

**DEPARTMENT OF WATER AFFAIRS AND FORESTRY**  
**Recreational Water Use Manual**  
Guideline

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<b>Subject:</b>	Business Case Template: Unsolicited Bids.
<b>Purposes:</b>	To set out the terms and information requirements for an outline business case for an unsolicited tourism Public Private Partnership Proposal.
<b>Authority:</b>	Public Finance Management Act, 1999 (Act No. 1 of 1999), Public Private Partnership Toolkit for Tourism.
<b>Approval:</b>	Director: Water Abstraction and Instream Use.
<b>Contact:</b>	Department of Water Affairs and Forestry, Sub-directorate Environment and Recreation, Private Bag X 313, PRETORIA, 0001, Republic of South Africa, Tel: (012) 336 8224; Fax: (012) 336 6608; E-mail: <a href="mailto:deb@dwaf.gov.za">deb@dwaf.gov.za</a> .

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## **1. THE TERMS OF SUBMITTING AN OUTLINE BUSINESS CASE FOR AN UNSOLICITED TOURISM PUBLIC PRIVATE PARTNERSHIP (PPP) PROPOSAL**

Supply the Department: Water Affairs and Forestry (DWAF) with an outline business case giving at least the information set out in the categories listed below, and more detail at your discretion.

Any correspondence you may receive from DWAF puts it under no obligation to you in relation to your unsolicited proposal. All costs of preparing and submitting your outline business case are for your own account.

The information in your outline business case, other than information which is already in the public domain or which the institution is required to disclose by law, will not be disclosed by DWAF to any potential or actual competing bidders. However, DWAF does not acknowledge that any intellectual property rights arising from your unsolicited proposal and your outline business case accrue to you.

If DWAF issues a request for proposals for the proposed PPP, or a similar PPP, you are not obliged to submit a bid, nor are you obliged to submit a bid consistent with your outline business case.

You and your employees and agents should not disclose or make public any information relating to the outline business case without the consent of DWAF. Consent will be granted or refused in writing within 30 days, and will not be unreasonably withheld. If you do not hear from DWAF within this period, you can assume that consent has been granted.

National Treasury's PPP Toolkit for Tourism is available at [www.ppp.gov.za](http://www.ppp.gov.za) if you would like more information on the PPP project cycle and applicable regulations.

### **1.1 Required Information for an Outline Business Case for a Tourism PPP Proposal**

#### **1.1.1 The Proponent**

- Name, address and full contact details of the person or entity lodging the proposal, or, in the case of a consortium, the lead member

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- Brief particulars of the proponent's relevant background and experience
- Names and particulars of existing or proposed partners, brief particulars of their background and experience, and an indication of the roles they will play in the project

### **1.1.2 Project Concept**

A clear outline of the project concept: the product, service or facility, accompanied by a sketch, picture, map or drawing and particulars (where relevant) of:

- location and site
- type and standard
- novel or unique characteristics, if any
- whether it is part of an existing chain or brand
- proposed size and extent
- if it is tourist accommodation, the number of beds and particulars of other tourist amenities and facilities
- if it is a non-accommodation tourist service, activity or facility, details of its method, frequency, reach and places where the service or facility will be

### **1.1.3 Environmental Matters**

An outline of the known or expected impact that the project will or can have on its environment, and the steps that will be taken to minimise and mitigate such impact.

### **1.1.4 Commercial Rationale**

- The commercial rationale of the project
- Any research or analysis that supports the need and desirability for the project
- Intended target markets. Competition. How the proposed product will differentiate itself
- The proposed pricing policy
- Any interrelationships with other existing/planned amenities and facilities

### **1.1.5 Operations and Management**

- Proposed company structure. A 'family tree' diagram showing proposed relationships between owner(s), operators, financiers
- Resumés of the proposed executive management
- Where an existing chain or group is involved, the nature and extent of its existing operations and its proposed involvement in the proposed project
- Marketers and distributors of the product, and general marketing plans
- Functions that will be handled in-house, and those that will be sub-contracted, or outsourced

### **1.1.6 Black Economic Empowerment (BEE)**

The proposed BEE profile and impact of the project with specific reference to:

- black ownership in the company
- black management
- skills development
- subcontracting and procurement to black enterprises and SMMEs
- jobs to be created in the development phase
- jobs to be created in the operations phase
- the socio-economic impact on the local community(ies)

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**1.1.7 Financial Viability**

- The expected capital outlay in buildings, plant equipment and start-up costs
- The financing plan: capital required, where it will come from (equity, debt, grants), and the expected terms (interest rate, repayment period, security) of any proposed loans
- The proposed term (number of years) of the PPP agreement
- Any lenders, sponsors and/or donors approached
- Indicative, simplified cash flow forecast for the proposed term of the PPP agreement, along the lines of Table 1

**Table 1: Cash Flow Forecast**

Item	Startup R'000	Year 1 R'000	Year 2 R'000	Year 3 R'000	Year 4 R'000	Year 5* R'000
Cash inflows						
Owners' capital						
Loans received						
Grants received						
Cash from sales and other operating revenue						
Cash from other sources						
Total cash inflow (A)						
Cash outflows						
Project costs and startup expenses						
Salaries, wages and staff costs						
All other operating costs and expenses						
Loan repayments						
Replacement of equipment and vehicles						
Total cash outflow (B)						
Net cash flow [A – B] before PPP fees and tax						

\* adapt to the proposed term of the PPP