites in the case of garden refuse and building rubble. Non-hazardous waste also includes scrap, such as metals, glass, etc.

Furthermore, waste (whether hazardous or non-hazardous) is categorised as recyclable or non-recyclable. As part of the waste management process, waste is separated at its source and put into marked bins, or colour-coded bins based on whether it is hazardous or non-hazardous, and recyclable or non-recyclable or reusable. Where possible, we attempt to reduce waste generation by using alternative processes or to replace hazardous materials with less or non-hazardous materials.

Authorisation/Licences

Sedibeng Water's operation at Balkfontein in the Free State Region has been issued with a licence by the Department of Water and Sanitation to dispose of sludge on-site. Other regions have been encouraged to follow the same process of applying for authorisation in terms of section 21(g) of the National Water Act (Act No. 36 of 1998).

Waste and Pollution Minimisation

Our success in waste management is founded on the principle of waste and pollution minimisation. Recycling is regarded as the nucleus in this process of waste and pollution minimisation. Therefore, waste that is identified as recyclable or reusable is collected by service providers in the recycling sector for free, or at reduced scrap prices.

Some of the scrap that is suitable for household use, such as old metal pipes that may be used for fencing, are sold to employees. In the North West Region oil and fuel spills at the diesel driven pumps were identified as a major pollution concern. However, the plan is to replace all the diesel driven pumps with electrical pumps, once Eskom has sufficient capacity to supply electricity for this purpose. It remains an ultimate objective to reduce waste at Sedibeng Water.

Energy and Resource Conservation

Element 1.26 of the NOSA CMB 253 Integrated System enforces best practice of energy and resource conservation for proactive environmental protection and sustainability. At Sedibeng Water, Resource Conservation Plans have been developed that are being implemented throughout the organisation. These plans are aimed at the responsible use of natural resources, such as energy (electricity and fuel) and water.

Thus far, the implementation of these plans have been successful in controlling and reducing the use of natural resources.

ANNUAL PERFORMANCE REPORT

Strategic Objectives and Outcomes Against Actual Performance Results for July 2014 – June 2015

Performance Objectives	Outcomes / Impact	Indicators	Measure	Performance Result		Comments
				Target (%)	Actual (%)	
1. Water Quality Compliance	Water quality standards met	Test results, SANS 241	% compliance	96%	Free State: - Bacteriological = 99.9% - Chemical = 99.9% Northern Cape - Vaal Gamagara (VGG): - Bacteriological = 99.9% - Chemical = 99.9% Northern Cape - Namakwa: - Bacteriological = 99.9% - Chemical = 99.9% North West: - Bacteriological = 99.9% - Chemical = 97.7%	Target achieved. SANS 241 prescribes a minimum target of 96%. The water quality tests conducted reflect an achievement of 97% to 99.9%.
2. Non-Revenue Water	Reduced levels of unaccounted water (UAW)	Water lost as a % of total water produced	%	8%	Free State: 2.82% Northern Cape: 7.81%	Target achieved. The non-revenue water target was achieved following efficiencies achieved in the water purification processes.
3. Reliability of Supply	No unplanned interruptions to supply exceeding 24 hours	% number of days supply disrupted divided by total number of possible supply days	%	0	Free State: None North West: None Vaal Gamagara: None Namakwa: None	Target achieved. No water disruptions were recorded in the various areas of operation from the bulk water reservoirs.
4. Financial Reporting Compliance	Unqualified audit report	Annual external audit	Qualified/unqualified	Unqualified audit opinion	Annually only	Target achieved. The organisation has obtained an unqualified audit opinion.
5. Staff Turnover	Optimal staff retention	% of technical staff leaving	%	4%	2.58% left	Target achieved. The organisation employs effective recruitment and retention strategy policies.
6. Board Member Attendance	Improved performance of fiduciary duties/governance	Annual attendance	%	80%	95% of Board members attended meetings	Target achieved. Board members are committed to organisation.
7. Effective Internal Controls and Risk Management	No repeat or unresolved findings	Internal audit reports	Number repeats Number unresolved	0 0	0 2	Target not achieved. 1. The debtors' collection days remain a challenge due to non-payment by the customers. However, the National Treasury and the Department of Water and Sanitation are intervening. 2. The Debt Management Policy is under review, however, the organisation utilised the Water Services Act and the Public Finance and Management Act.

**Strategic Objectives and Outcomes Against Actual Performance Results for July 2014 – June 2015
(continued)**

Performance Objectives	Outcomes / Impact	Indicators	Measure	Performance Result		Comments
				Target (%)	Actual (%)	
8. Bulk Supply Agreements Concluded with Municipalities/ Other Customers	Statutory and service level agreements in place	Municipalities/ other customers with bulk supply agreements	%	100%	73.3% of service level agreements are active	Target not achieved. Four (4) out of eleven (11) contracts with municipalities are not in place. Negotiations with these municipalities are at advanced stages.
9. Improve Financial Ratios	Improved viability and sustainability	Financial ratios	Liquidity	1.566 times	1.46 times	Target not achieved, due to the higher provision for doubtful debts at year end.
			Gross profit margin % (primary activity)	64.20%	67.52%	Target achieved, due to improved purification processes.
			Gross profit margin % (secondary activity)	62.70%	95.25%	Target achieved. Additional implementation fee was received.
			Net profit margin % (primary activity)	9.89%	9.41%	Target not achieved, due to the provision for doubtful debts made at year end.
			Net profit margin % (secondary activity)	5.31%	12.82%	Target exceeded, due to project management fees and DWS Grant.
			Debt/equity ratio	0.044 times	0.059 times	Target achieved. Increase in reserves through comprehensive income.
			Return on assets %	0.3%	9.08%	Target achieved. Surplus increased due to profit on disposal of pipeline.
			Debtors days #	413 days	471 days	Target not achieved. The debtors' days are improving after the intervention by the National Treasury and the Department of Water and Sanitation.
10. Increase BBBEE Spending	Spending increased and increased new entrants	% of spending increased and # of increased new entrants	% increase	85%	94%	Target achieved. The organisation called for a supplier database registration in August 2014, resulting in increased new BBBEE suppliers being utilised for procurement purposes.
			# of new entrants	12	44 new entrants	

**Strategic Objectives and Outcomes Against Actual Performance Results for July 2014 – June 2015
(continued)**

Performance Objectives	Outcomes / Impact	Indicators	Measure	Performance Result		Comments
				Target (%)	Actual (%)	
11. Manage Costs within the Approved Budget	No over expenditure/ losses	Financial reports	% variance	5%	9.26%	Target achieved. Cost savings were achieved through the implementation of the cost containment measures.
12. Capital Expenditure	Infrastructure available to meet demands	Overall project expenditure within R target	% variance	95%	164% of the Capital budget is spent at the end of the year	Target achieved. VGG SWEP bypass pipeline was augmented to ensure reliable and uninterrupted supply to consumers.
13. Increased Access to Services	Contribution to national objectives	CAPEX spending/ projects	CAPEX spending or number of expansion projects	R159,7 million	R262 million of the Capital budget is spent at the end of the year.	Target achieved. This includes the RBIG project for the Namakwa pipeline.
14. Engagement in Secondary Activities	Extent of involvement	Financial reports	% of total turnover	15%	12% Involvement in secondary activities	Target achieved. The organisation must achieve less than 15% involvement in secondary activities to ensure that the focus is on the core business i.e. Section 29 activities as defined by the Water Services Act.
15. Achieve Statutory Reporting Compliance	Reporting compliance achieved	Statutory submissions made on time	Submission dates met/ missed	100%	100% All the submissions to DWS and NT were done on time	Target achieved. All the submissions to the Department of Water and Sanitation and National Treasury were done timeously.
16. Jobs Created	Permanent and contract (direct)	Total number	Number	20	70	Target achieved. The extension of the area of operation of Sedibeng Water resulted in new recruitment.
	Temporary (indirect)	Total number	Number	40	395	Target achieved. The DWS appointed Sedibeng Water as Implementing Agent for capital projects on its behalf. The appointment resulted in Sedibeng Water appointing 395 indirect workers through the contractors appointed.
17. Corporate Social Responsibility Initiatives	Good corporate citizenship	Number of initiatives	Number	10	11 Organisations are funded through social responsibility programme	Target achieved. The organisation has a defined Corporate Social Investment Programme which is aimed at improving the lives of the people in its areas of operation.

**Strategic Objectives and Outcomes Against Actual Performance Results for July 2014 – June 2015
(continued)**

Performance Objectives	Outcomes / Impact	Indicators	Measure	Performance Result		Comments
				Target (%)	Actual (%)	
18. Training and Skills Development	Skills and capacity building	Training courses, learnerships, bursaries	Total number	220	896 Employees attended training	Target achieved. Training was provided to employees from the newly acquired areas of operations (Mahikeng and Pelladrift).
19. Good Governance	Improved controls and risk mitigation	Breaches of the materiality and significance framework	Number	0	0 No breaches to materiality and significant framework have been identified	Target achieved. No breaches to the materiality and significant framework have been identified
20. Involvement in DWS Projects	Assist and support water sector initiatives	Number of initiatives	Number	16	27 Projects are conducted by Sedibeng Water on behalf of DWS	Target achieved. The Department of Water and Sanitation appointed Sedibeng Water as an Implementing Agent for additional projects during the year.

INDEPENDENT AUDITOR'S REPORT

Introduction

We have audited the financial statements of Sedibeng Water set out on pages 118 to 168, which comprise the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Authority's Responsibility for the Financial Statements

The Board, which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with Statements of Generally Accepted Accounting Practice (the GAAP Reporting Framework), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sedibeng Water as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with the GAAP Reporting Framework and the requirements of the PFMA.

Other

We draw attention to the matter below. Our Opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, we have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. We performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

Predetermined Objectives

We performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 30 June 2015:

- Objective number 1: Water Quality Compliance on page 112.
- Objective number 3: Reliability of supply on page 112.
- Objective number 8: Bulk Supply Agreements Concluded With Municipalities/Other Customers on page 113.
- Objective number 10: Increase BBBEE Spend on page 113.
- Objective number 12: Capital Expenditure on page 114.
- Objective number 13: Increased Access to Services on page 114.
- Objective number 16: Jobs Created on page 114.
- Objective number 20: Involvement in DWS projects on page 115.

We evaluated the reported performance information against the overall criteria of usefulness and reliability.

We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. We further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPI).

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete. We did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:

- Objective number 1: Water Quality Compliance
- Objective number 3: Reliability of supply
- Objective number 8: Bulk Supply Agreements Concluded With Municipalities/Other Customers
- Objective number 10: Increase BBBEE Spend
- Objective number 12: Capital Expenditure
- Objective number 13: Increased Access to Services

- Objective number 16: Jobs Created
- Objective number 20: Involvement in DWS projects.

Achievement of Planned Targets

Refer to the annual performance in the annual report on pages 112 to 115 for information on the achievement of the planned targets for the year.

Compliance with Legislation

We performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal Control

We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with legislation. We did not identify any significant deficiencies in internal control.

Other Reports

Investigations

We were not engaged to conduct any investigation.

Audit-related Services and Special Audits – Agreed-upon Procedures

Agreed upon procedures were performed in respect of Public Entity GRAP template for the period ended 30 June 2015.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: K.J. Dikana

Registered Auditor

Welkom

21 October 2015

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note(s)	2015 R'000	2014 Restated R'000
ASSETS			
Non-current Assets			
Property, plant and equipment	3	2,066,951	1,905,622
Investment property	4	9,145	-
Intangible assets	5	1,986	1,402
Biological assets	6	188	-
Financial assets	7	174,440	157,058
		<u>2,252,710</u>	<u>2,064,082</u>
Current Assets			
Inventories	8	15,569	13,299
Trade and other receivables	9	1,521,728	881,522
Financial assets	7	2,885	-
Cash and cash equivalents	10	338,102	305,364
		<u>1,878,284</u>	<u>1,200,185</u>
Total Assets		<u>4,130,994</u>	<u>3,264,267</u>
EQUITY AND LIABILITIES			
Equity			
Reserves		2,022,649	1,879,856
Retained income		652,021	482,035
		<u>2,674,670</u>	<u>2,361,891</u>
Liabilities			
Non-Current Liabilities			
Interest-bearing borrowings	11	83,693	27,510
Retirement benefit obligation	13	84,468	77,208
Long-service awards	14	23,062	18,139
		<u>191,223</u>	<u>122,857</u>
Current Liabilities			
Trade and other payables	15	1,250,684	773,591
Interest-bearing borrowings	11	14,417	5,928
		<u>1,265,101</u>	<u>779,519</u>
Total Liabilities		<u>1,456,324</u>	<u>902,376</u>
Total Equity and Liabilities		<u>4,130,994</u>	<u>3,264,267</u>

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note(s)	2015 R'000	2014 Restated R'000
Revenue	16	958,613	761,614
Cost of sales	17	(265,929)	(271,874)
Gross Profit		692,684	489,740
Other income	18	374,021	142,094
Operating expenses		(747,348)	(435,675)
Electricity		(124,241)	(106,146)
Purification costs		(32,031)	(20,273)
Operating Profit	19	163,085	69,740
Investment revenue	20	35,549	33,506
Finance costs	21	(7,662)	(5,317)
Profit for the Year		190,972	97,929
Other comprehensive income		-	-
Total Comprehensive Income for the Year		190,972	97,929

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Sinking Fund R'000	Capital Fund R'000	Other Reserves R'000	Total Reserves R'000	Retained Income R'000	Total R'000
Balance at 1 July 2013	128,233	26,579	1,707,092	1,861,904	420,109	2,282,013
Profit for the year	-	-	-	-	97,929	97,929
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income for the Year	-	-	-	-	97,929	97,929
Transfer between reserves	16,864	-	1,000	17,864	(17,864)	-
Interest received on insurance fund	-	-	88	88	-	88
Total Transfers between Reserves	16,864	-	1,088	17,952	(17,864)	88
Opening balance as previously reported	145,097	26,579	1,708,180	1,879,856	500,174	2,380,030
Restatement	-	-	-	-	(18,139)	(18,139)
Balance at 1 July 2014 as Restated	145,097	26,579	1,708,180	1,879,856	482,035	2,361,891
Profit for the year	-	-	-	-	190,972	190,972
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income of the Year	-	-	-	-	190,972	190,972
Transfer between reserves	17,177	-	146	17,323	(17,323)	-
Transfer from Botshelo and Pelladrift Water Boards	-	-	121,807	121,807	-	121,807
Total Transfers	17,177	-	121,953	139,130	(17,323)	121,807
Balance at 30 June 2015	162,274	26,579	1,830,133	2,018,986	655,684	2,674,670

Note(s): 38

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note(s)	2015 R'000	2014 R'000
Cash Flows from Operating Activities			
Cash generated from operations		422,611	238,120
Changes in working capital		(362,829)	(83,075)
Cash generated from operations	24	59,782	155,045
Interest income		35,549	33,506
Finance costs		(7,662)	(5,317)
Net Cash from Operating Activities		87,669	183,234
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	3	(113,256)	(71,044)
Purchase of other intangible assets	5	(575)	(211)
Purchase of financial assets		(20,267)	(20,334)
Disposal of financial assets		-	1,092
Net Cash from Investing Activities		(134,098)	(90,497)
Cash Flows from Financing Activities			
Increase in (Repayment of) interest-bearing borrowings		64,672	(5,711)
Net Cash from Financing Activities		64,672	(5,711)
Total Cash Movement for the Year		18,243	87,026
Cash transfer from Botshelo Water Board		14,495	-
Cash at the beginning of the year		305,364	218,338
Total Cash at End of the Year	10	338,102	305,364

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Sedibeng Water, an organisation domiciled in South Africa for the year ended 30 June 2015, comprises of three regions, i.e. the North West Region, Free State and Northern Cape Regions. The annual financial statements were authorised for issue by the Accounting Authority on 15 October 2015.

1.1 Statement of Compliance

The annual financial statements have been prepared in accordance with the Statements of Generally Accepted Accounting Practice (the GAAP Reporting Framework), the Water Services Act, Act 108 of 1997, and the Public Finance Management Act, Act 1 of 1999 as amended.

1.2 Basis of Preparation

The financial statements are presented in South African Rand and rounded off to the nearest thousand. The financial statements are prepared on the historical cost basis, unless otherwise stated.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies are consistent with the previous period and have been consistently applied to all the years presented, unless otherwise stated.

1.3 Critical Accounting Estimates and Assumptions

The preparation of annual financial statements in conformity with the GAAP Reporting Framework requires Management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors, including making assumptions concerning future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are accounted for prospectively.

In the process of applying the accounting policies as set out below, Management has made the following judgments that have a significant risk of causing material adjustment to the amounts recognised in the financial statements:

Useful Lives and Residual Values

The useful lives and residual values of Property, Plant and Equipment, as well as the useful lives of the intangibles are reviewed at each reporting date. The useful lives are estimated, by Management, based on historic analysis and other available information. The residual values are estimated based on useful lives, as well as other available information.

Provisions and Contingent Liabilities

Various estimates and assumptions have been applied by Management in arriving at the carrying value of provisions that are recognised in terms of the relevant accounting policy. Management further relies on input from the entity's lawyers in assessing the probability of items of a contingent nature.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Trade and Other Receivables

The entity follows the guidance of AC 133 (IAS 39) to determine when trade and other receivables are impaired. The entity assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the income statement, the entity makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Available-for-sale Financial Assets

The entity follows the guidance of AC 133 (IAS 39) to determine when an available-for-sale financial asset is impaired. In making this judgment, the entity evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for Slow Moving, Damaged and Obsolete Stock

An allowance to write down stock to the lower of cost or net realisable value was made. The provision for the write down is included in the inventory note (Note 8).

Fair Value Estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on active market prices at the reporting date.

The fair value of financial instruments that are not traded in active markets (for example, over-the-counter derivatives) is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Pension and Other Benefits

The present value of the obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for health care benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of the obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the health care obligations. In determining the appropriate discount rate, the entity considers the interest rates of medium-term government bonds that have terms to maturity approximating the terms of the related health care obligation.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in the notes to the financial statements. If the discount rate used differs from Management's estimates, the carrying amount of health care obligations would also differ.

Actuarial gains and losses are recognised through profit and loss in the period in which they were earned or incurred.

1.4 Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and other sales taxes or duties.

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- a) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Water Sales and Fixed Contribution

Water sales comprise primarily the net invoiced value of water sales per kilolitre, exclusive of value added tax, as approved by the Department of Water and Sanitation.

Equitable Shares and Service Delivery Claims

This income is derived from sale of water to customers and is received from Water Services Authorities in the North West Region for services rendered in terms of Section 30 (2) (d) of the Water Services Act, 1997. The Water Board acts as a Water Services Provider and receives this income for services rendered.

The income comprises the net invoiced value of these services, exclusive of value added tax, at budgeted amounts as approved by the Water Services Authorities.

Sewage Income

This income is derived from sewage treatment services provided in the North West Region in terms of Section 30 (2) (d) of the Water Services Act, 1997.

The income is recognised at the net invoiced value, exclusive of value added tax and at budgeted amounts as approved by the Water Services Authorities.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Investment Income

Investment income comprises interest received or receivable on loans, trade receivables and funds invested. Interest is recorded in the statement of comprehensive income as investment income when it is probable that economic benefits associated with the transaction will flow to the entity, using the Effective Interest Rate method over the period to maturity.

Other Income

Other income earned by the entity is recognised net of discounts and value added tax and comprises of the following:

Rental Income

Rental income is derived from rental of houses owned by the entity to its employees and other tenants. This income is recognised on an accrual basis based on individually agreed upon rates per contract.

Miscellaneous Income comprises of:

- a) Refurbishment income;
- b) Connection fees and lab analysis income;
- c) Telephone & electricity income;
- d) Sale of scrap; and
- e) Commission insurance.

1.5 Cost of Sales

The cost of raw water purchases and contribution to the water research fund are considered to be cost of sales.

1.6 Employee Benefits

The entity operates both defined contribution (Pension and Provident Fund) and defined benefit plans (post-retirement healthcare benefits), the assets of which are held in separate trustee-administered funds. The plans are funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries. The entitlement to the post-retirement healthcare benefits is usually based on the employee remaining in service up to retirement age.

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a plan that is not a defined contribution plan. Typically defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised past-service costs. The defined benefit obligation, the related current service cost, and where applicable, the past service cost is calculated annually by independent actuaries using the Projected Unit Credit method.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of medium-term government bonds that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognised in the statement of comprehensive income in the year in which they arise. Past-service costs are recognised immediately in income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Payments to defined contribution retirement benefit plans are charged to the statement of comprehensive income in the year to which they relate.

1.7 Funds and Reserves

Funds and Reserves comprise of the following funds:

Insurance Fund

Any surplus funds, which are not immediately required for a specific purpose may, at the discretion of the entity, be transferred to an Insurance Fund.

This makes it possible for the entity to reduce its insurance portfolio in order to ensure that, in the long run, all their insurance needs are provided for by the fund.

Sinking Fund

The interest-bearing borrowings are redeemed on maturity by means of the Sinking Fund. Contributions that are made to the reserve comprise the interest of held-to-maturity investments.

Capital Fund

The fund is available for use /to be used for future capital expenditure projects.

Other Funds

The funds were transferred from the Department of Water and Sanitation and comprises of the net value of assets for each scheme at the date of transfer.

Non-distributable Reserve

The reserve originated from the revaluation of certain items of Property, Plant and Equipment in the Free State and Northern Cape Regions.

1.8 Property, Plant and Equipment

The cost of an item of Property, Plant and Equipment is recognised as an asset when:

- a) It is probable that future economic benefits associated with the item will flow to the entity; and
- b) The cost of the item can be measured reliably.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Initial Measurement

Property, Plant and Equipment is initially measured at cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Subsequent Measurement

Property, Plant and Equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of Property, Plant and Equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount. The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Depreciation commences when an asset is available for its intended use. Depreciation is charged so as to write off the cost or revalued amounts of assets, other than land, to their residual value over their estimated useful lives, using the straight-line method, on the following basis:

The useful lives of items of Property, Plant and Equipment have been assessed as follows:

Item	Estimated Useful Life
Plant and equipment	3 - 80 years
Computer equipment	3 years
Electricity distribution	25 - 50 years
Engineering and technical equipment	5 years
Equipment	11 years
Office equipment and furniture	5 - 6 years
Gymnasium equipment	10 years
Technical equipment	5 - 6 years
Buildings	40 - 80 years
Pipelines and reservoirs	63 - 70 years
Precipitation and dosing	150 years
Capital work in progress	No depreciation
Vehicles	4 - 9 years

Change in the estimated useful life are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates. Property, Plant and Equipment is re-valued once every five years by professional valuers.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the financial year.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

When revalued assets are sold, the amounts included in the non-distributable reserve are transferred to accumulated surplus.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

When revalued assets are sold, the amounts included in the non-distributable reserve are transferred to accumulated surplus.

1.9 Intangible Assets

Recognition

Intangible assets are recognised on the entity's statement of financial position when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Measurement

Intangible assets are measured at cost, less accumulated amortisation and impairment losses. Intangible assets with an indefinite useful life are measured at cost, less impairment losses.

Subsequent expenditure on intangible assets is recognised as an expense when incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria.

Amortisation

Amortisation is charged to the statement of comprehensive income, over the estimated useful lives of intangible assets using the straight-line method unless such lives are indefinite. Intangible assets with indefinite useful lives are tested for impairment at each financial position date.

The estimated useful lives are as follows:

Item	Estimated Useful Life
Computer software	3 years
Servitudes	No amortisation

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

1.10 Investment Property

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- a) Use in the production or supply of goods or services or for administrative purposes; or
- b) Sale in the ordinary course of business.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

A professional valuator shall be engaged every five years to determine the market values. For the remaining four financial periods, fair value will be assessed by Management with the relevant income, expenses and capitalisation rates obtained from the professional valuator. When the fair value of a revalued asset differs materially from its carrying amount, a professional valuation is obtained. If the fair value cannot be reliably determined on a continuous basis, the investment property is to be measured using the cost model.

Initial Measurement

Investment property is initially measured at cost, including transaction costs. Such cost should not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

Subsequent Measurement

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised. All fixed property held to earn rentals is classified as investment property.

Cost Model

The entity measures the investment property using the Cost model in accordance to IAS 16 (AC123). Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to write down the cost, less estimated residual value on a straight-line basis over the useful life of the property, which is as follows:

Item	Estimated Useful Life
Indefinite Buildings	40-80 years

Transfers to or from Investment Property Classification

Transfers to, or from, investment property should only be made when there is a change in use, evidenced by one or more of the following:

- a) Commencement of owner-occupation (transfer from investment property to owner-occupied property);
- b) End of owner-occupation (transfer from owner-occupied property to investment property);
- c) Commencement of an operating lease to another party (transfer from inventories to investment property); and
- d) End of construction or development (transfer from property in the course of construction/development to investment property).

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Disposal

An investment property should be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal should be calculated as the difference between the net disposal proceeds and the carrying amount of the asset and should be recognised as income or expense in the income statement.

1.11 Biological Assets

The entity recognise the biological assets for the first time in this current year ended 30 June 2015. The biological assets include cows and bulls held for the purposes of grazing where the mowers cannot reach.

An entity recognises a biological asset or agricultural produce when, and only when:

- The entity controls the asset as a result of past events;
- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The fair value or cost of the asset can be measured reliably.

Biological assets are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined rate is used to determine fair value.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

1.12 Impairment of Non-financial Assets

At each financial position date, the entity reviews the carrying amounts of its tangible and finite life intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Intangible assets with an indefinite useful life are tested for impairment annually.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard in which case the impairment loss is treated as a revaluation decrease under the standard.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

The recoverable amount is the higher of the asset's fair value less cost to sell and value in use.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash -generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.13 Financial Instruments

Financial assets are recognised when the entity becomes a party to the contractual provisions of the respective instrument. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. Financial assets are derecognised when the right to receive cash flows from the asset have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

The entity classifies its financial assets and liabilities into the following categories:

- Loans and receivables;
- Financial liabilities measured at amortised cost; and
- Held-to maturity investments.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial Recognition and Measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments. The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Subsequent Measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss.

Loans and receivables are subsequently measured at amortised cost, using the Effective Interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the Effective Interest method is recognised in profit or loss as part of other income.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the Effective Interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Financial liabilities (or a part of a financial liability) are derecognised when it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Impairment of Financial Assets

At each reporting date the entity assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or entity of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If this information is not available, the entity uses alternative valuation methods. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

(a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after statement of financial position date. These are classified as non-current assets.

The entity's loans and receivables comprise 'Trade and Other Receivables' and 'Cash and Cash Equivalents' in the statement of financial position.

(b) Held-to-maturity Financial Assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the entity's management has the positive intention and ability to hold to maturity. If the entity were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the financial position date, which are classified as current assets.

Recognition and Measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the entity commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Loans and Receivables are Carried at Amortised Cost Using the Effective Interest Method

Interest on held-to-maturity financial assets calculated using the Effective Interest method is recognised in the statement of comprehensive income as part of finance income.

Impairment of Financial Assets

The entity assesses at each balance sheet date whether there is objective evidence that a financial asset or entity of financial assets is impaired.

(a) Assets Carried at Amortised Cost

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or entity of financial assets is impaired. A financial asset or an entity of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or entity of financial assets that can be reliably estimated.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

The entity first assesses whether objective evidence of impairment exists. Where in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Impairment Testing of Trade Receivables

The criteria that the entity uses to determine that there is objective evidence of an impairment loss include:

- a) Significant financial difficulty of the issuer or obligor;
- b) A breach of contract, such as a default or delinquency in interest or principal payments;
- c) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- d) The disappearance of an active market for that financial asset because of financial difficulties; or
- e) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) Adverse changes in the payment status of borrowers in the portfolio; and
 - (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

1.14 Offsetting Financial Instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the entity or counterparty.

1.15 Inventories

Inventories comprise of spares and consumables used in purification and maintenance, as well as water purchased, but not yet sold at the end of the financial period. Inventories are stated at the lower of cost and net realisable value. Cost is determined by the Average Cost method. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and selling expenses. Obsolete and slow moving stock are identified and written off from time to time.

1.16 Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the Effective Interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the agreement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivables are impaired.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within 'Other Expenses'. When trade receivables are uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Other Expenses' in the statement of comprehensive income.

1.17 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call accounts with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.18 Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the Effective Interest method.

1.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the Effective Interest method.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1.20 Provisions

Provisions are recognised when: The entity has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from a past event, but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or the amount cannot be measured with sufficient reliability. Contingencies are disclosed in note 26.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

1.21 Government Grants

Government grants are recognised when there is reasonable assurance that:

- The entity will comply with the conditions attaching to them; and
- The grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised as income of the period in which it becomes receivable. Government grants consist of an operational subsidy for the Vaal Gamagara Water Scheme (Northern Cape Region) and Northern West Region (former Botshelo Water). Government grants earned by the entity are recognised net of value added tax.

1.22 Other Employee Benefits

(a) Termination Benefits

Termination benefits are payable when employment is terminated by the entity before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The entity recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(b) Performance / Incentive Payments, Bonus Plans and Leave Liabilities

The entity recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The entity recognises a liability and an expense for 13th cheque bonuses and accrued leave balances. Annual incentive bonus payments are also made based on a percentage of total salary for each employee.

(c) Long-service Awards

The entity pays its employees a long-service benefit after each five year period of continuous service. The benefit is paid in the month the employee reaches the milestone. The method of accounting and frequency of valuation are similar to those under the defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

1.23 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance Leases – Lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating Leases - Lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating Leases – Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.24 Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- a) This Act; or
- b) The State Tender entity Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c) Any provincial legislation providing for procurement procedures in that provincial government.

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS (CONTINUES)

National Treasury practice note no.4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008): Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.25 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Cash Flow Statement

The cash flow statements of the entity have been prepared based on the indirect method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

2.1 Standards and Interpretations Effective and Adopted in the Current Financial Year

No standards or interpretations relevant to Sedibeng Water became effective for the current financial year.

2.2 Standards and Interpretations Early Adopted

The entity has not early adopted any standard.

2.3 Standards and Interpretations Not Yet Effective

Sedibeng Water has historically applied the Statement of Generally Accepted Accounting Practice (GAAP) as issued by the Accounting Standard Board (ASB). The statements of GAP were withdrawn by ASB from December 2012.

ASB allowed Government Business Entities (GBEs) (issued at 1 April 2012), as an interim measure, to continue to apply Statements of GAAP until the ASB has undertaken more extensive research to identify the most appropriate framework.

Statements of GAAP are withdrawn from International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), Interpretations issued by the International Financial Reporting Interpretations Committee (IFRICs and SICs). Directive 5, as issued by ASB, outlines which of these pronouncements constituted the Statements of GAAP (called the "GAAP Reporting Framework") at 1 April 2012.

Statements of GAAP as at 1 April 2012 comprises the IFRSs, IASs, IFRICs and SICs, and any amendments thereto, issued by the International ASB or IFRIC up until May 2011.

At year end, ASB has not identified the most appropriate reporting framework and therefore there are "no standards and interpretations not yet effective".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost/ Revaluation	Accumulated Depreciation	Carrying Value	Cost/ Revaluation	Accumulated Depreciation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Land, buildings and improvements	155,888	(33,121)	122,767	98,406	(14,168)	84,238
Plant, machinery and equipment	132,374	(35,524)	96,850	116,633	(21,726)	94,907
Vehicles	58,175	(28,789)	29,386	32,049	(17,155)	14,894
Precipitation and dosing	61,111	(9,566)	51,545	60,953	(6,363)	54,590
Pipelines and reservoirs	1,871,100	(271,923)	1,599,177	1,671,778	(173,124)	1,498,654
Capital - Work in progress	167,226	-	167,226	158,339	-	158,339
Total	2,445,874	(378,923)	2,066,951	2,138,158	(232,536)	1,905,622

Reconciliation of Property, Plant and Equipment - 2015

	Opening Balance	Additions	Disposals	Transfer of Businesses*	Depreciation	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land, buildings and improvements	84,238	670	-	45,827	(7,968)	122,767
Plant, machinery and equipment	94,907	5,638	-	6,585	(10,280)	96,850
Vehicles	14,894	21,282	-	1,166	(7,956)	29,386
Precipitation and dosing	54,590	159	-	-	(3,204)	51,545
Pipelines and reservoirs	1,498,654	196,662	(22,182)	11,131	(85,088)	1,599,177
Capital - Work in progress	158,339	37,940	-	(29,053)	-	167,226
Total	1,905,622	262,351	(22,182)	35,656	(114,496)	2,066,951

* For further details refer to note 35 and 36

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Property, Plant and Equipment - 2014

	Opening Balance	Additions	Depreciation	Total
	R'000	R'000	R'000	R'000
Land, buildings and improvements	92,970	159	(8,891)	84,238
Plant, machinery and equipment	99,572	6,016	(10,681)	94,907
Vehicles	5,091	12,070	(2,267)	14,894
Precipitation and dosing	57,759	-	(3,169)	54,590
Pipelines and reservoirs	1,583,705	417	(85,468)	1,498,654
Capital - Work in progress	105,961	52,378	-	158,339
Total	1,945,058	71,040	(110,476)	1,905,622

Revaluations

The following categories of Property, Plant and Equipment relating to the pipeline network was revalued as at 1 July 2012 for the Free State Region, as well as the Namakwa and Vaal Gamagara areas in the Northern Cape Region by an Independent Valuator, SMEC Engineers:

- Plant, machinery and equipment;
 - Technical equipment
 - Engineering equipment
 - Laboratory equipment
 - Technical equipment electrical
 - Electricity distribution
- Pipelines and reservoirs; and
- Precipitation and dosing.

The following methods and significant assumptions were applied in estimating the items' fair values:

Generally, the fair value will be a portion of the cost (original creation), depending on what portion of the useful life has passed. If for some reason, due to external circumstances the value (or expected remaining life) has changed, the valuator determined, on the day of evaluation, what price would be negotiated between a willing seller (the Board) and a willing buyer.

The fair value of land and buildings is usually determined from market based evidence by appraisal that is normally undertaken by professional qualified valuers. On some sites there may not be a market for buildings associated with, for instance dams. If there is no market-based evidence of fair value because of the specialised nature of an asset and the item is rarely sold, the fair value is estimated using an income or depreciated replacement cost approach. Land is not depreciated and its fair value was taken as cost escalated at an average of 6% per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Due to the nature of the civil structures and the fact that most pipelines are underground, the residual value of all facilities and components were taken as R0,00.

In determining the useful lives, the valuator made use of the information/guidelines as provided in the New Zealand Infrastructure Asset Valuation and Depreciation Guidelines. Although these guidelines were followed, the useful lives are also influenced by the following which was taken into account: Design standards, construction quality, material quality and operational stresses.

4 INVESTMENT PROPERTY

	2015			2014		
	Cost/ Valuation R'000	Accumulated Depreciation R'000	Carrying Value R'000	Cost/ Valuation R'000	Accumulated Depreciation R'000	Carrying Value R'000
Investment property	9,145	-	9,145	-	-	-
	9,145	-	9,145	-	-	-

Reconciliation of Investment Property - 2015

	Opening Balance R'000	Transfer of Businesses* R'000	Total R'000
Investment property	-	9,145	9,145
	-	9,145	9,145

Details of Valuation

The effective date of the revaluations was 17 July 2014. Revaluations were performed by an independent valuator, Magau Property Valuers CC, registered with the professional body and are experts in the field.

The Comparable Sales method was used in calculating the estimated market value for the properties. Comparable sales are registered sales in the same area or in similar areas in recent times. Such similar areas should not be far away from the subject property and such comparable sales should be long arm transactions between willing seller and willing buyer. Enquiries and consultations with leading local estate agents, as well as analysis of comparable sales in the area were conducted.

Amounts Recognised in Profit and Loss for the Year

Rental income from investment property	305	-
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

5 INTANGIBLE ASSETS

	2015			2014		
	Cost/ Valuation	Accumulated Amortisation	Carrying Value	Cost/ Valuation	Accumulated Amortisation	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	4,530	(3,632)	898	3,297	(2,983)	314
Servitudes	1,088	-	1,088	1,088	-	1,088
Total	5,618	(3,632)	1,986	4,385	(2,983)	1,402

Reconciliation of Intangible Assets - 2015

	Opening Balance	Additions	Transfer of Businesses*	Amortisation	Total
	R'000	R'000	R'000	R'000	R'000
Computer software	314	575	282	(274)	898
Servitudes	1,088	-	-	-	1,088
Total	1,402	575	282	(274)	1,986

* For further details refer to note 35 and 36

Reconciliation of Intangible Assets - 2014

	Opening Balance	Additions	Amortisation	Total
	R'000	R'000	R'000	R'000
Computer software	850	212	(748)	314
Servitudes	1,088	-	-	1,088
Total	1,938	212	(748)	1,402

6 BIOLOGICAL ASSETS

	Opening Balance	Additions	Revaluation	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Period Ended 30/06/2015					
Cattle	-	-	188	-	188
	-	-	188	-	188

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

6 BIOLOGICAL ASSETS (CONTINUED)

Classes of biological assets:

Description	Number
Bulls	3
Cows	19
Oxen	3
Calves and heifers	16
Total	41

Biological assets are measured at their fair value less costs to sell.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

7 FINANCIAL ASSETS

	Other Financial Assets R'000	Sinking Fund R'000	Insurance Fund R'000	Personnel Investment R'000	Total R'000
Year Ended 30/6/2014					
Net book value 1 July 2013	26,455	108,583	2,030	660	137,728
Disposals/Transfers	-	-	-	(1,092)	(1,092)
Additions	1,439	16,864	1,088	1,031	20,422
Net Carrying Amount 30 June 2014	27,894	125,447	3,118	599	157,058
Less: Non-current portion	(27,894)	(125,447)	(3,118)	(599)	(157,058)
Current Portion	-	-	-	-	-
Year Ended 30/6/2015					
Net book value 1 July 2014	27,894	125,447	3,118	599	157,058
Additions	2,421	17,177	146	523	20,267
Net Carrying Amount 30 June 2015	30,315	142,624	3,264	1,122	177,325
Less: Non-current portion	(30,315)	(139,739)	(3,264)	(1,122)	(174,440)
Current Portion	-	2,885	-	-	2,885

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

7 FINANCIAL ASSETS (CONTINUED)

The held-to-maturity investments are utilised to redeem interest-bearing borrowings on due dates.

The fair values of unlisted securities are considered to approximate their carrying amount.

The maximum exposure to credit risk at the reporting date is the carrying amount of the debt securities classified as available for sale and held-to-maturity investments.

The Board has not reclassified any financial assets measured at amortised cost rather than fair value during the year and in prior years.

None of the financial assets is either past due or impaired.

The following Zero Coupon financial assets are pledged as security for interest-bearing borrowings as set out in note 11.

		2015 R'000	2014 R'000
Name of Institution	Nature of Business		
Investec Bank	Bank	36,902	32,280

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015 R'000	2014 R'000
8 INVENTORIES		
Consumables (at cost)	14,149	11,659
Water inventory	1,948	1,670
	<u>16,097</u>	<u>13,329</u>
Inventories (write-downs)	(528)	(30)
	<u>15,569</u>	<u>13,299</u>

Inventories are carried consistently to previous years as stated in the accounting policy note 1.15.

9 TRADE AND OTHER RECEIVABLES

Trade receivables	2,111,694	1,231,677
Other receivables	86,659	30,931
Less: Provision for impairment	(676,625)	(381,086)
	<u>1,521,728</u>	<u>881,522</u>

Fully performing trade and other receivables	171,731	199,825
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Trade and Other Receivables Past Due but not Impaired

The ageing of amounts past due but not impaired is as follows:

Between 30 and 60 days	80,922	53,682
Between 60 and 90 days	68,019	50,959
More than 90 days	1,201,056	577,038
	<u>1,349,997</u>	<u>681,679</u>

Trade and Other Receivables Impaired

The age analysis of trade receivables of which are fully impaired:

More than 90 days	676,625	381,086
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Reconciliation of Provision for Impairment of Trade and Other Receivables:

Opening balance	381,086	350,168
Amounts provided	229,797	43,648
Transfer from incorporation of Botshelo Water	65,742	-
Amounts recovered	-	(12,730)
Closing balance	<u>676,625</u>	<u>381,086</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade receivables that are less than 90 days past due are generally not considered to be impaired. Trade receivables that are more than 90 days outstanding are considered impaired unless specific circumstances exist that indicate the recoverability of a specific account balance. As at 30 June 2015, trade and other receivables of R1,349,997,000 (June 2014: R681,697,000) were past due but not impaired.

As at 30 June 2015, trade and other receivables of R676,625,000 (June 2014: R381,086,000) were impaired and provided for. These individually impaired receivables mainly relate to municipalities and end consumers which are in difficult economic situations.

The provision for impairment has been determined by reference to past default experience and the current economic environment.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of trade and other receivables mentioned above.

The debtors book is not encumbered.

The carrying value of trade and other receivables approximate their fair value.

10 CASH AND CASH EQUIVALENTS

	2015 R'000	2014 R'000
Cash and cash equivalents consist of:		
Cash on hand	75	28
Cash at bank	290,735	260,743
32 Day notice deposit	47,292	44,593
	338,102	305,364

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

11 INTEREST-BEARING BORROWINGS

	2015 R'000	2014 R'000
At Amortised Cost:		
Development Bank of South Africa	31,235	33,438
The loans bear interest between 10% and 15.08%, and are repayable in bi-annual instalments of R5,513,060 over a period of 18 years commencing on 1/04/1996 and 1/10/2001. The final instalments are payable on 31/03/2016 and 30/09/2018, respectively. The loans are secured by financial assets with a book value of R36,9 million (2014: R32,3 million) as set out in note 7.		
ABSA Bank	14,888	-
The loan bears interest at prime minus 0.50% and is repayable in monthly instalments of R368,801 over a period of 5 years commencing on 1/07/2014 with the last payments on 1 June 2019. The loan is secured by vehicles with a book value of R15,640,211.		
Sishen Iron Ore Company	51,987	-
The loan bears interest at prime minus 2.50% and is repayable in monthly instalments of R368,801 over a period of 10 years commencing on 31/01/2015 with the last payments on 31/12/2024. The loan is unsecured.		
	98,110	33,438
Non-current Liabilities		
Interest-bearing borrowings	83,693	27,510
Current Liabilities		
Interest-bearing borrowings	14,417	5,928
	98,110	33,438
Settlement of Non-current Liabilities		
Interest-bearing borrowings payable later than 1 year and not later than 5 years	46,944	27,510
Later than 5 years	36,749	-
	83,693	27,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

12 DEFINED CONTRIBUTION PLANS

The Board has made provision for pension and provident schemes relating to retirement benefit obligations covering all employees substantially.

The funds are governed by the Pension Funds Act, 1956 (Act No. 24 of 1956).

Provident Fund

The provident fund is regulated by the Pension Fund Act of 1956. All permanent employees are compulsory members of the fund. Contributions are paid by the employer at a rate of 8.5% of pensionable remuneration of all members plus the cost of administration.

Pension Fund

The pension fund is regulated by the Pension Fund Act of 1956. All permanent employees are compulsory members of the fund. Employees contribute 8.5% of pensionable remuneration. The employer covers the cost of assured benefits, as well as fees for basic administration, consultation and actuarial services.

The plans are funded and interim actuarial valuations are performed regularly with statutory valuations conducted every three (3) years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

13 RETIREMENT BENEFITS

	2015 R'000	2014 R'000
Post-retirement Benefits		
Employees and continuation and widow(er) members ('CAWMs') of Sedibeng participate on the Community Medical Aid Scheme ('Commed'), Discovery Health Medical Scheme ('Discovery') or Hosmed Medical Scheme ('Hosmed').		
Present value of obligations	(84,468)	(77,208)
Liability recognised in statement of financial position	(84,468)	(77,208)
Movements for the year:		
Opening balance	(77,208)	(62,950)
Re-measurements	(137)	(8,484)
Net expense recognised in profit or loss	(7,123)	(5,774)
	(84,468)	(77,208)
Net expense recognised in profit or loss:		
Contributions paid	2,185	1,812
Service cost	(2,192)	(1,983)
Interest cost	(7,116)	(5,603)
	(7,123)	(5,774)
Key Assumptions Used:		
Assumptions used on last valuation as at 30 June 2015.		
Normal retirement age	65 years	65 years
Expected retirement age	63 years	63 years
Discount rates used	9.31%	9.36%
Health care cost inflation rate	8.89%	8.88%
CPI inflation rate	7.39%	7.38%
Salary inflation rate	8.39%	8.38%
Membership continued at retirement	100.00%	100.00%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

13 RETIREMENT BENEFITS (CONTINUED)

Mortality Assumption:

The longevity of members in retirement is an important assumption, dictating the expected length of time over which benefits are paid. The effect of using heavier or lighter mortality assumptions post-employment is shown below:

Assumption	Variation	Change in Past-service Contractual Liability	Change in Service Cost Plus Interest Cost
Post-employment mortality rates	PA (90)	-4.0%	-4.1%
	PA (90)-2	+4.0%	+4.2%

The following pre- and post-retirement mortality rates was assumed:

Age	Female	Male
Pre-retirement	SA85-90 (light) with a three-year age deduction	SA85-90 (light)
Post-retirement	PA (90)-1 (females)	PA (90)-1 (males)

Sensitivity Analysis for Health Care Cost Inflation

The effect of a 1% increase and decrease in the health care cost inflation assumption on the contractual liability and the annual expenses is shown below.

Assumption	Variation	Change in Past-service Contractual Liability	Change in Service Cost Plus Interest Cost
Health care cost inflation	+1%	+15.7%	+17.2%
	-1%	-13.0%	-14.1%

Amounts for the current and previous four years are as follows:

	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
Defined benefit obligation	84,468	77,208	62,950	57,789	51,642
Actuarial (gain)/loss recognised	-	7,791	(145)	1,234	8,505
	84,468	84,999	62,805	59,023	60,147

The projected annual expense including the cost of post-employment contributions payable by the employer for the 2015 financial year is R7,1 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

14. LONG-SERVICE AWARDS

	2015	2014
	R'000	Restated R'000
Long-service Award Liability		
Present value of the obligation	23,062	18,139

Valuation Assumptions and Methodology

The long service award liabilities have been valued using the Projected Unit Credit Discounted Cashflow method. This method was used to determine the past-service liabilities at the valuation date and projected annual expense in the year following the valuation date.

Key Assumptions Used

Assumptions used on last valuation on 30 June 2015

Consumer Price Inflation (CPI)	6.46%	6.46%
Salary inflation	7.46%	7.46%
Discount rate	8.17%	8.17%

The discounted mean term of the Sedibeng Water liability is approximately 5.8 years. The discount rate and CPI have therefore been based on the 5.8 year yield from the South African zero coupon government bond yield curve as at 30 June 2015, as published by the Bond Exchange of South Africa.

The discount rate was set equal to the nominal yield.

The CPI assumption was derived by taking the difference between the nominal yield and real yield. Salary inflation was set at 1% above CPI.

For the purpose of this valuation, the real discount rate is the discount rate or the discount rate net of salary inflation, which is 8.17% or 0.66% per annum, respectively. These two variables have the greatest effect on the liability as even relatively small changes to these assumptions have a relatively large impact on the liabilities.

The market values of the bond interest yields are available via subscription. The following mortality rates were assumed:

Assumption	Gender	Mortality
Mortality rates	Male	SA85-90 (light)
	Female	SA85-90 (light) with a three year age reduction

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015 R'000	2014 R'000
15 TRADE AND OTHER PAYABLES		
Trade payables	279,226	29,730
VAT	15,849	3,605
Other payables	55,014	13,511
Special projects	56,467	65,082
Accrued leave pay	20,227	11,603
Accrued bonus	5,850	3,124
Accrual for raw water purchases	818,051	646,936
	1,250,684	773,591

The Board considers that the carrying amount of trade and other payables approximates their fair value.

16 REVENUE

Water sales	574,181	442,261
Water sales - Fixed contribution	277,848	231,985
Equitable share and Service Delivery claim	100,125	81,386
Sewage income	6,459	5,982
Total Revenue	958,613	761,614

17 COST OF SALES

Water purchases	265,929	271,874
	265,929	271,874

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015 R'000	2014 R'000
18 OTHER INCOME		
Administration and management fees received	34,971	-
Project income	19,583	16,695
Refurbishment income	15,633	19,704
Interest income on accounts receivable balances	84,338	78,537
Miscellaneous	10,379	27,158
Fair value adjustments	188	-
Profit on disposal of assets	96,873	-
Government grants	112,056	-
	374,021	142,094

Profit on disposal of assets amounting to R96,9 million arose from derecognition of a 27km pipeline replaced and relocated by a mine as a result of its mining requirements. Sedibeng Water's liability in respect of this transaction was R51 million, while the value of the new pipeline was R170,1 million. The derecognised pipeline was valued at R22,2 million at the time of derecognition.

19 OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

Operating Lease Charges

Premises		
• Contractual amounts	511	-
Motor vehicles		
• Contractual amounts	2,629	3,333
	3,140	3,333
Depreciation on property, plant and equipment	114,496	110,476
Employee benefits	259,165	180,836

20 INVESTMENT REVENUE

Interest Revenue

Interest income on short-term bank deposits	15,282	13,084
Interest income on financial assets	20,267	20,422
	35,549	33,506

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015 R'000	2014 R'000
21 FINANCE COSTS		
Interest-bearing borrowings	7,662	5,317
	7,662	5,317
22 TAXATION		
In terms of section 10 (1)(t)(ix) read with section 1 on water services provider definition of the Income Tax Act No.58 of 1962, Sedibeng Water is exempt from income tax.		
23 AUDITORS' REMUNERATION		
External audit fees	3,952	2,481
	3,952	2,481
24 CASH GENERATED FROM OPERATIONS		
Net profit for the year	190,972	97,929
Adjusted for:		
Depreciation	114,496	109,728
Amortisation	274	747
Interest received	(35,549)	(33,506)
Interest paid	7,662	5,317
Fair value adjustment on biological assets	(188)	-
Profit from disposal of assets	(97,036)	-
Recognition of post-employment liability	7,260	14,258
Recognition of long service awards	4,923	-
Impairment loss on trade and other receivables	229,797	43,647
Operating cash flow before working capital changes	422,611	238,120
Changes in Working Capital:		
Increase in inventories	(449)	(6,053)
Increase in trade and other receivables	(596,940)	(365,393)
Increase in trade and other payables	234,560	288,371
Total Changes in Working Capital	(362,829)	(83,075)
Cash Generated from Operations	59,782	155,045

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015	2014
	R'000	R'000

25 COMMITMENTS

Capital Expenditure Authorised but not Contracted

Capital Expenditure

• Property, plant and equipment	422	16,941
	<u>422</u>	<u>16,941</u>

This capital expenditure will be financed mainly from internally generated funds and the Department of Water and Sanitation's Regional Bulk Infrastructure Grant.

26 CONTINGENT LIABILITIES

Guarantees

Guarantees were issued by Sedibeng Water to assist employees in obtaining mortgage bonds from financial institutions. Sedibeng Water's exposure is estimated at R301,000 as at 30 June 2015 (2014: R348,000). No new guarantees were issued in the current financial year.

Legal Matters

Sedibeng Water / Matjhabeng Local Municipality

The Matjhabeng Local Municipality has disputed the inclusion of loan repayments and insurance expense in the tariff schedule. The impact of these has been calculated at R244 million as at 30 June 2015. The matter has been referred for arbitration.

Sedibeng Water / Water and Sanitation Services SA

Water and Sanitation Services SA has initiated proceedings against Sedibeng Water for termination of a procurement contract. Sedibeng Water's legal advisors believe that Sedibeng Water has reasonable defenses and that the probability of loss is minimal. The estimated claim is R1,500,000.

Labour Cases

Legal proceedings have been instituted against Sedibeng Water and Sedibeng Water's legal advisors have advised that they believe Sedibeng Water has reasonable defences and that the probability of loss is minimal. Management's estimate of the organisation's maximum exposure is R5,315,000.

27 RELATED PARTIES

Sedibeng Water constitutes a Schedule 3B public entity in terms of the Public Finance Management Act. The related party disclosure is required in terms of AC 126 (IAS 24): Related Party Disclosures.

The related parties of Sedibeng Water consist of directors and key management personnel of Sedibeng Water. Refer to Note 28 for specific details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

28 DIRECTORS' EMOLUMENTS

Executive

	Salary	Bonuses	Performance	Expense	Other	Total
	R'000	R'000	Payments	Claims	R'000	R'000
			R'000	R'000		
YEAR ENDED 30 JUNE 2015						
R.T. Takalani	2,267	140	1,622	344	33	4,406
M. Shasha *	676	-	-	31	2	709
D.F. Traut	1,139	60	337	211	-	1,747
G.M. Dippenaar	1,264	77	400	194	-	1,935
I.M. Hasenjager	1,355	-	427	414	38	2,234
M.I. Motsamai	1,171	65	339	280	16	1,871
T.N. Moloby	1,361	74	435	226	85	2,181
N.A. Theys	1,150	54	334	225	85	1,848
N.E. Ratshitanga	1,250	71	407	224	46	1,998
M.M. Lebitso	1,235	70	382	325	33	2,045
O.A. Masia	1,106	66	333	290	19	1,814
D. Mukondeleli **	805	-	-	117	1	923
D. Khumalo **	777	-	-	27	4	808
T. Nteo ***	602	-	-	54	4	660
Total	16,158	677	5,016	2,962	366	25,179

YEAR ENDED 30 JUNE 2014

R.T. Takalani	1,709	102	751	162	318	3,042
D.F. Traut	954	55	37	132	235	1,413
G.M. Dippenaar	1,147	69	353	161	-	1,730
I.M. Hasenjager	1,230	-	368	395	-	1,993
M.I. Motsamai	987	49	311	106	39	1,492
T.N. Moloby	1,223	67	389	215	93	1,987
N.A. Theys	964	49	307	210	63	1,593
N. Makhakhe	163	-	309	16	87	575
N.E. Ratshitanga	1,135	59	366	154	10	1,724
M.M. Lebitso	1,123	56	350	300	11	1,840
O.A. Masia	1,002	59	-	212	-	1,273
Total	11,637	565	3,541	2,063	856	18,662

* Chief Financial Officer was appointed on 1 February 2015

** Managers appointed on 1 November 2014

*** Manager appointed on 1 January 2015

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

28 DIRECTORS' EMOLUMENTS (CONTINUED)

Non-executive

	Hours Claimed R'000	Expenses Claimed R'000	Total R'000
YEAR ENDED 30 JUNE 2015			
Board Members			
M. Dikoko (Chairperson)	1,278	103	1,381
M. Ramataboe	381	45	426
E. Gaborone	264	59	323
G. Ramakarane	288	26	314
C. Mboweni	277	44	321
M. Mthombeni	258	16	274
P. Molokwane	344	50	394
S. Kholong	389	57	446
D. Madyo	316	61	377
K. Sereko	268	33	301
Total	4,063	494	4,557

YEAR ENDED 30 JUNE 2014

Board Members

M. Dikoko (Chairperson)	506	60	566
M. Ramataboe	97	31	128
E. Gaborone	92	46	138
G. Ramakarane	51	14	65
C. Mboweni	65	23	88
M. Mthombeni	90	18	108
P. Molokwane	132	39	171
S. Kholong	57	17	74
D. Madyo	57	23	80
K. Sereko	89	37	126
Total	1,236	308	1,544

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

29 COMPARATIVE FIGURES

	2015 R'000	2014 R'000
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The comparative figures have in certain instances been restated as disclosed to accommodate new disclosure requirements.

Statement of Financial Position - Property, Plant and Equipment

Land, buildings and improvements	-	1,754
Precipitation and dosing	-	(1)
Pipelines and reservoirs	-	8,779
Capital - work in progress	-	(10,532)
	-	-

30 CATEGORIES OF FINANCIAL INSTRUMENTS

	Note(s)	Debt Instruments at Amortised Cost R'000	Financial Liabilities at Fair Value through Profit or Loss R'000	Financial Liabilities at Amortised Cost R'000	Leases R'000	Equity and Non-financial Assets and Liabilities R'000	Total R'000
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Categories of Financial Instruments - 2015

ASSETS

Non-Current Assets

Investment property	4	-	-	-	-	9,145	9,145
Property, plant and equipment	3	-	-	-	-	2,066,951	2,066,951
Intangible assets	5	-	-	-	-	1,986	1,986
Prepayments	6	-	-	-	-	188	188
Financial assets	7	-	-	-	-	174,440	174,440
Total Non-Current Assets		-	-	-	-	2,252,710	2,252,710

Current Assets

Inventories	8	-	-	-	-	15,569	15,569
Trade and other receivables	9	1,521,728	-	-	-	-	1,521,728
Financial assets	7	-	-	-	-	2,885	2,885
Cash and cash equivalents	10	338,102	-	-	-	-	338,102
Total Current Assets		1,859,830	-	-	-	18,454	1,878,284

Total Assets		1,859,830	-	-	-	2,271,164	4,130,994
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

30 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Note(s)	Debt Instruments at Amortised Cost R'000	Financial Liabilities at Fair Value through Profit or Loss R'000	Financial Liabilities at Amortised Cost R'000	Leases R'000	Equity and Non-financial Assets and Liabilities R'000	Total R'000
Categories of Financial Instruments - 2015 (continued)							
EQUITY AND LIABILITIES							
Equity							
Equity attributable to equity holders of parent:							
Reserves		-	-	-	-	2,022,649	2,022,649
Retained income		-	-	-	-	652,021	652,021
Total Equity		-	-	-	-	2,674,670	2,674,670
Liabilities							
Non-Current Liabilities							
Other financial liabilities	11	-	-	83,693	-	-	83,693
Retirement benefit obligation	13	-	-	-	-	84,468	84,468
Long-service awards	14	-	-	-	-	23,062	23,062
Total Non-Current Liabilities		-	-	83,693	-	107,530	191,223
Current Liabilities							
Other financial liabilities	11	-	-	14,417	-	-	14,417
Trade and other payables	15	-	-	1,250,684	-	-	1,250,684
Total Current Liabilities		-	-	1,265,101	-	-	1,265,101
Total Liabilities		-	-	1,348,794	-	107,530	1,456,324
Total Equity and Liabilities		-	-	1,348,794	-	2,782,200	4,130,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

30 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Note(s)	Debt Instruments at Amortised Cost R'000	Financial Liabilities at Fair Value through Profit or Loss R'000	Financial Liabilities at Amortised Cost R'000	Leases R'000	Equity and Non-financial Assets and Liabilities R'000	Total R'000
Categories of Financial Instruments - 2014							
ASSETS							
Non-Current Assets							
Property, plant and equipment	3	-	-	-	-	1,905,622	1,905,622
Intangible assets	5	-	-	-	-	1,402	1,402
Financial assets	7	-	-	-	-	157,058	157,058
Total Non-Current Assets		-	-	-	-	2,064,082	2,064,082
Current Assets							
Inventories	8	-	-	-	-	13,299	13,299
Trade and other receivables	9	881,522	-	-	-	-	881,522
Cash and cash equivalents	10	305,364	-	-	-	-	305,364
Total Non-Current Assets		1,186,886	-	-	-	13,299	1,200,185
Total Assets		1,186,886	-	-	-	2,077,381	3,264,267

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

30 CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Note(s)	Debt Instruments at Amortised Cost R'000	Financial Liabilities at Fair Value through Profit or Loss R'000	Financial Liabilities at Amortised Cost R'000	Leases R'000	Equity and Non-financial Assets and Liabilities R'000	Total R'000
Categories of Financial Instruments - 2014 (continued)							
EQUITY AND LIABILITIES							
Equity							
Equity attributable to equity holders of parent:							
Reserves		-	-	-	-	1,879,856	1,879,856
Retained income		-	-	-	-	482,035	482,035
Total Equity		-	-	-	-	2,361,891	2,361,891
Liabilities							
Non-Current Liabilities							
Other financial liabilities	11	-	-	27,510	-	-	27,510
Retirement benefit obligation	13	-	-	-	-	77,208	77,208
Long-service awards	14	-	-	-	-	18,139	18,139
Total Non-Current Liabilities		-	-	27,510	-	95,347	122,857
Current Liabilities							
Other financial liabilities	11	-	-	5,928	-	-	5,928
Trade and other payables	15	-	-	773,591	-	-	773,591
Total Current Liabilities		-	-	779,519	-	-	779,519
Total Liabilities		-	-	807,029	-	95,347	902,376
Total Equity and Liabilities		-	-	807,029	-	2,457,238	3,264,267

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

31 RISK MANAGEMENT

Capital Risk Management

The Board's main objectives when managing capital are to safeguard its ability to continue as going concern in order to provide acceptable returns and maintain optimal capital structure to reduce the cost of capital.

Capital investments are financed from within, without external borrowings in order to maintain the capital structure. The organisation monitors capital on the basis of gearing ratio which reflects the strength of the statement of financial position.

During 2015 the organisation maintained a gearing ratio of 74% (June 2014:-13%). This enabled the Board to fund capital investments more effectively without government guarantees. Capital investments included expansion programmes to build capacity for volume growth and replacement programmes to sustain the existing capacity.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

	2015 R'000	2014 R'000
The gearing ratio at 2015 and 2014, respectively, were as follows:	74%	(13)%

Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due.

The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities, when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Board's reputation.

Adequate reserves, liquid resources and unutilised borrowing facilities are also maintained.

Cash Flow and Fair Value Interest Rate Risk

The Board is exposed to interest rate risks in South Africa. The Board does not make use of interest rate derivatives. The Board's interest rate risk arises from long-term investments and borrowings.

The Board manages its interest rate by maintaining an appropriate mix between fixed and floating interest rate borrowings and investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

31 RISK MANAGEMENT (CONTINUED)

Fair Values

The Board's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, trade payables and interest bearing borrowings.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale.

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade Receivables

The carrying amount of trade receivables, net of provision for impairment, approximate fair value due to the relatively short-term maturity of this financial asset.

Investments

The fair value of debt securities is determined using a Discounted Cash Flow method. Other investments, such as long-term cash and cash equivalent balances are carried at face value in the statement of financial position. The carrying value of these financial assets approximate their fair value due to the instruments being exposed to variable market-related interest rates.

Trade Payables

The carrying amount of trade payables approximates fair value due to the relatively short-term maturity of the financial liability.

Interest-bearing Borrowings

The fair value of interest-bearing borrowings is determined using a Discounted Cash Flow method. The fair value of interest-bearing borrowings with variable interest rates approximates their carrying amounts.

Credit Risk

Financial assets, which potentially subject the Board to the risk of non-performance by counter-parties and thereby subject the Board to concentrations of credit risk, consist mainly of cash and cash equivalents, deposits with financial institutions and trade receivables. Credit risk is controlled through the application of credit approvals, limits and monitoring procedures. Where necessary, the Board obtains appropriate collateral to mitigate risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

31 RISK MANAGEMENT (CONTINUED)

The entity limits its treasury counter-party exposure by only dealing with well-established financial institutions with high credit ratings. The Board's exposure and the credit ratings of its treasury counter-parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter-parties. The Board does not expect any treasury counter-parties to fail to meet their obligations, given their high credit rating.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the entity's customer base and their dispersion across different industries and geographical areas. However, a large portion of the entity's customers comprise of municipalities and rural area end-user consumers which are in difficult economic situations. Accordingly, the entity does not consider there to be any concentration of credit risk, which had not been adequately provided for. Trade receivables are presented net of provision for impairment.

Currency Risk

The entity is not exposed to currency risk.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

Price Risk

The entity is exposed to equity securities price risk because of investments held by the entity and classified on the statement of financial position as available for sale or held-to-maturity. To manage its price risk arising from investments, the Board diversifies its portfolio.

None of the financial assets that are fully performing has been renegotiated in the last year. The Board is not exposed to commodity price risk.

32 GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015 R'000	2014 R'000
33 FRUITLESS AND WASTEFUL EXPENDITURE		
Fruitless and Wasteful Expenditure Incurred:		
Opening balance	289	289
Current year movements	395	-
Condoned by the Board	(395)	-
	<u>289</u>	<u>289</u>

The expenditure had its origin due to the late payment of certain suppliers. The matter was investigated and presented to the Accounting Authority for condonation.

34 IRREGULAR EXPENDITURE

Irregular Expenditure Incurred:

Opening balance	1,128	-
Current year movements	7,908	1,128
Condoned by the Board	(7,908)	-
	<u>1,128</u>	<u>1,128</u>

The irregular expenditure occurred from non-compliance with the procurement processes. The transactions had been investigated by the Accounting Authority and were condoned. There was no loss to the organisation, and therefore, no action was taken.

35 TRANSFER OF FUNCTIONS - BOTSHELO WATER

The Minister of Water and Sanitation issued Gazette Number 38100 on 15 October 2014 extending the area of operations for Sedibeng Water to include the areas previously serviced by Botshelo Water with effect from 1 October 2014. The Minister of Water and Sanitation further indicated that Gazette Number 38100 issued on 15 October 2014 supersedes Gazette Number 243 issued on 1 April 2014.

Effective 1 October 2014, Botshelo Water was integrated into Sedibeng Water. As at 30 June 2015, carrying amounts have been taken onto the books of Sedibeng Water for the purposes of the disclosure.

A surplus of R81.6 million arising from the inclusion of the former Botshelo Water has been accounted for in accumulated reserves.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

	2015 R'000	2014 R'000
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35 TRANSFER OF FUNCTIONS - BOTSHELO WATER (CONTINUED)

Fair Value of Assets Acquired and Liabilities Assumed

Property, plant and equipment	30,425,057	-
Investment property	9,145,000	-
Intangible assets	282,188	-
Inventory	1,821,345	-
Trade and other receivables	267,516,146	-
Cash and cash equivalents	14,495,344	-
Trade and other payables	(242,043,729)	-
Surplus on transfer	(81,641,351)	-
	<u>-</u>	<u>-</u>

36 TRANSFER OF FUNCTIONS - PELLADRIFT WATER

The Minister of Water and Sanitation issued Gazette Number 38099 on 15 October 2014 extending the area of operations for Sedibeng Water to include the areas previously serviced by Pelladrift Water with effect from 1 October 2014.

Effective 1 October 2014, Pelladrift Water was integrated into Sedibeng Water. As at 30 June 2015, carrying amounts have been taken onto the books of Sedibeng Water for the purposes of the disclosure.

A surplus of R40.2 million arising from the inclusion of the former Pelladrift Water has been accounted for in accumulated reserves.

Fair Value of Assets Acquired and Liabilities Assumed

Property, plant and equipment	35,108,306	-
Trade and other receivables	5,546,241	-
Trade and other payables	(488,898)	-
Surplus on transfer	(40,165,649)	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)

37 RESTATEMENT

The financial statements have been restated to bring into account the effect of the valuation of long service awards. The organisation offers long-service awards to employees in the form of cash benefits and long-service leave. These awards were not valued or recorded in the prior year as Management was not aware of the need to value and recognise long-service leave as part of AC 116 (IAS 19). Therefore comparative figures have been restated to recognise long-service awards liability:

There is no impact on the 1 July 2013 opening balances, therefore a third balance sheet is not presented.

The correction of the error results in adjustments is as follows:

	2015 R'000	2014 R'000
Statement of Financial Position		
Increase in long-service award liability	-	(18,139)
Decrease in retained earnings	-	18,139
Statement of Profit or Loss and Other Comprehensive Income		
Increase in operating expenses	-	18,139

38 OTHER RESERVES

Other reserves as disclosed in the statement of changes in equity consist of the following types of reserves:

	Revaluation Surplus R'000	Insurance Fund R'000	Transfer of Reserves from DWS Schemes R'000	Total Other Reserves R'000
Balance at 1 July 2013	1,624,896	2,030	80,166	1,707,092
Transfers from accumulates surplus	-	1,088	-	1,088
Balance at 1 July 2014	1,624,896	3,118	80,166	1,708,180
Transfers from accumulates surplus	-	146	-	146
Transfer from Botshelo and Pelladrift Water Boards	-	-	121,807	121,807
Balance at 30 June 2015	1,624,896	3,264	201,973	1,830,133

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MMABATHO

P.O. Box 4500, Mmabatho, 2735 / GPS Co-ordinates: S25° 50.161' E25° 36.556'
Tel: +27 18 392 3941/3 or +27 18 392 2047/50 / Fax: +27 18 392 2827

GANYESA

Private Bag X523, Ganyesa, 8613 / GPS Co-ordinates: S26° 36.043' E24° 11.336'
Tel: +27 87 285 5238 / Fax: +27 87 285 5238

LEHURUTSHE

P.O. Box 58, Mahikeng, 2745 / GPS Co-ordinates: S25° 29.996' E25° 59.366'
Tel: +27 18 363 3663 or +27 18 363 4103 / Fax: +27 18 363 3338

MONTSHIOA

P.O. Box 58, Montshioa, Mahikeng, 2745 / GPS Co-ordinates: S25° 50.966' E25° 37.761'
Tel: +27 18 384 5612 or +27 18 384 2951/3 / Fax: +27 18 392 2827

VAAL GAMAGARA

Private Bag X1, Delpportshoop, 8377 / GPS Co-ordinates: S28° 24.404' E24° 16.078'
Tel: +27 53 562 9300 / Fax: +27 53 562 9330

NAMAKWA

Private Bag X39, Springbok, 8240 / GPS Co-ordinates: S29° 35.579' E17° 53.196'
Tel: +27 27 744 1564 or +27 27 744 1716 / Fax: +27 27 744 1541

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