

BUSINESS PLAN



BUSINESS PLAN

ENTERED INTO BETWEEN

BLOEM WATER

and

**THE DEPARTMENT OF WATER AND
SANITATION**

FOR THE PERIOD

1 JULY 2019

TO

30 JUNE 2024

BUSINESS PLAN

TABLE OF CONTENTS

1. FOREWORD	3
2. INTRODUCTION AND STRATEGY.....	10
3. POLICY STATEMENT	17
4. SELF-APPRAISAL.....	36
5. DIRECTIVES BY MINISTER	45
6. PARTICIPATION IN COMPANIES, TRUSTS OR JOINT VENTURES AND TRANSACTIONS.....	46
7. WATER RESOURCES.....	47
8. BULK WATER SUPPLY	55
9. BULK WASTE WATER TREATMENT	73
10. RETAIL SUPPLY	74
11. OTHER ACTIVITIES	76
12. HUMAN RESOURCE DEVELOPMENT PLANS.....	78
13. ENVIRONMENTAL MANAGEMENT PROGRAMS AND PLANS	118
14. WATER CONSERVATION AND DEMAND MANAGEMENT.....	119
15. FINANCIAL PLAN (5-YEAR PROJECTIONS).....	120
16. FIVE-YEAR BORROWING PROGRAM ACCORDING TO NATIONAL TREASURY REQUIREMENTS	155
17. FINANCIAL RATIO PROJECTIONS.....	158
18. SELF-EVALUATION STATEMENT ON FINANCIAL VIABILITY OF THE WATER BOARD AND EACH ACTIVITY	162
19. BANK ACCOUNTS.....	164
20. ANALYSIS OF RISKS.....	165
21. OTHER KEY PERFORMANCE INDICATORS	170
22. DECLARATION	171

BUSINESS PLAN

1. FOREWORD

The Bloem Water Business Plan (BP) 2019-2024 has been prepared by Management and the Board (Accounting Authority) taking into account the environment/context (both external and internal) within which it operates. The performance of the Organisation as at 2017/18, the applicable statutory mandates, the relevant sections of the National Development Plan (NDP) as well the strategic risks have been identified. The goals and objectives of the Department of Water and Sanitation (DWS), including the Ministerial Budget Vote, have also been taken into account during development of this Business Plan.

The relevant priorities in the NDP that have been included in this Business Plan 2019-2024 include those focusing on expanding access to water all along the supply chain. The investments were directed to the dams and bulk water supply schemes that focus on achieving adequate water infrastructure.

The Board, through this Business Plan, commits itself to certain Key Performance Indicators that the Minister of Water and Sanitation may utilise to monitor the performance of the Organisation in line with its strategic intent as well as the NDP.

The Board of Directors of Bloem Water, in exercising its strategic oversight and Executive Authority's objectives, has adopted a set of priorities underpinned by a set of strategic objectives for the period 2019 to 2024, reviewable annually.

Within the context of an economic recession and budget constraints, Bloem Water has in its previous and the proposed Business Plan, 2019-2024, provided for cost containment measures as circulated by National Treasury in 2016/17, which will be funded from cash reserves to cover the short term expenses. The current payment culture of the Municipalities has regressed and impacted the financial status of the entity. It should therefore be noted that the cash reserves are required to meet liabilities and managing the current ratio, current assets and the current liabilities. This non-payment will ultimately impact service delivery negatively.

The strategic priorities and goals set to ensure the realisation of the strategic intent are summarised as follows:

BUSINESS PLAN

Bloem Water is geared to deliver on its Business Plan 2019-2024 priorities which guide its development and the strategic shifts which the Organisation wishes to achieve in the period are as follows:

- (i) Plan, develop, operate and maintain infrastructure to ensure sustainable water service delivery;
- (ii) Manage financial affairs to meet current and future obligations;
- (iii) Securing of supply and quality of raw water resources;
- (iv) Achieving an aligned, effective and efficient institution through optimization of all business processes and systems;
- (v) Engaging and strengthening strategic partnerships with all relevant stakeholders.

These goals were determined taking into account National and Provincial Government objectives to render support to Government in achieving its goals.

The strategic priorities and goals mentioned above have been translated into objectives and Key Performance Indicators which have been aligned to legislative requirements and quarterly reporting indicators. The financial Key Performance Indicators are set out in this Business Plan, as well as in the Shareholder Compact. The Operational and Human Resource Performance Indicators are set out comprehensively in the Quarterly Report submitted to the Executive Authority as per legislative prescript.

Bloem Water herewith reports that, *from a financial perspective*, its performance during the 2016/17 financial year was under strain due to drought and poor payments by the Municipalities.

Key highlights in relation to performance are as follows:

- The Free State, like many other Provinces, has encountered a drought for the past three years and stakeholders were required to implement water demand and restriction measures.

BUSINESS PLAN

- The demand for bulk treated and raw water is in line with the drought levels but lower than the budgeted volumes. The operating costs are aligned to the demand volumes and the related price increases as reflected in the chemical, electricity and operational expenses. The drought conditions required the Board and Management to review budgets resulting in the reduction of most of the financial targets. This included the reprioritisation and postponement of CAPEX projects. The forecast for water demand has taken the current situation into account in conjunction with the historic demand trends.

The payment trend by Municipalities has deteriorated to such an extent that the Mangaung Metropolitan (MMM) and Kopanong Local Municipalities' outstanding accounts will impact the going concern status of the entity. This is attributable to Municipal clients defaulting on payment of accounts which remains a huge risk and challenge. Bloem Water seeks to mitigate the payment risk in tandem with the clients in question and with National and Provincial Government assistance, where applicable. Section 44 Municipal Finance Management Act and Section 4(5), Water Services Act processes in cases of default have proven to be ineffective to date. The Auditor General of South Africa expressed a financial viability concern for the future existence of the entity in the event that the payment environment does not improve.

The continuation of effective service delivery is dependent on an effective water supply system, corrective and preventative measures and operational controls necessary to ensure a safe and reliable water supply. In order to ensure an effective and reliable water supply system, Bloem Water has divided its operations into three regions, namely Modder River, Caledon River and Orange River Regions.

The sustainable treatment and provision of bulk water to customers remain the primary priority of Bloem Water. Water is treated at six (6) treatment works and its quality meets the required standard of SANS 241:2015. This is despite the challenges in meeting future growth and capacity in some areas of operation due to the ongoing drought situation in the Province and the siltation problem at one of the Organisation's biggest Water Treatment Works (Welbedacht Dam).

Bloem Water will invest in expansion and refurbishment of infrastructure, to ensure sustainable water services provision in the areas of service.

BUSINESS PLAN

Water sector partnerships and collaborations will be leveraged to respond to the challenges facing the organisation. These challenges are water security, demand management measures, drought and the impact of climate change. Support and partnership efforts with Municipalities are being continued. Water Service Authorities are at various stages of implementing water conservation/water demand management measures within their systems. However, significant quantities of treated water are being lost in the reticulation system and threaten the sustainability of the water value-chain. Water loss management has therefore been identified as a strategic focus. Programmes will be developed and implemented in addressing water losses. Bloem Water will further continue with water awareness and education, focusing on water use and conservation targeting schools and communities through its Water Ambassadors. The extension plans of the Hydropower to the Regions remains key. Plans to continue with electricity conservation and green environmental management are already in place.

The five (5) year Infrastructure Programme to address the water supply in line with the growing water demand, improved sanitation and the creation of employment is continuing. The limited financial resources have been managed through prioritization of the projects. The directives from the Department of Water and Sanitation have also assisted in the implementation of the infrastructure plan. The Infrastructure Programme is aligned to the Greater Bloemfontein Reconciliation Strategy that had a planning scenario of up to 2035 and the continuous alignment to integrated development plans and the National Water Resources Strategy. The drought, reduced storage capacities of the water resources, ageing infrastructure are key challenges to be addressed through future planned projects such as the Xhariep pipeline, the Knellpoort/Welbedacht Pipeline, Caledon/Bloemfontein Pipeline and the upgrading of Tienfontein and Novo raw water transfer schemes. The alternative options considered with the re-use project and the Xhariep pipeline will have an impact on the Reconciliation Strategy and the planning for future requirements. There should be scope for review to ensure that the appropriate commitments are considered.

The Organisation has continued to play a critical role in the service delivery at Municipalities by implementing projects on behalf of the Department of Water and Sanitation for various Programmes such as the Accelerated Community Infrastructure Programme (ACIP) and Municipal Infrastructure Grant (MWIG).

BUSINESS PLAN

Employee development is a joint responsibility of the employee and the employer to upgrade the existing skills and knowledge of employees and to keep themselves abreast with the latest developments in the sector and related disciplines. It remains a priority to consult with Labour and employees and encourage them to acquire new or advanced skills and knowledge by providing learning and training opportunities. The entity is compliant with EWSETA requirements and the mandatory grant was accordingly paid.

Management and the Board are pursuing Employment Equity targets with a particular focus on gender representivity. Female representivity has increased by more than 2% during the last year. However, there is still more to be done as there is also insufficient representation of people with disabilities.

Board strategic objectives are measured and reported monthly and quarterly to the Department of Water and Sanitation and National Treasury. Technical indicator descriptions were developed for all performance objectives and there was an improvement on the performance against predetermined objectives, as verified by the Auditor-General.

The Employee Wellness Programme continued to promote healthy practices through awareness sessions, screenings and employee wellness days. Wellness is an active process of becoming aware of and learning to make healthy choices.

The Board has established an effective and efficient Health and Safety management system to ensure compliance to Occupational Health and Safety Act and create a safe environment for employees and those in contact with the entity.

The entity has established a fully-fledged security management section. The unit has the responsibility to protect and secure Bloem Water assets and employees. Various security measures have been implemented in line with minimum information security standards (MISS) and National keypoint requirements.

Following the Organisational study report, the Human Resources and Corporate Support Committee considered and recommended changes to the organizational structure for improved efficiencies. Ministerial approval was therefore obtained to fill overdue vacancies and good progress was made with prioritised technical positions.

BUSINESS PLAN

Following the climate survey reflecting employee engagement, feedback sessions were held and interventions attended to in response to the dimensions that recorded the lowest rating. A dipstick survey will be held on 22 November 2018 to gauge success levels of the interventions.

The employer liability associated with a Defined Benefit Pension Fund is managed by the Board. Investment performance results are reported quarterly. The impact of the Steinhoff meltdown was duly reported and managed by the Board of Trustees and the principal Board in mitigating the risk thereof on the investment performance. Trustee members were trained on Governance requirements as dictated by PF Circular 130 and other applicable legislation. The Fund is fully compliant and the statutory valuation as at 30 March 2018 is currently in progress.

The Board is honored to register that it is fully functional and implemented sound governance practices and processes. It continues to provide strategic direction to the Organisation through its performance monitoring system. In providing necessary leadership, the Board ensures that the Organisation delivers on its financial mandate by observing cost containment measures in compliance with the National Treasury Regulations.

BUSINESS PLAN

The Board of Directors and Executive Management Team at Bloem Water look forward to successfully meeting future challenges. In order to give effect to various water delivery mandates and objectives of the Executive Authority and National Development Plan priorities, the Board shall continue to build the financial base of the Organisation, supported by its workforce and strategic stakeholders.



Mr TB Phitsane
Chairperson of the Board of Bloem Water

3 December 2018
Date



Dr L Moorosi
Chief Executive

3 December 2018
Date

BUSINESS PLAN

2. INTRODUCTION AND STRATEGY

Bloem Water was established in 1991 in line with Section 108(2) of the Water Services Act, 1997. The primary reason for establishing the Water Board was to operate the Caledon/Bloemfontein Government Water Scheme, constructed to supply purified water to the Municipal areas of Bloemfontein, Bainsvlei, Bloemspruit, Botshabelo and Dewetsdorp. The name was officially changed from "Bloem Area Water Board" to "Bloem Water" in 1994.

Bloem Water is, in terms of the Public Finance Management Act (PFMA), Act 1 of 1999, Schedule 3B, a National Government business entity, which reports to the Executive Authority, represented by the Minister of Water and Sanitation.

During 1995 the service area of Bloem Water was extended to include the southern Free State, adding towns such as Bethulie and Philippolis. In 1996, the Minister of the then Water and Environmental Affairs further extended the area of supply to include the Thaba Nchu district, which added the responsibility to supply water directly to communities of rural areas, in addition to the formal urban areas. This was a new field of operation for Bloem Water, which prior to that was purely a supplier of bulk purified water. More recently the service area has been extended to include parts of the Eastern Free State of Mantsopa Local Municipality. Currently Bloem Water supplies water to a population in excess of 1.2 million in the areas referred to above.

During 2003, the service area of Bloem Water was extended to include 8 magisterial districts in the Province of the Eastern Cape.

The Board of Directors of Bloem Water appointed by the Minister of Water and Sanitation comprises of specialists in various fields, resulting in a balanced, skills-based Board. The Board is governed by the requirements of the Water Services Act, PFMA, National Treasury Regulations and other legislations. The day-to-day management of Bloem Water is delegated to a Management Team consisting of the Chief Executive and the Managers.

BUSINESS PLAN

2.1 BLOEM WATER STRATEGIES, VISION, MISSION AND VALUES

STRATEGIES:

1. Expand and grow the business in line with the Regional Water Utility approach implemented in the sector via DWS Institutional Reform and Realignment Project by expanding to areas not previously serviced within the Region.
2. Develop a sound long-term financing strategy, mindful of the growth strategy, which will incorporate aggressive pursuit and channelling of grant and other national funding for water infrastructure.
3. Develop and implement a strategic asset management strategy and infrastructure plan to improve decisions on asset investment, maintenance, disposal and replacement.
4. Implement a marketing plan that is fully integrated with a communication plan to create brand awareness, coordinate communication efforts and create competitive advantage.
5. Optimise skills and expertise to create an institution capable of attracting and retaining skilled people, with training and development programmes based on skills gaps.
6. Stakeholder management is central to the Organisation's effectiveness. Improve stakeholder management and partnerships with all stakeholders within the value chain through benchmarking, knowledge-sharing and skills transfer with its stakeholders.

BUSINESS PLAN

VISION:

Assuring sustainable provision of quality water services, for life!

MISSION:

To create a leading, value driven, effective and responsive Institution using adaptive best practice methods in anticipating tomorrow's challenges today.

VALUES:

Bloem Water commits itself to the following values that guide and direct all interactions with internal and external stakeholders:

- Corporate Social Responsibility
- Governance
- Equality
- Responsiveness

2.2 BLOEM WATER OBJECTIVES LINKAGES WITH GOVERNMENT OUTCOMES

The key strategic objectives of Bloem Water set out below are linked with priorities of Government:

BUSINESS PLAN

No.	Strategic outcome goals	DWS Strategic Objective (from 2017/18 to 2019/20 APP Plan)		Organisational alignment to the strategic objective	
Outcome A	Environmental Assets and natural resources that are well protected and continually enhanced	Goal 1	Enhanced and protected water as a resource across the value chain	SO 1	Plan, develop, operate and maintain infrastructure to ensure sustainable water service delivery
Output 1	Enhanced quality and quantity of water resources	SO 1.1	Water resources protected through water supply and sanitation services regulation, compliance monitoring and enforcement		
		SO 1.2	Enhanced management of water and sanitation information		
		SO 1.3	The integrity of freshwater ecosystems protected		
		SO 1.4	Enhanced water use efficiency and management of water quantity		
		SO 1.5	Freshwater ecosystems protected from mine water impacts		
Outcome B	Contribution to an efficient, competitive and responsive economic infrastructure network	Goal 2	Equitable access to reliable, sustainable and acceptable water resources and water and sanitation services	SO 2	Manage financial affairs to meet current and future obligations
Output 2	Ensuring the maintenance and supply availability of our bulk water infrastructure	SO 2.1	A coordinated approach to water and sanitation infrastructure planning and monitoring and evaluation		
		SO 2.2	Targeted and aligned planning for adequate water availability and the enhanced provision of water supply and sanitation services		
		SO 2.3	Adequate water availability and enhanced provision of sustainable and reliable water supply and sanitation services		
		SO 2.4	Safe, reliable and sustainable water supply and water and sanitation services infrastructure		
		SO 2.5	Enhanced provision of sustainable and dignified basic sanitation		

BUSINESS PLAN

No.	Strategic outcome goals	DWS Strategic Objective (from 2017/18 to 2019/20 APP Plan)		Organisational alignment to the strategic objective	
Outcome C	Sustainable human settlements and improved quality of household life	Goal 3	An enhanced contribution to socio-economic development and transformation by the sector	SO 3	Securing of supply and quality of raw water resources
		SO 3.1	Equitable water allocation and availability for socio-economic development		
		SO 3.2	Targeted rural development initiatives that support smallholder farmers		
		SO 3.3	Targeted procurement that supports black entrepreneurs in the sector		
		SO 3.4	Job opportunities created that expand economic opportunities for historically excluded and vulnerable groups		
Outcome D	Responsive, accountable, effective and efficient Local Government System	Goal 4	An efficient, effective and development orientated water and sanitation sector	SO 4	Achieving an aligned, effective and efficient Institution through optimisation of all business processes and systems
		SO 4.1	An enabling environment for the management of water resources and the provision of basic water and sanitation services		
		SO 4.2	Sound governance and oversight of the DWS Public Entities		
		SO 4.3	An efficient, effective and high performing organisation		
		SO 4.4	Coordinated development of the skills pool across the sector		
Outcome E	Decent employment through inclusive economic growth	Goal 5	Sound cooperative governance and an active and engaged citizenry	SO 5	Engaging and strengthening strategic partnerships with all relevant stakeholders
		SO 5.1	Targeted and sustained African and global cooperation in support of the national water and sanitation agenda		
		SO 5.2	Informed and empowered communities and responsive government securing integrated and sustainable partnerships to support the W&S development agenda		
Outcome F	Create a better South Africa and contribute to a better and safer Africa and world	Operations	Finance		
Outcome G	Vibrant, equitable and sustainable rural communities with food security for all	Customer	People		

BUSINESS PLAN

2.3 Bloem Water Strategic Objectives, Goals and Key Performance Indicators

The following table shows the goals and Key performance indicators to measure achievement of strategic objectives.

BLOEM WATER OBJECTIVES	BLOEM WATER GOALS	KEY PERFORMANCE INDICATORS
<p>Strategic Objective 1</p> <p>Plan, develop, operate and maintain infrastructure to ensure sustainable water service delivery.</p>	<p>Uninterrupted water supply to our customers.</p> <p>Implementation of sustainable/ approved CAPEX plan</p> <p>Quality Water that exceeds minimum standards</p> <p>Build R&D and innovative capability (grow intellectual capacity)</p> <p>Expand the business of BW in the water value chain</p> <p>Reduce levels of unaccounted for water</p>	<p>KPI 3: % number of days' supply disrupted divided by total number of possible supply days</p> <p>KPI 12.1: Overall project expenditure within R target</p> <p>KPI 12.2: Overall project completion dates</p> <p>KPI 13: CAPEX spend/projects</p> <p>KPI 1: % Compliance for drinking water with SAN 241(Test results SANS 241)</p> <p>KPI 20: Number of R & D initiatives</p> <p>KPI 14: % of total turnover from secondary activities</p> <p>KPI 2:Water lost as a % of total water produced</p>
<p>Strategic Objective 2</p> <p>Manage financial affairs to meet current and future obligations</p>	<p>Improve financial ratios</p> <p>Ensure proper financial management</p> <p>To seek optimal funding solutions for CAPEX</p> <p>Develop alternative revenue streams in the water value chain</p>	<p>KPI 9: Financial Ratios</p> <p>Liquidity (Current ratio)</p> <p>Gross profit margin% (primary activity)</p> <p>Gross profit margin% (secondary activity)</p> <p>Net profit margin % (primary activity)</p> <p>Net profit margin % (secondary activity)</p> <p>Debt Equity%</p> <p>Return on assets %</p> <p>Debtors days #</p> <p>Repairs & maintenance as % of PPE</p> <p>Staff remuneration as % of total operating expenditure</p> <p>KPI 11: Per cent variance : Total Costs within overall budget</p>
<p>Strategic Objective 3</p> <p>Securing of supply and quality of raw water resources</p>	<p>Identify/secure additional/ alternative water sources for BW to meet future demands</p> <p>Improve access to water for rural development and productive use</p> <p>Expand BW involvement in catchment management activities</p> <p>Increased contribution to water resource management issues</p>	<p>KPI 21: Percentage implementation of borehole master plan</p> <p>KPI 22: Number of programmes developed and implemented from Catchment Management Agencies.</p>

BUSINESS PLAN

BLOEM WATER OBJECTIVES	BLOEM WATER GOALS	KEY PERFORMANCE INDICATORS
	<p>Promote water conservation and water demand management</p> <p>Mitigate climate change impacts and minimise the environmental impacts of BW activities</p>	<p>KPI 23: Percentage of leaks repaired</p>
<p>Strategic Objective 4</p> <p>Achieving an aligned, effective and efficient institution through optimisation of all business processes and systems</p>	<p>Ensure full legislative/policy compliance</p> <p>Ensure corporate BBBEE targets are met</p> <p>Obtain unqualified audit</p> <p>Effective Internal Controls and Risk Management</p> <p>Improved corporate governance</p> <p>Contribute to job creation through inclusive economic growth</p> <p>Improve knowledge, skills and capacity</p>	<p>KPI 15: % Statutory submissions made on time</p> <p>KPI 10: % of spend increased and increased new entrants</p> <p>KPI 4: Annual external audit</p> <p>KPI 7: Internal Audit Report -No repeat and no unresolved findings</p> <p>KPI 6: % Board member attendance (Annual performance assessment)</p> <p>KPI 17: Number and Rand value of CSR initiatives</p> <p>KPI 17: Breaches of materiality and significance framework</p> <p>KPI 16: Total number of job created (permanent, contract, temporary)</p> <p>KPI 5: Number of Staff leaving</p> <p>KPI 18:Total number of Training courses, Learnerships and bursaries</p>
<p>Strategic Objective 5</p> <p>Engaging and strengthening strategic partnerships with all relevant stakeholders</p>	<p>Ensure provision of Local Government support</p> <p>Contribute to national/international water agenda.</p> <p>Build strategic partnerships with all key stakeholders</p> <p>Strengthen relationship with DWS regional office</p> <p>Ensure customer satisfaction</p> <p>Promote the brand of BW</p>	<p>KPI 23: Number of intervention and support programs to municipalities</p> <p>KPI 24: Number of agreements with Regional and International utilities</p> <p>KPI 8: Municipalities/other customers with bulk supply agreements</p> <p>KPI 25: Percentage of customers satisfied (customer satisfaction index)</p> <p>KPI 26: Number of awareness sessions conducted with various institutions, stakeholders and communities</p>

BUSINESS PLAN

3. POLICY STATEMENT

The Board considers new Policies and revise existing Policies on a regular basis, whereas Management attends to the revision of SOPs (Standard Operating Procedures) as and when required.

The more salient Policies are highlighted below in accordance with the guidelines provided:

3.1 Environmental Policy

Health & Environmental Legislation, Procedures & Guidelines

Compliance to the Occupational Health & Safety (OHS) Act 85 of 1993 is crucial to the health and safety of those entering our premises. A risk assessment is regularly effected by a service provider to identify gaps in our systems. These findings form the basis of Action Plans to address the shortcomings and implement a best practice approach. Health and Safety Committees are in place and meetings according to the guidelines laid down by the Act are effected. Training for Process Controllers, first-aid personnel and machine operators is also ongoing.

Integrated Environmental Management

The entity water business interacts with the water value chain from source-to-tap. In this course of its business the Organisation continues to strive to apply integrated environmental management (IEM) principles to its projects to ensure the undertaking of responsible planning, design, construction and operation practices and in ensuring that sustainable bulk water infrastructure continues to be developed to meet water delivery timeframes.

The entity continues to participate, as a promoter, in programmes undertaken by the Department of Water and Sanitation, the approach of integrated environmental management and in the interests of sound catchment management practices.

Projects

Bloem Water shall continue to participate in various programmes as mandated through the role of Implementing Agent to assist Water Services Authorities within the area of supply with technical capacity or project implementation or Ministerial directives that are issued by the Department of Water and Sanitation as and when it is required.

BUSINESS PLAN

Waste Water Standards

All waste water discharges from Plants owned or operated by the entity meets discharge permit standards as a minimum requirement. The entity currently does not operate any Waste Water Treatment Plants but possesses the competencies and capacity to do so if and when required, be it in support of any Municipality or its own infrastructure.

The Water Treatment Plants operated by Bloem Water produce sludge outflows due to filter backwash and desludging activities from the sedimentation tanks as well as clarifiers.

Upgrading and refurbishment of sludge lagoons in various regions has been done to handle the amount of sludge produced by the respective Water treatment works. The discharge at these lagoons meets the Department of Water and Sanitation's permit standards.

Water Conservation & Demand Management including the promotion of Public Awareness

The entity recognises the limitations of conventional water resource development (new dams and groundwater resources) and plays a leading role in regional demand management and water conservation initiatives.

Demand management approaches by the entity focuses on efforts to encourage water conservation, including:

1. Promoting and engaging in awareness campaigns that focuses on the importance of changing the behaviours on water conservation and preservation as well as advocating the value of water via various communications to the community (radio and television, brochures and newsletters). Target groups are schools, industry, Local, District and Metropolitan Municipalities.
2. Working towards a solution of unauthorised connections and cost recovery together with Water Service Authorities and Municipalities.

BUSINESS PLAN

3. Initiating and sustaining initiatives focused on changing consumption behaviour in specific consumer segments in order to reduce discretionary water consumption, water wastage, unaccounted for water and entrench an understanding of the intrinsic economic value of water.

3.2 External Social Policies and Programmes

(i.e. social Policies and Programmes in the fields of education, HIV awareness and water and sanitation health awareness)

Sanitation, Health and Hygiene Programmes

There are a total of 16 schools where Bloem Water is implementing toilet construction projects by effecting this project.

3.3 Human Resource Policy

The entity reviews its policy annually at EXCO level and every 3 years at Board level to allow for legislative- and best practice alignment.

The objective of Bloem Water's range of Human Resources Policies is to ensure that corporate strategic objectives and goals are achieved by creating an environment that promotes the acquisition and retention of the appropriate calibre of committed employees who are given the freedom to act throughout the Organisation and apply their own initiative. Bloem Water seeks to ensure that staff operates in an environment characterised by the values of excellence, fairness and partnership.

Compliance with Legislation

The Human Resources Department is viewed as an integral part of the Business Plan of Bloem Water. The objective of Bloem Water's range of Human Resources Policies is to ensure that corporate strategic objectives and goals are achieved in a business environment that is faced with some incredible changes and advancements. In an effort to remain competitive, Bloem Water acknowledges the requirement to become more and more creative and innovative and therefore strives to acquire and retain the appropriate calibre of committed employees who are given the freedom to act throughout the Organisation and apply their own initiative.

BUSINESS PLAN

Bloem Water seeks to ensure that staff operates in an environment characterised by the values of excellence, fairness and partnership.

The Organisation has fully embraced the spirit of employee/employer relationships and strives to comply fully with both the spirit and letter of all labour legislation such as the Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act and the Skills Development Act.

Employment equity and recruitment

The recruitment and selection processes are guided by the Employment Equity Plan targets which were approved by the Board, affording opportunities to give preference to the occupational categories where designated groups are under-represented. These practices commit Bloem Water to recruitment systems and selection procedures which are effective, fair and comply with all relevant labour legislation whilst at the same time giving effect to the Employment Equity targets as approved.

The Board adopted an Employment Equity Policy and the Employment Equity Plan with related numerical goals that are to be met and reviewed annually. The Employment Equity Plan represents a guide to the implementation of results-orientated practices in accordance to policy to ensure that all employment categories and levels are afforded preferential selection, training, development and promotional opportunities in the Organisation. Application of the Policy is focused particularly on addressing imbalances relating to racial-, gender- and people living with disabilities representation at all levels within the Organisation.

Labour Relations (including Agreements or recognition of organised Labour)

Bloem Water subscribes and promotes labour practices that recognise freedom of association and promotes inclusiveness and encourages fair, ethical and lawful interactions between management and staff.

The following agreements have been entered into with Organised Labour:

BUSINESS PLAN

Minimum Service Level agreement

The Board was awarded Essential Services Status by the CCMA and a minimum service level agreement was signed with labour regulating the designations and numbers per designated to be observed during protected strikes. There is an agreed Strike Contingency Plan with labour to be applied during a protected strike which would ensure uninterrupted water supply.

Organisation Rights Agreement

In terms of this agreement a Local Labour Forum has been established to promote participation and co-operation among all Bloem Water's internal stakeholders. Regular meetings are held at workplaces to promote participation at all levels. This relationship building process has been in existence for a number of years and has yielded positive results in terms of resolving workplace issues.

Amanzi Bargaining Council

At a Statutory level the entity is represented on the Amanzi Statutory Council and attends quarterly meetings. The dispute resolution function of the Council is attended by the CCMA (Commission for Conciliation, Mediation and Arbitration). The Council successfully concluded centralized bargaining for the period 2018/19 and is currently attending to harmonising conditions of employment within the sector.

Performance Management

The entity has a well embedded performance management policy and process. Strategic Performance Contracts are aligned with Board Strategic Goals annually and signed off annual, reported and measured quarterly and audited by external auditors at year-end to measure the overall collective performance for the year. A Performance Enhancement System is applied for all other levels to promote performance through quarterly assessments. The system provides a process to identify individual development needs thus creating a culture of continued education and skills development within the Organisation. Action plans are developed for Performance Targets not achieved to address shortfalls.

BUSINESS PLAN

Training and Development

The Training & Development Policy regulates training decisions and interventions. Training needs are identified and prioritised of which programmes are implemented in line with the entity's priority needs in terms of skills. Special emphasis is placed on developing scarce skills to ensure a pool of appropriate skills to continuously build organisational performance. Financial support is provided to employees to encourage studies relevant to the entity/scare skills. The entity applies for discretionary grants from EWSETA and such programmes are implemented in line with EWSETA guidelines. Budget allowing, training programmes are also designed in support of succession planning.

A comprehensive skills audit is undertaken annually to ensure that the Workplace Skills Plan is aligned in all respects with the current skills needs of individuals and the entity. All training and development activities are accordingly aligned with the Workplace Skills Plan and the Annual Training Programme.

Health and HIV/Aids

The entity has an approved Employee Wellness Policy to regulate wellness activities. It encourages and assists employees to have access to counselling, wellness and health related advice, training and support. The programme is dedicated to supporting and strengthening the workplace environment by providing professional assistance to employees experiencing personal problems that affect their work.

An HIV/AIDS policy has been approved by the Board. The policy provides for the implementation of an HIV/AIDS Programme, in association with relevant Departments and focuses on staff training and awareness, counselling, support and assistance.

BUSINESS PLAN

Performance Management

Performance Enhancement & Management

A Performance Enhancement System was implemented at all levels across Bloem Water. The System is designed to align objectives for each position in the Organisation with that of the corporate strategic objectives, goals and targets in order to promote performance through regular reviews and dialogue as well as to identify individual development needs thus creating a culture of continued education and skills development within the Organisation.

Amanzi Statutory Council

Bloem Water is represented on the Amanzi Statutory Council and attends quarterly meetings. The dispute resolution function of the Council is outsourced to the SALGBC (South African Local Government Bargaining Council). The Council is due to be converted to a Bargaining Council and processes are currently underway.

Training and Development

The Training & Development Policy serves as a guideline for the development of employees. Training needs are identified and prioritised of which programmes are implemented in line with the Organisation's priority needs in terms of skills. Special emphasis is placed on developing scarce skills to ensure that the Organisation has a pool of appropriate skills to improve the performance of the Organisation. Financial assistance to employees is provided to encourage studies relevant to Bloem Water's skills needs and to enhance employee performance logistically.

A comprehensive skills audit is being undertaken annually to ensure that the Workplace Skills Plan is aligned in all respects with the current skills needs of individuals and the Organisation. All training and development activities are thus aligned with the Workplace Skills Plan and the Annual Training Programme.

BUSINESS PLAN

Health and HIV/Aids

Employee Wellness Policy

The policy has been adopted by the Board. The existence of the Employee Wellness Policy encourages and assists employees to have access to counselling, wellness and health related advice, training and support. The programme is dedicated to supporting and strengthening the workplace environment by providing professional assistance to employees experiencing personal problems that affect their work.

The wellness activities are ongoing with emphasis in providing health advice and guidance.

Health and HIV/AIDS

The reviewed HIV/AIDS policy has been approved by the Board. The policy provides for the implementation of an HIV/AIDS Programme, in association with Department of Water and Sanitation and focuses on:

- Staff training and awareness;
- Counselling, support and assistance.

The sessions which address prevention, peer education and support groups are being held on a regular basis. These sessions provide the activities that are included in the HIV/AIDS Action Plan.

The HIV/AIDS Action Plan and implementation thereof has been completed.

Health & Safety

Bloem Water complies with the requirements of the Occupational Health & Safety Act, Act 85 of 1993. Relevant Committees have been established to ensure that employees are provided with information, instructions, training and supervision as may be necessary to ensure, as far as is reasonably possible, their health and safety whilst on duty. Various programmes for improved health and safety in the workplace are continuously being undertaken. This includes risk management on all offices and Plants which then forms the basis of the Health and Safety Work Plan.

3.4 TARIFF POLICY

(Tariff Policy and Tariff Structure)

Cross subsidization through tariffs

Bloem Water believes it is necessary in the business model to practise cross subsidisation throughout its area of supply. It is recognised that the actual cost of provision of water to remote rural areas is higher than to densely populated urban areas. Bloem Water has therefore implemented a differentiated tariff structure where a business case indicates a geographical area with separate water sources. Cross subsidisation is applied within such areas.

Tariff Structure

Tariffs determined by Bloem Water will as far as is practicable be adequate to realise the required revenue in covering all costs incurred in order to provide a sustainable supply of water to clients. Tariff structures continue to be consulted with all customers in accordance with the requirements set by National Treasury Regulations and the Municipal Finance Management Act (MFMA). The aforesaid is to ensure an understanding and acceptance of the budget and tariffs. It should in addition be noted that provision is made for future capital development.

Tariff Setting & Approval

Tariffs are normally set annually via the budgeting process whereby all Municipalities are consulted as required by National Treasury Regulations. The financial information which includes tariffs is incorporated in the Shareholder Compact which is approved by the Minister.

3.5 CUSTOMER CARE POLICY

Customer Care

As a public sector water service provider and performance-orientated Organisation, The Entity recognises the imperativeness of ensuring that it is able to deliver an effective and efficient service and also able to satisfy all its customers and thus its commitment to engaging its customers regularly.

BUSINESS PLAN

A reviewed Customer Care Policy encompassing a complaint control measure (i.e. communication procedure) is approved by the Board and is implemented accordingly to ensure and sustain efficient customer care as well as the procedure to be followed in relation to complaints/customer concerns.

Conditions of Supply

The Entity continues to effect a holistic customer satisfaction survey within its area of supply on an annual basis to ascertain the level of service we provide to Municipalities and the communities we serve. The purpose of this survey is to ascertain where the entity can be of further assistance to areas experiencing service delivery concerns.

Contracts

The Entity continues in aspiration of ensuring that all services are delivered in terms of written contracts and agreements with each of its customers. The contracts contain service level agreements that clearly set out:

- Service delivery obligations and standards
- Quality standards (service and product)
- All appropriate conditions and undertakings (tariffs and payments and credit controls)
- Performance and performance measurement criteria.

A central database has been created listing all contracts entered into by the entity to ensure compliance with National Government's policies and legislation. This database contains relevant details of those contracts Bloem Water has entered into.

Greater involvement at regional level is envisaged for the purposes of measuring the performance of the entity and timeously attending to failures with the least inconvenience to customers.

Promoting the efficiency of Water Services authorities

In order to ensure that the entity can demonstrate to its customers and stakeholders that it is an efficient Organisation it aims to:

BUSINESS PLAN

- Demonstrate that it effectively manages all its controllable costs associated with service delivery by setting annual performance and efficiency improvement targets for all organisational activity areas.
- Reports to the Board in terms of these targets.
- Participates in sector benchmarking initiatives in order to compare efficiencies with similar organisations in South Africa and beyond.

Comprehensive Communication Policy

To ensure that communications across Bloem Water is well co-ordinated, effectively managed and responsive to the diverse information needs of its employees and customers, a comprehensive Communication Policy has been compiled and approved by the Board which maps out communication channels to Bloem Water staff in relation to effective and efficient communication.

3.6. CREDIT CONTROL & DISCONNECTION POLICY

Credit Control Procedures

Bloem Water has adopted a Credit Control Policy which ensures that all services rendered are billed and payable to Bloem Water. The policy allows for limitation of services and it is in accordance with Section 4(5) of the Water Services Act of 1997. Where Bloem Water is responsible for the operation and maintenance of services as an agent on behalf of a Water Services Authority (WSA), the services are implemented in terms of the Credit Control Policy of the relevant WSA. In instances where Bloem Water supplies direct to a customer who is not a WSA, there are specific By-Laws that govern the credit control and limitation of services. The entity will also follow Section 44 of this Municipal Finance Management Act in instances where it is required.

3.7. ACCOUNTING POLICY

Separate Accounting for Primary and other Activities

The separation of primary activities and other secondary activities will be achieved by the following measures:

BUSINESS PLAN

- Secondary activities will be administered in separately identified cost centres which record both revenue and expenditure related to each of these activities.
- Where applicable, all organisational and overhead costs incurred in relation to secondary activities be charged to the activity.
- An appropriate external audit will be implemented to ensure effective separation of every secondary activity.

Independent business plans and budgets will be developed for each of the secondary activities that Bloem Water becomes involved in.

Compliance with International Financial Reporting Standards (IFRS).

Bloem Water has adopted an Accounting Policy that fully complies with the requirements of Generally Accepted Accounting Practices (GAAP). The financial reporting requirements are changing and Bloem Water is following due process to establish which financial reporting standards are to be applied between GRAP (in full) or IFRS.

ACCOUNTING FOR RESERVES, ASSETS, DEPRECIATION AND BAD DEBTS

Accounting for Reserves

The Board has established different reserve funds for different activities, which range from Capital Development and Replacement, Discretionary and Insurance Funds. These funds are utilized in terms of the stipulations and conditions of the fund. The Board endeavours to achieve a position where a portion of reserve funds are backed by cash in the long term.

Depreciation

Bloem Water's Depreciation Policy has been revised to comply with GAAP requirements. The policy entails calculating depreciation via the "straight-line" method at rates sufficient to write off the cost of the assets over the expected useful lifespan.

BUSINESS PLAN

Bad Debts

The Board, on an annual basis, makes provision for bad debts and considers writing off. In an attempt to reduce non-payment and improving efficiency in the control to small scale farmers, Bloem Water introduced a debit order system to improve collection efficiency whilst sparing farmers travelling costs and time. The aforesaid support mechanism was effected in consultation with relevant clients.

Materiality & Significance Framework

Bloem Water is an asset-driven Organisation whereby the combined basis of fixed assets and water sales is the most appropriate in determining materiality. Significance is based on the size of the variances as well as the level of tolerable error. The individual significant accounts are determined on this basis.

Auditing & Internal Control Policy

Bloem Water has outsourced the internal auditing function. The Board has currently approved the establishment of internal Audit unit which shall serve as an internal control measure in ensuring compliance. Currently the internal audit function is represented at the Audit Committee. The external audit function is now performed by the Auditor-General South Africa (AGSA) in accordance to a predetermined plan of action.

Bloem Water received assurance from both internal and external Auditors in terms of the efficiency of controls. These controls have been designed to provide cost effective assurance that assets are safeguarded and the working capital as well as liabilities are efficiently managed. The Delegation of Authority Framework has been developed in tandem with the appropriate segregation of duties, as highlighted by Auditors. Both Audit Plans are responsive to changes in the Bloem Water Risk Profile which ultimately caters for accountability.

3.8 FRAUD PREVENTION

The Anti-Fraud and Corruption Policy was introduced in support of good governance in an endeavour to emphasise zero tolerance to fraud and corruption.

The Fraud Prevention Plan was developed to outline how the Organisation will fight fraud and corruption. Furthermore, a hotline was also established to allow all stakeholders to report queries and tip-offs. Management monitors the hotline reports and acts accordingly.

3.9 FINANCIAL POLICY

Business Plans and Budgets

The budgets are submitted and approved by the Board on an annual basis. These budgets are used to inform the Shareholder Compact for the financial year in question and forecast for the years thereafter.

Revenue Estimation and Tariff Setting

The Board has implemented a tariff structure, which includes an operational and a capital component in the total tariff. This requires that the operational income should cover the operational expenditure. The capital component of the tariff income is utilized to cover the costs of capital expenditure and loan obligations. The cash reserves are utilized to support this expenditure where required.

Reporting

Bloem Water will report to the Minister of Water and Sanitation on its activities and financial affairs and matters connected therewith as required in terms of the Water Services Act as well as the Public Finance Management Act, Act (1/1999). This reporting is contained in the Quarterly Reports, Business Plan and Annual Reports respectively. The report is also extended to the Parliamentary Committee of Water and Sanitation on an annual basis via the executive authority. Annual appraisals are conducted by the Department of Water and Sanitation (DWA) on the activities of the Board.

BUSINESS PLAN

- **Reliance on Subsidies**

It is the responsibility of the Board to oversee the Organisation as a self-sustaining unit for its primary and secondary activities.

- **Borrowing Limits and Procedures**

The Board has established limits for borrowing funds in accordance with the Business Plan and CAPEX requirements and strives to comply with the requirements of the Public Finance Management Act and the limitations on borrowing set by National Treasury. All necessary requirements for borrowing have been applied for via the Department of Water and Sanitation and National Treasury, to approve accordingly.

- **Reserve Policy and Targets**

The reserves are managed in accordance with the policy. It is established to replace assets and to finance the development of capital infrastructure. An Insurance Fund has been established for the management of the short-term insurance profile.

3.10 LIABILITY POLICY

Selection of Debt Instruments

The Board considers the most appropriate debt instrument at the time when it is required and in accordance with the Business Plan.

3.11 INVESTMENT POLICY

Investments are made in accordance with respective policies and the Delegations of Authority as mandated by the Board. A portfolio of investments is compiled to optimise the rate of return with minimal risk.

The investment policies of the Board of Bloem Water are in line with the requirements as set out in the Water Services Act, 1997.

BUSINESS PLAN

Review of Investment

The Board revises the Investment Policy on a continuous basis, and in accordance to the following:

i. Selection of counter-parties through credit risk analyses

The Investment Policy ensures that investments are spread across a range of different investments and institutions and limited in accordance with a specified rate established Agencies.

ii. Establishment of investment limits per Institution

The Investment Policy indicates limits of investments at an institution to ensure an appropriate spread of investments and mitigate investment risks.

iii. Monitoring of investments against Limits

The Policy is applied continuously to ensure that the investments are aligned to the limits stipulated in the Policy.

iv. Reassessment of Investment Policies on a regular basis

The entity reassesses its Policies on an annual basis, or as and when required.

v. Reassessment of counter-party credit risk based on credit ratings

Bloem Water is a member of approved rating agencies and receives regular updates on investments to the ratings applicable at the time. The current assessment by rating agencies did not negatively impact on the Organisation.

vi. Assessment of investment instruments based on liquidity requirements

Investments are often made to enhance the cash flow that is needed for operational and infrastructure requirements.

3.12. ASSET MANAGEMENT

Asset Inventory

Fleet Management Policy

The purpose of fleet management is to address maintenance related aspects and effective management of the fleet to ensure that the assets are utilized in the most economical way via effective control. This will ultimately improve efficient vehicle utilization, place fleet management on a sound professional and cost-effective basis whilst introducing effective control for optimal asset management.

Asset Management Policy

The Policy is to ensure that Plant equipment, roads, buildings, as well as pipelines and reservoirs are properly managed.

All assets are coded and regular audits are conducted to ensure that asset and movement is managed.

Maintenance

The operation and maintenance play a key role in ensuring that the infrastructure operates to its maximum within its life expectancy. The computerized maintenance management system (CMMS) is also fully functional and being used to record history and improve maintenance planning. The establishment of the Pipeline reaction team has also enhanced the maintenance strategy on the main pipeline from Welbedacht Dam to Bloemfontein.

3.13 PROCUREMENT POLICY

Supply Chain Management Policy

The Supply Chain Management Policy has been reviewed and approved to include the CSD (Central Supplier Database) to be in line with National Treasury Policies, relevant legislation and objectives.

3.14 PLANNING POLICY

Corporate Planning Cycle

The corporate planning cycle of Bloem water is based on a 5-year rolling plan that incorporates the Business Plan, Shareholders Compact, the Capital Infrastructure Investment Plan and the Budget. The Plan is reviewed on an annual basis.

Approach to the planning of capital works

Capital Projects

CAPEX Policy

In order to address the planning scenario for the immediate, short term and long term in line with population growth, water demand requirement, ageing infrastructure, resource planning to ensure sustainable provision of water services, Management develops a 5-year Infrastructure Programme and refers it to the Capital Projects & Fixed Assets Committee to consider and recommend to the Board for approval. The Capital Infrastructure Programme is revised on an annual basis to ensure alignment and prioritisation of the projects in terms of the resource availability and funding.

The Capital Programme as compiled takes the inputs of the Water Service Authorities, their Integrated Development Plans (IDPs), the Bulk Water Reconciliation Strategies and any related stakeholder's inputs and considerations.

Co-ordination with Municipal WSDP's (Water Service Development Plans)

Service Level Agreements with various Municipalities have been finalised. The entity also assists Municipalities with training and technical support in areas of concern.

Bloem Water also participates in the Provincial Committees to provide inputs on IDP's (Integrated Development Plans) and WSDP's.

3.15 Information and Communications Technology (ICT) Policies

The ICT Master Policy approved by the Board regulates information and communications technology activities, outlining principles for effective, efficient and consistent employment of technology and information across the Organisation. The Policy confirms the Board's commitment to best practices on ICT Governance. It furthermore attends to the ICT structure and procedures, risk management, disaster recovery and information security. The ICT Steering Committee has been established and guided by the Charter.

4. SELF-APPRAISAL

4.1 BUSINESS ACHIEVEMENTS AND UNDER-ACHIEVEMENTS

Achievements

During the 2017/18 financial year, Bloem Water's performance was underpinned by a number of key achievements. The following milestones were achieved:

The hydropower project won a Water Research Commission Award and was also presented at ICOLD in China and recently in Australia at the 20th International River Symposium and Environmental Flows Conference in September 2017.

Water losses were managed efficiently within 10% which was way below the 13% target set by the Department of Water and Sanitation. The water quality continued to meet the SANS 241:2015 requirements and no unresolved water failures were experienced. The entity continued to meet its mandate of uninterrupted water supply.

Operationalisation of the pipeline manufacturing workshop at the Welbedacht Treatment Works is completed. Energy efficiency is achieved by load-shifting and light emitting diodes (LED bulbs) are continuously being implemented in line with the Green Space Programme.

Strategic negotiations between the entity and Umsobomvu Local Municipality resulted in the acquisition and transfer of the raw water infrastructure that will enhance abstraction capacity.

The Capital Infrastructure Programme for the 5-year planning has been approved looking at the infrastructure expansion and refurbishment projects that will address the water demand and ensuring the future security of supply as aligned to the reconciliation strategy. Despite financial challenges experienced, the entity still managed to prioritise 17 projects of which 3 were completed and the remainder are multi-year projects. The projects that were completed enhanced the sustainability of water supply to meet the current and future demands.

BUSINESS PLAN

Recommissioning of Groothoek Plant after 3 years of being non-operational, thereby securing supply to Thaba Nchu rural areas.

The AGSA expressed an opinion that the Financial Statements represents the financial position of Bloem Water. An unqualified Audit Report with findings was issued accordingly.

The entity exceeded its spending on BBBEE targets resulting in contribution towards local economic development.

Following the organisational study and Board approval of recommendations, recruitment commenced and a total of 80 positions were duly filled during the year. Technical staff and Security Guard positions were prioritised in response to operational requirements.

Wage negotiations were successfully concluded at Bargaining Council level whilst allied demands were attended at Plant level. The Local Labour Forum negotiated a minimum Service Level Agreement as required by the Essential Services Committee of the CCMA. Members of the LLF were trained during the year and the forum remains functional and active.

The performance management system is consistently applied across all levels and quarterly assessments are performed. Organisational performance is audited annually by external Auditors. Executives and senior staff on Strategic Performance Contracts report quarterly progress against agreed performance targets. Corrective Action Plans were implemented for targets not achieved during the financial year.

The entity complied with EWSETA submissions including the Workplace Skills Plan and Annual Training Plan following extensive engagement with Labour. Levy payments are up to date and discretionary grants were accordingly paid. Bloem Water attends Provincial Skills Forums and initiatives in support of skills development in the Province.

The Employment Equity Committee is functional and assisted with the development of a narrative report on employment equity goals and barriers.

BUSINESS PLAN

Bloem Water has made great strides with regards to Health and Safety. The 2016/17 financial year saw the establishment of the Personal Protective Equipment (PPE) Committee to set standards ensuring consistency throughout the organisation. All required appointments were done in compliance with the Occupational Health and Safety Act and a policy was approved by the Board.

Bloem Water, as part of its Corporate Social Responsibility has developed and implemented initiatives and programmes aimed at creating an organization that is responsive to the needs of the communities in its area of supply. The Board has adopted a holistic approach in line with the best practices of corporate governance principles, to ensure that economic, social and environmental matters are communicated through the Corporate Social Investment Initiatives.

The School Hygiene Programme has been ongoing since its inception in 2010. The Programme is aimed at promoting water conservation and hygiene in schools in rural and under-developed communities *within Bloem Water's* supply area. The Programme assisted 54 (Fifty-four) schools that were identified for deep cleaning of toilets (ablution block), water related renovations, such as plumbing, installation of new pipes, taps, storm water drainage and manholes. The supply of health and hygiene material is meant to promote health and hygiene to the schools.

The Sanitation Programme is celebrated during the World Toilet Day where schools compete in terms of the best school that has adhered to hygiene and health requirements standards. The Programme has ensured that the learners' dignity is restored.

Educational study tours are hosted by Bloem Water to promote awareness on water related matters. Annual participation of the Organisation at the Bloem Show is the confirmation of continuous awareness on water related matters.

Bloem Water has signed a Memorandum of Understanding (MOU) in order to promote bilateral strategic partnerships in the water sector:

BUSINESS PLAN

- Lepelle Northern Water, Limpopo.
- Northern Region Water Board, Malawi.
- Nkana Water and Sewerage Company, Zambia.
- Water Utilities Corporation, Botswana.
- Water Sewerage and Company, Lesotho.
- Department of Health, Free State.
- University of the Free State, Institute of Ground Water Studies, for borehole exploration and installation.
- Water and Energy SETA.
- Central University of Technology, Free State, for training.
- Motheo TVET.

Under-Achievements

Debtors: The non-payment by Municipalities has an adverse impact on the implementation of infrastructure and operational projects. The entity had to reprioritize its CAPEX and Operational Plan and accordingly the target of temporary positions could not be achieved.

Name of Municipality	Current	30 days	60 days	90 days	120 days+	Total
Mangaung Metro Municipality	74 053 160	78 524 343	17 895 639	11 480 836	483 682 588	665 636 565
Kopanong Local Municipality	6 061 642	6 293 976	5 967 101	4 720 330	241 137 079	264 180 127
Mantsopa (Excelsior)	137 217	198 223	153 263	67 166	212 873	768 742
TOTAL	80 252 019	85 016 542	24 016 004	16 268 331	725 032 540	930 585 435

Although some of the financial ratios the climatic conditions affected the revenue generated and the demand declined due to water restrictions implemented.

In response to the current operational and cash flow challenges, BBBEE target relating to new entrants was not achieved.

Staff turnover: was higher than anticipated given a combination of early and ill-health retirements that could not be foreseen.

Board attendance: measured below the target. However, the Board still managed to perform oversight and ensure good governance.

BUSINESS PLAN

4.2 SWOT ANALYSIS

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Board Composition • Good Governance and organisational stability • Management and process capabilities • Strong asset base • A good blend of experienced, knowledgeable and innovative staff • Institutional knowledge and capacity • Quality product and services • Innovative technology (Hydropower) • Diversified tariff pricing model • Relationship with Labour • Memorandum of Understandings signed with tertiary and TVET institutions provide customized and accredited training opportunities 	<ul style="list-style-type: none"> • Unsecured Funding delays in implementation of CAPEX • Ageing infrastructure • Financial constraints • Over reliance on one major customer • Service area limitations
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • New/extended services: Engage in partnerships/SLAs with Municipalities to perform O&M on their behalf • Strategic partnerships/Twinning opportunities • Extend Implementing Agent projects • Alternative energy sources • Negotiable revised Contracts with major clients • Innovation, technology, research and development • Leveraging external Partnerships to fund infrastructure projects 	<ul style="list-style-type: none"> • Climate change effects on rainfall and raw water levels • Non-Payment risk by major clients • Municipalities challenging contractual conditions of the agreement • Dedicated legal processes on client challenges not followed by designated departments • Siltation and loss of capacity at Welbedacht Dam • Uncontrollable increase in electricity costs • Deteriorating quality of raw water • Lack of reservoir capacity of Mangaung Metropolitan Municipality • Executive Authority directives and impact thereof on financial sustainability • Catchment pollution • Power supply interruptions • Public protest and labour unrest • Debtors days • Servitude encroachment (informal settlement)

BUSINESS PLAN

WEAKNESSES

Ageing infrastructure

- Preventative Maintenance Plans are developed and implemented.
- Condition of assets assessment are undertaken to determine the remaining useful life and corrective actions taken to remedy any deficiencies identified.
- Budget allocations and plans developed to maintain and refurbish assets (See section on Project).
- Adoption of a risk/proactive based management approach.
- Establishment of a Pipe Reaction Team unit

Delays to implement CAPEX

- Regular CAPEX meetings are held to monitor progress in line with the Implementation Plan. Identified projects are selected and prioritised accordingly.
- Revised CAPEX Procurement Cycle and Implementation Plans.
- Sufficient finance to implement projects

THREATS

Quality of raw water sources

- There has been Development and implementation of Water Safety Plans.
- Loss of dam capacity at Welbedacht Plant due to siltation is being addressed in consultation with the National Department of Water and Sanitation.

Adverse climate conditions/Drought

- Emergency Preparedness Plans are in place.
- Water restriction measures enforced

Non-Payment risk by major clients

Mangaung Metropolitan Municipality (MMM) is the major client and their non-payment for services has increased the risk. MMM has raised a dispute in the implementation of the approved drought tariffs by the Minister of Water and Sanitation. Payment by the other Municipalities remains a risk as non-payment by some of the Municipalities is experienced and continuing.

Municipalities challenge the conditions in the Bulk Water Supply Agreements to gain a benefit to themselves, instead of considering the holistic requirements and the cost associated with water supply systems.

BUSINESS PLAN

Executive Authority directives might impact on financial sustainability – Directives should follow process to accommodate financial input as well. Payment by the DWS is outstanding on the Bucket Eradication Programme where Bloem Water was the implementing agent and the outstanding payments have not been resolved.

One major client

- Investigation of secondary activities and footprint expansion is being discussed in conjunction with the Department of Water and Sanitation.
- Inadequate DWS process and funding for investing in infrastructure, such as Welbedacht siltation.

Public protest and labour unrest

The risk of public protest and labour unrest is a reality and accordingly mitigated. A Minimum Service Level Agreement was signed with Labour but public protest and sympathy strikes remain external threats to be observed. The entity is represented at Provincial Security Forums to assess the climate in the Province.

Servitudes & Encroachment

Illegal encroachment of Bloem Water servitudes along the pipeline is experienced. There are regular pipeline inspections conducted to monitor the pipeline and task team for proper recording, updating and maintenance of servitudes.

PESTLE SITUATION ANALYSIS

An analysis of political, economic, social, technological, legal and environmental factors is necessary to secure the sustainability of the institution. Strategic risk and performance management forms the cornerstone of its sustainability and is duly imbedded in the governance, risk, compliance and monitoring practices at Bloem Water.

Political factors

South Africa's political environment has become unstable and uncertain impacting negatively on policy development and implementation. The Board considers the political environment when taking decisions involving organisational priorities and governance. The Shareholder Compact informs the relationship between Bloem Water and the shareholder and a healthy relationship exists between the parties. The Provincial Government and Bloem Water continue to nurture the well-established working relationships.

BUSINESS PLAN

Economic factors

Bloem Water is striving to be self-sustainable and viable as there is no dependency on subsidies. However, this sustainability is under threat as there has been a decline in water demand due to restrictions and the increased non-payment by Municipalities, which has soared in recent years. The challenge by Mangaung Metropolitan Municipality on the approved drought tariffs, its implementation and non-payment affects the operation of the entity. The further drive in challenging operational requirements and the cost structure continues to influence the way in which the Municipality honor payment of accounts. The impact of financial and macro-economic conditions on the institution is observed and managed within required parameters.

Social factors

Population growth, urbanisation, increasing unemployment, poverty and age distribution of communities in the service areas impact on water demand and is recognised accordingly in CAPEX planning. Bloem Water is involved in community projects in its area of supply. A number of schools are beneficiaries in sanitation, health and hygiene projects. An annual event which commemorates the World Toilet Day is hosted where Learners promote hygiene and health. The top three schools that have maintained cleanliness and adhered to hygiene standards are awarded prizes. Continuous education on water conservation is a priority.

Technological factors

Bloem Water is striving towards being well equipped with technology in support of operational challenges, in particular its application between Plants, reservoirs and Pump Stations. Advanced technology such as Plant automation, Smart metering and telemetry enables savings in running and operational costs. This results in automatic monitor systems at Plant level. Hydropower is fully operational at Head Office and will be extended to Plant level.

Legal

A legal function is fully established which assists the entity in meeting regulatory requirements and reducing the cost of outsourcing. The Company Secretary renders legal advice to the Board. Regulatory requirements, accountability and compliance are increasingly onerous in the sector.

BUSINESS PLAN

Environmental

Environmental stewardship is observed through Bloem Water practices and procedures. Pollution control, involvement in catchment management and environmental impact assessments are important areas where environmental impact is managed. To improve the focus and active management of environmental matters, an Environmentalist position was created and these matters are directly reported to the Social & Ethics Committee.

5. DIRECTIVES BY MINISTER

1. Ministerial Directive – Construction of the 33.7 km long, 1 000 mm diameter Welbedacht Steel Pipeline

The Minister issued a directive for the implementation of Phase 1 of the construction of the 33.7 km long pipeline from Leeuberg to Brandkop Reservoir which is currently under implementation as planned for completion within a period of 24 months. This will ensure the security of supply to Mangaung Metropolitan and other Municipalities.

2. Ministerial Directive – Mangaung Water Augmentation Project – Pipeline - Xhariep

The directive was issued for the implementation of a detailed feasibility study for the Mangaung Water Augmentation Project (MWAP) Xhariep pipeline for the water augmentation from Xhariep Dam into the existing Bloem Water infrastructure. The study is underway and planned for completion within 16 months.

Directives on International Trips

The directive is observed and Ministerial approval is sought for all international conferences.

BUSINESS PLAN

6. PARTICIPATION IN COMPANIES, TRUSTS OR JOINT VENTURES AND TRANSACTIONS

Bloem Water does not participate in any subsidiary or any Company shareholding and therefore does not anticipate or foresee engaging in any significant changes in the nature of current business activities. However, the Organisation shall consider diversification of its activities to seek additional revenue streams.

BUSINESS PLAN

7. WATER RESOURCES

7.1 WATER AVAILABILITY (Volume)

According to the Greater Bloemfontein Reconciliation Study, a yield analysis of the Caledon system has shown that there is minimal water available in the Caledon River to reconcile water supply requirements for the area.

The yield of the existing system is currently being negatively impacted by the problems associated with the ongoing drought and high siltation experienced at Welbedacht Dam.

The Xhariep Dam, which is the largest dam in the Country, serves a purpose of irrigation, domestic, industrial and power generation. Studies from the Orange Development Project Re-planning (ORP) have indicated that surplus water is available from the Dam. The study further indicated that this water can be abstracted and pumped to Knellpoort Dam where it can be made available for Greater Bloemfontein areas and the surrounding towns of other Municipalities. Feasibility studies to obtain water from this dam are underway.

Bloem Water is dependent on seven rivers and six dams which are owned by the Department of Water and Sanitation but managed by Bloem Water. Water resource systems and capacities are shown in the table below.

Table 7.1: Capacity of Water Resource Systems

System	Catchment	Impoundment	Owner	Manager	Capacity
Welbedacht	Caledon River	Welbedacht Dam	DWS	BW	5,7 x 10 ⁶ m ³
		Knellpoort Dam		BW	136 151 x 10 ⁶ m ³
Bethulie	Orange River	N/A	DWS	DWS	136 151 000 m ³ N/A
	Orange River	Xhariep Dam	DWS	DWS	5 340 x 10 ⁶ m ³
Phillippolis	Orange River	N/A	DWS	DWS	114 x 10 ⁶ m ³
Jagersfontein	Riet River	Kalkfontein Dam	DWS	Water User Association	114 x 10 ⁶ m ³
Rustfontein	Modder River	Rustfontein Dam	DWS	BW	71,32 x 10 ⁶ m ³
Groothoek	Kgabanyane River	Groothoek Dam	DWS	BW	11,9 x 10 ⁶ m ³

7.1.1 Welbedacht System

The Welbedacht Dam is situated on the Caledon River and supplies water to urban users in Bloemfontein, Botshabelo, Dewetsdorp, as well as irrigators downstream of Welbedacht Dam along Caledon River. The Dam has lost 95.3% of its storage capacity due to the high siltation rate. The decreasing yield of this Dam and the increasing demand on the Caledon/Bloemfontein Regional Water Supply Scheme has resulted in the DWS supplementing by constructing the Knellpoort off-channel storage dam.

The siltation in the dam basin extends upstream and impacts negatively on the intake conditions at the Tienfontein Pump Station. During high flows in the Caledon River, the Welbedacht Dam is scoured to restore some additional capacity. Bloem Water has been limiting the scouring to approximately 8 hours per flood event since the Welbedacht WTW cannot be supplied with raw water during scouring operations.

7.1.2 Bethulie System

The Bethulie System receives its raw water from the Orange River. Treated water from the Bethulie WTW is distributed to nine towns of Kopanong Local Municipality and boreholes are also used to assist with the demand.

7.1.3 Xhariep System

The system comprises the Xhariep Dam on the Orange River. This Dam provides water for both potable and energy generation (Eskom Hydropower). The Dam provides potable water to the town of Gariep on behalf of Kopanong Local Municipality.

7.1.4 Philippolis System

The Philippolis WTW is supplied with water from the Orange River; the water is then treated and distributed for consumption for Philippolis town on behalf of Kopanong Local Municipality.

BUSINESS PLAN

7.1.5 Jagersfontein System

The Jagersfontein System comprises the Kalkfontein Dam on the Riet River and is supplied with water from the Kalkfontein Dam. The water is then treated and distributed for consumption to both Jagersfontein and Fauresmith on behalf of Kopanong Local Municipality.

7.1.6 Rustfontein System

The Rustfontein Dam receives the bulk of its water from the Knellpoort/Novo Transfer Scheme, and also acts as a buffer for the Mockes Dam. Rustfontein WTW abstracts raw water from the Rustfontein Dam on the Modder River. The Dam also supplies raw water to Mangaung Metropolitan Maselspoort WTW for purification and supply to the northern part of Bloemfontein.

7.1.7 Groothoek System

The Groothoek Dam supplies water to the greater Thaba Nchu area and Excelsior, including the rural areas in the southern and northern parts of Thaba Nchu with a total of 36 villages. Due to the drought, the Dam has since dried out and has not been operational since July 2015.

BUSINESS PLAN

7.2 RAW WATER QUALITY

Raw water quality differs according to the source. The table below gives a list of systems and status of the quality of water according to the latest testing results in compliance with SANS 241:2015. The raw water quality supply has the following potential risks/challenges which are continuously monitored and proactively managed:

Table 7.2: Raw Water Quality

System	Catchment	Impoundment	Raw Water Quality	Description of Water Quality challenges
Welbedacht	Caledon River	Welbedacht Dam	Average turbidity: 2500 NTU	Winter Season: water appears yellowish-brown in colour and high algae content. Summer Season: too much silt in the water (NTU).
		Knellpoort Dam	No sampling on the dam	The water appears greenish, high algal content.
Bethulie	Orange River	N/A	Good	The quality is good. During the rainy season the NTU rises.
Xhariep	Orange River	Xhariep Dam	Average Turbidity: 44.74NTU	The water appears slightly green & murky
Philippolis	Orange River	N/A	Good	The quality is good. During the rainy season the NTU rises.
Jagersfontein	Riet River	Kalkfontein dam	Average Turbidity: 25.57NTU	The water appears light greenish in colour and at times milky with very low turbidity.
Rustfontein	Modder River	Rustfontein Dam	Average Turbidity: 98.8 NTU	Traces of Faecal Coliforms and high Algae in the water in both summer and winter seasons
Groethoek	Kgabanyane River	Groethoek	Average Turbidity: 110 NTU	No water quality challenges

Resource usage and efficiencies

Chlorine Dioxide Generators are deployed in Bethulie and Rustfontein to continuously manage the algae challenge.

BUSINESS PLAN

7.3 WATER USE RIGHTS AND LICENSES

The entity has been authorised to abstract water for the next 20 years. Allowable approved limits are shown in the table below:

Table 7.3: Water Use Licenses

Water Treatment Works	Current Plant Design	Approved Water Use Licence
	Mℓ/day	x10 ⁶ m ³
Welbedacht WTW	160	52.5
Tienfontein	242	72
Novo	144.3	48
Rustfontein WTW	100	31
Groothoek WTW	18	5
Xhariep WTW	2.4	0.8
Bethulie WTW	12	2
Philippolis WTW	1.2	0.35

7.4 WATER DEMAND BY MAJOR CONSUMERS BY RESOURCE

Mangaung Metropolitan Municipality

The Welbedacht and Knellpoort Dams on the Caledon River are the major sources of raw water for this Municipality. Boreholes are used to supply water to small towns such as Thaba Nchu rural villages, Dewetsdorp and Wepener.

Kopanong Local Municipality

The Orange River, Xhariep and Kalkfontein Dams are the major sources of raw water for this Municipality. Small towns such as Edenburg, Reddersburg depend on boreholes and surface water from the Welbedacht pipeline.

Mantsopa Local Municipality

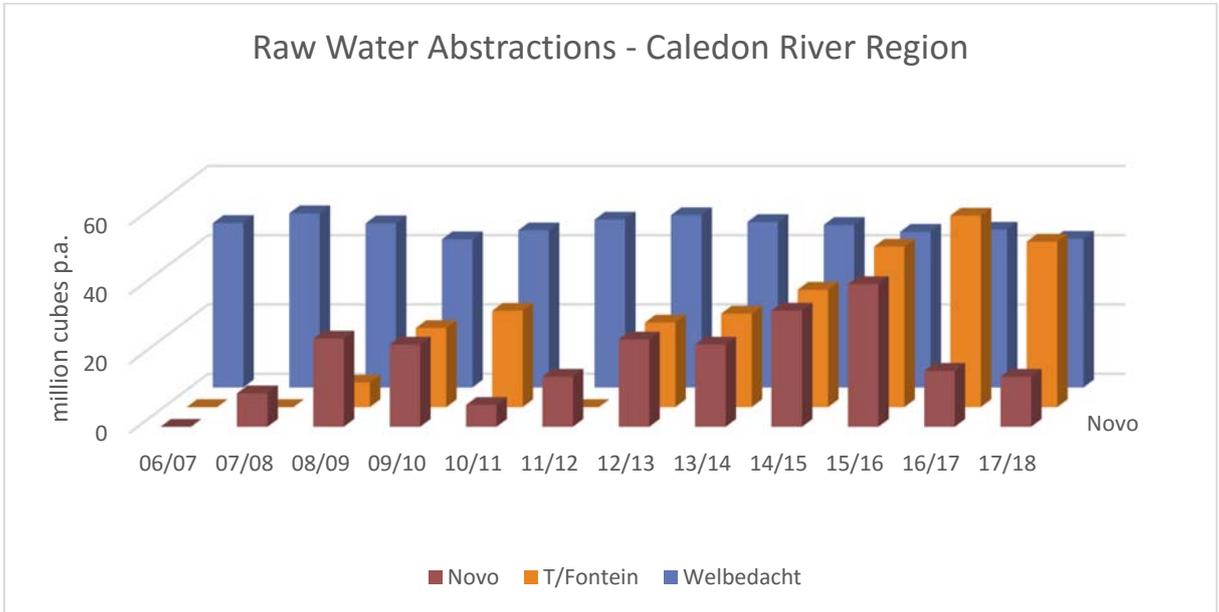
The entity only provides treated water to the town of Excelsior through the two schemes, Groothoek and Rustfontein Water Treatment Works. A booster Pump Station has been completed at Houtnek to improve supply pressure to Excelsior.

BUSINESS PLAN

WATER ABSTRACTIONS

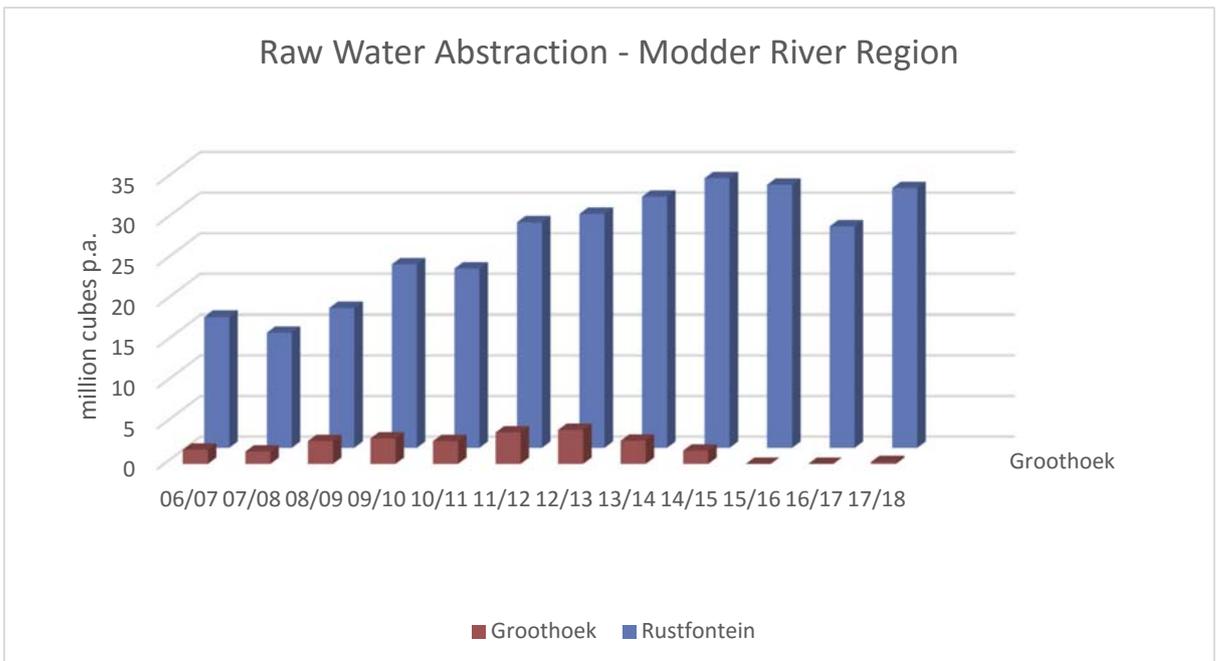
The historical water abstractions are indicated in the figures below:

Figure 7.1: Raw Water Abstraction: Caledon River Region



The increase in abstraction rates at Novo Pump Station is due to the increased demand at the Greater Manguang Metro area.

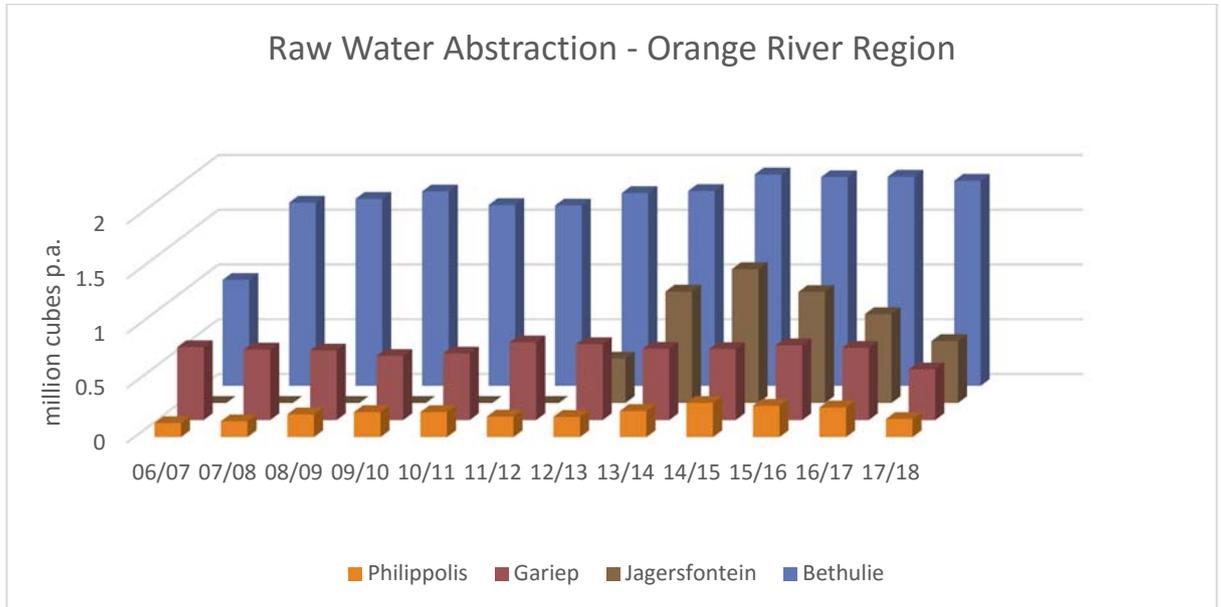
Figure 7.2: Raw Water Abstraction: Modder River Region



BUSINESS PLAN

The increase in abstraction rates at Rustfontein is due to the increased water demand at Botshabelo and Thaba Nchu area as well as the drying out of Groothoek Dam.

Figure 7.3: Raw Water Abstraction: Orange River Region



Abstraction rates at the Orange River Region have remained constant; however, the Bethulie abstraction rates have increased following the completion of the additional 6 Ml capacity of the WTW.

7.5 NEW CONSUMERS OR AREAS TO BE SUPPLIED

Bloem Water received a directive from the Minister informing the Board of her intention to possibly amalgamate with Sedibeng and Magalies Water Boards. The process is still on hold as the Boards are awaiting the Terms of Reference from the Department. Mangaung Metropolitan Municipality is growing rapidly and Bloem Water is ready to meet the demand of new areas that are emerging. This is done through the ongoing infrastructure development by the entity.

7.6 SHORTFALLS AND PROJECTED SHORTFALLS

The Groothoek Dam has been recommissioned and its water volumes have been reduced from 18 Ml to 2 Ml per day. This was done to secure sustainability of the catchment. The current operating rule for Novo Raw Water Transfer Scheme is limiting the capacity to transfer raw water to Rustfontein and the Department of Water and Sanitation is being engaged to consider review.

BUSINESS PLAN

The reduced capacity of Welbedacht Dam due to siltation is currently under investigation by the Department of Water and Sanitation. The delay in finalizing this matter is impacting on the future water demands.

7.7 PLANNED RESOURCE DEVELOPMENT BY RESOURCE

The current planned resource development is the feasibility study of Mangaung Water Augmentation Project. This will augment water supply to Mangaung and surrounding Municipalities.

7.8 PLANNED ACQUISITION OF WATER USE RIGHTS, LICENSES

Once the feasibility study has been completed, the planned Water Use Licenses will be obtained.

7.9 MANAGEMENT ARRANGEMENTS

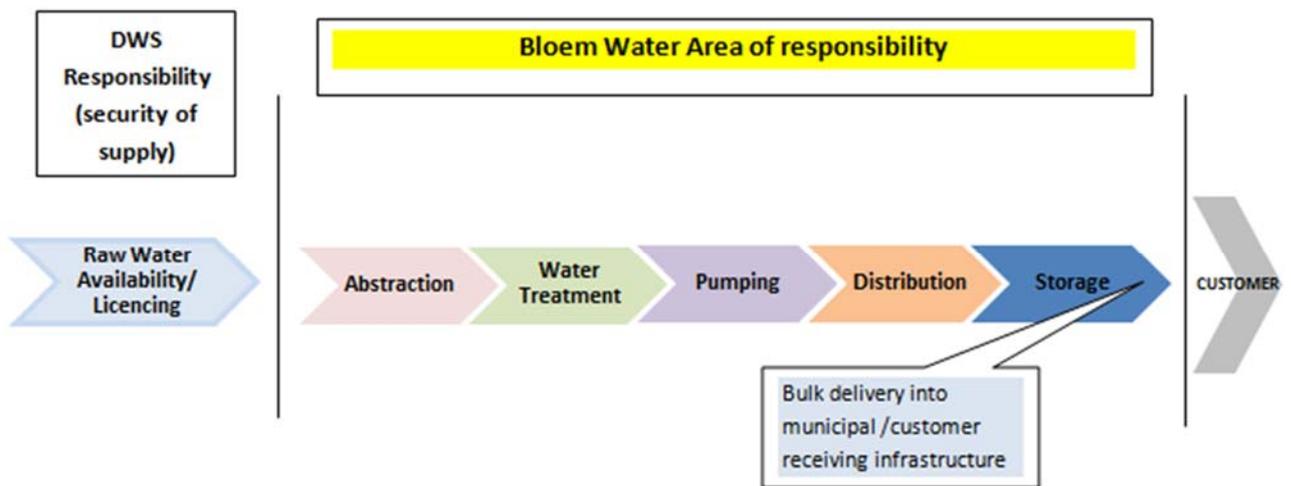
The entity operates seven water resources (dams and rivers) on behalf of the Department of Water and Sanitation.

BUSINESS PLAN

8. BULK WATER SUPPLY

8.1 SUPPLY CAPACITY

Water Boards are infrastructure intensive organisations and central to this is the need to plan, provide, operate, maintain, replace and refurbish the bulk water supply infrastructure in a manner that ensures availability and integrity of the infrastructure is not compromised. This will minimise disruptions or failure to provide water. Bulk water supply delivery/infrastructure arrangements are typically made up of the primary system components illustrated in the following process diagram:



The table below outlines the source, pumping systems, storage and areas serviced per region:

Table 8.1 Bloem Water Regions and Systems

Region	Source	Pumping System	Treatment	Storage	Area of Service
Orange River	<ul style="list-style-type: none"> Orange River Boreholes 	<ul style="list-style-type: none"> Driefontein Volgfontein Tolhuis 	<ul style="list-style-type: none"> Philippolis x 1.2 Mℓ/d 	<ul style="list-style-type: none"> Reservoirs x 2 	<ul style="list-style-type: none"> Philippolis
	<ul style="list-style-type: none"> Khariep Dam 	<ul style="list-style-type: none"> Khariep 	<ul style="list-style-type: none"> Khariep x 2.8 Mℓ/d 	<ul style="list-style-type: none"> Reservoirs x 2 	<ul style="list-style-type: none"> Khariep
	<ul style="list-style-type: none"> Orange River Boreholes 	<ul style="list-style-type: none"> SAR Kleinzuurfontein Hennie Steyn Brandewijnskuil 	<ul style="list-style-type: none"> Bethulie x 12 Mℓ/d 	<ul style="list-style-type: none"> Reservoirs x 5 	<ul style="list-style-type: none"> Trompsburg Springfontein
	<ul style="list-style-type: none"> Jagersfontein Mine Boreholes Kalkfontein 	<ul style="list-style-type: none"> Lemoenkloof 	<ul style="list-style-type: none"> Jagersfontein x 2 Mℓ/d 	<ul style="list-style-type: none"> Reservoirs x 1 	<ul style="list-style-type: none"> Jagersfontein Fauresmith

BUSINESS PLAN

Region	Source	Pumping System	Treatment	Storage	Area of Service
Caledon River	<ul style="list-style-type: none"> • Welbedacht Dam • Caledon River • Knellpoort Dam • Boreholes 	<ul style="list-style-type: none"> • Tienfontein • Novo • Reddersburg • Edenburg • Dewetsdorp • Raw and Clear water 	<ul style="list-style-type: none"> • Welbedacht x 145 Mℓ/d 	<ul style="list-style-type: none"> • Reservoirs x 7 	<ul style="list-style-type: none"> • Bloemfontein • Dewetsdorp • Wepener • Reddersburg • Edenburg
Modder River	<ul style="list-style-type: none"> • Groothoek Dam • Rustfontein Dam • Knellpoort Dam • Boreholes 	<ul style="list-style-type: none"> • OK • Groothoek • Lesaka • Raw and Clear Water 	<ul style="list-style-type: none"> • Rustfontein x 100 Mℓ/d • Groothoek x 18 Mℓ/d 	<ul style="list-style-type: none"> • Reservoirs x 6 	<ul style="list-style-type: none"> • Thaba Nchu • Botshabelo • Villages

Modder and Caledon River Regions

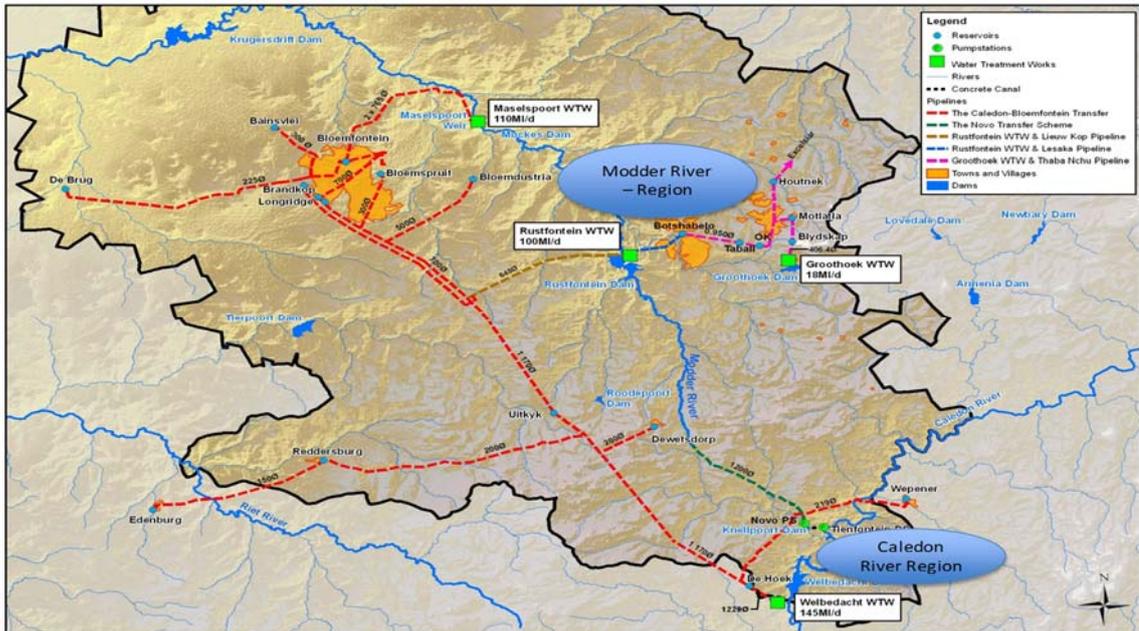
The Modder and Caledon River Regions water supply schemes are located within the greater Bloemfontein supply system. The schemes provide the majority of potable water required to the greater Bloemfontein, Thaba Nchu and Botshabelo, as well as the smaller towns of Wepener, Dewetsdorp, Reddersburg, Edenburg and Excelsior. Rural villages, approximately 36, in the vicinity of this scheme are supplied through boreholes maintained and operated by Bloem Water.

The Modder River Region is a medium size scheme and comprises of two Water Treatment Works, namely:

- Rustfontein: 100 Mℓ/day; and
- Groothoek: 18 Mℓ/day

The Rustfontein WTW is situated at the Rustfontein Dam, 12 km west of Botshabelo and 25 km south of Bloemfontein. Water is released from the Rustfontein Dam into the Mockes Dam which is released to the Maselspoort WTW which is owned and operated by Mangaung Metro.

Figure 8.1: Greater Bloemfontein Water Supply System



The Groothoek WTW is situated 17 km from Thaba Nchu near the Maria Moroka Game Reserve. Besides supplying water to the villages south of Thaba Nchu, the system acts as an augmentation scheme for the Rustfontein water supply. The Groothoek Dam’s average daily production rates are 12 Ml/day. This WTW is however not operational due to drought.

The Caledon River Region is Bloem Water’s largest scheme with the Welbedacht WTW at 145 Ml/day. The scheme supplies the bulk of its water to Bloemfontein with takeoff to Wepener, Dewetsdorp, Edenburg, Reddersburg and surrounding farmers. The WTW is situated 110 km south of Bloemfontein.

Due to siltation at the Welbedacht Dam, the Novo Transfer Scheme was established. The scheme comprises of the Tienfontein and Novo Pump Station and the Knellpoort Dam. Water from the Caledon River is abstracted through the Tienfontein Pump Station, and pumped into the Knellpoort Dam through a channel, enabling year-round abstraction from Welbedacht. The Novo Transfer Pump Station at Knellpoort Dam enables the transfer of water into the Modder River, which supplies the Rustfontein and Mockes Dams, respectively.

BUSINESS PLAN

The electricity upgrade by Eskom (Drie Dorp Project) is also underway. This will enhance the operation of Tienfontein and Novo Pump Stations to pump water without interruptions.

Orange River Region

The Orange River Region is Bloem Water's small size scheme and comprises of 4 Water Treatment Works, namely:

- Bethulie: 6 Ml/day (currently being increased to 12 Ml/day)
- Xhariep: 2.8 Ml/day
- Philippolis: 1.2 Ml/day; and
- Jagersfontein: 2 Ml/day.

Bloem Water owns the Bethulie WTW and performs operations and maintenance at the other above-mentioned WTW on behalf of Kopanong Local Municipality. The Bethulie WTW supplies water to the towns of Bethulie, Springfontein and Trompsburg. The Xhariep WTW supplies water to the surrounding towns. The Philippolis WTW is situated 50 km from the Orange River (Tolhuis), and supplies water to this town. The Jagersfontein WTW supplies water to this town and Fauresmith.

In Wepener, upgrading of the infrastructure is in progress. There are also boreholes that are owned and operated by the Mangaung Metropolitan Municipality. The operations and maintenance of these boreholes are inadequate, and Bloem Water is often requested by the Municipality to assist. The entity has also deployed a tanker to supply water to other parts of the town.

In Dewetsdorp, there are no major challenges. However, the maintenance of the Municipal boreholes is inadequate and Bloem Water is often requested by the Municipality to assist.

BUSINESS PLAN

8.2 CONDITION OF WATER TREATMENT WORKS

Regulation 2834 of the DWS states that Bloem Water shall operate within 90 days of registration. Bloem Water maintains the following registered water works:

Table 8.2: Registered Water Care Works

No.	Name of Water Treatment Works	Classification	Capacity	Average Monthly Flow (m ³ /month)
1.	Welbedacht	B	160 Mℓ/day	4.3 million
2.	Rustfontein	B	100 Mℓ/day	2.80million
3.	Groothoek	C	18 Mℓ/day	0.00million
4.	Bethulie	C	12 Mℓ/day	0.07 million
5.	Jagersfontein	C	4.7 Mℓ/day	0.08 million
6.	Xhariep	D	2.7 Mℓ/day	0.05 million
7.	Philippolis	D	1.2 Mℓ/day	0.023 million
8.	Total		298 Mℓ/day	7.32 million

Welbedacht Water Treatment Plant

The 160 Mℓ/day Welbedacht Water Treatment Works (WTW) is supplied with raw water from the Welbedacht Dam, into the Caledon River. The Welbedacht Water Treatment Works (WTW) was commissioned in 1975. The original design capacity of the Plant was 145 Mℓ/day and was later upgraded in 1995 to 160 Mℓ/day. This Water Treatment Plant is currently operating at 90% of its design capacity however due to siltation there is 5% capacity available for raw water storage.

Rustfontein Water Treatment Plant

The Rustfontein Water Treatment Works has a design capacity of 100 Mℓ/day. The works was built in 1997 and commissioned in 1998. This treatment works is currently operating at 90% of its design capacity. A feasibility study to upgrade the water treatment works to a capacity of 150 Mℓ/d due to the high water demand in Bloemfontein is underway.

BUSINESS PLAN

Groothoek Water Treatment Plant

The Groothoek Water Treatment Works has a design capacity of 18 Mℓ/day and was recommissioned after having been non-operational for three years. This treatment works is operating at 2 Mℓ per day to ensure sustainability of the raw water resource. The Groothoek Dam receives its water primarily from the Kgabanyane River and gravitates from the dam into the Groothoek Water Treatment Works for treatment.

Bethulie Water Treatment Plant

The Bethulie Water Treatment Works was commissioned in 1991. The original design capacity of the Plant was 6 Mℓ/day, and was increased to 12 Mℓ/day in 2013. The Bethulie Water Treatment works supplies potable water to Bethulie, Trompsburg and Springfontein, via a 2 Mℓ storage reservoir. The treatment works is currently operating at 60% of its design capacity.

Xhariep Water Treatment Plant

The Xhariep Water Treatment Works was commissioned in 1989. The original capacity is 2.7 Mℓ per day. The Xhariep WTW supplies potable water to Xhariep Town. The treatment works is currently operating at 50% of its design capacity.

Philippolis Water Treatment Plant

The Philippolis Water Treatment Works was commissioned in 1990. The original capacity is 1.2 Mℓ per day. The Philippolis WTW supplies potable water to Philippolis and Poding-Tse-Rolo. The treatment works is currently operating at 70% of its design capacity.

Jagersfontein Water Treatment Plant

Jagersfontein Water Treatment Works is situated in the southern Free State currently managed and operated by Bloem Water through a Service Level Agreement entered into with Kopanong Local Municipality in October 2010. The first phase of project was the construction of 2 Mℓ/day Water Treatment Works and the works were commissioned in July 2012. The second phase of the project entails the extension of the treatment capacity to 4.726 Mℓ/day and construction of additional clarifier, sand filter basin and clear water sump together with an additional pump station building are underway.

BUSINESS PLAN

8.3 WATER QUALITY PRODUCED (RELATIVE TO SANS 241:2015)

Access to safe drinking water is a basic human right and essential to good health. South Africa enshrines this right to sufficient water in its Constitution, stating that "Everyone has the right to have access to sufficient food and water".

The supplied water complies with SANS (South African National Standard) 241:2015. The table below stipulates the water quality produced:

Table 8.3: Water Quality Compliance SANS 241:2015

Water Treatment Works	Percent Compliance with SANS 241:2015		
	Microbiology	Operational	Chemical
Rustfontein	99.9 %	96.9 %	99.9 %
*Groothoek	N/A	N/A	N/A
Welbedacht	99.2 %	95.7 %	99.9 %
Bethulie	99.9 %	97.8 %	99.9 %
Xhariep	99.9 %	97.8 %	99.9 %
Philippolis	99.9 %	97.8 %	99.9 %
Jagersfontein	99.9 %	96.1%	99.9 %

*Groothoek was not operational for the past 3 financial years.

Generally, Bloem Water produces and distributes excellent quality water beyond the target of 96% compliance. Any incidents of non-compliance are immediately identified through operational testing and monitoring, timeously resolving to ensure compliance to SANS 241. Water quality results are reported on a monthly basis to the Department of Water and Sanitation through the Blue Drop System/IRIS. These results are verified by the external laboratory at the University of the Free State.

8.4 Demand of Major Consumers by Schemes

Reconciliation Strategy developed in consultation with all stakeholders is aimed at developing a sustainable balance between future water availability and water requirements in the area serviced by the Greater Bloemfontein Water Supply System. Interventions as illustrated in the figure below have been proposed and implementation is underway.

BUSINESS PLAN

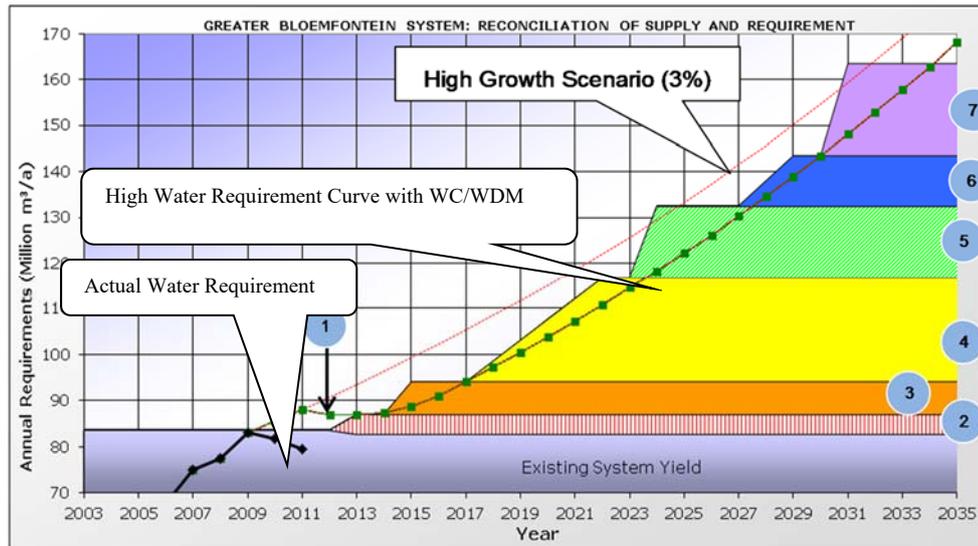


Figure 8.2: Greater Bloemfontein short to long-term intervention
(Source: Greater Bloemfontein Reconciliation Study)

Mangaung Water Augmentation Project (MWAP) Xhariep pipeline

This intervention, though initially planned for the 2030 period, had to be revisited and brought forward due to water supply challenges and demand in the catchment areas. The directive has been issued by the Minister to proceed with the detailed feasibility.

Increase capacity of Novo Transfer Scheme/Tienfontein Pump Station

Tienfontein Pump Station is seen as one of the critical components of the existing water supply infrastructure supplying Bloem Water with raw water, as it forms part of the Novo Inter-transfer Scheme. Currently, there are six pumps in place at Tienfontein Pump Station, and only three may run at a time due to electricity constraints (NMD) and, when the three run simultaneously, they give an average output rate of 2 800 l/sec. Given that the projected water requirements are currently in excess of the system historical firm yield, one additional (1 m³/s) pump set at Tienfontein Pump Station is planned. All seven pump sets will be utilised to increase the design capacity of the Pump Station to 7 m³/s in total.

The progress on this intervention is as follows:

BUSINESS PLAN

- The fourth pump has been refurbished and has been installed. A second pump has been removed and refurbishment is in progress.
- Procurement process for the purchase of two additional pumps has been completed in 2016.
- An Additional seventh pump has been budget for in the financial year 2017/18 of DWS.

Novo Pump Station

The Novo Transfer Scheme includes Tienfontein Pump Station, a pipeline and canal from Tienfontein Pump Station to the Knellpoort Dam, and the Novo Pump Station and pipeline. The Knellpoort Dam acts as a buffer for both the Rustfontein and Welbedacht WTW. The Novo Pump Station transfers water from Knellpoort Dam to the Modder River, via a 20 km pipeline and then via the Modder River to Rustfontein Dam. A new pump set with a capacity 1 500 l/s has been installed at Novo Pump Station. The combined output is currently 2 940 l/s. An additional pump (fourth pump set) will be required at Novo Pump Station to keep up with the demand at Rustfontein Treatment Plant once the Electricity capacity has been addressed by Eskom.

Siltation challenges at Welbedacht WTP

The management of dams in South Africa falls within the Department of Water and Sanitation's (DWS) jurisdiction. The Department has indicated that they have commissioned CSIR and WRC to look into sustainable ways to address the siltation in the Welbedacht Dam.

Bloem Water has initiated a bi-directional pipeline to facilitate for prolonged dam scouring during flood periods. The detailed designs were completed in April 2015, and construction will commence on receipt of the Record of Decision (i.e. 2017/18) and once all the required funding is secured.

BUSINESS PLAN

Bloemfontein/Welbedacht Pre-Stressed Concrete Pipeline Condition

The Welbedacht/Bloemfontein pre-stressed concrete pipeline was constructed in the early 1970's (commissioned in 1974) and consists of a 112 km long DN1200 pipeline. Together with Tienfontein Pump Station, the Welbedacht pipeline is also regarded as a critical component of the raw water/bulk water supply infrastructure. The pipeline is a pre-stressed concrete pipeline which is subject to numerous bursts due to the deterioration of the pre-stressed windings which impacts on the structural integrity of the pipeline. This is the main supply line from Welbedacht to Mangaung and any unplanned failure poses the risk of water supply interruptions and unavailability of water to the consumers. The following interventions are currently underway:

- Bloem Water has commenced with the process for the implementation of a parallel pipeline project next to the pre-stressed concrete pipeline. Designs are 100% complete. Phase 1 of this project will cover the section from Brandkop reservoir to Lieuwkop takeoff (37 km). The tender process has been concluded, the consultant has been appointed and the Contractor is on site.
- A leak detection assessment of the pre-stressed concrete pipeline has been concluded and recommendations following the assessment were implemented and completed during the 2014/15 financial year winter maintenance window period. A dedicated unit has also been established to constantly repair and monitor this pipeline. All leaks identified during the pipeline assessment have been repaired.
- The second leak detection took place in the 2016/2017 financial year and its recommendations will be addressed during the Annual Winter Maintenance of 2018.

BUSINESS PLAN

Maselspoort Water Treatment Works (WTW)

The Maselspoort Water Treatment Works was constructed very early in the 1900s and, although refurbishment has periodically been undertaken, huge operational challenges are now being experienced and bottlenecks have been identified which are limiting the available treatment capacity to meet the current Bloemfontein demands. Most of the raw water abstraction and high lift pumps currently in use were commissioned between 1955 and 1966, with two abstraction pumps replaced in 1998 and a high lift pump added in 1983. Noting that the expected lifespan of a pump casing is in the order of 20 years, rotating assembly (impeller and bearings) only 5 years and motor as long as 40 years, these pumps and even motors have generally reached the end of their lifespan, resulting in frequent pump and motor failures and associated high maintenance and operational costs. Procurement and commissioning process of the new pumps have been completed in 2015.

8.5 NEW CONSUMERS OR AREAS TO BE SUPPLIED

The entity will support the direction taken by the Department of Water and Sanitation on institutional realignment. Such realignment might lead to new business opportunities.

8.6 STATUS OF BULK SUPPLY AGREEMENTS WITH MAJOR CUSTOMERS

Bulk Water Agreements are in place with all major customers and regularly reviewed through engagements.

8.7 SHORTFALLS AND PROJECTED SHORTFALLS

The Greater Bloemfontein Reconciliation Study has identified future water demands that will exceed the current capacity if the Water Treatment Plant capacities are not extended or the Water Conservation and Water Demand Management Programmes are not implemented. This includes the extension of Rustfontein, Mangaung Water Augmentation Project and rehabilitation of Caledon catchment (siltation). The diminishing raw water capacity affecting the yield due to climate conditions is a serious projected shortfall.

BUSINESS PLAN

CAPEX Programme 2016-2021

The CAPEX Programme for the next five (5) years has been compiled which entails the expansion and the refurbishment projects in the respective regions. The CAPEX Programme will be implemented in the four (4) Bloem Water regions, respectively:

- Modder River Region;
- Caledon River Region;
- Orange River Region; and
- Bloemfontein Head Office

The CAPEX Programme budget is as follows:

	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23
CAPEX included in forecast	R	R	R	R	R
CAPEX - Extensions	100 000 000	100 000 000	100 000 000	200 000 000	200 000 000
CAPEX - Refurbishment	34 970 823	34 042 571	35 000 000	36 000 000	37 000 000
CAPEX - Moveable assets	13 676 310	15 180 704	16 698 000	17 000 000	18 000 000

The proposed CAPEX budget is subject to availability of the funds.

The current CAPEX Programme will require funding to the tune of R1 billion of which only R177 million is secured for 2017/2018. The challenge is to secure the required funding in terms of the National Treasury borrowing ratios and limits which could result in the planned Programme having to be reviewed and prioritised on a regular basis to implement projects that are critical for expansion and security of water supply.

The funding requirement is dependent on the financial status of the organisation, drought implications, payment for services and scope of the projects.

Key Projects that require funding:

These are some of the projects, amongst others, that are prioritised from the Infrastructure Programme. These projects are critical and high priority and cannot be implemented at a later stage:

BUSINESS PLAN

Description	Required Funding: Estimate	Beneficiaries
Modder River: Construction of 10 km, 600 mm parallel Tabali/OK Pipeline	R70million	Increase water supply to Thaba Nchu, rural and urban areas within the Mangaung Metro & Mantsopa Local Municipalities.
Phase 1 Detailed Feasibility Study: Mangaung Water Augmentation Project (MWAP) Pipeline from Xhariep to Knellpoort Dam (180 km long, 600 mm diameter)	*R8 billion Construction (estimate)	Augmentation of raw water to supply areas in Naledi LM, (Dewetsdorp & Wepener Towns) Kopanong LM (Bethulie , Xhariep, Trompsburg and Mangaung Metro (Bloemfontein, Thaba Nchu & Botshabelo)
Design and tender documentation for a bi-directional pipeline between Knellpoort and Welbedacht Dams	R384 million	To ensure adequate supply of raw water to Welbedacht WTW for optimum operation of the works in relation to siltation problem in Welbedacht Dam. For the supply to Mangaung Metro (Bloemfontein), Naledi LM (Wepener & Dewetsdorp), Kopanong LM (Reddersburg & Edenburg)
Extend treatment capacity of Rustfontein Water Treatment Plant from 100 Mega litre (Mℓ/d) with additional 50 Mℓ/day	R500 million	Increase the water supply to Mangaung Metro (Botshabelo, Thaba Nchu, Bloemfontein) and Mantsopa LM (Excelsior Town)
		*The estimate for Xhariep/Knellpoort Pipeline not included in this figure.

BUSINESS PLAN

Key infrastructure expansion projects planned and under implementation: 2015-2020

No.	Project Name	Project Description	Status
1.	Pipeline from Rustfontein WTW to Lesaka reservoir	15 km, 700 mm diameter ductile iron	Construction in progress
2.	Pipeline from Lesaka reservoir to OK/Motlatla reservoirs	10 km pipeline	Phase 1: Planning stage completed Phase 2: Construction funding to be secured
3.	Mangaung Water Augmentation Project (MWAP) pipeline Xhariep	180 km 600 mm diameter pipeline	Phase 1: Planning stage conduct detailed feasibility up to Preliminary design
4.	Welbedacht WTW to Knellpoort Dam	Pipeline between Knellpoort Dam and Welbedacht WTW	Planning Stage
5.	Additional Boreholes in Thaba Nchu	Underground water exploration in Thaba Nchu	Equipping in Progress
6.	Extend treatment capacity at Rustfontein 100 to 150 Ml/d	Increase WTW capacity from 100 Ml/day to 150 Ml/day	Phase 1: Planning Detail design completed Phase2: Construction , funding to be secured
7.	Parallel Pipeline, 33.7 km long, 1 000 mm diameter to PCP (Welbedacht to Bloemfontein Pipeline)	Phase A: 33.7 km Steel 1 000 mm diameter pipeline from Leeuberg Junction Brandkop Reservoir Phase B: The remainder of the 71,3 km of the total length of 105km pipeline to construct a parallel pipeline to the existing Pre-Stressed Concrete	Phase A: Construction in Progress Phase B: At planning stage
8.	Extend Brandkop reservoir capacity	Construction of additional 50 Ml/d to existing 136 Ml/d	Phase 1: Planning stage
9.	Construction of additional pipeline to Dewetsdorp	13 km parallel pipeline	Construction in Progress

Greater Bloemfontein Reconciliation Study Interventions Update

The Greater Reconciliation Strategy Report dated 2012 recommended a number of interventions for the current, medium and long term scenario planning for water supply and there has been progress since 2013 to date as follows:

Summary of interventions implemented

- **Surface Water Augmentation**

Feasibility Study for the Xhariep Dam and Knellpoort pipeline has been commissioned and the Pre-Feasibility Study has been completed in 2015 and submitted to stakeholder Department of Water and Sanitation with the option to transfer raw water from Xhariep Dam to Knellpoort Dam. In progress: the directive had been issued by the Minister in 2016 to appoint the Professional Service Provider (PSP) to undertake the detailed Feasibility study looking at the various options and scheme configuration as recommended by the previous studies conducted by the Mangaung Metropolitan Municipality, Bloem Water and DWS. The project is in progress for the detailed feasibility study.

- **Upgrading of Tienfontein Pump Station**

Project to increase the pumping capacity at Tienfontein and Novo Pump Stations are currently implemented by the Department of Water and Sanitation to increase the Tienfontein pump's yield from 4 m³/s to 6 m³/s is in progress.

- **Optimize Welbedacht Water Treatment Plant Capacity**

Feasibility study for the construction of a pipeline between Knellpoort and Welbedacht Water Treatment Plant to ensure effective scouring of Welbedacht Dam during floods situations to recover the minimum storage capacity has been completed. Designs of the pipeline are underway.

- **Siltation of Welbedacht Dam**

De-siltation of the Welbedacht Dam investigation by the Department of Water and Sanitation through CSIR is under way.

- **Ground Water Exploration**

Bloem Water in progress with underground water exploration in Thaba Nchu for the northern and the southern villages to augment the existing borehole supply and the borehole exploration study in Bloemfontein for additional borehole sitting and drilling.

BUSINESS PLAN

- **Extension of Rustfontein WTW**

The proposed extension of Rustfontein WTW from 100 Mℓ/day with additional 50 Mℓ/day. The designs have been completed and the construction will proceed subject to funding.

MODDER RIVER REGION

- **Construction of Rustfontein to Botshabelo Pipeline**

The design for Rustfontein Water Treatment Plant (WTP) capacity from 100 Mℓ/day to 150 Mℓ/day is completed. The project has been recommended under the Greater Bloemfontein Reconciliation Steering Committee.

- **Construction of Houtneck Booster Pump Station**

The construction of the 2 Mℓ/day capacity for Houtneck Booster Pump Station has been completed. The project will assist with water supply in the rural area of Thaba Nchu villages up to Excelsior Town to ensure the peak flow challenge is addressed.

CALEDON RIVER REGION

Sustain supply to Mangaung/Bloemfontein

- **Construction of Welbedacht – Bloemfontein 33.7 km Steel Pipeline**

The project for the construction of a new parallel pipeline next to the Caledon/Bloemfontein pre-stressed concrete pipeline 33.7 km long, 1000 mm diameter Steel Gravity main pipeline with connections to existing infrastructure from Leeuberg junction to Brandkop Reservoir.

- **Knellpoort/Welbedacht Pipeline**

The designs for the pipeline between Knellpoort and Welbedacht are underway. The project will alleviate the siltation challenge at Welbedacht Dam where water can be pumped directly from either Knellpoort Dam or Welbedacht Treatment Works and afford the proper scouring of the Welbedacht Dam during the flood period.

BUSINESS PLAN

- **Extend supply to Wepener Booster Pump Station**

The construction for the new booster Pump Station to augment the water supply in Wepener town is has been completed. The project has assisted with increasing the volume of water in Wepener to alleviate water shortages during the peak period and the challenge of pressure at high-lying areas.

- **Extend supply to Dewetsdorp**

The construction is in progress for the 13 km pipeline in Dewetsdorp. The project will assist with the increased supply to alleviate water shortages during the peak period and the challenge of pressure at high-lying areas in Morojaneng and riverside locations and Dewetsdorp.

- **Extend supply to Edenburg/Reddersburg**

A Feasibility Study to be undertaken for the proposed replacement of the asbestos cement pipeline section that is susceptible to breakages due to the soil condition.

ORANGE RIVER REGION

The Mangaung Water Augmentation Project (MWAP) pipeline Xhariep has been recommended in the Greater Bloemfontein Reconciliation Steering Committee for the supply in 2030 but had to be brought forward to be implemented in order to address the challenges of Welbedacht siltation, and raw water transfer to Rustfontein Dam and Mangaung Metropolitan Municipality's Maselspoort Dam.

The procurement of the Professional Service Provider (PSP) for the Feasibility Study is in progress.

8.8 PLANNED BULK WATER SUPPLY DEVELOPMENT

It appears from an analysis that the current situation demands additional infrastructure in terms of the growing water demand. Investigations on population, demand, previous and historical tendencies, water loss control and demand management are taken into account when considering the extension of infrastructure. The projects below address bulk water supply developments:

BUSINESS PLAN

No.	Project Name	Project Description	Status
1.	Pipeline from Rustfontein WTW to Lesaka reservoir	15 km, 700 mm diameter ductile iron	Construction in progress
2.	Pipeline from Lesaka reservoir to OK/Motlatla reservoirs	10 km pipeline	Phase 1: Planning stage completed Phase2: Construction funding to be secured
3.	Mangaung Water Augmentation Project (MWAP) pipeline Xhariep	180 km 600 mm diameter pipeline	Phase 1: Planning stage conduct detailed feasibility up to Preliminary design
4.	Welbedacht WTW to Knellpoort Dam	Pipeline between Knellpoort Dam and Welbedacht WTW	Planning Stage
5.	Additional Boreholes in Thaba Nchu	Underground water exploration in Thaba Nchu	Equipping in Progress
6.	Extend treatment capacity at Rustfontein 100 to 150 Ml/d	Increase WTW capacity from 100 Ml/day to 150 Ml/day	Phase 1: Planning Detail design completed Phase2: Construction , funding to be secured
7.	Parallel Pipeline, 33.7 km long, 1 000 mm diameter to PCP (Welbedacht to Bloemfontein Pipeline)	Phase A:33.7 km Steel 1 000 mm diameter pipeline from Leeuberg Junction Brandkop Reservoir Phase B: The remainder of the 71,3 km of the total length of 105km pipeline to construct a parallel pipeline to the existing Pre-Stressed Concrete	Phase A: Construction in Progress Phase B: At planning stage
8.	Extend Brandkop reservoir capacity	Construction of additional 50 Ml/d to existing 136 Ml/d	Phase 1:Planning stage
9.	Construction of additional pipeline to Dewetsdorp	13 km parallel pipeline	Construction in Progress

8.9 MANAGEMENT AND OPERATIONS ARRANGEMENTS

The entity operates three regions and Head Office where Brandkop reservoir is situated. The three regions comprise seven water treatment works, through several reservoirs and bulk water pipelines. To deal with issues of ageing infrastructure and other challenges, the entity has adopted a risk-based management approach and has implemented an Assets Management Programme/framework as well as information management systems including automation.

BUSINESS PLAN

9. BULK WASTE WATER TREATMENT

Currently Bloem Water does not operate any Waste Water Treatment Plant. However, in-house capacity has been created to offer this service in future.

10. RETAIL SUPPLY

10.1 Contractual Obligations with WSAs

Bloem Water currently does not render retail water services to Water Services Authorities.

The entity provides retail services from its own infrastructure to specific categories of individual consumers whom the Municipality is unable to supply. A number of consumers, e.g. farmers and institutions such as schools and hospitals have been provided through individual metered water connections to the bulk pipeline.

Retail services and water supply is also provided in instances where it is required in urban/rural areas through metered connections. An Agreement with Municipalities needs to be entered into as to regulate any consumer supply.

Normal legal processes to recover revenue are followed in the event that non-payment occurs.

10.2 Status of Retail Infrastructure and Quality/Reliability of Supply

The Department of Water and Sanitation has tasked Bloem Water to support Water Services Authorities (WSA's) in line with the water infrastructure needs.

10.3 Planned Retail Infrastructure

Bloem Water is currently not involved with reticulation; however in-house capacity has been created to assist WSA's with repairs of leaks in the reticulation network.

10.4 Management and Operations Arrangements

The entity operates three regions and Head Office where Brandkop reservoir is situated. The three regions comprise seven water treatment works, through several reservoirs and bulk water pipelines. To deal with issues of ageing infrastructure and other challenges, the entity has adopted a risk-based management approach and has implemented an Assets Management Programme/framework as well as information management systems including automation.

10.5 Challenges to collect retail debt

The entity experienced challenges with payment by clients at intervals. Normal recovery processes are followed in line with debt collection management.

11. OTHER ACTIVITIES

11.1 Key Activities

The entity is involved in a number of active strategic partnership initiatives to support its strategic positioning and to ensure an appropriate benchmarking profile. Initiatives are funded separately to protect the interests of the customers which include the following:

- MOU with the Central University of Technology (CUT).
- MOU with the University of the Free State (UFS).
- MOU with Motheo TVET.
- International Water Association (IWA)
- South African Association of Water Utilities (SAAWU)
- Northern Region Water Board of Malawi
- Water Institute of Southern Africa (WISA)
- Lepelle Northern Water Board
- EWSETA MOU

MOA's (Memoranda of Agreements) are in place to assist in managing and operating these other activities. Further opportunities are explored in South Africa and SADC region.

11.2 Management, Institutional and Operations Arrangements

Agreements are managed, regular engagements and benchmarking exercises. At SADC level, the entity is involved in wellness activities and annual sporting event as hosted by respective entities on a rotational basis. Bloem Water will be hosting the 2019 SADC event.

11.3 Contractual Arrangements

The strategic partnerships are regulated in terms of signed Memoranda of Agreements.

BUSINESS PLAN

11.4 Expansion or New Developments Planned

The entity is envisaging to embark on “Cleaning the River” Campaigns in conjunction with WASCO specifically on the Caledon River to improve raw water sources. It also supports Corporate Social Investment initiatives such as school health and hygiene.

BUSINESS PLAN

12. HUMAN RESOURCE DEVELOPMENT PLANS

The Organisational structure as approved by the Board is being implemented with the focus on operational priorities. A skills audit was conducted and training was aligned in response to gaps identified.

12.1 STAFF BREAKDOWN: MANAGEMENT AND EACH FUNCTIONAL AREA

Table 12.1: Staff Breakdown

Actual as at 30.06.2017

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	1	2	0	0	1	0	0	6
Senior management	6	0	0	2	2	0	0	1	0	0	11
Professionally qualified and experienced specialists and mid-management	2	0	0	1	2	0	0	1	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	67	5	0	10	39	5	1	9	0	0	136
Semi-skilled and discretionary decision making	91	4	0	4	26	0	0	1	0	0	126
Unskilled and defined decision making	75		0		21	0	0	0	0	0	96
TOTAL PERMANENT	243	9	0	18	92	5	1	13	0	0	381
Temporary employees	0	0	0	0	1	0	0	0	1	0	2
GRAND TOTAL	243	9	0	18	93	5	1	13	1	0	383

30.09.2018

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	-	-	1	3	-	-	1	-	-	7
Senior management	7	1	-	2	4	1	-	2	1	-	18
Professionally qualified and experienced specialists and mid-management	3	-	-	1	3	-	-	-	-	-	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	82	3	-	10	44	4	1	8	-	-	152
Semi-skilled and discretionary decision making	95	3	-	4	31	-	-	0	-	-	133
Unskilled and defined decision making	55	-	-	-	19	-	-	-	-	-	74
TOTAL PERMANENT	244	7	0	18	104	5	1	11	1	0	391
Temporary employees	-	-	-	-	-	-	-	0	-	-	0
GRAND TOTAL	244	7	0	18	104	5	1	11	1	0	391

BUSINESS PLAN

Actual as at 30.06.2017

FILLED POSTS PER RACE AND GENDER							
RACE	GENDER	TOTAL	%	MALE %	FEMALE %		
AFRICAN	MALE	244	63.71	71	29		
	FEMALE	93	24.28				
INDIAN	MALE	0	0.00				
	FEMALE	1	0.26				
COLOURED	MALE	9	2.35				
	FEMALE	5	1.31				
WHITE	MALE	18	4.70				
	FEMALE	13	3.39				
TOTAL		383	100.00				
MALE AND FEMALE TOTALS							

Engineering Capacity

The entity houses the following engineering and technical* staff in operational, process and engineering units:

Discipline	African Male	Coloured Male	White Male	African Female	Coloured Female	White Female
Management	4			1		
Plant	9		4	5		
Civil	4					
Mechanical	10	1	2			
Electrical	5		1	1		
Electronic	2			1		0
Scientific Services	3			2		
Project Management	3	1		1	1	

(*Engineers, technologists, technicians, scientists, artisans)

BUSINESS PLAN

12.2 EMPLOYMENT EQUITY TARGETS 2018-2023

Table 12.3: Employment Equity Targets

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	1	2	1	0	1	0	0	7
Senior management	5	1	0	2	4	1	0	1	0	0	14
Professionally qualified and experienced specialists and mid-management	4	1	0	1	3	3	1	0	1	0	14
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	63	9	3	9	29	3	2	7	0	0	125
Semi-skilled and discretionary decision making	78	5	1	4	44	8	1	9	0	0	150
Unskilled and defined decision making	110	8	2	4	48	5	1	2	0	0	180
TOTAL PERMANENT	262	24	6	21	130	21	5	20	1	0	490
Temporary employees											
GRAND TOTAL	262	24	6	21	130	21	5	20	1	0	490

These targets are projected for achievement over a period of the duration of the EE Plan (including vacancies), adding to the current representation that the Organisation comprises of.

Currently 0.5% of total staff complement is people living with disabilities and 2% is targeted for the 2018-2023 Financial Year in line with National guidelines. The entity has received a list of people living with disabilities and will be considered during recruitment processes in an effort to improve representivity.

BUSINESS PLAN

12.3 TRAINING PROGRAMMES

Table 12.2: Training Programmes per Band

Programme	B		C		I		W		Total
	M	F	M	F	M	F	M	F	
Bricklaying, plumbing, basic electrical	29	2							32
Essential Labour Law	5	4		2			2	4	17
International Water Conference	2	2					1	1	5
SHE Accountability for Supervisors	2	1							3
Logistic and Supply Chain Management	1						1		2
Asset Procurement and Supply Chain Management	1	1							2
Project management	6	2		1					7
Payroll and Tax Implementation	1	4		1				2	8
Operational Risk Management		2							2
Administration (minute taking/record keeping)	1	8		2		1		1	13
SHEQ Awareness	3								3
Supervisory/leadership Skills	16	4					4	2	26
Integrated Management Systems (IMS) SHEQ Audits	2	1							3
Report Writing Skills	6	5					3		14
PLC/SCADA/Telemetry	4	1							5
Chlorine Handling	39	7					6		52
Trade Test Certification Mechanical	2								2
Chemical Engineering	2	1							3
Water and Waste Water NQF 3	25	4					1		30
Pump station	6	2					4		12
Financial Fitness	3	3					2	3	11
First Aid Level 2 &3	6	4					3	2	15
Advance Security	3	2							5
Hazardous Risk Assessment	4	3					2		9
Confined Space	7	4					2	0	15
Health and Safety	7	8							15
Learnership Program (water)	4	4							8
Financial Fitness	4	2							6

Training and Development Programmes

Training remains an important tool to support the continued professional and personal growth of all employees in their work. Training needs assessments are conducted for all employees to determine their individual Development Programmes that feeds into the Workplace Skills Plan. In-service training, which is conducted in conjunction with the educational institutions includes on-the-job training, accredited training and customised training to equip an individual to properly perform assigned tasks, and to increase levels of competency in the institution. Learnership and Internship Programmes are aimed at the development of scarce skills in water, artisanship, information technology and engineering functional areas. EWSETA is the main partner in funding scarce skills technical training.

BUSINESS PLAN

12.4 EMPLOYEE HEALTH PROGRAMMES

Employee Wellness in the entity promotes workplace health activities designed to support healthy behaviour in the workplace and to improve health outcomes. It comprises activities such as health education, medical screenings, Weight Management Programmes and occupational hygiene survey, on-site Fitness Programmes or facilities. It is aligned with Bloem Water's Human Resource Management Strategy in areas of motivation and staff retention. It aims to reduce absenteeism, medical aid expenses and corporate health risk exposure by addressing the need to reduce lifestyle diseases while at the same time increasing employee morale, engagement and productivity.

A Wellness and Sport Committee attend to the implementation of the annual Wellness Programme. Wellness sessions are held with employees on a monthly basis coupled with internal and external counselling services.

12.5 SKILLS GAP AND ITS IMPACT ON SERVICE DELIVERY

Skills gaps were analysed and addressed during the organisational structure review. The engineering skills and overall technical gaps were sufficiently addressed to meet the current requirements. Skills gaps in the Information & Communication Technology discipline was improved; a Chief Information Officer was appointed and additional positions were approved to enable adequate support to all users whilst observing security protocols. There are no imminent skills gaps.

12.6 GOVERNANCE STRUCTURES

The operations of Bloem Water are maintained through the high levels of Corporate Governance by the leadership of Bloem Water, which includes the Board and the Executive Management. Good governance is characterised by accountability, transparency, inclusiveness and ethical conduct. The entity endeavours to embrace a system of effective, efficient, economic and transparent systems in all its operations.

All statutory compliance reports were submitted within the legislative timeframes. The Line Managers of Bloem Water take responsibility for ensuring that the Financial Control Systems are functional, without relying on the internal Auditors to detect any fruitless and wasteful expenditure. Bloem Water is generally in compliance with statutory requirements, PFMA and King IV prescripts. Cases of non-compliance with PFMA identified to ensure complete compliance going forward.

BUSINESS PLAN

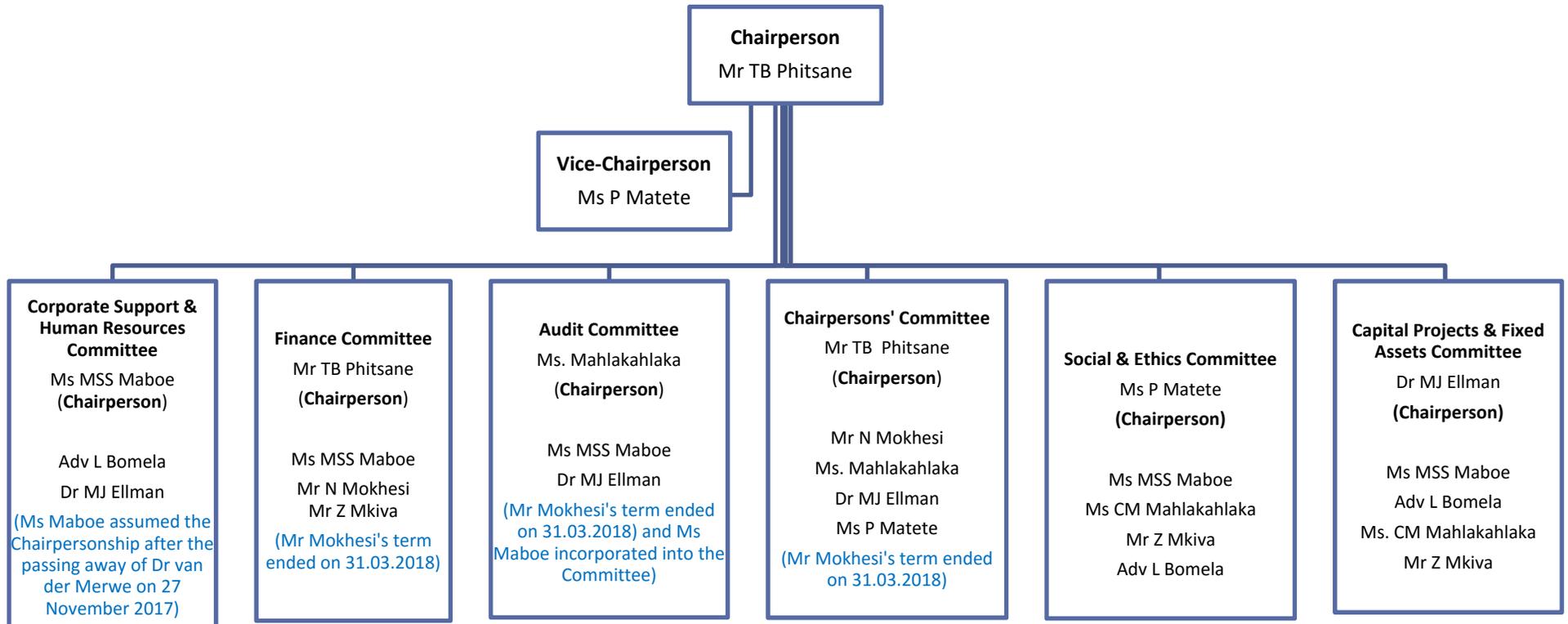
Composition of the Board of Directors

The term of office of the Board of Directors of Bloem Water expired at the end of March 2018, but the Minister has extended it until the end of December 2018. The Board is constituted of 9 Non-Executive Directors and 1 Executive Director (the Chief Executive). The Board is currently operating with only 8 members following the unfortunate passing away of one of the Board members. The Board is comprised of specialists in various fields and represents a balanced skills-base which includes finance, corporate governance, risk management, legal, human resources, water and energy.

Structure of the Committees of the Board

The following structure depicts the Board composition as at 30 June 2018:

BUSINESS PLAN



BUSINESS PLAN

Board Committees

In order to enable the Board to properly discharge its onerous responsibilities and duties, certain responsibilities of the Board have been delegated to Board Committees. The creation of Committees does not reduce a Director's overall responsibility and therefore all Committees report and make recommendations to the Board. All Board Committees are chaired by a Non-Executive Director. Furthermore, each Board Committee acts in accordance with its own respective Charter.

Committees of the Board assist the Board to efficiently advance the business of the Board. In tandem with the aforesaid, Committees are able to demonstrate that Director responsibilities are being adequately and properly discharged. The Board has instituted the following Committees:

- **The Human Resources and Corporate Support Committee** – comprising of Directors suited to specialising in human resources, human capital as well as corporate social responsibilities.
- **The Finance Committee** – comprising of Directors with expertise in finance, audit, assets management and supply chain management.
- **The Audit Committee** – comprising of Directors with expertise in finance, internal control and risk management.
- **The Chairpersons Committee** – comprising of the Chairpersons to all the Board's sub-Committees.
- **The Social and Ethics Committee** – comprising of Directors with skills and expertise in legal as well as areas that ensure the entity's compliance with social and ethical codes of best practice.
- **The Capital Projects and Fixed Assets Committee** – comprising of Directors with expertise in capital appropriations and long-term projects.
- **The Board of Trustees** – an external body, independent of the Board, which meets on a regular basis to deal with Pension Fund matters in accordance with the Pension Fund Rules and Regulations as well as applicable legislation.

BUSINESS PLAN

Table 12.4: The Board of Directors Details

BOARD MEMBER NAME AND SURNAME	AGE	GENDER	RACE	ACADEMIC QUALIFICATIONS	EXPERTISE	YEARS OF SERVICE	POSITIONS ON OTHER BOARDS
Tefetso Bernard Phitsane	51 DOB: 22/12/66	Male	African	BA Degree in Economics MBA Diploma: Education Certificate: Leadership Certificate: Property & Development	Strategic Management, Finance & Corporate Governance	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	Chairperson of sub-Committee at REMCO
Puseletso Matete	48 DOB: 07/11/70	Female	African	BA (Urban & Regional Planning) BA Hons. (Environmental & Geography studies)	Technical Management	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	Member of LHDA Sub-Committee for sustainable development
Matlhogonolo Sobeng Sophia Maboe	53 DOB: 17/07/65	Female	African	MA Degree in Major Counselling BSc Ed Degree	Government Management	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	Co-Director of SADC Business Forum
Adv Lungile Bomela Independent Non-Executive Director	46 DOB: 14/02/72	Male	African	BProc LLM	Law & Practising Attorney	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	None

BUSINESS PLAN

BOARD MEMBER NAME AND SURNAME	AGE	GENDER	RACE	ACADEMIC QUALIFICATIONS	EXPERTISE	YEARS OF SERVICE	POSITIONS ON OTHER BOARDS
Caroline Mmantebateba Mahlakahlaka (formerly Phetwe)	55 DOB: 29/11/62	Female	African	Certificate Program in strategic alignment Advanced Certificate in Fraud examination B Com in Commerce Online Certificate on Ethics and Governance Certified Directorship (IoDSA)	Audit & risk management	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	Member of the Audit Committee of the Department of Women in the Presidency Member of the Audit Committee of West Rand District Municipality Chairperson of the Risk Management Committee for Randfontein Local Municipality Member of GARP Member of Internal Auditors South Africa Member of ISACA (Information Systems and Control Association)

BUSINESS PLAN

BOARD MEMBER NAME AND SURNAME	AGE	GENDER	RACE	ACADEMIC QUALIFICATIONS	EXPERTISE	YEARS OF SERVICE	POSITIONS ON OTHER BOARDS
Michael John Ellman	71 DOB: 12/06/47	Male	Coloured	Masters of Business Administration Directorate of INPL MSc in Chemical Engineering BSc in Chemical Engineering Certificate in Marketing & Customer Centricity Project Finance Modelling Course	Chemical Engineer Businessman	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	Non-Executive Director: TCTA (Trans-Caledon Tunnel Authority)
Zolani Mkiva	46 DOB: 18/06/72	Male	African	BA Social Science Honours in Development Studies Arts & Culture administration Media & Research training Executive course for Finance Managers	Indigenous knowledge systems	Appointed by the Minister in April 2014. Term extended to end December 2018 pending the appointment of a new Board	None

BUSINESS PLAN

12.8 EXECUTIVE MANAGEMENT OF THE ORGANISATION

Executive Management implements decisions as resolved by the Board of Directors and manages the Organisation on a day-to-day basis in accordance thereto.

Bloem Water's Executive structure is comprised of the following Departmental Executives:



Regular Executive Management meetings take place to effect sound corporate management principles and to ensure effective decision-making as well as internal control.

BUSINESS PLAN

Table 12.6: Details of Bloem Water Management Team

EXECUTIVE POSITION	NAME	AGE	GENDER	RACE	QUALIFICATIONS AND YEARS OF SERVICE	POSITIONS ON OTHER BOARDS/EMT
Chief Executive	Dr L Moorosi	55	Female	A	Doctor in Veterinary Medicine CPMD Master of Science in Agriculture 5 years' 8 months' service Areas of Expertise: <ul style="list-style-type: none"> • Administration and Management • Governance 	
Chief Financial Officer	Mr OJ Stadler	55	Male	W	B Com Honors Masters in Business Leadership 23 years' service Areas of Expertise: <ul style="list-style-type: none"> • Finance • Assets and fleet management • Supply Chain Management 	Chairperson: Bloem Water Pension Fund Board of Trustees
Executive: Operations & Maintenance	Mr M Rapudungoane	40	Male	A	N. Dip : Electrical Engineering Management Development Programme 4years' service (Bloem Water) 8 years' service (Other Water Board) Areas of Expertise: <ul style="list-style-type: none"> • Operations and Maintenance • Project Management • Labour Relations • Control and Instrumentation • General Management 	Trustee: Bloem Water Pension Fund

BUSINESS PLAN

EXECUTIVE POSITION	NAME	AGE	GENDER	RACE	QUALIFICATIONS AND YEARS OF SERVICE	POSITIONS ON OTHER BOARDS/EMT
Executive: Engineering & Projects	Mr T Ngubeni	44	Male	A	B Tech. (Water Care) Project Management Certificate Post Graduate Diploma: Business Administration 21 years' service Areas of Expertise: <ul style="list-style-type: none"> • Operations and Maintenance • Engineering and Project Management 	Trustee: Bloem Water Pension Fund
Executive: Human Resources	SL Meyer	57	Female	W	B Degree (Psychology) MBA Certificate in Labour Law 27 Years' service Areas of expertise: <ul style="list-style-type: none"> • Human Resources; • Strategic management 	Principal Officer of the Bloem Water Pension Fund Chair: Amanzi Bargaining Council
Acting Executive: Corporate Support	Ms N Motlhaolwa	37	Female	A	BSc (Hons) Information Technology BCom Risk Management 6 years' service Risk & Compliance Management Internal Auditing Corporate Governance Strategic Planning & Implementation	Trustee: Bloem Water Pension Fund Chairperson: Risk Management Committee of the Department of Human Settlements

BUSINESS PLAN

EXECUTIVE POSITION	NAME	AGE	GENDER	RACE	QUALIFICATIONS AND YEARS OF SERVICE	POSITIONS ON OTHER BOARDS/EMT
Company Secretary	Ms N Silevu	42	Female	A	B. Proc Certificate Programme in Leadership 3 years' service Areas of Expertise: <ul style="list-style-type: none"> • Civil and Commercial Litigation • Corporate Governance, 	Member of SA Women Lawyers Association; SG of the Black Lawyers Association; South African representatives in the SADC LA; Member of the Judicial Conduct Tribunal. Council member of the Legal Practice Council

13. ENVIRONMENTAL MANAGEMENT PROGRAMMES AND PLANS

The entity developed an Environmental Management Policy and Plan that emphasises care for the environment, minimizing the impacts of the Organisation on the environment and achieving a balance between the needs of the environment and the needs of communities in order to sustain the ecological system and recognises the finite value of water.

13.1 Environmental impact assessments

The entity conducts environmental impact assessments on all its projects in line with the National Environmental Management Act, 1998.

13.2 Other Environmental Programmes

The entity is planning to embark on "Cleaning the River" Campaigns in conjunction with WASCO specifically on the Caledon River to improve raw water sources. Afforestation along the river bank is also being considered in order to prevent soil erosion and pollution. Bloem Water also supports Corporate Social Investment initiatives such as school health and hygiene.

BUSINESS PLAN

14. WATER CONSERVATION AND DEMAND MANAGEMENT

The entity has put in place water conservation and water demand management strategies that includes preventative maintenance to curb water losses. The processes are managed in all treatment works in an effort to reduce further losses including non-revenue water.

14.1 Water Conservation and Demand Management Programmes or Activities

All losses are determined via the water model to monitor and calculate water losses on a monthly basis. From a system input of 85 257 255 million m³ for the 2017/2018 financial year (as illustrated below), water losses amounted to 10.01% of which 2.03% were apparent losses and 7.98 % were real losses. An increase of 1.57% in water losses have been measured in comparison to the previous year (16/17). The current water losses are also below the annual target of 13% agreed with the Shareholder. The entity is implementing water restrictions in line with the Gazetted directive. This is done through restricted pumping times and the annual winter maintenance programme. The re-use of backwashed water into the treatment plant is another strategy to conserve water. Awareness is done in conjunction with Municipalities and Schools.

Table 14.1: Water Losses for the period: 2017/07/01 to 2018/06/30

System Input	Authorised Consumption	Billed	Revenue Water
88,257,255	79,420,555 (89.99%)	77,928,771 (88.30%)	77,928,771 (88.30%)
		Unbilled	Non-Revenue Water
		1,491,784 (1.69%)	10,328,484 (11.70%)
	Water Losses	Apparent Losses	
	8,836,700 (10.01%)	1,790,374 (2.03%)	
		Real Losses	
		7,046,325 (7.98%)	

BUSINESS PLAN

15. FINANCIAL PLAN (5-YEAR PROJECTIONS)

15.1 Financial Plan

Despite the current challenges of non-payment by main clients, the entity has managed to remain financially sustainable through revising and prioritising its operational and CAPEX needs. Cost containment measures were fully implemented and are continuously being monitored. Credit control measures were enhanced in order to improve cash flow. The same principles are applied in forecasting future years' budget. The entity has thus far managed, through its tight financial management controls to obtain unqualified audit reports for the past number of years in succession.

15.2 Subsidiaries

Bloem Water does not have any subsidiaries.

BUSINESS PLAN

15.3 FINANCIAL PLANNING ASSUMPTIONS

FINANCIAL PLANNING ASSUMPTIONS					
Schedule of Planning Assumptions	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
REVENUE					
% increase in revenue due to volume and tariffs	11.61%	10.09%	10.09%	10.09%	10.09%
Volume of water sold (kl) - Purified	78,454,871	79,239,420	80,031,814	80,832,132	81,640,453
% increase in purified volumes	1.00%	1.00%	1.00%	1.00%	1.00%
Volume of water sold (kl) - Raw	14,791,450	14,939,365	15,088,758	15,239,646	15,392,042
% increase/decrease in raw volumes	1.00%	1.00%	1.00%	1.00%	1.00%
Volume of total water sold (kl)	93,246,321	94,178,784	95,120,572	96,071,778	97,032,495
% increase/decrease in total volumes	0.00%	0.00%	0.00%	0.00%	0.00%
TARIFFS					
Purified water tariff	9.01	9.82	10.70	11.66	12.71
% increase in purified water tariff	10.50%	9.00%	9.00%	9.00%	9.00%
Raw water tariff	6.62	7.21	7.86	8.57	9.34
% increase in raw water tariff	10.50%	9.00%	9.00%	9.00%	9.00%
WRL- as per DWS					
CML- as per DWS					
Drought restriction tariff - raw - for every 10% from 1st kl of abstraction	0.70	0.76	0.83	0.90	0.98
Drought restriction tariff - purified - for every 10% from 1st kl of abstraction	0.98	1.07	1.17	1.28	1.39

BUSINESS PLAN

Water Purchased					
Adjustment factor	6.41%	6.50%	6.50%	6.50%	6.50%
Price/Tariff	4.41%	5.50%	5.50%	5.50%	5.50%
Volumes- aligned to purified sale volumes	1.00%	1.00%	1.00%	1.00%	1.00%
Other (Higher priority/legal requirements/cost containment/efficiency etc)	1.00%	0.00%	0.00%	0.00%	0.00%
Chemicals					
Adjustment factor	8.30%	7.50%	7.50%	7.50%	7.50%
Price/Tariff	5.30%	5.50%	5.50%	5.50%	5.50%
Volumes- aligned to purified sale volumes	1.00%	1.00%	1.00%	1.00%	1.00%
Other (Higher priority/legal requirements/cost containment/efficiency etc)	2.00%	1.00%	1.00%	1.00%	1.00%
Distribution costs					
Adjustment factor	6.30%	5.50%	5.50%	5.50%	5.50%
Price/Tariff	5.30%	5.50%	5.50%	5.50%	5.50%
Volumes	0.00%	0.00%	0.00%	0.00%	0.00%
Other (Higher priority/legal requirements/cost containment/efficiency etc)	1.00%	0.00%	0.00%	0.00%	0.00%
Energy					
Adjustment factor	7.30%	5.50%	5.50%	5.50%	5.50%
Price/Tariff	5.30%	5.50%	5.50%	5.50%	5.50%
Volumes- aligned to purified and raw sale volumes	0.00%	0.00%	0.00%	0.00%	0.00%
Other (Higher priority/legal requirements/cost containment/efficiency/raw vs purified water ratio, etc)	2.00%	0.00%	0.00%	0.00%	0.00%
Repairs and Maintenance					
Adjustment factor	7.30%	6.50%	6.50%	6.50%	6.50%
Price/Tariff	5.30%	5.50%	5.50%	5.50%	5.50%
Volumes	0.00%	0.00%	0.00%	0.00%	0.00%
Other (Higher priority/legal requirements/cost containment/efficiency etc)	2.00%	1.00%	1.00%	1.00%	1.00%

BUSINESS PLAN

Staff costs					
Adjustment factor	12.40%	9.40%	9.40%	9.40%	9.40%
Price/Tariff	7.40%	7.40%	7.40%	7.40%	7.40%
Volumes	4.00%	1.00%	1.00%	1.00%	1.00%
Other (Higher priority/legal requirements/cost containment/efficiency etc)	1.00%	1.00%	1.00%	1.00%	1.00%
Operating Expenses (incl secondary activities)					
Adjustment factor	6.30%	6.50%	6.50%	7.50%	7.50%
Price/Tariff	5.30%	5.50%	5.50%	5.50%	5.50%
Volumes	0.00%	0.00%	0.00%	0.00%	0.00%
Other (Higher priority/legal requirements/cost containment/efficiency etc)	1.00%	1.00%	1.00%	2.00%	2.00%
Finance income					
Average expected ROI %	7.00%	7.00%	7.00%	7.00%	7.00%
Finance expenses					
Existing loans - fixed rate					
- Nedbank 1	9.80%	9.80%	9.80%	9.80%	9.80%
- Nedbank 2	9.12%	9.12%	9.12%	9.12%	9.12%
- DBSA1	8.91%	8.91%	8.91%	8.91%	8.91%
- DBSA2	10.00%	10.00%	10.00%	10.00%	10.00%
Existing loans - variable rate					
- Sanlam	9.40%	9.40%	9.40%	9.40%	9.40%
New loans - fixed rate	12.00%	12.00%	12.00%	12.00%	12.00%
CPI	5.30%	5.50%	5.50%	5.50%	5.50%
Exchange Rate \$>R	R 13.07	R 13.55	R 13.82	R 13.82	R 13.82

BUSINESS PLAN

Volumes kl per area	Actual 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
TOTAL VOLUMES PURIFIED AND RAW	77,937,124	92,323,090	93,246,321	94,178,784	95,120,572	96,071,778	97,032,495
TOTAL PURIFIED	67,481,152	77,678,090	78,454,871	79,239,420	80,031,814	80,832,132	81,640,453
TOTAL RAW	10,455,972	14,645,000	14,791,450	14,939,365	15,088,758	15,239,646	15,392,042
Total Mangaung Metropolitan Municipality	73,070,630	84,929,839	85,779,139	86,636,931	87,503,300	88,378,333	89,262,116
Total Kopanong Local Municipality	3,080,760	5,492,582	5,547,507	5,602,982	5,659,012	5,715,602	5,772,758
Total Mantsopa Local Municipality	112,033	163,652	165,289	166,942	168,611	170,297	172,000
Total Other	1,673,701	1,737,017	1,754,386	1,771,930	1,789,649	1,807,546	1,825,621

BUSINESS PLAN

TARIFF DETAIL increase/decrease breakdown	Rolling Total Budget 2018/19	Forecast 2019/20	% Increase/decrease		
	R'000 000	R'000 000		Price/tariff Increase %	Volume Increase/(decrease) %
Volumes					
Volume of water sold (kl) - Purified	77,678,090	78,454,871	1.00%		1.00%
Volume of water sold (kl) - Raw	14,645,000	14,791,450	1.00%		1.00%
Total water sold (kl)	92,323,090	93,246,321	1.00%		1.00%
Tariffs					
Purified water tariff	8.15	9.01	10.50%		
Raw water tariff	5.99	6.62	10.50%		
Drought tariff - purified for every 10%	0.63	0.70	10.50%		
Drought tariff - raw for every 10%	0.89	0.98	10.50%		
Total income billed	723.80	807.70	0.00%		
Other operating income	1.50	1.50	0.00%		
Finance income	1.50	1.75	16.67%		
Revenue	720.80	804.45	0.00%		
Impairment of trade receivables	-125.00	-139.51	11.61%		
Total income recoverable	598.80	668.19			
Expenditure					
Water Purchased	-32.36	-34.44	6.41%	4.41%	1.00%
Chemicals	-21.32	-23.09	8.30%	5.30%	1.00%
Depreciation on cost price - non-cash expense	-54.14	-59.10	9.17%	0.00%	0.00%
Energy	-119.87	-128.62	7.30%	5.30%	0.00%
Repairs and Maintenance	-22.06	-23.68	7.30%	5.30%	0.00%
Staff costs	-255.07	-286.70	12.40%	7.40%	4.00%
Operating Expenses	-65.04	-69.14	6.30%	5.30%	0.00%

BUSINESS PLAN

Finance expenses				
- Finance expenses - existing	-16.35	-24.92		
- finance expenses - new	0.00	-12.00		
- Borrowing cost capitalized	0.00	0.00		
Capital portion of loans	-40.48	-43.66		
- capital portion of loan - existing	-40.48	-37.96		
-capital portion of loan - new	0.00	-5.70		
CAPEX	-159.87	-198.65		
ROA	0.00	0.00		
Total expenditure (O&M & Capital)	-786.56	-891.99		
Shortfall - funded via	-187.76	-223.79		
Depreciation on cost price - non-cash expense				
Grant funds from DWS				
New borrowings				
Cash Reserves				

BUSINESS PLAN

The following planning assumptions inform this Business Plan:

- Quality of raw water supply will remain constant for the next five years.
- The Raw Water Pricing Policy regulates the calculation of the water levies. The levies for Bloem Water are calculated and revised annually with the raw water increases which are different for each abstraction point.
- The treated and raw bulk water demand predictions in the current service area is aligned with historic trends and future demand expectations.
- CAPEX requirements are prioritised/deferred in accordance with approved and anticipated borrowing limits and affordability of customers.
- Significant capital requirements aligned to DWS reconciliation study are necessary due to capacity limits and aging infrastructure.
- New funding is aligned to the lifespan of assets, expected revenue, free cash flow after servicing current debt obligations, affordability of clients and funding available in the market.
- Grant funding is required to augment shortfall in capital project funding.
- Urbanisation will accelerate in the informal sector (uncontrolled) and this will lead to increased levels of FBW (Free Basic Water).
- Affordability for higher levels of service will decrease due to economic conditions and unemployment.
- Water conservation and demand initiatives will be applied by Municipal entities in order to improve efficiencies.
- Improved integrated planning approach will ensure long-term security of supply and more reliable service to consumers.
- DWS recommendation of drought tariff to cover cost component during significant volume demand drop impacting income. Higher cost structure increase finance pressures during drought.
- New business or Implementing Agent Agreements will be evaluated and contracted in accordance with its own cost recovery merit.
- Key operational cost drivers are only semi-controllable. Efficient and cost containment measures are implemented/improved.
- Organisational Structure is aligned with strategy but vacant positions are being filled in accordance with available funding.
- Surplus/reserve funding is earmarked for capital requirement/loan repayments and maintaining adequate liquidity buffer to maintain a viable structure.

BUSINESS PLAN

15.4 WATER SALES PROJECTIONS / 15.5 TARIFF PROJECTIONS

Water sales projections and proposed tariffs						
Description	Rolling Total Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Volume of water sold (kl) - Purified	633,104,864	78,454,871	79,239,420	80,031,814	80,832,132	81,640,453
% increase in purified volumes		1.00%	1.00%	1.00%	1.00%	1.00%
Volume of water sold (kl) - Raw	14,645,000	14,791,450	14,939,365	15,088,758	15,239,646	15,392,042
% increase/decrease in raw volumes		1.00%	1.00%	1.00%	1.00%	1.00%
Volume of water sold (kl)	92,323,090	93,246,321	94,178,784	95,120,572	96,071,778	97,032,495
% increase/decrease in total volumes		0.00%	0.00%	0.00%	0.00%	0.00%
Drought restriction revenue						
TARIFFS BILLED						
Purified water tariff	8.15	9.01	9.82	10.70	11.66	12.71
% increase in purified water tariff	9.00%	10.50%	9.00%	9.00%	9.00%	9.00%
Raw water tariff	5.99	6.62	7.21	7.86	8.57	9.34
% increase in raw water tariff	9.00%	10.50%	9.00%	9.00%	9.00%	9.00%
WRL- as per DWS						
CML- as per DWS						
Drought restriction tariff - raw - for every 10%	0.63	0.70	0.76	0.83	0.90	0.98
Drought restriction tariff - purified - for every 10%	0.89	0.98	1.07	1.17	1.28	1.39

BUSINESS PLAN

TARIFF PROJECTIONS AND CONSULTATION PROCESS

Bloem Water followed the consultation processes as required in terms of Section 42 of the Municipal Finance Management Act. The diversified tariff approach was also supported by the Municipalities, National Treasury and the Department of Water and Sanitation.

The tariff structure did not allow for full cost recovery in recent years due to customer affordability concerns, which informs the current approved tariffs by the Minister of Water and Sanitation, as the under-recovering continues in the foreseeable future.

The Budget for the following financial years is forecasted to strive towards full cost recovery in the long term and the tariff increases will be targeted to achieve it.

The PFMA and National Treasury Regulations require a process to be followed for the tariff increases for the following year. This process was concluded after submissions and consultations with the Department of Water and Sanitation, National Treasury, organised Local Government (SALGA) and stakeholders. The input from all parties were considered and submitted to the Department of Water and Sanitation.

All the information presented and contained in the calculations during this process is incorporated in the financial analyses of the Business Plan. It would be appropriate to ensure that these processes followed and information used is incorporated in the Business Plan and not seen as separate processes.

DWS supported a drought tariff to cover fixed cost component during significant volume demand drop impacting income. High fixed cost structure increases financial constraints during a period of drought.

BUSINESS PLAN

15.6 SUBSIDIES

Funding of R100 million was allocated by DWS to fund the construction of a pipeline between the Rustfontein Treatment Plant and Botshabelo. DWS is also funding the 33.7 km steel pipeline and Bloem Water is the implementing agent. Bloem Water received no other form of subsidies from Government Departments. Continued increased efforts to obtain grant funding are pursued to fund significant critical CAPEX requirements, which are aligned to DWS reconciliation study. These requirements cannot be incorporated into the financial requirement and statements, due to the shear scope of it.

BUSINESS PLAN

15.7 INCOME STATEMENT PROJECTIONS

STATEMENT OF COMPREHENSIVE INCOME						
Revenue	720,799,475	804,448,254	885,617,083	974,975,847	1,073,350,910	1,181,652,017
Water Purchased	-32,364,500	-34,439,064	-36,677,604	-39,061,648	-41,600,655	-44,304,698
Gross income	688,434,975	770,009,190	848,939,479	935,914,199	1,031,750,255	1,137,347,319
Other operating income (incl secondary activities)	1,500,000	1,500,000	1,575,000	1,653,750	1,736,438	1,823,259
Impairment of trade receivables	-125,000,000	-139,506,250	-103,582,431	-114,033,898	-125,539,918	-138,206,896
Chemicals	-21,316,000	-23,085,228	-24,816,620	-26,677,867	-28,678,707	-30,829,610
Depreciation	-54,137,975	-59,104,153	-62,834,735	-69,627,185	-75,952,185	-83,077,185
Energy	-119,870,000	-128,620,510	-135,694,638	-143,157,843	-151,031,525	-159,338,258
Repairs and Maintenance	-22,064,424	-23,675,127	-25,214,010	-26,852,921	-28,598,361	-30,457,254
Staff costs	-255,066,793	-286,695,075	-313,644,412	-343,126,987	-375,380,924	-410,666,731
Operating Expenses (incl secondary activities)	-65,041,383	-69,138,990	-73,633,024	-78,419,171	-84,300,609	-90,623,154
Operating Profit / (loss)	27,438,401	41,683,856	111,094,609	135,672,077	164,004,465	195,971,490
Finance income	1,500,000	1,750,000	1,750,000	2,100,000	2,100,000	2,800,000
Finance expenses	-16,350,804	-24,924,690	-32,459,853	-38,985,813	-45,001,896	-40,290,912
Profit / (loss) for the year	12,587,597	18,509,166	80,384,756	98,786,264	121,102,569	158,480,578

BUSINESS PLAN

FINANCIAL STATEMENT PROJECTIONS

Bloem Water has Agreements and draft Agreements in place with its major clients, Municipalities, and has been providing water in accordance with contractual requirements and demands set by the Municipalities. The demand profile changes over years and it requires that the contracts be revised to accommodate the current trends and needs. There is a need expressed by the Municipalities to review the conditions of the current contracts. Bloem Water has differentiated the diversified tariff structure between treated and raw water which has been adopted by the Stakeholders.

BUSINESS PLAN

15.8 BALANCE SHEET PROJECTIONS

STATEMENT OF FINANCIAL POSITION	Rolling Total Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
ASSETS						
Non-current assets	1,016,174,841	1,155,788,811	1,242,259,345	1,444,424,862	1,621,582,058	1,823,631,209
Property, plant and equipment	1,014,682,815	1,154,225,795	1,240,614,335	1,442,685,150	1,619,732,965	1,821,655,780
Biological Assets/Living assets	458,000	528,990	610,983	705,686	815,067	941,403
Defined benefit asset	1,034,026	1,034,026	1,034,026	1,034,026	1,034,026	1,034,026
Current assets	388,675,624	339,593,197	395,031,777	350,210,716	347,501,083	392,491,174
Inventories	14,393,544	15,588,209	16,757,324	18,014,124	19,365,183	20,817,572
Trade and Other Receivables/Receivables from exchange transactions	166,138,591	150,298,221	159,833,915	173,634,461	188,827,482	205,553,478
Short term investments	0	0	0	0	0	0
Cash and Cash Equivalents	135,759,272	101,322,550	146,056,320	158,562,132	139,308,419	166,120,125
Infrastructure project receivable	72,384,217	72,384,217	72,384,217	0	0	0
Total assets	1,404,850,466	1,495,382,008	1,637,291,121	1,794,635,578	1,969,083,142	2,216,122,383
EQUITY AND LIABILITIES						
Total Equity	1,057,652,563	1,076,161,729	1,156,546,485	1,255,332,749	1,376,435,318	1,534,915,896
Non-current liabilities	117,126,578	158,587,699	197,371,977	233,491,078	307,992,850	373,829,766
Interest bearing borrowings	114,388,578	155,849,699	194,633,977	230,753,078	305,254,850	371,091,766
Deferred Income(Unspent conditional grant and receipts) /Employee benefit liability	2,738,000	2,738,000	2,738,000	2,738,000	2,738,000	2,738,000

BUSINESS PLAN

Current liabilities	230,071,325	260,632,581	283,372,659	305,811,752	284,654,974	307,376,721
Interest bearing borrowings current portion	41,167,801	56,050,065	63,446,454	69,391,081	30,502,753	34,163,084
Trade and other payables/Payables from exchange transactions/VAT payable	188,903,524	204,582,516	219,926,205	236,420,670	254,152,221	273,213,637
Total funds and liabilities	1,404,850,466	1,495,382,008	1,637,291,121	1,794,635,579	1,969,083,142	2,216,122,383

BUSINESS PLAN

15.9 LONG TERM CASH FLOW AND OUTSTANDING DEBT PROJECTIONS

CASHFLOW STATEMENT						
Cash Flow from Operating Activities						
Net Cash Inflow from Operating Activities	134,338,197	134,228,329	176,088,414	272,547,212	230,790,098	277,388,353
Cash Received from Customers	615,291,493	680,782,374	772,498,958	847,141,403	932,617,971	1,026,719,124
Cash Paid to Suppliers and Employees	466,102,492	523,379,354	565,700,691	537,708,378	658,925,977	711,839,859
Cash Generated from Operating Activities	149,189,001	157,403,020	206,798,267	309,433,025	273,691,994	314,879,265
Finance Income	1,500,000	1,750,000	1,750,000	2,100,000	2,100,000	2,800,000
Finance Costs	-16,350,804	-24,924,690	-32,459,853	-38,985,813	-45,001,896	-40,290,912
Cash Flow from Investing Activities	-186,226,434	-225,008,434	-177,535,312	-302,105,128	-285,657,255	-320,073,894
Purchase of Property, Plant and Equipment	-159,865,134	-198,647,133	-149,223,275	-271,698,000	-253,000,000	-285,000,000
Contribution made to defined benefit plan	-26,361,300	-26,361,301	-28,312,037	-30,407,128	-32,657,256	-35,073,893
Cash Flow from Financing Activities	-40,486,850	56,343,384	46,180,668	42,063,728	35,613,444	69,497,247
(Repayments/Disbursements) on Interest Bearing Borrowings	-40,486,850	-43,656,616	-53,819,332	-57,936,272	-64,386,556	-30,502,753
Net Increase/(Decrease) in Cash and Cash Equivalents	-92,375,087	-34,436,721	44,733,770	12,505,812	-19,253,713	26,811,706
Cash and Cash Equivalents at the beginning of the year	228,114,094	135,739,008	101,302,287	146,036,057	158,541,869	139,288,156
Cash and Cash Equivalents at the end of the year	135,739,008	101,302,287	146,036,057	158,541,869	139,288,156	166,099,862

BUSINESS PLAN

15.10 DWS (DEPARTMENT OF WATER AND SANITATION) FINANCIAL TEMPLATE

WATER

PROJECTED FINANCIAL STATEMENTS FOR THE 6 YEARS

STATEMENT OF COMPREHENSIVE INCOME

R000'S

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
77,937,124	Water sold (kilolitres)	92,323,090	93,246,321	94,178,785	95,120,572	96,071,778	97,032,495	18.46	3.72
10,464,325	- Raw water sales (kl)	14,645,000	14,791,450	14,939,365	15,088,758	15,239,646	15,392,042	39.95	6.64
67,472,799	- Potable water sales (kl)	77,678,090	78,454,871	79,239,420	80,031,814	80,832,132	81,640,453	15.13	3.23
	- Waste water sales (kl)								
-									
708,823	TOTAL REVENUE (Primary and secondary activities)	721,799	805,448	886,617	975,976	1,074,351	1,182,652	1.83	8.91
708,823	Revenue (Primary activity)	720,799	804,448	885,617	974,976	1,073,351	1,181,652		
57,449	- Raw water sales	87,695	97,872	107,747	118,619	130,587	143,763	52.65	16.52
509,802	- Potable water sales	633,104	706,576	777,870	856,357	942,764	1,037,889	24.19	12.58
	- Waste water sales								
	- Industrial water sales								
	- Wastewater management fee								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
141,572	- Drought restriction revenue							(100.00)	(100.00)
	-								
	-								
	Revenue (Secondary activity)	1,000	1,000	1,000	1,000	1,000	1,000		
	- Retail water operation								
	Waste water management fee								
	- Management fee - consulting								
	- Management fee - other								
	- Section 30 activities	1,000	1,000	1,000	1,000	1,000	1,000		
	- Other income								
	-								
	-								
-									
24,959	TOTAL COST OF SALES	32,365	34,439	36,678	39,062	41,601	44,305	29.67	10.04
24,959	Cost of sales (raw water purchased)	32,365	34,439	36,678	39,062	41,601	44,305	29.67	10.04
24,959	- Raw water	32,365	34,439	36,678	39,062	41,601	44,305	29.67	10.04
	-								
	Cost of sales (secondary activities)								
	- Employee costs								
	- Chemicals and purification								
	- Energy								
	- Repairs and maintenance								
	- General and administration expenses								
	-Project / WIP costs								
	- Other direct operating activities								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
683,864	GROSS INCOME	689,434	771,009	849,939	936,914	1,032,750	1,138,347	0.81	8.86
96.5	Gross profit %	95.5	95.7	95.9	96.0	96.1	96.3	(1.00)	(0.04)
96.5	- Gross profit % - primary activity	95.5	95.7	95.9	96.0	96.1	96.3	(1.00)	(0.04)
	- Gross profit % - secondary activity	100.0	100.0	100.0	100.0	100.0	100.0		
	Government grants and other funding								
3,120	Other operating income	500	500	575	654	736	823	(83.97)	(19.92)
	- Commission income and insurance								
	- Game and grazing sales (net of expenses)								
	- House and other rentals - all related income								
	- Other income (scrap, telephone, refurbishment, lab)								
	- Project income								
	- Bad debts recovered								
	- Profit Loss) on sale of fixed assets								
	- Profit (loss) on disposal of investments								
	- Profit (loss) on sale of biological assets								
	- Profit Loss) on sale of intangible assets								
	- Wastewater - Darville revenue amort								
3,120	- Sundry income	500	500	575	654	736	823	(83.97)	(19.92)
686,984	TOTAL OPERATING INCOME	689,934	771,509	850,514	937,568	1,033,486	1,139,170	0.43	8.79
715,516	TOTAL EXPENSES	662,496	729,826	739,420	801,896	869,481	943,198	(7.41)	4.71
591,929	- Variable costs (related to cost of sales)	494,031	544,437	538,611	584,347	632,973	686,060	(16.54)	2.49
118,265	- Employee costs	151,643	170,446	186,468	203,997	223,172	244,151	28.22	12.84
1,031	- Directors emoluments (include in general)								
105,135	- Employee salaries - (including leave, annual bonus, 13th cheque)	134,709	151,413	165,646	181,217	198,251	216,887	28.13	12.83
	- Performance bonuses								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
12,767	- Company contributions - Medical contributions and expenses	16,358	18,386	20,114	22,005	24,073	26,336	28.13	12.83
	- Company contribution - UIF and SDL								
	- Contributions to pension and provident funds								
	- OID contributions								
	- Changes in post employment liabilities								
	- Change in water inventory								
363	Training & Development	576	647	708	775	848	928	58.68	16.93
17,769	- Chemicals	21,316	23,085	24,817	26,678	28,679	30,830	19.96	9.62
92,995	- Energy	119,870	128,621	135,695	143,158	151,032	159,338	28.90	9.39
17,185	- Repairs and maintenance - (cost of sales related)	22,064	23,675	25,214	26,853	28,598	30,457	28.39	10.01
17,185	- Property and buildings								
	- Plant, machinery and equipment	22,064	23,675	25,214	26,853	28,598	30,457	28.39	10.01
	- Other - to be included in general expenses								
	-								
	-								
48,480	- Depreciation	54,138	59,104	62,835	69,627	75,952	83,077	11.67	9.39
48,480	- Depreciation property, plant and equipment	54,138	59,104	62,835	69,627	75,952	83,077	11.67	9.39
	- Amortisation of intangible assets								
	- Impairments of property, plant and equipment								
	- impairments of intangible assets								
297,235	- Impairment of trade receivables	125,000	139,506	103,582	114,034	125,540	138,207	(57.95)	(11.98)
	- Other direct costs								
	- Motor vehicle repairs and running expenses								
	- Other direct								
123,587	- General expenses	168,465	185,389	200,809	217,549	236,508	257,138	36.31	12.99
407	- Advertising and promotions	617	659	702	748	804	864	51.60	13.37
	- Amortisation - office intangibles								
	- Amortisation of biological assets								
2,758	- Audit fees	3,178	3,378	3,598	3,832	4,119	4,428	15.23	8.21
	- Bad debts								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	- Bursaries, donations and gifts	148	157	167	178	191	205		
44	- Cleaning - all administration areas	67	71	76	81	87	94	52.27	13.49
2,398	- Computer and IT consumables	4,030	4,284	4,562	4,859	5,223	5,615	68.06	15.23
939	- Conferences, seminars and workshops	810	861	917	977	1,050	1,129	(13.74)	3.12
741	- Consultants and professional fees	2,304	2,449	2,608	2,778	2,986	3,210	210.93	27.68
349	- Contractors	200	213	227	242	260	280	(42.69)	(3.60)
13	- Courier and postage	13	14	15	16	17	18		5.57
	- Depreciation of office assets								
	- Directors - performance bonuses								
1,031	- Directors emoluments	1,763	1,983	2,168	2,372	2,595	2,838	71.00	18.38
79,762	- Employee costs - (related to administration)	101,661	114,267	125,008	136,759	149,614	163,678	27.46	12.73
	- Energy - related to administration areas								
	- Impairments of biological assets								
1,906	- Insurance	2,888	3,070	3,270	3,482	3,743	4,024	51.52	13.26
	- Lease costs								
3,504	- Legal and contract fees	5,309	5,643	6,010	6,401	6,881	7,397	51.51	13.26
947	- Marketing - not advertising and promotions	1,435	1,525	1,624	1,730	1,860	2,000	51.53	13.27
	- Motor vehicle expenses (not in direct costs)								
	- Operating leases - photocopiers etc								
13,588	- Other operating expenses	20,683	21,986	23,415	24,937	26,807	28,818	52.22	13.35
1,888	- Printing and stationery	2,860	3,040	3,238	3,448	3,707	3,985	51.48	13.26
75	- Protective clothing and uniforms	124	132	141	150	161	173	65.33	14.95
	- Rates and taxes								
52	- Relocation costs - all items	79	84	89	95	102	110	51.92	13.30
474	- Rent paid - equipment hire and other hiring costs	718	763	813	866	931	1,001	51.48	13.27
	- Repairs and maintenance								
444	- Safety and security	673	715	760	809	870	935	51.58	13.22
70	- Service contracts	106	112	119	127	136	146	51.43	13.03
	- Software and other small assets expensed								
	- Staff welfare								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
287	- Subscriptions, licences and membership fees - Training and development	1,113	1,183	1,260	1,343	1,443	1,551	287.80	32.47
2,480	- Telephone and fax	3,400	3,614	3,849	4,099	4,405	4,735	37.10	11.38
9,430	- Travel and entertainment - Veterinary services, supplies and biological costs	14,286	15,186	16,173	17,220	18,516	19,904	51.50	13.26
-28,532	OPERATING PROFIT (LOSS) FOR YEAR	27,438	41,683	111,094	135,672	164,005	195,972	(196.17)	#NUM!
96,458	Finance income - (enter as positive)	1,500	1,750	1,750	2,100	2,100	2,800	(98.44)	(44.56)
84,067	- Trade receivables - Extended payment trade receivables - deemed interest							(100.00)	(100.00)
12,391	- Short term deposits - call accounts - Held to maturity financial assets - Available for sale investments - Employee advances - SARS - Other - 57 pipeline -	1,500	1,750	1,750	2,100	2,100	2,800	(87.89)	(21.96)
-16,438	Finance costs - (enter as negative)	-16,351	-24,924	-32,460	-38,986	-45,002	-40,291	(0.53)	16.12
-20,226	- Long term borrowings - Bank overdraft - SARS - Finance leases	-16,351	-24,924	-32,460	-38,986	-45,002	-40,291	(19.16)	12.17
3,793	- Borrowing costs capitalised (positive)							(100.00)	(100.00)
-5	- Other - Darvill revenue in advance -							(100.00)	(100.00)

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
51,488	PROFIT (LOSS) FOR YEAR	12,587	18,509	80,384	98,786	121,103	158,481	(75.55)	20.61
	Other comprehensive income								
	- Gain on revaluation of property, plant and equipment								
	- Gain on revaluation of intangible assets								
	- Transfers (to) from general reserves								
	- Gains / (losses) on retirement benefit plans								
	- Retirement benefit adjustment (IAS19)								
51,488	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	12,587	18,509	80,384	98,786	121,103	158,481	(75.55)	20.61

STATEMENT OF FINANCIAL POSITION

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	ASSETS								
	Non-current assets								
908,955	Property, plant and equipment	1,014,683	1,154,226	1,240,615	1,442,686	1,619,734	1,821,657	11.63	12.28
854,449	Carrying value - opening balance	908,955	1,014,683	1,154,226	1,240,615	1,442,686	1,619,734	6.38	11.25
99,367	Additions - (will be carried to cashflow)	159,866	198,647	149,224	271,698	253,000	285,000	60.88	19.20
-48,480	Depreciation - (ex-income statement)	-54,138	-59,104	-62,835	-69,627	-75,952	-83,077	11.67	9.39
-184	Disposals - carrying value							(100.00)	(100.00)
	Impairments - (ex-income statement)								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
3,803	Revaluations - (ex-income statement) Interest capitalised Other							(100.00)	(100.00)
	Intangible assets								
	Carrying value - opening balance								
	Additions - (will be carried to cashflow)								
	Amortisation - (ex income statement)								
	Disposals - carrying value								
	Impairments - (ex income statement)								
	Revaluations - (ex income statement)								
437	Biological assets	458	529	611	706	815	941	4.81	13.64
	Carrying value - opening balance	437	458	529	611	706	815		
	Additions - (will be carried to cashflow)	21	71	82	95	109	126		
	Amortisation - (ex income statement)								
	Disposals - carrying value								
	Impairments - (ex income statement)								
437	Fair value adjustment							(100.00)	(100.00)
	Investments in subsidiaries and associates								
	Opening balance								
	Changes in year								
	Investments - financial instruments								
	Held to maturity								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	Loans receivable								
	Employee loans								
64,647	Other financial assets	1,034	1,034	1,034	1,034	1,034	1,034	(98.40)	(49.80)
64,647	General	1,034	1,034	1,034	1,034	1,034	1,034	(98.40)	(49.80)
974,039		1,016,175	1,155,789	1,242,260	1,444,426	1,621,583	1,823,632	4.33	11.02
	Assets held for sale - net								
	Dams								
	Farms								
	Reservoirs								
	Other								
	Current assets								
	Investments								
	Short term								
	Available for sale								
13,364	Inventories	14,393	15,588	16,757	18,014	19,364	20,816	7.70	7.67
	Piping								
	Electrical								
	Maintenance spares								
2,170	Water	2,337	2,682	2,883	3,099	3,331	3,581	7.70	8.71
4,262	Chemical stores	4,590	5,798	6,233	6,701	7,203	7,743	7.70	10.46

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
6,932	Consumables Miscellaneous	7,466	7,108	7,641	8,214	8,830	9,492	7.70	5.38
196,744	Trade receivables	166,139	150,299	159,834	173,635	188,828	205,554	(15.56)	0.73
936,650	Trade receivables - bulk and waste water	1,031,158	1,150,824	1,266,941	1,394,776	1,535,509	1,690,442	10.09	10.34
11,113	Trade receivables - other activities	11,000	15,000	12,000	12,000	12,000	12,000	(1.02)	1.29
-751,019	less: provision for doubtful debts / impairments - balance b/f	-751,019	-876,019	-1,015,525	-1,119,107	-1,233,141	-1,358,681		10.39
	Change in prov - doubtful/impairments - ex income statement	-125,000	-139,506	-103,582	-114,034	-125,540	-138,207		
72,384	Sundry debtors	72,384	72,384	72,384					(100.00)
72,384	-	72,384	72,384	72,384					(100.00)
	-								
	Interest receivable								
	Loans and financial receivables								
	Employee loans								
	Other loans								
228,118	Cash and cash equivalents	135,759	101,322	146,056	158,561	139,308	166,120	(40.49)	(5.15)
20	Cash on hand	20	20	20	20	20	20		
97,244	Bank current account	135,739	101,302	146,036	158,541	139,288	166,100	39.59	9.33
130,854	Short term deposits							(100.00)	(100.00)
510,610		388,675	339,593	395,031	350,210	347,500	392,490	(23.88)	(4.29)

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
1,484,649	TOTAL ASSETS	1,404,850	1,495,382	1,637,291	1,794,636	1,969,083	2,216,122	(5.37)	6.90
	EQUITY AND LIABILITIES								
	Capital and reserves								
	Capital								
173,842	Reserves	173,842	173,842	173,842	173,842	173,842	173,842		
215,628	Opening balance	173,842	173,842	173,842	173,842	173,842	173,842	(19.38)	(3.53)
-41,786	Transfers in (out)							(100.00)	(100.00)
741,261	Accumulated profit (loss)	883,810	902,319	982,703	1,081,489	1,202,592	1,361,073	19.23	10.66
647,989	Opening balance	741,261	883,810	902,319	982,703	1,081,489	1,202,592	14.39	10.86
51,488	Comprehensive income (loss) for year - (ex income statement)	12,587	18,509	80,384	98,786	121,103	158,481	(75.55)	20.61
41,784	Other	129,962							
915,103		1,057,652	1,076,161	1,156,545	1,255,331	1,376,434	1,534,915	15.58	9.00
	Non-current liabilities								
349,513	Long term debt	117,126	158,588	197,372	233,493	307,993	373,830	(66.49)	1.13
151,409	Bank loan - fixed rate	117,126	158,588	197,372	233,493	307,993	373,830	(22.64)	16.26
	Bank loan - variable rate								
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
	Settlement agreements								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
198,104	Income received in advance							(100.00)	(100.00)
	Finance lease obligation								
	Other non-current liabilities								
	Post retirement benefit obligations								
	Defined benefit and contribution plans - opening								
	Actuarial movement on defined benefit contribution								
	- Healthcare benefits								
349,513		117,126	158,588	197,372	233,493	307,993	373,830	(66.49)	1.13
	Current liabilities								
44,634	Current portion of long term loans	41,168	56,050	63,446	69,391	30,502	34,163	(7.77)	(4.36)
38,756	Bank loan - fixed rate	41,168	56,050	63,446	69,391	30,502	34,163	6.22	(2.08)
5,878	Bank loan - variable rate							(100.00)	(100.00)
	Bonds - fixed rate								
	Bonds - variable rate								
	Loans - interest free								
	Settlement agreements								
	Income received in advance								
	Finance lease obligations								
	Interest payable								
175,399	Trade and other payables	188,904	204,583	219,928	236,421	254,154	273,214	7.70	7.67
175,399	Trade payables	188,904	204,583	219,928	236,421	254,154	273,214	7.70	7.67
	Trade payables - related parties								
	Statutory payables - employees tax / benefits funds								
	SARS - VAT								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	Amounts received in advance								
	Accrual - audit fees								
	Accruals - other								
	Other payables / loans								
	Provisions								
	Leave pay								
	Bonuses								
	Legal fees - costs and claims								
	Other								
	Bank overdraft								
	Current account 1								
	Current account 2								
	Current account 3								
220,033		230,072	260,633	283,374	305,812	284,656	307,377	4.56	5.73
1,484,649	Total equity and liabilities	1,404,850	1,495,382	1,637,291	1,794,636	1,969,083	2,216,122	(5.37)	6.90

BUSINESS PLAN

STATEMENT OF CASHFLOW

ACTUAL 2017/18	ELEMENT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	OPERATING ACTIVITIES								
-28,532	Net profit for period before changes	12,587	18,509	80,384	98,786	121,103	158,481	(144.12)	#NUM!
362227	Adjustments for non-cash items, interest and other	193,989	221,784	197,127	220,547	244,394	258,775	(46.45)	(5.45)
48480	- Depreciation and amortisation	54,138	59,104	62,835	69,627	75,952	83,077	11.67	9.39
	- Impairments of PPE, intangibles and biological assets								
24174	- Retirement benefits provisions							(100.00)	(100.00)
	- Profit (loss) on sale of fixed, intangible and biological assets							(100.00)	(100.00)
178								(100.00)	(100.00)
12391	- Interest received - (deduct from profit)	-1,500	-1,750	-1,750	-2,100	-2,100	-2,800	(112.11)	#NUM!
(20231)	- Interest paid - (add to profit)	16,351	24,924	32,460	38,986	45,002	40,291	(180.82)	#NUM!
	- Revaluations of assets								
297235	- Impairment of trade receivables	125,000	139,506	103,582	114,034	125,540	138,207	(57.95)	(11.98)
3386	Adjustments for:								
	- Discontinued operations								
3386	- other non cashflow adjustments								
(138282)	Working capital changes	-81,919	-109,182	-98,941	-40,215	-124,350	-137,325	(40.76)	(0.12)
(92)	- Inventories	-1,029	-1,195	-1,169	-1,257	-1,350	-1,452	1018.48	58.38
(190394)	- Trade debtors	-94,395	-123,666	-113,117	-127,835	-140,733	-154,933	(50.42)	(3.38)
	- Sundry debtors				72,384				
52204	- Trade and other payables	13,505	15,679	15,345	16,493	17,733	19,060	(74.13)	(15.46)
	- Provisions								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
198799	Net cash generated from operating activities	124,657	131,111	178,570	279,118	241,147	279,931	(37.29)	5.87
(157962)	INVESTING ACTIVITIES - NET CASH UTILISED	-29,925	-198,718	-149,306	-271,793	-253,109	-285,126	(81.06)	10.34
(117678)	- Additions to property, plant and equipment	-159,866	-198,647	-149,224	-271,698	-253,000	-285,000	35.85	15.88
	- Additions to intangible assets								
	- Additions to biological assets	-21	-71	-82	-95	-109	-126		
22	- Proceeds on disposal of fixed and intangible assets							(100.00)	(100.00)
	- Proceeds on disposal of biological assets								
	- Investments in subsidiaries and associates								
	- Interest receivable movement								
	- Movement in assets held for sale								
(40306)	- Increase (decrease) in capital	129,962							
53234	FINANCING ACTIVITIES - NET CASH UTILISED	-187,091	33,170	15,470	5,180	-7,291	32,007	(451.45)	(8.13)
(42160)	- Movement in long term borrowings	-232,387	41,462	38,784	36,121	74,500	65,837	451.20	#NUM!
	- Movement in investments								
	- Proceeds (repayment) short term borrowings	-3,466	14,882	7,396	5,945	-38,889	3,661		
	- Movement in loan receivables	63,613							
	- Interest received	1,500	1,750	1,750	2,100	2,100	2,800		
	- Interest paid	-16,351	-24,924	-32,460	-38,986	-45,002	-40,291		
	- Movement in retirement benefit obligations								
	- Adjustment for non-cash interest								
95394	Deferred Income								
	CASH AND CASH EQUIVALENTS								
94071	- Net increase (decrease) in cash utilised for the year	-92,359	-34,437	44,734	12,505	-19,253	26,812	(198.18)	(18.88)
134047	- At beginning of year	228,118	135,759	101,322	146,056	158,561	139,308	70.18	0.64
228,118	- AT END OF YEAR	135,759	101,322	146,056	158,561	139,308	166,120	(40.49)	(5.15)
228118	- end of year per balance sheet	135,759	101,322	146,056	158,561	139,308	166,120		

BUSINESS PLAN

CAPITAL EXPENDITURE PROGRAM

ACTUAL 2017/18	CAPEX CATEGORY	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	Immovable capex								
93714	Augmentation and upgrade	146,189	184,971	134,043	255,000	236,000	267,000	55.99	19.07
	Expansion								
	Rehabilitation								
	Development projects								
93714		146,189	184,971	134,043	255,000	236,000	267,000	55.99	19.07
	Movable capex								
5653	Equipment and vehicles	13,677	13,676	15,181	16,698	17,000	18,000	141.94	21.29
	Information technology communication								
	Laboratory and process services								
5653		13,677	13,676	15,181	16,698	17,000	18,000	141.94	21.29
	Summary								
93714	Immovable capex	146,189	184,971	134,043	255,000	236,000	267,000	55.99	19.07
5653	Movable capex	13,677	13,676	15,181	16,698	17,000	18,000	141.94	21.29
99367		159,866	198,647	149,224	271,698	253,000	285,000	60.88	19.20
	% of total	12.1%	15.1%	11.3%	20.6%	19.2%	21.6%		
	Total forecast period - 2014 to 2019	1,317,435	27.2%	26.4%	32.0%	39.8%	40.8%		
	Reconciliation								
99367	Capex above	159,866	198,647	149,224	271,698	253,000	285,000	60.88	19.20
-99,367	Capitalised fixed assets - per fixed assets entry	-159,866	-198,647	-149,224	-271,698	-253,000	-285,000	60.88	19.20
	Capitalised intangibles - per intangibles entry								

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	Written off to expenses								
	Difference								
	Cumulative difference								

FINANCIAL RATIOS

ACTUAL 2017/18	CATEGORY	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	Performance indicators								
0.035	- Cost of raw water / primary revenue	0.045	0.043	0.041	0.040	0.039	0.037	27.52	1.05
0.870	- Cost of sales / total revenue	0.729	0.719	0.649	0.639	0.628	0.618	(16.20)	(5.56)
0.174	- General expenses / total revenue	0.233	0.230	0.226	0.223	0.220	0.217	33.86	3.75
2.554	- Employees costs / per megalitre	2.763	3.075	3.330	3.607	3.907	4.232	8.17	8.78
0.269	- Employee costs / total costs excl finance costs	0.367	0.375	0.404	0.408	0.412	0.416	36.55	7.54
	- Operating profit (loss) per employee								
	- Total staff complement								
	- Management								
	- Other								
	Operating risks								
428.1	- Debtors days (trade debtors excl VAT/ revenue x 365 days)	462.3	463.4	461.9	461.5	461.2	460.9	7.98	1.24
	- Return on assets (EBIT / total assets excluding investments)	2.0%	2.8%	6.8%	7.6%	8.3%	8.8%		

BUSINESS PLAN

ACTUAL 2017/18	ACCOUNT	REVISED BUDGET 2018/19	PROJECTED 2019/20	PROJECTED 2020/21	PROJECTED 2021/22	PROJECTED 2022/23	PROJECTED 2023/24	Growth %	
								2015/2014	2020/2014
	Financial risks								
2.321	- Current ratio (current assets / current liabilities)	1.689	1.303	1.394	1.145	1.221	1.277	(27.20)	(9.48)
0.431	- Gross debt / equity ratio (total debt liabilities / total equity)	0.150	0.199	0.226	0.241	0.246	0.266	(65.25)	(7.73)
0.265	- Debt / assets ratio (total debt / total assets)	0.113	0.144	0.159	0.169	0.172	0.184	(57.56)	(5.92)
	Business credit risk								
(1.736)	- interest cover (EBIT / interest paid)	1.678	1.672	3.422	3.480	3.644	4.864	(196.68)	#NUM!
	Surplus ratios								
0.07	- Return on turnover (net profit / turnover)	0.02	0.02	0.09	0.10	0.11	0.13	(75.99)	10.75

15.11 MATERIALITY AND SIGNIFICANCE FRAMEWORK

Refer to Annexure A.

15.12 CHALLENGES IN COLLECTION OF DEBTORS

The entity has adopted a Credit Control Policy to ensure that all services rendered are billed and that all monies due and payable are collected.

The entity continues to experience payment default by Municipalities and DWS. Mangaung Metropolitan Municipality is Bloem Water's anchor client which accounts for 95% of income. The Municipality challenged the tariffs as approved by the Minister of Water and Sanitation on the drought tariff. This challenge was declared as a formal dispute at a later stage. These charges have therefore not been paid as the matter is still outstanding from the National Treasury dispute resolution process. There has also been default on payment of normal billing accounts, various legislative processes and stakeholder interactions have not yielded any results. Payment plans are provided by the Municipalities, however not being adhered to. Non-payment by the Municipalities affects the operations and the financial sustainability of Bloem Water.

BUSINESS PLAN

16. FIVE-YEAR BORROWING PROGRAMME ACCORDING TO NATIONAL TREASURY REQUIREMENTS

16.1 Borrowing Programme and CAPEX Forecast

Borrowing Programme and CAPEX	Rolling Total Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Profile of debt - loans combined						
Opening balance	196,039,473	155,556,379	211,899,763	258,080,431	300,144,159	335,757,603
Disbursements	0	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Finance charges	16,332,967	24,924,690	32,459,853	38,985,813	45,001,896	40,290,912
Re-payments	-56,816,061	-68,581,307	-86,279,185	-96,922,085	-109,388,452	-70,793,666
Capital portion	-40,483,094	-43,656,616	-53,819,332	-57,936,272	-64,386,556	-30,502,753
Closing balance	155,556,379	211,899,763	258,080,431	300,144,159	335,757,603	405,254,850
Guarantees	n/a	n/a	n/a	n/a	n/a	n/a
Treasury limits vs borrowings						
Treasury approved borrowing limits	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Interest Bearing Borrowings (B/S)	249,871,388	211,899,763	258,080,431	300,144,159	335,757,603	405,254,850
<i>Estimated Additional Funding R'000 000 requirements</i>						
Opening balance - Total funding requirements for unsecured projects - R'000 000	8,248	8,148	8,048	7,948	7,848	7,748
Unsecured new borrowings 2017/18 - 2021/22 included in forecasts - R'000 000	100	100	100	100	100	100
Closing balance - Unsecured funding shortfall - R'000 000 (not being able to fund via tariffs and volume increases)	8,148	8,048	7,948	7,848	7,748	7,648

BUSINESS PLAN

CAPEX included in forecast		Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
CAPEX - Extensions		100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
CAPEX - Refurbishment		84,970,823	34,042,571	155,000,000	136,000,000	167,000,000
CAPEX - Moveable assets		13,676,310	15,180,704	16,698,000	17,000,000	18,000,000

BUSINESS PLAN

The 5-Year Borrowing Programme only makes provision for prioritised capital requirements. Significant amounts are required in accordance with the current CAPEX Programme, which is aligned to the DWS reconciliation study, during the next few years. New funding is aligned to the lifespan of assets, expected revenue, free cash flow after servicing current debt obligations, affordability of clients and funding available in the market.

New borrowings would be domestic and medium-term borrowings. The terms and conditions of the borrowings consist of a 10-year loan repayable on a monthly basis at the applicable contractual rates, example 12%.

The borrowing requirements will be in terms of the limits set by the Minister of Water and Sanitation. There are regular discussions with Municipalities in relation to the future water demand and the CAPEX requirements needed or required, which will impact future borrowings for additional capacity development. New borrowing limit approvals should be obtained for future CAPEX funding and is dependent on the tariff increases allowed and the ability to fund it. The current financial environment directs the possibility as to continue with processes to take up loans.

No Government Guarantees have been issued, but could be required in future. Bloem Water has complied with the loan requirements and has been repaying in terms of the structures. It is envisaged that Bloem Water will be able to continue with payment requirements of the loans.

The limitation on tariff increases in the past is still affecting the borrowing limits and set ratios, such as the debt service ratio.

BUSINESS PLAN

17. FINANCIAL RATIO PROJECTIONS

Financial Ratio Projections						
Shareholders compact - Ratios	Rolling Total Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
Current ratio (current assets divided by current liabilities)	1.689370132	1.302957581	1.394036313	1.145183973	1.220779945	1.276905985
- current assets	388,675,624	339,593,197	395,031,777	350,210,716	347,501,083	392,491,174
- current liabilities	230,071,325	260,632,581	283,372,659	305,811,752	284,654,974	307,376,721
Gross Debt-equity ratio (total liabilities excl employee benefits & Trade payables divided by total accumulated reserves)	0.147077013	0.19690327	0.223147478	0.239095299	0.243932714	0.26402414
- total liabilities excl employee benefits & Trade payables	155,556,379	211,899,763	258,080,431	300,144,159	335,757,603	405,254,850
- total accumulated reserves	1,057,652,563	1,076,161,729	1,156,546,485	1,255,332,749	1,376,435,318	1,534,915,896
Return on assets % (income before interest & taxes divided by total assets)	1.95%	2.79%	6.79%	7.56%	8.33%	8.84%
- income before interest & taxes (converted to 12 months)	27,438,401	41,683,856	111,094,609	135,672,077	164,004,465	195,971,490
- total assets	1,404,850,466	1,495,382,008	1,637,291,121	1,794,635,578	1,969,083,142	2,216,122,383
Gross profit margin % based on gross income - Primary Activity (Gross income divided by revenue)	95.51%	95.72%	95.86%	95.99%	96.12%	96.25%
- Gross income	688,434,975	770,009,190	848,939,479	935,914,199	1,031,750,255	1,137,347,319
- revenue	720,799,475	804,448,254	885,617,083	974,975,847	1,073,350,910	1,181,652,017
Debtors collection period/Net Debtor Days (debtors(trade rec) divided by revenue times 365)	78.55941584	61.38847404	60.92856623	60.51081002	60.13134213	59.78665333
- debtors(trade rec)	155,138,591	135,298,221	147,833,915	161,634,461	176,827,482	193,553,478
- revenue (converted to 12 months)	720,799,475	804,448,254	885,617,083	974,975,847	1,073,350,910	1,181,652,017
Net profit margin % (Accounting surplus/revenue) (primary activities)	1.75%	2.30%	9.08%	10.13%	11.28%	13.41%
- Accounting surplus	12,587,597	18,509,166	80,384,756	98,786,264	121,102,569	158,480,578
- revenue	720,799,475	804,448,254	885,617,083	974,975,847	1,073,350,910	1,181,652,017
Manage I/S cost within approved budget (variance)	0.1	0.1	0.1	0.1	0.1	0.1
- Total cost	640,090,691	710,270,179	727,701,595	791,948,999	860,476,301	925,015,228
- Total budget	711,211,879	789,189,088	808,557,327	879,943,332	956,084,779	1,027,794,698

BUSINESS PLAN

Net profit margin on secondary activities % (excluding any indirect cost)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- Other income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
- Infrastructure project - consultation expense (incl in other operating expenses)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Gross profit margin % secondary activities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Infrastructure project - consultation expense (incl in other operating expenses)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Secondary services - % of total turnover	0.21%	0.19%	0.18%	0.17%	0.16%	0.15%
- Other operating income	1,500,000	1,500,000	1,575,000	1,653,750	1,736,438	1,823,259
- revenue	720,799,475	804,448,254	885,617,083	974,975,847	1,073,350,910	1,181,652,017
Repairs and maintenance as % of PPE and Investment Property (Carrying Value)	2.17%	2.05%	2.03%	1.86%	1.77%	1.67%
- repairs and maintenance (IS)	22,064,424	23,675,127	25,214,010	26,852,921	28,598,361	30,457,254
- PPE	1,014,682,815	1,154,225,795	1,240,614,335	1,442,685,150	1,619,732,965	1,821,655,780
Staff remuneration as % of total operating expenditure	31.13%	31.60%	35.47%	33.67%	33.88%	34.40%
- staff remuneration	255,066,793	286,695,075	313,644,412	343,126,987	375,380,924	410,666,731
- total operating expenditure	819,487,827	907,397,393	884,226,796	1,019,197,701	1,107,989,148	1,193,949,067
BUDGET VS EXPENDITURE						
Compensation of employees	255,066,793	286,695,075	313,644,412	343,126,987	375,380,924	410,666,731
Goods and services	65,041,383	69,138,990	73,633,024	78,419,171	84,300,609	90,623,154
Operational	391,103,703	433,355,023	421,279,891	458,397,174	496,403,246	526,504,813
Capital (cash basis) - CAPEX Projects - current (1628 acc movement)	48,647,133	198,647,133	149,223,275	271,698,000	253,000,000	285,000,000
- prior year roll over	0	0	0	0	0	0
Special directives	0	0	0	0	0	0
Total	759,859,012	987,836,221	957,780,602	1,151,641,332	1,209,084,779	1,312,794,698
Other Ratios	Rolling Total Budget 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24

BUSINESS PLAN

Asset Test ratio/quick ratio (current assets-inventories)/current liabilities	1.63	1.24	1.33	1.09	1.15	1.21
Debt service/interest cover ratio (income before interest & taxes divided by interest)	1.68	1.67	3.42	3.48	3.64	4.86
Debt ratio (total debt divided by total assets)	0.25	0.28	0.29	0.30	0.30	0.31
Return on turnover/Gross margin % based on operating profit (Operating profit divided by revenue)	0.04	0.05	0.13	0.14	0.15	0.17
Fixed asset turnover (revenue divided by fixed assets)	0.71	0.70	0.71	0.67	0.66	0.65
Creditors days (trade payables divided by expenses (excl depreciation,movement in inventory & staff cost) times 365)	9.81	9.93	10.06	10.19	10.30	10.41
Total gross revenue (Rand)	720,799,475	804,448,254	885,617,083	974,975,847	1,073,350,910	1,181,652,017
Average water tariff (Rand/kl); show tariff build-up explanations and scheme-specific tariffs	7.81	8.63	9.40	10.25	11.17	12.18
Cost of raw water (Rand)	32,364,500	34,439,064	36,677,604	39,061,648	41,600,655	44,304,698
Total cost (Rand)(excluding capital component)	803,137,023	882,472,703	851,766,943	980,211,889	1,062,987,252	1,153,658,155
Total cost/volume (Rand/kl) - EXCLUDING CAPITAL COMPONENT	8.70	9.46	9.04	10.30	11.06	11.89
Finance costs (Rand)	16,350,804	24,924,690	32,459,853	38,985,813	45,001,896	40,290,912
Finance costs (Rand/kl)	0.18	0.27	0.34	0.41	0.47	0.42
Total O&M cost (including finance cost)	-819,487,827	-907,397,393	-884,226,796	-1,019,197,701	-1,107,989,148	-1,193,949,067
Current asset turnover (revenue divided by current assets)	1.85	2.37	2.24	2.78	3.09	3.01
Asset turnover (revenue divided by total assets)	0.51	0.54	0.54	0.54	0.55	0.53
Accounts receivable turnover (revenue divided by accounts receivable)	4.34	5.35	5.54	5.62	5.68	5.75
Working ratio (operating expenses divided by operating revenues)	0.99	0.98	0.91	0.90	0.89	0.87
Controllable working ratio (operating expenses exclud.raw water, deprec & inter. divided by operat. rev.)	0.84	0.83	0.76	0.75	0.74	0.73
Weighted Average Cost of Capital (WACC)	0.05	0.06	0.07	0.07	0.08	0.06
Accounting surplus/fixed assets	0.01	0.02	0.06	0.07	0.07	0.09
EBIT interest coverage (Earnings from continuing operations before interest and taxes/Gross interest incurred before subtracting capitalised interest and income)	1.68	1.67	3.42	3.48	3.64	4.86
EBITDA interest coverage (Earnings from continuing operations before interest,taxes, depreciation/Gross interest incurred before subtracting capitalised interest and income)	4.99	4.04	5.36	5.27	5.33	6.93
Return on average total capital (EBIT (1-t)/average total capital)	0.03	0.04	0.10	0.11	0.12	0.13
EBITDA/Sales	0.11	0.13	0.20	0.21	0.22	0.24
Funds flow net debt pay back (Ability of cashflows (before working capital and capital expenditure) to repay the outstanding debt)	1.68	1.67	3.42	3.48	3.64	4.86
Internal Financing Ratio (Relative reliance on debt to finance capital expenditure and is forward indicator of a changing debt service burden. Non-current Debt/(Debt plus Equity)	0.25	0.28	0.29	0.30	0.30	0.31
Financial leverage or Non-current Debt/(Debt plus Equity)	0.25	0.28	0.29	0.30	0.30	0.31

BUSINESS PLAN

Debt-equity % ratio (total liabilities divided by total accumulated reserves)	0.33	0.39	0.42	0.43	0.43	0.44
Inventory turnover (cost of maintenance materials divided by inventory)	2.25	2.21	2.19	2.17	2.15	2.13

BUSINESS PLAN

18. SELF-EVALUATION STATEMENT ON FINANCIAL VIABILITY OF THE WATER BOARD AND EACH ACTIVITY

18.1 SOLVENCY

Bloem Water successfully honoured debts in terms of the Loan Agreements. In accordance with the CAPEX Programme, there will be major capital requirements. The solvency position of Bloem Water over the next few years will be affected by the CAPEX requirements and non-payment by clients, but will have to be managed in line with the financial status at the time. This will be affected by the Regulations and limits set by National Treasury during consideration of the borrowing limits of the Board in future. The future CAPEX funding exceeds the approved borrowing limits and applications will be submitted during future years.

Bloem Water made a net surplus during the 2017/18 financial year and the Company's total assets continue to exceed its total liabilities.

18.2 LIQUIDITY AND DEBTORS

The liquidity position of Bloem Water has been stable, but has declined the last year, however the current assets still exceeds current liabilities. The inventory amount is a small portion of current assets and will not affect the solvency of Bloem Water. A concern is the trade debtors which need to be closely monitored to ensure that accounts in arrears do not grow out of proportion. A joint effort by various sections has been paramount in an effort to recover the arrears from Kopanong Local Municipality, Mangaung Metropolitan Municipality and DWS. It is still envisaged that the cash position will be reducing whilst under-recovering continues, while it will be improving in future years, thereby affecting the liquidity position accordingly.

The CAPEX requirements are prioritised in accordance with needs analysis performed, as the needs exceed the requirements. The remaining projects will be considered in future as the ability to fund it improves or when the borrowing limits are revised.

BUSINESS PLAN

18.3 FINANCIAL IMPACT OF OTHER ACTIVITIES

Implementing agent activities such as the Bucket Eradication Implementing Agent Agreement have significant financial implications if the cost cannot be recovered. There is a concerted effort to engage the DWS to finalise and to get the outstanding accounts paid where Bloem Water acts as the Implementing Agent.

BUSINESS PLAN

19. BANK ACCOUNTS

The operational Bank accounts of the Board of Bloem Water are at First National Bank. It is not envisaged that new Bank accounts will be opened in the near future; however, banking services will be reviewed to meet requirements. Authorities will be informed.

BUSINESS PLAN

20. ANALYSIS OF RISKS

20.1 RISK MANAGEMENT

The entity is committed to a structured and systematic approach for implementation of enterprise-wide risk management in accordance with National Treasury Risk Management Framework, King IV Report on Corporate Governance, industry standards and best practice. Enterprise risk management involves management of risks that impact either positively or negatively on the organisational strategies used to achieve corporate objectives.

The entity maintains Risk Management Framework which includes Risk Management Policy, Strategy and Procedures to embedded risk management in planning, decision-making, projects and partnerships management. In Bloem Water, risks are managed at strategic, operational and project level.

The following Risk Governance Structure is in place to ensure proper governance and management of risks within Bloem Water:



BUSINESS PLAN

Risk Management Approach and System

The adopted enterprise-wide approach as outlined in Risk Management Policy and Framework means that all departments, functions, processes and projects are subject to structured and systematic process of risk management. The Board considers risk management as a strategic imperative and has committed entity to a process of risk management that is aligned to the principles of good corporate governance according to King IV Report, supported by legislation and other leading best practices. The Board and its committees retain an obligation to remain informed not only of the risks to the organisation, but also to the effectiveness of risk management efforts. Internal Audit provides assurance on effectiveness of Risk Management processes.

Strategic Risks

Bloem Water has identified the significant/strategic risks that are monitored and managed within acceptable levels. Strategic risks are reviewed in accordance with the World Economic Forum Global risks and IRMSA South Africa Risk Report. The table below shows significant risks and measures taken to reduce risks to acceptable levels.

Objectives	Risks	Risk Mitigation
SO1: Develop, operate and maintain infrastructure to ensure sustainable water Service delivery	SR04 Failure/ inability to meet customer water demands and expectations (Water Availability)	<ul style="list-style-type: none"> Water released from the Katse Dam through DWS support and assistance Implementation of water restrictions
	SR15 Servitude encroachment	<ul style="list-style-type: none"> The consultation with Mangaung Metropolitan Municipality Human Settlement with regards the relocation of the inhabitants of the affected area on going (Caleb Motshabi) Community awareness campaigns Mangaung Metropolitan Municipality an action plan which will include community meeting, distribution of pamphlets, video clips on encroachment.
SO2: Manage financial affairs to meet current and future obligations	SR01 Revenue under-collection & Reduced tariff approval and one major customer SR06 Insufficient budget for CAPEX Programme	<ul style="list-style-type: none"> DWS assist with funding some of key infrastructure expansion projects. Engagements with Municipalities
SO3: Securing the supply and quality of raw water	SR05 Failure/ inability to meet customer water demands and expectations SR07 Deteriorating and Ageing Water Infrastructure SR08 Natural disasters (floods, droughts, global warming, climate change).	<ul style="list-style-type: none"> Implementation of Reconciliation Study interventions Asset Condition Assessment Annual Winter and Continuous Maintenance Business Continuity Management Programme

BUSINESS PLAN

Objectives	Risks	Risk Mitigation
	SR12 Compromised ICT Operational Systems (Software & Hardware)	<ul style="list-style-type: none"> • ICT Steering Committee established • ICT Governance Framework in line with King IV Report on Corporate Governance developed and approved by the board • ICT Strategy in place • ICT Continuity Plan developed and implementation of the Off-Site
	SR10 Power supply interruptions or failures	<ul style="list-style-type: none"> • Review the use of Hydropower for plant operations. • Continued engagements with Eskom

Business continuity management

Risk management also encompasses Business Continuity and Disaster Recovery planning. The entity is committed to ensuring continuity of operations in the event of material disruption to its critical activities by ensuring safety and wellbeing of its employees, contractors and visitors, protecting the environment and society in which it operates, minimising the adverse impact of the disruption on operations and ensuring continuity of critical processes to a predefined, acceptable level.

The entity maintains Business Continuity Management (BCM) Policy to establish the mandate for of BCM Programme. The framework is developed to provide guidance on the requirements defined in the BCM policy and provide the foundation on which the entity's BCM capability and programme are designed and built. Emergency Response Plans, Crisis Management Plans and Continuity Plans for all Regions including Head Office are annually reviewed and updated.

Business Continuity Management Structure

In accordance with international good practices, the entity's Management carries out and discharge their legal, moral and regulatory accountabilities and responsibilities, even in the event of a disaster. A sound management structure has been developed to steer and respond to BCM requirements may emerge that may emerge from the entity's business processes. The BCM management structure is depicted below which highlight roles and responsibilities in terms of the policy.

BUSINESS PLAN

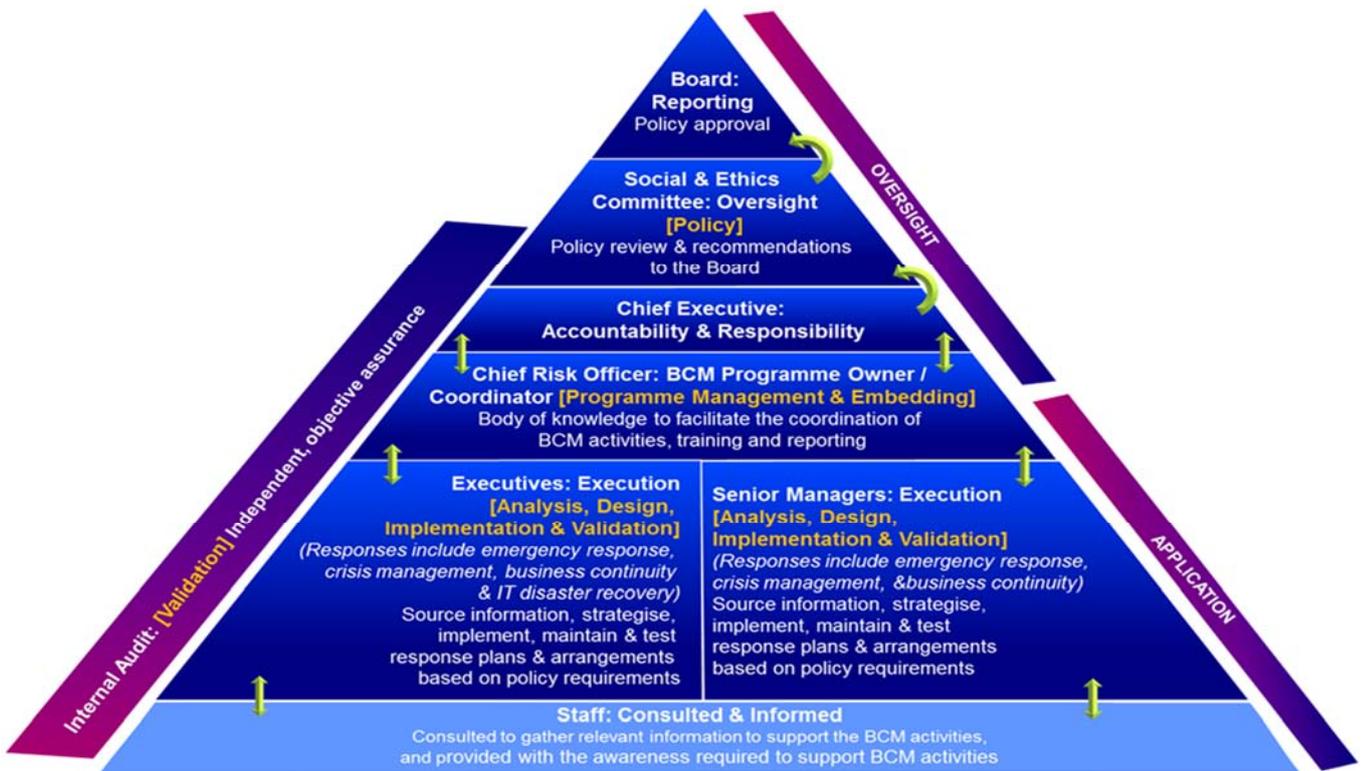


Figure 1: Business Continuity Management Structure

Liability

Bloem Water has no significant liabilities and there are none foreseeable in the near future.

Contingent liabilities

Bloem Water is involved in a number of pending arbitration matters. No liability has been recognised in the Financial Statements where Management is of the view that the existence of the possible obligations will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of Bloem Water.

Supply Risk

The raw water quality has not been consistent over the past few years and it is expected that major deviations will occur in the forthcoming years due to global warming. The entity continues to invest in infrastructure to be able to meet the current and forecasted demand. The entity has aligned itself to improve maintenance of infrastructure and put measures in places to respond to breakdown of supply.

BUSINESS PLAN

Financial Risk

The entity is sensitive to the non-payment risk and has instituted action towards the non-paying clients. This is the major factor in the efficient and effective management of entity's operations. The liquidity risk of the entity has increased as the default in payment by major clients' impacts on the operation. The risk exposure has increased due to continued non-payment by Mangaung Metropolitan and Kopanong Local Municipalities.

The investment risk will increase during the next few years for existing operation as there is an increase in requirements for new capital infrastructure. The demand for water will also play a major role in the decision-making process. It will be affected by the limitations placed on borrowing limits and ratios set by National Treasury as well as the approval of the future borrowing limits.

20.2 FRAUD PREVENTION

The Board together with management is committed to establishing and maintaining an honest, open and well intentioned atmosphere within the organisation and to fight the fraudulent behaviour in all levels of the organisation.

The entity established and maintains Anti-Fraud and Corruption Policy together with Whistle Blowing Procedure to communicate channels available for reporting suspected fraud and corruption. These measures are established to foster a culture of risk and fraud prevention consciousness and to integrate risk management in business processes. The entity has put in place an Ethics Hotline which is independently managed by Vuvuzela Hotline to facilitate anonymous reporting. Awareness campaigns and training workshops are annually held with all employees.

BUSINESS PLAN

21. OTHER KEY PERFORMANCE INDICATORS

Following the development of a Strategic Plan by the Board, Management translated the goals into activities and targets as set out in the Operational Plan. The Corporate Plan targets have been aligned to the compulsory 19 KPIs in Appendix 1 to the Shareholder Compact (Refer to Annexure D). Progress against these targets is reported at monthly and quarterly meetings.

OTHER SUPPORTING PLANS

Bloem water has a comprehensive overall planning framework in place and confirms that it includes, but is not limited to, the following Plans. Copies of the individual Plans will be made available to the shareholder on request:

- Employment Equity Plan
- Communication Plan
- Marketing Plan
- Risk Management Committee Charter
- Risk Management Policy
- Employee Wellness Plan

In terms of National Treasury Practice Note 4, Section 52 and Treasury Regulation 28.3, a copy of the following Plans are attached as:

- Materiality & Significance Framework **Annexure A**
- Fraud Prevention Plan **Annexure B**
- Annual Performance Report **Annexure C**
- 5-Year targets – SHC aligned **Annexure D**

BUSINESS PLAN

22. DECLARATION

Subject to the exceptions listed below, the Directors of **BLOEM WATER** hereby **CONFIRM AND VERIFY THAT:**

1. The Water Board has taken all reasonable steps to comply with all legislation that it is subject to including, but not limited to:
 - Income Tax Act, Act 58 of 1962;
 - Occupational Health & Safety Act, Act 85 of 1995;
 - Compensation for Occupational Injuries and Diseases Act, Act 130 of 1993;
 - Labour Relations Act, Act 65 of 1995;
 - Basic Conditions of Employment Act, Act 75 of 1997;
 - Skills Development Act, Act 97 of 1998;
 - Employment Equity Act, Act 55 of 1998;
 - Skills Development Levies Act, Act 9 of 1999;
 - Unemployment Insurance Act, Act 63 of 2001;
 - Unemployment Insurance Contributions Act, Act 4 of 2002;
 - Preferential Procurement Policy Framework Act, Act 5 of 2000;
 - Access to Information Act, Act 2 of 2000;
 - National Environmental Management Act, Act 107 of 1997;
 - National Water Act, Act 36 of 1998;
 - Water Services Act, Act 108 of 1997;
 - Public Finance Management Act, Act 29 of 1999;
 - The Broad Based Black Economic Empowerment Act, Act 53 of 2003;
 - S9 regulations of the Water Services Act: "Norms and standards for water services"
 - S10 regulations of the Water Services Act: "Norms and standards for water tariffs", and
2. That all significant activities, including other activities, are included in the Business Plan.
3. Undisclosed, commercially sensitive information will not significantly affect viability, any projections or any information disclosed.

BUSINESS PLAN

4. All revenue owing to the Water Board has been collected or, steps have been taken in accordance with the appropriate Credit Control Policies.

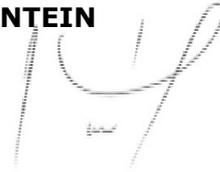
EXCEPTIONS

NOT APPLICABLE

Signed on this 3rd day of December 2018 at **BLOEMFONTEIN**



Mr TB Phitsane
Chairperson of the Board of Bloem Water



Dr L Moorosi
Chief Executive

WITNESS 1

WITNESS 2

3 December 2018

DATE

BUSINESS PLAN

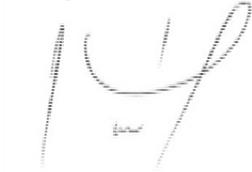
ADOPTION BY THE BOARD

This Business Plan was submitted to the Board of Bloem Water on 3 December 2018.



Mr TB Phitsane
Chairperson of the Board of Bloem Water

3 December 2018
Date



Dr L Moorosi
Chief Executive

3 December 2018
Date