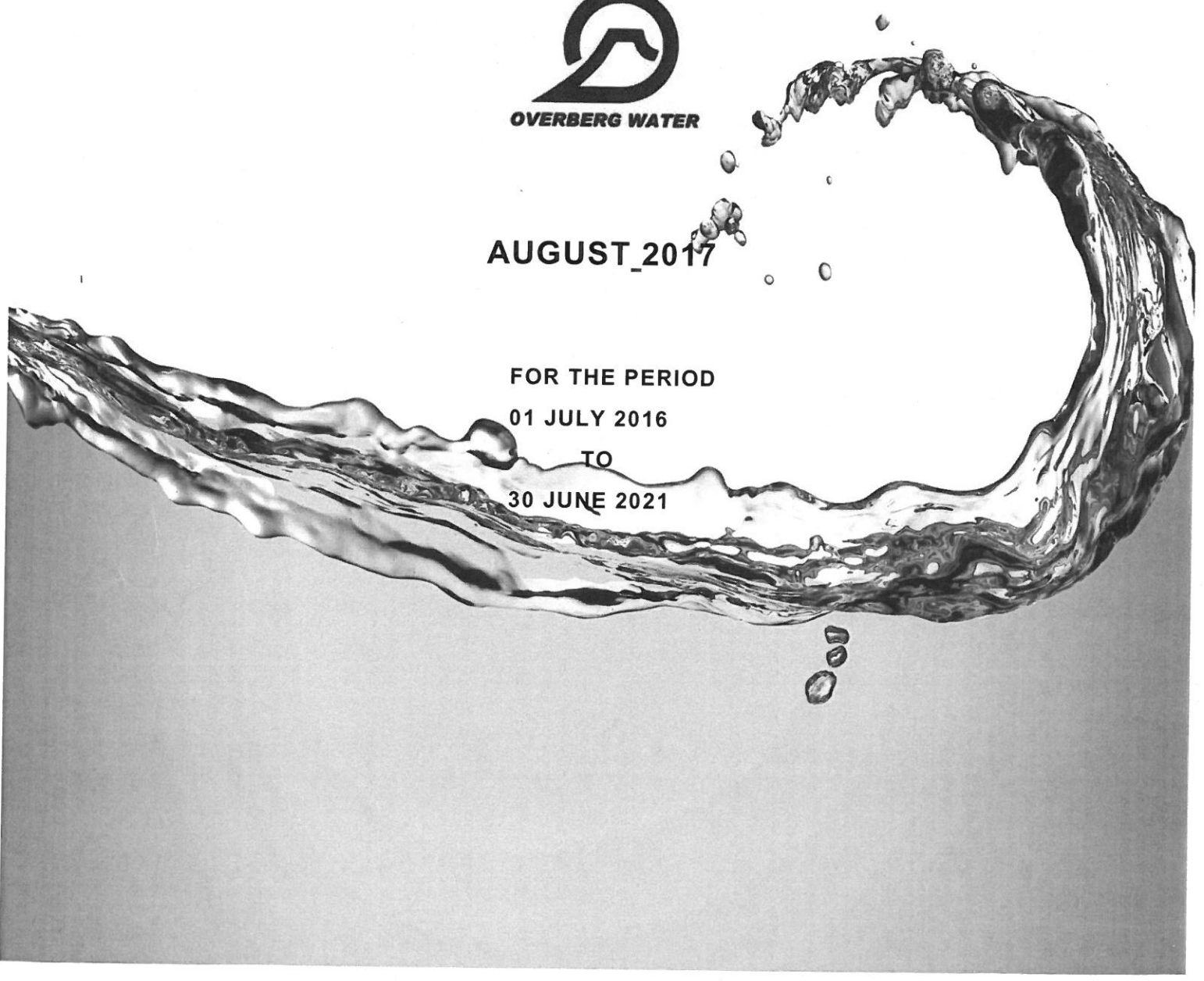


**OVERBERG WATER BOARD
CORPORATE PLAN
(5-YEAR BUSINESS PLAN)**



AUGUST_2017

**FOR THE PERIOD
01 JULY 2016
TO
30 JUNE 2021**



OVERBERG WATER BOARD

CORPORATE PLAN (5-YEAR BUSINESS PLAN)

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OVERBERG WATER CORPORATE PLAN

Accounting Authority as of 01 July 2017

1. FOREWORD BY AN INTERIM ACCOUNTING AUTHORITY

This Corporate Plan which is the Overberg Water Board strategy and performance mechanism is not only submitted for compliance reasons but as an indication that the entity is fully operation and is on its way to recovery. The Corporate Plan is the strategy that further reinforces the Department of Water and Sanitation commitment to increasing the Overberg Water's footprint in the Western Cape Province. Simply put, it is about the growth path of Overberg Water. Overberg Water is the only water services provider in the Western Cape and its strategy is to cover the whole of the Province providing reliable water services to all towns outside the Cape Town Metropolitan Area. Thus, the Overberg Water Board through this Corporate Plan commits itself to certain Key Performance Indicators that the Minister and the Department of Water & Sanitation may use to monitor the performance of the Entity in line with its strategic intent as informed by the vision and mission statement.

In terms of its mandate, derived from legislation, government and water sector policies and protocols, including the Water Services Act (Act 108 of 1997) and the Public Finance Management Act (Act 1 of 1999), Overberg Water Board, an entity of the Department of Water and Sanitation, listed as Schedule 3B of the PFMA, is required to submit a Corporate Plan to its shareholder, the Minister of Water and Sanitation, and to National Treasury at least one month before the start of financial year (PFMA Section 52). The Corporate Plan must contain implementation details to attain the key performance measures and indicators outlined, by Overberg Water Board, in its Shareholder Compact (SHC) with the Minister, and desired outcomes and objectives outlined in the Strategic Intent Statement.

Since its establishment in 1993, Overberg Water Board has tried to the very best of its ability, capacity, resources and constraints, to fulfil this mandate. But, in a rapidly changing South Africa where water sector institutions, must play a key role to support the government's developmental objectives, to deliver reliable, healthy and cost effective bulk water services a, Overberg Water Board must do more than merely deliver on the basic requirements of its mandate. It must grow its footprint in order to become a Regional Water Utility (RWU) covering the western region of South Africa.

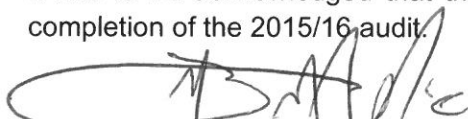
Overberg Water Board has historically been a smaller water utility in the Overberg Region of the Western Cape. Overberg Water Board has changed its strategy and it is going to be the Regional Water Utility in the Western Cape. With the permission and directive of the Minister of Water and Sanitation, the Governing Board working hand-in-hand with management team is proposing to change the name and brand of Overberg Water Board, in order to reflect its new status. As a Regional Water Utility, Overberg Water Board will endeavour to consolidate the supply and quality of water services in the region. In order to do this, it is envisaged that the Governing Board and management of Overberg Water Board requests permission of the Minister, and the cooperation of the Department of Water and Sanitation. The current drought facing South Africa particularly the Western Cape Province entities like Overberg Water would need to develop systems that support the Department of Water and Sanitation in its innovative ways in areas such as desalination and new water endeavours.

Therefore, the strategic priorities and goals are set out to ensure the realisation of Overberg Water Board strategic intent. These are summarised below:

1. Leading the Entity to full recovery as a strategic partner for the delivery of water services;
2. Exploring growth opportunities in the business;
3. Securing of supply and quality of drinking water;
4. Engaging and strengthening strategic partnerships with all relevant stakeholders;
5. Planning, developing, operating and maintaining infrastructure to ensure sustainable water service delivery.

The afore-mentioned strategic priorities and strategic goals are determined taking into account the National Development Plan, National, Provincial and Regional objectives to render support to the Government in meeting the living conditions of all South Africans. Furthermore, the strategic priorities and goals are to be translated into objectives and Key Performance Indicators which will be aligned to legislative requirements and quarterly reporting indicators. Considering the need for financial viability, the financial Key Performance Indicators will be set out as a deliverable on its own existence as well as in the Shareholder Compact. There is no doubt that the human capital is essential to achieving and accelerating performance of the Entity and as such it will be covered in the Entity's quarterly reporting

It has to be acknowledged that this Corporate Plan is being prepared whilst awaiting the completion of the 2015/16 audit.


PHAKAMANI BUTHELEZI

INTERIM ACCOUNTING AUTHORITY

2. INTRODUCTION AND STRATEGY

2.1 Brief History

Overberg Water Board came into being in 1993 when the former Duivenhoks and Rûensveld water boards amalgamated.

Overberg Water Board is situated in the Overberg region in the Western Cape stretching from Botriver in the West to Heidelberg and Riversdale in the East and is bordered by the Langeberg Mountains in the North and the Indian Ocean in the South. Overberg Water distributes water to the surrounding and rural areas of Cape Agulhas, Theewaterskloof and Swellendam. It has three (3) water treatment schemes with twenty two (22) reservoirs which are located strategically across the Overberg region.

The Water Board derives its revenue from the sale of bulk potable water to its main customers, namely municipalities, as well as retail sales to the agricultural sector/industry in the region. The organisation supplies and distributes approximately four (4) million cubic metres of water per annum.

The region currently supply covers approximately 6,000 square kilometres with a pipeline network estimated at 1,45045 kilometres.

Overberg Water Board is a National Government Business Enterprise as defined in Schedule 3B of the Public Finance Management Act (PFMA).

2.2 Government Priorities

The known key national government priorities (affecting the water sector) are:

National Development Plan (NDP);

- Medium term strategic framework (2014-2019)
- Nine Point Plan
- New Growth Path

As the creation of jobs and economic growth are necessary in order to eliminate poverty and depend on the reliable supply of potable water, it is important that we produce the required volumes of potable water to support the abovementioned priorities. The known key water sector priorities set out by the Department of Water and Sanitation (DWS) as it affects Overberg Water Board in terms of the Institutional Re-alignment and Reforms (IRR) and the National Water Resource Strategy (NWRS2) are:

- Enhanced quality and quantity of water resources;
- Establishing regional water utilities;
- Consolidating the supply chain of water entities by the consolidation of Catchment Agencies and Water Boards;
- Strengthening of Water Boards;
- Maintenance and supply of bulk water infrastructure;
- Access to basic water services; and
- Sanitation.

2.3 State of Water Access in the Region

Overberg Water currently has approved raw water licences from the Breede-Gouritz Catchment Agency (BGCMA).

Currently an estimated 4,5million cubic metres of raw water is treated to supply Overberg Water customers.

It is anticipated that Overberg Water will use its entire allocation of water during the next financial year in order to meet its strategic objectives. A further water license application will be submitted to the BGCMA to have the current water allocations for the Water Board increased.

There are approximately 1168 households in the Overberg region which do not have access to clean water. It is anticipated that Overberg Water can supply water to at least 20% of these households during the next 3 years.

Some local authorities in the region lack skills capacity as far as water services are concerned, with the result of rapid deterioration of their facilities.

2.4 Mission and Vision

The Vision

Becoming the regional utility providing sustainable and competitive water services for the Western Cape Province.

The Mission

To supply and maintain reliable, affordable, and good quality waterservices to all customers”.

2.5 Values

Value	Meaning to the organization
Trust	Ensure that our stakeholder trust our word and promises.
Respect	Serve with a positive attitude, courtesy, and respect that engender collaboration and trust.
Reliable	Promote a sense of reliability to both internal and external stakeholders.
Integrity	Discharge the responsibilities with honesty and displaying strong moral principles.
Accountability	Address challenges promptly, implement effective solutions, and provide excellent service as a committed team.

2.6 Key Strategic Objectives

Key strategic objectives aligned to the departmental goals are:

Goals		Strategic objectives		Performance indicators	
1	Equitable access to reliable, sustainable and acceptable water resources and water services	1.1	Safe, reliable and sustainable drinking water supply and sanitation services	1.1.1	Increased volumes sold to new bulk and retail customers from 29.52% to 33.33%
				1.1.2	Number of schemes/facilities managed
				1.1.3	98% compliance with water quality standards
				1.1.4	Improve water use efficiency
		1.2	Targeted planning for the enhanced provision of drinking water supply and sanitation services	1.2.1	2 new infrastructure projects
				1.2.2	2 infrastructure related projects under construction
				1.2.3	100% new infrastructure projects completed
2	An enhanced contribution to socio-economic development and transformation	2.1	Job opportunities created through the implementation of infrastructure development	2.1.1	20% of job opportunities created
		2.2	Targeted water supply to un-served communities	2.2.1	Increase supply to indigent communities
		2.3	Targeted procurement that supports black entrepreneurs	2.3.1	57% of targeted procurement budget spent on SMMEs
3	An efficient and effective corporate governance	3.1	Sound governance of the entity	3.1.1	100% Compliance with statutory planning and reporting prescripts
				3.1.2	4 Governing Boards meetings 4 Committee meetings
		3.2	Sound management of financial and human capital	3.2.1	Improve key financial ratios
				3.2.2	Unqualified audit
				3.2.3	4 quarterly financial reports submitted to DWS / National Treasury
				3.2.4	2 tariff consultations conducted
				3.2.4	Improve staff turnover rate at 90% Training and skills

Goals		Strategic objectives		Performance indicators	
					development for all staff employed.
				3.2.5	Implement wellness programme
4	Sound cooperative governance	4.1	Enhanced customer and stakeholder confidence, communication and perception	4.1.1	Stakeholder relations
				4.1.2	1 Communications strategy developed
				4.1.3	1 cooperative agreement signed.
5	Engaging and strengthening strategic partnerships will all relevant stakeholders	5.1	Contribute to national and international water agenda	5.1.1	2 agreements with Regional and International utilities
		5.2	Promote the image and Overberg Water brand	5.2.1	Production of 2 newsletters
				5.2.2	Conduct at least 2 awareness sessions with various institutions, stakeholders and communities

2.7 Strategies

Overberg Water's immediate strategy is to secure internal and financial stability in the organisation by building new leadership and improving corporate governance.

In future, Overberg Water's primarily key strategic goal will be to become, with the permission of the Minister, the Regional Water Utility in the Western Cape province of South Africa. The Regional Water Utility for the Western Cape will endeavour to consolidate supply and quality of water services in the province. In order to do that it will, with the permission of the Minister, and the cooperation of the Department of Water and Sanitation, consolidate the water and sanitation facilities of the Water Boards and Water Treatment Agencies in the province.

The Western Cape Regional Utility should assist in consolidating the implementation of the national government's water and sanitation policies. The Western Cape Regional Utility will manage all the water treatment plants and reservoirs in the region and supply the treated bulk water to the municipalities for distribution. This will eliminate duplication of effort in each municipality competing for competent staff and available funding (RBIG and any other grants) and will eliminate inconsistencies in quality of water produced. The Regional Utility will then manage all the water from the CMAs to the bulk supply at municipal level. The municipalities will then be responsible for distribution of the water they receive from the Water Board to the end user.

The first phase of implementing the strategy will be to utilise our existing purification plants at optimum capacity. Currently our purification plants are operating at approximately 53% of design capacity. To enable the purification plants to operate at design capacity, Overberg Water will require an additional 3,3 million cubic meters of water allocation from the Department of Water and Sanitation from the Theewaterskloof and Duivenhoks dams. The increased water supply will then be treated, distributed and sold. This will be done through increasing existing supply to current bulk customers by supplying additional towns within a municipality. The pipeline infrastructure will then also be expanded to reach additional retail customers, being farmers and industry, in the Overberg region.

The second implementation strategy is to identify and assist current, known, stressed and/or ailing municipalities in the Overberg and adjacent regions with the assistance of the Department of Water and Sanitation. Some municipalities lack institutional capacity to implement the water infrastructure programme in that instance Overberg Water will focus on those municipalities and Water Treatment Agencies in the Western Cape in the format of management contracts, partnerships and/or joint ventures to improve their capabilities.

Thirdly, Overberg will approach municipalities (not supplied at present) to manage their water works and purification plants with the objective of increasing their Blue Drop ratings, improving measuring programmes and systems, water conservation strategies, water demand management, maintenance plans, water saving as well as supplying training in these areas of expertise.

Overberg Water will also assist the poor and vulnerable communities in the region by assisting with the supply of clean water (where possible).

The strategies as set out above will create new job opportunities in the Overberg region. We will contribute towards rural development and job creation through our capital infrastructure programmes.

Finally, Overberg will endeavour to obtain funding for the infrastructure required to execute the strategies as set out above.

2.8 Key Performance Indicators

The key performance indicators (KPI's) as shown in Table 1 will include how the region has been consolidated, water supply and quality improved. All of the KPI's are subject to completing detailed viability & feasibility studies and assessing whether the business case is appropriate.

Table 1: Key Performance Indicators¹

Strategic goal	Expected outcome	Key Indicator/s	Performance Measurement					Target	
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
1. Increase the volumes of water treated in existing schemes	Increasing the volumes sold to new bulk and retail customers	Percentage annual sales volumes increase	29.52%	33.33%	75.76%	14.37%	2.00%	2.00%	
2. Overberg Water to provide management services to municipalities lacking institutional capacity in its region	Overberg Water to provide management services to municipalities lacking institutional capacity in its region	No. of lacking institutional capacity waterworks managed by Overberg Water with the assistance of DWS	0	1	1	1	1	1	
3. Overberg Water to provide management services to municipalities lacking institutional capacity in the Western Province	Overberg water to provide Operational & Maintenance Support and manage the water works of stressed and ailing municipalities in the Western Province	No. of lacking institutional capacity waterworks managed by Overberg Water with the assistance of DWS	1	1	1	1	1	1	
4. Facilities management of water works	Overberg Water will manage other water facilities	Number of facilities managed	1	1	1	1	1	1	
5. Supply water to households and communities who currently have no access to water services	Overberg Water will identify which indigent households within the local municipalities	No. of Service Level Agreements in new contracts for bulk water supply	2	2	2	2	2	2	
6. Creating job opportunities	Overberg Water to create job opportunities through the implementation of the Infrastructure Development Plan	No. of jobs created through infrastructure development plan and other programmes	27	202	93	20	4	4	
7. Building new infrastructure	Creating new infrastructure to supply new customers with potable water	No. of new infrastructure projects launched and completed	2	4	1	--	--	4	
8. Overberg Water to provide sanitation services to municipalities lacking institutional capacity in its region	Overberg water to provide Operational & Maintenance Support and manage the water works of stressed and ailing municipalities in the Western Province	No. of lacking institutional capacity waterworks managed by Overberg Water with the assistance of DWS	0	1	1	1	1	1	
9. Obtain adequate funding	Funding will be obtained to fulfil the	Funding is obtained for the	--	--	--	--	--	--	

¹All of the KPI's are subject to completing detailed viability & feasibility studies and assessing whether the business case is appropriate.

for all projects and strategic goals listed above from Government and external sources	Infrastructure Development Projects	projects as set out in SO 8 – Building new infrastructure					
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3. POLICY STATEMENT

Overberg Water is currently reviewing its policies to ensure that they remain effective and efficient and that they are up to date (taking recent legislative changes into account) as well as incorporating current guidelines issued by relevant government departments.

4. SELF APPRAISAL

4.1 Business achievements and under achievements in the previous year

Over the past financial period, Overberg Water Management embarked on an institutional capacity building programme to ensure alignment with the DWS's key objective to establish a Regional Water Utility and to prepare Overberg Water for this seamless transition. Consequently, Overberg Water has primarily focussed on its human resource transition objectives and to ensure the establishment of proper governance structures and capacity building. For the ensuing financial year the APP (Annual Performance Plan) will focus on increasing the footprint of Overberg Water with commensurate infrastructure expansion projects.

4.2 Analysis of the Operating Environment (SWOT Analysis)

Strengths

- **Water quality compliance**

Since the establishment of the Blue Drop Incentive, Overberg Water has achieved consistent high (greater than 80%) scores in all areas of its water infrastructure management. Water quality is managed rigorously and stringent systems are in place to make sure compliance with standards set out in SANS 241 of 2011 are met.

Overberg Water is also planning to set up its own laboratory for testing its water as well as the water of other water treatment works in the region. This will not only grow the business of the entity but also improve its financial muscle as this will contribute to its revenue generation.

- **Technical expertise**

The Water Board has a professional engineer, a process engineer and chartered accountants within its ranks. The personnel currently available have the technical knowledge and skills sets to exceed the business requirements for the foreseeable future. The entity is also in the process of recruiting more skilled personnel in other specialized areas to ensure an effective and well compliant organization.

- **Geographical spread**

Overberg Water Board is well located and has a strong geographical location which extends over the Overberg region and the rest of the Western Cape. The central position of the office allows for further expansion and growth into ailing municipal areas within the Western Cape. As a water board, Overberg Water can work across municipal boundaries therefore providing a service when engaging municipalities and providing services.

Weaknesses

- **Stakeholder perception**

Reporting and engagement with the relevant stakeholders has not been on seen positive over a period of time. Overberg Water will endeavour to address these shortcomings by improving its communication, create a communication strategy that will seek to have common understanding with all the stakeholders.

- **Lack of information technology infrastructure**

Information Technology is an essential component of managing and running a sound organisation. Many of the IT systems within the business are fragmented and disjointed. Upgrades were completed in isolation and have created vast technological gaps between users of new and older software systems.

- **No branding and marketing**

Overberg Water has no formulated marketing and communication strategy. Platforms such as print media, social media, workshops and conferences are not used effectively or productively to market the organisation to the public and private sector.

Opportunities

- **Regional water utility**

Overberg Water has recently completed a study so that it can position itself as a regional entity and align itself with the objectives of the National Water Resources Strategy Second Edition (NWRS2), dated June 2013. It is evident from the study that a definite need exists for an RWU (Raw Water Utility) to be established in the Western Cape region, which is in line with the goals and directives of the NWRSII. It is also the case that the Overberg Regional Water Supply area extends over parts of two District Municipalities; i.e. Overberg DM and Eden DM. Operational expertise and financial management is also well embedded in Overberg Water. Overberg Water is therefore well positioned geographically, technically, and administratively to develop and have its functions expanded into such a RWU.

- **Water sector support Training and capacity building**

Currently Overberg Water provides water sector support to several ailing municipalities. The municipalities where support is provided include Kannaland and Prince Albert Municipality. Support to the municipalities includes the secondment of senior process controllers to train and capacitate the inexperienced process controllers within these municipalities. Using water sector support as leverage, Overberg Water can make strides into these municipalities and ultimately sign service level agreements.

- **Expanding of Water & Sanitation Services – Improvement of Blue and Green Drop scores of other entities**

As with the 2013 Blue Drop risk rating report, the 2014 version illustrates that there is definite scope for Overberg Water to intervene and/or assist with the operations of some of the WTW plants within the Overberg Region. Although the Blue Drop score for the region reflects fair management of the whole Water Services value chain, individual WTP's show significant concern over management of the potable water services value chain. There is room for improvement, especially in the cases of Tesselaarsdal, Greyton, Napier and Elim.

Given the environmental sensitivity in the Overberg region, one would expect each Wastewater Treatment Works to function optimally. This is not so. In fact, the figures for Theewaterskloof, Cape Agulhas and Hessequa Municipalities show some of the poorest effluent quality compliance in the Western Cape. This calls for intervention and, given the fact that Overberg Water wants to become a regional Water Utility, is in close proximity to these facilities, and retains skills that can be used to run WWTW efficiently, there is ample scope for the WSP to develop a branch for the treatment and management of Wastewater Services.

The scores are reflected in Table 2 below.

Table 2: Blue/Green Drop scores and risk ratings for all Municipalities within Overberg District

5. Municipality	6. Theewaterskloof	7. Overstrand	8. Cape Agulhas	9. Swellendam	10. Hessequa
11. Green Drop 2013	12. 55.82%	13. 89.14%	14. 51.98%	15. 70.82%	16. 47.86%
17. Green Drop Risk Rating 2014	18. 49.60%	19. 41.10%	20. 72.10%	21. 75.30%	22. 51.80%
23. Blue Drop 2014	24. 64.18%	25. 90.79%	26. 69.48%	27. 57.25%	28. 55.18%
29. Blue Drop Risk Rating 2014	30. 63.00%	31. 41.00%	32. 49.00%	33. 68.00%	34. 53.00%

Threats / Challenges

- Skilled resources;
- Adequately skilled staff in order to secure new projects and meet the strategic expansion goals;
- Human Capital;
- Aging infrastructure;
- Outdated telemetric system;
- Monitoring systems at the plants for immediate responses to potential problems;
- Out dated accounting software and IT systems;
- Lack of Information Technology Infrastructure and staff (IT Governance); and
- Independent Service Providers i.e. private sector bulk water suppliers.

35. DIRECTIVES BY MINISTER

To date Overberg Water has not received any Directives by the Minister. Overberg Water does, however, provide pro bono water sector support to ailing municipalities so that the imperatives of the DWS are prioritised.

36. PARTICIPATION IN COMPANIES, TRUSTS, OR JOINT VENTURES

Overberg Water does not have any interests in other companies, trusts or joint ventures.

Overberg Water manages 2 bank accounts on behalf of the Department of Water and Sanitation (as set out in section 20 below).

37. WATER RESOURCES

37.1 Water Availability – Catchment Areas

Overberg Water has two main primary sources of water impoundments, namely, the Theewaterskloof Dam and Duivenhoks Dam. Each impoundment feeds two separate river systems, the Riviersonderend and Duivenhoks River, respectively. Table 3 overleaf highlights the capacities of the water resources, including the owners and managers of the impoundments.

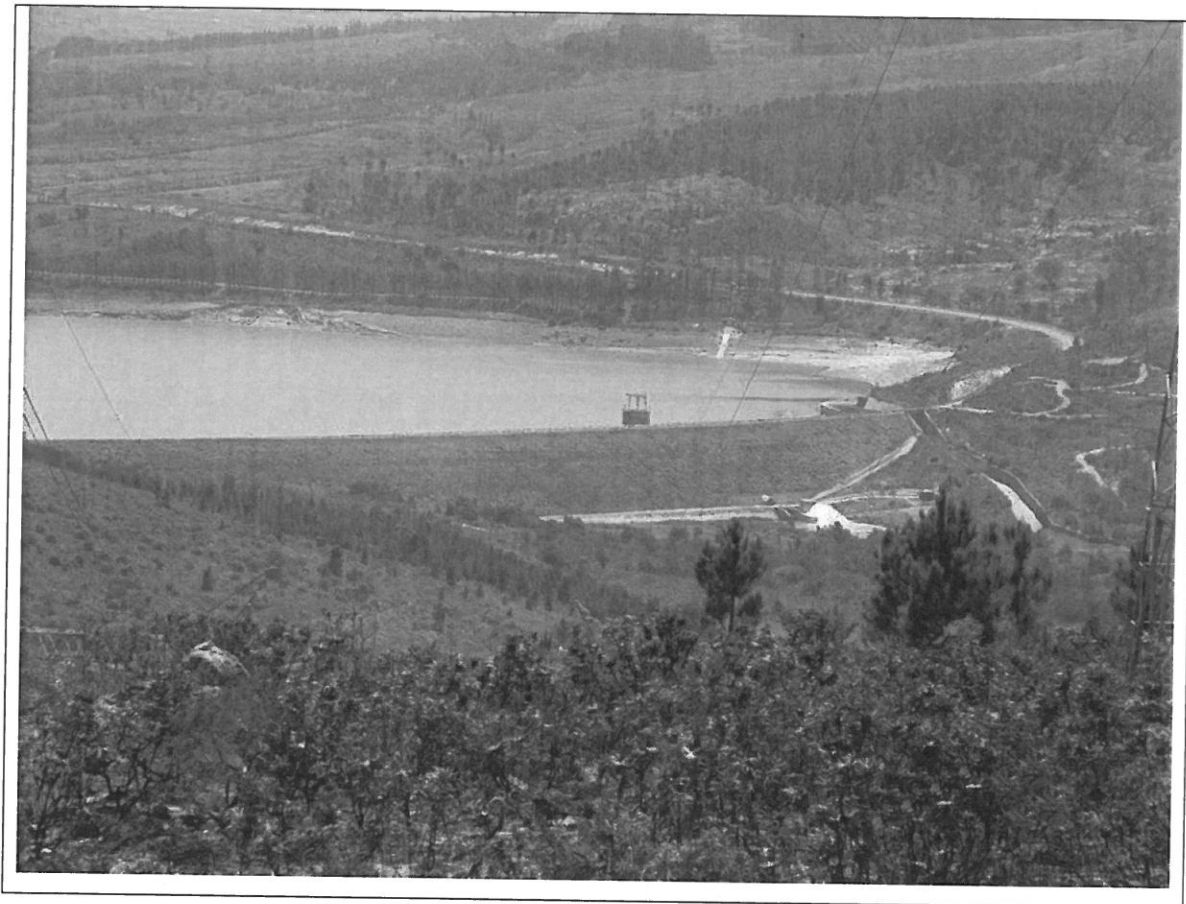
37.2 Water Availability – Drought Implications

Rainfall patterns within South Africa is one of great variability. South Africa's mean annual precipitation is estimated at 450mm compared to the global average of 860mm. Seasonal rainfall percentage deviations since 1960 has shown that the wide fluctuations about the long-term average and it is in this context that large rainfall deficits must be assessed. As an example, between July of 1960 and June of 2004, there have been 8 summer-rainfall seasons where rainfall for the entire summer-rainfall area has been less than 80% of normal. A deficit of 25% is normally regarded as a severe meteorological drought but it can be safely assumed that a shortfall of 20% from normal rainfall will cause crop and water shortfalls in

many regions accompanied by social and economic hardship. Climate and ecological changes such as El Niño and La Niña have caused extreme phases of a naturally occurring climate cycle changes across the globe.

In the Overberg Region the impact of the drought has not been too severe, however when one considers the future, principles of water demand and water conservation management must be a priority. The recent Western Cape Province State of Dams as at the 08th February 2016 were recorded as follows:

Dam	River	Current Level (%)	Last Year's Level (%)	Notes
Duivenhoks	Duivenhoks River	100.5	82.1	
Theewaterskloof	Riviersonderend	47.4	73.5	Supplies to Overberg Water Schemes



However, the dam levels have drastically reduced due to drought exacerbated by a no rainfall period.

37.3 Water Quality of Raw Water

The quality of raw water remains a challenge throughout the region, particularly at the source and catchment. The raw water quality status of each source/catchment is determined by comparing key determinants against Overberg Water's quality criteria for each water supply catchment. Table 3 overleaf provides an overview of the water quality of raw water over the years.

Further discussions with the Catchment Management Agencies (CMAs) will be explored to improve the quality of water sources.

37.4 Water Resource Assurance and Supply Security per Water Services Authority

Direct abstractions from the Sonderend River, Berg and Breede River as well as many smaller streams and rivers form an important source supplying many smaller towns and villages. Many municipal and rural water supply schemes are reliant on groundwater for potable water supply and groundwater also forms an important supplementary source to many surface water abstractions. Farms within the region make use of groundwater to a great extent, mainly through private boreholes and wells.

The Overberg region is characterised by east-west mountain ranges and valleys. The area is characterised by large, relatively flat, coastal plains with undulating hills reaching up to the Riviersonderend, Langeberg and Outeniqua mountain ranges to the north. Historically, surface water has been the most important resource for water supply to towns in the Overberg region and, in many cases, settlements in the region developed near accessible surface water sources such as rivers and dams.

The Breede, Gouritz and Sonderend Rivers are the prominent rivers in the Overberg region and many of the larger towns are situated close to these river systems. The Overberg region is situated in the coastal rainfall region of the Western Cape which has a mean annual rainfall of 324 mm. Evaporation is high and exceeds rainfall in most areas; consequently, runoff is mostly restricted to the larger rivers with many smaller streams and rivers drying up partially or completely in summer. The Overberg region is generally classified as a water-scarce region with varying rainfall.

The lower reaches of the Breede River are significantly impacted by return flows from agricultural areas, leading to high salinity. Large volumes of water are transferred from the Breede River catchment to the Berg River catchment from Theewaterskloof Dam, which form a significant portion of the potable water supply to the Cape Town Metropolitan area and irrigation along the Berg River. The coastal plains between Botrivier and Witsand are characterised by large wetlands and lakes. Several commercial forests are located in the western parts of the Overberg and impact significantly on runoff. Alien species invasion is particularly evident in the Overberg, especially in riparian areas.

Municipalities are generally responsible for their own bulk water supplies for towns while Overberg Water supplies some towns and mostly retail customers including farms and industries. Several smaller retail and private water schemes also exist in the region.

Potable water needs are mostly concentrated in larger towns and specifically coastal towns impacted by tourism and seasonal high water demand during the drier summer months. The coastal towns in the Overberg region such as Rooi Els, Bettiesbay, Kleinmond, Hermanus, Gansbaai, Franskraal, Pearly Beach, Struisbaai, Arniston, Infanta, and Witsand experience a high influx of holiday makers during summer and particularly over December and Easter holidays. This impacts significantly on the peak water demands for these towns and requires special measures to be taken by municipalities to ensure adequate potable water supply as the peak demand coincides with the peak summer and driest period.

According to the All Towns Study, the combined water demand in 2007 for the towns and villages in the Overstrand, Hessequa, Cape Agulhas, Theewaterskloof, and Swellendam Municipalities was 52.7 MI/d and is projected to increase to a maximum of 197.9 MI/d in accordance with the high growth scenario.

37.4.1 Overstrand Municipality

Table 5 provides a high-level summary of the Overstrand Municipality's water supply and demand.

Table 5: Overstrand Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	92180 (2013) 36345 (holiday)	86840	658
Settlements	38	35	3
Households	30851	unknown	Unknown
Sources	No	Current abstraction (MI/d)	Licenced abstraction (MI/d)
Groundwater	5	0.400	4.685
Surface Water	13	20.757	13.496
External (Bulk Imports)	0	0	0
Water returned to sources	5	2.377	n/a
Re-use	0	0	0
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
8	71	45	69
Water Treatment Works	Waste Water Treatment Works		
8	5		
Operational & Maintenance			
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
Unknown	N	unknown	Positions to be filled in accordance with O&M staff organogram
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
Yes	--	--	--
Current Projects	Total Water Services Budget	Shortfall	Comments
26	R72.2 M	R724.4 M	--
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (MI/d)	Location
Augmentation of water source – Buffels River supply area	R3.59 M	unknown	Buffels River
Waste water re-use plant	R10 M	3.4	Hermanus
Overberg Water Bulk Supply Pipeline	Unknown	5.0	Theewaterskloof Dam to Hermanus
Long-term Demand vs Supply	Capacity (MI/d)	Design Year	Comment
Long-term demand	40 60	2032 2061	Water Masterplan (GLS) Project Long-term
Current sources capacity	Unknown (Overstrand) 15 MI/d (Greater Hermanus Area)		
Planned Source	4.4 MI/d 17.5 MI/d	unknown 2020	Camphill & Volmoed Well Fields 10 MI/day required. Theewaterskloof to Hermanus Bulk Pipeline – Overberg Water (refer to Technical Feasibility Study report by BKS – Nov 2012)

The current raw water sources for the Greater Hermanus Area consist of the De Bos Dam (licenced 2.8 mcm/a) and the Gateway Wellfield (licenced 1.6 mcm/a – note sustainable abstraction rate is only 1.2 mcm/a).

Two new wellfield developments are underway in the Hemel and Aarde Valley; i.e. the Camphill and Welmoedwellfields, which will provide a further 1.6 mcm/a raw water source capacity bringing the total safe yield for the Greater Hermanus area sources to 5.6 million mcm/a.

The Overstrand Municipality has identified that the Greater Hermanus Area is projected to experience an annual average daily demand of 9.25 mcm/a by 2032 and a shortfall of 3.65 mcm/a (10 MI/day average day demand). The Greater Hermanus Area experiences a significant influx of holiday makers during the peak summer months and the Municipality has therefore indicated that investigations into an alternative water source must be based on the estimated peak week demand with a peak week factor of 1.75; i.e. 17.5 MI/day. AECOM (previously BKS) were appointed to carry out a feasibility study into the development of a new supply to the Greater Hermanus Area from the Mariasdal Water Treatment Works (WTW) (Rûensveld West Water Supply Scheme) situated downstream of Theewaterskloof Dam (TWKD) with a new pipeline to Hawsten or Fisherhaven and a new service reservoir or water treatment works.

Overberg Water abstracts water from the Sonderend River downstream of Theewaterskloof Dam from where it is treated at the Mariasdal WTW and distributed to Caledon and surrounding farms via the Rûensveld West Scheme. Although it was determined that very little spare capacity exists at the Mariasdal WTW and in the rising main from the WTW to the Noordekloof Reservoir, an increased abstraction from the Sonderend River and upgraded treatment capacity at Mariasdal WTW together with using the spare capacity in the existing rising main would provide a sensible scheme which could be expanded via a new pipeline. This option would require an agreement between Overberg Water and Overstrand Municipality for the possible joint development and operation of the scheme. The study concluded and recommended that the Overstrand Municipality and Overberg Water engage with the DWS to understand what costs other than licence fees would be associated with an immediate allocation from the Berg River / TWKD in terms of capital down payment.

The scheme presents an opportunity for Overberg Water to increase its presence as a bulk water provider to a major municipality in the Overberg Region and would allow Overberg Water to engage with the DWS and City of Cape Town in terms of the future management of the Berg River / TWKD source.

Preliminary discussions between Overberg Water and Overstrand Municipality have indicated a preference for Overberg Water to develop the additional abstraction and treatment capacity as well as the bulk pipeline and associated reservoir and pump stations.

Overstrand would construct a new receiving reservoir near Fisherhaven/Hawston and Overstrand Municipality would purchase the water at an agreed tariff at the inflow to the new reservoir and distribute to their network to service the Greater Hermanus Area. The layout of the proposed scheme is reflected in Figure 1 below.

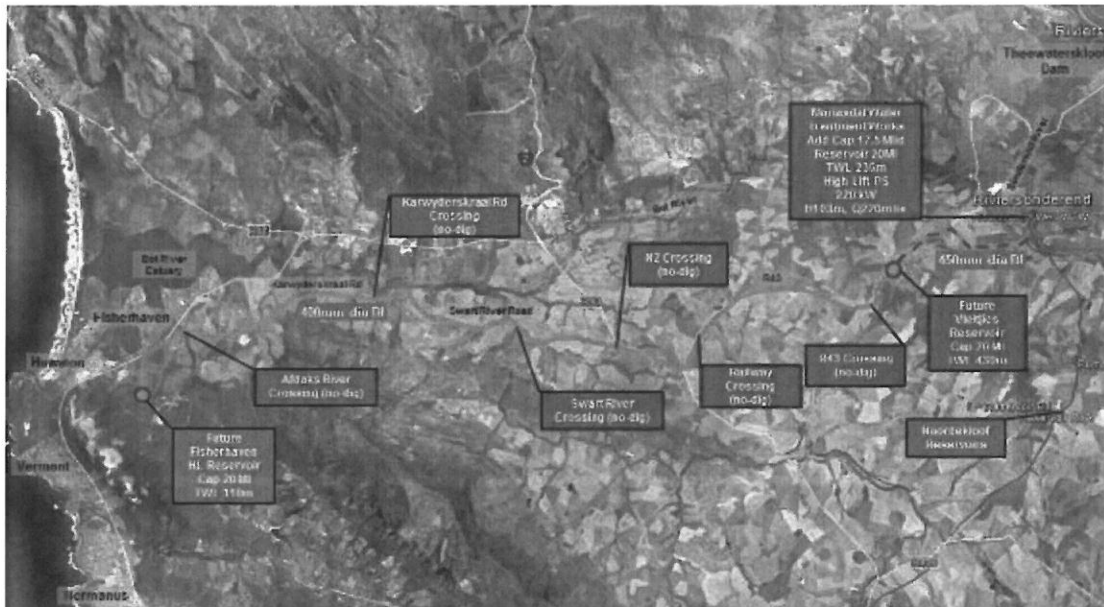


Figure 1: Greater Hermanus Bulk Water Provision Proposal

37.4.2 Hessequa Municipality

Table 6 provides a high-level summary of the Hessequa Municipality's water supply and demand.

Table 6: Hessequa Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	65249 (2011)	46302	18947
Settlements	18	16	2
Households	19077	unknown	unknown
Sources	No	Current abstraction (MI/d)	Licenced abstraction (MI/d)
Groundwater	18	1.915	7.657
Surface Water	2	4.112	4.323
External (Bulk Imports)	1	2.186	2.186
Water returned to sources	0	0	0
Re-use	0	0	0
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
10	29	25	22
Water Treatment Works	Waste Water Treatment Works		
7	10		
Operational & Maintenance			

Demographics	Total	Urban	Rural
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
Unknown	No	unknown	61% of water infrastructure >20yrs old
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
Yes	unknown	unknown	unknown
Current Projects	Total Water Services Budget	Shortfall	Comments
45	unknown	R407.9 M	
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (Ml/d)	Location
Albertinia-New Bulk Water Supply	R3.19 M	unknown	Albertinia
New Reservoir	R5 M	unknown	Riversdale
Investigate alt. Water source	R5 M	unknown	Hessequa
Reservoir to Platbos, Stilbaai-east	R15 M	unknown	Stilbaai

Hessequa Municipality already has an agreement with Overberg Water for bulk water supply from the Duivenhoks WSS to the towns of Heidelberg, Witsand, and Slangrivier with a combined import of nearly 2.0 Ml/d. Except for a small groundwater supply for Witsand, these towns are entirely dependent on the bulk water supply from the Duivenhoks WSS. Rainwater harvesting and water reuse is being implemented by the Municipality for these towns but on a small scale, and it is reasonable to expect that future water demands for these towns would be supplied by Overberg Water, provided that capacity exists in the Duivenhoks WSS. The Duivenhoks WSS is currently only 60% utilised and spare capacity of 2.0 Ml/d exists at the source and treatment works. The All Towns Study indicates a possible high scenario shortfall of 4.5 Ml/d for Heidelberg, Witsand, and Slangrivier combined. A more detailed investigation into the projected future water demand for these towns must be carried out to inform Overberg Water and Hessequa Municipality and aid in the discussions on future water supply infrastructure planning.

Expansion of Overberg Water's supply toward Riversdale could also be considered if spare capacity is available in the Duivenhoks WSS although this would require new pipelines and increased treatment capacity. Riversdale is currently supplied from the Korentepoort Dam (Korente-Vette Government Water Scheme).

The 2035 high scenario projection indicates a possible shortfall of 3.59 Ml/d for Riversdale which presents an opportunity for the developed of a new pipeline between Heidelberg and Riversdale which could be jointly developed by Overberg Water and Hessequa Municipality.

Stilbaai is currently supplied by groundwater and the Olive Grove Dam while Jongensfontein is supplied from springs. Although Stilbaai and Jongensfontein have substantial water demand and are especially influenced by seasonal increased water demand, these towns are far away from the existing Duivenhoks WSS network and it would be advisable to investigate the feasibility of developing an off-channel winter runoff scheme from the Goukou River system to ensure water is available for the peak holiday periods.

The opportunity also exists to link the Duivenhoks and Rûensveld East Schemes between Swellendam and Suurbraak. This could improve security of supply to both schemes and also presents an opportunity to link in a possible potable water supply from the Buffeljags Dam which is currently utilised for irrigation only. This opportunity requires a detailed assessment and feasibility study to be completed.

Expansion of the scheme east of Riversdale is not considered feasible due to the distances to Gouritzmond and Albertinia; however, the feasibility to construct a new water treatment works will be explored in the long term.

37.4.3 Kannaland Municipality

In Table 7 a high level summary is provided of the Kannaland Municipality's water supply and demand.

Table 7: Kannaland Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	34312	18622	15690
Settlements	16	14	2
Households	7932	unknown	unknown
Sources	No	Current abstraction (MI/d)	Licensed abstraction (MI/d)
Groundwater	5	unknown	unknown
Surface Water	4	unknown	unknown
External (Bulk Imports)	1	unknown	unknown
Water returned to sources	0	0	0
Re-use	0	0	0
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
5	95	18	4
Water Treatment Works	Waste Water Treatment Works		
4	3		
Operational & Maintenance			
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
Unknown	N	unknown	
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
YES	unknown	unknown	unknown
Current Projects	Total Water Services Budget	Shortfall	Comments
3	R 1 914 762.00	R 87 988 342.00	
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (MI/d)	Location
Unknown	unknown	unknown	unknown

Kannaland Municipality is considered as an expansion opportunity of the existing Overberg Water infrastructure and resources; however, further discussion with the Kannaland

Municipality is required to identify possibilities for the development of new bulk water supplies where Overberg Water could play a role in the development, operational and maintenance of the infrastructure or through the provision of institutional support.

37.4.4 Cape Agulhas Municipality

In Table 8 a high level summary is provided of the Cape Agulhas Municipality's water supply and demand.

Table 8: Cape Agulhas Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	30504(2011)	26757	3747
Settlements	19	17	2
Households	8771		
Sources	No	Current abstraction (M/d)	Licensed abstraction (M/d)
Groundwater	21	1574.95	2039
Surface Water	1	585.462	unknown
External (Bulk Imports)	1	116	116
Water returned to sources	0	0	0
Re-use	0	0	0
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
10	unknown	30	9
Water Treatment Works	Waste Water Treatment Works		
2	4		
Operational & Maintenance			
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
Unknown	N	unknown	
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
Yes	unknown	unknown	unknown
Current Projects	Total Water Services Budget	Shortfall	Comments
Unknown	R 3 805 000.00	unknown	
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (M/d)	Location
Unknown	unknown	unknown	unknown

Cape Agulhas Municipality already has an agreement with Overberg Water for bulk water supply from the Rûensveld East WSS to the settlements of Proteem, Klipdale, and the town of Arniston. Proteem and Klipdale are totally reliant on Overberg Water's supply while Arniston's water is supplemented from a local borehole. No significant water demand growth is expected in Klipdale and Proteem; however, it can be expected that a reasonable growth in demand in Arniston can be expected due to tourism and the development of low cost housing which is underway at present, and it would make sense to increase Overberg Water's capacity to supply this demand.

Bredasdorp is currently supplied from Klein Sandrif Dam and groundwater. According to the high growth scenario, the All Towns Study identified a possible shortfall of 2.46 MI/d for Bredasdorp by 2035.

The Municipality plans to implement measures for the optimisation of the aquifer and wellfield management that could meet the water demand of the town until 2035. It should, however, be noted that Overberg Water's pipelines supplying water to Arniston run very close to Bredasdorp and the Rûensveld East WSS has 2.7 MI/d spare capacity that could be utilised to supplement the supply to Bredasdorp.

Napier is also a substantial town located to the west of Bredasdorp and the town is supplied from groundwater. According to the high growth scenario, the All Towns Study identified a possible shortfall of 0.83 MI/d for Napier by 2035. Incremental groundwater development and possible import from the Rûensveld West WSS/East WSS are being considered.

Struisbaai, located to the south, has six (6) existing boreholes and further groundwater development is proposed to cater for future demands and no shortfall is envisaged by 2035. Agulhas, on the other hand, has limited groundwater supplies and high unaccounted-for water use. The Municipality plans to implement water conservation and demand management measures and develop additional groundwater capacity to cater for future demand. Surplus groundwater from Struisbaai could also be directed to Agulhas. Suiderstrand has adequate groundwater supplies.

Strategic links between the Rûensveld West and East Schemes will need to be considered in the future between Napier and Bredasdorp. This will both provide capacity to supply water to Napier and Bredasdorp without adding significant capacity to the existing schemes and provide security of supply.

37.4.5 Theewaterskloof Municipality

In Table 9 a high level summary is provided of the Theewaterskloof Municipality's water supply and demand.

Table 9: Theewaterskloof Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	108406	69066	39340
Settlements	52	47	5
Households	24390	unknown	unknown
Sources	No	Current abstraction (MI/d)	Licensed abstraction (MI/d)
Groundwater	12	2.538	1.909
Surface Water	11	3.273	6.271
External (Bulk Imports)	3	8.39	21.599
Water returned to sources	7	7.552	unknown
Re-use	0	0	0
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
12	297	40	19
Water Treatment Works	Waste Water Treatment Works		
6	7		
Operational & Maintenance (Water)			
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
90	N	18	?

Demographics	Total	Urban	Rural
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
Y	unknown	unknown	unknown
Current Projects	Total Water Services Budget	Shortfall	Comments
11	R 33 216122.00	R 284.508 459.00	
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (MI/d)	Location
Unknown	unknown	unknown	unknown

The Theewaterskloof Municipality already has an agreement with Overberg Water for bulk water supply from the Rûensveld West WSS to Caledon. Caledon is also reliant on groundwater supplies but it can reasonably be expected that an increased supply from the Rûensveld West WSS will be required to cater for future demand growth.

As discussed under the Overstrand Municipality section, Overberg Water and the Overstrand Municipality are planning to jointly develop a new bulk water supply for the Greater Hermanus Area based on increased abstraction from the Sonderend River downstream of Theewaterskloof Dam and an upgrade of the existing Rûensveld West WTW. The scheme will provide a capacity of 20 MI/d.

Currently the Rûensveld West WTW has spare capacity available of around 3.9 MI/d which should be sufficient to supply in the future water requirements of Caledon and the retail customers in the Rûensveld West WSS.

37.4.6 Langeberg Municipality

In Table 10 a high level summary is provided of the Langeberg Municipality's water supply and demand.

Table 10: Langeberg Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	102560	66062	36498
Settlements	16	14	2
Households	25650		
Sources	No	Current abstraction (MI/d)	Licensed abstraction (MI/d)
Groundwater	0	0	0
Surface Water	14	2.83	3.82
External (Bulk Imports)	5	5.8	7.7
Water returned to sources	5	3.94	unknown
Re-use	unknown	unknown	unknown
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
6	16	20	20
Water Treatment Works	Waste Water Treatment Works		
5	5		
Operational & Maintenance			
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
55	N	4	Inadequate budget
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
Y	unknown	unknown	unknown
Current Projects	Total Water Services Budget	Shortfall	Comments
18	R 9 944 000.00	R 649 202 500.00	

Demographics	Total	Urban	Rural
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (MI/d)	Location
unknown	unknown	unknown	unknown

Langeberg Municipality is considered too far away for expansion of the existing Overberg Water infrastructure; however, further discussion with the Langeberg Municipality will be required to identify possibilities for the development of new bulk waterschemewhere Overberg Water could play a role in the development of the infrastructure or through the provision of institutional support.

37.4.7 Swellendam Municipality

In Table 11a high level summary is provided of the Swellendam Municipality's water supply and demand.

Table 11: Swellendam Municipality Water Supply and Demand Summary

Demographics	Total	Urban	Rural
Population	32249	23140	9109
Settlements	10	9	1
Households	8710		
Sources	No	Current abstraction (MI/d)	Licensed abstraction (MI/d)
Groundwater	0	0	0
Surface Water	4	1449	unknown
External (Bulk Imports)	0	0	0
Water returned to sources	0	0	0
Re-use	0	0	0
Water Supply Assets			
Schemes	Bulk Pipelines (km)	Reservoirs	Pump Stations
6	?	16	8
Water Treatment Works	Waste Water Treatment Works		
3	5		
Operational & Maintenance			
O&M Staff	O&M Staff sufficient? Y/N	O&M Staff required	Comments
unknown	unknown	unknown	
Water Conservation & Demand Management Plan	WCDM Schemes	Annual water savings	Budget
unknown	unknown	unknown	unknown
Current Projects	Total Water Services Budget	Shortfall	Comments
27	R 14 983 333.00	unknown	
Bulk Water Augmentation Projects (current/planned)	Budget	Capacity (MI/d)	Location
unknown	unknown	unknown	unknown

The towns of Swellendam and Barrydale are the only significant urban centres in the Swellendam Municipal area. Swellendam town has sufficient raw water sources in the form of the existing abstraction from the Klip River even beyond 2035 for the high growth scenario. The town of Barrydale, however, does require interventions to accommodate future demand growth. One of the intervention strategies is to implement a water conservation and demand management programme and to increase abstraction from the Huis River. The Buffeljags Dam is, however, currently utilised only for irrigation.

37.5 Existing Water Use Rights, Licences by Resource

Overberg Water's registered abstractions and licence applications are shown in Table 12.

Table 12: Water Use Rights, Licences by Resource

Water Use Rights, Licences by Resource		
System	Abstraction Point	Registered Abstraction (m ³ /year)
Rûensveld-Wes	Sonderend River	1 914 000
Rûensveld-Oos	Sonderend River	897 000
Duivenhoks	Duivenhoks River	1 232 000

Overberg Water submitted a water licence application for the Duivenhoks system several years ago. DWS is still evaluating the licence application. Further discussions with DWS are to take place shortly to finalise this process

37.6 Future Water Use Rights, Licences by Resource Required

With Overberg Water's trajectory having changed to become a Regional Water Utility, several new schemes or potential growth areas have been identified. Firstly, for the schemes operated and owned by Overberg Water will require the future abstraction and licence requirements based on the future expansion and growth scenarios (see Table below). For the future schemes, it is envisaged that strategic stakeholder engagements need to be complete with the Municipalities and DWS. The future abstraction and licence requirements are estimated based on the future scheme sizes. All of the potential water sources need further investigation.

Table 13 below indicates the future licence and abstraction requirements that need approval by DWS and the respective CMAs. The total licence and abstraction required by Overberg Water is in excess of ten million cubic metres per annum.

Table 13: Future Water Use Rights, Licences by Resource Required

Water Use Rights, Licences by Resource			
System	Abstraction Point	Registered Abstraction (m ³ /annum)	Future Abstraction & Licence requirements and approvals by DWS (m ³ /annum)
Rûensveld-Wes	Sonderend River	1 914 000	2 371 281
Rûensveld-Oos	Sonderend River	897 000	787 386
Duivenhoks	Duivenhoks River	1 232 000	1 340 291
Schemes dependent on engagements with Municipalities and DWS			
Overberg region	Sonderend River	--	1 897 200
Overberg region	Sonderend River	--	1 897 200
West Coast	Groundwater Sources / Clanwilliam Dam	--	1 897 200
Klein Karoo	Groundwater Sources	--	1 897 200

37.7 Water Demand of Major Consumers by Resource

With the view to growing its footprint, Overberg Water has identified several major potential consumers based on the growth and allocation requirements. Table 14 gives a breakdown of Overberg Water's existing major consumers and the future major consumers where the additional potable water will be distributed. Overberg Water will therefore engage the major consumers so that new Service Level Agreements are established to provide the revised or new allocations.

Table 14: Water Demand of Major Consumers by Resource

Water Demand of major consumers by resource				
Existing: Major Consumers				
System	Catchment	Impoundment	Major Consumers	Total Allocation - m³/annum
Rûensveld-Wes	Breede-Gouritz	Theewaterskloof Dam	TWK	2 409 000
Rûensveld-Oos	Breede-Gouritz	Theewaterskloof Dam	Cape Agulhas	91 250
Duivenhoks	Breede-Gouritz	Duivenhoks Dam	Hessequa	892 425
Future: Major Consumers - Dependent on engagements with Municipalities and DWS				
System	Catchment	Impoundment	Major Consumers	Total Allocation - m³/annum
Rûensveld-Wes	Breede-Gouritz	Theewaterskloof Dam	TWK	3 381 953
		Theewaterskloof Dam	Overstrand	7 300 000
Rûensveld-Oos	Breede-Gouritz	Theewaterskloof Dam	Cape Agulhas	139 582
Duivenhoks	Breede-Gouritz	Duivenhoks Dam	Hessequa	1 249 098
Future: Major Consumers - Dependent on engagements with Municipalities and DWS				
New Scheme - Overberg region	Breede-Gouritz	Theewaterskloof Dam	Swellendam	1 860 000
New Scheme - Overberg region	Breede-Gouritz	Theewaterskloof Dam / Buffeljags Dam	Swellendam	1 860 000
New Scheme - West Coast	Breede-Olifants	Groundwater Sources / Clanwilliam Dam	WDC LM	930 000
New Scheme - Klein Karoo	Breede-Gouritz	Groundwater Sources	Oudtshoorn LM & Kannaland	1 860 000

37.8 Water Demand, Planned Developments and Shortfalls

Overberg Water has experienced a slow but steady increase in bulk purchases over the last 10 years. As part of its water safety plan and risk assessment processes, the board has to continually monitor water demands and its raw water supply points. The water demand is such that it does not require short term augmentation but, due to the long time frames involved with applications to the Department of Water and Sanitation, designing and

commissioning of major water projects, lead times need to be taken into consideration so sufficient time is given to planning and detailed investigations. Table 15 overleaf provides the details of what is needed.

Table 15: Water Demands, Planned Developments and Shortfalls

Scheme	Region	Demand Required(m ³ /day)	Project Detail	Date Required	Estimated Cost	Responsibility
R-Wes	Overberg region	9500	Negotiate an increase in the supply volumes to bulk customers	2016/17	--	OW
R-Wes: Upgrade-Overstrand Project	Overberg region	20000	Negotiate with potential funders. Appoint professional team. Negotiate the tariff with Overstrand LM Bulk Supply Pipeline & upgrade of WTW	2019/20	R 1 100 000 000	OW
R-Oos	Overberg region	4600	Upgrade of WTW and construct new rising main. Negotiate an increase in the supply volumes to bulk and retail customers.	2015/16	R 53 500 000	OW
Duiv	Overberg region	5000	Negotiate an increase in the supply volumes to bulk& retail customers	2015/16	R 7 000 000	OW
New Scheme	Overberg region	5000	Negotiate, Operate and Maintain existing WTW	2018/19	R 23 785 800	OW
New Scheme	Overberg region	5000	Negotiate, Operate and Maintain existing WTW	2019/20	R 23 785 800	OW
New Scheme	West Coast	5000	Negotiate, Operate and Maintain existing WTW	2018/19	R 23 785 800	OW
New Scheme	Klein Karoo	5000	Kannaland LM Dam	2018/19	R 23 785 800	OW

38. BULK WATER SUPPLY

38.1 Water Availability – Existing Schemes

The existing WTW are currently operating below its theoretical design capacity, this is shown by the current utilisation. Overberg Water will therefore endeavour to exceed the current utilisation of the schemes and aim to operate the existing WTW at its maximum operating capacity.

Table 16: Existing Treatment Design Capacity

Scheme	Theoretical Design	Operating Max	Max Daily Capacity	Month output	Max. Annual Output (m ³)	Budgeted Volumes 2017	Utilisation
R-Wes	9.5MI/day	9.7MI/day	9 700	300 700	3 608 400	2 371 281	66%
R-Oos	4.6MI/day	4.6MI/day	4 600	142 600	1 711 200	787 386	46%
Duiv	5MI/day	5.5MI/day	5 500	170 500	2 046 000	1 340 291	66%
Total Maximum Output Volume (Budgeted)					7 365 600	4 270 113	

38.2 Water Availability – Future Schemes

Looking ahead, Overberg Water has identified several key strategic areas to expand its footprint, these areas will include:

- The Overberg Water Region;
- West Coast Region and;
- The Klein Karoo.

Table 17:Future Treatment Design Capacity

Scheme	Locations	Theoretical Design	Operating Max	Projected Sales Annually (m3)
R-Wes	Overberg region	9.5MI/day	9.7MI/day	2 371 281
R-Oos	Overberg region	4.6MI/day	4.6MI/day	787 386
Duiv	Overberg region	5MI/day	5.5MI/day	1 340 291
Future Schemes requires engagement with the Municipality and DWS				
New Scheme	Overberg region	5MI/day	--	--
New Scheme	Overberg region	5MI/day	--	--
New Scheme	West Coast	2.5MI/day	--	--
New Scheme	Klein Karoo	5MI/day	--	--

38.3 Condition of Water Treatment Works

Overberg Water's existing WTWs are aged and therefore require refurbishment and upgrading. Several projects have been identified through its Infrastructure Development Plan (refer to **Error! Reference source not found.**) to be implemented over the next five years.

All of the new WTW will need to be investigated in detail, feasibilities need to be completed to meet national standards and to achieve the Blue and Green Drop accreditation. Once all of the above requirements have been fulfilled, set timeframes need to be determined to complete the detail design and construction, where applicable.

38.4 Water Quality Produced (relative to SANS 241)

Overberg Water Board has continually maintained good water quality results over the years. As a bulk provider of water, all Overberg Water's schemes are to comply with standards set out in SANS 241. Water quality is managed rigorously and stringent systems are in place to make sure these are met. Overberg water has set KPIs that are in line with Blue Drop certification requirements and its monitoring and testing processes far outweigh the minimum required by SANS 214. Sampling and analyses are carried out using accredited laboratory techniques (ISO 9001) as far as possible. Overberg Water strives for continued increase in water quality compliance as evident in the increased microbiological compliance trends shown in Table 18, while Table 19 provides an explanation of the results.

Table 18: FY 2014/2015 Potable Water Quality Compliance with SANS 241:2011 per WTW

	Acute Health: Microbiological	Chronic Health	Aesthetic	Operational
Rûensveld West	98.4848%	100.00%	100.00%	98.8686%
Rûensveld East	98.4848%	100.00%	99.5353%	98.6767%
Duivenhoks	98.4848%	100.00%	99.5353%	99.2424%
Overall	98.4848%	100.00%	99.8181%	98.5656%

Table 19: Key: Classification of drinking water supply systems according to SANS 241: 2011

	Proportion of samples compliant			Proportion of samples compliant		
	Excellent	Good	Unacceptable	Excellent	Good	Unacceptable
Microbiological Health	≥97%	≥95%	<95%	≥99%	≥97%	<97%
Chronic Health	≥95%	≥93%	<93%	≥97%	≥95%	<95%
Operational	≥93%	≥90%	<90%	≥95%	≥93%	<93%
Aesthetic	≥93%	≥90%	<90%	≥95%	≥93%	<93%

38.5 Demand of Major Consumers by Scheme

38.5.1 Potable Water Quantity Demand

Overberg Water has three major municipalities (consumers) by scheme as shown in Table 20 below.

Table 20: Water Demand of Major Consumers by Resource

Water Demand of major consumers by resource				
System	Catchment	Impoundment	Major Consumers	Total Allocation - m3/annum
Rûensveld-Wes	Breede-Gouritz	Theewaterskloof Dam	TWK LM	2 409 000
Rûensveld-Oos	Breede-Gouritz	Theewaterskloof Dam	Cape Agulhas LM	91 250
Duivenhoks	Breede-Gouritz	Duivenhoks Dam	Hessequa LM	892 425

38.5.2 Potable Water Shortfalls and Projections

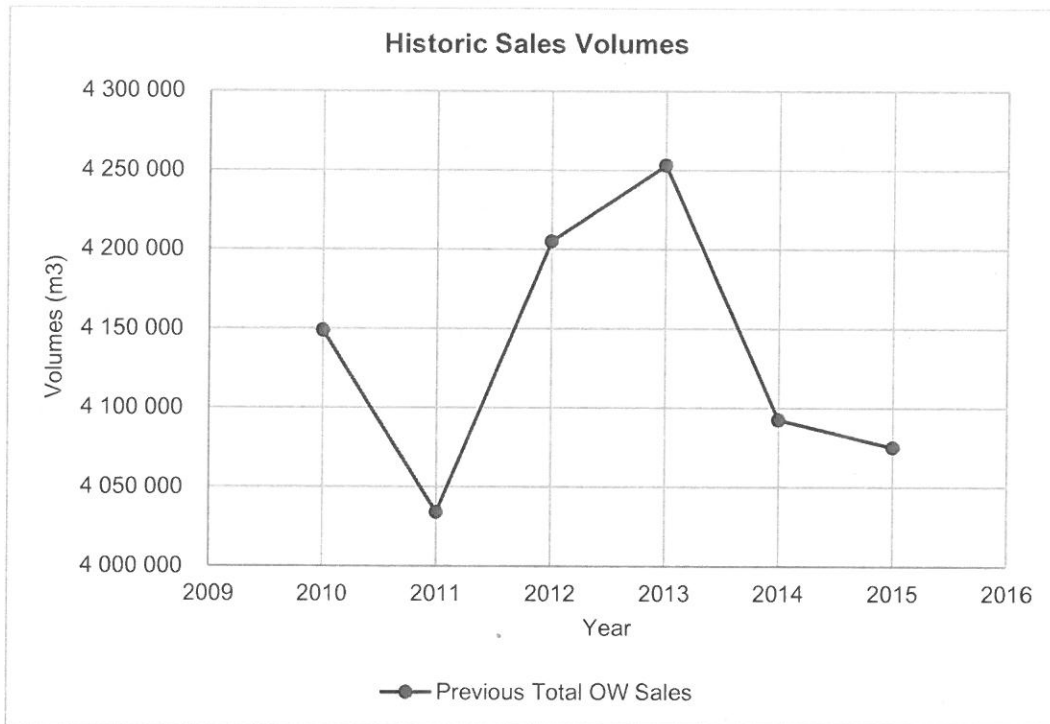
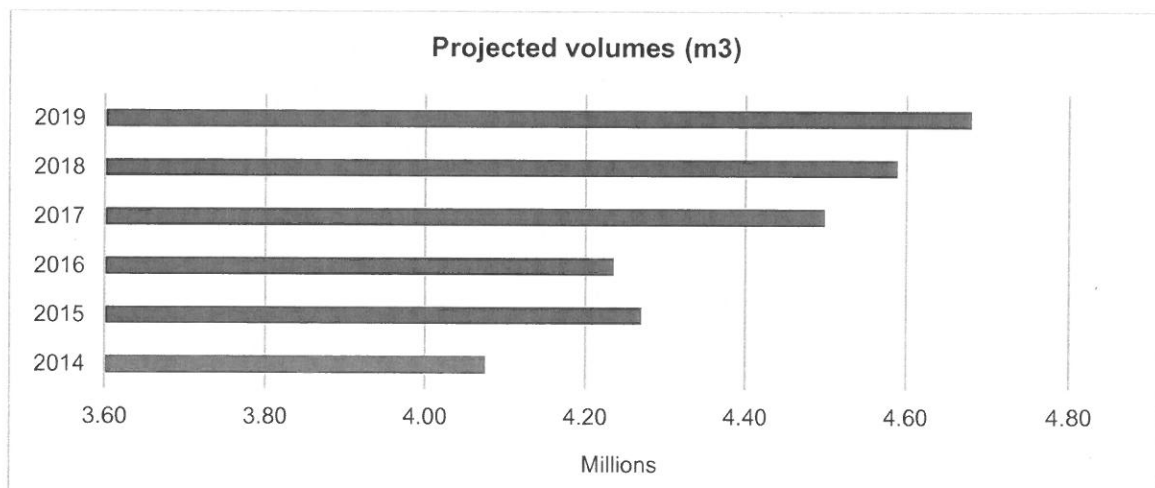


Figure 2: Overberg Water Historic Sales Volumes



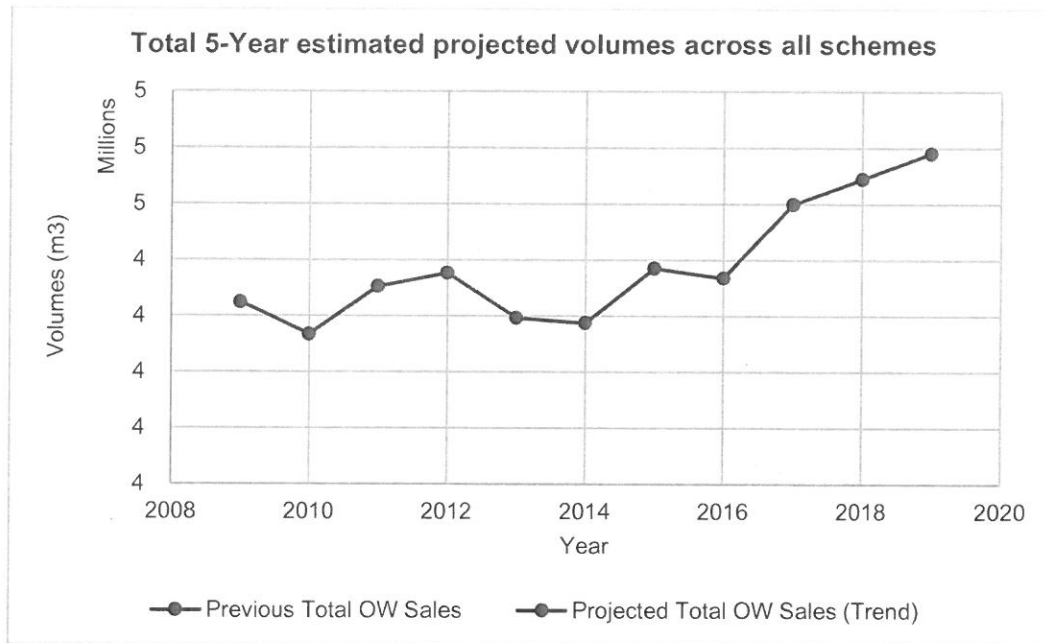


Figure 3: Total 5-Year estimated volumes across all schemes

38.6 New Consumers or Areas to be supplied

As part of Overberg Water’s goals to grow the footprint of the business, a study was completed in 2014 indicating which directions are most suitable for growth in terms of bulk (and retail) potable water supply, both from a financial and operation viewpoint. Specific emphasis was placed on eradication of water services backlogs as well as water demand and population projections. Figure 4 indicates the current serviced areas of Overberg Water as well as future areas to which it could possibly supply potable water.

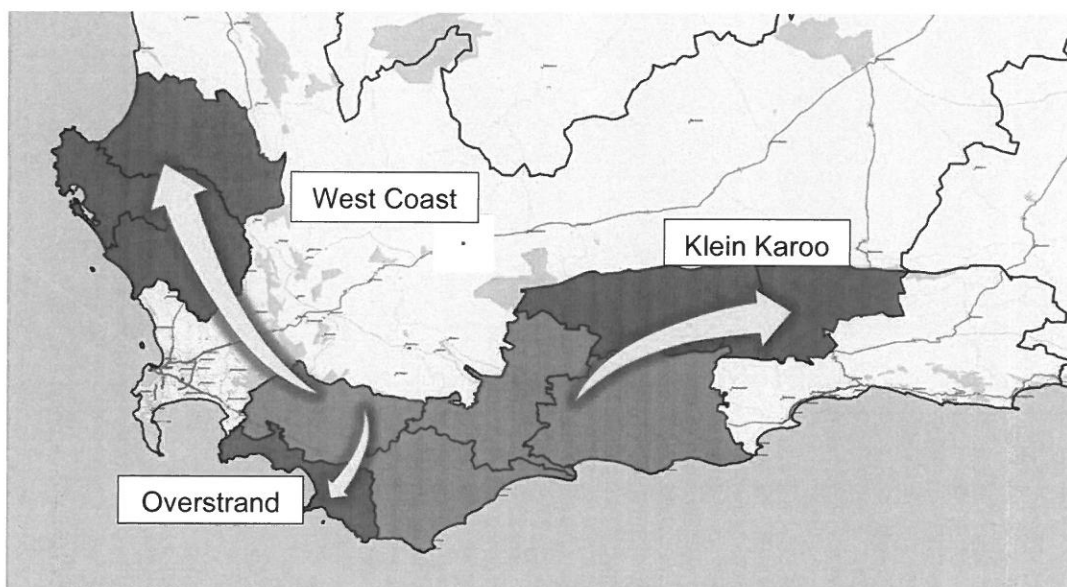


Figure 4: Overberg Water supply areas and possible future expansion

The southern coastal areas of the Western Cape are particularly water stressed because of the weak surface water yields, salinity and other pollutants/minerals found in the groundwater. The treatment of these waters remains challenging and alternate ways are often sought to alleviate the water demand of the area, especially during holiday seasons. This called for engagement between Overstrand Municipality and Overberg Water to investigate the construction of a bulk water pipeline between one of its schemes and the Hawston area. The preliminary design and environmental scoping phases of the project will commence within the next financial year.

Overberg Water has already made an impact with respect to water services support within the Klein Karoo area of the Western Cape. Apart from its institutional challenges, the area experiences low rainfall and vast unfavourable ground conditions take a toll on capital infrastructure investment. Overberg Water has had ongoing engagements with the WSAs in the area regarding groundwater development and the construction of a bulk pipeline to supply water to communities between Calitzdorp and De Rust. Although still in its early stages, Overberg Water will look to secure a future contract with the WSA and DWS.

The West Coast District Municipality currently operates the Withoogte Water Supply scheme that provides potable water to three (3) municipalities within that region. This scheme is under strain to provide water for current and future populations as well as big industrial users. No feasible solution exists that can cater for urbanisation following advancement of the Industrial Development Zone within the Saldanha region. Overberg Water has identified this as a possible opportunity to develop water resources and construct and manage Water Treatment facilities, in addition to maintaining the current infrastructure. This is a long term strategic goal and the board has to explore the institutional and intergovernmental challenges that will develop from the proposal.

38.7 Bulk Water Supply Infrastructure Projects per Municipality

Overberg Water has identified several municipalities in which it anticipates to grow its footprint. The Bulk Water Supply Infrastructure Projects per Municipality as shown in Table 21 overleaf are specific projects where municipalities have been identified to increase its bulk footprint. Overberg Water will be engaging the municipalities to provide assistance as an Implementing Agent.

Table 21: Bulk Water Supply Infrastructure Projects per Municipality

Municipality	Place Name	Service	Total Project Value R	Cashflow		
				2015/16 R	2016/17 R	beyond 2017 R
Theewaterskloof	Grabouw	Upgrade Bulk Water Supply Ph5	16,125,992.18	-	4,121,327	-
Theewaterskloof	Riviersonderend	New 2MI Reservoir	7,605,510.00	4,607,901	-	2,997,609
Theewaterskloof	Villiersdorp	New Reservoir & Bulk Water Supply Pipeline	7,353,000.00	456,001	-	-
Theewaterskloof	Villiersdorp: Destiny Farm Informal Area	New Bulk Water Supply	2,275,505.00	1,000	2,274,505	-
Overstrand	Gansbaai: Pearly Beach	Upgrade Bulk Water Supply	537,883.04	-	537,883	-
Overstrand	Gansbaai: Pearly Beach Housing	New 160mm dia Water Pipe	556,440.10	-	-	68,335
Overstrand	Hawston	New 10MI Reservoir	18,376,344.00	-	4,000,000	14,376,344
Overstrand	Hermanus: Mount Pleasant	New 1MI Reservoir	2,200,000.00	300,000	1,900,000	-
Overstrand	Hermanus: Mount Pleasant: Housing projects	New Bulk Water Supply Lines	520,000.00	-	520,000	-
Overstrand	Zwelithe & Mount Pleasant: Housing projects	New Link Water Supply Lines	974,015.00	-	774,015	200,000
Cape Agulhas	Struisbaai	New Water Storage Reservoir	4,394,586.00	-	173,019	-
Cape Agulhas	Struisbaai, L'Agulhas	Rehabilitate Bulk Water Supply	8,487,813.00	-	3,408,480	960,334
Swellendam	Barrydale	Rehabilitate Bulk Water Infrastructure	11,644,304.85	300,000	4,700,000	6,644,305
Swellendam	Buffeljags River	New Water Reservoir	3,710,004.60	2,556,570	-	-
Swellendam	Railton	Rehabilitate Water Treatment Works	1,254,000.00	-	-	-
Swellendam	Suurbraak	New Reservoir	1,197,000.00	90,000	-	900,000
Kannaland	Calitzdorp	New Water Availability Study	1,649,010.00	-	599,417	-
Kannaland	Calitzdorp: Housing for Farm Workers	New Bulk Water Infrastructure	470,286.71	-	412,532	-
Kannaland	Van Wyksdorp	Rehabilitate Water Reticulation: Investigation	381,900.00	353,400	-	-
Kannaland	Zoar	Rehabilitate Water Reticulation: Investigation	471,802.00	-	20,663	-
Kannaland	Zoar	Upgrade Water Reticulation	R12,401,260.00	1,948,606	3,072,944	461,228
Hessequa	Melkhoufontein 550 Low Cost Housing Erven	New Bulk Water	R9,135,760.50	3,277,859	2,644,325	-

38.8 Status of bulk supply agreements with major customers

Overberg Water has several bulk supply agreements with the following major customers as shown in Table 22 below:

Table 22: Status of bulk supply agreements

Status of bulk supply agreements with major customers		
System	Major Consumers	Agreement Status
Rûensveld-Wes	TWK LM	Existing agreement in place. Revised agreement pending review.
Rûensveld-Oos	Cape Agulhas LM	Existing agreement in place. Revised agreement pending review.
Duivenhoks	Hessequa LM	Existing agreement in place. Revised agreement pending review.

Table 23: Infrastructure Development Plan

OVERBERG WATER - 5-YEAR CAPEX (FUNDED & UNFUNDED)		2016	2017	2018	2019	2020	Total	Notes	
Projects (R'000)	Project Description	Funding	2016	2017	2018	2019	2020	Total	
Refurbishment of ageing infrastructure:									
	Pipelines and Infrastructure upgrades - Existing Schemes	Unfunded	5 199	7 798	12 997	12 997	12 997	51 988	1
Upgrades of current infrastructure:									
	Rüensveld East	Funded	11 000	-	-	-	-	11 000	3
	Rüensveld East	Unfunded	-	5 000	45 000	-	-	50 000	
	Rüensveld West	Unfunded	-	6 000	90 000	-	-	96 000	
	Duivenhoks	Unfunded	-	3 500	3 500	-	-	7 000	
Water infrastructure development:									
	Rüensveld West	Unfunded	1 398	6 977	5 777	56 725	212 927	283 804	2
	New Scheme - Overberg region	Unfunded	-	23 786	-	-	-	23 786	
	New Scheme - Overberg region	Unfunded	-	-	23 786	-	-	23 786	
	New Scheme - West Coast	Unfunded	-	11 893	-	-	-	11 893	
	New Scheme - Klein Karoo	Unfunded	-	23 786	-	-	-	23 786	
	Klein Karoo Bulk Pipeline	Unfunded	-	75 000	25 000	-	-	100 000	
	Strategic pipeline links	Unfunded	-	3 082	4 623	11 559	11 559	30 823	
Other infrastructure upgrades:									
	Smart Metering	Unfunded	-	3 677	3 677	3 677	3 677	14 708	
	Laboratory establishment	Unfunded	-	5 400	-	-	-	5 400	
	Telemetric Upgrade	Funded	-	1 413	1 018	1 018	1 018	4 467	
	Information Technology upgrade	Funded	-	2 000	-	-	-	2 000	
	Motor Vehicles	Unfunded	-	2 950	1 600	1 350	-	5 900	1
			17 597	182 262	216 978	87 326	242 178	746 340	

Notes:

1. Funding available for current schemes only, see financial projections section highlighting the funding available. Funding to be sourced for future requirements should future schemes be acquired.
2. The project is a multi-year project and has an estimated project value of R1bn. A detailed feasibility to be completed.
3. Construction has commenced and the estimated completion date is June 2016.

Table 23: Infrastructure Development Plan provides an overview of the capital requirements for Overberg Water to move towards becoming a Regional Water Utility. Several feasibility studies will be required to confirm the infrastructure development expenditure. See FINANCIAL PLAN (5 YEAR PROJECTIONS) Section 49 discussing the projections and selected infrastructure development plans.

38.9 Refurbishment of Ageing Infrastructure

38.9.1 Pipelines and infrastructure upgrades - existing schemes

Overberg Water Board has ageing infrastructure which is stressed and has reached the end of its useful life. It is therefore on this basis that specific infrastructure projects have been identified to be refurbished and maintained to mitigate any potential or future failures in the network. Refurbishment, operations and maintenance are key to maintain the longevity and sustainability of the pipe networks within the schemes.

The Infrastructure Valuation report completed by an independent consultant confirms using the current replacement value approach, the infrastructure is valued at R1,357,549,535. The report also highlights that several of the infrastructure and equipment will be reaching its useful life.

38.9.2 Upgrades of current infrastructure

- **Rûensveld East WTW upgrade**

The Rûensveld East Water Supply Scheme will be upgraded to rectify the current design impediments / constraints which exist throughout the water treatment works. These impediments include the hydraulic constraints at the dosing works, inlet works, the carry-over of aluminium sulphate and the inadequate filtering capacity of the existing pressure sand filters. New designs have been completed which will include the following:

- two-stage alum and lime dosing arrangement with flash mixing;
- installation of an inlet conductivity measurement;
- new flocculation channel structure;
- new and aligned clarifier weirs; and
- new rapid gravity sand filters.

The tender has been awarded and construction has commenced in December 2015. It is anticipated that construction will be completed in June 2016.

In addition, two additional high-lift pumps will be installed to replace the existing faulty pumps. The tender has been advertised and once awarded the installation will take place shortly.

- **Rûensveld East Risingmain upgrade**

The Rûensveld East Risingmain upgrade will include the replacement of the existing rising main, so that a new 300 mm diameter rising main be constructed which will deliver 4.6 Ml/d, at design flow of 65 l/s with 20 hours pumping per day. The new 300 mm diameter rising main will deliver 5.6 Ml/d, at design flow of 65 l/s with 24 hours pumping per day.

The installation of this rising main is pivotal as the existing pipeline has reached its useful life and has deteriorated rapidly due to the corrosive nature of the groundwater. The tender for this project will be advertised as soon as Overberg Water has secured the funding for the project.

- **Rûensveld West WTW upgrade**

The scope of the project will include the upgrading of the 9.5MI/d water treatment works to meet the additional design capacity of 20MI/d required by the Overstrand Pipeline to the Greater Hermanus area. This project is reliant on funding and the approval of the abstraction licence by the Department of Water and Sanitation. Once all the above mentioned items have been fulfilled, the project team will be appointed, detail design and the construction to commence.

- **Duivenhoks WTW upgrade**

The Duivenhoks water treatment works has a design capacity of 5.5MI/d. To meet future demand and industry requirements, the works will be upgraded to a 7.5MI/d water treatment works. The project is reliant on funding and the approval of the abstraction licence by the Department of Water and Sanitation. Once all the above mentioned items have been fulfilled, the project team will be appointed, detail design and the construction to commence.

38.9.3 Water infrastructure development

- **Rûensveld West – Overstrand Pipeline**

With Overstrand being a water scarce area and this municipality having identified the Greater Hermanus Area to experience the shortfall in water by 2032, the augmentation of water resources is therefore important. The Municipality has therefore identified the Overstrand Pipeline as a strategic project to fulfil the current and future needs and requirements.

The project includes the development of additional abstraction, treatment capacity as well as the bulk pipeline and associated reservoir and pump stations to service the Greater Hermanus Area.

- **New Schemes: Overberg, West Coast and Klein Karoo Regions**

With Overberg Water extending its footprint, several new schemes have been identified within the Overberg, West Coast and Klein Karoo Regions. These schemes are:

- Overberg – 5000m³/d
- West Coast – 5000m³/d
- Klein Karoo – 5000m³/d

The aim of developing or acquiring new schemes within the regions is to provide support to ailing municipalities so that communities can receive high quality water and that agriculture and industry can grow sustainably.

- **Klein Karoo Bulk Pipeline**

Within the Klein Karoo and in particular the Oudtshoorn area, Overberg Water has identified an opportunity to act as implementation agent. The project will include the construction of a new bulk pipeline that will link the groundwater source to the town. The project will yield a significant volume of water which will ultimately help economic growth. The project will require engagements with the various stakeholders and commitment by the Municipality.

- **Strategic pipeline links**

Strategic links to connect all of the schemes will play a role in the security of supply. The strategic links will aim to connect several key pipelines across the Overberg Region. The result of the project will mean that in the event a failure occurs at any of the schemes, the alternative scheme would be able to divert flow and meet demand while repairs are undertaken.

For this project to become a reality, Overberg Water intends completing a detailed investigation/study to understand the complexities of the project. The study will also seek to understand the feasibility of the links and the benefits to the communities and customers.

39. BULK WASTE WATER TREATMENT

Overberg Water does not own nor operate any wastewater treatment plants within its region but as part of its mandate to support WSAs with water services, the board continues to assist under-staffed municipalities with training of Process Controllers in Water and Wastewater, when applicable. The board also has the institutional capacity to design, build and operate wastewater treatment plants and will look to implement strategic plans and agreements with local WSAs within the next three (3) years.

A desktop study of the state of wastewater treatment within the region gave a perspective on the need for intervention or capacity building of WSAs. The latest Green Drop results, focussing on all the relevant aspects used to determine sound practices across the

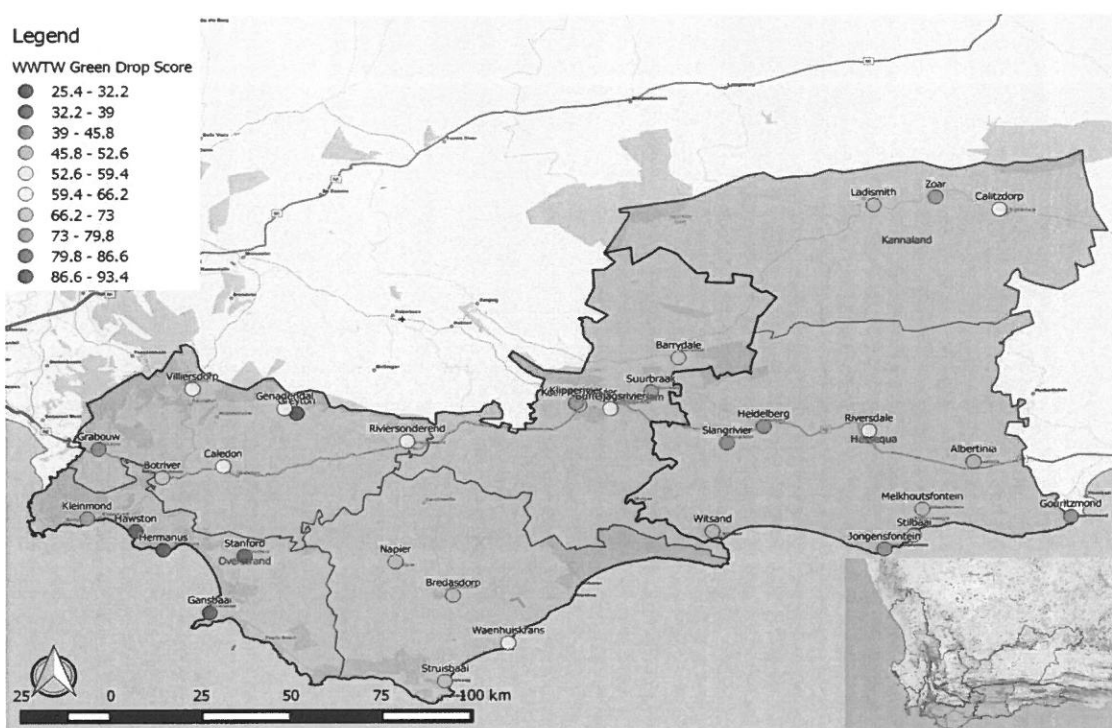


Figure 5: Regional map indicating Green drop scores (2013) for Wastewater schemes entire wastewater value chain.

From the study, the results are for the most part a matter of concern, with only one municipality in the region attaining Green Drop certification status. From **Error! Reference source not found.**, Kannaland, Hessequa and Cape Agulhas Municipalities all need improvement in their wastewater services but, for the short term, focus is placed on Theewaterskloof Municipality which is currently under regulatory surveillance of its wastewater treatment plants, in accordance with the Water Services Act (108 of 1997) Sections 62 and 63. This dictated the decision for possible intervention and dialogue with all relevant stakeholders on wastewater treatment services going forward, in line with Overberg Water’s strategic goals.

40. RETAIL SUPPLY

Overberg Water provides potable water to end users (other than bulk), and has the operational responsibility, according to the Water Services Act, to provide water and/or sanitation services to one or more end consumers. This is termed *retail supply* and serves as an important revenue stream of the business.

40.1 Contractual Obligations with WSAs

Overberg Water has standard but comprehensive service level agreements with all its retail customers. So far, all its contractual obligations regarding provision of potable water to its retail customers have been met and the potable water supply has been consistent in both volume and water quality. On expansion, Overberg Water will look to continue its functions mandated by DWS and those set out in its contracts/agreements with end consumers.

Overberg Water has approximately 851 retail customers along its pipeline network, consisting mostly of agricultural and industry farmers. These customers are allocated a specific volume of water per day, which is available all-year round. In the last 10 years, the annual water requirements by retail customers have never exceeded 80% of the total allocated by any given scheme. However, because the agricultural sector experiences seasonal variances, regular requests for increased quotas or allocations are met with an increased supply from Overberg Water.

With an increased customer base over the next 5 years, Overberg Water will continue to provide, through its expansion of pipe networks, good quality and reliable water supply. Figure 6 indicates the current customer base per scheme with the respective allocations.

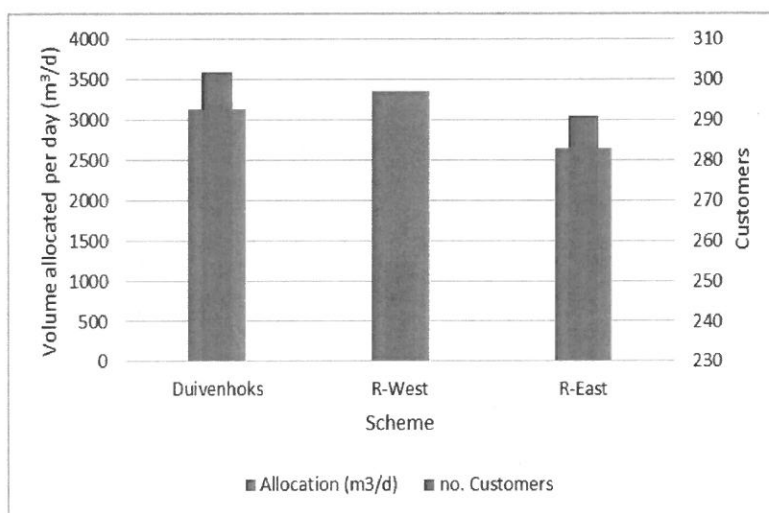


Figure 6: Retail customer allocations across the 3 schemes

41. OTHER ACTIVITIES

41.1 Implementing Agent for Installation of Rainwater Harvesting Tanks in Western Cape

Over the past 5 years, Overberg Water, on behalf of DWS, installed over 450 rainwater harvesting tanks throughout the Western Cape. The Masibambane project identified low cost housing areas in water scarce regions as part of a water conservation and demand management campaign.

From a recent audit of households in the Klein Karoo region, households that received the infrastructure conveyed mostly positive responses. However, due to the households not being able to afford/maintain the infrastructure, some raised concerns of ineffective and deteriorating components. Overberg Water will, in future, request service level agreements with the relevant authorities such that maintenance and monitoring can be done more frequently whenever installation of water infrastructure is to take place.

41.2 Implementing Agent: DWS War on Leaks

In October 2013, Overberg Water was approached by DWS to manage a project in Laingsburg Municipality aimed at reducing leaks at household level. This formed part of a nation-wide campaign responding to the high non-revenue water use experienced by municipalities.

The project entails the training of youth through a programme to become skilled artisans (plumbers) and in so doing, works toward the 'No Drop' principles being implemented by DWS. Outputs of the project are to reduce water leaks within the households, improve community education and awareness, and conduct water audits and balances within specific towns.

Phase 1 of the project was concluded in January 2015, having trained 32 youths who received accredited certificates of competency. To date, the municipality has reported a 15% reduction in non-revenue water use since the commencement of the project. Phase 2 of the project has commenced in August 2015 and completed in December 2015, where meter replacement and maintenance was the main focus. Overberg Water will continue to support municipalities in an effort to promote Water Conservation and Demand Management.

41.3 Support for Kannaland Municipality: Water Sector

Overberg Water has in recent years extended support to Kannaland and surrounding municipalities regarding water services, capacity building and institutional development. Overberg Water intends continuing this support as and when requested from the Municipalities or Stakeholders, however the support will be based on a Service Level Agreement which encompasses a set professional fee for the service provided

41.4 Laboratory Services

With the planned regional laboratory being constructed within the next three (3) years, Overberg Water will extend its laboratory services to municipalities throughout the Overberg, Eden and West Coast districts. This service is necessitated by legislative guidelines and DWS programmes aimed at regulating water/effluent quality that are currently undertaken by consultants.

Funding and attracting the required resources remains the major challenge to have laboratory established. It is envisaged that a detailed feasibility study will be completed in the

new financial year to understand the financial feasibility, legislative and funding requirements to establish the laboratory.

42. HUMAN RESOURCE DEVELOPMENT PLAN

42.1 Functional areas of current staff

Table 24: Functional areas of staff

43. Functional areas of current staff	44. Black					45. White		46. Grand Total	
	African		African Total	Coloured / Indian		Coloured / Indian Total	White		White Total
	F	M		F	M		F		
Executive Management					1	1	1	1	2
Professionally Qualified and Experienced Specialists and Mid-Management					1	1			1
Semi-skilled and Discretionary Decision Making		2	2	15	17	32	1	1	35
Senior Management					1	1			1
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents		1	1		5	5			6
Unskilled and Defined Decision Making	1	1	2	5	6	11			13
Grand Total	1	4	5	20	31	51	2	2	58

Overberg Water currently has one disabled employee.

Overberg Water's age profile is as follows:

Table 25: Age Profile

Age Categories	Female	Male	Total
20-24	1	2	3
25-29	8	6	14
30-34	7	3	10
35-39	1	4	5
40-44	1	8	9
45-49	1	4	5
50-54	3	5	8
55-59		3	3
60-65	1		1

Total	23	35	58
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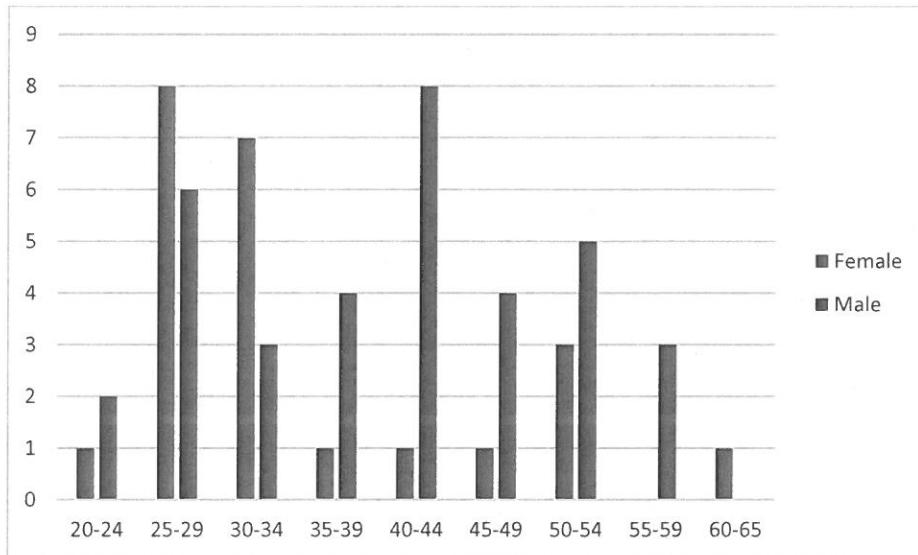


Figure 7: Overberg Water Age Profile

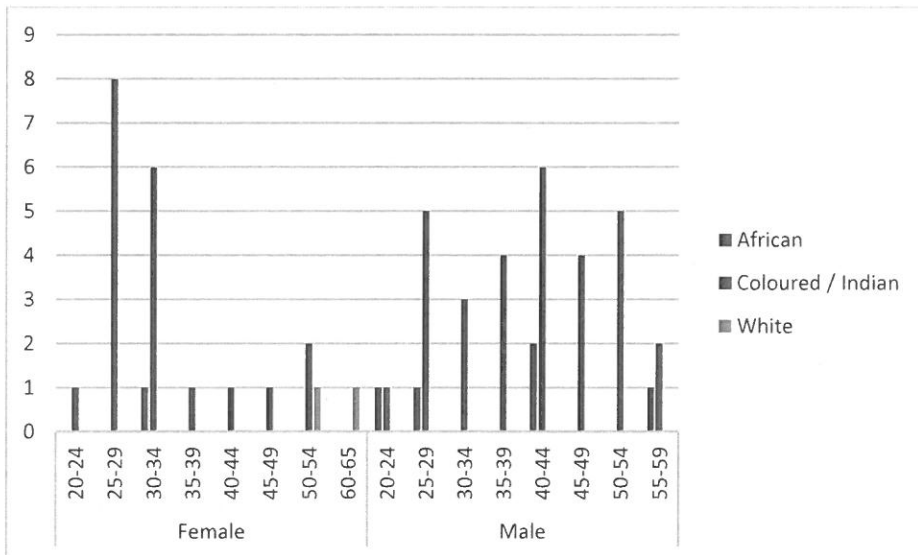


Figure 8: Overberg Water Age Profile and Race Group

During this business plan period, 1.72% of the workforce is anticipated to retire normally from the organisation.

46.1 Future staff projections

Table 26: Future staff projections



Functional Job Descriptions		Staff Complement (No.)				
		2016	2017	2018	2019	2020
Executive Management						
Chief Executive		2	3	3	3	3
Chief Financial Officer		1	1	1	1	1
Chief Operating Officer		1	1	1	1	1
Senior Management						
Corporate Services Manager				1	2	2
Scientific Services Manager				1	1	1
Management		5	9	8	9	9
Asset manager				1	1	1
Board secretary			1	1	1	1
Financial Manager			1	1	1	1
HR Manager			1	1	1	1
Leak Prevention & Pipeline Diagnostics Manager				1	1	1
Operations Manager			3	3	3	3
Senior Advisor: Water Sector Support		1	1			
Senior Financial Officer		1	1			
Supply Chain Manager		1	1	1	1	1
Technical		30	31	38	44	44
Data Capturer: WAM Technical				1	1	1
Lab Technician				1	1	1
Maintenance Officer		9	9	10	10	10
Senior Leak Prevention & Pipeline Diagnostics Officer						
Student Water Process Controller		10	10	12	12	12
Water Process Controller		10	11	14	14	14
Water Sector Support Assistant		1	1	1	1	1
Professional Staff		1	1	2	4	4
Civil Engineer						
Graduate Engineer				1	1	1
Process Engineer		1	1	1	1	1
Project manager				1	1	1
Supervisors		3	4	4	4	4
Bookkeeper						
Senior Water Process Controller		3	3	3	3	3
Administrative & Clerks		11	11	10	10	10
Admin Clerk		3	3	3	3	3
Cashbook Clerk		1	1	1	1	1
Cleaning worker		1	1	1	1	1
Cleaning worker / Receptionist		1	1	1	1	1
Creditors Clerk		1	1	1	1	1
Debtors Clerk		1	1	1	1	1
HR Admin		1	2	1	1	1
HR Practitioner		1	1	1	1	1
Personal Assistant		1	1	1	1	1
General Workers		11	11	12	12	12
General Worker		11	11	12	12	12
Total		63	70	78	88	88





46.2 Employment Equity Targets

Employment Equity Targets set for 2020 areas follows:

- To increase black employees from 10% to 20%.
- To decrease coloured & Indian employees from 84% to 75%.
- To decrease white employees from 6% to 5%.

Overberg Water will also endeavour to ensure that at least 2% of its workforce comprises disabled people.

46.3 Training Programmes

Overberg Water's Skills Development Plan details all training programmes undertaken and planned for within the organisation. The plan is updated annually and covers the full spectrum of service delivery and the organisational structure. A Training Committee monitors all training and meets bi-monthly.

46.4 Current Training

Overberg Water's primary function is purification of water and the training is aligned to achieve that objective.

Recent training that took place to empower our employees included:

- NQF4 learnership in Water and Waste Water,
- water sampling,
- membrane technology,
- chlorine handling and safety training,
- pump training, ABET, VIP payroll,
- management courses,
- drivers' licences,
- human resource management;
- management assistant N4; and
- secretarial training N5.

The training planned to take place in the near future includes:

- NQF5 learnership in Water and Waste Water;
- NQF6 Management learnership;
- ABET;
- Plumbing, welding and computer studies;
- Mentorship and coaching;
- Human Resource Management;
- Civil engineering;
- Telephone and Business etiquette;
- Management Assistant N5 and N6; and
- Board secretarial training.

In meeting the requirements of Regulation 17 of the Water Services Act No 108 of 1997 (the blue-drop and green-drop accreditation) an assessment has been conducted to determine the skills and competencies of Water Process Controllers. As a result of this, Overberg Water has developed a plan to close the gaps that will ensure Blue drop certifications for

all. We already completed the NQF4 learnership in Water & Waste Water and will for the coming year complete the NQF5 learnership in Water & Waste Water.

46.5 Employee health programmes

Overberg Water is committed to create an environment for its employees that put their health and safety first. Overberg Water has implemented the OHS 18001, a safety management plan, in order to better equip workers in terms of health and safety in the workplace and environment. The safety plan is reviewed annually.

Overberg Water also runs an employee wellness programme. The goals of the employee wellness programmes are to:

- improve general health and well-being;
- improve productivity;
- improve the sense of being a team;
- improve morale and attitude;
- decrease absenteeism; and
- reduce turn-over rate.

Educational programmes such as HIV Awareness forms part of the HR Department's plan to educate and support the staff on a frequent basis. Team building exercises will be incorporated in the years to come.

46.6 Skills Gap and Service Delivery

Overberg Water spends time and resources to train staff to required levels in an environment that requires fulltime attendance to achieve prescribed water standards. Staff with scarce skills such as Water Process Controllers and Engineers, however are often lured away by other institutions with major financial and other resources. This creates a costly skills gap that impacts negatively and seriously hampers service delivery. It is also very expensive to train a newcomer up to that level again, only to run the risk of that employee also being lured away and having to start all over again. Staff retention strategies will be included in the Human Resources Plan.

46.7 Committees and Forums

46.7.1 Local Labour Forum

The forum was established in 2002. Meetings are scheduled on a bi-monthly basis to address labour requirements and issues from employees.

The functions of the Local Labour forum are to –

- Promote the interests of all workers.
- Enhance workplace efficiency.
- Consult and communicate with the employer on labour matters and issues.
- Take part in decision-making regarding labour matters, issues and unrest.

46.7.2 Training Forum

The forum was established in 2002. Meetings are scheduled on a bi-monthly basis to address training requirements and issues from employees.

The functions of the Training forum are to –

- Promote the skills development and training of all workers.
- Identify skills courses and training that will aid in the enhancement of workplace efficiency;
- Consult and communicate with the employer on training related matters and issues.
- Take part in decision-making regarding training of all employees.

46.8 Governance Structures

The composition of the Board of Directors

The current board of directors was appointed in April 2014 and consists of seven (7) members. Each board member has a unique skill set which contributes to the success of Overberg Water.

The structure of the committees of the Board

The sub committees of the board comprise:

- Audit and Risk Committee
- Finance and Procurement Committee
- Human Resources and Remuneration Committee

The executive management structure of the organisation

The executive management structure of Overberg Water is the executive committee (EXCO) and currently comprises the CE, COO, CFO and relevant technical managers as required from time to time.

The members of the management team

The management team consist of:

- Senior Financial Officer and Head Office Manager
- Human Resources Practitioner
- Senior Advisor : Water Sector Support and Operations
- Operation manager at each of the 3 water schemes

47. ENVIRONMENTAL MANAGEMENT PROGRAMMES AND PLANS

Overberg Water has throughout the past 5 years placed strong focus on reducing environmental stresses through:

- Water quality management
- Environmental health & governance
- Reducing waste & consumption pressures
- Use of technology

Although the Water Board has not yet formulated an Environmental Sustainability Policy, continued sustainable principles and practices are part of daily operations, new interventions and legislative requirements. As part of the bi-annual Blue Drop assessments, sustainability indicators such as environmental health and unaccounted-for water use are inclusive of the evaluation and gives substance to the fact that the business invests in improved environmental management practices.

47.1 Energy

Overberg Water looks to incorporate an energy efficiency strategy that would reduce resource consumption through investigations into renewable energy alternatives.

47.2 Water

On-going measures are currently being implemented to improve water use efficiency. Although unaccounted-for water use remains low, Overberg Water will further:

- Refine water balances of raw and potable water conveyance and distribution systems.
- Reduce measures with regards to unaccounted-for water use through conveyance system audits to identify leaks and illegal connections in the system, repairs and adequate maintenance of the pipelines in the system.

Overberg Water is dependent on surface water for supply to all its Water Care Works. DWS has undertaken research into sustainable river management which focuses on providing adequate surface water quotas to all water users within each catchment of the Western Cape. The report indicates that water-stressed areas can benefit largely from WC/WDM (Water Conservation Water Demand Management) without having to invest in alternative water resource exploration. Over the years, Overberg Water has continued to be part of various Catchment Management forums to further influence resource quality and quantity objectives in order to safeguard consumer water quality.

47.3 Chemical Usage

Overberg Water has recently put in place measures to control and manage chemical usage at each of its Water Care works. Although this exercise stems from potential financial positives, the practice is also good from an environmental viewpoint. New dosing techniques and technology that will improve the use of chemicals operationally are also being investigated.

47.4 Biodiversity, Land Degradation and Reducing Ecosystem Stress

Overberg Water continues to apply Integrated Environmental Management (IEM) principles in the entire life cycle of all infrastructure projects in order to ensure environmental sustainability. Environmental Impact Assessments form an integral part of any proposed project. Continuous monitoring and development of Water Safety and Environmental Management Plans to minimise impacts on the environment are also key elements of the business especially from a risk management perspective.

47.5 Water Quality Deterioration

As part of Overberg Water's key goals to safeguard against public health risks, continued monitoring of raw water takes place to try and assess trends in eutrophication, chemical contaminants and pathogens. This forms part of the business's key performance areas focussing on raw water quality objectives. Continued engagements take place between the Board and Catchment Management stakeholders to influence resource quality and quantity objectives to ensure above standard potable water quality. To guard against potential ground water contamination from its sludge lagoons, Overberg Water maintains and monitors each lagoon and regular soil and water samples are taken to assess ground water seepage and its effects.

47.6 Environmental Health & Governance

Overberg Water will continue to protect the natural environment, through its water awareness programmes and the implementation of its risk management protocols for prevention of disasters. To promote environmental responsibility, it will continue to collaborate with DWS, municipalities, DEA&DP (Department of Environmental Affairs and Development Planning) and other organisations and stakeholders on key events like Water Week, Sanitation Week, Earth Day, etc. The Board prides itself in its Safety, Risk and Quality Management Plans that speak to environmental management, quality management and health and safety management as specified by international standards and practices like ISO 9001, OHSAS 18001, and SANS 241.

47.7 Environmental Impact Assessments

Overberg Water will continue to ensure sustainable development and maintenance of its bulk infrastructure. Integrated environmental management principles will be used whenever undertaking new projects and the associated Environmental Impact Reports highlight environmentally responsible planning, design, construction, operation, and maintenance of the activities related to project development. As part of the construction industry's strict guidelines and policies surrounding the engineering and built environment, environmental monitoring and auditing is key at all phases of a projects life-cycle. Implementation of the Environmental Management Plans are aligned with Overberg Water's capital and operational expenditure on infrastructure.

48. WATER CONSERVATION AND DEMAND MANAGEMENT

Because Overberg Water comprehends the nature of its locale, that it lies within a water-stressed catchment area, and that the river it depends on for raw water abstraction experiences severe seasonal fluctuations, it has adopted the mind-set that WC/WDM is not a legislative requirement, but a business need.

Apart from the regular WC/WDM reports that form part of a Municipality's mandate, Overberg Water is also obligated to continue to implement its WC/WDM strategy in order to promote water demand management practices within its regions. All 3 Municipalities that are within those boundaries are, through its Integrated Development Planning process, making good progress towards implementation of its WC/WDM Plans.

Overberg water has throughout the years had several education and public awareness campaigns aimed at promoting water conservation at household level. Specific emphasis is placed on learners and educators in order to make WC/WDM a part of their teaching curriculum and everyday activities. Overberg Water has also embarked, through section 30 activities, on fixing and retrofitting leaks at household level in poor communities of Laingsburg Municipality. This is part of a country-wide initiative to reduce unaccounted-for water use and phase 2 of this initiative will commence soon.

Work is underway to appoint a dedicated team in an effort to fix and reduce leaks throughout Overberg Water's reticulation system. New technology will be employed for detection and preventing leaks and the transmission of leaks data. Pressure reduction measures within the next few years will also form part of its investigation into curbing its water losses, as well as ensuring greater lifespan of its infrastructure.

Scope exists for Overberg Water and its customers to collaborate in a joint effort to implement WC/WDM throughout the region. For this to be successful would mean a significant decrease in water purchases but, in turn, would alleviate the need to embark on capital projects or infrastructure upgrades sooner than actually required. Continuous engagements are also necessary to assess household-level water use activities such that the resource can be used optimally and sustainably. Skills transfer between the different government entities within the region is also key in relaying on WC/WDM techniques, advancements and solutions.

49. FINANCIAL PLAN (5 YEAR PROJECTIONS)

49.1 Financial planning assumptions

Table 27: Macro-economic assumptions

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Consumer price index (CPI)	5.15%	6.18%	6.10%	5.75%	5.85%
Producer price index (PPI)	5.03%	3.73%	3.95%	3.90%	4.35%
Prime overdraft rate	9.25%	9.69%	10.00%	10.00%	10.00%

The forecasts set out on the table above are based on the Industrial Development Corporation macro-economic forecasts report, published on 3 November 2015.

Table 28: Employee costs planning assumptions

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Basic pay (% Increase) ¹	6.50%	7.18%	7.10%	6.75%	6.85%

1. The projected increases are based on CPI + 1%.

Table 29: Staff numbers planning assumptions

Staff Complement (No.)	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Cost of production	52	53	63	73	73
Senior management	0	0	0	1	1
Professional staff	1	1	2	4	4
Management	3	3	4	5	5
Supervisors	3	3	3	3	3
Technical	30	31	38	44	44
General workers & other	15	15	16	16	16
General & administrative	11	17	15	15	15
Executive management	2	3	3	3	3
Senior management	0	0	1	1	1
Management	2	6	4	4	4
Supervisors	0	1	1	1	1
Administrative & clerks	7	7	6	6	6
Total establishment	63	70	78	88	88

The figures set out in the table above assume that all key vacancies at Overberg Water are filled by the end of 2017. The staff numbers for 2018 and 2019 includes staff to expand Overberg Water's services provided and includes project management, scientific/lab and leak detection and prevention services.

The key vacancies that are budgeted to be filled are set out on Table 30.

Table 30: Key vacancies

Keyvacancies	Number
Operationalstaff	4
Datacapturer	1
Engineer	1
Maintenance officer	1
Waterprocess controller	1
Financialandadministrativestaff	3
Executive	1
Boardsecretary	1
Supply chain manager	1
Totalkeyvacancies	7

All financial and administrative vacancies are expected to be filled by the end of the 2016 financial year and operational staff by the end of the 2017 financial year.



49.2 Production costs

Table 31: Production costs planning assumptions

	Forecast 2016	Projections		
		2017 ¹	2018	2019
Chemicals price increase	6.20%	6.95%	6.90%	7.35%
Electricity tariff	12.69%	25.00%	9.90%	10.35%
Raw water tariff	6.60%	13.00%	9.75%	9.85%
Non-revenue water	10.00%	10.00%	10.00%	10.00%

1. The 2017 projections are based on Overberg Water's tariff proposal for 2016/17 and updated with the adjusted projected PPI percentage.

- Chemicals price increase is based on PPI + 3% (as most chemicals are imported)
- Electricity price increase is expected to be 25% for the 2017 financial year based on the rejection of Eskom's tariff by NERSA for the 2016 financial year of a similar percentage and after that it is assumed that the Eskom tariff will increase by PPI + 6%.
- Raw water price increase for 2017 is based on the Department of Water and Sanitations tariff increase and projections from 2018 onwards equal CPI + 4%.
- The percentage non-revenue water expected within Overberg Water's pipeline network and is based on the historical average achieved.

49.3 Water sales projections

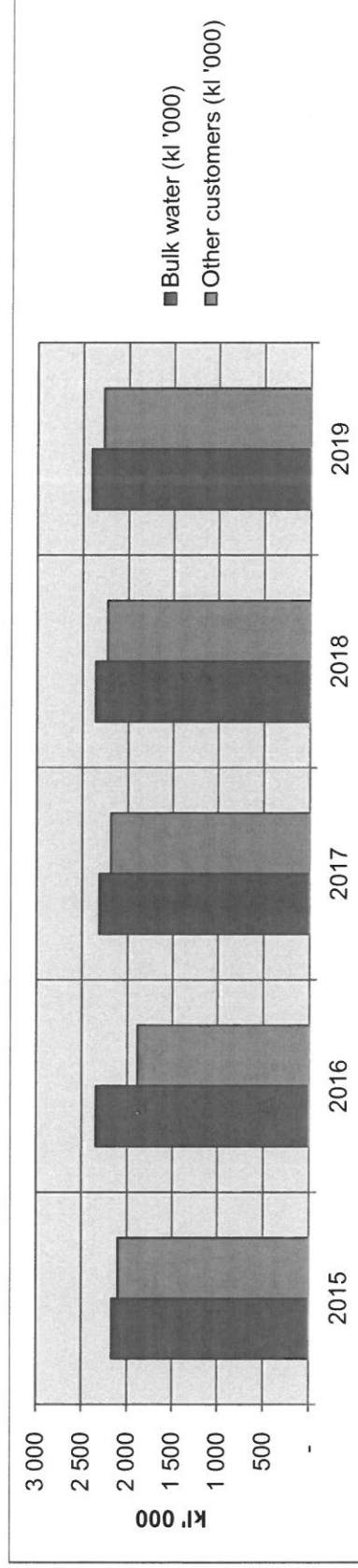
Table 32: Water sales projections

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Bulk water (kl '000)	2,170	2,347	2,313	2,359	2,406
% increase		8.18%	-1.46%	2.00%	2.00%
Other customers (kl '000)	2,100	1,888	2,186	2,230	2,274
% increase		-10.09%	15.76%	2.00%	2.00%
Total (kl '000)	4,270	4,236	4,499	4,589	4,681
% increase		-0.81%	6.22%	2.00%	2.00%

1. Based on the forecast included in the tariff model.

Figure 1 below graphically depicts Overberg Water's projected water sales. The forecasted increase in 2016 is based on the actual water volumes sold for the first 6 months of the 2016 financial year. The 2017 projected water sales are based on the 2017 consulted tariff projections. The municipalities have not yet confirmed their projected volumes as requested at the tariff consultation meetings. It is assumed that from 2018 onwards water sales will increase by 2%.

Figure 9: Growth in water sales



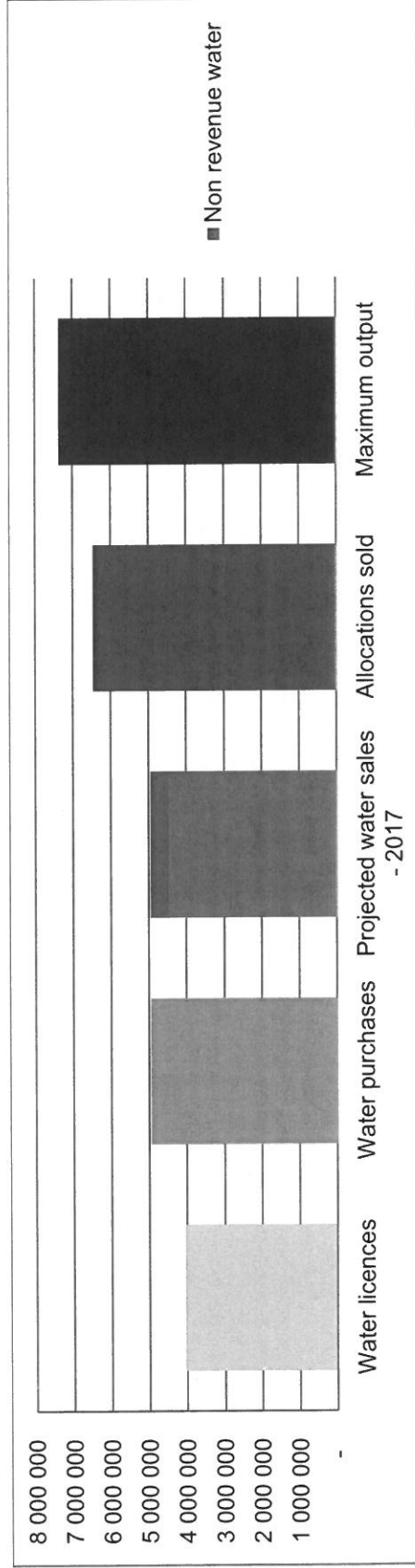
Current water sales growth is limited by water available from water licenses. Table 33 and Figure 10 sets an analysis of Overberg Water's water licenses compared to the projected water sales for 2017.

Table 33: Water licences vs water sales: 2017

Scheme	Water licences	Water purchases	Maximum output (capacity)	Allocations	Projected water sales
	kl	kl	kl	kl	kl
Duivenhoks (Heidelberg)	1,232,000	1,474,320	2,046,000	1,872,384	1,340,291
Ruensveld East (Swellendam)	897,000	866,124	1,711,200	1,218,625	787,386
Ruensveld West (Caledon)	1,914,000	2,608,409	3,608,400	3,375,717	2,371,281
Total	4,043,000	4,948,853	7,365,600	6,466,727	4,498,957

Allocations in the table above represent the basis for recovery of overhead expenses.

Figure 10: Water licences vs water sales: 2017



49.4 Water tariff projections

The average tariff as set out in Table 34 refers to the estimated average price per kilo litre per customer or customer group and consists of a mix of charges. The final average tariff is only determinable after the conclusion of the tariff period when the actual consumption for the year has been determined.

Table 34: Water tariff projections

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Bulk tariff (R/kl)¹					
Basic levy ²	R2.82	R4.02	R4.41	R6.48	R9.54
Variable charge	R3.05	R1.80	R2.91	R3.14	R3.39
Capital levy	R0.36	R0.34	R0.34	R0.33	R0.33
Average tariff	R6.23	R6.16	R7.66	R9.95	R13.26
% Increase / (Decrease)		(1.12%)	24.35%	29.90%	33.27%
Other tariffs (R/kl)					
Basic levy	R6.28	R9.18	R12.44	R13.66	R14.46
Variable charge	R6.95	R4.44	R2.91	R3.14	R3.39
Capital levy	R0.40	R0.44	R0.38	R0.37	R0.36
Average tariff	R13.63	R14.06	R15.73	R17.17	R18.21
% Increase		3.15%	11.88%	9.15%	6.06%
Total average tariff (R/kl)	R 9.87	R9.68	R11.58	R13.47	R15.67
% Increase / (Decrease)		(1.95%) ³	19.65%	16.28%	16.37%

1. The 2017 bulk tariffs are the consulted tariffs. It is assumed that the tariffs will be approved by Parliament.
2. The basic levy for bulk customers should be R8.31 per kl in order to recover the actual costs of the scheme. Currently the Bulk customers are subsidised by Overberg Water's other customers. The projected increases for bulk customers will reduce this imbalance over time and therefore ensures that all customers contribute equitably to the water schemes.
3. It is expected that the 2016 average tariffs will result in an overall average reduction in tariffs to our customers due to the regulation of the tariffs.

Table 35: Water tariff cost components

	Actual 2015		Forecasted 2016		Projected 2017		Projected 2018		Projected 2019	
	R/kl	% change	R/kl	% change	R/kl	% change	R/kl	% change	R/kl	% change
Projected volume of treated water sold (in kl '000)	4,270	(0.81%)	4,236	9.07%	4,499	6.22%	4,589	2.00%	4,681	2.00%
Fixed costs	7.07	9.07%	7.71	14.42%	8.83	21.90%	10.76	3.49%	11.13	3.49%
Labour	2.23	12.39% ¹	2.51	20.89% ¹	3.03	20.89% ¹	4.02	32.49%	4.15	3.20%
Repairs & Maintenance	0.27	6.18%	0.28	6.10%	0.30	6.10%	0.32	5.75%	0.34	5.85%
UF Plant	0.26	6.18%	0.28	(100.00)% ²	0.00	(100.00)% ²	0.00	0.00%	0.00	0.00%
Wear & Tear / Depreciation	0.70	0.14%	0.70	8.85%	0.76	8.85%	0.76	0.31%	0.78	1.95%
Other	0.30	28.98% ³	0.39	13.57%	0.45	13.57%	0.46	3.68%	0.48	3.77%
General & administrative expenses	3.31	7.35%	3.55	20.62% ¹	4.29	20.62% ¹	5.20	21.26%	5.39	3.76%
Variable costs	2.19	10.55%	2.42	23.35%	2.99	23.35%	3.26	9.17%	3.58	9.61%
Chemicals	0.55	6.20%	0.58	22.19% ⁴	0.71	22.19% ⁴	0.76	6.90%	0.82	7.35%
Energy	1.46	12.69%	1.64	25.00%	2.05	25.00%	2.26	9.90%	2.49	10.35%
Raw Water	0.18	6.60%	0.20	13.00%	0.22	13.00%	0.24	9.75%	0.27	9.85%
Total operating costs per kl sold	9.26	9.42%	10.14	16.55%	11.81	16.55%	14.02	18.68%	14.71	4.91%
Capital levy	0.38	-7.89%	0.35	2.86%	0.36	2.86%	0.35	-2.78%	0.35	0.00%
Total costs per kl sold	9.64	8.74%	10.49	16.10%	12.17	16.10%	14.37	18.05%	15.06	4.79%
Surplus / (Loss) per kl sold	0.23		(0.81)		(0.59)		(0.90)		0.61	
Total average tariff (R/kl)	9.87	(1.95%)	9.68	19.65%	11.58	19.65%	13.47	16.28%	15.67	16.37%

1. The increase in labour and general & administrative expenses are due to filling the key vacancies as set out in Table 30.
2. The UF Plant that is currently outsourced is expected to be run by Overberg Water towards the end of the 2016 financial year.
3. This amount includes fuel, insurance, laboratory costs and protective clothing. The increase is mainly due to the budgeted increase in fuel prices.
4. The increase in chemicals is due to the reallocation of costs from the UF plant. Refer to note 2.

49.5 Financial statement projections

Table 36: Statement of comprehensive income

Overberg Water Statement of comprehensive income (R' 000)	Actual 2015 (R'000)	Forecast 2016 (R'000)	Projections		
			2017 (R'000)	2018 (R'000)	2019 (R'000)
Revenue	40,532	41,515	50,486	60,179	71,731
Bulk	12,745	13,513	16,930	22,713	31,116
Other customers	27,787	28,002	33,556	37,466	40,615
Cost of production	(25,416)	(27,877)	(33,861)	(40,484)	(43,602)
Chemicals	(2,346)	(2,471)	(3,207)	(3,497)	(3,829)
Energy	(6,225)	(6,958)	(9,238)	(10,356)	(11,656)
Labour	(9,532)	(10,627)	(13,645)	(18,440)	(19,412)
Raw water	(788)	(833)	(1,000)	(1,119)	(1,254)
Repairs & maintenance	(1,139)	(1,200)	(1,352)	(1,458)	(1,575)
UF Plant	(1,114)	(1,174)	-	-	-
Wear & tear / Depreciation	(2,972)	(2,952)	(3,414)	(3,493)	(3,632)
Other	(1,300)	(1,663)	(2,006)	(2,121)	(2,245)
Gross profit	15,117	13,638	16,625	19,695	28,128
General & administrative expenses	(14,140)	(15,056)	(19,290)	(23,858)	(25,250)
Audit fees	(431)	(400)	(424)	(449)	(475)
Board costs	(1,827)	(1,482)	(1,843)	(1,916)	(1,994)
Consulting & professional fees ¹	(1,582)	(1,903)	(2,100)	(2,221)	(2,351)
Employee costs	(6,025)	(5,847)	(9,245)	(9,864)	(10,526)
Impairment of trade receivables ²	(216)	(1,584)	(269)	(290)	(313)
IT Expenses	(186)	(197)	(597)	(631)	(668)
Training	(565)	(155)	(361)	(382)	(404)
Travel	(530)	(516)	(584)	(617)	(653)
Wear & tear / Depreciation	(148)	(178)	(594)	(564)	(536)
Other	(2,630)	(2,793)	(3,274)	(3,462)	(3,665)
Operating profit / (loss)	977	(1,418)	(2,665)	(4,163)	2,878
Other sundry revenue (recovery of expenses)	1,088	752	798	844	893
Net interest income	1,873	1,582	691	440	385
Net profit	3,938	916	(1,177)	(2,879)	4,157
Extraordinary item					
Provision for the placement of rainwater harvesting tanks	-	-	(4,000)	-	-
Adjusted net profit	3,938	916	(5,177)	(2,879)	4,157

1. Some services will still have to be performed by consultants as the positions are unfunded and does not require permanent staff due to the size of the entity.
2. Provision was made for an impairment loss in the 2016 financial year relating to the non-payment of capital levies by Theewaterskloof Municipality. This impairment loss was not included in Overberg Water's tariff model. No provision is made from 2017 onwards, however the capital levies from TWK are included in revenue.

Table 37: Detailed staff costs

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Cost of production (R' 000)	8,848	9,466	12,444 ¹	17,169	18,065
Senior management	-	-	-	746	746
Professional staff	478	509	831	1,928	1,988
Management	1,490	1,586	2,231	2,913	3,073
Supervisors	757	806	863	922	984
Technical	4,385	4,713	6,409	8,408	8,870
General workers & other	1,739	1,852	2,109	2,252	2,404
General & administrative (R' 000)	4,630	5,392	8,761	9,353	9,984
Executive management	1,659	2,243	3,366	3,594	3,836
Senior management	-	-	746	797	851
Management	1,229	1,775	2,999	3,201	3,417
Supervisors	-	78	335	357	381
Administrative & clerks	1,743	1,295	1,315	1,404	1,499
Total staff costs (R'000)	13,478	14,858	21,205	26,522	28,050
% increase		10.23%	42.72%	25.07%	5.76%
Average costs per employee (R'000)	214	212	272	301	319
% increase/(decrease) average costs per employee		(0.79%)	28.08%	10.86%	5.76%
Productivity - kl'000 per employee	68	61	58	52	53

1. This amount includes all operational staff as required by regulation to maintain the blue drop status of Overberg Water's schemes.

2. This decrease is the result of resignations of Overberg Water that is not expected to be filled during 2016 financial year.

The amounts set out in the table above exclude allowances, overtime and any bonuses. Refer to Table 30 for the number of staff.

Table 38: Detailed electricity costs

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Total electricity costs (R'000)	6,225	6,958	9,238	10,356	11,656
% increase in costs		11.78%	32.77%	12.10%	12.56%
Cost per kl sold	1.46	1.64	2.05	2.26	2.49
% increase in cost per kl sold		12.69%	25.00%	9.90%	10.35%

The electricity tariff increase assumptions are set out in section 49.2 Production costs found.

Table 39: Detailed raw water costs

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Raw water volumes (kl '000)	4,734	4,659	4,949	5,048	5,149
Raw water charges (c/kl)	0.17	0.18	0.20	0.22	0.24
Total raw water cost (R'000)	788	833	1,000	1,119	1,254
% increase in costs		5.74%	20.03%	11.94%	12.05%
Cost per kl sold (c/kl)	0.18	0.20	0.22	0.24	0.27
% increase in cost per kl sold		6.60%	13.00%	9.75%	9.85%

The raw water tariff increase assumptions are set out in section 49.2 Production costs.

Table 40: Detailed chemicals costs

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Total chemical costs (R'000)	2,346	2,471	3,207	3,497	3,829
% increase in costs		5.34%	29.79%	9.04%	9.50%
Cost per kl sold	0.55	0.58	0.71	0.76	0.82
% increase in cost per kl sold		6.20%	22.19%	6.90%	7.35%

The chemicals price increase assumptions are set out in section 49.2 Production costs. Production costs.

Table 41: Statement of financial position

Overberg Water Statement of financial position (R '000)	Actual	Forecast	Projections		
	2015 (R'000)	2016 (R'000)	2017 (R'000)	2018 (R'000)	2019 (R'000)
ASSETS					
Non-current assets	80,328	77,198	70,872	68,046	65,270
Property, plant and equipment ¹	54,440	63,085	63,733	61,633	59,832
Investments	25,888	14,113	7,138	6,413	5,438
Current assets	12,258	15,296	16,986	17,855	25,360
Cash and cash equivalents	3,950	8,937	9,379	8,655	14,717
Inventory	1,256	300	428	809	809
Trade receivables ²	5,344	5,187	6,307	7,518	8,961
Other receivables	1,709	872	872	872	872
Total assets	92,587	92,494	87,858	85,900	90,630
RESERVES AND LIABILITIES					
Reserves	85,204	86,120	80,944	78,065	82,222
Accumulated surplus	60,204	72,895	74,694	72,540	77,222
Capital expenditure fund	20,000	8,225	1,250	525	-
Emergency fund	5,000	5,000	5,000	5,000	5,000
Current liabilities	7,383	6,374	6,914	7,836	8,409
Trade payables	3,947	2,693	3,010	3,707	4,038
Salary related payables	1,197	1,303	1,383	1,462	1,548
Other payables	2,239	2,377	2,522	2,667	2,823
Total reserves and liabilities	92,587	92,494	87,858	85,901	90,630

1. Property, plant and equipment was valued by independent consultants at R1,3 billion.
2. Trade receivables are based on an average collection period of 40 days.

Table 42: Statement of cash flows

Overberg Water Statement of Cash Flows (R' 000)		Actual	Forecast	Projections		
		2015 (R'000)	2016 (R'000)	2017 (R'000)	2018 (R'000)	2019 (R'000)
OPERATING ACTIVITIES						
Cash receipts from customers		39,536	40,925	49,097	58,678	69,975
Cash paid to suppliers and employees		(33,065)	(37,520)	(51,665)	(58,612)	(62,906)
Cash generated from operations		6,471	3,405	(2,568)	66	7,069
Interest income		1,873	1,582	691	440	385
Net cash from operating activities		8,344	4,987	(1,877)	507	7,454
INVESTING ACTIVITIES						
Additions to property, plant and equipment		(2,575)	(11,775)	(4,656)	(1,956)	(2,367)
Disposals/scraping of property, plant and equipment		-	-	-	-	-
Investments (made)/withdrawn during the year		(3,120)	11,775	6,975	725	975
Net cash from investing activities		(5,695)	-	2,319	(1,231)	(1,392)
CASH AND CASH EQUIVALENTS						
Total cash movement for the period		2,649	4,987	442	(724)	6,062
Cash at beginning of the period		1,301	3,950	8,937	9,379	8,655
Total cash at end of year		3,950	8,937	9,379	8,655	14,717

Table 43: Infrastructure and capital expenditure plan

	Actual 2015 (R '000)	Forecast 2016 (R '000)	Projections		
			2017 (R '000)	2018 (R '000)	2019 (R '000)
Infrastructure	955	11,000	1,413	1,018	1,018
Ruensveld East - WTTW upgrade	955	11,000	-	-	-
Telemetric upgrade ¹	-	-	1,413	1,018	1,018
Capital expenditure	475	775	975	725	975
Motor vehicles	475	-	500	250	500
Refurbishments	-	775	475	475	475
Administrative	1,145	-	2,000	-	-
Information technology upgrade	-	-	2,000	-	-
Other	1,145	-	-	-	-
Total infrastructure and Capital Expenditure	2,575	11,775	4,388	1,743	1,993
Escalated cash flows (R' 000)	2015	2016	2017	2018	2019
Infrastructure	955	11,000	1,499	1,142	1,209
Capital expenditure	475	775	1,034	813	1,158
Administrative	1,145	-	2,122	-	-
Cumulative escalation % (CPI)	2,575	11,775	4,656	1,956	2,367
			6.10%	12.20%	18.76%

1. Funded from capital levies (tariff)

49.6 Debt collection challenges

Debt collection can be influenced by adverse climatic conditions and a decline in the general economic conditions. Current disputes include payment of the capital levies included in the water tariff.

Long outstanding amounts of R 1,516,501 due by Theewaterskloof Municipality relates to the non-payment of capital levies. A dispute has been lodged regarding the capital levies for January 2014 to June 2014 amounting to R343,320. Theewaterskloof Municipality has not paid any capital levies billed since January 2014. Provision was made for the impairment of this amount, refer to Table 36 ~~Table 36~~.

50. FIVE YEAR BORROWING PROGRAMME

50.1 Funding requirements

The total amount that would be required for Overberg Water's infrastructure development plan from the 2016 to 2019 financial year amounts to R504 million (refer to section 8.8). After escalating the required cash flows to take into account the net present value, the total required is R558 million up to the 2019 financial year. The table below displays the amounts that are funded and the amounts that cannot be funded without financial assistance from the Government in the form of grants and/or loans.

Table 44: Funded infrastructure

	2016 (R'000)	2017 (R'000)	2018 (R'000)	2019 (R'000)	Total (R'000)
Infrastructure development plan - Paragraph 8.8	17,597	182,262	216,978	87,326	504,163
Cummulative escalation % (CPI)	0.00%	6.10%	12.20%	18.76%	
Total esclated cash flows required (R' 000)	17,597	193,380	243,451	103,712	558,140
Funded projects (16.1)	(11,775)	(4,656)	(1,956)	(2,367)	(20,753)
From cash generated from operations	(11,775)	(4,656)	(1,956)	(2,367)	(20,753)
From borrowings	-	-	-	-	-
Total planned infrastructure development not funded (16.2)	5,822	188,724	241,495	101,345	537,387

50.2 Detail of funded infrastructure development

Overberg water does not currently have any existing long term debt. Overberg Water is not currently able to increase its borrowings due to the lack of return on assets.

50.3 Detail of unfunded infrastructure development

The current amounts available for the Western Cape from the Regional Bulk Infrastructure Grant (RBIG) are not sufficient to cover all the projects in the Western Cape and accordingly Overberg Water will in all likelihood not be able to finance its infrastructure development plan from this grant. Overberg Water also does not qualify for the Municipal Water Infrastructure Grant (MWIG) as it is a PMFA schedule 3B entity and not a municipality. With the limited grant funding available, the infrastructure development plan would need to be financed from external borrowings. This can be achieved with the assistance of National Treasury by obtaining sovereign guarantees for the borrowings under consideration. Foreign investors and financiers will also be considered. The financial projections as set out in the financial plan in section 15 of this document is therefore limited and constrained by the availability of government funding. Overberg Water will investigate local and offshore financing to fund its planned infrastructure development plan.

51. MATERIALITY AND SIGNIFICANCE FRAMEWORK

Materiality for Overberg Water is set out below:

Transactions are deemed material where the value of the transaction exceeds the following:

- 1% -2% of total assets;
- 0.5%-1% of total revenue;
- 2%-5% of profit after tax

Applied to the 2016 forecast, the value of materiality is therefore:

Indicator	2016	2017
1% - 2% of total assets ¹	R902,044 – R1,804,088	R899,006 - R1,798,012
0.5% - 1% of total revenue	R207,577 – R415,154	R252,431 – R504,861
2% - 5% of profit after tax	R20,326 - R50,815	-

1. *This is not according to the latest valuation of Overberg Water's assets.*

Transactions over R50,815 would therefore be material for transactions affecting the Statement of Comprehensive Income and transactions over R902,044 would be considered to be material for the Statement of Financial Position. The materiality level of the balance sheet is higher than the income statement as the organisation is capital intensive with a low return (tariff) on these assets.

Before concluding any of the following transactions, Overberg Water will inform National Treasury and seek approval from the DWS as required by the PFMA:

- establishment or participation in the establishment of a company;
- participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;
- acquisition or disposal of a significant shareholding in a company;
- acquisition or disposal of a significant asset;
- commencement or cessation of a significant business activity; and
- a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.

The following items are deemed to be material according to the qualitative nature thereof:

- Fraudulent transactions
- Fruitless, irregular or unauthorised expenditure
- Transactions outside the normal course of business

52. FINANCIAL RATIO PROJECTIONS

Table 45: Financial performance key indicators

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Financial Performance (R'000)					
Revenue	40,532	41,515	50,486	60,179	71,731
Cost of production	25,416	27,877	33,861	40,484	43,602
Gross profit	15,117	13,638	16,625	19,695	28,128
General and administration expenses	14,140	15,056	19,290	23,858	25,250
Operating profit	977	(1,418)	(2,665)	(4,163)	2,878
Other sundry revenue	1,088	752	798	844	893
Net interest income/(cost)	1,888	1,582	691	440	385
Profit for the year	3,953	916	(1,177)	(2,879)	4,157
Performance Indicators					
Cost of production percentage	63%	67%	67%	67%	61%
Gross profit margin percentage	37%	33%	33%	33%	39%
General & administration expenses percentage	35%	36%	38%	40%	35%
Operating profit / (loss) percentage ¹	2%	(3%)	(5%)	(7%)	4%
Water Indicators					
Treated water volume (kl)	4,270,113	4,235,628	4,498,957	4,588,936	4,680,715
Average water tariff (R/kl) - excluding capital levy	R 9.49	R 9.80	R 11.22	R 13.11	R 15.32
Cost of production (R'000)	25,416	27,877	33,861	40,484	43,602
Average cost of production / volume sold	R 5.95	R 6.58	R 7.53	R 8.82	R 9.32
Number of employees	63	70	78	88	88
Kilolitres sold per employee ²	67,780	60,509	57,679	52,147	53,190
Operating Risk Indicators					
Operating costs (R'000)	39,556	42,933	53,151	64,342	68,852
Depreciation (R'000)	3,120	3,130	4,007	4,056	4,168
Working ratio	90%	96%	97%	100%	90%
Gross profit margin percentage	37%	33%	33%	33%	39%

1. The 2015 operating profit results from key vacancies not filled. The 2017 current tariffs do not provide for surpluses and/or returns.

2. The kilolitre sold per employee reduces due to water sales volumes remaining static and employees increasing.

Table 46: Financial performance key indicators

	Actual 2015	Forecast 2016	Projections		
			2017	2018	2019
Financial Position (R'000)					
Reserves	85,204	86,120	80,944	78,065	82,222
Long term debt	-	-	-	-	-
Short term debt	-	-	-	-	-
Total assets	92,587	92,494	87,858	85,900	90,630
Assets excluding investments	66,698	78,381	80,720	79,487	85,192
Investments	25,888	14,113	7,138	6,413	5,438
Current assets	12,258	15,296	16,986	17,855	25,360
Current liabilities	7,383	6,374	6,914	7,836	8,409
Inventory	1,256	300	428	809	809
Cash and cash equivalents	3,950	8,937	9,379	8,655	14,717
Trade debtors	5,344	5,187	6,307	7,518	8,961
Trade creditors	3,947	2,693	3,010	3,707	4,038
Financial Risk Indicators					
Current ratio	1.66	2.40	2.46	2.28	3.02
Asset test ratio	1.49	2.35	2.39	2.18	2.92
Debt: equity ratio	0.09	0.07	0.09	0.10	0.10
Debt: asset ratio	0.08	0.07	0.08	0.09	0.09
Operating Risk Indicators (R'000)					
Revenue	40,532	41,515	50,486	60,179	71,731
Operating costs	39,556	42,933	53,151	64,342	68,852
Depreciation	3,120	3,130	4,007	4,056	4,168
Operating profit	977	(1,418)	(2,665)	(4,163)	2,878
Bad debts	216	1,584	269	290	313
Rate of return on assets ¹	1%	-2%	-3%	-5%	3%
Return on turnover	2%	-3%	-5%	-7%	4%
Debtors collection period (days) - assumed	42	40	40	40	40
Creditors days	50	31	28	29	30

1. The ROA should be at least 5% but due to the municipalities not paying their equitable share, Overberg Water is not able to earn a ROA.
2. The high creditors' days for 2015 are due to a creditor of Overberg Water with an annual invoice.

53. SELF EVALUATION STATEMENT

53.1 Comments on Solvency

Overberg Water is in a solvent position and it is anticipated that it will remain solvent during the next 5 years.

53.2 Comments on Liquidity

Overberg Water has liquid cash flow and it is expected to be liquid during the next 5 years.

54. BANK ACCOUNTS

54.1 List of bank accounts

Main account

Account Holder: Overberg Water
 Bank: ABSA
 Branch: Public Sector - Western Cape
 Type Account: Current
 Account number: 407 6343 288

Salary account

Account Holder: Overberg Water
 Bank: ABSA
 Branch: Public Sector - Western Cape
 Type Account: Current
 Account number: 407 6358 451

Money Market

Account Holder: Overberg Water
 Bank: ABSA
 Branch: Public Sector - Western Cape
 Type Account: Money Market
 Account number: 9304249785

War on Leaks account

Account Holder: Overberg Water
 Bank: ABSA
 Branch: Public Sector - Western Cape
 Type Account: Current
 Account number: 408 3162 556

Masibambaneaccount

Account Holder: Overberg Water
 Bank: ABSA
 Branch: Public Sector - Western Cape
 Type Account: Current
 Account number: 407 6358 508

54.2 List of investment accounts**Overberg Water call account**

Account Holder: Overberg Water
Bank: INVESTEC
Branch: PAARL
Type Account: CCM Call Money Fund
Account number: 5000 1362 395

Overberg Water call account

Account Holder: Overberg Water
Bank: INVESTEC
Branch: PAARL
Type Account: CCM Call Money Fund
Account number: 5000 9516 047

Masibambane Call Account

Account Holder: Overberg Water Masibambane
Bank: Investec
Branch: PAARL
Account Type: CCM Call Money Fund
Account number: 5000 4484 384

55. ANALYSIS OF RISKS

55.1 External risks

The risks are risks of Overberg Water include:

55.1.1 Demand risks

- Infrastructure development to meet demand and service level delivery;

55.1.2 Supply risks

- Climate and ecological changes such as El Niño and La Niña (extreme phases of a naturally occurring climate cycle);
- Droughts - A drought would have the most negative impact on the organisation and its stakeholders in particular the consumers of water;
- Electricity supply during stage 2 and 3 loadshedding - Eskom loadshedding could be detrimental to the Overberg purification plants as it will not be possible to pump sufficient water into the reservoirs for use by our consumers;
- Sabotage - Sabotage includes the intentional destruction by humans of the infrastructure or water;
- Deterioration in raw water quality and quantity (availability) - Deterioration in raw water quality may occur due to climate and ecological changes such as desertification. The quantity of water processed and distributed may be influenced by water shortages from lower rain falls, shortages at CMAs and droughts;
- CMA's not complying with their supply agreement from DWS - It has occurred in the past that a CMA has cut off water supplied via rivers without due notice.
- Earthquakes - Earthquakes can cause major damage to the purification plants and the pipeline network; and
- Water poisoning with the intent to hurt, kill or destroy;
- Water pollution to the extent that such water is not fit for human consumption;
- Deterioration and/or destruction of water plants and schemes;
- Water leaks in current pipeline;
- Reliability of chemical supplies and undue reliance on one supplier;

55.1.3 Financial risks

- Sustainable tariffs - Overberg Water requires adequate water tariff increases in order to sustain the organisation;
- Fraud and corruption - Fraud and corruption by stakeholders in the supply could detrimentally influence the supply of clean water in the region of service;
- Amalgamation or de-establishment of water boards - The amalgamation or de-establishment of water boards may impact the existence of Overberg Water in its current form.
- Capital Risk - Overberg Water's objective when managing capital is to safeguard the organisation's ability to continue as a going concern in order to provide returns for stakeholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital. The capital structure of the entity consists of debt, cash and cash equivalents, and

equity as disclosed in the Statement of Financial Position. Overberg Water monitors capital on the basis of its gearing ratio. There are no changes to capital, the strategy for capital maintenance or externally imposed capital requirements. Overberg Water currently has no borrowings but will be borrowing in the near future in order to execute its infrastructure development plan.

- Financial risks - Overberg Water's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.
- Liquidity risk - Liquidity risk is liquidity as a result of the funds available to cover future commitments. Overberg Water manages liquidity risk through an ongoing review of future commitments and credit facilities.
- Credit risk - Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. Overberg Water only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise municipalities and numerous contract customers. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.
- Adequate funding to fund projects and strategic goals;
- Fraud and corruption

55.1.4 Contractual risks

- Contract risks include breaches of contract by Overberg Water or any of its stakeholders;

55.1.5 Institutional risks

- Reputational risks - Overberg Water can suffer negative perceptions due to a lack of meaningful engagement with its stakeholders;
- Legal compliance;
- Fraud and corruption

55.1.6 Insurable risks

- Overberg Water is insured for fire, business interruption, office contents, theft, cash, electronic equipment, SASRIA, public liability, directives and office liability and commercial crime.

55.1.7 Other risks

- Legislation - Changes in legislation that has a negative impact on Overberg Water Board and its stakeholders;

55.2 Risk management

The Audit and Risk Committee is currently in the process of reviewing risk assessment and the risk management strategies of Overberg Water.

55.3 Fraud prevention and detection

Overberg Water has implemented delegation and authorisation controls to minimise the risk of fraud and theft.

56. OTHER KEY PERFORMANCE INDICATORS

Table 47: Other Key Performance Indicators

Performance Perspective	Performance Objective	Ministerial Outcomes	Alignment		Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets		
			DWS Strategic Goals	WB Strategic Objectives				Actual- Prior year	Estimated Actual - Current Year	Projected Target 2017
Organisational Efficiency and Effectiveness	1	Bulk potable water quality compliance	S.O. 3.2 + 3.3	S.G. 1 + 10	Water quality standards met	Test results, SANS 241 Class 1: Class 2:	% compliance	99,48%	98,00%	95%
	2	Manage avoidable water losses	S.O. 2.1 + 2.4	S.G. 1	Reduced avoidable water losses in treatment and distribution systems	Avoidable water lost as a percentage of water produced	%	9,80%	6,50%	15%
	3	Reliability of supply	S.O. 2.1 + 2.4	S.G. 1	No unplanned interruptions to bulk supply exceeding 24 hours	Number of days supply interrupted as a % of possible supply days	%	0%	0%	1,92%
	4	Increased access to Services	S.O. 2.2 + 2.3	S.G. 1 + 2	Contribution to national objectives of extending services	Actual CAPEX spend on expansion related projects (Initiatives by the Minister) as % of budget	%	-	0%	n/a

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Performance Perspective	Performance Objective	Alignment		Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets			
		Ministerial Outcomes	DWS Strategic Goals				WB Strategic Objectives	Actual- Prior Year	Estimated Actual - Current Year	Projected Target 2017
Financial Performance	5	Financial reporting compliance	S.O. 1.2	S.G. 1	Unqualified audit report	Annual external audit	Unqualified report with no matters of emphasis (Clean Audit)	Unqualified	Unqualified	Unqualified
	6	Improve key financial ratios	S.O. 1.2	S.G. 1 + 10	Improved viability and sustainability	Current Ratio	Ratio	2	1.78	2
					Gross profit margin % (primary activity)	%		37%	33%	30%
					Gross profit margin (secondary activity)	%		n/a	n/a	n/a
					Net profit margin (primary activity)	%		10%	8%	0%
					Net profit margin (secondary activity)	%		n/a	n/a	n/a
					Debt equity	Ratio		-	-	-
					Return on Assets	%		4%	2%	0%
					Debtors days	Number		48	48	40
					Repairs and maintenance as % of PPE and Investment Property (Carrying Value)	%		-	3%	3%
					Staff remuneration as % of total operating expenditure	%		-	40%	43%

Performance Perspective	Performance Objective	Alignment				Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets		
		Ministerial Outcomes	DWS Strategic Goals	WB Strategic Objectives	Actual- Prior Year				Estimated Actual - Current Year	Projected Target 2017	
Financial Performance	7	Increase BBBEE expenditure relative to operational projects	S.O. 3.1	S.G. 1	Spend increased in the financial year	Spend	% achieved	97%	57%	≥10%	
	8	Manage costs within the approved budget	S.O. 1.2	S.G. 1 + 10	Actual expenditure compared with budgeted expenditure for the quarter	Financial reports	% increase	-1%	-25%	±10%	
	9	Capital expenditure programme	S.O. 1.3	S.G. 8	Infrastructure available to meet demands	Overall project expenditure within R target	% variance	n/a	0%	10%	
						Overall project completion dates within targets	% variance	n/a	0%	20%	
	10	Engagement in secondary activities	-	S.G. 1	Growth in turnover from secondary (other activities)	% of total turnover	%	0.23%	n/a	n/a	
	Customer/ Stakeholder Interaction	11	Bulk supply agreements concluded with municipalities/other customers	S.O. 1.2	S.G. 2	Statutory and Service Level Agreements in place	Municipalities/Other Customers with bulk supply agreements	%	0%	50%	50%
		12	Implementation of Ministerial directives	S.O. 3.1	S.G. 1	New Ministerial directives issued are implemented on time	Progress against implementation plan	%	n/a	Nil	n/a
		13	Support Rural Development	S.O. 2.2. 2.3	S.G. 3 + 4	Total Number of identified Municipalities supported	Signed contracts, MOUs etc	Number	2	0	1
		14	Achieve statutory reporting compliance	S.O. 3.2	S.G. 1	All statutory reports submitted on time	Submission dates met	%	100%	95%	100%

Performance Perspective	Performance Objective	Alignment		Outcome/ Impact	Indicators/ Calculation	Measure	Annual Performance Targets		
		Ministerial Outcomes	DWS Strategic Goals				WB Strategic Objectives	Actual- Prior year	Estimated Actual - Current Year
Organisational Capacity	15 Staff levels		S.O. 1.1	S.G. 1	Staff turnover	%	8.33%	2%	5%
	16 Training and Skills Development		S.O. 1.1	S.G. 1	Learnerships	Number	-	-	-
					Bursaries employees	Number	11	16	5
					Graduate Programmes	Number	-	-	-
	17 Jobs Created		S.O. 1.1 + 1.3	S.G. 7	Total number	Number	37	1	3
General Performance	18 Board Effectiveness		S.O. 1.2	S.G. 1	Permanent and contract (direct)	Number	2	1	-
					Temporary (indirect)	Number			
					Total number	Number	97.53%	95%	100%
					Board Member attendance of all Board/committee meetings	%	n/a	0	100%
	19 Effective Controls and Risk Management		S.O. 1.2	S.G. 1	Decision making: % number resolutions taken by the board vs number of resolutions required	%			
					External audit report	Number of repeat findings	0	0	0
	20 Good Governance		S.O. 1.2	S.G. 1	Breaches of materiality and significance framework	Number of unresolved findings	0	0	0
	21 Corporate Social Responsibility Initiatives		-	S.G. 1	Number of initiatives undertaken	Number	3	0	1

57. DECLARATIONS

Overberg Water hereby declares that all information is disclosed, is correctly disclosed and included in this business plan document as required in terms of the Water Services Act (Act 108 of 1997), Public Finance Management Act (Act 1 of 1999), and associated regulations and prescribed guidelines issued by the Department of Water and Sanitation and National Treasury.

We declare that to the best of our knowledge and belief all the information included in the corporate plan as set out above is accurate.



INTERIM ACCOUNTING AUTHORITY

58. ACRONYMS

Acronym	Term
AA	Accounting authority in terms of the PFMA
BBBEE	Board based black economic empowerment
DWS	Department of Water and Sanitation
EA	Executive authority in terms of the PFMA
GRAP	General Recognised Accounting Policies
IFRS	International Financial Reporting Standards
KPI	Key performance indicator
NT	National Treasury
PAA	Public Audit Act (Act 25 of 2004)
PFMA	Public Finance Management Act (Act 1 of 1999)
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)