

BUSINESS PLAN

ENTERED INTO BETWEEN

BLOEM WATER

and

**THE DEPARTMENT OF WATER AND
SANITATION**

FOR THE PERIOD

1 JULY 2023

TO

30 JUNE 2028

BUSINESS PLAN

TABLE OF CONTENTS

1.	FOREWORD	3
2.	INTRODUCTION AND STRATEGY	10
3.	POLICY STATEMENT	19
4.	SELF APPRAISAL.....	38
5.	DIRECTIVES BY MINISTER	48
6.	PARTICIPATION IN COMPANIES, TRUSTS OR JOINT VENTURES AND TRANSACTIONS	51
7.	WATER RESOURCES	52
8.	BULK WATER SUPPLY.....	62
9.	BULK WASTE WATER TREATMENT	100
10.	RETAIL SUPPLY.....	101
11.	OTHER ACTIVITIES	103
12.	HUMAN RESOURCE DEVELOPMENT PLANS	104
13.	ENVIRONMENTAL MANAGEMENT PROGRAMMES AND PLANS	121
14.	WATER CONSERVATION AND DEMAND MANAGEMENT	122
15.	FINANCIAL PLAN (5-YEAR PROJECTIONS).....	123
16.	FIVE-YEAR BORROWING PROGRAMME ACCORDING TO NATIONAL TREASURY REQUIREMENTS.....	163
17.	FINANCIAL RATIO PROJECTIONS.....	166
18.	SELF-EVALUATION STATEMENT ON FINANCIAL VIABILITY OF THE WATER BOARD AND EACH ACTIVITY.....	171
19.	BANK ACCOUNTS.....	173
20.	ANALYSIS OF RISKS	175
21.	OTHER KEY PERFORMANCE INDICATORS.....	181
22.	DECLARATION	182

1. FOREWORD

The Business Planning is key to Bloem Water's 2023 operations and has become a strong pillar of its success. The Business Plan sets the clear Vision and Mission as well as the Strategic Objectives that the Entity aims to achieve. These outline how resources will be utilised optimally to achieve the vision and the intended outcomes. The preparation of the Business Plan is in compliance with the National Treasury Regulations. Considering the environment/context (both internal and external) within which the Entity operates and having gone through a process of holding a Strategic Plan Session, the Business Plan 2023-2028 was developed.

The relevant priorities as contained in the National Development Plan (NDP) have been included in this Business Plan. Those priorities are contained in Chapter 4 which envisages a South Africa that recognises the importance of secure and equitable access to water and sanitation as catalysts for socio-economic development. This is given expression by Priority 1 (economic transformation and job creation) and Priority 4 (spatial integration, and local government) of government's 2019-2024 Medium Term Strategic Framework, with which the work of the DWS is aligned. The Entity has aligned itself with expectations bestowed on the Department to continue with the focus on integrated water resources management, infrastructure planning and development; and regulating water services.

Within the context of financial constraints, the Entity continues to pursue sustainability improvement opportunities. The disestablishment of Sedibeng Water and integration with Bloem Water brought additional financial obligations and challenges. The erratic and non-payments by Municipalities continues to leave the Entity unable to plan and perform on its responsibilities as well as maintaining water infrastructure. Going forward, the Entity should ensure that credit control measures are enforced to arrest increasing debt, even within the mandate to ensure water is uninterrupted. This status leaves no option but to do so, to overcome the financial challenges. The Department of Water and Sanitation is requested to fund the Integration as none of the Entities provided for such expenditure in their respective budgets. It is envisaged that the process of integration will span over a period of time.

The Entity is geared to deliver on its Business Plan 2023-2028 and has ensured that the Risk Management Plan is in place to mitigate identified and emerging risks. The Entity has further ensured that the relevant sections of the National Development

BUSINESS PLAN

Plan (NDP) and National Water and Sanitation Master Plan (NWSMP) are taken into cognisance. In exercising its strategic oversight and Executive Authority's objectives, the Board of Directors of Bloem Water, has adopted a set of priorities underpinned by strategic objectives for the period 2023 to 2028, reviewable annually.

The Board of Bloem Water commits itself to allocate and optimize available resources to achieve set goals and objectives measured through key performance indicators. These indicators are fundamental in effective monitoring of the Entity's performance on its strategy and support of Government plans by the Minister of Water and Sanitation.

The financial status of the Entity is in a critical position, which should be improved over the coming few years to ensure sustainability. The financial performance of the Entity varied over time as it is affected by periods of non-sustainability, arbitrations and legal cases due to non-payments by Municipalities. The Entity, similar to many other water boards, is still confronted by continuous non-payment and is still affected by the COVID-19 pandemic and the continuation of an abnormal business environment. This continued to impact on the volumes and revenue generated by the Entity. The financial status is further challenged by litigation processes regarding payment of creditors and breach of contract. These are attended to and will be resolved in line with the legal processes followed.

The Department of Water and Sanitation amended a Water Restriction level from drought to capacity of the Caledon-Modder Subsystem at a 95% level. The level determines the implementation of 15 % restrictions if it is below. The Municipalities will still be required to implement water demand and restriction measures. These factors are still impacting the budgets of the Entity and through the Board, Management continues to review budgets. It, however, impacts the financial targets, capital and operational projects which must be reprioritized and, in some instances, postponed due to the financial impact.

The revenue generation was affected by the non-payment and settlement agreement write-offs by its major clients, Mangaung Metro (MMM), Matjhabeng, Tsantsabani, Namakhoi, Nala and other smaller Municipalities. Liquidity levels are low, putting pressures on the sustainability and viability of operations. Credit control measures were embarked upon in accordance with IGR, legal processes, and legislative requirements to ensure that the Entity is paid for its services. It has not yielded the desired results and water service delivery was marred with restrictions of supply at intervals. The credit control measures will continue as to ensure that current account

BUSINESS PLAN

payments are made; payment plans be crafted, and water supply be restored. Some of the Municipalities are under severe financial strain, including the MMM which has been under administration, affecting a stable revenue stream to the Entity.

Engagement, IGR and legal processes are instituted against non-paying customers.

The 2020/21 non-tariff increase has also exacerbated the financial situation of the Entity, and this will be felt in years to come as water infrastructure development programmes had to be deferred.

Bloem Water's sustainability is highly dependent on revenue generation from Municipalities. The resources generated are intended to support borrowings for Capex requirements, proper operations, and maintenance as to prolong the useful life of aged infrastructure. the integration process and financial constraints further impacts investment returns and operational costs. The financial status of the Entity continues to threaten operations and job security. In striving for long-term sustainability, the Entity will continuously implement revenue collection measures that might be augmented by pursuing the outstanding debt through IGR processes and requesting the intervention of the Executive Authority where applicable.

Credit control measures include Section 41 reports to keep stakeholders informed about the outstanding debt status, regular meetings are held with Municipalities and entering payment plans, Inter Governmental Processes, Legal processes, and implementation of water restrictions in terms of Section 4(5) of the Water Service Act. The Department is also in the process of approving standardized credit control policy for all Water Boards. Applications are also made to the Department of Water and Sanitation to assist with grant funding on critical projects.

The continuation of effective service delivery is dependent on an effective water supply system, corrective and preventative measures and operational controls necessary to ensure safe and reliable water supply. This is facilitated through an operational model which comprise of the 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 seven (7) 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. The

BUSINESS PLAN

excessive siltation level of Welbedacht Dam worsens the supply challenges experienced by the Entity.

Bloem Water will invest in expansion and refurbishment of infrastructure, to ensure sustainable water services provision in the areas of service as the funding allows or where grants are provided.

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. The Entity will continue with its implementation of smart ball and other technologies such as surveillance of leaks through satellite technology. 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.

BUSINESS PLAN

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).

The Board acknowledges employees as one of the critical assets of the Entity. Therefore, Continued Professional Development (CPD) is encouraged to ensure that staff maintain and enhance the knowledge and skills needed to deliver a professional service to colleagues, customers and the community. Employees are encouraged to become members of relevant professional bodies and to remain current with sector/industry developments.

The Entity seeks to enable staff to advance in their careers and move into new positions where they can lead, manage, influence, and mentor others. Line managers and employees work together to create individual development plans which identifies areas to develop or enhance, and ascertain what actions or activities need to be taken to acquire and embed that learning. Skills development is essential to enable staff to excel in their individual and Organisational roles to deliver on the organization's strategy. The Workplace Skills Plan focuses on core, scarce and critical skills as well as compliance training and professional development.

The Entity is compliant with Employment Equity statutory requirements. The representivity of females and employees living with disabilities improved marginally through natural staff attrition. These groups are targeted during recruitment processes.

Board strategic objectives are measured and reported monthly and quarterly to the Department of Water and Sanitation and National Treasury. The Shareholder Compact targets were extended from the 21 existing key indicators to 40 indicators to provide for measuring performance on other prominent areas.

The Employee Wellness Programme continued to promote health practices through awareness sessions, health screenings and counselling services. During 2020/21, support was enhanced through conducting virtual sessions where it was practically

BUSINESS PLAN

possible. Internal and External Counselling continued during the respective COVID-19 alert levels and adjusted rotational working arrangements.

The Board has established an effective and efficient Health and Safety Management System to ensure compliance to the Occupational Health and Safety Act and create a safe environment for employees and those in contact with the Entity. Medical Screening is an effective monitoring tool applied consistently across all Regional offices.

The safety and security of the Entity's water infrastructure and other assets is managed through Security Management Plan, with representation across the Regions. Security vulnerabilities are continuously identified to ensure that controls are in place to prevent and detect theft and vandalism of assets.

The Entity's security responsibilities are not limited to the security of facilities however, they extend to protection of information and technology assets. Plans are developed and implemented to ensure that the Entity and its core operations will not be negatively impacted in the event of a disaster whilst providing continuity and availability of information systems.

The filling of critical technical positions is prioritized and good progress was made. In addition, optimizing of resources was considered prior seeking external resources. This is in line with a sustainability strategy adopted by the Board.

The annual climate survey measuring the staff engagement index, could not materialize during the year due to the COVID-19 social distancing protocol and will be pursued when conditions allow.

The Employer liability associated with a Defined Benefit Pension Fund is duly acknowledged and the Board of Trustees manages the liability of the principal Employer. The fund is in a sound position having applied good governance processes. The fund is currently fully funded despite the volatility of investment markets. Former Sedibeng Water has a Defined Contribution Fund which is in good condition. Some of the employees from former Sedibeng Water were part of the Botshelo Pension Fund and was never transferred. The former entity is working towards the transfer of the Fund to the current pension fund.

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

BUSINESS PLAN

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. The Board committed their efforts at a political level with the Municipal Political bearers and with the Parliamentary requirements.

Over the five (5) year Business Plan 2022-2028, the Entity under the leadership of the Board strives to achieve a sustainable high performance and excellence in all its segments and positively touching lives of many in "*Assuring sustainable, and reliable quality water services, for life*".



Dr L Moorosi
Acting Chief Executive

28 April 2023
Date



Mr TB Phitsane
Chairperson of the Board of Bloem Water

28 April 2023
Date

2. INTRODUCTION AND STRATEGY

Bloem Water is a statutory body established in terms of the Water Services Act (Act 108 of 1997) to provide bulk water within the service areas of mandate. It is a Schedule 3B, National Government business Entity, which is accountable to the Minister of Water and Sanitation as its Executive Authority as well as to Parliament.

This accountability relates to the overall strategy and policy matters as well as finances. It is governed by a Board of non-executive members, referred to as Board of Directors. The Board is the Accounting Authority of Bloem Water in terms of the Public Finance Management Act (PFMA), Act 1 of 1999. It is responsible for providing strategic direction and leadership, ensuring good governance and ethics, managing risk and materiality limits, financial stability and determining policy.

The operational management of Bloem Water is delegated to a Management Team consisting of the Chief Executive and the Managers. This governance framework ensures independence of Bloem Water as well as its accountability.

During 2021/22 financial year, Bloem Water received an unqualified audit report with matters of emphasis. These matters were mostly related to external challenges imposed by non-payment. The former Sedibeng Water has received qualified reports over the last few years. Corrective measures are considered and implemented to improve the status.

Performance on Business Plan targets is consistently monitored and tracked. This performance is also attributed to the commitment of all Bloem Water staff and upholding of the Entity's values.

2.1 Bloem Water Vision, Mission, Values and Strategic Objectives

The Board and Senior Management held Strategic Session in June 2021 and the following, vision, mission, values and strategic objectives were agreed upon:

Vision:

Assuring sustainable and reliable quality water services, for life.

BUSINESS PLAN

Mission:

To create a leading, value driven, effective and responsive water services institution, adapting 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:

- Ethical,
- Respect,
- Integrity, people centred/Centric,
- Accountability,
- Professionalism,
- Transparency and Openness,
- Equitable/Equality.

Strategic Objectives:

1. Plan, develop, operate and maintain infrastructure to ensure sustainable water service delivery.
2. Manage and optimise financial affairs to meet current and future obligations.
3. Secure the supply and quality of raw water resources.
4. Achieve an aligned, effective, and efficient institution through optimisation of all business processes and systems.
5. Engage and strengthen strategic partnerships with all relevant stakeholders.

The strategic objectives mentioned above have been translated into Key Performance Indicators which have been aligned to legislative requirements.

BLOEM WATER STRATEGIES

For the year under review and for optimal performance on the Entity's goals, the following strategies were implemented:

- Aligned the Entity's operational plans with the IDP of the Municipalities, which included meeting the infrastructure plans in line with Reconciliation Study to meet the stated 2030 water demands and supply in the service areas
- Ensured continuation of good Preventative Maintenance strategies/plans to mitigate the ageing infrastructure challenges
- Pursued optimal funding solutions to cater for future demand
- Prioritised budgets within the constraints of affordable tariffs

BUSINESS PLAN

- Initiated the River Health Programme in partnership with Stakeholders to address the ever-increasing pollution in the catchments.
- Engaged stakeholders and created awareness for Water Resources Management and Conservation.

2.2 Bloem Water Strategic Objective linkages with Departmental Outcomes

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

BUSINESS PLAN

No.	DWS Strategic outcomes	DWS Strategic Objective (from 2017/18 to 2019/20 APP Plan)	Aligned Bloem Water strategic objective/ priorities			
Ministerial Outcome 4	Water and Sanitation services managed effectively	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 uses efficiency and management of water quantity			
		SO 1.5	Freshwater ecosystems protected from mine water impacts			
Ministerial Outcome 2	Ecological infrastructure, protected and restored	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.	Enhanced provision of sustainable and dignified basic sanitation			
Ministerial Outcome 6	Water redistributed for transformation	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			

BUSINESS PLAN

No.	DWS Strategic outcomes	DWS Strategic Objective (from 2017/18 to 2019/20 APP Plan)	Aligned Bloem Water strategic objective/ priortiries		
		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		
Ministerial Outcome 5	Enhanced regulation of the water and sanitation sector	Goal 4	An efficient, effective and development orientated water and sanitation sector	SO, 4	Achieving an aligned, effective and efficient Institution through optimization 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 organization		
		SO 4.4	Coordinated development of the skills pool across the sector		
Ministerial Outcome 1	Effective, efficient and development orientated Department	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		
Ministerial Outcome 3	Water demand reduced ,and water supply increased				

BUSINESS PLAN

2.3 Bloem Water Strategic Objectives/Priorities, Goals and Key Performance Indicators

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

BLOEM WATER OBJECTIVES	PERFORMANCE OBJECTIVES	KEY PERFORMANCE INDICATORS
Strategic Objective 1: SO 1 Plan, develop, operate and maintain infrastructure to ensure sustainable water service delivery	Manage avoidable losses	KPI 2: Avoidable water lost as a percentage of water produced at the treatment and distribution systems
	Reliability of supply	KPI 3: Number of days of unplanned supply interrupted
	Increased access to services	KPI 4: Actual CAPEX spend on expansion related projects (initiatives by the Minister) as % of budget
Strategic Objective 2: SO 2 Manage and optimise financial affairs to meet current and future obligations	Financial Reporting	KPI 5: Annual external audit
	Improve key financial ratios	KPI 6.1 Current Ratio
		KPI 6.2: Gross profit margin % (primary activity)
		KPI 6.3: Gross profit margin (secondary activity)
		KPI 6.4: Net profit margin (primary activity)
		KPI 6.5: Net profit margin (secondary activity)
		KPI 6.6: Debt equity
		KPI 6.7: Return on Assets
		KPI 6.8: Debtors days
		KPI 6.9: Repairs and maintenance as % of PPE and Investment Property (Carrying Value)
		KPI 6.10: Staff remuneration as % of total operating expenditure
	Increase BBBEE expenditure in relation to operational projects	KPI 7.1: % Spend KPI 7.2: New service providers awarded work
	Manage costs within the approved budget	KPI 8: Financial reports
	Capital Expenditure Programme	KPI 9.1: Overall project expenditure within R target
		KPI 9.2: Overall project completion dates within targets

BUSINESS PLAN

BLOEM WATER OBJECTIVES	PERFORMANCE OBJECTIVES	KEY PERFORMANCE INDICATORS
	Engagement in secondary activities	KPI 10: % of total turnover

BLOEM WATER OBJECTIVES	PERFORMANCE OBJECTIVES	KEY PERFORMANCE INDICATORS
Strategic Objective 3: SO 3 Secure the supply and quality of raw water resources	Bulk potable water quality compliance	KPI 1: Test results, SANS 241 1. Acute health microbiological compliance ≥ 99% 2. Acute health chemical compliance ≥ 97% 3. Chronic health chemical compliance ≥ 97% 4. Operational compliance ≥ 95% 5. Aesthetic compliance ≥ 95%
	Bulk supply agreements concluded with municipalities/ other customers	KPI 11: Municipalities/ Other Customers with bulk supply agreements
	Support Rural Development	KPI 13: Signed contracts, MOUs etc.
Strategic Objective 4: SO 4 Achieve an aligned, effective, and efficient institution through optimisation of all business processes and systems	Implementation of Ministerial directives	KPI 12: Progress against implementation plan
	Achieve statutory reporting compliance	KPI 14: Submission dates met
	Staff levels	KPI 15: Staff turnover
	Training and Skills Development	KPI 16.1: Learnerships
		KPI 16.2: Bursaries employees
		KPI 16.3: Graduate/skills development Programmes
	Jobs Created	KPI 17.1: Total number permanent and contract (direct)
		KPI 17.2: Total number temporary contract (indirect)
	Board Effectiveness	KPI 18.1: Board Member attendance of all Board/ committee meetings
		KPI 18.2: Decision making: % number resolutions taken by the board vs number of resolutions required
	Effective Internal Controls and Risk Management	KPI 19:1 Internal audit reports (number of repeat & unresolved findings) KPI 19:2 Internal audit reports (number of Repeat & unresolved findings)

BUSINESS PLAN

	Good Governance	KPI 20: Breaches of materiality and significance framework
Strategic Objective 5: SO 5 Engage and strengthen strategic partnerships with all relevant stakeholders	Corporate Social Responsibility Initiatives	KPI 21: Number of initiatives undertaken

BUSINESS PLAN

BLOEM WATER OBJECTIVES	PERFORMANCE OBJECTIVES	KEY PERFORMANCE INDICATORS
Optional Water Board Specific Performance Objective	Quarterly reports on management of strategic risks	KPI 22: Quarterly reports to the Board
	Financial Management	KPI 23: Approved tariff as per Section 42 of the MFMA
	Financial Management	KPI 24: Board approved budget

3. POLICY STATEMENT

The Board approve and revise existing Policies on a regular basis, whereas the revision of SOPs (Standard Operating Procedures) as is attended by Management.

In recent times the Board has approved several policies that direct the operations and the entire functioning of the Entity. In order to align to legislative and sectorial changes such as POPIA, COVID-19 Regulations and Expansion of Bloem Water service areas, the Board had to review all relevant policies.

Water Conservation & Demand Management including the promotion of Public Awareness

Bloem Water continuously takes Water Conservation and Demand Management seriously in that the existing Raw Water that it is treating has to be conserved and managed by means of outstanding maintenance strategy to reduce any water losses at the plant and on the distribution pipelines that the Entity has in place.

The following are the Water Conservation/Water Demand Management strategies that the Entity focuses on to advocate the importance of Water conservation:

- Awareness campaigns that are conducted through different platforms to communicate the importance of behavioural change, Water Conservation, infrastructure protection from vandalism and theft, and to preserve the little water produced. Target groups are schools, industry, local, district and Metropolitan Municipalities.
- Disconnecting and curbing the illegal connections that are found on the Entity's distribution pipelines and taking legal steps towards those found with these illegal connections. Furthermore, assisting Water Service Authorities to do the same and dig in an understanding of the inborn financial esteem of water.
- The Entity will continue to conduct regular pipeline inspections to verify any unlawful connections on the infrastructure as well as water balancing to detect the trajectory discrepancies.

3.2 External Social Policies and Programmes

Bloem Water as a responsible citizen, is committed to conduct its business ethically and contribute towards economic development and upliftment of Communities in

BUSINESS PLAN

its service area as well as the wellbeing of its employees. Corporate Social Responsibility Policy has been established to ensure that programmes and initiatives adopted address the social, environmental and economic concerns of its communities. The initiatives undertaken include but not limited to the River Health Programme, distribution of sanitary towels to girl learners in previously disadvantaged schools, promotion of rainwater harvesting through distribution of JoJo tanks to beneficiaries.

3.3 Human Resource Policy

Human Resource (HR) policies provide frameworks for the Entity, within which consistent decisions are made, and through which equity in the way people are treated is promoted. The implementation of the HR policies furthermore demonstrates, both internally and externally, that it meets the requirements for diversity, ethics, and training required in today's workplace, and meets its commitments regarding regulation and corporate governance of employees.

Compliance with Legislation

Compliance is among the critical functions of the HR department. The Board and management take great care to ensure that hiring practices, workplace rules, treatment of employees, and a variety of other factors all comply with the relevant laws. The Entity values employee/employer relationships and strives to comply fully with the prescripts of all labour legislation such as the Employment Equity Act, Labour Relations Act, Basic Conditions of Employment Act and the Skills Development Act. All Human Resource compliance requirements are included in the compliance universe reporting tool.

Employment Equity and Recruitment

The Employment Equity Committee is fully functional and conduct an analysis of the workplace, prepare and implement an employment equity plan, assist with the drafting of the report. The HR Department, through the Social & Ethics- and Human Resource & Corporate Support Committees, regularly report to the Board on progress relating numerical goals as reviewed from time to time. Furthermore, the Entity subscribe to fair practices and standards as aligned with the United Nations Global Compact principles.

The Board adopted an Employment Equity Policy and the Employment Equity Plan, and the application thereof is focused particularly on addressing representation

BUSINESS PLAN

imbalances relating to racial, gender and people living with disabilities at all levels within the Organisation.

Labour Relations (including Agreements or recognition of organised Labour)

Bloem Water observe and promote labour practices that recognise freedom of association, inclusiveness, fair, ethical and lawful interactions between Management and staff. The purpose of the Labour Relations Act, of which Bloem Water subscribes to, is meant to advance economic development, social justice, labour peace and the democratisation of the workplace.

The following agreements were signed and regulate the industrial relations environment:

Minimum Service Level Agreement and Strike Contingency Plan

The Board was awarded Essential Services Status by the CCMA and the minimum Service Level Agreement was invoked during the COVID-19 lockdown period to ensure consistent and uninterrupted service delivery. The Strike Contingency Plan provides a strategy and comprehensive business continuity plan to continue operations in the event of a labour dispute.

Amanzi Bargaining Council and the Organisational Rights Agreement (ORA)

The Amanzi Bargaining Council as the collective bargaining and conciliation body seeks to maintain labour peace in the sector, over which it exercises jurisdiction, by means of collective agreements in respect of harmonizing conditions of employment. The relatively young Council established a task team to attend to a basket of conditions to be applied within minimum prescripts in the Sector. The activities of the Local Labour Forum are informed and regulated by the Amanzi Organisational Rights Agreement. The Forum is well established and continues to deliberate matters of mutual interest.

Performance Management

The Performance management strategy aims to provide the means through which better results can be obtained from the organization, teams, and individuals by understanding and managing performance within an agreed framework of planned goals, standards, and competence requirements. The Entity's Strategic Objectives are reviewed by the Board annually. External Auditors perform an agreed upon

BUSINESS PLAN

procedure at year-end to measure the collective performance levels of senior staff, which in essence, represents the performance level of the Entity for the year under review. During the 20/21 financial year, COVID-19 and debtor challenges were the root cause for 11 of the 13 targets that could not be achieved. It represents 84,6% of the non-achieved targets FY 20/21 compared to the 15,4% that were within management's control. Action plans were developed for those within management control.

Training and Development

The training policy seeks to support the development of specific and useful knowledge, skills and techniques aimed at improving performance in current or future positions. It is intended to prepare employees to carry out predetermined tasks in well-defined job contexts. Special emphasis is placed on developing technical skills to ensure a pool of appropriate skills to continuously build organisational capacity and performance. Financial support is provided to employees to encourage studies relevant to the Entity's core business. The Entity maintains a good relationship with the EWSETA and consistently qualifies for mandatory grants having met all requirements. EWSETA continues to consider the allocation of discretionary grants to the Entity in support of the training plan and/or scarce skills as identified in the Water Sector.

The Workplace Skills Plan is aligned with needs identified from the skills audit in response to operational alignment and training needs expressed in the individual development plans of employees.

Employee Health & Wellness

The Entity's Health and Wellness Policies aims to create a safe work environment and ensure the wellbeing of its employees. The Health and Safety Policy sets the tone, standards and principles that embody Bloem Water's commitment to the workplace health and safety in line with the Occupational Health and Safety Act. The Entity has the legal responsibility to ensure that Health and Safety is an integral part of overall management culture and consistently applied at all levels.

The wellness strategy addresses a broad range of topics, which may be encountered in the workplace. These problems and issues may relate to relationships, health, trauma, substance abuse, gambling and other addictions, financial problems,

depression, anxiety disorders, psychiatric disorders, communication problems, legal and coping with change.

The Employee Wellness Programme is guided by an approved Employee Wellness Policy which includes the management of chronic illnesses and HIV/Aids.

3.4 Tariff Policy

The Municipal Finance Management Act, 56, 2003 requires Bloem Water to comply with set conditions and timeframes as stipulated in Circular No. 23, as issued by National Treasury. The Water Services Act, in accordance with Section 40 further requires that tariffs need to be set. The Department of Water and Sanitation, via its Regulatory section, issued the "Regulatory Water Board Tariff Determination Framework", stipulating the requirements in determining the budget and tariff structure. The Department of Water and Sanitation and National Treasury also issues additional regulations and norms and standards.

The consultation processes are followed on an annual basis with Stakeholders in support of the submission for the tariff approvals. The Entity considers the budget under normal forecasted water demand conditions in accordance with the Guidelines. Tariffs for each scheme is considered and alternative considerations will come as integration is implemented.

The conditions in the Bulk Water Supply Agreements between the Entity and Municipalities are considered and incorporates it in the budgets and tariff structures. The regulated tariff recovery method is considered in line with the regulation issued by the DWS where restrictions are implemented. It intends to recover overhead costs as far as possible.

Cross subsidization through tariffs

The Entity practise partial cross subsidisation depending on its area of supply. The Framework dictates the requirements which is incorporated in its budget, tariff structure and business model. It is recognised that the actual cost of provision of water to remote rural areas and smaller towns, is higher than to densely populated urban areas. The rural areas are also poorer areas than the urban centres. A differentiated tariff structure was implemented where a business case is required for a geographical area with separate water sources. Cross subsidisation is applied within such areas. Former Sedibeng Water experienced cross subsidisation through transferring funds for operational requirements, due to unsustainable tariff

BUSINESS PLAN

structures in the Northern Cape – Namakwa area. The extended areas from the disestablishment continue to be ringfenced so as to monitor the impact of their challenges to the entity as a whole.

Tariff Structure

The tariffs and its associated structure are set for treated and raw bulk water under normal conditions and system capacities. It is to achieve a level of revenue generation that can be sustained under the prevailing market conditions with the intent to cover all costs incurred and provide a sustainable supply of water to clients. The required consultation process is followed with Stakeholders. The engagements include SLA conditions, consideration of input provided on the budget, structure and tariffs. Future capital development that the Entity is able to fund is incorporated in the budget.

Bloem Water utilises the Norms and standards for tariff setting (Government Gazette no. 39411 of 13 November 2015), Municipal Finance Management Act (MFMA), Water Services Act (WSA).

- Full costs of providing bulk water supply services for each region are determined on an annual basis in preparation to setting the bulk water supply tariffs.
- Estimate is made for the expected future water consumption by the customers based on the current outlook, municipal developments on township/ town expansions, etc.
- Unit cost of supplying water is determined for each region which is used to calculate the estimated revenue.
- Tariff structure includes the following components:
 - Raw water purchases;
 - Electricity;
 - Maintenance costs;
 - Chemical costs;
 - Salaries and wages;
 - Administration costs;
 - Loan costs; and
 - Capital expenditure – pipeline refurbishment

BUSINESS PLAN

- In setting the tariff, the Entity has to ensure its financial viability (per WSA 108 of 1997 section 34(2)) to be able to:
 - repay and service its debts;
 - recover its capital, operational and maintenance costs;
 - make reasonable provision for depreciation of assets;
 - recover the costs associated with the repayment of capital from revenues including subsidies) over time; and
 - make reasonable provision for future capital requirements and expansion
- Different tariffs are set for different regions due to the different geographic areas where these regional schemes are located,
- Water Services Authorities are consulted on the set tariffs, as per the requirements of MFMA Act No. 56 of 2003, Section 42:
 - The organ of state (bulk provider) should consult with all municipalities within the supply area on proposed pricing increases. {October and November}
 - A request must be lodged with the National Treasury and organised local government (SALGA) seeking written comments on the proposed pricing increase. {Not later than 1st December}.
 - National Treasury and SALGA provide written comments on the proposed pricing increase. {Not later than 25th January}.
 - No sooner than 40 days after lodging the request with National Treasury and SALGA, the organ of state must lodge a "submission" on the proposed pricing increase to:
 - its executive authority within the meaning of the PFMA (DWS); and
 - any regulatory agency for approval, if national legislation requires such approval. {25th January}.
 - The Executive Authority of the organ of state must table the pricing amendment and documents referred to in bullet 3 above in Parliament. {15th March}.

Tariff Setting & Approval

Tariffs are set annually via the regulated budgeting process followed. The submissions with information in line with the Framework is provided to all stakeholders. Presentations are made to Municipalities during the consultation sessions. The submissions are made to the NT and SALGA. Comments and input is received from Stakeholders, which is then considered. An application by the Entity is made to the Regulatory section in DWS for adjudication. The Regulatory unit recommends to the Minister of Water and Sanitation. The Minister approves and

table in parliament. The financial and other information is captured in the required templates and includes tariffs which is then incorporated in the Business Plan and Shareholder Compact. The Minister approves the Shareholders Compact as submitted by the Board.

3.5 Communications Policy

The Entity's Communication Policy outlines, shapes and guides the flow of communication internally and externally with its stakeholders to meet the expectations and information needs. This provides a framework for effective coordination of all communication to establish and maintain a favourable reputation with stakeholders, strengthen relations and create a responsive institution. Various communication channels are utilised to reach different stakeholders as mapped out in the Communication Strategy and Stakeholder Engagement Plan.

Language Policy

The language policy was developed, and it applies to the Board and all employees of Bloem Water, the public and stakeholders. The purpose is to promote equality of all languages in the provision of services and information and to comply with the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996) and the Use of Official Languages Act, 2012 (Act No. 12 of 2012). The Policy will further outline how Bloem Water will effectively communicate with the members of the public whose language of choice is not one of its chosen official languages or is South African. To also stipulate how official languages will be used effectively communicating with the public, issuing of official notices, government publications, inter and intra- communication.

Customer Service Charter

The customer Service Charter is a key crucial tool that can enhance customer satisfaction and as a result, earnings and revenue throughout the company. A service charter is typically thought of as a document that outlines the fundamental details of the services offered, the level of service that clients can anticipate from a company, and the procedures for filing complaints and making improvement suggestions. It acts as a guide for both the staff and customers, clarifying expectations. It sets out the standards of service clients can expect from the Entity, outlining complaint management processes. It aims to ensure that organisations: focus on best service delivery.

3.6 Credit Control & Disconnection Policy

Credit Control Procedures

The Credit Control Policy of the Entity ensures that all services rendered are billed for and becomes payable to Bloem Water. The Policy that the accounts [are](#) issued, should be recovered and take the necessary steps are taken to recover it. Consideration on the steps to be taken is given on the status of a specific client. In the event where water supply services are rendered, consideration is to the limitation of services in accordance with Section 4(5) of the Water Services Act of 1997. Inter-Governmental processes are also considered and followed where it is needed.

In addition to concern for the size of the receivables book, Municipal debtors account for the largest share of receivables. Based on debtor profile of Municipalities and repayment capacity the recoverability of debts is in question.

The debt collection responsibility in the former Sedibeng Water Schemes was carried out at regional office levels. To improve the debt collection function, it requires it to be centrally managed with the involvement of all functional departments.

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 also follows Section 44 of this Municipal Finance Management Act in instances where it is required. Legal action is considered on a client or stakeholder basis where the need arises.

3.7 Accounting Policy

The integration and merging of Entities resulted in the financial accounting systems being run on more than one package resulting in fragmentation of the organisation's financial records and representation. It is affecting the adherence, management and compliance to business processes. It will be improved with the adoption of systems for the merged Entity

Separate Accounting for Primary and other Activities

The Entity abides by the legislative conditions set. The separation of primary activities and other secondary activities will be achieved by the following measures:

- Secondary activities is being administered in separately identified cost centres which record both revenue and expenditure related to each of these activities. The direct costs are being allocated to a separate account and claimed from the funder. Any indirect costs are being absorbed by the Entity and should be covered by the Implementing Agent fee to ensure at least a break-even scenario.
- Where applicable, all organisational and overhead costs incurred in relation to secondary activities be charged to the activity.
- The external auditors verifies in terms of GRAP requirements.

Due processes are followed in accordance with legislation and regulations by DWS and NT where secondary activities are identified. Independent Business case, plans and budgets will be developed for each of the secondary activities that Bloem Water becomes involved in.

Compliance with Generally Recognised Accounting Practice (GRAP)

The Entity has adopted an Accounting Policy and financial reporting framework that fully complies with the requirements of GRAP (Generally Recognised Accounting Practice). The conditions of GRAP are in the process of being aligned within the integration process and to adopt the appropriate standards.

Accounting for Reserves

The Board has dissolved the funds and will consider it in future when the financial status and financial resources allows for it. policies will be developed and funds to be earmarked accordingly.

Depreciation

The Entity's Depreciation Policy is aligned to GRAP 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. Condition assessments are

BUSINESS PLAN

conducted on a regular basis as to ensure that assets are accounted for correctly in terms of its useful lives. The alignment of standards is performed for the merging Entities.

Bad Debts (Impairments of Receivables)

Provision for impairment of receivables is calculated and recorded on a monthly basis and consolidated on a trial balance level for reporting purposes. Further consideration is given to specific cases in accordance with legislative prescripts and processes followed. Write off of unrecoverable accounts are considered in each separate event. Former Sedibeng Water made a provision for impairment at year end based on each customer payment status, however within relevant accounting standards of GRAP. No material write-off has been made in former Sedibeng Water. The alignment of standards is performed for the merging Entities and consideration write-off will be done accordingly. The alignment of impairment methodology between former Bloem Water and former Sedibeng Water is in progress. This is expected to have a material impact on the financial statements

Materiality & Significance Framework

In terms of the Treasury Regulations, every public entity must set the materiality level for the organisation on an annual basis.

The Entity is a Service Organisation whereby the major items is considered in determining materiality. It is aligned with the methodology of the Auditor General of South Africa. 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

The Entity has a co-sourced internal audit function, the internal audit function provides an independent, objective assurance and consulting activity which is designed to add value and improve the Entity's operations. The function operates within the Internal Audit Charter and the risk-based Audit Plan as approved by the Audit and risk Committee on an annual basis. The internal audit function is represented at the Audit and Risk Committee. The statutory external audit is performed by the Auditor-General South Africa (AGSA).

The entity will continue with the co-sourcing model to ensure that all areas of operation are covered by the audit plan. In the short-term different audit

approaches will be followed to ensure that audit plans respond to the unique risks identified during and post incorporation.

The Entity receives reasonable assurance from both internal and external Auditors whether controls implemented are adequately designed and operating effectively. The combined assurance model implemented also ensures that co-ordinated approach is applied in receiving assurance on whether key risks are being managed appropriately within the Entity This included whether assets are safeguarded and whether the working capital as well as liabilities are efficiently managed. The Delegations of Authority Framework has been developed in accordance with the appropriate segregation of duties. Internal Audit follows a risk-based approach. Both Internal and External 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 is continuously implemented 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 and it should be read in conjunction with the approved Anti-fraud and corruption policy and whistle blowing procedures. Furthermore, a hotline was also established to allow all stakeholders to report tip-offs. Management monitors the hotline reports and acts accordingly.

3.9 Financial Policy

The function is responsible for maintaining accurate financial records that comply with relevant accounting standards (i.e. GRAP, Treasury Regulations). It is also responsible for presentation of complete, valid and accurate financial data to allow better decision making for management. The function ensures accurate billing and collection of debts, timeous payment of creditors, other expenditure, other income and efficient employee-related remuneration.

Business Plans and Budgets

The budgets prepared and consolidated by Management, submitted to the Finance Committee and approved by the Board on an annual basis. These budgets and

BUSINESS PLAN

financial information are used for capturing in the standard templates of the Business Plan and Shareholder Compact, for the budget year and forecast for the years thereafter.

Revenue Estimation and Tariff Setting

The Board has adopted a diversified structure and tariffs for bulk treated and raw water under normal conditions and for and system capacities where alternative tariffs are approved. The tariffs include an operational and a capital component in the total tariff. Consideration is given for revenue generation to cover the operational and capital expenditure, where possible. It is anticipated that the capital component of the tariff revenue should be utilized to cover the costs of capital expenditure and loan obligations. The cash reserves and the depreciated resources, in instances where it is required, are utilized to support expenditure.

Reporting

The Entity will report to the Minister of Water and Sanitation on its activities and financial affairs and associated matters as required in terms of the Water Services Act as well as the Public Finance Management Act, Act 1/1999. This reporting is mainly contained in the Quarterly Reports, Shareholders Compact, Business Plan and Annual Report, respectively. The report is also extended to the Parliament Portfolio Committee of Water and Sanitation and other committees on an annual basis via the Executive Authority. Annual appraisals are conducted by the Department of Water and Sanitation on the activities of the Board.

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. The Entity does not receive any subsidies and cannot rely on any possible funding. Additional funding for the disestablishment was requested from the DWS to assist with the integration and financial support of the receiving Entities.

Borrowing Limits and Procedures

The Board experiences limitations on the borrowing of funds due to the financial position of the Entity which is outlined in the Business Plan and CAPEX requirements. The Entity will apply for the borrowing limits as budgeted for and included in the statutory documents when the current operational environment and cash generation stabilises. The application will be directed to the Executive Authority for adjudication. It will be done in accordance with the prescripts and requirements of the Public Finance Management Act and borrowing requirements set by National Treasury.

Reserve Policy and Targets

The accumulated surplus is in line with GRAP requirements. The Board will consider implementing reserve fund policies as the need arise and the operating environment dictates.

3.10 Liability Policy

Selection of Debt Instruments

The Board considers the most appropriate debt instrument available and in line with supply chain requirements where and when it is due in accordance with the Business Plan and approved borrowing limits.

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 considered to optimise the rate of return with spreading and minimising risk. The investment policies of the Board of Bloem Water are in line with the directives of National Treasury and requirements as set out in the Water Services Act, 1997.

Review of Investment

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

i. Selection of counterparties 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 specified rate established Risk 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 consistently 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 utilises approved rating agencies services 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 and manage the cash flow that is needed for operational and infrastructure requirements.

3.12 Asset Management

Inventory

The inventory falls in categories of strategic, ordinary stock and chemicals. The stock is managed to be at optimal levels as to ensure that planned maintenance, unplanned maintenance and normal operations continues uninterrupted. The integration impacts the coding of assets as the systems are separated. It will be standardised as to be properly managed.

Fleet Management Policy

The policy establishes guidelines and regulates the use of the Bloem Water Vehicles and machinery efficiently, effective and economically in order to achieve the company's strategic objectives. The fleet is relatively old and additional categories of equipment and vehicles are needed to ensure proper operations. This policy applies to any employee/driver authorized to use the Entity vehicles to perform the duties that the employee/driver was employed for by Bloem Water.

Asset Management

The Asset Management Procedure for movable assets promotes efficient and effective management, monitoring and control of assets. It ensures that all assets are properly received in good order, recorded and accounted for in accordance with GRAP standards. All assets are bar coded and regular audits are conducted to ensure that assets are accounted for, and movement of assets are controlled. The

BUSINESS PLAN

integration impacts the coding of assets as the systems are separated. It will be standardised as to be properly managed.

Projects on immovable assets are managed in line with the stipulated requirement and accounted for in terms of GRAP standards during the project period and when the asset is put in use or becomes operational. The handover of the former Sedibeng Water assets should be done by DWS to the receiving Entities to manage and account for it.

Maintenance

The continued ageing of infrastructure remains a challenge and a risk for the Entity, thus conservation of sustainable water supply is important. This is achieved through different modes of maintenance strategies that the Entity continues to implement, this includes the Preventative Maintenance which helps to mitigate this ongoing challenge. Planning in line with future supply and demand requirements is in place therefore availability of funds will enable the Entity to achieve its mandate of securing the uninterrupted water supply to its customers. The Entity shall continue to invest in business continuity mechanisms in reaction to challenges of the infrastructure.

3.13 Supply Chain Management Policy

The Supply Chain Management Policy adheres to the legislative prescripts as issued by National Treasury and other applicable prescripts. It is amended as legislation change, directives and regulations are issued. The National Treasury Centralised Suppliers Database (CSD) is key in the provision and selection in the Supply Chain Management process in the selection of companies to provide services. The supply chain process is centralised for all scheme procurement as it was decentralised.

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, Shareholder 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

The capex policy has been revised in line with challenges of the limited financial constraints and aligned with the Capex Programme for the next five years.

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

The current development with regards the technical meetings including the Provincial DWS with the respective Municipalities has assisted with the alignment of the Municipalities WSDP, Integrated Development Plans (IDPs) with the National Water and Sanitation Master Plan 2030. This ensures the critical planning for Infrastructure Development is informed and updated in line with the water demands projections from the respective Municipalities.

3.15 Information and Communication Technology (ICT) Policies

Various Information and Communication Technology Policies provide a set of rules and guidelines regarding the use of technology and information assets. They are developed in line with the Electronic Communication Security Act, 68 of 2002, Minimum Information Security Standards (MISS), and Control Objectives for Information Related Technology (COBIT), ISO 17799, System Administration, Networking and Security Institute (SANS) and Information Technology Infrastructure Library (ITIL). ICT Policies together with the Governance Framework provide strategic direction regarding security and management of corporate information to achieve set goals and objectives of the Entity. The Board commits to ensure optimum allocation of ICT resources to rapidly changing requirements and alignment with best practices.

4. SELF APPRAISAL

4.1 Business Achievements and Under-Achievements

Achievements

Water Quality and availability

The Entity has been consistently exceeding SANS 241 drinking water standards. This can be attributed to the effective internal processes applied by highly qualified Laboratory Technicians and further quality assured by the local University Laboratory Services.

Uninterrupted Water Supply

Despite the challenges of ageing infrastructure, Bloem Water through its preventative maintenance strategy has been implementing its annual maintenance plans and observed its track record consistently to provide uninterrupted supply.

Information and Communication Technology

- The Entity has been able to respond to the increased demand of Information and Communication Technology (ICT) requirements due to COVID-19 pandemic that changed working arrangements.
- During the 2020/21 financial year, the Entity was able to continue with Board oversight, remote working and engagement with stakeholder through the ICT services that enabled virtual meetings and online collaborations.

Strategic Asset Management

- The five (5) Year Capex Programme had been reviewed with prioritizing refurbishment projects to be implemented within the financial constraints as imposed by non-payment by Municipalities. This is to prolong the useful life of the strategic assets.
- The current implementation of 33.7 km pipeline funded by the Department will augment the future supply capacity by the aged main pipeline.

BUSINESS PLAN

Unqualified Audit Report

- The legislative due dates for the submission of the Annual Financial Statements (AFS) by the Entity were complied with, however the date was extended for the Auditor-General South Africa (AGSA) until 31 October 2022.
- The Auditors expressed an opinion that the Financial Statements represents the financial position of Bloem Water. An unqualified Audit Report with findings was issued accordingly for the 2021/22 period for former Bloem Water. An Action Plan has been developed subsequent to this External Audit to address the audit findings. The former Sedibeng Water audit has only recently been completed..

Sustainability Initiatives

- The Board considered several sustainability initiatives such as the alternative utilization of staff that improved efficiencies and kept recruitment to the minimum, thus managing the wage bill.
- Wage negotiations were successfully concluded at Bargaining Council level whilst the task team concluded several allied demands for improved harmonizing and setting of minimum requirements for benefits in the sector.
- Organisational performance is audited annually by external Auditors. Executives and senior staff report on Strategic Performance Contracts quarterly against agreed performance targets. Corrective Action Plans are developed and implemented for targets not achieved during the financial year.
- The Entity remains compliant with EWSETA submissions and accordingly qualified for mandatory grants.

Staff turnover:

- Bloem Water historically presents with a low staff turnover. This is due to several staff retention strategies including training and development, market related remuneration and managing employee relations. Staff turnover slightly exceeded the 2021/2022 target due to a high number of dismissals. The integration of the former Sedibeng Water may impact on the target, but the aim is still to remain below the combined set target.

BUSINESS PLAN

- The Employment Equity Committee is functional and assisted with the development of a narrative report on employment equity goals and barriers. The Entity remains an equal opportunity employer and its focus on increased female representation registered a steady improvement over the last 5 financial years.

Health and Safety

- The Department of Labour visited, inspected, analysed and commended Bloem Water on its COVID-19 Management plan and application of various protocols.
- Through its Health and Safety processes as guided by the approved COVID-19 Policy, the Entity was able to respond positively to COVID-19 pandemic, ensuring protection of staff and its stakeholders. The COVID-19 Response Committee continues to monitor compliance and implementation of the Regulations issued by Government.
- The Committee is currently driving a vaccination campaign in the interest of safety for all. The Entity implement its Health and Safety Policy ensured required appointments in compliance with the Occupational Health and Safety Act.

Corporate Social Responsibility

- Bloem Water continues to be a good Corporate Citizen through its implemented programmes as part of its Corporate Social Responsibility.
- A meeting was held with stakeholders aimed at advancing the River Health collaboration programme.
- In partnership with the Department of Water and Sanitation, the Entity contributed to combatting COVID-19 through the installation of JoJo-tanks in unserved rural areas.
- In addition, the Entity participated in the donation of hygienic and toiletries essentials to the Association for People living with Disabilities (APD) and some schools.

Under-Achievements

Tariff increase

BUSINESS PLAN

The non-tariff increases for 2020/21 continues to negatively affect the financial status of the Entity which will have a negative impact in the medium and long-term framework as infrastructure development programmes had to be deferred. The increases are always strained due to the fact that it is regulated and not always considered for full cost recovery.

- **Financial Sustainability**

The financial status of the Entity threatened the operations and job security, with measures implemented to avert the realisation of the risk. The integration of the Entities has placed severe financial challenges by the former Sedibeng Water financial position. The cash reserves are at a low level which has been affecting the decision making and the roll out of budget requirements. The extended area of operation, from former Sedibeng Water, comes with its financial sustainability challenges.

- **Debtors:**

The payments by the Municipalities remained unstable as the current accounts or installments on payment plans are not adhered to. The COVID-19 pandemic continues to impact the ability of the Municipalities to pay their accounts. There have been legal challenges against the Entity where action was taken in accordance with legislative frameworks on non-payment. It involved court cases, mediation and arbitration cases, which resulted in settlement agreements reached, payment plans and write off by the Entity. Some of the cases are still pending which further challenges the debtor's situation. The mines and other customers have outstanding accounts, but in a much smaller scale. Debt collection processes are followed to ensure that payments are made.

4.2 SWOT Analysis

Strengths

Qualified skilled and competent personnel to operate and maintain system
Municipal/Rural support
Response time to a crisis (pipe bursts)
Monitoring of the system (reservoirs & outstations)
Scheduled maintenance
Supply Chain Policies

Weaknesses

Regulated markup
Ageing infrastructure
Potential to lose institutional memory through resignations/retirements
Defined and demarcated mark
Legislated mandate and business model

Opportunities

Regional Water Utility – the preferred water board in the Free State
Blended funding (combination of funding)
Extending Bloem Water area of supply
Assisting Municipalities with water losses
Municipalities to reduce the water losses
Explore the ground water resources
Grey Water recycling
Water Conservation and Water Demand Management in the Free State

BUSINESS PLAN

THREATS

Potential low revenue
Revenue under collection
Business Continuity
Non-implementation of the Xhariep Dam – Uncertainty surrounding that pipeline
Non-payment
Main Customer
Increase cost drivers
Continue Institutional arrangements
Regulatory decision impact
Tariff setting process
Instability in Department of Water and Sanitation
Reconciliation Study
Operational: Energy
Ageing Infrastructure
Climate Change
Raw water quality
Increasing water scarcity (drought)
Cyber security
Cyber Threats and IT system failure
Regulatory environment people
Accountability
Entitlement youth

Mitigating strategies aligned to SWOT Analysis

Weaknesses

Ageing infrastructure

- Continuous implementation of preventative Maintenance Plans.
- 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.

BUSINESS PLAN

Delays to implement CAPEX

- The unsecured funding had affected the implementation of Capex Programme for the extension Projects; and Capex five (5) year Programme had been prioritized to address the ageing infrastructure through the implementation of refurbishment 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.
- Water Conservation/Demand Management strategy implemented
- Business continuity management plans are reviewed

Financial sustainability risk (Non-Payment by major clients)

Municipalities inconsistent and non-payment poses a catastrophic risk to the Entity which directly impact on CAPEX programme and other key operational plans. Executive Authority directives might impact on financial sustainability – Directives should follow process to accommodate financial input as well.

Major clients

- Mangaung Metropolitan Municipality is the major client and their legal challenges and non-payment for services has increased the risk.
- Former Sedibeng Water major customers are in the Free State and Northern Cape provinces, where non-payment of water supply services are experienced.
- 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.

BUSINESS PLAN

Public protest and Labour unrest

The impact of COVID-19 on the economy resulting in increased job losses, rising consumer prices and unemployment rate increases dissatisfaction of employees and communities served. Social unrest is a reality that can be particularly devastating for Entities already facing constraints that may impact on employment security. A Minimum Service Level Agreement with Labour as ratified by the Essential Services committee of the CCMA mitigates the risk of unrest and regulates workforce arrangements during such events. The Board and Management remain mindful of the value of proactive stakeholder engagement.

Servitudes & Encroachment

The challenge of encroachment along the strategic infrastructure thus the bulk water supply pipeline had been of great concern as it imposes huge risk for the health and safety of the inhabitants that reside on the high-pressure pipeline and could cause a fatalities or damage to property and equipment. The ongoing stakeholders' participation with the Provincial Human Settlement, MMM Human Settlement Department and the community had resulted in a great awareness campaign which had resulted with some communities being relocated to an alternative area.

Education in a form of public education is continuously conducted in the communities and the envisaged outcome of the exercise is for the communities to move away from the servitudes.

All forms of platforms will be utilized for the process i.e., media adverts, public education, door to door campaign, handing out information material etc. The implementation of public education will be done with other stakeholders in a form of activation and door to door. The Bloem Water personnel that will form part of the implementing team is Communications, Projects and Engineering, Health and Safety and Operations and Maintenance. The sticker was designed to be placed on site for warning to avoid encroachment

Geographical name change

The mission of the South African Geographical Names Council is to standardise geographical names in South Africa; to redress, correct and transform the geographical naming system in South Africa.

BUSINESS PLAN

The South African Geographical Names Council (SAGNC) was established by the South African Geographical Names Council Act, 1998 (Act No.118 of 1998), as the body responsible for standardising geographical names in South Africa. It is constituted by the Minister of Arts and Culture. The SAGNC consists of experts in place names, the official languages and cultural history, as well as one representative from each province and representatives of the Chief Directorate of Surveys and Mapping, the SA Post Office, and the Pan South African Language Board. The secretariat of the SAGNC is provided by the Department of Arts and Culture.

Bloem Water as an Entity is in the process of changing the names of its seven Water Treatment Plants namely, Welbedacht, Bethulie, Xhariep, Philippolis, Jagersfontein, Rustfontein and Grootshoek. The name Bloem Water as well will be changed. The entity is already held preparatory meetings with the Free State Geographical Names Committee (FSPGNC).

Security of strategic assets

The security of strategic assets remains a threat throughout the country with vandalism being a daily occurrence; hence management is constantly improving security related preventive controls to ensure its management.

PESTLE Situation Analysis

P	E	S	T	E	L
<ul style="list-style-type: none">- Government policy- Political stability- Corruption- Foreign trade policy- Tax policy- Labour law- Trade restrictions	<ul style="list-style-type: none">- Economic growth- Exchange rates- Interest rates- Inflation rates- Disposable income- Unemployment rates	<ul style="list-style-type: none">- Population growth rate- Age distribution- Career attitudes- Safety emphasis- Health consciousness- Lifestyle attitudes- Cultural barriers	<ul style="list-style-type: none">- Technology incentives- Level of innovation- Automation- R&D activity- Technological change- Technological awareness	<ul style="list-style-type: none">- Weather- Climate- Environmental policies- Climate change- Pressures from NGO's	<ul style="list-style-type: none">- Discrimination laws- Antitrust laws- Employment laws- Consumer protection laws- Copyright and patent laws- Health and safety laws

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 well-established working relationships.

Economic factors

Bloem Water is striving to be self-sustainable and viable. The Entity does not depend on any subsidies. Sustainability is under threat as there has been a decline in water demand due to water restrictions on non-payment by Municipalities, which has soared. The management of cost drivers is pertinent as to ensure viability. 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

Technology is central to Organisational effectiveness and efficiency and overall optimization of processes. Bloem Water keeps abreast of changes in technology with regards to ICT and Plant Optimisation opportunities in the water industry which covers Plant Automation, smart metering and telemetry. Newly introduced water treatment technology is improving performance, efficiency and convenience, reducing expenses and dependence on Labour in operating water treatment plants. Advances in information and communication technology has given rise to cyber security risks, requiring institutions to strengthen its security measures in line with best practices to prevent interception of the Entity's information systems to theft,

BUSINESS PLAN

modification and leakage of information. Focus will be placed on people, processes and technology to complement one another to create an effective defense from cyber-attacks. User education and training on information system security will be increased to establish a security conscious culture. The Entity managed to conduct virtual meetings seamlessly during the pandemic.

Legal

The Entity established a legal unit which is fully established, and which assists the Entity in reducing the cost of outsourcing. The Company Secretary renders legal advice to the Board and ensures regulatory requirements are complied with. Regulatory requirements, accountability and compliance are increasingly onerous in the sector.

Environmental

Environmental stewardship is watched through Bloem Water honours and strategies. Contamination control, involvement in catchment management, River Health Programme and environmental impact assessments are where natural affect is overseen. To make strides the center and dynamic administration of environmental matters, the Environmentalist is overlooking these matters, and moreover, are straightforwardly detailed to the Social & Ethics Committee.

5. DIRECTIVES BY MINISTER

There were three (3) directives that had been issued by the Minister in line with assisting with the required financial resources for Project Implementation.

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

Phase 1: The construction is still in progress and the project will be completed by 30 March 2022. The Welbedacht Pre-stressed Concrete pipeline which supplies water from Welbedacht Dam to Bloemfontein and the surrounding Towns up to Kopanong Local Municipality. This pipeline is more than 50 years and has surpassed its design life span. The project will ensure the security of supply to Mangaung Metropolitan and other Municipalities.

Phase 2: The Construction of the Welbedacht – Bloemfontein 71.3km Long

The planning for the designs and the construction will be commence as planned within the Capex Programme for the next 5-year period subject to the securing the required funding. As part of the continuation of the implementation of the Phase 1 for construction of the Steel Pipeline. The planning for Phase 2 project is planned to commence in the new financial year 2022/2023 with the conducting of the following studies.

Planning Phase

- Pre – Feasibility and Feasibility Investigation
- Concept development
- Environmental Impact Assessment
- Land acquisitions
- Pre-Liminary Design & Design Report

Construction phase: The project will be implemented as planned after securing the funding required for Construction

5.2 Ministerial Directive – Ministerial Directive issued for Maluti – A – Phofung Local Municipality:

The directive was issued in the beginning of the Quarter 4 of the financial year and planning and implementation has commenced as detailed below.

Maluti-A-Phofung Local Municipality falls under Thabo Mofutsanyane District Municipality in the Eastern Free State. The Municipality comprises of the Qwa-Qwa, Harrismith, Intabazwe, Tshiame and Kestel towns. The total population of 355 784 with 100 228 households that covers an area of 4400 square kilometers (km²).

The Minister had issued a directive in terms of Section 41(1)(ii) of the Water Services Act, Act 108 of 1997 for Bloem Water to immediately intervene to execute the following:

- (i) Refurbish and Upgrade Wastewater Treatment (WWTWs) and Water Treatment Works (WTWs),
- (ii) Manage and supervise Operations, Maintenance of Water, and Sanitation Infrastructure,

BUSINESS PLAN

- (iii) Develop a Water Services Development Plan (WSDP)
- (iv) Development of Feasibility Studies (FS) and
- (v) Implementation Readiness Studies (IRS) for future projects to ensure sustainable Water Supply and Sanitation in all areas of Maluti-A-Phofung Local Municipality (LM)

Duration of the Directive

The duration of the Directive is planned for a period Five (5) years as per the Memorandum of Understanding (MoU)

5.3 Ministerial Directive – Matjhabeng Local Municipality: Sanitation Infrastructure Intervention

Matjhabeng Local Municipality is one of the local municipalities under Lejweleputswa District in the Free State province. The major towns are Allanridge, Hennenman, Odendaalsrus, Ventersburg, Virginia and Welkom. The development of this towns was influenced by the discovery of mineral resources in the Goldfield area.

The Municipality has eleven (11) sewer works and nine of them are non-functional due to vandalism and poor maintenance over time. Out of 57 pump stations about 52 are also affected by the same situation. The state of the infrastructure has resulted in poor green drop outcomes and continuous non-compliance about sewer management

The Ministerial Directive had been issued to Bloem Water as the Implementing Agent for Matjhabeng Local Municipality. To assist with the urgent intervention of the Sanitation Infrastructure challenges which comprises of the Refurbishment & Upgrading of the eleven (11) Wastewater Treatment Works (WWTWs), the fifty-two (52) Pump stations the blockages of the sewer reticulation network with total distance of 1500km to cover in Matjhabeng Local Municipality.

As part of addressing water supply interruptions in the area due to load shedding the Entity has applied for exemption as per the President's SONA

Progress:

Implementation Planning

The technical teams of both Bloem water and the Municipality had meet to plan for an immediate implementation to commence with the work. The condition assessment for the Sanitation Infrastructure had been conducted by the Matjhabeng LM and to commence with the Appointment of the Contractors for the

Refurbishment and Upgrades of the Wastewater Treatment Works, Pumpstations and blockages.

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)

Bloem Water yield analysis of the Caledon system has indicated a need to augment the current water supply 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 climate change 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 operated 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
					136 151 000 m ³
Bethulie	Orange River	N/A	DWS	DWS	N/A
Gariep	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

BUSINESS PLAN

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
Balkfontein	Vaal River	Vaal River	DWS	BW	131.4 x 10 ⁶ m ³
Virginia	San Vet	San Vet	DWS	BW	43.8 x 10 ⁶ m ³
Vaal Gamagara	Vaal River	Vaal River	DWS	BW	13.7 x 10 ⁶ m ³
Pella	Orange River	Orange River	DWS	BW	16,06 x 10 ⁶ m ³
Henkries	Orange River	Orange River	DWS	BW	4 x 10 ⁶ m ³
Pampierstad	Harts River	Harts River	DWS	BW	9.6 x 10 ⁶ m ³

Welbedacht System

Welbedacht Dam has lost 95.3% storage capacity over the years and only the river path is left. Therefore, the dam can no longer be considered as a storage dam. The yield within the Caledon River catchment has been declining due to climate change. Gariep Dam project need to be implemented as an alternative source of raw water to address demand deficit within Mangaung Metro.

Bethulie System

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

Gariep System

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

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 of Kopanong Local Municipality, boreholes are also used to assist with demand.

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 Fauriesmith on behalf of Kopanong Local Municipality, boreholes are also used to assist with demand.

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's Maselspoort WTW for purification and supply to the northern part of Bloemfontein.

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.

Balkfontein System

The Balkfontein WTW is supplied with water from the Vaal River; the water is then treated and distributed for consumption for both Nala and Matjhabeng Local Municipalities.

Virginia System

The Virginia WTW is supplied with water from the Sanvet River; the water is then treated and distributed for consumption for Matjhabeng Local Municipality.

Vaal Gamagara System

The Vaal Gamagara WTW is supplied with water from the Vaal River; the water is then treated and distributed for consumption for Dikgatlong, Tsantsabane, Gamagara, Joe Morolong Local Municipalities and Kalahari East Water User Association.

BUSINESS PLAN

Pella Drift System

The Pella WTW is supplied with water from the Orange River; the water is then treated and distributed for consumption for Khai-Ma Local Municipality.

Henkries System

The Henkries WTW is supplied with water from the Orange River; the water is then treated and distributed for consumption for Nama-Khoi Local Municipality.

Pampierstad System

The Pampierstad WTW is supplied with water from the Harts River; the water is then treated and distributed for consumption for Phokwane Local Municipality

7.2 Raw Water Quality

Catchment management remains key to the Entity vision of assuring sustainable provision of water service for life. Thus, the quality of Raw water remains an important and integral part of operations and therefore is prioritised in all the purification plants. The quality of Raw water varies seasonally, with high level of turbidity experienced during rainy seasons at different catchments and are continuously monitored and mitigated accordingly.

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.
Gariep	Orange River	Gariep 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.

BUSINESS PLAN

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
Groothoek	Kgabanyane River	Groothoek	Average Turbidity: 110 NTU	No water quality challenges
Balkfontein	Vaal River	Vaal River	23.6	During the peak rainy season if either the Vaal or Vaal Rivers are flooding, the turbidity increases to several thousand NTU. During this period the NTU is fluctuating almost on an hourly basis and it is a challenge to keep the final water turbidity below the required standard of 1.0 NTU. A further challenge during this period is the lack of sufficient storage capacity for the auxiliary flocculant (poli-electrolyte) due to the high volumes of flocculant that has to be dosed. There are periods that the plant also experiences a challenge with tastes and odours in the final water due to excessive blue-green algae present in the raw water.
Virginia	San Vet	San Vet	188	A challenge at the Virginia Plant is the recycle water that is not returned back to the plant due to the recycle dams that need to be cleaned. There are periods that the plant also experiences a challenge with tastes and odours in the final water due to excessive blue-green algae present in the raw water.
Vaal Gamagara	Vaal River	Vaal River	Good, average of 12 NTU	Increases to 300NTU during floods
Pella	Orange River	Orange River	Good	Final turbidity is in excess of 2 NTU as the plant has no filtration system
Henkries	Orange River	Orange River	Good	The quality is good
Pampierstad	Harts River	Harts River	Good	it raises during rainy season

BUSINESS PLAN

Resource usage and efficiencies

The Entity continuously manages the algae challenges through Chlorine Dioxide Generators in Bethulie and Rustfontein WTW respectively.

7.3 Water Use Rights and Licenses

The Entity has been authorised to abstract water by the DWS in line with the approved limits that are shown in the table below:

Table 7.3: Water Use Licenses

Water Treatment Works	Current Plant Design	Approved Water Use License
	Mℓ/day	x10⁶m³
Welbedacht WTW	145	52.5
Tienfontein	242	72
Novo	144.3	48
Rustfontein WTW	100	31
Groothoek WTW	18	5
Gariep WTW	2.4	0.8
Bethulie WTW	12	2
Philippolis WTW	1.2	0.35
Jagersfontein WTW	2.0	0.98
Balkfontein	360	125.0
Virginia	120	15.2
Vaal Gamagara	36.4	13.7
Pella	27	16.06
Henkries	18	4
Pampierstad	9.6	Authorised 9.6

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, Wepener and Van Stadensrus.

BUSINESS PLAN

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 at Houtnek is used to improve supply pressure to Excelsior.

Matjhabeng Local Municipality

The Vaal and Sandvet Rivers are the major sources of raw water for this Municipality.

Nala Local Municipality

The Vaal River is the major sources of raw water for this Municipality.

Dikgatlong Local Municipality

The Vaal River is the major sources of raw water for this Municipality.

Tsantsabane Local Municipality

The Vaal River is the major sources of raw water for this Municipality.

Gamagara Local Municipality

The Vaal River is the major sources of raw water for this Municipality.

Joe Morolong Local Municipality

The Vaal River is the major sources of raw water for this Municipality.

Gasegonyana Local Municipality

The water is distributed by means of boreholes in the Municipality.

Khai-Ma Local Municipality

The Orange River is the major sources of raw water for this Municipality.

BUSINESS PLAN

Nama-Khoi Local Municipality

The Orange River is the major sources of raw water for this Municipality.

Phokwane Local Municipality

The Harts River is the major sources of raw water for this Municipality.

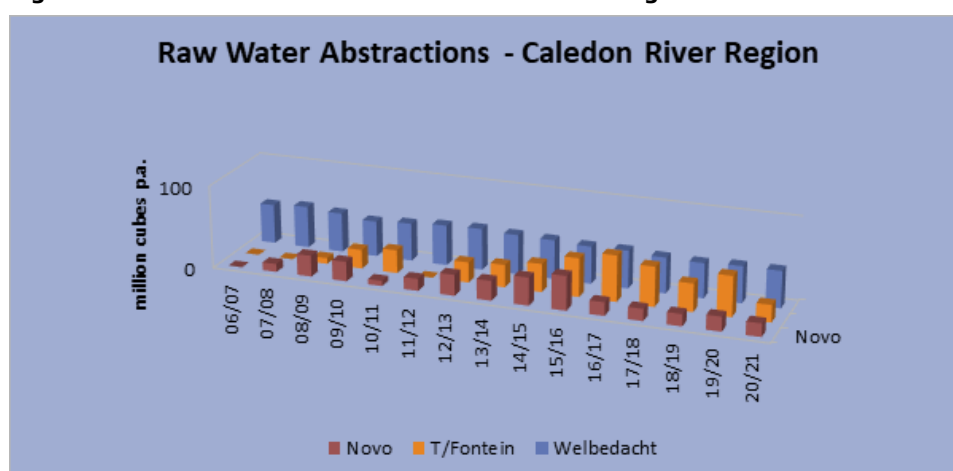
Former Sedibeng Water provides treated bulk water to the Free State and Northern cape Municipalities, from the regional water treatment works:

- Matjhabeng, Nala and Maquassie Hills (Magalies Water) LMs treated water comes from Balkfontein and Virginia Water Treatment Works.
- Dikgatlong, Gamagara, Tsantsabane, Joe Morolong and LMs treated water from Vaal Gamagara Water Treatment Works.
- Nama Khoi LM - Namakwa Water Treatment Works.
- Khai Ma LM – Pelladrift Water Treatment Works.

Water Abstractions

The historical water abstractions are indicated in the figures below:

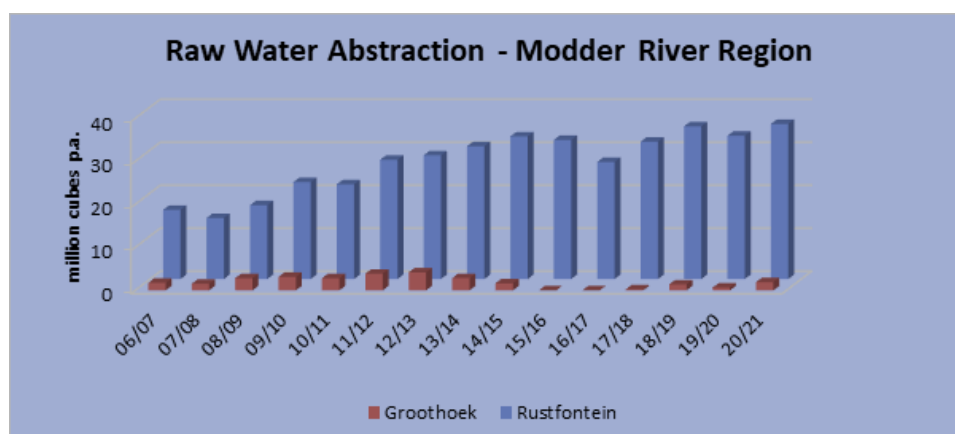
Figure 7.1: Raw Water Abstraction: Caledon River Region



The continuing decrease in abstraction rates at Novo Pump Station is due to good rainfall received in during the financial year 2021/22.

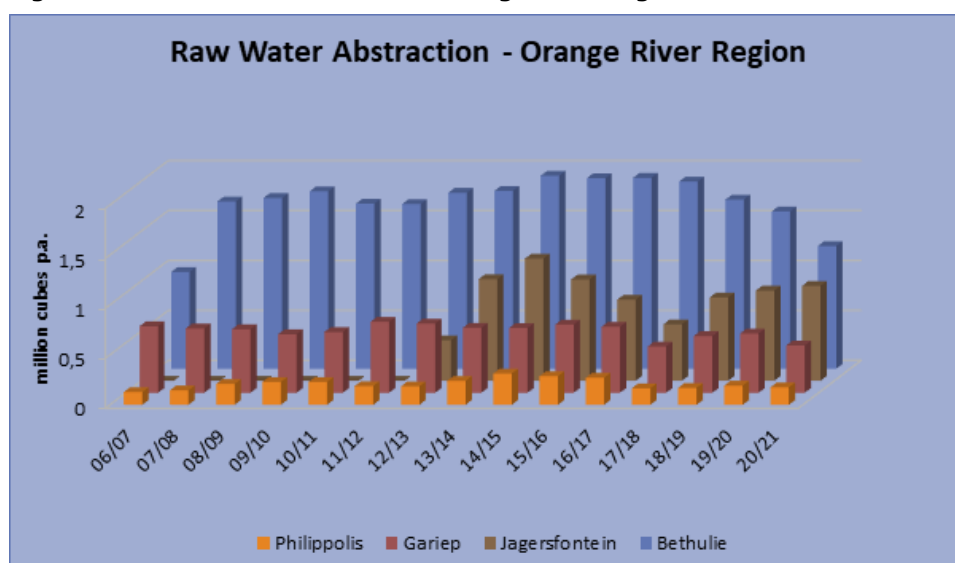
BUSINESS PLAN

Figure 7.2: Raw Water Abstraction: Modder River Region



The decrease in abstraction rates at Rustfontein is due to the good rainfalls received during the year 2021/22 and the balancing of water between Groothoek and Rustfontein WTW's hence an increase is observed at Groothoek.

Figure 7.3: Raw Water Abstraction: Orange River Region



Abstraction rates at the Orange River Region have remained constant; however, the Gariep and Bethulie abstraction rates have continued to decrease due to the water restrictions imposed on Kopanong Local Municipality for the 2021/22 financial year.

7.5 New Consumers or Areas to be Supplied

The Groothoek Dam has been kept at operational levels 6 Mℓ per day. This is done to reduce operational costs for the Entity. This further secures sustainability of the catchment. The operating rule for Novo Raw Water Transfer Scheme has been limiting the capacity to transfer raw water to Rustfontein and the Department of Water and Sanitation have agreed to amend the operating rule to allow more pumping at Novo to Rustfontein when required. The reduced capacity of Welbedacht Dam due to siltation is currently under investigation by the Department of, Water and Sanitation and Water Research Commission. The delay in finalizing this matter is impacting on the future water demands. Furthermore, the disestablishment of former Sedibeng Water brings ten (10) extra Municipalities, Five (5) Solar plants and twenty-six (26) Mines in both the Free State and Northern Cape Provinces respectively.

7.6 Shortfalls and Projected Shortfalls

The Groothoek Dam has been recommissioned and its water volumes have been reduced from 18 Mℓ to 6 Mℓ per day. This was done to secure sustainability of the catchment. The operating rule for Novo Raw Water Transfer Scheme has been limiting the capacity to transfer raw water to Rustfontein and the Department of Water and Sanitation have agreed to amend the operating rule to allow more pumping at Novo to Rustfontein. 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.

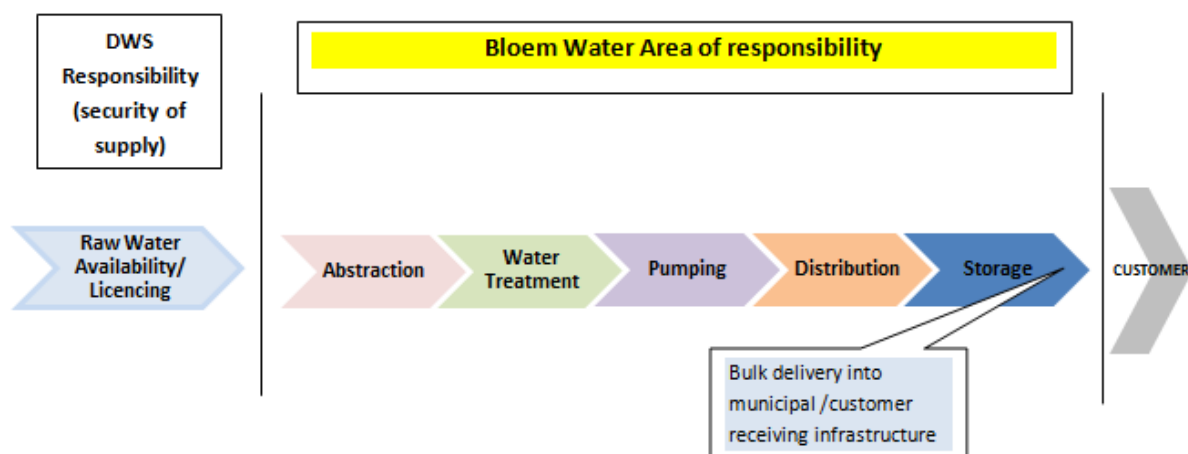
7.9 Management Arrangements

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

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:

BUSINESS PLAN

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"> Vogelfontein Brandewijnskuil 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"> Xhariep Dam 	<ul style="list-style-type: none"> Xhariep 	<ul style="list-style-type: none"> Xhariep x 2.8 Ml/d 	<ul style="list-style-type: none"> Reservoirs x 2 	<ul style="list-style-type: none"> Xhariep
	<ul style="list-style-type: none"> Orange River Boreholes 	<ul style="list-style-type: none"> SAR Kleinzuurfontein Hennie Steyn Driefontein 	<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 Bethulie
	<ul style="list-style-type: none"> Boreholes Kalkfontein 	<ul style="list-style-type: none"> Lemoenkloof Kalkfontein 	<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 Fauriesmith
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 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

BUSINESS PLAN

Free State Region	<ul style="list-style-type: none"> • Vaal River • Sand River • Boreholes 	<ul style="list-style-type: none"> • Balkfontein • De Erf • Riebeeckstad • Brabant • Beatrix • Saaiplaas • Bothaville • Maquassi Hills 	<ul style="list-style-type: none"> • Balkfontein x 360 Ml/d • Virginia x 120 Ml/d • Boreholes x 2,4 Ml/d 	<ul style="list-style-type: none"> • Reservoirs x35 (647 ML) • Pressure Towers x 10 (3,5 ML) • Raw water Dam (500 ML) 	<ul style="list-style-type: none"> • Bothaville • Makwassie • Leeudoringstad • Wolmaransstad • Wesselsbron • Allanridge • Odendaalsrus • Welkom • Hennenman • Venterburg • Virginia
Northern Cape	<ul style="list-style-type: none"> • Vaal River • Orange River • Harts River 	<ul style="list-style-type: none"> • Kneukel • Trewill • Beeshoek • Kathu • Henkries mond • Pampierstad • Henkries River • Doringwater • Okiep • Garragoup 	<ul style="list-style-type: none"> • Vaal Gamagara x 36,4 Ml/d • Pelladrift x 27 Ml/d • Henkries x 18 Ml/d • Pampierstad x 9.6 Ml/d 	<ul style="list-style-type: none"> • Reservoirs x 13 • Namakwa 9??? • Pampierstad • 1?? 	<ul style="list-style-type: none"> • Delpportshoop • Postmasburg • Olifantshoek • Kathu • Hotazel • Black Rock • Pella Drift • Springbok • Pofadder • Steinkopf • Concordia • Nababeep • Carolusberg • Kleinsee

Modder and Caledon River Regions

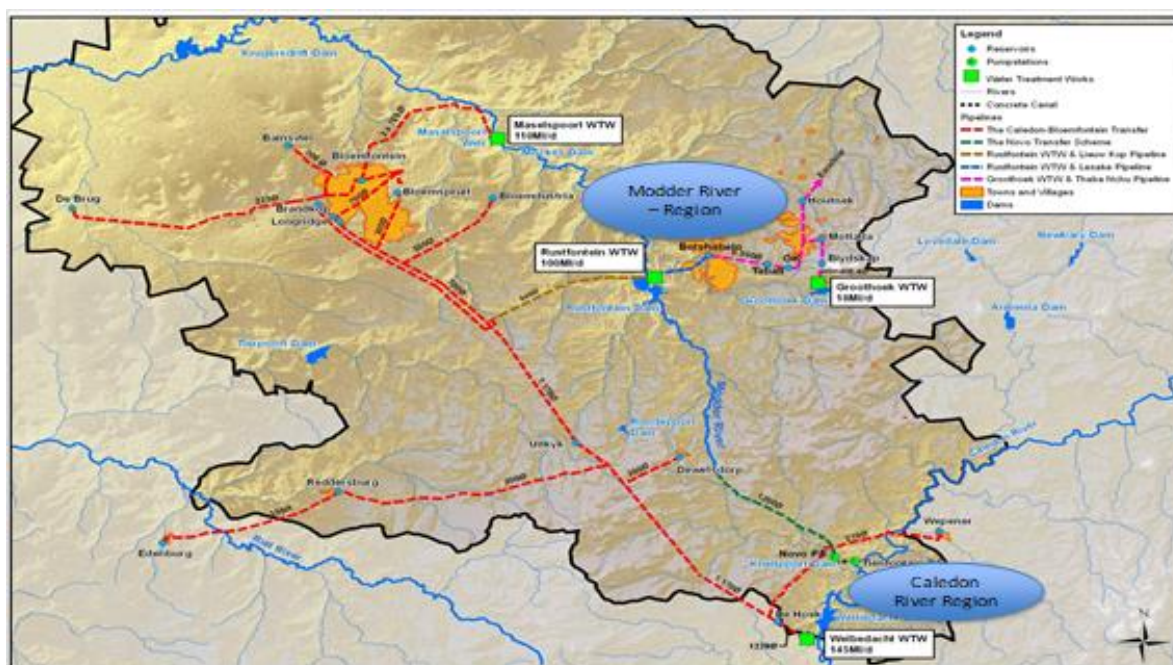
The Modder and Caledon River Regions water supply schemes are located within the greater Bloemfontein supply system. The schemes provide the majority of potable water required to the greater Bloemfontein, Thaba Nchu and Botshabelo, as well as the smaller towns of Wepener, Dewetsdorp, Reddersburg, Edenburg 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

BUSINESS PLAN

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.

The electricity upgrade by Eskom (Drie Dorp Project) has been completed and in operation which guarantees electricity supply for Tienfontein, Novo and Welbedacht Treatment Works. 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)
Gariep	:2.8 Ml/day
Philippolis	:1.2 Ml/day; and
Jagersfontein	:2 Ml/day.

Bloem Water owns the Bethulie WTW and Philippolis 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 Gariep WTW supplies water to the surrounding towns. The Philippolis WTW is situated 30 km from the Orange River (Tolhuis) and supplies water to Philippolis town. The Jagersfontein WTW supplies water to Jagersfontein and Fauriesmith.

BUSINESS PLAN

In Wepener, the recently upgraded booster pump station continues to play a significant role towards bulk water supply to the town. Furthermore, there are boreholes owned and operated by the Mangaung Metropolitan Municipality to augment supply of water. The operations and maintenance of these boreholes are inadequate, and Bloem Water is often requested by the Municipality to assist.

In Dewetsdorp, the parallel bulk pipeline has been completed which augments bulk water to the town. However, the infrastructure challenges on the reticulation side of the Metro pose some challenges towards water delivery at high lying areas of the town. The maintenance of the Municipal boreholes continues to be inadequate, and Bloem Water is often requested by the Municipality to assist.

8.2 Condition of Water Treatment Works

Regulation 2834 of the DWS states that Bloem Water shall operate within 90 days of registration. Furthermore, the Entity will continue to adhere to the approved abstraction license (WULA) and also operate at full capacity as and where required.

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	A	145 Ml/day	4.3 million
2.	Rustfontein	B	100 Ml/day	2.80million
3.	Groothoek	C	18 Ml/day	0.00million
4.	Bethulie	B	12 Ml/day	0.07 million
5.	Jagersfontein	C	4.7 Ml/day	0.08 million
6.	Xhariep	C	2.7 Ml/day	0.05 million
7.	Philippolis	C	1.2 Ml/day	0.023 million
8.	Balkfontein	A	360 Ml/day	6.5 million
9.	Virginia	A	120 Ml/day	2.4 million
10.	Vaal Gamagara	B	36,4 Ml/day	0.644 million
11.	Pella	C	27 Ml/day	0.793 million
12.	Henkries	C	18 Ml/day	0.315 million
13	Pampierstad	C	9.6 Ml/day	0.09 million

BUSINESS PLAN

	Total	854Mℓ/day	7.32 million
--	--------------	------------------	---------------------

Welbedacht Water Treatment Plant

The 145 Mℓ/day Welbedacht Water Treatment Works (WTW) is supplied with raw water from the Welbedacht Dam. Welbedacht Water Treatment Works (WTW) was commissioned in 1975. This Water Treatment Plant is currently operating at 90% of its design capacity. Furthermore, the siltation challenges impact on the uninterrupted water treatment processes as the Dam has only 5% of Raw water available for purification into the plant.

The Entity plans to construct pre-treatment facility to reduce silt load and turbidity into the treatment process. This will result in both treatment and maintenance cost saving including reduced volumes of sludge.

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 95% 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 has been completed. The Project has also featured in the Presidential Investment Infrastructure office key Projects in the country.

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 a maximum of 6 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 50% of its design capacity.

Gariep Water Treatment Plant

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

Philippolis Water Treatment Plant

The Phillippolis 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 50% 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 reviewed in February 2021. 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 at practical completion.

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:

BUSINESS PLAN

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	99.9 %	96.9 %	99.9 %
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 %
Balkfontein	98.84 %	95.99 %	99.9 %
Virginia	97.73 %	98.37 %	99.9 %
Vaal Gamagara	98.39 %	94.95 %	99.9 %
Pelladrift	99.9 %	93.55 %	99.9 %
Henkries	99.9 %	99.9 %	99.9 %
Hartswater	94.44 %	82.12 %	99.9 %
Ga-Segonyana	96.69 %	90.61 %	93.3 %

Generally, Bloem Water produces and distributes excellent quality water beyond the target of 98% 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 Integrated Regulatory Information System (IRIS) formerly known as Blue Drop System. These results are verified by the external laboratory at the University of the Free State and also at the Entity's two SANAS Accredited Quality Control Laboratories:

The Entity reviewed water safety plans in order to promote best practices in drinking water quality management. Annually two Full SANS 241:2015 analyses are conducted together with all daily, weekly, monthly, bi-annually results and the catchment management results to determine the risk-based monitoring programme for the following year.

8.4 Demand of major Consumers by Schemes

The demand for short term and long term to address the water demand in line with the growing water supply as informed by the Greater Bloemfontein Reconciliation of 2012 had number of initiatives that had been implemented thus far. The study forecast the annual water requirements from 2003 until 2035 as depicted in the graph below.

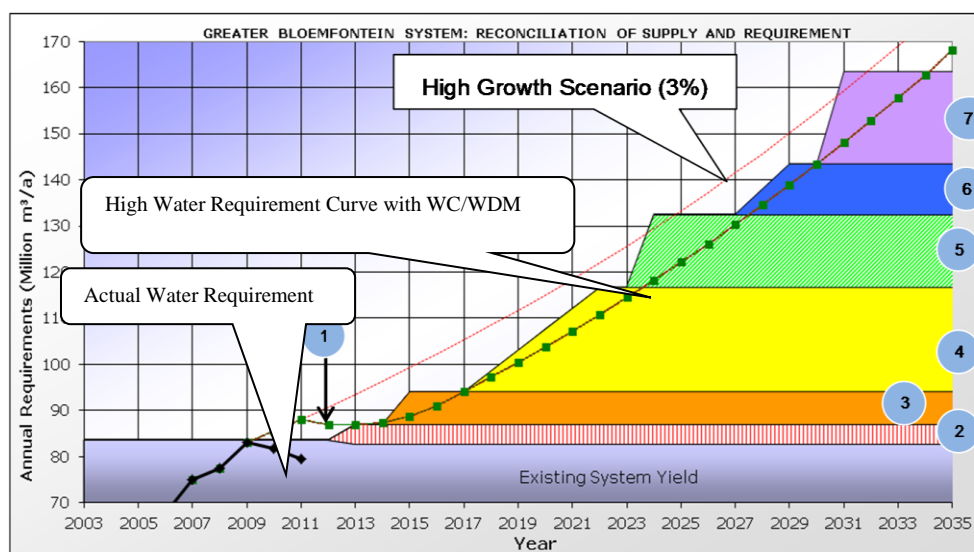


Figure 8.2: Greater Bloemfontein short to long-term intervention
(Source: Greater Bloemfontein Reconciliation Study)

Summary of the Interventions the had been implemented.

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 appointed Water Research Council (WRC) to conduct a study on the siltation challenges at Weldam. This is one of the three Dams in the Country which the study will focus on. The results of the study will be shared with the Entity once completed.

As part of remedial measures, the designs for a bi- Knellpoort – Welbedacht pipeline to facilitate for prolonged dam scouring during flood periods were completed in April 2015. The construction will commence on receipt of the Record of Decision as well as the availability of funds.

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 115 km long DN1200 pipeline. The pipeline is pre-stressed and is subject to numerous bursts due to the deterioration of the windings which impact on the structural integrity of the pipeline. Together with Tienfontein Pump Station, the Welbedacht pipeline is also regarded as a critical component of the raw water/bulk water supply infrastructure. 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:

- 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 were addressed during the Annual Winter Maintenance of 2018.
- An in-depth condition assessment was conducted during the year 2019/20 focusing on one part of the trajectory.
- The third leak detection will take place during the 2021/22 financial year.

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. This is over and above the former Sedibeng Water areas which the Entity is now operating and maintaining.

8.6 Status of Bulk Supply Agreements with major Customers

Bulk Water Agreements are in place with most major customers and regularly reviewed through engagements. The Entity plans to conclude the reviewing process of all the outstanding SLA of Municipalities including the Mines in both Free state and

Northern Cape Provinces. Furthermore, the agreement (SLA) which the Entity will be concluding with the Department of Water and Sanitation.

8.7 Shortfalls and Projected Shortfalls

The planning for infrastructure development as aligned to the 2012 Greater Bloemfontein Reconciliation Study had some of the interventions that had been implemented and the review of the study is in progress.

CAPEX Programme 2023-2028

The current Capex Programme is aimed to address the challenge of the increasing water demand in line with the available supply to meet the current and future water demand. The aligned infrastructure development is key and central to mitigating the challenge of the ageing infrastructure and refurbishment to prolong the assets remaining useful life.

The five (5) year Capex Programme will be reviewed to align with the former Sedibeng Water projects and be prioritised due to the unsecured funding imposed by the declined revenue from the services rendered to respective Municipalities. The future borrowings will either be sourced from the internal reserves through depreciation or external funding through borrowings or project finance allow the implementation of the CAPEX Programme. The Board had approved the Capex Programme and prioritised the critical extension of Rustfontein Water Treatment Works capacity from 100 Ml/day to 150 Ml/day. This project will be implemented as part of the extension projects in line with the other refurbishment projects.

The Entity had approached the newly established Presidential Infrastructure Investment Office (PIIO) to secure the funding for the infrastructure development. And through the involvement of Infrastructure South Africa (ISA) in the project preparation, The Extension of Rustfontein WTW to 150 ML/day had been Gazetted as part of the Strategic Infrastructure Projects (SIP19). The project preparation work had begun to ensure the project bankability and financial close in pursuit of the investment opportunities with the required funding.

The Five-Year CAPEX Borrowing Programme according to National Treasury Requirements

The ability to fund Capex requirements is considered during the budget process and the final approval of tariffs dictates the values that could be earmarked for it.

BUSINESS PLAN

The projects should be prioritized that falls into the available funding. Any project that falls outside of the scope of these amounts, should be considered separately in terms of an additional tariff increase or financial assistance from external sources such as grant funding. The due processes should be followed with the internal budget process and the tariff and budget approval process by Regulator.

The Business Plan must also be appraised and approved. A formal application process must be followed by applying to the DWS as Executive Authority and then to National Treasury as to obtain approval of the Borrowing Limits. Due process to be followed in accordance with the requirements and timeframes set by these departments. The procurement process for funding should only be consider and continued after the approval. This process will ensure that the funding is available for the projects. It is prudent that no Capex project funded via borrowings should continue unless the approvals have been granted by DWS and NT and funding secured. It's critical that the consideration should be given to the current financial status, the outlook and financial recovery prospects.

CAPEX	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
CAPEX included in forecast						
CAPEX prior to be completed (accruals and commitments)	61,908,000	0	61,908,000	0	0	0
CAPEX - Extensions with reserve funds	0	0	0	50,000,000	0	50,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	170,464,586	0	170,464,586	244,551,250	0	244,551,250
CAPEX - Other	0	119,149,700	119,149,700	0	143,675,775	143,675,775

CAPEX continue	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
CAPEX included in forecast						
CAPEX prior to be completed (accruals and commitments)	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	100,000,000	0	100,000,000	150,000,000	0	150,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	32,900,000	0	32,900,000	36,700,000	0	36,700,000
CAPEX - Other	0	57,541,370	57,541,370	0	155,368,920	155,368,920

BUSINESS PLAN

CAPEX continue	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
CAPEX included in forecast						
CAPEX prior to be completed (accruals and commitments)	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	150,000,000	0	150,000,000	175,000,000	0	175,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	29,500,000	0	29,500,000	30,100,000	0	30,100,000
CAPEX - Other	0	159,488,136	159,488,136	0	83,927,973	83,927,973

The proposed CAPEX budget is subject to availability of the funds. The current CAPEX Programme in forecast will require substantial financial investments. The challenge is to secure the required funding in terms of the National Treasury borrowing ratios and limits during non-payment by Municipalities and stable revenue generation. The impact of the former Sedibeng Water and its financial challenges further strains the ability to obtain approval of limits and the securing of loan funding. The recent payment environment resulted in major projects for expansion being deferred and only Refurbishment being implemented.

Progress on Implementing Projects

The Capital Programme for the next five (5) Year, has been compiled and the major Projects for Extension of Infrastructure had been deferred due to funding requirements. The Capex Programme should be reviewed to incorporate the projects of the former Sedibeng Water in the Norther Cape and Free State. The current Capex Programme under implementation comprises of Refurbishment of Infrastructure which had been prioritized to ensure the existing infrastructure maintained to increase its reliability and the remaining useful life.

Modder River Region: Consists of 1 project completed.

- The Construction of the 15 km long Ductile Pipeline from Rustfontein Dam to Lesaka Reservoir. The pipeline has been completed and has been undergoing the testing and commissioning and addressing the snags list before the project could be handed over.

Caledon River Region: has total of 3 Projects, with 1 project completed and in progress.

- Construction of the 33.7km long Steel Pipeline Welbedacht – Bloemfontein. The project is at **93% completion** and will be augment the water supply to the Mangaung Metropolitan Municipality.
- Construction of the 13 km Dewetsdorp: Phase 1 of the construction of the 13km pipeline has been completed.
- Phase 2 for the automation of the Booster Pumpstation has been implemented (the installed equipment for automation was struck by lightning further which had to be replaced).

Orange River Region: has 1 Project which has been halted.

- Orange River Abstraction Point and Associated Works for Philippolis Water Supply. The project will augment the Raw water abstraction in Philippolis.
- The phase 1 for design and planning has been completed and Phase 2 for the construction of the raft and the pipeline has been deferred due to funding requirements.

Bloemfontein Region has 1 Project in progress

- Extension of Bloemfontein Office. The previous service provider was terminated and the procurement for the new contractor is underway.

Impact of Unfunded Projects

- The unfunded Capex Programme poses a challenge in terms of the system yield, the supply and water demand for future growth which comprises with amongst others the following:
- The infrastructure not meeting the current and future water demand as the infrastructure Development is not aligned to the population and economic developments.
- The 2012 Greater Reconciliation Strategy Reconciliation meeting had forecasted that the current system yield in line with the demand had a deficit of 5,4 million cubic meters per annum in the areas which Bloem Water is supplying.
- The current water loss which is between 40-48% as reported by the respective Water Services Authority.

BUSINESS PLAN

- The eradication of the sanitation challenges thus the bucket eradication, ventilated improved pit latrines to water borne sanitation system requires that upgrading of the existing infrastructure to be attended.
- The reputational risk as the Entity will not be able to optimally execute its mandate of bulk water provision to its respective water services authority.
- The time value for money, the project costs for any delayed infrastructure will results in higher than the current estimated costs if the projects are delayed indefinitely.

Projects that had been delayed:

1. The 33,7 km steel bypass Pipeline

- The project was affected by the funding delays from inception in 2018, followed by the 2020 National COVID-19 lockdown. The extension of time has been granted due to inclement weather, hard rock and flooding of the works and the project completion date is March 2023.

2. The construction of orange River abstraction point Phase 1.

- The phase 1 for the Designs have been completed and funds for construction have not been secured for Phase 2.

3. Extension of Bloemfontein Office.

- The previous service provider was terminated and the procurement for the new contractor will be undertaken.

4. The Construction of the 15 km long Ductile Pipeline from Rustfontein Dam to Lesaka Reservoir.

- The pipeline has been completed and has been undergoing the testing and commissioning and addressing the snags list before the project could be handed over.

5. Dewetsdorp Pipeline Phase 2.

- The Construction of the 13 km pipeline has been completed. The Phase 2 of the automation of the Booster Pumpstation has been implemented (the installed equipment for automation was struck by lightning further which had to be replaced).

BUSINESS PLAN

Projects Expenditure:

Modder River Region: 1 Active Project

Description	TOTAL	Cumulative	% Spent	% Progress	Available	Status
Design, tender documentation, and construction of new pipeline from Rustfontein to Botshabelo (DWS funded)	106 809 093.12	106 809 093.12	95.26	99.90	5 064 969.17	The independent Specialist has completed the investigation for probable pipe failure

Orange River region: 1 Project – Phase 2, the construction has been deferred until funding is secured

Description	TOTAL	Cumulative	% Spent	% Progress	Available	Status
Orange River Abstraction Point and Associated Works for Phillipolis Water Supply	7 100 000.00	7 100 000.00	4.03	32.00	6 813 859.81	Phase 1: Design & Tender Document Completed: Phase 2 Construction funding not secured

BUSINESS PLAN

Caledon River region: 2 Active projects

Description	TOTAL	Cumulative	% Spent	% Progress	Available	Status
Design and Construct Steel pipeline parallel to existing Caledon/BFN PCP line for the 33.7km from Lieuwkop offtake to Brandkop (Combined with project C281) (DWS funded)	R554 703 432.39	2022/2023 Budget. R79 400 00 R52 606 136,69	65,82	,93,0	R66 611 410,36 R17 999 225,92	Construction in Progress 93%
Design, tender documentation and Construction of the 13000m long by 250mm Diameter Dewetsdorp Pipeline.	28 516 484.92	28 516 484.92	91.80	100.00	2 339 121.59	Phase 1: Construction of Pipeline Completed: Phase 2 Automation of booster Pump station in progress

BUSINESS PLAN

Funding Challenges for key Infrastructure Projects

The projects as listed below are the main projects that should be prioritised in the next five (5) year in terms of their priority. The unsecured funding for major Capex projects as reported in the past has not been resolved. The Capex funding is aligned to the National Treasury borrowing limits and the internal reserves through the depreciation of the assets over time. However, the borrowing limits as applied rely on the entity capacity to finance and service the debts or loans that had been secured from the external funders. The required investments sourced through loans funding will be recovered through the approved tariffs that is applied to the Water Service Authorities or the consumer.

Key Projects that require funding.

The current challenge as a result of the Non-payment by the Water Service Authority had made it difficult for the entity to secure external loans required for the implementation of the CAPEX Programme. The implementation of key projects as described below had been deferred and will be implemented subject to the funding being secured.

Description	Required Funding	Secured Funding	Status
Extend Treatment Capacity of Rustfontein Water Treatment Plant from 100 Megalitre (ML/d) with additional 50ML/day	R500million	None	The Design and Tender Document was completed. Funding to be sourced for construction.
Mangaung Water Augmentation Project (MWAP) Pipeline from Xhariep to Knellpoort Dam (180km long, 600mm diameter.	*R8 bn (estimated)	None	The Project implemented by DWS for Detailed Feasibility, EIA, Preliminary Designs and Designs
Design and tender documentation for a pipeline between Knellpoort and Welbedacht Dam	R400 million for construction	None	Designs for pipeline concluded. The designs are reviewed to a one direction pipeline
Modder River: Construction of 10 km, 600mm parallel Tabali-Ok Pipeline	R80 million for construction	None	The Design and Tender Document for the pipeline was completed. Funding to be sourced for construction.
TOTAL Required	R980 million (Excluding Xhariep)		

BUSINESS PLAN

Key Project that had been prioritised for implementation subject to securing the funding in the Five (5) Capex Programme

Extend Treatment Capacity of Rustfontein Water Treatment Plant from the existing 100 Megalitre (Mℓ/d) capacity with an additional 50Mℓ/day

Project description

- The extension of Rustfontein Water Treatment Works (WTW) is critical as recommended by the Reconciliation Strategy Study for Greater Bloemfontein as indicated in 2012. The WTW is centrally and strategically located to supply treated and Raw Water to Mangaung Metropolitan Municipality and to Mantsopa Local Municipality (Excelsior Town).
- In terms of the Water demand the WTW is operating closer to its design capacity above 95% and seeing that amongst the three (3) WTW supplies the Metro, thus being Welbedacht 145 Mℓ/d, Maselspoort 110 Mℓ/d and Rustfontein 100Mℓ/d, there is urgent need for an upgrade as there are no plans to increase the capacity of the other two WTWs to ensure the security of supply to meet the current and future Water demand.

The Projects that had been postponed due to the unsecured funding requirements as the following and are briefly described below:

Mangaung Water Augmentation Project (MWAP): Pipeline from Xhariep to Knellpoort Dam

The project was envisaged to be implemented by Bloem Water under a previously issued Ministerial directive. This Ministerial directive has been withdrawn and Bloem Water's involved have been discontinued with effect from the 14 May 2021. DWS' indication is that it will be implemented by DWS.

Construction of a pipeline between Knellpoort and Welbedacht Dam

The planning process had been completed. Funding to commence with phase 2 for the construction of the pipeline has not been secured.

BUSINESS PLAN

The project aims to resolve amongst others the following:

- Siltation of Welbedacht Dam: The Greater Bloemfontein Reconciliation Strategy Study for Bloemfontein recommended in 2012 that due to siltation of Welbedacht Dam (the dam has lost 95% storage capacity due to siltation) and Welbedacht WTW not able to operate at maximum capacity during period of rainfall because of deteriorating Raw Water quality. The pipeline between Welbedacht WTW and Knellpoort dam had to be constructed as the remedial measures for the transfer of Raw water from the Storage Dam being Knellpoort Dam.
- Increase storage Capacity: The pipeline will assist with the hydraulic sluicing or scouring of Welbedacht Dam according to the operating rule to ensure that the Dam could be scoured (for much longer than the current maximum of 8 hours) during flood periods and recover the storage capacity.
- Improved Raw Water quality: The project will assist with reduction of operational cost and reduction of hydraulic overload on the WTW as prolong equipment life cycle.

Modder River: Construction of 10 km, 600mm parallel Tabali-Ok Pipeline

- The planning process had been completed and funding to commence with phase 2 for the construction of the pipeline has not been secured. The project aims to resolve amongst others the following:

Augmentation of Water Supply in Thaba- Nchu

- The Hydraulic modelling Study conducted in Modder River System for the Water demand and supply option from Rustfontein WTW, Botshabelo, Thaba Nchu and Excelsior including the northern and Southern Villages refers. The upgrading of the existing 450mm diameter Asbestos Cement Pipeline from Tabali Reservoir to Thaba Nchu – Ok Reservoir is critical to ensure the 48-hour storage and the increased supply to meet water demand up to the Excelsior Town.

Increased Storage Capacity

- The supply constraints in the Lesaka to Excelsior bulk supply system especially during peak demand times. These constraints are manifested by reservoirs levels falling beyond minimum levels at the OK, Houtnek and Excelsior

BUSINESS PLAN

reservoirs. These low levels subsequently result in depressed demands and supply shortages.

- And it became apparent that the existing 450mm AC pipeline from Tabali Reservoir to Ok Reservoir in Thaba Nchu has many limitations as it has a number of take-off and thus rendering the storage levels of Water at Ok Reservoir to the minimum below 50% and reduction of pressure to the Northern Villages and shortage of Water in Excelsior during peak times.

Key infrastructure expansion projects planned and under implementation: 2020-2025

The projects as detailed below has been deferred and had undergone the initial phase of planning, designs and feasibility stages and thus further postponed until the required resources had been secured.

No.	Project Name	Project Description	Status
1.	Pipeline from Lesaka reservoir to OK/Motlatla reservoirs	10 km pipeline	Phase 1: Planning stage completed Phase 2: Construction funding to be secured
2.	Mangaung Water Augmentation Project (MWAP) pipeline Xhariep	180 km 600 mm diameter pipeline	Directive had been withdrawn ,for detailed Feasibility investigation.
3.	Construction of 17km long pipeline from Welbedacht WTW to Knellpoort Dam	Pipeline between Knellpoort Dam and Welbedacht WTW	Planning Stage completed. Phase 2: Construction funding not secured
4.	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 Phase 2: Construction, funding to be secured
5.	Parallel Pipeline, 33.7 km long, 1 000 mm diameter to PCP (Welbedacht to Bloemfontein Pipeline)	Phase 1:33.7 km Steel 1 000 mm diameter pipeline from Leeuberg Junction Brandkop Reservoir Phase 2: 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 1: Construction in Progress Phase 2: At planning stage
6.	Extend Brandkop reservoir capacity	Construction of additional 50 Ml/d to existing 136 Ml/d	Phase 1: Planning stage

Current Status of Projects from former Sedibeng Water Board

The disestablishment of Sedibeng Water Board as per the Gazetted Ministerial Directive effective from the 01 August 2022 came with the transfer of all the assets and the liabilities of Sedibeng as the transferring entity to the receiving entity. As a result of the disestablishment of Sedibeng Water and integration thereof, Bloem Water operations has been extended to cover the Free State Region and Northern Cape Region that were previously serviced by Sedibeng Water.

The report provides the Infrastructure Projects that were implemented by the former Sedibeng Water Board. The project register entails all the current projects that are implemented in the Free State and Northern Cape Regions for both the Primary function of Section 29, and Secondary activities of Section 30.

Free State Region Projects

The projects that are implemented in the Free State in mainly the secondary activities where Sedibeng Water was appointed as the Implementing Agent by Department of Water and Sanitation.

BUSINESS PLAN

Free State Region Projects

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
1.Sterkfontein Bulk Water Distribution System – Sterkfontein Regional Water Treatment Works (Phase 2)	Sterkfontein WTW capacity from 10,0 to 20,0Ml/day, and includes additional filter gallery, additional flocculation channel CO2 contact facility, Additional clearwater tank & 2 x Sludge dams	30/01/2020	23/11/2022	PSP: Miletus Consulting Engineers: R13 430 655.43 Incl. VAT Contractor: CMS Water Engineering & NJR Projects JV: R111 922 128.80 Inc. VAT	Completion 52%. The Construction activities progressing at a slow rate Mechanical contractor has not reported progress. Currently preparing an "intention to terminate", where the Contractor will be put on terms for 14 days.
2.Refurbishment of Fika-Patso Water Purification Plant (Phase 1B) – Mechanical, Electrical and Associated work	The project entails the provision of rapid sand filters, chemical dosing, lime dosing and associated works to treat 40Ml/day of raw water from Fika-Patso Dam. In addition, the augmentation of the clean water storage by 15Ml/day together with sludge water ponds with return water to the plant.	19/05/2022	30/03/2023	PSP: ILIFA Africa Consulting Engineers: Professional Fees of 15 % Contractor: Kuje Magnavolt JV Tender: R45 183 118.32 Incl. VAT	Completion 22%: Tender was awarded to Kuje Magnavolt JV for an amount of R46m and Kick-off meeting was held on 19 May 2022. The Contractor has now established on site and has commenced with construction activities. Progress to date stand at 6,4%. There are concerns regarding rate of progress and the Contractor has been instructed to expedite the works to catch up with the approved construction programme.
3.Development of Groundwater in QwaQwa: Equipping of Boreholes and package plants	The scope of work for the project comprises equipping of ten (10) boreholes including pump house, storage tank, electrical connections and associated piping. The areas to be equipped include: Jwalaboholo, Sejwalejwale, Lejwaneng, Monontsha and Hlatseng.	10/02/2020	11/12/2020	PSP: FLAGG Consulting Engineers.R4 245 070.60 Inc. VAT Contractors: Magnavolt Trading 819cc: R20 969 657,26 Inc. VAT Mshandukani Holding (Pty) Ltd: R21 785 272.14 Inc. VAT	Completion: 100%. A total of 10 Boreholes have been equipped and two purification package Plant constructed. The project is at commissioning stage and expected completion date is 11 December 2020. Seven (7) boreholes in total have been equipped on an emergency basis to supply water to the residents of QwaQwa

BUSINESS PLAN

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
4.Construction of Comet to Ha-Rankopane pipeline (+- 3.8km)	The medium-term measure involves construction of a 5km pipeline from Makwane system which gets water from Metsi Matsho dam to Ha-Rankopane Reservoir located in the Fika-Patso system. The project aims to integrate and augment the Fika-Patso system, particularly when Fika-Patso dam is low	04/03/2020	21/03/2021	African Engineering and Construction Solutions: R4 511 464.30 Inc. VAT Internal (MAP Water and Sedibeng Water Team) R10 488 536.00 Inc. VAT	Pipe laying is 90% complete Construction of the valves chambers and installation of valves at 95% , River Crossing - 0% (Environmental Authorization obtained), Pipe Jacking - 0% (awaiting Wayleave approval from DoT).Project delays were experienced due to Covid-19 related stoppages and late payments.
	Completion of the remaining scope on the 5km pipeline from Comet to HaRankopane Reservoir which includes river crossing, pipe jacking, 240m of pipeline and connection chamber to HaRankopane Reservoir	22/02/2022	22/08/2022	TDR Projects (Pty) Ltd R6223914.09 Inc. VAT	Project progress at 23%. The outstanding works includes the river crossing and the horizontal drilling across P101 road.
5.UNIQWA-Reversal - Increase pipeline from 160mm to 400mm diameter (+-3km) in QwaQwa	Construction of 3km long 450mm diameter GRP pipeline from UNIQWA Reservoir to Phuthaditjhaba. The project objective is to transfer potable water from Sterkfontein System to augment Fika Patso system thereby integrating the water supply system to QwaQwa.	15/03/2020	30/09/2022	Miletus Consulting Engineers R6 509 642.50 Inc. VAT DWS Construction West & Various service providers for Procurement material and Hiring of Plant: R29 000 000.00 Inc. VAT	Overall progress at 60% > Pipe laying - 70% > River Crossing - 0% (EIA obtained) >Two Road Crossing - 0% (Wayleave approval obtained) Project delays were experienced due to labour disputes, Covid-19 related stoppages and late payments.

BUSINESS PLAN

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
6.Repairs of the Mangaung Showgrounds to Thaba Bosiu pipeline (+-16km)	Replace and upgrade the entire bulk supply pipeline with a 250mm diameter PVC-M pipe, including provision of associated valves and metering; Reroute the pipeline in the sections where it is positioned within residential property boundaries; and refurbish mechanical and electrical components at the Mangaung and Qoqolosing Pump Stations.	05/05/2020	TBC	MIB Infrastructure Development. R40 44 000,00 Inc. VAT	Completion 7%. Detailed design and tender documentation is 100% complete. Await confirmation of budget availability to resume and appoint the contractor for the implementation
7.Water Conservation and Demand Management. Repairs of valves, Pipeline and Leakages	Remove and deliver (to the local municipality offices in the area) existing defunct pumps, pumpmotors, valves meters, flange adaptors and pipes. Install, test and commission new pumps, pump motors, valves meters, flange adaptors and pipes. Conduct visual and active leak detection on primary and secondary distribution mains. Repair leaks on primary and secondary distribution mains. Repair leaking concrete reservoirs.	05/05/2020	15/09/2021	MIB Infrastructure Development.R11 500 000.00 Incl VAT	Completion: 100 % MIB Infrastructure Development appointed Kagesi as the Contractor for the identified scope of work. Work commenced on 18 June 2020 and completion was achieved on 18 September 2020
8.Immediate Water Supply in QwaQwa: Procurement and leasing of water tankers and 2000 jojo tanks	The scope entails the supply and installation of 1000 units of 5000 litres water tanks with 4 taps on each. Supply and installation of 1000 metal stands on concrete slap.	31/01/2020	TBC	Xmoor Transport (Pty) Ltd Delivery of 1000 units of 5 000 LITRES tanksR18 107 900.00 Incl.VAT	To date 833 water tanks have been delivered to Phuthaditjhaba and 486 metal stands installed.
	The scope entails the supply and installation of 1000 units of 10 000 litres water tanks with 4 taps on each. Supply and installation of 1000 metal stands on concrete slap.	31/01/2020		Osher Fuels (Pty) Ltd >Delivery of 1000 units of 10 000 LITRES tanksR26 024 500.00 Incl.VAT	To date 441 water tanks have been delivered to Phuthaditjhaba and 177 brickbase water stands constructed

BUSINESS PLAN

	Provision of tankering services using 16 000 litres capacity truck with water pump fitted	03/02/2020	30/10/2020	Xmoor Transport (Pty) Ltd R18 975 000.00 Incl.VAT	100 % Completed
	Distribution of water tanks from the delivery point to strategic areas within the wards of the municipality	02/03/2020	30/06/2020	Midmar Plant Hire CC >15 Water Trucks for 4 months duration R13 051 680.52 Incl>VAT	The funder is disputing the claims for the delivering of water tanks by local suppliers citing that this activity is part of the scope for Xmoor and Osher Fuels
				Local Service Provider R0	

Kopanong Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
9.Drilling, Equipping and reticulation of existing boreholes and elevated tank in Jagersfontein, Trompsburg, Edenburg, Bethulie, Gariep Dam, Springfontein.	Sighting, drilling and equipping of five (5) new borehole, as per SANS10299-2. Install and commission Elevated Water Tank, with a volume equivalent to a minimum of 4 hours of the demand of the supply area.	10/02/2020	TBC	MIB Infrastructure Development R900 000.00 Inc. VAT	Geohydrological investigation suspended due to non-payment. Noting this service provider is still awaiting payment for similar studies in Cornelia and Vijoenskroon.

BUSINESS PLAN

Mohokare Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
10. Rehabilitation, drilling, Equipping and reticulation of 4x boreholes in Rouxville	Rehabilitation, drilling, equipping and reticulation of four (4) boreholes, as per SANS10299-2.	04/03/2020	TBC	MIB Infrastructure Development R2 000 000.00 Inc. VAT	Completion 5 %. PDR, Specifications, & Tender documents compiled.
11.Rehabilitation, drilling, Equipping and reticulation of 2x boreholes and construction of an elevated steel tank in extension 5 (New Rouxville Settlement)	Sighting, drilling and equipping of five (5) new boreholes, as per SANS10299-2. Install and commission Elevated Water Tank, with a volume equivalent to a minimum of 4 hours of the demand of the supply area.	04/03/2020	TBC	MIB Infrastructure Development R3 000 000.00 Inc. VAT	Completion 4 %. PDR, Specifications, & Tender documents compiled.
12. Rehabilitation, drilling, Equipping and reticulation of 2x boreholes and construction of an elevated steel tank or SBS tanks in Extension 10 (New Zastron Settlement)	Sighting and drilling five (5) new boreholes, as per SANS10299-2. Install and commission new borehole hand pump equipment, based on manufacturer details, that can minimum lift 1350litres/hour of water	04/03/2020	TBC	MIB Infrastructure Development R3 000 000.00 Inc. VAT	Completion 4 %. PDR, Specifications, & Tender documents compiled.
13. Purchasing of 3x 10 000L water tanks (x2 clinics & x1 school) in Zastron. Purchasing of x2 10 000L water tanks (x2 schools) in Rouxville. Purchasing of x2 10 000L water tanks (x2 schools) in Smithfield	Purchasing of 3x 10 000L water tanks (x2 clinics & x1 school) in Zastron. Purchasing of x2 10 000L water tanks (x2 schools) in Rouxville. Purchasing of x2 10 000L water tanks (x2 schools) in Smithfield	04/03/2020	30/09/2022	OSHER FUELS (Pty) LTD R90 000,00 Incl.VAT	Completion 100%.
14. Purchasing of 2 high lift pumps at Smithfield WTW and installation of level sensor	Provision and installation of two (2) highlift 37kW pumps at the	04/03/2020	TBC	MIB Infrastructure Development R763 000.00 Incl.VAT	Completion 95 %. Pump specification and RFQ document to DWS and Local Municipality.

BUSINESS PLAN

	Smithfield WTW and the provision of an emergency 4.5kW submersible pump in the dam (Duty is 125m ³ /h @ 8.5m Total head (5.5m static).				
--	---	--	--	--	--

Masilonyana Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
15. Drilling, equipping and reticulation of Boreholes in Winburg and Brandfort	Sighting, drilling, equipping and reticulation new and existing borehole in Brandfort and Winburg, as per SANS10299-2.	15/03/2020	TBC	RUBIQUANT QUANTITY SURVEYORS (Pty) Ltd R20 000 000.00 Incl.VAT	Completion 35% Geohydrology investigation completed, Four (4) Boreholes were equipped and commissioned in Brandfort (100%). Winburg
16. 12x Water tanks in public spaces and water tankering	Supply and installation of 12 units of 10 000 litres water tanks at Masilonyana LM	15/03/2020	30/04/2020	OSHER FUELS (Pty) LTD R2 300 000.00 Incl.VAT	Completed .100%

Nketoana Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
17. Equipping and reticulation of existing boreholes in Arlington, Lindley, Petrus Steyn.	Sighting, drilling, equipping and reticulation of three (3) new borehole, as per SANS10299-2.	05/05/2020	23/02/2021	Mmolawa Consulting Engineers and Project Manager (Pty) Ltd R10 000 000.00 Incl.VAT	Completed 100%. PDR and DDR approved by DWS and Local Municipality. Construction completed to budget.

BUSINESS PLAN

Mantsopa Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
18. Ladybrand: Caledon Extraction to pump to Cathcart Dam including pipes and associated works	Construction of a new 450m ³ /hr river extraction pump station in the Caledon River, delivering it to the Cathcart Dam.	05/05/2020	TBC	MIB Infrastructure Development. R4 219 650.00 Incl.VAT	Completion 9% PDR approved by DWS and Local Municipality

Mafube Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
19. Water tankering in Cornelia and Frankfort	Provision of tankering services using 16 000 litres capacity truck with water pump fitted	01/03/2020	20/06/2020	Lesedi Civil Construction R2 626 416.00 Incl.VAT	Completed 100%
	Provision of tankering services using 16 000 litres capacity truck with water pump fitted	01/02/2020	28/02/2020	VJM Logistics R124 300.00 Incl.VAT	Completed 100%
	Supply and installation of 4 units of 10 000 litres water tanks at Mafube LM	15/03/2020	30/04/2020	Osher Fuels (Pty) Ltd R127 949.00 Incl.VAT	Completed 100%
20. Drilling, equipping and reticulation of boreholes in Cornelia	Sighting, drilling, equipping and reticulation of five (5) new borehole, as per SANS10299-2.	31/01/2020	TBC	MIB Infrastructure Development. R10 991 300.00 Incl.VAT	Completion 15%. Geohydrology investigation completed and PDR approved by DWS & Local municipality.

BUSINESS PLAN

Moghaka Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
21. Groundwater study, drilling, equipping and reticulation of boreholes in Viljoenskroon	Sighting, drilling, equipping and reticulation of five (5) new borehole, as per SANS10299-2.	31/01/2020	TBC	MIB Infrastructure Development.R1 278 991.61 Incl.VAT	Completion 10%. Geohydrology investigation completed and PDR approved by DWS & Local municipality.
22. Upsizing of Margenzon Dam in Steynsrus and upgrading of raw water pumps	Raise wall of existing dam and replace existing river extraction pumps.	31/01/2020	TBC	MIB Infrastructure Development R1 013 677.00 Incl.VAT	Completion 10%.Dam assessment completed and recommendation accepted by DWS and municipality.

Dihlabeng Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
23. River bed abstraction in Fouriesburg		31/01/2020			Completion 0 %.Project did not commence due to local municipality not attending inception meeting.

BUSINESS PLAN

Northern Cape Region Projects

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
1. Vaal Gamagara Water Supply Scheme: Phase 1	The scope of Phase 1 (Upgrading of the existing 75 km pipeline from Roscoe to Blackrock) consists of the following: a) Pipeline 1A - 7.8 km of DN900 and DN1100 new pipeline from Roscoe to Khumani. b) Pipeline 1B - 0,38 km of DN700 new pipeline from end of SWEP by-pass to a new Pressure Reducing Valve (PRV) station at Kathu Reservoir.	21/04/2015	31/07/2022	Ingerop South Africa (Pty) Ltd R132 900 270.31 Incl.VAT	Completed 100% Pipeline 1A – 7.8KM Pipeline from Roscoe to Khumani (100%) Pipeline 1B – 0,38km Pipeline from SWEP to Khathu Reservoir (100%) Pipeline 2 – 54.5km Pipeline from Khathu to Hatozel Reservoir (100%) Pipeline 3 – 11km Pipeline from Hazotel to Black Rock (100%)
				Royal Haskoning DHV (Pty) Ltd R77 504 667.52 Incl.VAT	The Upgrade Vaal Gamagara Scheme Phase 1 is now 100% complete. The Taking-over Certificate was issued on 30 June 2022 as per FIDIC contract.
				Kgalagadi pipeline joint venture R1 352 330 341.76 Incl.VAT	

BUSINESS PLAN

	<p>c) Pipeline 2 - 54.5 km of DN700 and DN800 of a new pipeline from a new PRV station at Kathu Reservoir to Hotazel Reservoir.</p> <p>d) Pipeline 3 - 11 km of DN600 pipeline between Hotazel Reservoir and Blackrock as well as 2.3 km of DN400 pipeline to be installed in parallel with an existing OD560 HDPE pipeline</p>				
--	---	--	--	--	--

ZF Mgcawu DM , John Taolo Gaetswe DM & Frances Baard DM

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
2. The upgrade of the existing VGG Regional Water Scheme Phase 2	Phase 2 of the project consists of: a) Replacement of Pipeline from Clifton to Roscoe and Development of Well Sites SD1 and SD2.	24/04/2014	TBC	Proplan Consulting Engineers. R600 000 00.00 Incl.VAT	Completion 17 %: Design stage. Completion 2%: Project suspended due to unavailability of funds
				King and Associates Engineering and Project Managers	

BUSINESS PLAN

<p>Vaal Gamagara Water Supply Scheme: Phase 2: SD4 Groundwater Abstraction</p>	<p>b) Replacement of Pipeline from Beeshoek and Gloucester and refurbishment of Reservoirs and Trewill Pump Station and Sump. c) Replacing Rising Main from Delportshoop to Clifton Reservoir. d) Refurbishment of Delportshoop Water Treatment Works and Pump Stations as well as refurbishment of Kneukel Pump Station and Sump (If necessary). e) Total of 250 km pipeline water supply.</p>			<p>R33 223 033.93 Incl.VAT</p>	
--	---	--	--	--------------------------------	--

BUSINESS PLAN

Nama hoi Local Municipality

Project Name	Project Description	Start Date	Planned Completion Date	Appointment Value	Progress
3. Replacement of Namakwa Bulk Water Supply Phase 1	Phase 1A Construction of emergency By-Pass Pipelines Refurbishment of Staff Houses, Minor Works Contracts Phase 1B Eenriet Reservoir to Vaalhoek Reservoir Gravity Main (56 km x 500 mm diameter pipeline) Orange River Pump Stations and Sandfilter Block of the Henkries Water Treatment Plant	02/09/2013	17/06/2018		Completed 100%
4. Replacement of Namakwa Bulk Water Supply Phase 2	Phase 2A Construction of 47km rising main from Henkriesmond Pumpstation to Eenriet Reservoir Phase 2B>By-pass pipeline – Doringwater Booster Pumpstation to Enriet Reservoir	20/06/2016	24/03/2023	BVI Consulting Engineers R9 861 000.00 Incl.VAT DWS Construction South R180 427 624.56 Incl.VAT	Completion 79%Phase 2A: Completion of the remaining 7km pipeline and construction of the chambers and installation of optic fibre. Phase 2B: Dismantle by-pass and remove pipe

8.8 Planned Bulk Water Supply Development

The 5 Year Capex Programme will be reviewed to incorporate the projects in the Northern Cape and Central Free state former operations of Sedibeng Water, to deliver the critical infrastructure aligned to the developments of growth, water demand for the short-, medium- and long-term intervention.

The Secondary activities Implemented

The Entity has continued with the implementation of the secondary activities of Section 30 as stipulated in the Water services Act as follows:

1. Implementing Agent for Mafube Local Municipality.
2. RBIG COVID -19 Connection of Water Supply in 13 Free State Local Municipalities.
3. Masilonyana Local Municipality: Brandfort – Refurbishment of WWTW & related bulk Sewer Infrastructure.
4. Matjhabeng Local Municipality: Sanitation Infrastructure Intervention.
5. RBIG – Implementing Agent in Mantsopa Local Municipality

Implementing Agent for Mafube Local Municipality

Bloem Water had been appointed as the Implementing Agent for Mafube LM on the 18 November 2021 by DWS, to implement the following projects in Mafube LM for a total of R31 Million:

- Connection of the 102 Household connection – In Tweeling Ext 1
- Connection of 108 sewer connections – In Qalabotjha
- Construction of the outfall sewer Rising Main Pipeline and Two Pump Station in Cornelia.
- Construction of the 4 ML/day Reservoir - Cornelia

The project commencement meeting was held on the 25 March 2022 with Department of Water and Sanitation (DWS), Bloem Water (BW) and Mafube Local Municipality.

Progress:

The procurement of the Professional Services Providers in progress. It's noted that the delays of the Procurement where due to National Treasury instruction that procurement should not done based on the case for Preferential Procurement Framework Act as it was challenged then.

BUSINESS PLAN

RBIG COVID -19 Connection of Water Supply in 13 Free State Local Municipalities

The project entails the water supply connections of the Jo- Jo Tanks to the existing reticulation in the thirteen (13) Municipalities in the Free State for RBIG COVID-9 Phase 2.

Progress: The Project is completed.

RBIG – Implementing Agent in Mantsopa Local Municipality

The Department had appointed Bloem Water as the implementing agent for the Refurbishment of the Ladybrand Wastewater Treatment Works in Mantsopa Local Municipality.

Scope of Work

The preliminary project scope of works for the refurbishment of the Ladybrand Wastewater Treatment Works as per the Business Plan of the DWS is as per the following main components:

- Task 1: Inlet Works (Automatic Mechanical Works)
- Task 2: Conversion of Bioreactor to Nano Bubbling
- Task 3: Clarifier (Repairing gearbox and motors)
- Task 4: Construction of drying beds (Sludge Management)
- Task 5: Construction of an incinerator

Progress: 50%

The technical assessment report conducted – cleaning of the grit channels and repairing of the civils works for Aeration in progress, gearbox, and motors.

Excelsior

The drilling and equipping of the 10 boreholes in Excelsior Town. Progress – The Geophysical report for sitting the potential underground water bearing structures has been compiled and drilling contractors to commence with drilling.

Masilonyana Local Municipality: Brandfort – Refurbishment of WWTW & related bulk Sewer Infrastructure

- **Phase 1:** Refurbishment of the Buitekamp and Prison Outfall Sewer Pumps Stations has been completed
- **Phase 2:** The Refurbishment of Brandfort WWTW to commence. The Concept and Viability report has been compiled.

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.

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 renders retail water services to (WSAs) Water Services Authorities namely Gasegonyana and Phokwane Municipalities in the Northern Cape Province-

Furthermore, the Entity provides retail services from its own infrastructure to specific categories of individual consumers where the infrastructure is situated and 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 challenges 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 and legislative requirements.

11. OTHER ACTIVITIES

11.1 Key Activities

The Entity is involved in several 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 the SADC region.

11.2 Management, Institutional and Operations Arrangements

Agreements are managed, whilst there are regular engagements and benchmarking exercises. At SADC level, the Entity is involved in wellness activities and an annual sporting event is hosted by respective entities on a rotational basis.

11.3 Contractual Arrangements

Strategic partnerships are regulated in terms of signed Memoranda of Agreements.

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 was reviewed in alignment with organisational and sectoral changes. The structural design seeks to achieve improved efficiencies having merged functions, units or positions. Improvement of contract management, monitoring and compliance as well as the application of systems driven processes are being attended. The Entity is considering alternative staff utilization prior external recruitment. This is but one of the sustainability strategies to reduce expenditure and improve efficiencies.

12.1 Staff Breakdown: Management and each Functional Area

Staff Breakdown

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	1	3	0	0	1	0	0	7
Senior management	10	2	0	4	6	1	0	2	0	0	25
Professionally qualified and experienced specialists and mid-management	19	0	0	6	11	0	0	1	1	0	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	137	12	1	8	85	11	1	10	0	0	265
Semi-skilled and discretionary decision making	192	26	0	2	59	3	0	2	0	0	284
Unskilled and defined decision making	92	4	1	2	47	6	0	0	0	0	152
GRAND TOTAL	452	43	2	23	211	21	1	16	1	0	771

FILLED POSTS PER RACE AND GENDER						
RACE	GENDER	TOTAL	% per gender	% per race	MALE %	FEMALE %
AFRICAN	MALE	453	58.75	86.11	67.70%	32.30%
	FEMALE	211	27.36			
INDIAN	MALE	2	0.26	0.40		
	FEMALE	1	0.14			
COLOURED	MALE	44	5.71	8.43		
	FEMALE	21	2.72			
WHITE	MALE	23	2.98	5.06		
	FEMALE	16	2.08			
TOTAL		771	100.00	100.00	100.00%	

BUSINESS PLAN

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	9	1	3	1	1	
Plant	13		5	51		
Civil	7	1		1		
Mechanical	24	7	4	2		
Electrical	13		1	1	1	
Electronic	3		1	2		
Scientific Services	3			4		
Project Management	3		1	2		

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

12.2 Employment Equity Targets 2023-2028

Numerical goals for all employees, including people with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	1	3	0	0	1	0	0	7
Senior management	7	2	0	2	5	1	0	2	0	0	19
Professionally qualified and experienced specialists and mid-management	13	0	0	5	6	0	0	1	0	0	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	41	0	1	4	32	4	1	2	0	0	85
Semi-skilled and discretionary decision making	136	4	0	3	46	1	0	2	0	0	192
Unskilled and defined decision making	33	1	1	3	23	2	0	0	0	0	63
TOTAL PERMANENT	232	7	2	18	115	8	1	8	0	0	391
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	232	7	2	18	115	8	1	8	0	0	391

BUSINESS PLAN

These targets are projected for achievement over a period of the duration of the Employment Equity Plan, including vacancies. Due to anticipated additional staff from the disestablished Sedibeng Water, numerical goals have decreased for 2022 – 2023 and this will affect the numerical goals that were projected for Employment Equity Plan 2022 – 2027. For 2022 – 2023 annual reporting period the targets have remained at 11 critical positions to be filled in all occupational levels. The EE plan will be reviewed on an annual basis to identify critical positions from designated groups that require to be filled.

Currently 1.79% of the total staff complement represents people living with disabilities and 2.55% is targeted for the 2022 – 2027 Financial Years in line with National guidelines. Currently 2,6% of the staff complement represents people living with disabilities. The entity has exceeded the 2% as per legislated requirement.

12.3 Training Programmes

Training Programmes per Band

Training Provided	AM	AF	CM	CF	IM	IF	WM	WF	Total Number Trained	Occupational Levels
Post Graduate Dip: Business Administration	1	0	0	0	0	0	0	0	1	Top Management
BSc Hydrology & Water Resources Management	1	0	0	0	0	0	0	0	1	Skilled
Diploma Security Management	1	0	0	0	0	0	0	0	1	Skilled
Post Graduate Dip: Security Management	1	0	0	0	0	0	0	0	1	Skilled
Advanced Dip: Information Resource Management	1	0	0	0	0	0	0	0	1	Skilled
Workplace Occupational COVID-19 Cleaning & Hygiene (Disinfection Training)	19	8	0	1	0	1	1	0	30	Skilled/Semi-Skilled/ Unskilled
Microsoft Security Operations Analyst	0	1	0	0	0	0	0	0	1	Skilled
Microsoft 365 Security Administrator	1	0	0	0	0	0	0	0	1	Skilled
Initiating and Conducting Disciplinary Enquiries training	1	1	0	0	0	0	0	0	2	Skilled
Disciplinary Arbitration Workshop	3	3	0	0	0	0	0	0	6	Snr/ Skilled/ Semi-Skilled/ Unskilled
HR Mid-year update 2021	0	0	0	0	0	0	0	1	1	Top Management
Employment Equity Reporting Workshop	0	1	0	0	0	0	0	0	1	Snr Management
Mid-year Payroll Tax 2021 Seminar	0	0	0	0	0	0	0	1	1	Snr Management
Putting an end to the abuse of absence & sick leave	0	1	0	0	0	0	0	2	3	Top / Snr Management

BUSINESS PLAN

State Litigation Dialogue and Consumption of State Legal Services	0	1	0	0	0	0	0	0	1	Snr Management
The role of audit committee in a Quality Assurance Review and benefits of QAR	0	0	0	0	0	0	0	1	1	Snr Management
ITIL 4 Foundation	1	2	0	0	0	0	0	0	3	Skilled
Super Solar School by Green Solar Academy	1	0	0	0	0	0	0	0	1	Skilled
Public Sector Risk Management E-Learning	3	0	1	0	0	0	1	0	5	Snr Management
Networking Windows Service	0	1	0	0	0	0	0	0	1	Skilled
Conveying of Dangerous Goods by Road	11	0	0	0	0	0	1	0	12	Skilled /Semi-Skilled
Dispute Prevention & Workplace Outreach training	6	5	0	1	0	0	0	1	13	Mid Management/ Skilled /Semi-Skilled/ Unskilled
Labour Law Amendment S189A	1	1	0	0	0	0	0	1	3	Mid Management/ Skilled /Semi-Skilled
Fundamentals of Report Writing workshop	9	8	0	0	0	0	0	1	18	Snr & Mid Management
2021 Central Region Summit of the Institute of Internal Auditors	0	0	0	0	0	0	0	1	1	Snr Management
Master of Business Administration	0	1	0	0	0	0	0	0	1	Top Management
Higher Certificate: Economic Management Sciences	0	1	0	0	0	0	0	0	1	Skilled
Diploma Administration Management	1	0	0	0	0	0	0	0	1	Skilled
Postgraduate Diploma Project Management	2	2	0	0	0	0	0	0	4	Snr Management
Advance Diploma in Applied Management	2	0	0	0	0	0	0	0	2	Skilled
Higher Certificate in Logistics & Supply Chain Management	1	2	0	0	0	0	0	0	3	Skilled
BSc Hons- Engineering & Technology Management	1	0	0	0	0	0	0	0	1	Mid Management
Adroit Basic Smart UI Training	1	1	0	0	0	0	0	0	2	Semi Skilled
Overhead Crane	23	4	0	0	0	0	1	0	28	Skilled/ Semi-Skilled
Digital/Microsoft 101 Computer Literacy Course (Contact Session)	56	31	0	1	0	0	1	0	89	Semi Skilled/ Unskilled
Online Digital literacy/ Microsoft 101/ SharePoint & Sync Computer programmes	10	7	0	1	0	0	3	2	23	Mid Management/ Skilled/ Semi-Skilled
2022 Annual Payroll Tax Update Webinar	0	0	0	0	0	0	0	1	1	Snr Management

BUSINESS PLAN

Law of Evidence workshop	4	1	0	0	0	0	0	0	5	Mid Management/ Skilled/ Semi-Skilled
Paralegal Practitioner – Online Short Course	0	1	0	0	0	0	0	0	1	Skilled
Earthing & Lightning Protection	5	2	0	1	0	0	2	0	10	Mid Management/Skilled
Cherry Picker (Lifting Boom)	11	1	0	1	0	0	0	0	13	Mid Management/Skilled/ Semi-Skilled/Unskilled
Forklift	4	1	0	0	0	0	0	0	5	Mid Management/Skilled/ Semi-Skilled/Unskilled
Excavator	3	0	0	0	0	0	1	0	4	Mid Management/Skilled/ Semi-Skilled/Unskilled
Truck Crane High-up	6	0	0	0	0	0	1	0	7	Mid Management/Skilled/ Semi-Skilled/Unskilled
TLB Loader	8	0	0	0	0	0	1	0	9	Mid Management/Skilled/ Semi-Skilled/Unskilled
Mobile Crane	4	0	0	0	0	0	1	0	5	Mid Management/Skilled/ Semi-Skilled/Unskilled
Grader Operator	4	0	0	0	0	0	0	0	4	Mid Management/Skilled/ Semi-Skilled/Unskilled
Professional (Pr) Process Controller Water Course	1	0	0	0	0	0	0	0	1	Semi-Skilled
Local Content Policy Workshop	11	8	1	1	0	0	6	3	30	Top/Snr/Mid Management/ Skilled/ Semi-Skilled
Sexual Harassment	10	1	0	0	0	0	0	0	11	Skilled/ Semi-Skilled
Irregular Expenditure workshop	5	0	0	0	1	0	1	1	8	Top/Snr/Mid Management/ Skilled
GRAND TOTAL	234	97	2	7	1	1	21	16	379	

Total number of Training Interventions: 51

Total number of People trained Multiskilled: 379

Actual Total number of People trained (Head Count):236

Training and Development Programmes

Bloem Water continues investing in a range of developmental initiatives to ensure that it remains a dynamic, high performing Institution that attracts talented, value-driven and high-performing people. The operating environment of a water board presents with particular risks and requires technical expertise. As a result, internal technical or on the job training remains the best opportunity as a learning delivery mechanism within the Entity. The Entity continues to invest in full-time and part-time sponsored programmes, which include functional/technical, safety and compliance learning and development programmes, as well as leadership development.

BUSINESS PLAN

Workshops/Seminars & Conferences are specifically arranged to ensure technicians and engineering staff are equipped and remain current with relevant knowledge and skills in the different engineering fields.

The Entity is in support of implementing Internship programme and Work Integrated Learning (work-placement) programmes to develop students and graduates. The aim of these programmes is to develop skilled human resources in predominantly scarce skills to assist Bloem Water and the sector at large in achieving its core mandate of service delivery.

In support of the above-mentioned statement, Bloem Water has been accredited by EWSETA as Host Employer to offer structured work experience for applied training interventions of Artisans as per Section 26B of Skills Development Act with effect from March 2022 to March 2027 for five years duration. The following trades/fields were approved, Water & Wastewater Treatment Process; Electrician; Welder; Boilermaker and Fitter & Turner.

The goal is to create and maintain a conducive working environment where effective talent management is the driver of optimal performance. Bloem Water further promotes and support professional registration for recognized professional bodies.

12.4 Employee Wellness Programmes

The main goal of implementing an employee wellness program is to encourage employees down the path to a healthier lifestyle. With this as the ultimate purpose for wellness programs, the Employer derives a benefit of improved productivity given that healthier employees are likely to have a higher level of energy and increased concentration.

The programme comprises activities such as health education, medical screenings, awareness session on topical issues on the health calendar, occupational hygiene surveys, financial management and counselling and on-site Fitness facilities. It is aligned with Bloem Water's Human Resource Management Strategy in areas of motivation and staff retention. A Wellness Committee is functional which provides oversight and assurance of the implementation of Wellness programme.

12.5 Skills Gap and its impact on Service Delivery

Bloem Water is not immune to water skills shortages facing the Country and the water sector in general. Training is focussed on the training needs submitted by employees at various occupational levels. These training is progressively rolled out over the planning period.

In meeting the requirements of Draft Regulation 813 of the Water Services Act no 108 of 1997, an integrated skills audit was conducted and has identified training requirements for Water Process Operators which is the core business of the Entity.

12.6 Governance Structures

The leadership of Bloem Water which includes the Board and Executive Management ensures that the operations of the Entity are maintained through the high levels of Corporate Governance which 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.

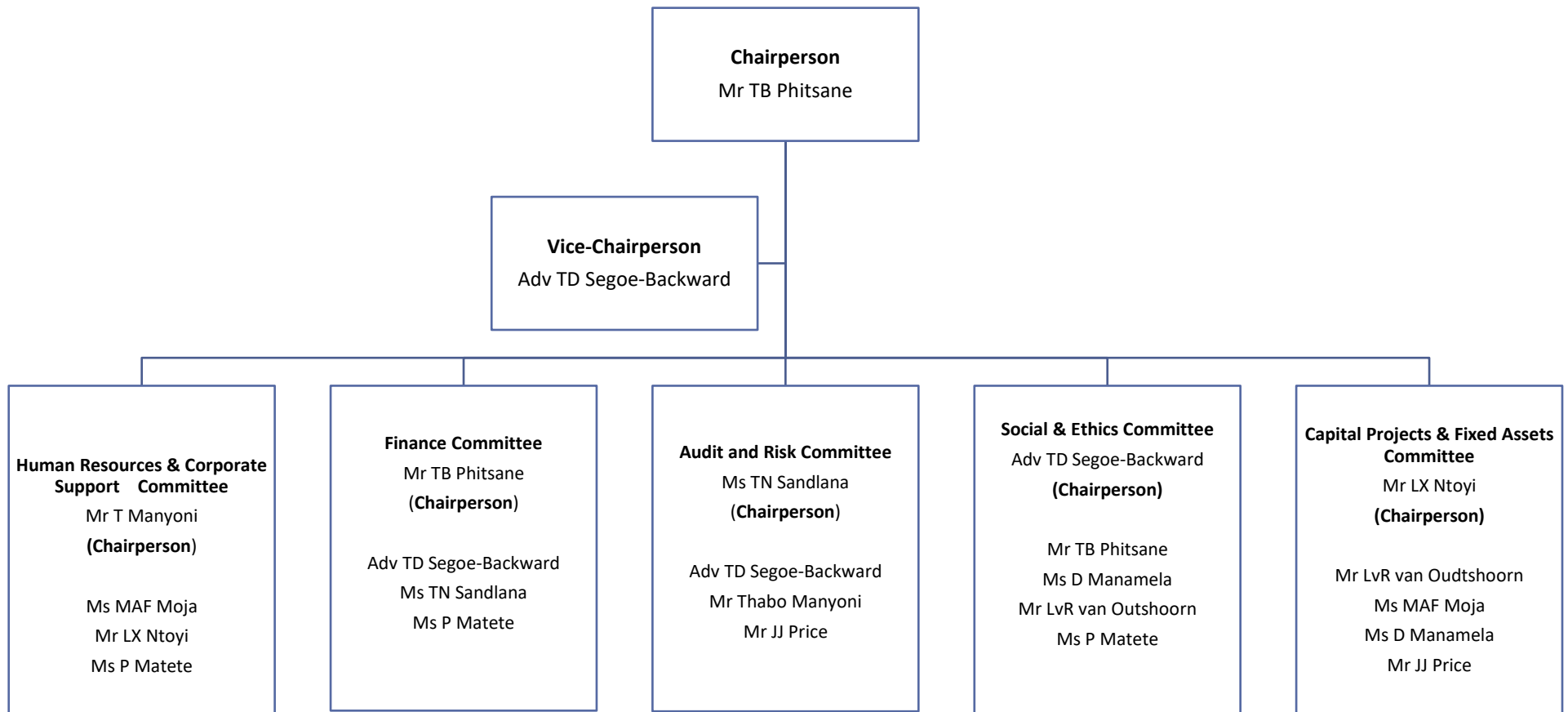
Composition of the Board of Directors

The Non-Executive Directors of Bloem Water were appointed on 1 April 2019. The Board is constituted of 10 Non-Executive Directors and 1 Executive Director (the Chief Executive). 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

During its Inaugural Board Meeting, the committees were established depicted in the structure below:

BUSINESS PLAN



Board Committees

The responsibilities of the Committees, among others, include assistance to the Board as delegated to properly exercise and discharge its onerous duties and responsibilities. The creation of Committees does not reduce a Director's overall responsibility and therefore all Committees report and make recommendations to the Board as guided by the respective Committees Charters. All Committees are chaired by a Non-Executive Director.

Committees of the Board assist the Board to effectively advance the business of the Board on its oversight role. 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 and Risk Committee** – comprising of Directors with expertise in finance, internal control and risk management.
- **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 standards.
- **The Capital Projects and Fixed Assets Committee** – comprising of Directors with expertise in capital appropriations and long-term projects.
- **The Board of Trustees** is a committee independent from the Board and comprises of internal and external members and 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

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	56 DOB: 22/12/66	Male	African	Diploma: Education; BA Economics and Master of Business Administration;	Strategic Management, Finance & Corporate Governance; Public Administration and Governance; Policy Development and Analysis; Training and Development; Supply Chain and Asset Management	Appointed by the Minister in April 2019.	Economic Transformation in FS
Adv Tshepisho Doreen Segoe-Backward	48 DOB: 11/08/74	Female	African	BiJuris; LLB; Post Graduate Diploma in Drafting & Interpretation of the Contracts	Law	Appointed by the Minister in April 2019.	Motheo TVET College; Dept. of Agriculture; FS Consumer Court; FS Provincial Treasury; FS office of the Premier SA Teachers Association;
Thabo Manyoni	62 DOB: 01/01/60	Male	African	BA; Diploma in Business Management; Certificate: Voter Education Elections	Governance	Appointed by the Minister in April 2019.	Municipal Demarcation Board

BUSINESS PLAN

BOARD MEMBER NAME AND SURNAME	AGE	GENDER	RACE	ACADEMIC QUALIFICATIONS	EXPERTISE	YEARS OF SERVICE	POSITIONS ON OTHER BOARDS
Ntikile Sandlana	60 DOB: 16/09/62	Female	African	Diploma in Management; B Com; Higher Education Diploma; B. Com Hons; Master of Business Administration	Internal Audit; Risk Management; Corporate Governance;	Appointed by the Minister in April 2019.	Free State Development Corporation; Special Economic Zone; Mafube Municipality; City of Johannesburg Parks and Zoo
Luvuyo Xola Ntoyi	43 DOB: 05/11/79	Male	African	National Diploma (Civil); B degree Technology (B-Tech) (Civil); Masters: (BA); Certificate: Municipal Finance Management Programme (MFMP); National Diploma Public Finance Management & Administration; National Certificate: Local Economic Development	Engineering; Project Management; Construction & Contract Management; Corporate and Project Finance; Risk Management; Human Resources Management; Water Sector	Appointed by the Minister in April 2019.	Pelononi Regional Hospital; LXN Group of Companies
Mmathebe Annah Faith Moja	66 DOB: 28/06/56	Female	African	Master's in Business Leadership; Advanced Treasury Management; B. Comm	Auditing and Human resources; Performance Management System	Appointed by the Minister in April 2019.	Subtropico (Pty) Ltd; Novasun (PTY) LTD; GIB Insurance Brokers; Emfuleni Local Municipality

BUSINESS PLAN

BOARD MEMBER NAME AND SURNAME	AGE	GENDER	RACE	ACADEMIC QUALIFICATIONS	EXPERTISE	YEARS OF SERVICE	POSITIONS ON OTHER BOARDS
Louis van Rheede van Oudtshoorn	66 DOB: 27/02/56	Male	White	B. Eng. (Civil); B. Eng. (Hons); M. Eng. (Water Utilization); MBA.	Engineering	Appointed by the Minister in April 2019.	None
Dipitseng Maropeng Manamela	44 DOB: 18/07/78	Female	African	MSC. (Environmental Sciences); BSc (Hons) Microbiology; Programme Management; Management Advanced Programme (Leadership in Oil & Energy); Certificate in Safety Management; Certificate in Business Leadership	Project Management; Water Resources Management	Appointed by the Minister in April 2019.	None

BUSINESS PLAN

BOARD MEMBER NAME AND SURNAME	AGE	GENDER	RACE	ACADEMIC QUALIFICATIONS	EXPERTISE	YEARS OF SERVICE	POSITIONS ON OTHER BOARDS
James Jonathan Price	49 DOB: 26/10/73	Male	Coloured	Master's degree in Business Leadership, MBL; B. (Hons) Eng. MOT, Management of Technology; B. (Hons) Eng. Degree in Maintenance Engineering; B. Eng. Mechanical Engineering Degree; Certificate for Project Design in National Diploma Electrical Engineering (Heavy current); National Diploma Electrical Engineering (Heavy current);	Engineering	Appointed by the Minister in April 2019.	None
Puseletso Matete	52 DOB: 07/11/70	Female	African	BA Honours (Geography & Environmental Studies). Thesis pending for M.A. in Geography and Environmental Studies	Environmental Management; Sustainability Matters; Climate Change; Mining Law	Reappointed by the Minister in December 2019.	None

BUSINESS PLAN

Executive Management Structure

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 and monitoring.

BUSINESS PLAN

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	59	Female	A	<p>Doctor in Veterinary Medicine CPMD Master of Science in Agriculture</p> <p>9-year service Areas of Expertise:</p> <ul style="list-style-type: none"> • Administration and Management • Governance 	Chairperson: EWSETA
Chief Financial Officer	Mr OJ Stadler	59	Male	W	<p>B Com Honors Master's in business leadership Management Development Programme 27 years' service Areas of Expertise:</p> <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	43	Male	A	<p>Bachelor of Management Leadership (BML) N. Dip: Electrical Engineering Management Development Programme (MDP)</p> <p>8 years' service (Bloem Water) 9 years' service (Other Water Board)</p> <p>Areas of Expertise:</p> <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	47	Male	A	B Tech. (Water Care) Project Management Certificate Post Graduate Diploma: Business Administration 25 years' service Areas of Expertise: <ul style="list-style-type: none"> • Operations and Maintenance • Engineering and Project Management 	Trustee: Bloem Water Pension Fund Board Member: CENTLEC
Executive: Human Resources	SL Meyer	61	Female	W	B Degree (Psychology) MBA Certificate in Labour Law 31 Years' service Areas of expertise: <ul style="list-style-type: none"> • Human Resources; • Strategic management 	Principal Officer of the Bloem Water Pension Fund Member of Amanzi Bargaining Council
Executive: Corporate Support	Ms N Motlhalwa	40	Female	A	BSc (Hons) Information Technology B. Com Risk Management 9 years' service Risk & Compliance Management Internal Auditing Corporate Governance Strategic Planning & Implementation	Trustee: Bloem Water Pension Fund

BUSINESS PLAN

EXECUTIVE POSITION	NAME	AGE	GENDER	RACE	QUALIFICATIONS AND YEARS OF SERVICE	POSITIONS ON OTHER BOARDS/EMT
Company Secretary	Ms N Silevu	47	Female	A	<p>B. Proc Certificate Programme in Leadership (Wits Business School)</p> <p>7 years' service</p> <p>Areas of Expertise:</p> <ul style="list-style-type: none"> Civil and Commercial Litigation Corporate Governance, 	<p>South African representatives in the SADC Lawyers Association.</p> <p>Member of the Judicial Conduct Tribunal.</p> <p>Council member of the Legal Practice Council</p> <p>Chairperson of Risk and Compliance Committee</p>
Internal Audit Executive (from Former Sedibeng Water)	MR T Nteo	42	Male	A	<p>B Com</p> <p>Post Graduate Diploma in Risk Management</p> <p>Management Development Program (MDP)</p> <p>Certified Internal Auditor (CIA)</p> <p>Master of Business Administration (MBA)</p> <p>21 years' service</p> <p>Areas of Expertise:</p> <ul style="list-style-type: none"> Auditing Finance Corporate Governance Risk Management 	<p>Chairperson of Audit and Risk Committee: FSGLTA</p>

13. ENVIRONMENTAL MANAGEMENT PROGRAMMES AND PLANS

The Entity developed an Environmental Management Policy and Plan that emphasises care for the environment. The Policy and Plan also looks at minimising side-effects of the Organisation on the environment whilst achieving a balance between the needs of the environment and the needs of communities in order to sustain the ecological system and recognise the finite value of water. The Entity manages waste within its area of operations in an environmentally friendly manner.

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 Programme

The Entity is in a process of the implementation of River Health Programme in conjunction with key stakeholders i.e., Municipalities, Corporate Companies and Water and Sewage Company of Lesotho (WASCO) specifically on the Caledon River to improve raw water sources. Afforestation along the riverbank 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.

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. The Entity planned to implement pre-treatment facility in Welbedacht system to reduce treatment water losses and increase pumping capacity during rainy season.

14.1 Water Conservation and Demand Management Programmes or Activities

Throughout all the treatment works, water losses were managed to reduce non-revenue water. All losses are calculated using the adopted international water model. Despite the challenges the Country is faced with regarding water losses that are on average above 35%, the Entity's performance on water losses for the year 2021/22 improved from 13.05% during the financial year 2021/22 to 11.46. %. this was due to the maintenance strategy that was conducted through the financial year 2021/22.

The Entity continued to implement 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. Pipeline inspections are done regularly to detect water leaks in the water supply system and leaks are repaired timeously to minimise unaccounted for water.

Table 14.1: Water Losses for the period: 2020/2021

System Input	Authorized Consumption	Billed	Revenue Water
99,112,	(88.54%)85,500,945	85,500,945 (86.27%)	85,500,945 (86.27%)
		Unbilled	Non-Revenue Water
	Water Losses 11,355,453 (11.46%)	2,256,003 (2.28%)	13,611,456 (13.73%)
		Apparent Losses	
		1,965,460 (1.98%)	
		Real Losses 9,389,992 (9.47%)	

15. FINANCIAL PLAN (5-YEAR PROJECTIONS)

15.1 Financial Plan

The non-payment by the main clients is affecting the financial position of the Entity. The Entity was compelled to revise and prioritize its operational and CAPEX needs. It was supported by the debtor's management processes. As the credit control measures needed to be enhanced to manage as to improve the cash flow. Cost containment measures were implemented and are continuously being monitored. The same principles and normal water demand environments are considered in forecasting future years' budget. The Entity has thus far managed, through its tight financial management controls to obtain unqualified audit reports with findings that the Entity is currently addressing.

The Entity has incorporated the financial plan of the extended areas of operation (former Sedibeng Water), which requires an integration process to be implemented during the coming period. These processes will have an impact on financial management controls of the Entity which implies consideration of the following plans:

- Review and integrating of the financial management information, processes, policies, systems and licences;
- Review of the finance structure to ensure adequate staffing and/or allocation of available personnel;
- Enhance the debt management function to accommodate the extended area;
- Exploration of alternative funding models – infrastructure capex may not be solely reliant on government funding.
- Preparing of consolidated Annual Financial Statement

15.2 Subsidiaries

Bloem Water does not have any subsidiaries.

BUSINESS PLAN

15.3 Financial Planning Assumptions

Schedule of Planning Assumptions - (R - unless otherwise indicated)	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025	Forecast 2025/2026	Forecast 2025/2026
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>
Revenue								
Revenue from exchange transactions								
Water sales	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120	1,250,715,780	1,704,591,369
% increase in revenue	8.98%	4.87%	6.58%	8.94%	9.23%	9.11%	8.93%	9.24%
REVENUE	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120	1,250,715,780	1,704,591,369
Revenue - purified water sales	961,071,416	1,428,550,451	2,389,621,867	1,047,841,959	1,560,475,473	2,608,317,432	1,142,319,758	1,704,591,369
Revenue - raw water sales	92,932,118	0	92,932,118	100,366,688	0	100,366,688	108,396,023	0
Revenue - drought	0	0	0	0	0	0	0	0
Volume of water sold (kl) - Purified (normal conditions)	81,640,453	100,490,823	182,131,277	82,456,858	101,495,732	183,952,590	83,281,426	102,510,689
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	0	15,239,646	15,239,646	0	15,239,646	15,239,646	0
Volume of water sold (kl) (normal conditions)	96,880,099	100,490,823	197,370,922	97,696,504	101,495,732	199,192,235	98,521,072	102,510,689
% increase in purified volumes	1.00%	-3.06%	-1.28%	1.00%	1.00%	1.00%	1.00%	1.00%
% increase/decrease in raw volumes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% increase/decrease in total volumes	0.84%	-3.06%	-1.18%	0.84%	1.00%	0.92%	0.84%	1.00%
TARIFFS BILLED/PROPOSED								
% increase in purified water tariff	8.00%	8.25%	8.13%	8.00%	8.25%	8.13%	8.00%	8.00%
% increase in raw water tariff	8.00%	0.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Purified water tariff - R (Average)	11.77	14.22	13.12	12.71	15.37	14.18	13.72	16.63
Raw Water tariff based on old agreement	8.65	0.00	8.65	9.34	0.00	9.34	10.09	0.00
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.28	0.00	1.28	1.39	0.00	1.39	1.50	0.00
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	0.92	0.00	0.92	0.99	0.00	0.99	1.07	0.00
WRL- as per DWS								
CML- as per DWS								

BUSINESS PLAN

Other income	6,832,199	8,803,737	15,635,936	7,173,809	9,155,886	16,329,695	7,532,499	9,522,122
Adjustment factor	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%
Interest revenue (forecasted only for Investment interest)	6,000,000	16,149,097	22,149,097	6,000,000	16,795,060	22,795,060	6,000,000	17,466,863
Average cash available for investment	100,000,000	0	0	100,000,000	0	0	100,000,000	0
Average expected ROI -fixed deposits	6.00%	0.00%	0.00%	6.00%	0.00%	0.00%	6.00%	0.00%
Total revenue from exchange transactions	1,066,835,733	1,561,921,563	2,628,757,296	1,161,382,456	1,692,742,231	2,854,124,687	1,264,248,279	1,842,893,008
Revenue from non-exchange transactions								
Other income/ Government Grant & Subsidies	0	0	0	0	0	0	0	0
Total revenue	1,066,835,733	1,561,921,563	2,628,757,296	1,161,382,456	1,692,742,231	2,854,124,687	1,264,248,279	1,842,893,008
Expenditure								
Water abstraction costs	-43,364,267	-552,708,984	-596,073,251	-46,616,587	-555,122,714	-601,739,301	-50,112,831	-582,936,878
Adjustment factor	13.97%	16.27%	16.10%	7.50%	0.44%	0.95%	7.50%	5.01%
Price/Tariff	12.97%			6.50%			6.50%	
Volumes- aligned to purified sale volumes	1.00%			1.00%			1.00%	
Chemicals	-38,495,997	-57,632,579	-96,128,576	-40,978,989	-60,341,310	-101,320,299	-43,634,427	-63,177,352
Adjustment factor	6.42%	3.34%	4.55%	6.45%	4.70%	5.40%	6.48%	4.70%
Price/Tariff	4.42%			4.45%			4.48%	
Volumes- aligned to purified sale volumes	1.00%			1.00%			1.00%	
Other (Higher priority/legal requirements/cost containment/efficiency etc)	1.00%			1.00%			1.00%	
Depreciation & amortization	-51,611,672	-157,136,131	-208,747,803	-55,684,172	-168,360,986	-224,045,158	-61,101,672	-170,747,903
Prior year depreciation	-43,497,891			-51,611,672			-55,684,172	
New CAPEX depreciation - 2.5%	-7,363,781			-3,322,500			-4,667,500	
Amortization - intangible assets - 5%	-750,000			-750,000			-750,000	
Return on Asset Provision	0			0			0	
Revaluation depreciation Provision	0			0			0	
Energy cost	-196,184,185	-281,822,040	-478,006,225	-213,532,156	-321,252,258	-534,784,414	-232,416,962	-351,771,223
Adjustment factor	33.84%	19.52%	25.01%	8.84%	13.99%	11.88%	8.84%	9.50%
Price/Tariff	32.00%			7.00%			7.00%	
Volumes- aligned to purified and raw sale volumes	0.84%			0.84%			0.84%	

BUSINESS PLAN

Other (Higher priority/legal requirements/cost containment/efficiency/raw vs purified water ratio,rainfall/low base/tariff increase in April etc)	1.00%			1.00%			1.00%	
Maintenance items consumed	-11,280,019	0	-11,280,019	-17,982,606	0	-17,982,606	-18,962,658	0
Adjustment factor	59.42%	23.56%	44.85%	5.45%	4.70%	5.19%	5.48%	4.70%
Price/Tariff	4.42%			4.45%			4.48%	
Volumes	0.00%			0.00%			0.00%	
Other (Higher priority/legal requirements/cost containment/efficiency etc)	55.00%			1.00%			1.00%	
Repairs and Maintenance	-95,276,015	-50,520,947	-145,796,962	-100,468,557	-52,895,432	-153,363,989	-105,974,234	-55,381,517
Adjustment factor	59.42%	23.56%	44.85%	5.45%	4.70%	5.19%	5.48%	4.70%
Price/Tariff	4.42%			4.45%			4.48%	
Volumes	0.00%			0.00%			0.00%	
Other (Higher priority/legal requirements/cost containment/efficiency etc)	55.00%			1.00%			1.00%	
Employment cost	-335,745,786	-368,453,657	-704,199,443	-360,456,676	-386,876,339	-747,333,015	-388,356,023	-406,220,156
Adjustment factor	8.33%	5.00%	6.56%	7.36%	5.00%	6.13%	7.74%	5.00%
Price/Tariff	6.33%			7.36%			7.74%	
Volumes	0.00%			0.00%			0.00%	
Other (Higher priority/legal requirements/cost containment/efficiency etc)	2.00%			0.00%			0.00%	
Bad debt written-off	0	0	0	0	0	0	0	0
Impairment of trade receivables	-139,942,754	-46,821,502	-186,764,256	-152,450,608	-78,036,655	-230,487,264	-166,060,743	-72,904,271
Adjustment factor - Revenue increase %	8.98%	-18.47%	0.50%	8.94%	66.67%	23.41%	8.93%	-6.58%
Other adjustments - improvement/decline in collecting	0	0	0	0	0	0	0	0
Operating Expenses	-82,246,796	-103,579,410	-185,826,206	-87,551,715	-109,794,175	-197,345,889	-93,225,066	-116,381,825
Adjustment factor	8.42%	-14.50%	-13.01%	6.45%	6.00%	6.20%	6.48%	6.00%
Price/Tariff	4.42%			4.45%			4.48%	
Volumes	0.00%			0.00%			0.00%	
Other (Higher priority/legal requirements/cost containment/efficiency/low base underspending/commitments etc)	4.00%			2.00%			2.00%	
Finance costs	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773	-39,849,773	0
Existing loans - fixed rate								
- Nedbank 2	9.12%			9.12%			9.12%	

BUSINESS PLAN

New loans - fixed rate	12.00%			12.00%			12.00%	
Finance cost of Defined Benefit Liability/Finance lease/other	-39,728,773			-39,728,773			-39,728,773	
Total expenditure	-1,040,699,850	-1,618,675,250	-2,659,375,100	1,116,551,890	1,732,679,870	2,849,231,760	1,200,733,542	-1,819,521,125
Surplus / (loss) for the year	26,135,882	-56,753,687	-30,617,805	44,830,565	-39,937,639	4,892,927	63,514,737	23,371,883
CPI	4.42%	4.42%	4.42%	4.45%	4.45%	4.45%	4.48%	4.48%
Exchange Rate \$>R	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50

Schedule of Planning Assumptions - (R - unless otherwise indicated) (continue)	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	Consolidation	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation
Revenue							
Revenue from exchange transactions							
Water sales	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
% increase in revenue	9.10%	8.93%	9.24%	9.11%	8.93%	9.24%	9.11%
REVENUE	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
Revenue - purified water sales	2,846,911,127	1,245,369,478	1,862,025,398	3,107,394,876	1,357,709,915	2,034,009,123	3,391,719,037
Revenue - raw water sales	108,396,023	117,067,704	0	117,067,704	126,433,121	0	126,433,121
Revenue - drought	0	0	0	0	0	0	0
Volume of water sold (kl) - Purified (normal conditions)	185,792,115	84,114,241	103,535,796	187,650,037	84,955,383	104,571,154	189,526,537
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	15,239,646	0	15,239,646	15,239,646	0	15,239,646
Volume of water sold (kl) (normal conditions)	201,031,761	99,353,886	103,535,796	202,889,682	100,195,029	104,571,154	204,766,183
% increase in purified volumes	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
% increase/decrease in raw volumes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% increase/decrease in total volumes	0.92%	0.85%	1.00%	0.92%	0.85%	1.00%	0.92%
TARIFFS BILLED/PROPOSED							
% increase in purified water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

BUSINESS PLAN

% increase in raw water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Purified water tariff - R (Average)	15.32	14.81	17.98	16.56	15.98	19.45	17.90
Raw Water tariff based on old agreement	10.09	10.90	0.00	10.90	11.77	0.00	11.77
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.50	1.62	0.00	1.62	1.75	0.00	1.75
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	1.07	1.16	0.00	1.16	1.25	0.00	1.25
WRL- as per DWS							
CML- as per DWS							
Other income	17,054,621	7,909,124	9,903,007	17,812,131	8,304,580	10,299,127	18,603,707
Adjustment factor	0.00%	5.00%	0.00%	0.00%	5.00%	0.00%	0.00%
Interest revenue (forecasted only for Investment interest)	23,466,863	6,000,000	18,165,537	24,165,537	6,000,000	18,892,159	24,892,159
Average cash available for investment	0	100,000,000	0	0	100,000,000	0	0
Average expected ROI -fixed deposits	0.00%	6.00%	0.00%	0.00%	6.00%	0.00%	0.00%
Total revenue from exchange transactions	3,107,141,288	1,376,346,306	2,006,638,291	3,382,984,598	1,498,447,616	2,185,222,342	3,683,669,958
Revenue from non-exchange transactions							
Other income/ Government Grant & Subsidies	0	0	0	0	0	0	0
Total revenue	3,107,141,288	1,376,346,306	2,006,638,291	3,382,984,598	1,498,447,616	2,185,222,342	3,683,669,958
Expenditure							
Water abstraction costs	-633,049,708	-53,871,293	-612,277,467	-666,148,760	-57,911,640	-643,178,273	-701,089,913
Adjustment factor	5.20%	7.50%	5.03%	5.23%	7.50%	5.05%	5.25%
Price/Tariff		6.50%			6.50%		
Volumes- aligned to purified sale volumes		1.00%			1.00%		
Chemicals	-106,811,779	-46,688,837	-66,146,688	-112,835,525	-49,957,056	-69,255,582	-119,212,638
Adjustment factor	5.42%	7.00%	4.70%	5.64%	7.00%	4.70%	5.65%
Price/Tariff		5.00%			5.00%		
Volumes- aligned to purified sale volumes		1.00%			1.00%		
Other (Higher priority/legal requirements/cost containment/efficiency etc)		1.00%			1.00%		

BUSINESS PLAN

Depreciation & amortization	-231,849,575	-66,339,172	-181,700,523	-248,039,694	-72,216,672	-194,015,326	-266,231,998
Prior year depreciation		-61,101,672			-66,339,172		
New CAPEX depreciation - 2.5%		-4,487,500			-5,127,500		
Amortization - intangible assets - 5%		-750,000			-750,000		
Return on Asset Provision		0			0		
Revaluation depreciation Provision		0			0		
Energy cost	-584,188,184	-252,974,976	-385,189,489	-638,164,465	-275,354,692	-421,782,490	-697,137,182
Adjustment factor	9.24%	8.85%	9.50%	9.24%	8.85%	9.50%	9.24%
Price/Tariff		7.00%			7.00%		
Volumes- aligned to purified and raw sale volumes		0.85%			0.85%		
Other (Higher priority/legal requirements/cost containment/efficiency/raw vs purified water ratio,rainfall/low base/tariff increase in April etc)		1.00%			1.00%		
Maintenance items consumed	-18,962,658	-20,001,812	0	-20,001,812	-21,201,920	0	-21,201,920
Adjustment factor	5.21%	6.00%	4.70%	5.55%	6.00%	4.70%	5.56%
Price/Tariff		5.00%			5.00%		
Volumes		0.00%			0.00%		
Other (Higher priority/legal requirements/cost containment/efficiency etc)		1.00%			1.00%		
Repairs and Maintenance	-161,355,752	-112,332,688	-57,984,449	-170,317,137	-119,072,650	-60,709,718	-179,782,367
Adjustment factor	5.21%	6.00%	4.70%	5.55%	6.00%	4.70%	5.56%
Price/Tariff		5.00%			5.00%		
Volumes		0.00%			0.00%		
Other (Higher priority/legal requirements/cost containment/efficiency etc)		1.00%			1.00%		
Employment cost	-794,576,179	-419,657,518	-426,531,164	-846,188,682	-455,706,099	-447,857,722	-903,563,821
Adjustment factor	6.32%	8.06%	5.00%	6.50%	8.59%	5.00%	6.78%
Price/Tariff		8.06%			8.59%		
Volumes		0.00%			0.00%		
Other (Higher priority/legal requirements/cost containment/efficiency etc)		0.00%			0.00%		
Bad debt written-off	0	0	0	0	0	0	0
Impairment of trade receivables	-238,965,014	-180,894,281	-66,257,814	-247,152,095	-197,053,479	-70,616,132	-267,669,611
Adjustment factor - Revenue increase %	3.68%	8.93%	-9.12%	3.43%	8.93%	6.58%	8.30%
Other adjustments - improvement/decline in collecting	0	0	0	0	0	0	0

BUSINESS PLAN

Operating Expenses	-209,606,891	-99,750,820	-123,364,734	-223,115,555	-106,733,378	-130,766,619	-237,499,996
Adjustment factor	6.21%	7.00%	6.00%	6.44%	7.00%	6.00%	6.45%
Price/Tariff		5.00%			5.00%		
Volumes		0.00%			0.00%		
Other (Higher priority/legal requirements/cost containment/efficiency/low base underspending/commitments etc)		2.00%			2.00%		
Finance costs	-39,849,773	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773
Existing loans - fixed rate							
- Nedbank 2		9.12%			9.12%		
New loans - fixed rate		12.00%			12.00%		
Finance cost of Defined Benefit Liability/Finance lease/other		-39,728,773			-39,728,773		
Total expenditure	-3,020,254,667	-1,293,561,279	-1,919,452,328	-3,213,013,607	-1,396,329,473	-2,038,181,862	-3,434,511,335
Surplus / (loss) for the year	86,886,620	82,785,027	87,185,963	169,970,990	102,118,142	147,040,480	249,158,622
CPI	4.48%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Exchange Rate \$>R	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50	R 17.50

BUSINESS PLAN

Detail breakdown of percentage increase between 2022/2023 and 2023/2024

Water sales projections and proposed tariffs

Description	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Water sales	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985
% increase in revenue				8.98%	4.87%	6.58%
REVENUE	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985
Revenue - purified water sales	881,070,238	1,362,254,465	2,243,324,703	961,071,416	1,428,550,451	2,389,621,867
Revenue - raw water sales	86,048,257	0	86,048,257	92,932,118	0	92,932,118
Revenue - drought	0	0	0	0	0	0
Volume of water sold (kl) - Purified (normal conditions)	80,832,132	103,657,796	184,489,928	81,640,453	100,490,823	182,131,277
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	0	15,239,646	15,239,646	0	15,239,646
Volume of water sold (kl) (normal conditions)	96,071,778	103,657,796	199,729,574	96,880,099	100,490,823	197,370,922
Old agreement basis (2003 SLA) - raw water						
MMM Actual raw water volumes excluding 5,9 million - SLA Annex A Section 1.1(b)(ii)	-5,900,000	0	0	-5,900,000	0	0
15% river water losses Annex A Section 1.1(b)(iv)	1,400,947	0	2,285,947	1,400,947	0	2,285,947
Billed raw water volumes excluding 5,9 million and additional provision for 15% river water losses Annex A Section 1.1(b)(iv)	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00
% increase in purified volumes	13.38%	-4.82%	2.38%	1.00%	-3.06%	-1.28%
% increase/decrease in raw volumes	7.25%	0.00%	7.25%	0.00%	0.00%	0.00%
% increase/decrease in total volumes	12.36%	-4.82%	2.74%	0.84%	-3.06%	-1.18%
TARIFFS BILLED/PROPOSED						
% increase in purified water tariff	9.00%	6.75%	7.88%	8.00%	8.25%	8.13%
% increase in raw water tariff	9.00%	0.00%	9.00%	8.00%	0.00%	8.00%

BUSINESS PLAN

Purified water tariff - R (Average)	10.90	13.14	12.16	11.77	14.22	13.12
Raw Water tariff based on old agreement	8.01	0.00	8.01	8.65	0.00	8.65
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.19	0.00	1.19	1.28	0.00	1.28
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	0.85	0.00	0.85	0.92	0.00	0.92

WRL- as per DWS

CML- as per DWS

Water sales projections and proposed tariffs (continue)

Description	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Water sales	1,148,208,647	1,560,475,473	2,708,684,120	1,250,715,780	1,704,591,369	2,955,307,149
% increase in revenue	8.94%	9.23%	9.11%	8.93%	9.24%	9.10%
REVENUE	1,148,208,647	1,560,475,473	2,708,684,120	1,250,715,780	1,704,591,369	2,955,307,149
Revenue - purified water sales	1,047,841,959	1,560,475,473	2,608,317,432	1,142,319,758	1,704,591,369	2,846,911,127
Revenue - raw water sales	100,366,688	0	100,366,688	108,396,023	0	108,396,023
Revenue - drought	0	0	0	0	0	0
Volume of water sold (kl) - Purified (normal conditions)	82,456,858	101,495,732	183,952,590	83,281,426	102,510,689	185,792,115
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	0	15,239,646	15,239,646	0	15,239,646
Volume of water sold (kl) (normal conditions)	97,696,504	101,495,732	199,192,235	98,521,072	102,510,689	201,031,761
Old agreement basis (2003 SLA) - raw water						
MMM Actual raw water volumes excluding 5,9 million - SLA Annex A Section 1.1(b)(ii)	-5,900,000	0	0	-5,900,000	0	0
15% river water losses Annex A Section 1.1(b)(iv)	1,400,947	0	2,285,947	1,400,947	0	2,285,947
Billed raw water volumes excluding 5,9 million and additional provision for 15% river water losses Annex A Section 1.1(b)(iv)	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00
% increase in purified volumes	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
% increase/decrease in raw volumes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

BUSINESS PLAN

% increase/decrease in total volumes	0.84%	1.00%	0.92%	0.84%	1.00%	0.92%
---	--------------	--------------	--------------	--------------	--------------	--------------

TARIFFS BILLED/PROPOSED

% increase in purified water tariff	8.00%	8.25%	8.13%	8.00%	8.00%	8.00%
% increase in raw water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Purified water tariff - R (Average)	12.71	15.37	14.18	13.72	16.63	15.32
Raw Water tariff based on old agreement	9.34	0.00	9.34	10.09	0.00	10.09
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.39	0.00	1.39	1.50	0.00	1.50
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	0.99	0.00	0.99	1.07	0.00	1.07

WRL- as per DWS

CML- as per DWS

Water sales projections and proposed tariffs (continue)

Description	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Water sales	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
% increase in revenue	8.93%	9.24%	9.11%	8.93%	9.24%	9.11%
REVENUE	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
Revenue - purified water sales	1,245,369,478	1,862,025,398	3,107,394,876	1,357,709,915	2,034,009,123	3,391,719,037
Revenue - raw water sales	117,067,704	0	117,067,704	126,433,121	0	126,433,121
Revenue - drought	0	0	0	0	0	0

Volume of water sold (kl) - Purified (normal conditions)	84,114,241	103,535,796	187,650,037	84,955,383	104,571,154	189,526,537
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	0	15,239,646	15,239,646	0	15,239,646
Volume of water sold (kl) (normal conditions)	99,353,886	103,535,796	202,889,682	100,195,029	104,571,154	204,766,183

Old agreement basis (2003 SLA) - raw water

MMM Actual raw water volumes excluding 5,9 million - SLA Annex A

Section 1.1(b)(ii)	-5,900,000	0	0	-5,900,000	0	0
15% river water losses Annex A Section 1.1(b)(iv)	1,400,947	0	2,285,947	1,400,947	0	2,285,947

BUSINESS PLAN

Billed raw water volumes excluding 5,9 million and additional provision for 15% river water losses Annex A Section 1.1(b)(iv)	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00
--	----------------------	-------------	-------------	----------------------	-------------	-------------

% increase in purified volumes	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
% increase/decrease in raw volumes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% increase/decrease in total volumes	0.85%	1.00%	0.92%	0.85%	1.00%	0.92%

TARIFFS BILLED/PROPOSED

% increase in purified water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
% increase in raw water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Purified water tariff - R (Average)	14.81	17.98	16.56	15.98	19.45	17.90
Raw Water tariff based on old agreement	10.90	0.00	10.90	11.77	0.00	11.77
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.62	0.00	1.62	1.75	0.00	1.75
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	1.16	0.00	1.16	1.25	0.00	1.25

WRL- as per DWS

CML- as per DWS

STATEMENT OF FINANCIAL PERFORMANCE	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Presented by nature									
Revenue									
Revenue from exchange transactions									
Water sales	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
Revenue - purified water sales	881,070,238	1,362,254,465	2,243,324,703	961,071,416	1,428,550,451	2,389,621,867	1,047,841,959	1,560,475,473	2,608,317,432
Revenue - raw water sales	86,048,257	0	86,048,257	92,932,118	0	92,932,118	100,366,688	0	100,366,688
Other income	6,506,856	8,973,039	15,479,895	6,832,199	8,803,737	15,635,936	7,173,809	9,155,886	16,329,695
Interest revenue (forecasted only for Investment interest)	6,000,000	15,527,977	21,527,977	6,000,000	16,149,097	22,149,097	6,000,000	16,795,060	22,795,060
Total revenue from exchange transactions	979,625,352	1,493,553,318	2,473,178,669	1,066,835,733	1,561,921,563	2,628,757,296	1,161,382,456	1,692,742,231	2,854,124,687

BUSINESS PLAN

Revenue from non-exchange transactions

Other income/ Government Grant & Subsidies	0	0	0	0	0	0	0	0	0
Total revenue	979,625,352	1,493,553,318	2,473,178,669	1,066,835,733	1,561,921,563	2,628,757,296	1,161,382,456	1,692,742,231	2,854,124,687

Expenditure

Water abstraction costs	-38,048,843	-475,347,765	-513,396,608	-43,364,267	-552,708,984	-596,073,251	-46,616,587	-555,122,714	-601,739,301
Chemicals	-36,173,649	-55,767,308	-91,940,957	-38,495,997	-57,632,579	-96,128,576	-40,978,989	-60,341,310	-101,320,299
Depreciation & amortization	-43,497,891	-148,184,858	-191,682,749	-51,611,672	-157,136,131	-208,747,803	-55,684,172	-168,360,986	-224,045,158
Energy cost	-146,579,628	-235,787,771	-382,367,398	-196,184,185	-281,822,040	-478,006,225	-213,532,156	-321,252,258	-534,784,414
Maintenance items consumed	-11,280,019	0	-11,280,019	-17,982,606	0	-17,982,606	-18,962,658	0	-18,962,658
Repairs and Maintenance	-59,764,154	-40,887,861	-100,652,015	-95,276,015	-50,520,947	-145,796,962	-100,468,557	-52,895,432	-153,363,989
Employment cost	-309,928,723	-350,908,244	-660,836,968	-335,745,786	-368,453,657	-704,199,443	-360,456,676	-386,876,339	-747,333,015
Bad debt written-off	0	0	0	0	0	0	0	0	0
Impairment of trade receivables	-128,406,804	-57,429,411	-185,836,215	-139,942,754	-46,821,502	-186,764,256	-152,450,608	-78,036,655	-230,487,264
Operating Expenses	-92,461,535	-121,145,509	-213,607,044	-82,246,796	-103,579,410	-185,826,206	-87,551,715	-109,794,175	-197,345,889
Finance costs	-41,342,150	-1,831,436	-43,173,585	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773
Total expenditure	-907,483,396	-1,487,290,162	-2,394,773,558	1,040,699,850	1,618,675,250	2,659,375,100	1,116,551,890	-1,732,679,870	-2,849,231,760
Surplus / (loss) for the year	72,141,956	6,263,156	78,405,112	26,135,882	-56,753,687	-30,617,805	44,830,565	-39,937,639	4,892,927

STATEMENT OF FINANCIAL PERFORMANCE (continue)

Presented by nature

Revenue

Revenue from exchange transactions

	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Water sales	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
Revenue - purified water sales	1,142,319,758	1,704,591,369	2,846,911,127	1,245,369,478	1,862,025,398	3,107,394,876	1,357,709,915	2,034,009,123	3,391,719,041
Revenue - raw water sales	108,396,023	0	108,396,023	117,067,704	0	117,067,704	126,433,121	0	126,433,117
Other income	7,532,499	9,522,122	17,054,621	7,909,124	9,903,007	17,812,131	8,304,580	10,299,127	18,603,708
Interest revenue (forecasted only for Investment interest)	6,000,000	17,466,863	23,466,863	6,000,000	18,165,537	24,165,537	6,000,000	18,892,159	24,892,159

BUSINESS PLAN

Total revenue from exchange transactions	1,264,248,279	1,842,893,008	3,107,141,288	1,376,346,306	2,006,638,291	3,382,984,598	1,498,447,616	2,185,222,342	3,683,669,900
Revenue from non-exchange transactions									
Other income/ Government Grant & Subsidies	0	0	0	0	0	0	0	0	0
Total revenue	1,264,248,279	1,842,893,008	3,107,141,288	1,376,346,306	2,006,638,291	3,382,984,598	1,498,447,616	2,185,222,342	3,683,669,900
Expenditure									
Water abstraction costs	-50,112,831	-582,936,878	-633,049,708	-53,871,293	-612,277,467	-666,148,760	-57,911,640	-643,178,273	-701,089,900
Chemicals	-43,634,427	-63,177,352	-106,811,779	-46,688,837	-66,146,688	-112,835,525	-49,957,056	-69,255,582	-119,212,600
Depreciation & amortization	-61,101,672	-170,747,903	-231,849,575	-66,339,172	-181,700,523	-248,039,694	-72,216,672	-194,015,326	-266,231,900
Energy cost	-232,416,962	-351,771,223	-584,188,184	-252,974,976	-385,189,489	-638,164,465	-275,354,692	-421,782,490	-697,137,100
Maintenance items consumed	-20,001,812	0	-20,001,812	-21,201,920	0	-21,201,920	-22,474,036	0	-22,474,000
Repairs and Maintenance	-105,974,234	-55,381,517	-161,355,752	-112,332,688	-57,984,449	-170,317,137	-119,072,650	-60,709,718	-179,782,300
Employment cost	-388,356,023	-406,220,156	-794,576,179	-419,657,518	-426,531,164	-846,188,682	-455,706,099	-447,857,722	-903,563,800
Bad debt written-off	0	0	0	0	0	0	0	0	0
Impairment of trade receivables	-166,060,743	-72,904,271	-238,965,014	-180,894,281	-66,257,814	-247,152,095	-197,053,479	-70,616,132	-267,669,600
Operating Expenses	-93,225,066	-116,381,825	-209,606,891	-99,750,820	-123,364,734	-223,115,555	-106,733,378	-130,766,619	-237,499,900
Finance costs	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,700
Total expenditure	-1,200,733,542	-1,819,521,125	-3,020,254,667	-1,293,561,279	-1,919,452,328	-3,213,013,607	1,396,329,473	2,038,181,862	-3,434,511,300
Surplus / (loss) for the year	63,514,737	23,371,883	86,886,620	82,785,027	87,185,963	169,970,990	102,118,142	147,040,480	249,158,600

CAPEX - Other	0	119,149,700	119,149,700	0	143,675,775	143,675,775
---------------	---	-------------	-------------	---	-------------	-------------

[illegible]

BUSINESS PLAN

Finance charges	1,492,377	0	1,492,377	0	0	0	0	0	0
Re-payments	-38,594,786	0	-38,594,786	0	0	0	0	0	0
Capital portion of repayment	-37,102,410	0	-37,102,410	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0
Period in years of new funding	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Interest rate fixed of new funding	12%	12%	12%	12%	12%	12%	12%	12%	12%
Treasury limits vs borrowings	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Cash and cash equivalents	330,697,421	520,669,565	851,366,985	147,262,932	480,669,565	627,932,497	151,509,974	445,669,565	597,179,533
CAPEX included in forecast									
CAPEX prior to be completed (accruals and commitments)	61,908,000	0	61,908,000	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	0	0	0	50,000,000	0	50,000,000	100,000,000	0	100,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	170,464,586	0	170,464,586	244,551,250	0	244,551,250	32,900,000	0	32,900,000
CAPEX - Other	0	119,149,700	119,149,700	0	143,675,775	143,675,775	0	57,541,370	57,541,370
Borrowing program & cash projections (continue)	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
Profile of debt - loans combine	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation
Opening balance	0	0	0	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0	0
Finance charges	0	0	0	0	0	0	0	0	0
Re-payments	0	0	0	0	0	0	0	0	0
Capital portion of repayment	0	0	0	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0
Period in years of new funding	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	11 years
Interest rate fixed of new funding	12%	12%	12%	12%	12%	12%	12%	12%	112%
Treasury limits vs borrowings	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Cash and cash equivalents	129,760,790	395,669,565	525,430,355	144,089,533	305,669,565	449,759,098	162,751,752	215,669,565	378,421,311
CAPEX included in forecast									
CAPEX prior to be completed (accruals and commitments)	0	0	0	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	150,000,000	0	150,000,000	150,000,000	0	150,000,000	175,000,000	0	175,000,000

BUSINESS PLAN

CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	36,700,000	0	36,700,000	29,500,000	0	29,500,000	30,100,000	0	30,100,000
CAPEX - Other	0	155,368,920	155,368,920	0	159,488,136	159,488,136	0	83,927,973	83,927,973

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 aligned to the approved tariffs and in accordance with approved borrowing limits subject to improvements of municipal payments.
- Significant capital requirements aligned to future water supply and demands.
- New funding is aligned to the lifespan of assets, expected revenue, free cash flow after servicing current debt obligations and funding available in the market.
- Grant funding is required to augment shortfall in capital project funding.
- 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 approval of drought tariff to partially cover overhead cost component in the event of 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 prioritizing core function within available funding.
- Surplus/reserve funding is earmarked for capital requirement/loan repayments and adequate liquidity buffer to maintain a viable structure.
- There is a need to initiate for surplus/ reserve funding for the extended areas of operation capital requirements.
-

BUSINESS PLAN

15.4 Water Sales Projections / Tariff Projections

Water sales projections and proposed tariffs

Description	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Water sales	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
% increase in revenue				8.98%	4.87%	6.58%	8.94%	9.23%	9.11%
REVENUE	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
Revenue - purified water sales	881,070,238	1,362,254,465	2,243,324,703	961,071,416	1,428,550,451	2,389,621,867	1,047,841,959	1,560,475,473	2,608,317,432
Revenue - raw water sales	86,048,257	0	86,048,257	92,932,118	0	92,932,118	100,366,688	0	100,366,688
Revenue - drought	0	0	0	0	0	0	0	0	0
Volume of water sold (kl) - Purified (normal conditions)	80,832,132	103,657,796	184,489,928	81,640,453	100,490,823	182,131,277	82,456,858	101,495,732	183,952,590
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	0	15,239,646	15,239,646	0	15,239,646	15,239,646	0	15,239,646
Volume of water sold (kl) (normal conditions)	96,071,778	103,657,796	199,729,574	96,880,099	100,490,823	197,370,922	97,696,504	101,495,732	199,192,235
Old agreement basis (2003 SLA) - raw water									
MMM Actual raw water volumes excluding 5,9 million - SLA Annex A Section 1.1(b)(ii)	-5,900,000	0	0	-5,900,000	0	0	-5,900,000	0	0
15% river water losses Annex A Section 1.1(b)(iv)	1,400,947	0	2,285,947	1,400,947	0	2,285,947	1,400,947	0	2,285,947
Billed raw water volumes excluding 5,9 million and additional provision for 15% river water losses Annex A Section 1.1(b)(iv)	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00
% increase in purified volumes	13.38%	-4.82%	2.38%	1.00%	-3.06%	-1.28%	1.00%	1.00%	1.00%
% increase/decrease in raw volumes	7.25%	0.00%	7.25%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% increase/decrease in total volumes	12.36%	-4.82%	2.74%	0.84%	-3.06%	-1.18%	0.84%	1.00%	0.92%

BUSINESS PLAN

TARIFFS BILLED/PROPOSED

% increase in purified water tariff	9.00%	6.75%	7.88%	8.00%	8.25%	8.13%	8.00%	8.25%	8.13%
% increase in raw water tariff	9.00%	0.00%	9.00%	8.00%	0.00%	8.00%	8.00%	8.00%	8.00%
Purified water tariff - R (Average)	10.90	13.14	12.16	11.77	14.22	13.12	12.71	15.37	14.18
Raw Water tariff based on old agreement	8.01	0.00	8.01	8.65	0.00	8.65	9.34	0.00	9.34
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.19	0.00	1.19	1.28	0.00	1.28	1.39	0.00	1.39
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	0.85	0.00	0.85	0.92	0.00	0.92	0.99	0.00	0.99

WRL- as per DWS

CML- as per DWS

Water sales projections and proposed tariffs(**continue**)

Description	Forecast 2025/2026 Bloem Water	Forecast 2025/2026 Sedibeng	Forecast 2025/2026 Consolidation	Forecast 2026/2027 Bloem Water	Forecast 2026/2027 Sedibeng	Forecast 2026/2027 Consolidation	Forecast 2027/2028 Bloem Water	Forecast 2027/2028 Sedibeng	Forecast 2027/2028 Consolidation
Water sales	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
% increase in revenue	8.93%	9.24%	9.10%	8.93%	9.24%	9.11%	8.93%	9.24%	9.11%
REVENUE	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
Revenue - purified water sales	1,142,319,758	1,704,591,369	2,846,911,127	1,245,369,478	1,862,025,398	3,107,394,876	1,357,709,915	2,034,009,123	3,391,719,037
Revenue - raw water sales	108,396,023	0	108,396,023	117,067,704	0	117,067,704	126,433,121	0	126,433,121
Revenue - drought	0	0	0	0	0	0	0	0	0
Volume of water sold (kl) - Purified (normal conditions)	83,281,426	102,510,689	185,792,115	84,114,241	103,535,796	187,650,037	84,955,383	104,571,154	189,526,537
Volume of water sold (kl) - Raw (normal conditions)	15,239,646	0	15,239,646	15,239,646	0	15,239,646	15,239,646	0	15,239,646
Volume of water sold (kl) (normal conditions)	98,521,072	102,510,689	201,031,761	99,353,886	103,535,796	202,889,682	100,195,029	104,571,154	204,766,183
Old agreement basis (2003 SLA) - raw water									
MMM Actual raw water volumes excluding 5,9 million - SLA Annex A Section 1.1(b)(ii)	-5,900,000	0	0	-5,900,000	0	0	-5,900,000	0	0
15% river water losses Annex A Section 1.1(b)(iv)	1,400,947	0	2,285,947	1,400,947	0	2,285,947	1,400,947	0	2,285,947

BUSINESS PLAN

Billed raw water volumes excluding 5,9 million and additional provision for 15% river water losses Annex A Section 1.1(b)(iv)	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00	10,740,592.59	0.00	0.00
% increase in purified volumes	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
% increase/decrease in raw volumes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
% increase/decrease in total volumes	0.84%	1.00%	0.92%	0.85%	1.00%	0.92%	0.85%	1.00%	0.92%
TARIFFS BILLED/PROPOSED									
% increase in purified water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
% increase in raw water tariff	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Purified water tariff - R (Average)	13.72	16.63	15.32	14.81	17.98	16.56	15.98	19.45	17.90
Raw Water tariff based on old agreement	10.09	0.00	10.09	10.90	0.00	10.90	11.77	0.00	11.77
Drought restriction tariff - purified - for every 10% legislated reduction on top of normal tariff - R	1.50	0.00	1.50	1.62	0.00	1.62	1.75	0.00	1.75
Drought restriction tariff - raw - for every 10% legislated reduction on top of normal tariff - R	1.07	0.00	1.07	1.16	0.00	1.16	1.25	0.00	1.25
WRL- as per DWS									
CML- as per DWS									

--	--	--	--	--	--	--	--	--

BUSINESS PLAN

--	--

BUSINESS PLAN

BUSINESS PLAN

Tariff Projections and Consultation Process

The regulatory unit of the DWS issued a "Regulatory Water Board Tariff Determination Framework" and NT regulations and guidelines are incorporated in the determination of the budget, Tariff structure and tariffs. Bloem Water followed the consultation processes as required in terms of Section 42 of the Municipal Finance Management Act. The diversified tariff approach was maintained for identified schemes, whereas and dedicated cost structure for other schemes. the information was and conveyed during the consultation process to the Municipalities, National Treasury, SALGA 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, non-payment and 0% increases impact.

It is further impacted by the regional schemes of the former Sedibeng Water area. Historic approved tariffs by the Minister of Water and Sanitation added to the under-recovering to continue 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 is targeting 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 will be concluded after submissions and consultations with the Department of Water and Sanitation, National Treasury, organised Local Government (SALGA), Municipalities and other Stakeholders. The inputs from all parties are 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. The Department of Water and Sanitation (DWS) supported a drought tariff to cover mostly the fixed cost components during significant volume demand drop which impacts revenue. A high fixed cost structure increases financial constraints during a period of drought.

15.6 Subsidies

DWS is funding the 33.7 km steel pipeline and Bloem Water is the Implementing Agent. The Entity 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 the future water demand. These requirements cannot be incorporated into the financial requirements and statements, due to the sheer scope of it. Future funding will be required for the VGG phase 2, which has not been concluded. One of the critical infrastructure projects (upgrade of Rustfontein Treatment Works) of the Entity has been considered by Presidential Infrastructure Committee and gazetted for further funding by Investors.

BUSINESS PLAN

15.7 Income Statement Projections/Statement of Financial Performance Projections

STATEMENT OF FINANCIAL PERFORMANCE	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Presented by nature									
Revenue									
Revenue from exchange transactions									
Water sales	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
Revenue - purified water sales	881,070,238	1,362,254,465	2,243,324,703	961,071,416	1,428,550,451	2,389,621,867	1,047,841,959	1,560,475,473	2,608,317,432
Revenue - raw water sales	86,048,257	0	86,048,257	92,932,118	0	92,932,118	100,366,688	0	100,366,688
Other income	6,506,856	8,973,039	15,479,895	6,832,199	8,803,737	15,635,936	7,173,809	9,155,886	16,329,695
Interest revenue (forecasted only for Investment interest)	6,000,000	15,527,977	21,527,977	6,000,000	16,149,097	22,149,097	6,000,000	16,795,060	22,795,060
Total revenue from exchange transactions	979,625,352	1,493,553,318	2,473,178,669	1,066,835,733	1,561,921,563	2,628,757,296	1,161,382,456	1,692,742,231	2,854,124,687
Revenue from non-exchange transactions									
Other income/ Government Grant & Subsidies	0	0	0	0	0	0	0	0	0
Total revenue	979,625,352	1,493,553,318	2,473,178,669	1,066,835,733	1,561,921,563	2,628,757,296	1,161,382,456	1,692,742,231	2,854,124,687
Expenditure									
Water abstraction costs	-38,048,843	-475,347,765	-513,396,608	-43,364,267	-552,708,984	-596,073,251	-46,616,587	-555,122,714	-601,739,301
Chemicals	-36,173,649	-55,767,308	-91,940,957	-38,495,997	-57,632,579	-96,128,576	-40,978,989	-60,341,310	-101,320,299
Depreciation & amortization	-43,497,891	-148,184,858	-191,682,749	-51,611,672	-157,136,131	-208,747,803	-55,684,172	-168,360,986	-224,045,158
Energy cost	-146,579,628	-235,787,771	-382,367,398	-196,184,185	-281,822,040	-478,006,225	-213,532,156	-321,252,258	-534,784,414
Maintenance items consumed	-11,280,019	0	-11,280,019	-17,982,606	0	-17,982,606	-18,962,658	0	-18,962,658
Repairs and Maintenance	-59,764,154	-40,887,861	-100,652,015	-95,276,015	-50,520,947	-145,796,962	-100,468,557	-52,895,432	-153,363,989
Employment cost	-309,928,723	-350,908,244	-660,836,968	-335,745,786	-368,453,657	-704,199,443	-360,456,676	-386,876,339	-747,333,015
Bad debt written-off	0	0	0	0	0	0	0	0	0
Impairment of trade receivables	-128,406,804	-57,429,411	-185,836,215	-139,942,754	-46,821,502	-186,764,256	-152,450,608	-78,036,655	-230,487,264
Operating Expenses	-92,461,535	-121,145,509	-213,607,044	-82,246,796	-103,579,410	-185,826,206	-87,551,715	-109,794,175	-197,345,889
Finance costs	-41,342,150	-1,831,436	-43,173,585	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773
Total expenditure	-907,483,396	-1,487,290,162	-2,394,773,558	1,040,699,850	1,618,675,250	2,659,375,100	1,116,551,890	-1,732,679,870	-2,849,231,760

BUSINESS PLAN

Surplus / (loss) for the year	72,141,956	6,263,156	78,405,112	26,135,882	-56,753,687	-30,617,805	44,830,565	-39,937,639	4,892,927
STATEMENT OF FINANCIAL PERFORMANCE (continue)	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
Presented by nature	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation
Revenue									
Revenue from exchange transactions									
Water sales	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,1
Revenue - purified water sales	1,142,319,758	1,704,591,369	2,846,911,127	1,245,369,478	1,862,025,398	3,107,394,876	1,357,709,915	2,034,009,123	3,391,719,0
Revenue - raw water sales	108,396,023	0	108,396,023	117,067,704	0	117,067,704	126,433,121	0	126,433,1
Other income	7,532,499	9,522,122	17,054,621	7,909,124	9,903,007	17,812,131	8,304,580	10,299,127	18,603,7
Interest revenue (forecasted only for Investment interest)	6,000,000	17,466,863	23,466,863	6,000,000	18,165,537	24,165,537	6,000,000	18,892,159	24,892,1
Total revenue from exchange transactions	1,264,248,279	1,842,893,008	3,107,141,288	1,376,346,306	2,006,638,291	3,382,984,598	1,498,447,616	2,185,222,342	3,683,669,9
Revenue from non-exchange transactions									
Other income/ Government Grant & Subsidies	0	0	0	0	0	0	0	0	0
Total revenue	1,264,248,279	1,842,893,008	3,107,141,288	1,376,346,306	2,006,638,291	3,382,984,598	1,498,447,616	2,185,222,342	3,683,669,9
Expenditure									
Water abstraction costs	-50,112,831	-582,936,878	-633,049,708	-53,871,293	-612,277,467	-666,148,760	-57,911,640	-643,178,273	-701,089,9
Chemicals	-43,634,427	-63,177,352	-106,811,779	-46,688,837	-66,146,688	-112,835,525	-49,957,056	-69,255,582	-119,212,6
Depreciation & amortization	-61,101,672	-170,747,903	-231,849,575	-66,339,172	-181,700,523	-248,039,694	-72,216,672	-194,015,326	-266,231,9
Energy cost	-232,416,962	-351,771,223	-584,188,184	-252,974,976	-385,189,489	-638,164,465	-275,354,692	-421,782,490	-697,137,1
Maintenance items consumed	-20,001,812	0	-20,001,812	-21,201,920	0	-21,201,920	-22,474,036	0	-22,474,0
Repairs and Maintenance	-105,974,234	-55,381,517	-161,355,752	-112,332,688	-57,984,449	-170,317,137	-119,072,650	-60,709,718	-179,782,3
Employment cost	-388,356,023	-406,220,156	-794,576,179	-419,657,518	-426,531,164	-846,188,682	-455,706,099	-447,857,722	-903,563,8
Bad debt written-off	0	0	0	0	0	0	0	0	0
Impairment of trade receivables	-166,060,743	-72,904,271	-238,965,014	-180,894,281	-66,257,814	-247,152,095	-197,053,479	-70,616,132	-267,669,6
Operating Expenses	-93,225,066	-116,381,825	-209,606,891	-99,750,820	-123,364,734	-223,115,555	-106,733,378	-130,766,619	-237,499,9
Finance costs	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,7
Total expenditure	-1,200,733,542	-1,819,521,125	-3,020,254,667	-1,293,561,279	-1,919,452,328	-3,213,013,607	1,396,329,473	2,038,181,862	-3,434,511,3
Surplus / (loss) for the year	63,514,737	23,371,883	86,886,620	82,785,027	87,185,963	169,970,990	102,118,142	147,040,480	249,158,6

BUSINESS PLAN

BUSINESS PLAN

Financial Statement Projections

Bloem Water fulfilled its obligations towards Municipalities as guided by Bulk Water Service Level Agreements which are in place with its major clients. It has been providing water in accordance with contractual requirements and demands forecasted by the Municipalities. The demand profile changes over years and it requires that the forecast volumes be revised to accommodate the current trends and needs. Bloem Water has a diversified tariff structure between bulk treated and raw water for the Bloemfontein based scheme, which has been adopted by the stakeholders. A drought tariff is also proposed to recover partial fix/overhead cost during drought periods. The DWS regulates such tariffs and issues the directives and levels from time to time.

Financial projections of the Extended area of operation (former Sedibeng Water) are based on past experience, current consumption and the future demands of the major customers. Tariff structure, for this area, is for treated bulk water, consulted and agreed with all the relevant stakeholders.

BUSINESS PLAN

15.8 Balance Sheet Projections/Statement of Financial Position Projections

STATEMENT OF FINANCIAL POSITION	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Assets									
Non-Current Assets	977,810,859	5,295,413,756	6,273,224,615	1,220,016,046	5,281,953,400	6,501,969,446	1,296,498,341	5,171,133,784	6,467,632,125
Property, plant and equipment	925,027,064	5,294,326,134	6,219,353,198	1,167,966,642	5,280,865,778	6,448,832,420	1,245,182,470	5,170,046,162	6,415,228,632
Living assets	283,795	0	283,795	299,404	0	299,404	315,871	0	315,871
Employee benefit asset	0	0	0	0	0	0	0	0	0
Current Assets	748,913,833	6,245,065,626	6,993,979,459	552,576,847	6,773,723,787	7,326,300,634	541,769,089	7,284,973,063	7,826,742,151
Inventories	30,127,480	11,048,080	41,175,560	32,061,664	8,286,060	40,347,724	34,129,642	8,368,920	42,498,562
Receivables from exchange transactions	384,410,823	5,713,347,982	6,097,758,805	369,243,704	6,284,768,162	6,654,011,866	351,762,649	6,830,934,578	7,182,697,226
Cash and cash equivalents	330,697,421	520,669,565	851,366,985	147,262,932	480,669,565	627,932,497	151,509,974	445,669,565	597,179,533
VAT Receivable	3,678,109	0	3,678,109	4,008,547	0	4,008,547	4,366,824	0	4,366,824
Infrastructure project receivable	0	0	0	0	0	0	0	0	0
Total Assets	1,726,724,692	11,540,479,382	13,267,204,074	1,772,592,893	12,055,677,187	13,828,270,080	1,838,267,430	12,456,106,847	14,294,374,276
EQUITY AND LIABILITIES									
Non-Current Liabilities	19,193,406	125,096,879	144,290,285	20,789,721	121,176,870	141,966,591	22,319,122	121,176,870	143,495,992
Interest bearing borrowings	0	3,920,009	3,920,009	0	0	0	0	0	0
Finance lease liability	187,634	0	187,634	200,768	0	200,768	214,822	0	214,822
Unspent conditional grant	0	0	0	0	0	0	0	0	0
Employee benefit obligation	19,005,772	121,176,870	140,182,642	20,588,953	121,176,870	141,765,823	22,104,300	121,176,870	143,281,170
Current Liabilities	272,072,951	5,183,999,796	5,456,072,748	294,208,954	5,759,871,297	6,054,080,251	317,523,525	6,200,238,596	6,517,762,121
Interest bearing borrowings - current portion	0	6,105,980	6,105,980	0	3,920,009	3,920,009	0	0	0
Finance lease liability - current portion	176,805	0	176,805	189,181	0	189,181	202,424	0	202,424
Employee benefit obligation - current portion	57,953,979	0	57,953,979	62,781,546	0	62,781,546	67,402,268	0	67,402,268
Payables from exchange transactions	75,053,696	5,103,524,045	5,178,577,741	79,872,144	5,739,181,516	5,819,053,660	85,023,897	6,191,868,824	6,276,892,721
VAT deferred payable/VAT Payable	138,888,471	74,369,772	213,258,243	151,366,084	16,769,772	168,135,856	164,894,937	8,369,772	173,264,709

BUSINESS PLAN

Total Liabilities	291,266,357	5,309,096,676	5,600,363,033	314,998,675	5,881,048,167	6,196,046,843	339,842,647	6,321,415,466	6,661,258,113
Net Assets	1,435,458,335	6,231,382,706	7,666,841,041	1,457,594,218	6,174,629,019	7,632,223,237	1,498,424,783	6,134,691,381	7,633,116,163
Accumulated surplus	1,435,458,335	2,839,898,641	4,275,356,976	1,457,594,217	2,783,144,954	4,240,739,171	1,498,424,783	2,743,207,315	4,241,632,098
Revaluation Surplus	0	3,391,484,066	3,391,484,066	0	3,391,484,066	3,391,484,066	0	3,391,484,066	3,391,484,066
Capital replacement fund	0	0	0	0	0	0	0	0	0
Capital development fund	0	0	0	0	0	0	0	0	0
Insurance fund	0	0	0	0	0	0	0	0	0
Total Net Assets	1,435,458,335	6,231,382,706	7,666,841,041	1,457,594,217	6,174,629,019	7,632,223,237	1,498,424,783	6,134,691,381	7,633,116,163

STATEMENT OF FINANCIAL POSITION (continue)	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	2025/2026	2025/2026	2025/2026	2026/2027	2026/2027	2026/2027	2027/2028	2027/2028	2027/2028
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Assets									
Non-Current Assets	1,421,364,042	5,155,754,801	6,577,118,843	1,533,793,199	5,133,542,414	6,667,335,613	1,665,945,863	5,023,455,061	6,689,400,9
Property, plant and equipment	1,370,780,798	5,154,667,179	6,525,447,977	1,483,941,626	5,132,454,792	6,616,396,419	1,616,824,954	5,022,367,439	6,639,192,3
Living assets	333,244	0	333,244	351,572	0	351,572	370,909	0	370,9
Employee benefit asset	0	0	0	0	0	0	0	0	0
Current Assets	503,605,800	7,746,434,163	8,250,039,963	500,147,252	7,935,822,498	8,435,969,751	499,356,755	8,252,709,694	8,752,066,4
Inventories	36,341,243	8,452,610	44,793,852	38,885,130	8,537,136	47,422,265	41,607,089	8,622,507	50,229,5
Receivables from exchange transactions	332,747,092	7,342,311,988	7,675,059,081	311,991,020	7,621,615,798	7,933,606,818	289,353,477	8,028,417,623	8,317,771,1
Cash and cash equivalents	129,760,790	395,669,565	525,430,355	144,089,533	305,669,565	449,759,098	162,751,752	215,669,565	378,421,3
VAT Receivable	4,756,675	0	4,756,675	5,181,570	0	5,181,570	5,644,437	0	5,644,4
Infrastructure project receivable	0	0	0	0	0	0	0	0	0
Total Assets	1,924,969,842	12,902,188,964	14,827,158,806	2,033,940,451	13,069,364,912	15,103,305,363	2,165,302,618	13,276,164,755	15,441,467,3
EQUITY AND LIABILITIES									
Non-Current Liabilities	24,045,032	121,176,870	145,221,902	25,980,625	121,176,870	147,157,495	28,208,450	121,176,870	149,385,3
Interest bearing borrowings	0	0	0	0	0	0	0	0	0
Finance lease liability	229,860	0	229,860	245,950	0	245,950	263,166	0	263,1
Unspent conditional grant	0	0	0	0	0	0	0	0	0
Employee benefit obligation	23,815,173	121,176,870	144,992,043	25,734,675	121,176,870	146,911,545	27,945,284	121,176,870	149,122,1

BUSINESS PLAN

Current Liabilities	342,985,290	6,622,948,830	6,965,934,120	371,235,278	6,702,938,816	7,074,174,094	402,251,479	6,762,698,178	7,164,949,6
Interest bearing borrowings - current portion	0	0	0	0	0	0	0	0	
Finance lease liability - current portion	216,593	0	216,593	231,755	0	231,755	247,978	0	247,9
Employee benefit obligation - current portion	72,619,203	0	72,619,203	78,472,311	0	78,472,311	85,213,082	0	85,213,0
Payables from exchange transactions	90,533,446	6,614,079,058	6,704,612,503	96,870,787	6,693,569,044	6,790,439,830	103,651,742	6,752,828,406	6,856,480,1
VAT deferred payable/VAT Payable	179,616,048	8,869,772	188,485,820	195,660,426	9,369,772	205,030,198	213,138,677	9,869,772	223,008,4
Total Liabilities	367,030,322	6,744,125,700	7,111,156,022	397,215,904	6,824,115,686	7,221,331,589	430,459,929	6,883,875,048	7,314,334,9
Net Assets	1,557,939,520	6,158,063,264	7,716,002,784	1,636,724,547	6,245,249,227	7,881,973,774	1,734,842,689	6,392,289,707	8,127,132,3
Accumulated surplus	1,557,939,520	2,766,579,198	4,324,518,718	1,636,724,547	2,853,765,161	4,490,489,708	1,734,842,689	3,000,805,642	4,735,648,3
Revaluation Surplus	0	3,391,484,066	3,391,484,066	0	3,391,484,066	3,391,484,066	0	3,391,484,066	3,391,484,0
Capital replacement fund	0	0	0	0	0	0	0	0	
Capital development fund	0	0	0	0	0	0	0	0	
Insurance fund	0	0	0	0	0	0	0	0	
Total Net Assets	1,557,939,520	6,158,063,264	7,716,002,784	1,636,724,547	6,245,249,227	7,881,973,774	1,734,842,689	6,392,289,707	8,127,132,3

--	--	--	--	--	--	--	--

BUSINESS PLAN

BUSINESS PLAN

15.9 Long Term Cash flow and Outstanding Debt Projections

Borrowing program & cash projections	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Profile of debt - loans combine									
Opening balance	37,102,410	0	37,102,410	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0	0
Finance charges	1,492,377	0	1,492,377	0	0	0	0	0	0
Re-payments	-38,594,786	0	-38,594,786	0	0	0	0	0	0
Capital portion of repayment	-37,102,410	0	-37,102,410	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0
Period in years of new funding	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Interest rate fixed of new funding	12%	12%	12%	12%	12%	12%	12%	12%	12%
Treasury limits vs borrowings	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Cash and cash equivalents	330,697,421	520,669,565	851,366,985	147,262,932	480,669,565	627,932,497	151,509,974	445,669,565	597,179,530
CAPEX included in forecast									
CAPEX prior to be completed (accruals and commitments)	61,908,000	0	61,908,000	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	0	0	0	50,000,000	0	50,000,000	100,000,000	0	100,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	170,464,586	0	170,464,586	244,551,250	0	244,551,250	32,900,000	0	32,900,000
CAPEX - Other	0	119,149,700	119,149,700	0	143,675,775	143,675,775	0	57,541,370	57,541,370
Borrowing program & cash projections (continue)	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Profile of debt - loans combine									
Opening balance	0	0	0	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0	0
Finance charges	0	0	0	0	0	0	0	0	0

BUSINESS PLAN

Re-payments	0	0	0	0	0	0	0	0	0
Capital portion of repayment	0	0	0	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0
Period in years of new funding	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	11 years
Interest rate fixed of new funding	12%	12%	12%	12%	12%	12%	12%	12%	11%
Treasury limits vs borrowings	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Cash and cash equivalents	129,760,790	395,669,565	525,430,355	144,089,533	305,669,565	449,759,098	162,751,752	215,669,565	378,421,300
CAPEX included in forecast									
CAPEX prior to be completed (accruals and commitments)	0	0	0	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	150,000,000	0	150,000,000	150,000,000	0	150,000,000	175,000,000	0	175,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	36,700,000	0	36,700,000	29,500,000	0	29,500,000	30,100,000	0	30,100,000
CAPEX - Other	0	155,368,920	155,368,920	0	159,488,136	159,488,136	0	83,927,973	83,927,973

Description	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
CASHFLOW STATEMENT	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Cash flow from operating activities									
Net cash inflow from operating activities	161,407,854	-79,238,115	82,169,739	110,341,251	103,675,776	214,017,026	136,369,745	22,541,371	158,911,115
Cash received from water sales	875,836,953	754,996,675	1,630,833,627	942,060,098	943,679,881	1,885,739,979	1,026,412,903	1,068,539,161	2,094,952,063
Water sales	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
Impairment of trade receivables	-128,406,804	-57,429,411	-185,836,215	-139,942,754	-46,821,502	-186,764,256	-152,450,608	-78,036,655	-230,487,264
Bad debt written-off	0	0	0	0	0	0	0	0	0
Interest on receivables	0	0	0	0	0	0	0	0	0
Receivables from exchange transactions movement	24,618,405	-681,127,232	-656,508,827	15,167,119	-571,420,180	-556,253,061	17,481,055	-546,166,416	-528,685,360
Other income	6,506,856	8,973,039	15,479,895	6,832,199	8,803,737	15,635,936	7,173,809	9,155,886	16,329,695
Government grants	0	0	0	0	0	0	0	0	0
Cash paid to customers and employees	-679,086,949	-832,403,354	-1,505,490,303	-797,869,074	-840,004,105	1,631,873,180	-856,193,384	-1,045,997,790	-1,896,191,175
Water abstraction cost	-38,048,843	-475,347,765	-513,396,608	-43,364,267	-552,708,984	-596,073,251	-46,616,587	-555,122,714	-601,739,307
Chemicals	-36,173,649	-55,767,308	-91,940,957	-38,495,997	-57,632,579	-96,128,576	-40,978,989	-60,341,310	-101,320,299

BUSINESS PLAN

Energy	-146,579,628	-235,787,771	-382,367,398	-196,184,185	-281,822,040	-478,006,225	-213,532,156	-321,252,258	-534,784,414
Maintenance items consumed	-11,280,019	0	-11,280,019	-17,982,606	0	-17,982,606	-18,962,658	0	-18,962,658
Repairs and Maintenance	-59,764,154	-40,887,861	-100,652,015	-95,276,015	-50,520,947	-145,796,962	-100,468,557	-52,895,432	-153,363,989
Employment costs	-309,928,723	-350,908,244	-660,836,968	-335,745,786	-368,453,657	-704,199,443	-360,456,676	-386,876,339	-747,333,015
Operating Expenses	-92,461,535	-121,145,509	-213,607,044	-82,246,796	-103,579,410	-185,826,206	-87,551,715	-109,794,175	-197,345,889
Depreciation on cost price - non-cash expense	0	0	0	0	0	0	0	0	0
Impairment of PPE - non-cash expense	0	0	0	0	0	0	0	0	0
Other changes in working capital/BS movements	0	0	0	0	0	0	0	0	0
Employee benefit obligation	5,963,671	0	5,963,671	6,410,747	0	6,410,747	6,136,069	0	6,136,069
Inventories	-2,101,917	0	-2,101,917	-1,934,184	2,762,020	827,836	-2,067,977	-82,861	-2,150,838
Payables from exchange transactions	5,236,303	461,370,968	466,607,271	4,818,448	635,657,472	640,475,921	5,151,753	452,687,309	457,839,062
VAT	12,422,817	-16,608,630	-4,185,812	12,477,613	-57,600,000	-45,122,387	13,528,853	-8,400,000	5,128,853
VAT receivable	-328,987	0	-328,987	-330,438	0	-330,438	-358,277	0	-358,277
Unspent conditional grants and receipts	0	0	0	0	0	0	0	0	0
Living assets	-14,795	0	-14,795	-15,609	0	-15,609	-16,467	0	-16,467
Other items	-6,027,490	2,678,765	2,651,275	-10,000,000	-6,105,980	-10,105,981	-10,000,000	-3,920,009	-7,920,011
Cash generated from operating activities before finance income/expenses	196,750,004	-77,406,679	125,343,324	144,191,024	103,675,776	253,866,799	170,219,518	22,541,371	198,760,888
Interest revenue	6,000,000	15,527,977	21,527,977	6,000,000	16,149,097	22,149,097	6,000,000	16,795,060	22,795,060
Interest revenue	6,000,000	15,527,977	21,527,977	6,000,000	16,149,097	22,149,097	6,000,000	16,795,060	22,795,060
Interest on receivables	0	0	0	0	0	0	0	0	0
Finance expenses - Financing activities - outflow	-41,342,150	-1,831,436	-43,173,585	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773
Cash flow from investing activities	-247,372,586	-119,149,700	-366,522,286	-293,801,250	-143,675,775	-437,477,025	-132,150,000	-57,541,370	-189,691,370
Total CAPEX Investments	-232,372,586	-119,149,700	-351,522,286	-294,551,250	-143,675,775	-438,227,025	-132,900,000	-57,541,370	-190,441,370
CAPEX prior to be completed (accruals and commitments)	-61,908,000	0	-61,908,000	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	0	0	0	-50,000,000	0	-50,000,000	-100,000,000	0	-100,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	-170,464,586	0	-170,464,586	-244,551,250	0	-244,551,250	-32,900,000	0	-32,900,000
CAPEX - Other	0	-119,149,700	-119,149,700	0	-143,675,775	-143,675,775	0	-57,541,370	-57,541,370
0	0	0	0	0	0	0	0	0	0
Intangible asset	-15,000,000	0	-15,000,000	750,000	0	750,000	750,000	0	750,000
Cash flow from financing activities	-36,903,209	0	-36,903,209	25,511	0	25,511	27,296	0	27,296
Capital portion of loans - Financing activities - outflow	-37,102,410	0	-37,102,410	0	0	0	0	0	0

BUSINESS PLAN

New borrowings - Finance activities inflow	0	0	0	0	0	0	0	0	0
Finance lease liability	199,201	0	199,201	25,511	0	25,511	27,296	0	27,296
Net Increase/(Decrease) in Cash and Cash Equivalents	-122,867,941	-198,387,815	-321,255,756	-183,434,488	-39,999,999	-223,434,488	4,247,042	-34,999,999	-30,752,950
Cash and Cash Equivalents at the beginning of the year	453,565,361	719,057,381	1,172,622,742	330,697,421	520,669,565	851,366,985	147,262,932	480,669,565	627,932,497
Cash and Cash Equivalents at the end of the year	330,697,421	520,669,565	851,366,985	147,262,932	480,669,565	627,932,497	151,509,974	445,669,565	597,179,530
Net Increase/(Decrease) in Cash and Cash Equivalents	-122,867,940	-198,387,816	-321,255,756	-183,434,488	-40,000,000	-223,434,488	4,247,042	-35,000,000	-30,752,950

Description	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
CASHFLOW STATEMENT (continue)	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation	Bloem Water	Sedibeng	Consolidation
Cash flow from operating activities									
Net cash inflow from operating activities	164,171,609	105,368,921	269,540,529	193,047,492	69,488,137	262,535,627	222,978,780	-6,072,026	216,906,753
Cash received from water sales	1,117,203,093	1,258,611,327	2,375,814,419	1,216,208,098	1,661,076,667	2,877,284,766	1,324,031,679	1,707,804,386	3,031,836,065
Water sales	1,103,670,593	1,231,622,342	2,335,292,936	1,202,298,974	1,633,008,123	2,835,307,098	1,309,727,099	1,678,613,100	2,988,340,100
Impairment of trade receivables	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,158
Bad debt written-off	-166,060,743	-72,904,271	-238,965,014	-180,894,281	-66,257,814	-247,152,095	-197,053,479	-70,616,132	-267,669,611
Interest on receivables	0	0	0	0	0	0	0	0	0
Receivables from exchange transactions movement	0	0	0	0	0	0	0	0	0
Other income	19,015,557	-511,377,411	-492,361,854	20,756,073	-279,303,810	-258,547,737	22,637,543	-406,801,825	-384,164,211
Government grants	7,532,499	9,522,122	17,054,621	7,909,124	9,903,007	17,812,131	8,304,580	10,299,127	18,603,718
	0	0	0	0	0	0	0	0	0
Cash paid to customers and employees	-919,181,711	-1,153,242,406	-2,066,424,118	-989,310,834	-1,591,588,531	-2,574,899,366	1,067,203,126	1,713,876,412	-2,775,079,500
Water abstraction cost	-50,112,831	-582,936,878	-633,049,708	-53,871,293	-612,277,467	-666,148,760	-57,911,640	-643,178,273	-701,089,900
Chemicals	-43,634,427	-63,177,352	-106,811,779	-46,688,837	-66,146,688	-112,835,525	-49,957,056	-69,255,582	-119,212,600
Energy	-232,416,962	-351,771,223	-584,188,184	-252,974,976	-385,189,489	-638,164,465	-275,354,692	-421,782,490	-697,137,100
Maintenance items consumed	-20,001,812	0	-20,001,812	-21,201,920	0	-21,201,920	-22,474,036	0	-22,474,036
Repairs and Maintenance	-105,974,234	-55,381,517	-161,355,752	-112,332,688	-57,984,449	-170,317,137	-119,072,650	-60,709,718	-179,782,300
Employment costs	-388,356,023	-406,220,156	-794,576,179	-419,657,518	-426,531,164	-846,188,682	-455,706,099	-447,857,722	-903,563,800
Operating Expenses	-93,225,066	-116,381,825	-209,606,891	-99,750,820	-123,364,734	-223,115,555	-106,733,378	-130,766,619	-237,499,900
Depreciation on cost price - non-cash expense	0	0	0	0	0	0	0	0	0

BUSINESS PLAN

Impairment of PPE - non-cash expense	0	0	0	0	0	0	0	0	0
Other changes in working capital/BS movements	0	0	0	0	0	0	0	0	0
Employee benefit obligation	6,927,808	0	6,927,808	7,772,611	0	7,772,611	8,951,380	0	8,951,380
Inventories	-2,211,601	-83,689	-2,295,290	-2,543,887	-84,526	-2,628,413	-2,721,959	-85,371	-2,807,330
Payables from exchange transactions	5,509,550	422,210,235	427,719,784	6,337,340	79,489,987	85,827,327	6,780,956	59,259,364	66,040,319
VAT	14,721,111	500,000	15,221,111	16,044,378	500,000	16,544,378	17,478,251	500,000	17,978,251
VAT receivable	-389,851	0	-389,851	-424,895	0	-424,895	-462,867	0	-462,867
Unspent conditional grants and receipts	0	0	0	0	0	0	0	0	0
Living assets	-17,373	0	-17,373	-18,328	0	-18,328	-19,336	0	-19,336
Other items	-10,000,001	0	-4,000,002	-9,999,999	0	-4,000,000	-10,000,001	0	-4,000,000
Cash generated from operating activities before finance income/expenses	198,021,382	105,368,921	309,390,302	226,897,265	69,488,137	302,385,400	256,828,553	-6,072,026	256,756,527
Interest revenue	6,000,000	17,466,863	23,466,863	6,000,000	18,165,537	24,165,537	6,000,000	18,892,159	24,892,159
Interest revenue	6,000,000	17,466,863	23,466,863	6,000,000	18,165,537	24,165,537	6,000,000	18,892,159	24,892,159
Interest on receivables	0	0	0	0	0	0	0	0	0
Finance expenses - Financing activities - outflow	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773	-39,849,773	0	-39,849,773
Cash flow from investing activities	-185,950,000	-155,368,920	-341,318,920	-178,750,000	-159,488,136	-338,238,136	-204,350,000	-83,927,973	-288,277,973
Total CAPEX Investments	-186,700,000	-155,368,920	-342,068,920	-179,500,000	-159,488,136	-338,988,136	-205,100,000	-83,927,973	-289,027,973
CAPEX prior to be completed (accruals and commitments)	0	0	0	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	-150,000,000	0	-150,000,000	-150,000,000	0	-150,000,000	-175,000,000	0	-175,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	-36,700,000	0	-36,700,000	-29,500,000	0	-29,500,000	-30,100,000	0	-30,100,000
CAPEX - Other	0	-155,368,920	-155,368,920	0	-159,488,136	-159,488,136	0	-83,927,973	-83,927,973
	0	0	0	0	0	0	0	0	0
Intangible asset	750,000	0	750,000	750,000	0	750,000	750,000	0	750,000
Cash flow from financing activities	29,207	0	29,207	31,252	0	31,252	33,439	0	33,439
Capital portion of loans - Financing activities - outflow	0	0	0	0	0	0	0	0	0
New borrowings - Finance activities inflow	0	0	0	0	0	0	0	0	0
Finance lease liability	29,207	0	29,207	31,252	0	31,252	33,439	0	33,439
Net Increase/(Decrease) in Cash and Cash Equivalents	-21,749,184	-49,999,999	-71,749,184	14,328,743	-89,999,999	-75,671,257	18,662,219	-89,999,999	-71,337,780

BUSINESS PLAN

Cash and Cash Equivalents at the beginning of the year	151,509,974	445,669,565	597,179,539	129,760,790	395,669,565	525,430,355	144,089,533	305,669,565	449,759,0
Cash and Cash Equivalents at the end of the year	129,760,790	395,669,565	525,430,355	144,089,533	305,669,565	449,759,098	162,751,752	215,669,565	378,421,3
Net Increase/(Decrease) in Cash and Cash Equivalents	-21,749,184	-50,000,000	-71,749,184	14,328,743	-90,000,000	-75,671,257	18,662,219	-90,000,000	-71,337,7

15.11 Materiality and Significance Framework

Refer to Annexure A.

15.12 Challenges in collection of Debtors

The Credit Control Policy ensures that revenue collection is enforced and that Clients are correctly billed to recover all accounts issued. There have been operational and billing challenges raised in the former Sedibeng Water schemes that are investigated and considered.

The continuous non-payment especially by the major client has impacted the sustainability of the Entity. During the financial year under review Bloem Water had to consider various options to remain sustainable. This threatened job security and resulted in an unstable working environment. The Entity furthermore had to consider reduction of normal operations due to insufficient cashflow for amongst other, payment of chemicals and energy.

Bloem Water continued to follow various legislative processes and stakeholder interactions which resulted in an arbitration ruling on 9 December 2020. The Arbitration ruled that the Metro should pay R715 million in instalments over a period of time including payments of current accounts. The account should be settled during the 2022/23 period, however, there has been default on payments in line with the ruling.

The Kopanong Local Municipality has been defaulting on payments and it is dysfunctional as it is unable to service its bulk water accounts. Following a legal case, partial payments were received, and a restricted 50% level of water is provided. Higher level of support should be considered to the Municipality as to stabilise its operating and payment environment.

Mantsopa Local Municipality payment environment improved, and it is expected to be continuing in future.

Former Sedibeng Water customers – Free State serviced municipalities continues to pose challenges on non-payment of their, whereas there is an improvement in payment from the Northern Cape Municipalities with the intervention of provincial

BUSINESS PLAN

government. Several engagements at political and managerial levels took place in an effort to resolve operational and financial challenges. It has not made a real impact on the payment of current accounts and the ability to finalise and receive approved payment plans.

The Payment Plans provided by the Municipalities, are not being adhered to in all instances. Non-payment by the Municipalities continuously 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 program & cash projections	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Profile of debt - loans combine									
Opening balance	37,102,410	0	37,102,410	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0	0
Finance charges	1,492,377	0	1,492,377	0	0	0	0	0	0
Re-payments	-38,594,786	0	-38,594,786	0	0	0	0	0	0
Capital portion of repayment	-37,102,410	0	-37,102,410	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0	0
Period in years of new funding	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
Interest rate fixed of new funding	12%	12%	12%	12%	12%	12%	12%	12%	12%
Treasury limits vs borrowings	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Cash and cash equivalents	330,697,421	520,669,565	851,366,985	147,262,932	480,669,565	627,932,497	151,509,974	445,669,565	597,179,530
CAPEX included in forecast									
CAPEX prior to be completed (accruals and commitments)	61,908,000	0	61,908,000	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	0	0	0	50,000,000	0	50,000,000	100,000,000	0	100,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	170,464,586	0	170,464,586	244,551,250	0	244,551,250	32,900,000	0	32,900,000
CAPEX - Other	0	119,149,700	119,149,700	0	143,675,775	143,675,775	0	57,541,370	57,541,370

Borrowing program & cash projections (continue)	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Profile of debt - loans combine								
Opening balance	0	0	0	0	0	0	0	0
Disbursements	0	0	0	0	0	0	0	0

BUSINESS PLAN

Finance charges	0	0	0	0	0	0	0	0
Re-payments	0	0	0	0	0	0	0	0
Capital portion of repayment	0	0	0	0	0	0	0	0
Closing balance	0	0	0	0	0	0	0	0
Period in years of new funding	10 years	10 years	10 years	10 years	10 years	10 years	10 years	11 years
Interest rate fixed of new funding	12%	12%	12%	12%	12%	12%	12%	112%
Treasury limits vs borrowings	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved	Not approved
Cash and cash equivalents	395,669,565	525,430,355	144,089,533	305,669,565	449,759,098	162,751,752	215,669,565	378,421,317
CAPEX included in forecast								
CAPEX prior to be completed (accruals and commitments)	0	0	0	0	0	0	0	0
CAPEX - Extensions with reserve funds	0	150,000,000	150,000,000	0	150,000,000	175,000,000	0	175,000,000
CAPEX - Extensions with borrowed funds	0	0	0	0	0	0	0	0
CAPEX - Refurbishment, OPEX and moveable assets	0	36,700,000	29,500,000	0	29,500,000	30,100,000	0	30,100,000
CAPEX - Other	155,368,920	155,368,920	0	159,488,136	159,488,136	0	83,927,973	83,927,973

BUSINESS PLAN

The following information is provided for new borrowing and for the existing debt:

Terms and Conditions on which money is borrowed

Significant amounts are required in accordance with the current CAPEX Programme; however, the Entity will borrow in future as financial conditions stabilises. Currently the Entity is servicing its loans in accordance with contractual obligations.

Proposed Domestic Borrowing

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

Incorporated in the domestic borrowing is the long-term settlement agreement entered in the Northern Cape for a pipeline bypass in 2014, 10-year repayment period on a monthly basis at prime rate less 2.5%.

Short and Long-term Borrowing

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, stable cash generation and the ability to fund it.

Government Guarantees

No Government Guarantees have been issued but could be required in future.

Compliance with Loan Covenants

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	Revised forecast 2022/2023	Revised forecast 2022/2023	Revised forecast 2022/2023	Forecast 2023/2024	Forecast 2023/2024	Forecast 2023/2024	Forecast 2024/2025	Forecast 2024/2025	Forecast 2024/2025
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Current ratio (current assets divided by current liabilities)	2.75	1.20	1.28	1.88	1.18	1.21	1.71	1.17	1.20
- current assets	748,913,833	6,245,065,626	6,993,979,459	552,576,847	6,773,723,787	7,326,300,634	541,769,089	7,284,973,063	7,826,742,151
- current liabilities	272,072,951	5,183,999,796	5,456,072,748	294,208,954	5,759,871,297	6,054,080,251	317,523,525	6,200,238,596	6,517,762,120
Gross Debt-equity ratio (total liabilities divided by total accumulated reserves)	0.20	0.85	0.73	0.22	0.95	0.81	0.23	1.03	0.87
- total liabilities	291,266,357	5,309,096,676	5,600,363,033	314,998,675	5,881,048,167	6,196,046,843	339,842,647	6,321,415,466	6,661,258,113
- total accumulated reserves (Total net assets)	1,435,458,335	6,231,382,706	7,666,841,041	1,457,594,217	6,174,629,019	7,632,223,237	1,498,424,783	6,134,691,381	7,633,116,163
Return on assets % (income before interest & taxes divided by total assets)	6.22%	-0.06%	0.75%	3.38%	-0.60%	-0.09%	4.28%	-0.46%	0.15%
- income before interest & taxes (converted to 12 months)	107,484,106	-7,433,386	100,050,720	59,985,655	-72,902,784	-12,917,128	78,680,338	-56,732,699	21,947,639
- total assets	1,726,724,692	11,540,479,382	13,267,204,074	1,772,592,893	12,055,677,187	13,828,270,080	1,838,267,430	12,456,106,847	14,294,374,277
Gross profit margin % based on gross income - Primary Activity (Gross income divided by revenue)	96.07%	65.11%	77.96%	95.89%	61.31%	75.99%	95.94%	64.43%	77.78%
- Gross income (Water sales minus abstraction cost)	929,069,652	886,906,700	1,815,976,352	1,010,639,267	875,841,467	1,886,480,734	1,101,592,060	1,005,352,759	2,106,944,819
- revenue	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
Debtors collection period/Net Debtor Days (debtors/trade rec) divided by revenue times 365)	153.57	1,511.44	948.98	135.66	1,585.80	971.77	119.07	1,578.90	961.78
- debtors(trade receivables) (excl deposits)	406,910,823	5,705,308,630	6,112,219,453	391,743,704	6,276,728,810	6,668,472,514	374,581,092	6,822,895,226	7,197,476,317
- revenue (converted to 12 months) (including finance income on trade receivables)	967,118,496	1,377,782,442	2,350,900,938	1,054,003,534	1,444,699,548	2,504,703,081	1,148,208,647	1,577,270,534	2,731,479,180
Net profit margin % (Accounting surplus/revenue) (primary activities)	7.46%	0.46%	3.37%	2.48%	-3.97%	-1.23%	3.90%	-2.56%	0.18%
- Accounting surplus	72,141,956	6,263,156	78,405,112	26,135,882	-56,753,687	-30,617,805	44,830,565	-39,937,639	4,892,927

BUSINESS PLAN

- revenue (water sales)	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
Manage I/S cost within approved budget (variance)	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
- Total cost (excl bad debt & impairment of Receivables)	816,735,056	1,338,561,146	2,155,296,202	936,629,865	1,456,807,725	2,393,437,590	1,004,896,701	1,559,411,883	2,564,308,584
- Total budget	907,483,396	1,487,290,162	2,394,773,558	1,040,699,850	1,618,675,250	2,659,375,100	1,116,551,890	1,732,679,870	2,849,231,760
Net profit margin on secondary activities % (excluding any indirect cost)	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
- Other income	6,506,856	8,973,039	15,479,895	6,832,199	8,803,737	15,635,936	7,173,809	9,155,886	16,329,695
- Infrastructure project - consultation expense (incl in other operating expenses)	6,506,856	0	0	6,832,199	0	0	7,173,809	0	0
Gross profit margin % secondary activities	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
- Other income	6,506,856	8,973,039	15,479,895	6,832,199	8,803,737	15,635,936	7,173,809	9,155,886	16,329,695
- Infrastructure project - consultation expense (incl in other operating expenses)	6,506,856	0	0	6,832,199	0	0	7,173,809	0	0
Secondary services - % of total turnover	0.67%	7.83%	4.99%	0.64%	7.58%	4.76%	0.62%	6.89%	4.33%
- Other income	6,506,856	115,770,876	122,277,732	6,832,199	117,222,016	124,054,214	7,173,809	115,471,698	122,645,507
- revenue (excluding grants & finance income)	973,625,352	1,478,025,340	2,451,650,692	1,060,835,733	1,545,772,467	2,606,608,199	1,155,382,456	1,675,947,171	2,831,329,627
Primary Revenue - % of total turnover	99.33%	92.17%	95.01%	99.36%	92.42%	95.24%	99.38%	93.11%	95.67%
- Water sales	967,118,496	1,362,254,465	2,329,372,960	1,054,003,534	1,428,550,451	2,482,553,985	1,148,208,647	1,560,475,473	2,708,684,120
- revenue (excluding grants & finance income)	973,625,352	1,478,025,340	2,451,650,692	1,060,835,733	1,545,772,467	2,606,608,199	1,155,382,456	1,675,947,171	2,831,329,627
Repairs and maintenance as % of PPE and Investment Property (Carrying Value)	6.46%	0.77%	1.62%	8.16%	0.96%	2.26%	8.07%	1.02%	2.39%
- repairs and maintenance (IS)	59,764,154	40,887,861	100,652,015	95,276,015	50,520,947	145,796,962	100,468,557	52,895,432	153,363,989
- PPE	925,027,064	5,294,326,134	6,219,353,198	1,167,966,642	5,280,865,778	6,448,832,420	1,245,182,470	5,170,046,162	6,415,228,632
Staff remuneration as % of total operating expenditure	34.15%	23.59%	27.59%	32.26%	22.76%	26.48%	32.28%	22.33%	26.23%
- staff remuneration	309,928,723	350,908,244	660,836,968	335,745,786	368,453,657	704,199,443	360,456,676	386,876,339	747,333,015
- total operating expenditure	907,483,396	1,487,290,162	2,394,773,558	1,040,699,850	1,618,675,250	2,659,375,100	1,116,551,890	1,732,679,870	2,849,231,760
BUDGET VS EXPENDITURE									
Compensation of employees	309,928,723	350,908,244	660,836,968	335,745,786	368,453,657	704,199,443	360,456,676	386,876,339	747,333,015
Goods and services	92,461,535	121,145,509	213,607,044	82,246,796	103,579,410	185,826,206	87,551,715	109,794,175	197,345,889
Operational	505,093,137	1,015,236,409	1,520,329,546	622,707,268	1,146,642,184	1,769,349,452	668,543,500	1,236,009,356	1,904,552,856
Capital (cash basis)	232,372,586	119,149,700	351,522,286	294,551,250	143,675,775	438,227,025	132,900,000	57,541,370	190,441,370
Special directives	0	0	0	0	0	0	0	0	0

BUSINESS PLAN

Total	1,139,855,982	1,606,439,862	2,746,295,844	1,335,251,100	1,762,351,025	3,097,602,125	1,249,451,890	1,790,221,240	3,039,673,130
Financial Ratio Projections									
Shareholders compact – Ratios (continue)	Forecast 2025/2026	Forecast 2025/2026	Forecast 2025/2026	Forecast 2026/2027	Forecast 2026/2027	Forecast 2026/2027	Forecast 2027/2028	Forecast 2027/2028	Forecast 2027/2028
	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>	<i>Bloem Water</i>	<i>Sedibeng</i>	<i>Consolidation</i>
Current ratio (current assets divided by current liabilities)	1.47	1.17	1.18	1.35	1.18	1.19	1.24	1.22	1.18
- current assets	503,605,800	7,746,434,163	8,250,039,963	500,147,252	7,935,822,498	8,435,969,751	499,356,755	8,252,709,694	8,752,066,400
- current liabilities	342,985,290	6,622,948,830	6,965,934,120	371,235,278	6,702,938,816	7,074,174,094	402,251,479	6,762,698,178	7,164,949,600
Gross Debt-equity ratio (total liabilities divided by total accumulated reserves)	0.24	1.10	0.92	0.24	1.09	0.92	0.25	1.08	0.92
- total liabilities	367,030,322	6,744,125,700	7,111,156,022	397,215,904	6,824,115,686	7,221,331,589	430,459,929	6,883,875,048	7,314,334,900
- total accumulated reserves (Total net assets)	1,557,939,520	6,158,063,264	7,716,002,784	1,636,724,547	6,245,249,227	7,881,973,774	1,734,842,689	6,392,289,707	8,127,132,300
Return on assets % (income before interest & taxes divided by total assets)	5.06%	0.05%	0.70%	5.73%	0.53%	1.23%	6.28%	0.97%	1.70%
- income before interest & taxes (converted to 12 months)	97,364,510	5,905,020	103,269,530	116,634,800	69,020,426	185,655,226	135,967,915	128,148,321	264,116,200
- total assets	1,924,969,842	12,902,188,964	14,827,158,806	2,033,940,451	13,069,364,912	15,103,305,363	2,165,302,618	13,276,164,755	15,441,467,300
Gross profit margin % based on gross income - Primary Activity (Gross income divided by revenue)	95.99%	65.80%	78.58%	96.05%	67.12%	79.34%	96.10%	68.38%	80.00%
- Gross income (Water sales minus abstraction cost)	1,200,602,950	1,121,654,491	2,322,257,441	1,308,565,889	1,249,747,930	2,558,313,820	1,426,231,395	1,390,830,849	2,817,062,200
- revenue	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,100
Debtors collection period/Net Debtor Days (debtors(trade rec) divided by revenue times 365)	103.81	1,554.54	942.28	89.82	1,478.02	893.09	76.98	1,426.00	858.00
- debtors(trade receivables) (excl deposits)	355,730,879	7,334,272,636	7,690,003,516	335,279,744	7,613,576,446	7,948,856,190	313,008,084	8,020,378,270	8,333,386,300
- revenue (converted to 12 months) (including finance income on trade receivables)	1,250,715,780	1,722,058,232	2,978,774,012	1,362,437,182	1,880,190,935	3,248,628,117	1,484,143,035	2,052,901,282	3,543,044,300
Net profit margin % (Accounting surplus/revenue) (primary activities)	5.08%	1.37%	2.94%	6.08%	4.68%	5.27%	6.88%	7.23%	7.00%
- Accounting surplus	63,514,737	23,371,883	86,886,620	82,785,027	87,185,963	169,970,990	102,118,142	147,040,480	249,158,600
- revenue (water sales)	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,100

BUSINESS PLAN

Manage I/S cost within approved budget (variance)	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
- Total cost (excl bad debt & impairment of Receivables)	1,080,660,188	1,637,569,013	2,718,229,201	1,164,205,151	1,727,507,095	2,891,712,247	1,256,696,526	1,834,363,676	3,091,060,247
- Total budget	1,200,733,542	1,819,521,125	3,020,254,667	1,293,561,279	1,919,452,328	3,213,013,607	1,396,329,473	2,038,181,862	3,434,511,300
Net profit margin on secondary activities % (excluding any indirect cost)	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
- Other income	7,532,499	9,522,122	17,054,621	7,909,124	9,903,007	17,812,131	8,304,580	10,299,127	18,603,700
- Infrastructure project - consultation expense (incl in other operating expenses)	7,532,499	0	0	7,909,124	0	0	8,304,580	0	0
Gross profit margin % secondary activities	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%
- Other income	7,532,499	9,522,122	17,054,621	7,909,124	9,903,007	17,812,131	8,304,580	10,299,127	18,603,700
- Infrastructure project - consultation expense (incl in other operating expenses)	7,532,499	0	0	7,909,124	0	0	8,304,580	0	0
Secondary services - % of total turnover	0.60%	6.62%	4.16%	0.58%	6.36%	4.00%	0.56%	6.11%	3.84%
- Other income	7,532,499	120,834,776	128,367,276	7,909,124	126,447,356	134,356,480	8,304,580	132,321,061	140,625,600
- revenue (excluding grants & finance income)	1,258,248,279	1,825,426,145	3,083,674,425	1,370,346,306	1,988,472,754	3,358,819,060	1,492,447,616	2,166,330,183	3,658,777,700
Primary Revenue - % of total turnover	99.40%	93.38%	95.84%	99.42%	93.64%	96.00%	99.44%	93.89%	96.16%
- Water sales	1,250,715,780	1,704,591,369	2,955,307,149	1,362,437,182	1,862,025,398	3,224,462,580	1,484,143,035	2,034,009,123	3,518,152,100
- revenue (excluding grants & finance income)	1,258,248,279	1,825,426,145	3,083,674,425	1,370,346,306	1,988,472,754	3,358,819,060	1,492,447,616	2,166,330,183	3,658,777,700
Repairs and maintenance as % of PPE and Investment Property (Carrying Value)	7.73%	1.07%	2.47%	7.57%	1.13%	2.57%	7.36%	1.21%	2.74%
- repairs and maintenance (IS)	105,974,234	55,381,517	161,355,752	112,332,688	57,984,449	170,317,137	119,072,650	60,709,718	179,782,300
- PPE	1,370,780,798	5,154,667,179	6,525,447,977	1,483,941,626	5,132,454,792	6,616,396,419	1,616,824,954	5,022,367,439	6,639,192,300
Staff remuneration as % of total operating expenditure	32.34%	22.33%	26.31%	32.44%	22.22%	26.34%	32.64%	21.97%	26.31%
- staff remuneration	388,356,023	406,220,156	794,576,179	419,657,518	426,531,164	846,188,682	455,706,099	447,857,722	903,563,800
- total operating expenditure	1,200,733,542	1,819,521,125	3,020,254,667	1,293,561,279	1,919,452,328	3,213,013,607	1,396,329,473	2,038,181,862	3,434,511,300
BUDGET VS EXPENDITURE									
Compensation of employees	388,356,023	406,220,156	794,576,179	419,657,518	426,531,164	846,188,682	455,706,099	447,857,722	903,563,800
Goods and services	93,225,066	116,381,825	209,606,891	99,750,820	123,364,734	223,115,555	106,733,378	130,766,619	237,499,900
Operational	719,152,454	1,296,919,144	2,016,071,598	774,152,941	1,369,556,430	2,143,709,370	833,889,997	1,459,557,521	2,293,447,500
Capital (cash basis)	186,700,000	155,368,920	342,068,920	179,500,000	159,488,136	338,988,136	205,100,000	83,927,973	289,027,900
Special directives	0	0	0	0	0	0	0	0	0
Total	1,387,433,542	1,974,890,045	3,362,323,587	1,473,061,279	2,078,940,464	3,552,001,743	1,601,429,473	2,122,109,835	3,723,539,300

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 due to non-implementation of Capex plan for several years and the increase in water demand. The solvency position of Bloem Water over the next few years will therefore be affected. This will also be affected by the Regulations and limits set by National Treasury when considering the application on the borrowing limits. The future CAPEX funding requirement exceeds the approved borrowing limits and applications will be submitted during future years. The Board and Management will continue to engage on various platforms with Stakeholders including the Department of Water and Sanitation to obtain funding for unaffordable infrastructure project requirements.

Bloem Water made a surplus during the 2021/22 financial year and the total assets continue to exceed its total liabilities.

Former Sedibeng Water struggled to meet its financial obligations to pay its suppliers within the legislative 30 days, due to limited cash inflows from non-paying customers. Limited cashflows therefore affected the implementation of the capital program for the infrastructure. The audit has not been concluded and the outcome will determine the financial status. The financial position of the former Sedibeng Water will impact the solvency negatively and drastic measures should be implemented to improve it.

18.2 Liquidity and Debtors

The financial sustainability of Bloem Water has been threatened by mainly non-payment which impacted the liquidity position. The integration of Sedibeng Water exacerbated the challenge on finances and the liquidity position.

The trade debtors remain a concern and need to be continuously monitored to prevent further accumulation of arrears. Due to current economic climate, it is envisaged that the cash position will be reducing further whilst under-recovering

BUSINESS PLAN

continues. It is expected to improve in the long-term framework, thereby affecting the liquidity position accordingly.

18.3 Interest rate risk

- Interest rate fluctuation will directly impact on the results of the Entity. Loans and borrowings are sensitive to interest rate as new loans are projected based on a fixed interest rate. Furthermore, cash and cash equivalents are exposed to variable interest rates.

• 18.4 Gearing risk

- The board considers on an ongoing basis the financial status and new loans are only obtained for CAPEX requirements in line with tariff affordability, set ratios and approvals from the Department of Water and Sanitation and National Treasury. The Department of Water and Sanitation engages on an ongoing basis to assist with Grant funding for required unaffordable projects will continue.

• 18.5 Insured risk

- The Board manage the risk through a policy on insurance.

Financial impact of Other Activities

Appointing water boards as Implementing Agents, presents with financial opportunities whilst agreements direct the relationship and ring fencing of the funding. The Entity has been appointed and successfully completed several projects on behalf of the Department.

BUSINESS PLAN

19. BANK ACCOUNTS

The operational Bank accounts of the Board of Bloem Water are at Nedbank with effect from 1 July 2022 after Supply Chain Management process unfolded to procure a new Service Provider. The relevant stakeholders were informed once the process was concluded.

Bloem Water has taken over the bank accounts from the former Sedibeng Water which are listed below:

NAME OF INSTITUTION	NAME OF ACCOUNT	ACCOUNT NUMBER	PURPOSE OF ACCOUNT	REGION	ACCOUNT STATUS (EXISTING/ NEW/ CLOSED)
ABSA BANK	KOOP EN LOOP	790150279	Cheque	Free State	Existing
ABSA BANK	SEDIBENG WATER	790600622	Cheque	Free State	Existing
ABSA BANK	SEDIBENG WATER-VAAL GAMAGARA	4068850253	Cheque Account	Vaal Gamagara	Existing
ABSA BANK	NAMAKWA	4078174867	Cheque	Namakwa	Existing
ABSA BANK	SEDIBENG WATER	4078641438	Cheque Account	Free State - Region	Existing
ABSA BANK	SEDIBENG WATER PELLADRIFT	4085440726	Cheque Account	Namakwa Region	Existing
ABSA BANK	Absa Bank Call Account	4094106315	Call account	Free State Region	Existing
ABSA BANK	Absa Cheque Account - CAPITAL	4097479672	Cheque account	Vaal Gamagara	Existing
ABSA BANK	Absa Bank Call Account - NC	4098397544	Call account	Vaal Gamagara	Existing
ABSA BANK	Absa Bank Call Account - FS	4098394423	Call account	Free State Region	Existing
STANDARD BANK	Standard Bank of SA	284871058006	-Fixed Deposit	Vaal Gamagara	Existing
SANLAM	Sanlam investments	1056	Fixed Investment	Free State Region	Existing

BUSINESS PLAN

NAME OF INSTITUTION	NAME OF ACCOUNT	ACCOUNT NUMBER	PURPOSE OF ACCOUNT	REGION	ACCOUNT STATUS (EXISTING/ NEW/ CLOSED)
BLOEMWATER	NEDBANK BUSINESS	1224455193	CURRENT ACCOUNT	BLOEMFONTEIN	EXISTING
BLOEMWATER	NEDBANK BUSINESS	1224455207	SALARIES ACCOUNT	BLOEMFONTEIN	EXISTING
BLOEMWATER	NEDBANK BUSINESS	37881537930	CALL ACCOUNT	BLOEMFONTEIN	EXISTING
BLOEMWATER	FNB	51710086096	CHEQUE ACCOUNT	BLOEMFONTEIN	EXISTING/In process of closing
BLOEMWATER	FNB	51710086880	SALARIES ACCOUNT	BLOEMFONTEIN	EXISTING/In process of closing
BLOEMWATER	FNB	61171021557	CALL ACCOUNT	BLOEMFONTEIN	EXISTING/In process of closing
BLOEMWATER	FNB	4.9014E+15	CORPORATE CARD	BLOEMFONTEIN	EXISTING/In process of closing

20. ANALYSIS OF RISKS

20.1 Risk Management

The Entity continues to maintain a structured and systematic approach for implementation of enterprise-wide risk management in accordance with National Treasury Public Sector Risk Management Framework and other industry standards and best practices. Risk Management is guided by Risk Management Framework which incorporates the Risk Management Policy, Strategy and Procedures to embed risk management in planning, decision-making, projects and partnerships.

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



Strategic Risks

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

BUSINESS PLAN

Risk No.	Name of the risk	Source of the risk	Residual rating	Risk Mitigation
SR - 02	Water Infrastructure failure	<p>Deteriorating and Ageing Water Infrastructure</p> <p>Reduced storage capacity of the Welbedacht Dam due to siltation</p>	High	<p>Asset Condition Assessment</p> <p>Maintenance Plans</p> <p>CAPEX, O&M, budgeting, planning and implementation</p> <p>5- year CAPEX Programme compiled and reviewed on annual basis</p> <p>Continuous Project Prioritisation in line with available resources</p> <p>Training and Development</p> <p>Dedicated Pipeline repair team</p>
SR - 07	Sustainability of the Entity	<p>Tariffs approval</p> <p>Debtors late or non- payment</p> <p>Municipalities leadership instability</p> <p>Non-support of proposed tariff by stakeholders (SALGA, NT, Minister: DHSWS, Public)</p> <p>Erroneous budgeting, structure or tariff determination</p> <p>Non-approval of tariffs that incorporates increase to cater for capital requirements</p>	Extreme	<p>Service Level Agreements with Municipalities and other clients</p> <p>Debt recovery processes:</p> <p>IGR processes</p> <p>Provincial Political/ Administrative intervention</p> <p>National Political/Administrative intervention</p> <p>Water Restrictions</p> <p>Legal Resource</p>
SR - 03	Water quality failure	<p>Catchment Pollution</p> <p>Technical Error</p>	Low	Monitoring Programmes

BUSINESS PLAN

		Plant Failure Availability of chemicals Non-compliance to Water Quality Standards Ground Water Pollution		Independent assurance (UFS providing independent assurance on the quality of water) Water quality Meetings at Regional level Weekly and 2 hourly Water Quality Monitoring
SR - 01	Water availability risk	Increased demand in area of supply Shortage of Chlorine Supply Drought Floods Infrastructure failure (Ageing infrastructure which leads to water losses) Poor Maintenance Inadequate planning (Silo approach in infrastructure planning by relevant stakeholders) Depletion of groundwater	Moderate	Implementation of Water Supply Reconciliation study NOVO transfer scheme Storage Dam ((Knelpoort) Tienfontein Transfer Groundwater exploration schemes Water conservation and water demand management Contingency Preparedness plan Stakeholder Engagement (DWS and Municipalities) Technical Audits/Assessments of water infrastructure Preventative Maintenance Strategy programme
SR - 06	Security of strategic assets	Servitude Encroachment Inadequate/ lack of security	High	External Consultation with local authorities and development plans to be approved for any settlements

BUSINESS PLAN

		measures (strategic assets)		<p>Security policy</p> <p>Security procedures</p> <p>Security guards & Patrols</p> <p>Alarm system (Head Office)</p> <p>Surveillance cameras (Head Office)</p>
SR - 12	Potential non-profitability	<p>Overleveraged Entity</p> <p>Dependency on one business model</p> <p>Inadequate revenue collection on extended areas</p>	Extreme	<p>Regular continuous engagements through meetings with the Shareholder on non-payment matters</p> <p>Continuous participation at different platforms facilitated by the Shareholder</p> <p>Consider establishment of new department in the envisaged new organogram - to look at the business growth of the Entity</p>
SR - 13	Decreasing water volumes/sales (low demand)	Some customers (Municipalities and Mining Forum) preferring to do their own water supply (not relying on Bloem Water)	Extreme	<p>Request annual submission of future water demand from Municipalities</p> <p>Technical meetings as Chaired by DWS where water matters, and concerns are discussed</p> <p>Invitees in the integrated Development Plans of Municipalities</p>

BUSINESS PLAN

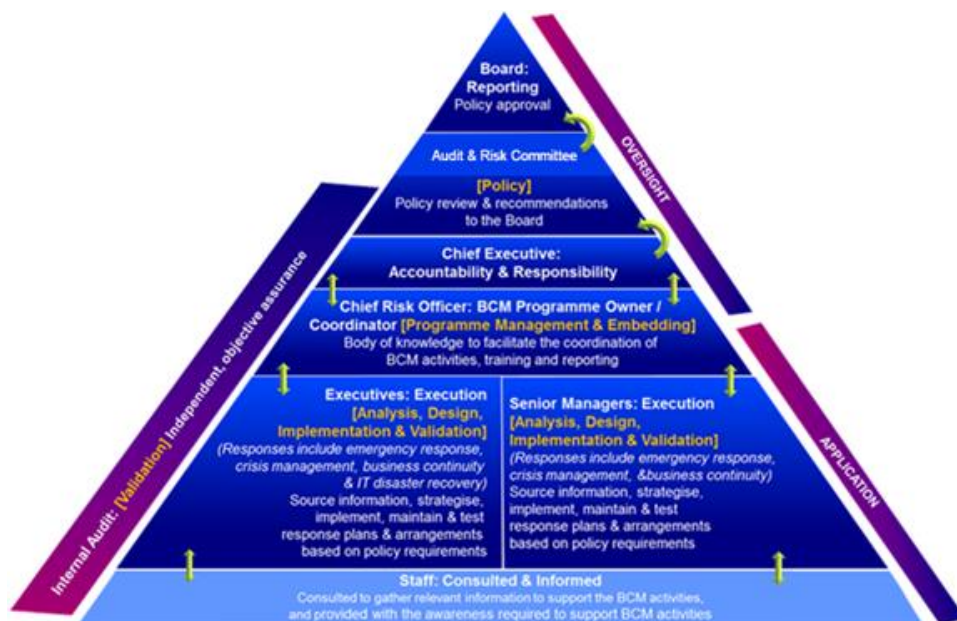
Business Continuity Management

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 disruption on operations and ensuring continuity of critical processes to a predefined, acceptable level.

The Entity maintains a 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 its 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 that may emerge from the Entity's business processes. The BCM management structure is depicted below which highlights the 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 foreseen in the near future.

Contingent Liabilities

Bloem Water is involved in legal matters ranging from contractual and Human Resources labour arbitration related matters. The detail is disclosed in the Annual Report.

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, it has aligned itself to improved maintenance of infrastructure and put measures in place to respond to breakdown of supply.

Financial Risk

The Entity is addressing the non-payment risk having instituted several actions against the non-paying clients. The liquidity risk of the Entity has increased as the default in payment by major clients' impacts on the operations. The risk exposure has increased due to continued non-payment by Metropolitan, and Local Municipalities.

Any risks that are foreseen are managed through insurance.

20.2 Fraud Prevention

The Board, together with Management, is committed in maintaining an honest, open and well-intentioned atmosphere within the Organisation and to fight the fraudulent and corrupt behaviour in all levels of the Organisation.

The Entity has an Anti-Fraud and Corruption Policy, Plan and Response Strategy and Whistle Blowing Procedures in place to ensure effective fraud prevention. These measures are established to foster a culture of risk and fraud prevention

BUSINESS PLAN

consciousness and to integrate risk management in business processes. The Entity has put in place an independent Ethics Hotline to facilitate anonymous reporting. Awareness campaigns and training workshops are annually held with all employees.

21. OTHER KEY PERFORMANCE INDICATORS

The Corporate Plan targets has been reduced to 26 KPIs to the Shareholder Compact (Refer to **Annexure C**). Quarterly progress reports are submitted to the Department as required.

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
 - Value Added Tax Act, Act 89 of 1991.
2. That all significant activities, including other activities, are included in the Business Plan.
 - Undisclosed, commercially sensitive information will not significantly affect viability, any projections or any information disclosed.

BUSINESS PLAN

3. 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 28 day of April 2023 at BLOEMFONTEIN



Dr L Moorosi
Chief Executive



Mr TB Phitsane
Chairperson of the Board of
Bloem Water



WITNESS 1



WITNESS 2

28 April 2023
DATE

BUSINESS PLAN

ADOPTION BY THE BOARD

This Business Plan was submitted to the Board of Bloem Water on 31 January 2023.



Dr L Moorosi
Chief Executive

28 April 2023

Date



Mr TB Phitsane
Chairperson of the Board of Bloem Water

28 April 2023

Date