

Water Delivery Plans



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COVID-19 IMPACT

BUSINESS SUSTAINABILITY CONTINUITY

Mhlathuze Water made an assessment of the COVID-19 pandemic on its operations, suppliers and customers:

The operations of Mhlathuze Water's major customers were still on-going during the lockdown periods and the bulk water supply and effluent disposal was not affected negatively.

Mhlathuze Water's customers have not indicated severe financial difficulties that may provide reasonable doubt that may significantly affect their credit risk.

Mhlathuze Water is operating on contracted volumes with associated tariffs. A significant portion of revenue is therefore fixed. None of the key customers have indicated intent to decrease contracted volumes substantially or cease to operate as a result of COVID-19.

However, Mhlathuze Water's revenue is mainly based on cost reflective tariffs. A zero tariff increases would place Mhlathuze Water at financial risk. This mainly as the organisation would have to access its reserves for operational and capital expenditure plans, as revenue growth will decline.

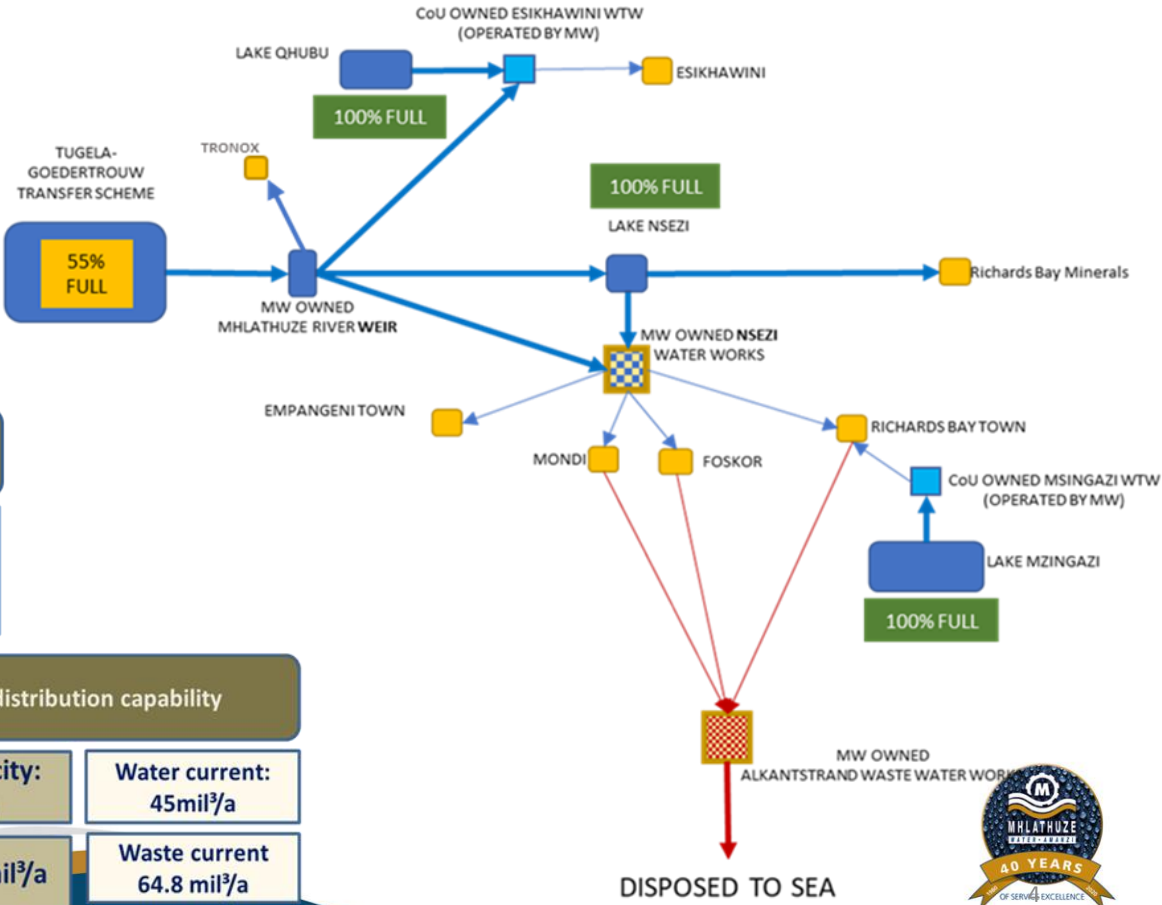
Associated with this decline, the increase in core operational expenses (electricity, chemicals, employee cost, repairs and maintenance) will result in losses. Due to the legislated mandate, this would necessitate financial rescue plans to be implemented by National Government and compromise the organisation as a going concern.



BULK WATER RESOURCE MANAGEMENT

OPERATIONS; SCHEMATIC Mhalthuze Water Owned

The primary raw water source is Mhalthuze River via the Mhalthuze Weir Transfer Scheme. Lake Nsezi is utilised as a backup raw water source.



Abstraction licences

94 mil³/a
Mhalthuze catchment

47,3 mil³/a
Thukela river @ Mandini

Availability, Production and distribution capability

Goedertrouw:
55% full

Water capacity:
74mil³/a

Water current:
45mil³/a

All lakes:
100% full

Waste: 120mil³/a

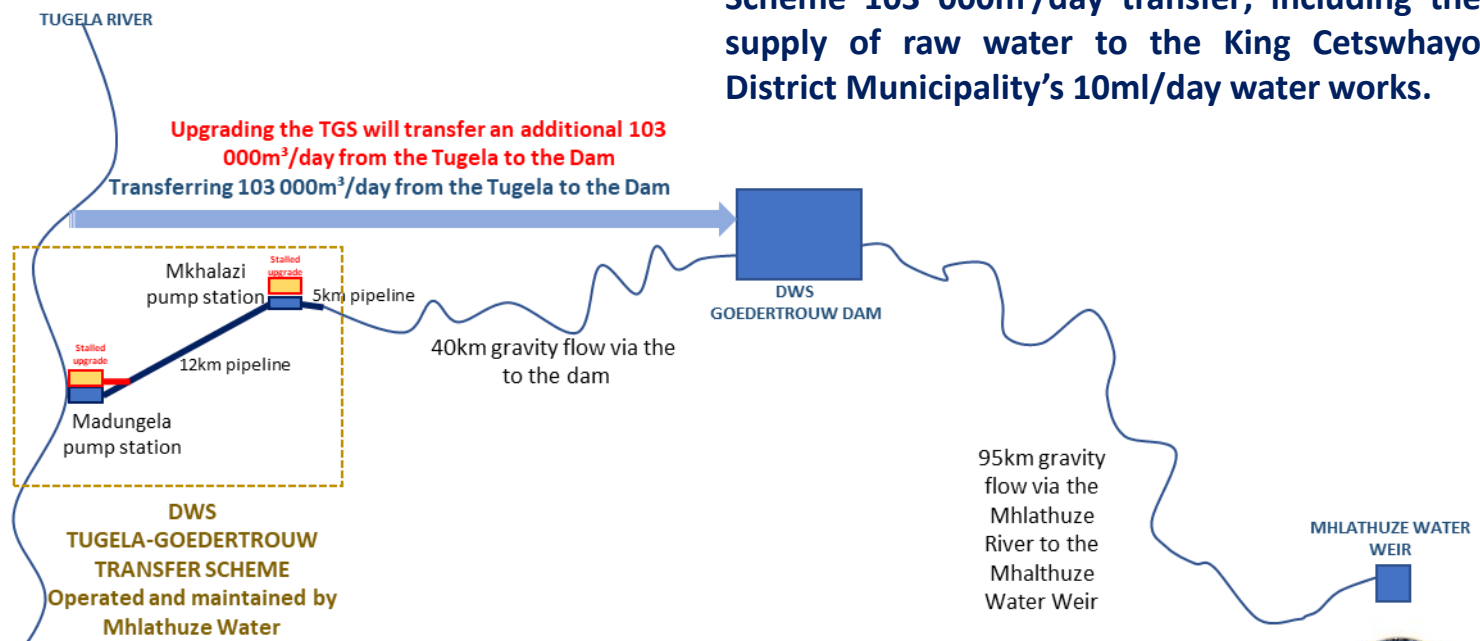
Waste current
64.8 mil³/a



BULK WATER RESOURCE MANAGEMENT

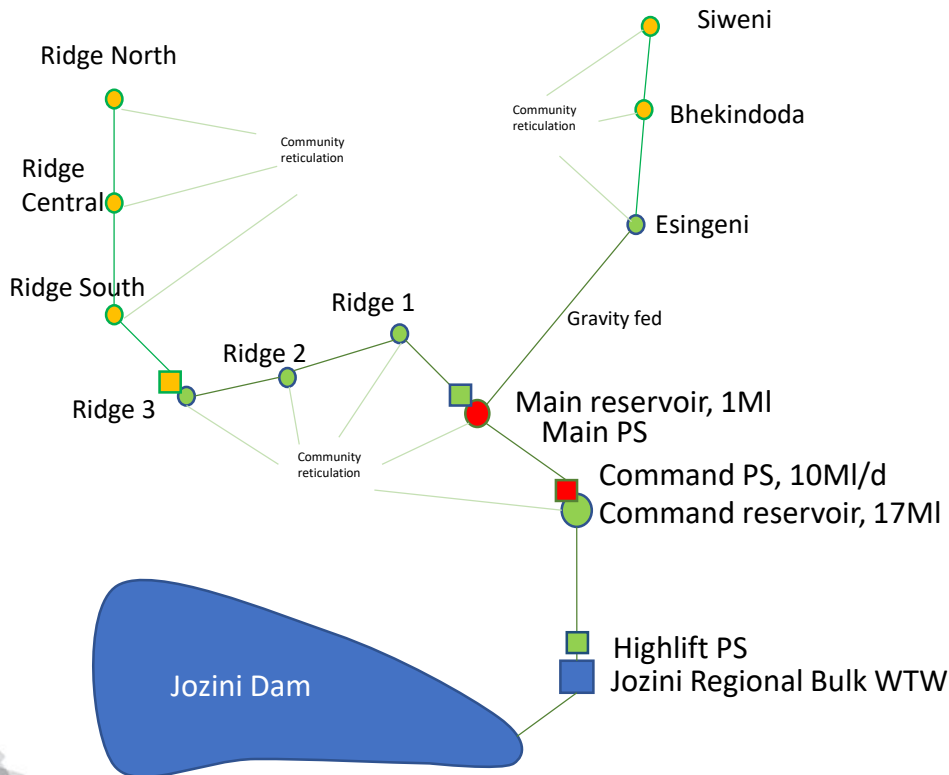
OPERATIONS; SCHEMATIC: DWS Tugela-Goedertrouw Transfer Scheme

Mhlathuze Water since 1995 operated and maintained the Tugela Goedertrouw Transfer Scheme 103 000m³/day transfer; including the supply of raw water to the King Cetswhayo District Municipality's 10ml/day water works.



BULK WATER RESOURCE MANAGEMENT

OPERATIONS; SCHEMATIC: DWS Jozini Bulk Scheme



Mhlathuze Water in 2017 completed constructed the 40ml/day Jozini Water Works and regional bulk distribution system.

Mhlathuze Water, since the construction of the Jozini bulk system on behalf of the Umkhanyakude District Municipality, has operated and maintained the system, serving 134 000 households

The scheme include a 40ml/day water works, 19 reservoirs and numerous pump stations over a bulk reticulation network spanning over 120kms



BULK WATER RESOURCE MANAGEMENT

OPERATONAL PERFORMANCE in Mhalthuze Water Owned Nsezi Water Works and Alkantstrand Waste Water works

48.3 million m³
Volume of water abstracted

97,54%
Plant up time

0-zero

Instances where there were unplanned water interruption exceeding 24hours

1,41%
Volume of water lost from abstraction to production

33.89 milion m³
Waste water discharged to sea



MHLATHUZE WATER BULK INFRASTRUCTURE CAPITAL EXPANSION PROGRAMME

Projected Statement of Capital Expenditure	Estimate 2020	Budget 2021	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Total 2021 -2025
Year ending 30 June	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Expansion	208,867	30,746	700	7,700	200	-	248,213
Rehabilitation	18,110	35,483	23,676	8,071	4,870	620	90,830
Equipment	2,750	19,050	5,200	5,000	5,000	5,000	42,000
Information technology communication	-	30,000	18,000	-	-	-	48,000
Augmentation & upgrade	4,565	126,004	148,498	109,509	-	-	388,576
Total Capital before Interest	234,292	241,283	196,074	130,280	10,070	5,620	817,619
Capitalised interest	8,094	15,293	27,210	28,408	3,935	-	82,940
Total Capital after Interest	242,386	256,576	223,284	158,688	14,005	5,620	900,559

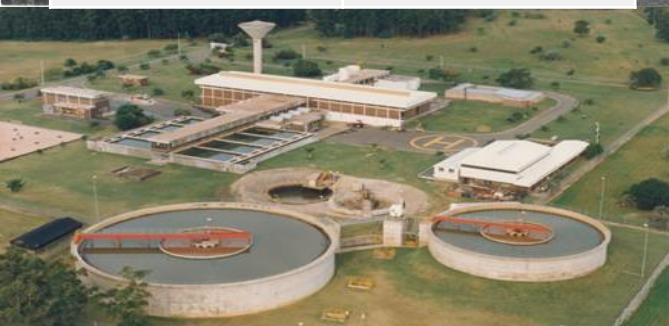


BULK WATER INFRASTRUCTURE EXPANSION/ DELIVERY PLANS



DRINKING WATER COMPLIANCE

NSEZI WTW	100%
JOZINI WTW	100%



Nsezi Water Treatment Works

Mhlathuze Water in 2020 will commission the augmentation of the Nsezi Water Treatment Works

This will increase the production capacity of the existing plant from 74 million m³/day to 90 million m³/day.

This augmentation is needed to address the demand for clarified and purified water by largely industrial customers within the Richards Bay industrial development zone.

The total value of the works is estimated to be R320 000 000.



BULK WATER INFRASTRUCTURE EXPANSION/ DELIVERY PLANS



Tugela-Goedertrouw Transfer Scheme

Mhlathuze Water, are in discussions with the DWS to complete the outstanding mechanical works that will form part of the upgrade to the scheme commenced in 2017/2018.

The upgrade will double the scheme's capacity to transfer 200 000m³ of raw water per day from the Tugela River, to the Goedertrouw dam.

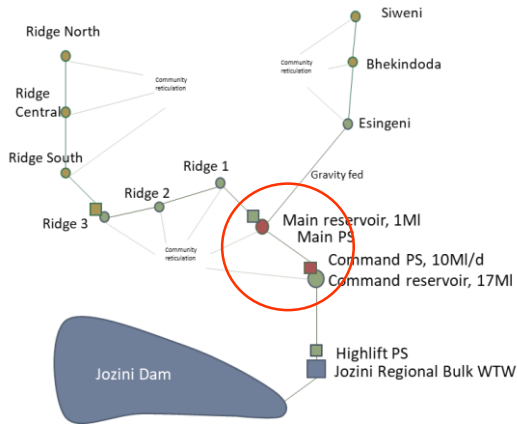
This is a strategic drought relief/ mitigation project for the northern KZN area.

The works is set to recommence in October 2020 after a 18 month dispute between the State and the contractor brought the works to a halt.



BULK WATER INFRASTRUCTURE EXPANSION/ DELIVERY PLANS

Jozini Bulk Water Supply Scheme



Mhlathuze Water, in cooperation with the DWS and the Umkhanyakude District municipality is in the process of securing funding to address the scheme's technical challenges.

The challenges to the scheme are summarised as firstly addressing the electricity supply to remote pump stations that prevent commissioning. This matter has been attended to, however; appear to be problematic on the eastern supply line, to the far north towards Siweni.

The biggest challenge that can be overcome with government investment, is the upgrade of the command pump station. The current pump station can only pump 10MI/day whilst the demand is for 15-20MI/day. This results in 2 consequences:

- firstly, the entire western supply line (past Ridge 3) cannot be supplied with water, even though the infrastructure has been build.
- secondly water shedding has to take place on the eastern line, beyond the Esingeni reservoir, even though infrastructure has been build.

A further challenge is the capacity of the 1ML Main reservoir. As the system mainly feed from this point, it is totally insufficient to cater for the demands. In event of down time, the reservoir can only supply water for 1 hour.



OTHER BULK WATER INFRASTRUCTURE EXPANSION/ DELIVERY

Mhlathuze Water

Upgrade of the Weir Structure in the Mhlathuze River

R80M

23 JOBS CREATED

Completed Dec -'19

Mhlathuze Water

Establishing of diesel generator at the Weir

R20M

Complete- June '19

Mhlathuze Water

Redeveloping the pipeline from the Weir to Nsezi WTW

R151M

65 JOBS CREATED

Completed March '20

Zululand District

Implementation of rudimentary water scheme in Nongoma and Abaqulusi

97 JOBS CREATED

R146M

1883 households served

Completed May 2019

Isimangaliso Wetland Park

Review of water infrastructure and drilling and equipping of 15 boreholes

R6.9 M

Commenced April - '20

uMkhanyakude District

Maintenance and Refurbishment of critical and prioritised bulk and reticulation infrastructure in Shemula-Skemelele

R29M

Commenced Nov - '19



THANK YOU



MHLATHUZE WATER

Your reliable water and waste water business partner of choice