



Minerals Council South Africa

VGGWSS STATUS UPDATE

Sfiso Nxumalo

30 March 2023



MINERALS COUNCIL
SOUTH AFRICA

THE STORYLINE



Overview



**Asset
Performance and
O&M support**



**Financial Position
– The Investment**



**Current Factors at
Play**



**MLF position –
End Game through
Interim Play**



**Plan of Action –
Continuing the
Conversation**

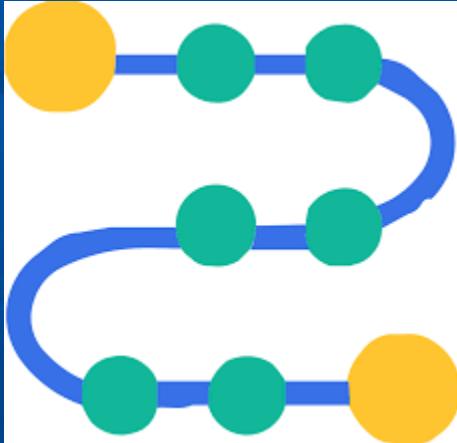


*Once you carry
your own water,
you will learn
the value of every
drop.*

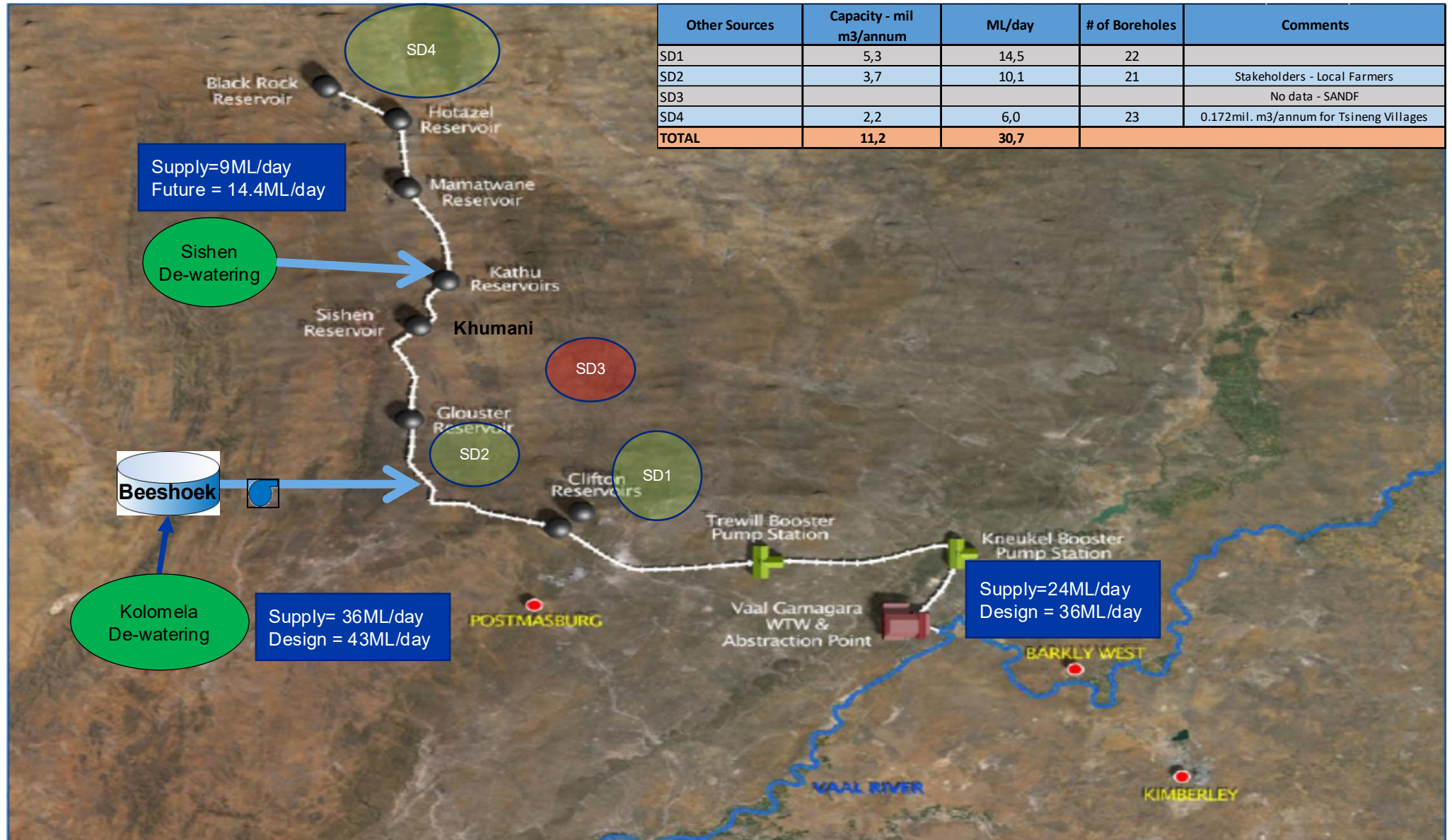


**MINERALS COUNCIL
SOUTH AFRICA**

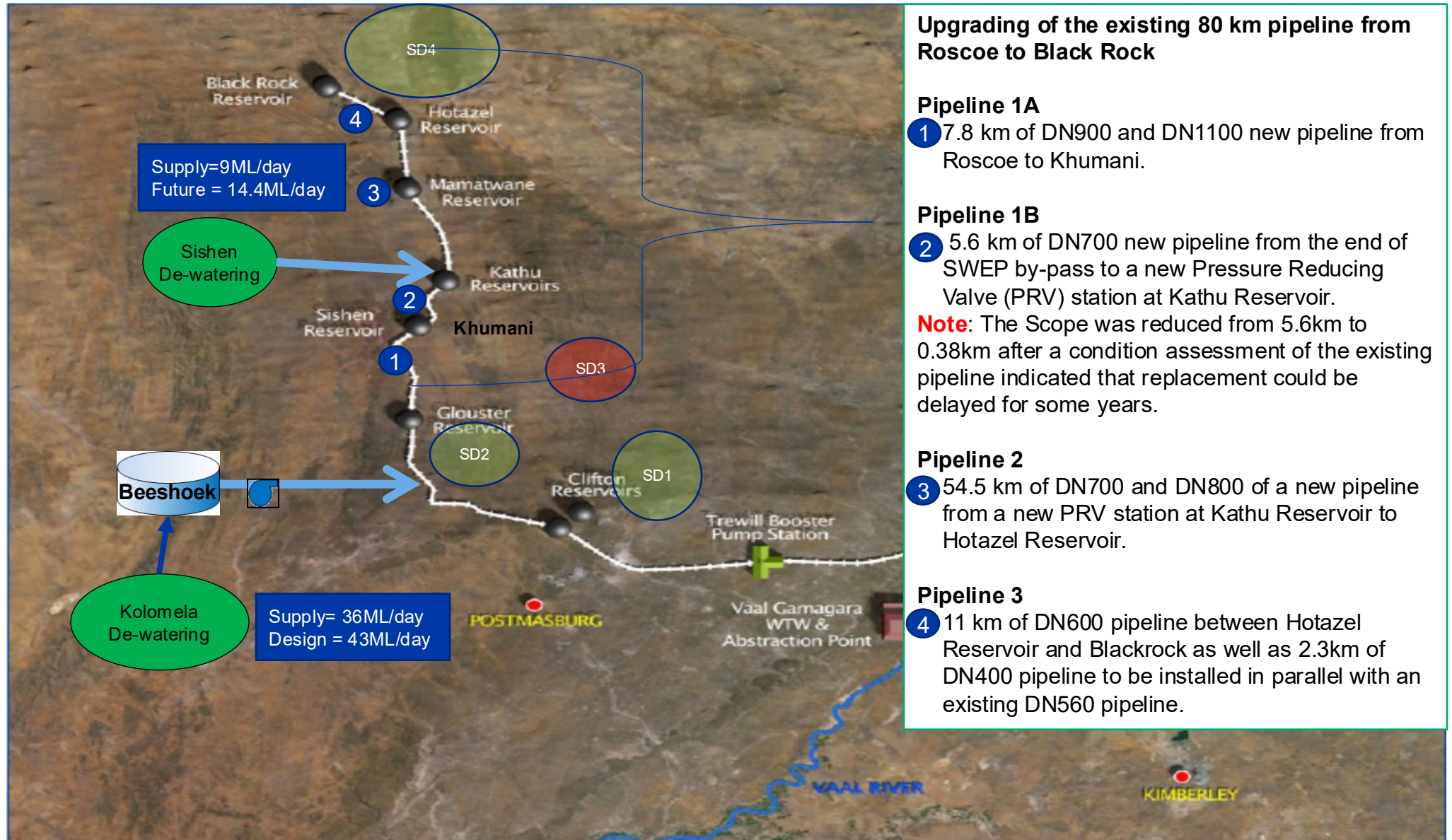
OVERVIEW



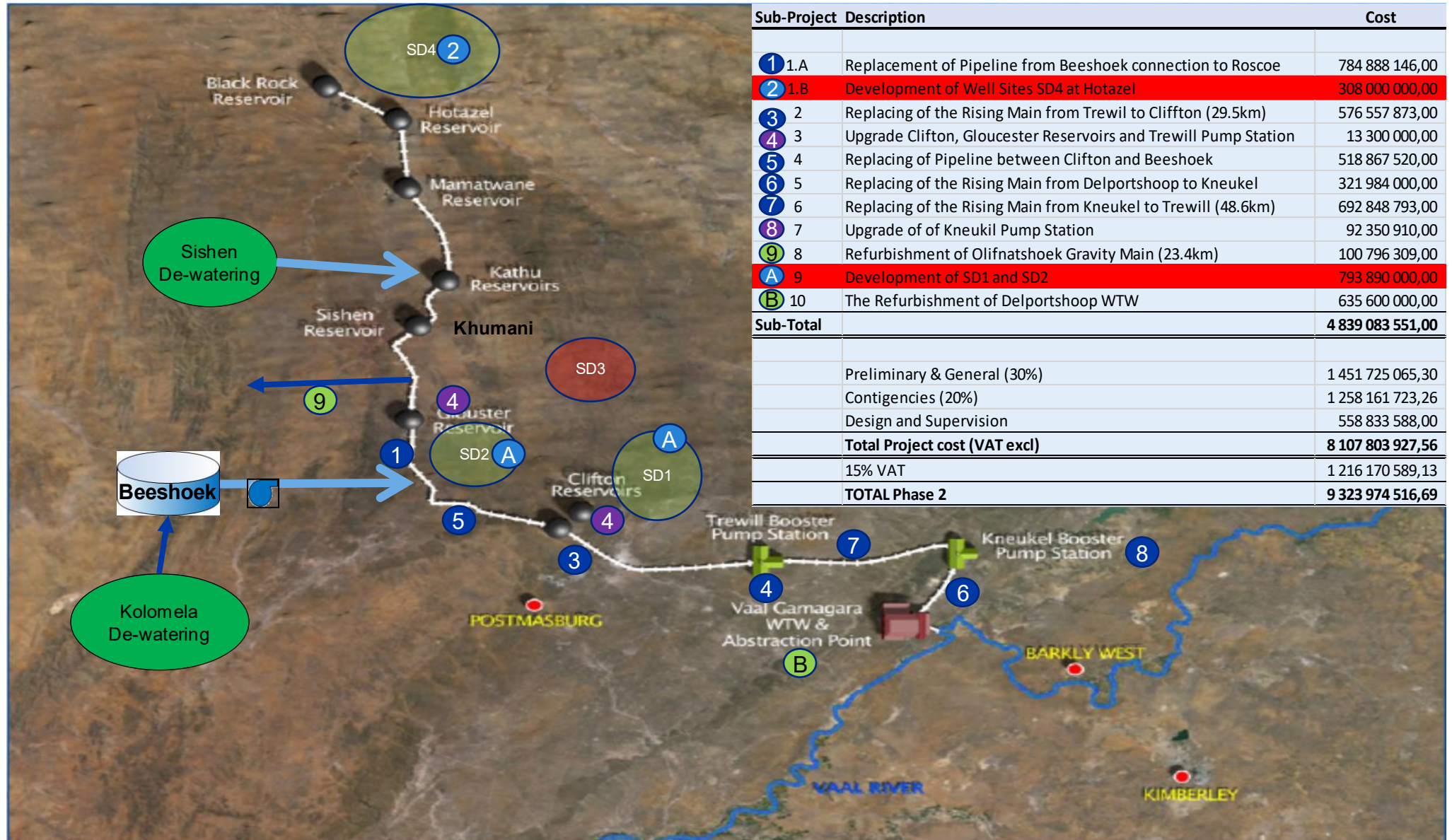
THE ASSET LAYOUT



PHASE 1 - COMPLETE



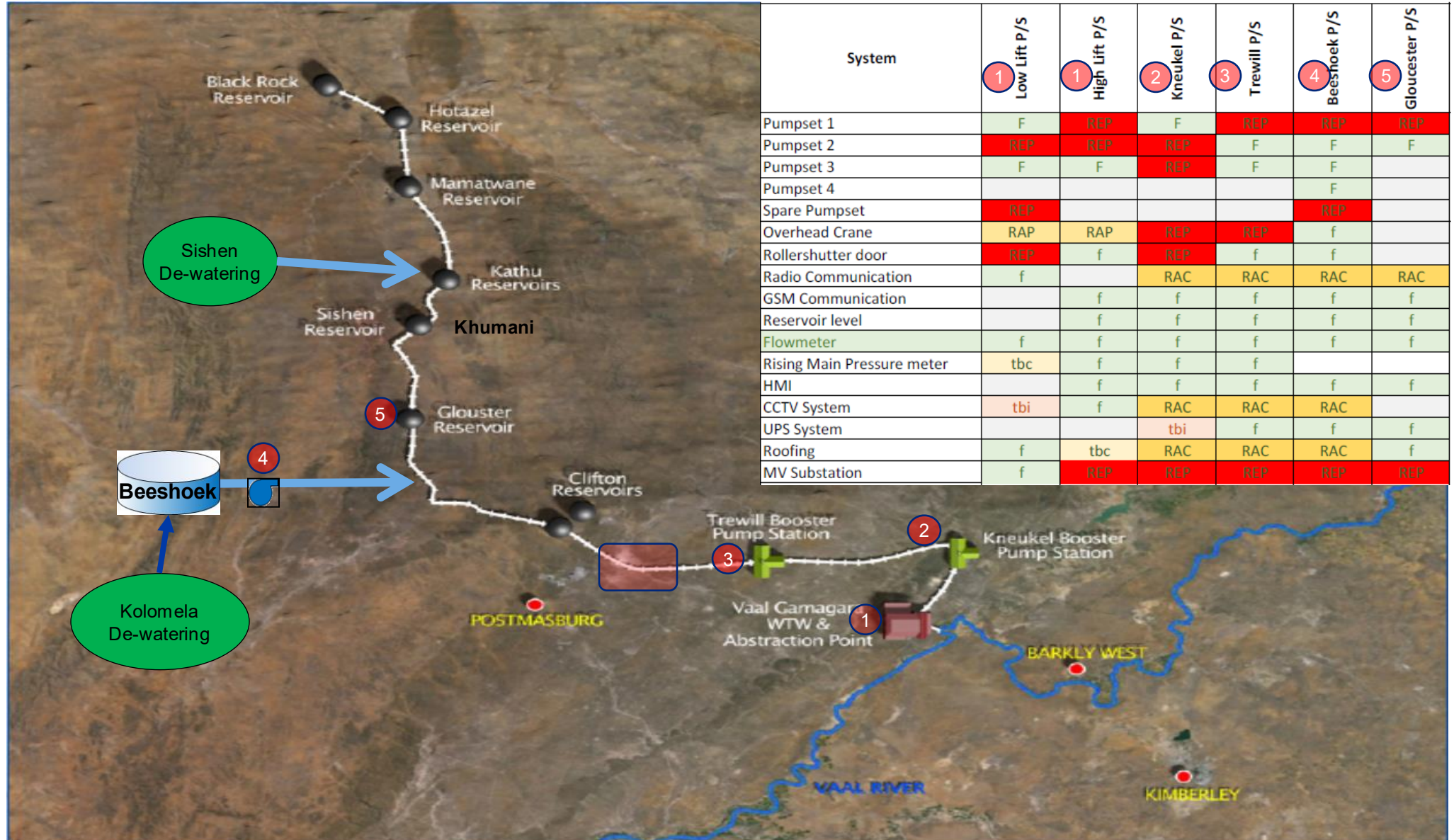
THE ASSET LAYOUT – PHASE 2 (ORIGINAL SCOPE)



PHASE 2 (TO BE OPTIMISED)

Phase 2 Project			44%	56%
Sub-Project	Description	Optimisation	Government	MLF
1.A	Replacement of Pipeline from Beeshoek connection to Roscoe	784 888 146,00	345 350 784,24	439 537 361,76
1.B	Development of Well Sites SD4 at Hotazel	308 000 000,00	135 520 000,00	172 480 000,00
2	Replacing of the Rising Main from Trewil to Cliffton (29.5km)	576 557 873,00	253 685 464,12	322 872 408,88
3	Upgrade Clifton, Gloucester Reservoirs and Trewill Pump Station	13 300 000,00	5 852 000,00	7 448 000,00
4	Replacing of Pipeline between Clifton and Beeshoek	518 867 520,00	228 301 708,80	290 565 811,20
5	Replacing of the Rising Main from Delporthshoop to Kneukel	321 984 000,00	141 672 960,00	180 311 040,00
6	Replacing of the Rising Main from Kneukel to Trewill (48.6km)	692 848 793,00	304 853 468,92	387 995 324,08
7	Upgrade of of Kneukil Pump Station	92 350 910,00	40 634 400,40	51 716 509,60
8	Refurbishment of Olifnatshoek Gravity Main (23.4km)	100 796 309,00	44 350 375,96	56 445 933,04
9	Development of SD1 and SD2	793 890 000,00	349 311 600,00	444 578 400,00
10	The Refurbishment of Delporthshoop WTW	635 600 000,00	279 664 000,00	355 936 000,00
Sub-Total		4 839 083 551,00	2 129 196 762,44	2 709 886 788,56
	Preliminary & General (30%)	1 451 725 065,30	638 759 028,73	812 966 036,57
	Contigencies (20%)	1 258 161 723,26	553 591 158,23	704 570 565,03
	Design and Supervision	558 833 588,00	245 886 778,72	312 946 809,28
Total Project cost (VAT excl)		8 107 803 927,56	3 567 433 728,13	4 540 370 199,43
Contributions already made towards Phase 2			99 000 000,00	266 071 760,77
Future Contributions			3 468 433 728,13	4 274 298 438,66
			97%	94%

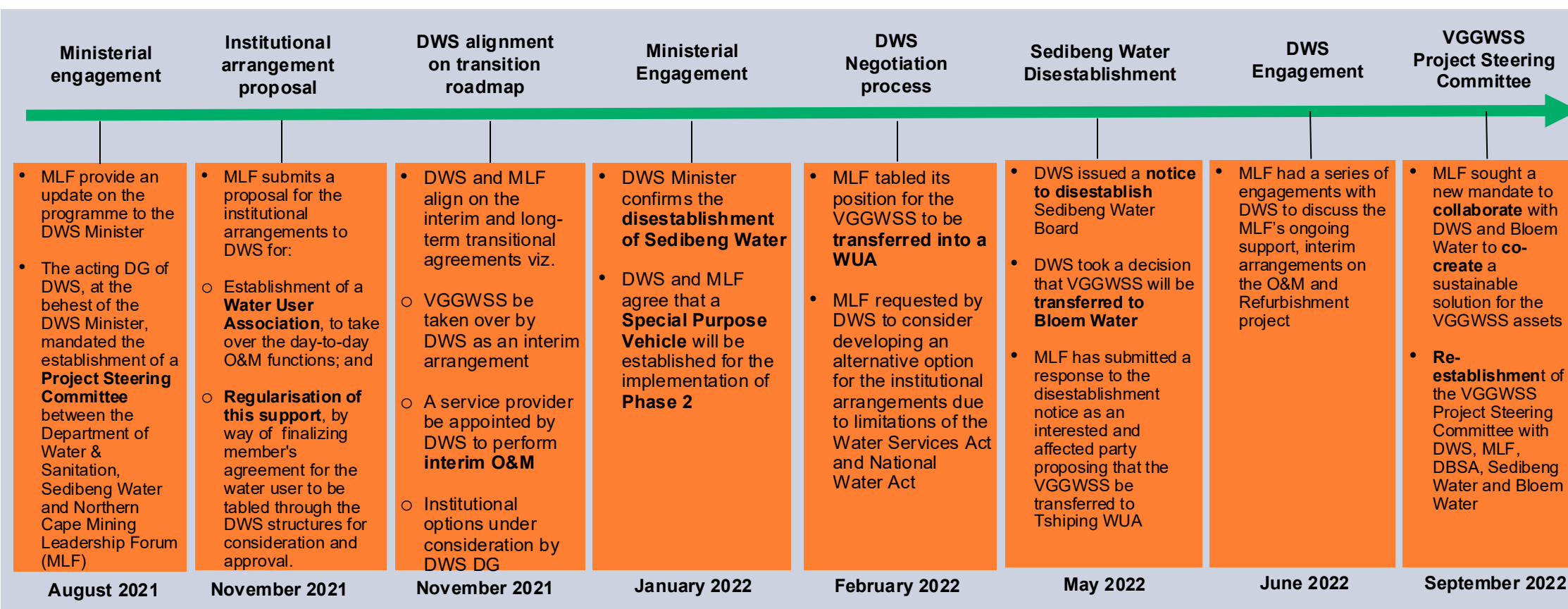
THE ASSET LAYOUT – OPERATIONS AND MAINTENANCE



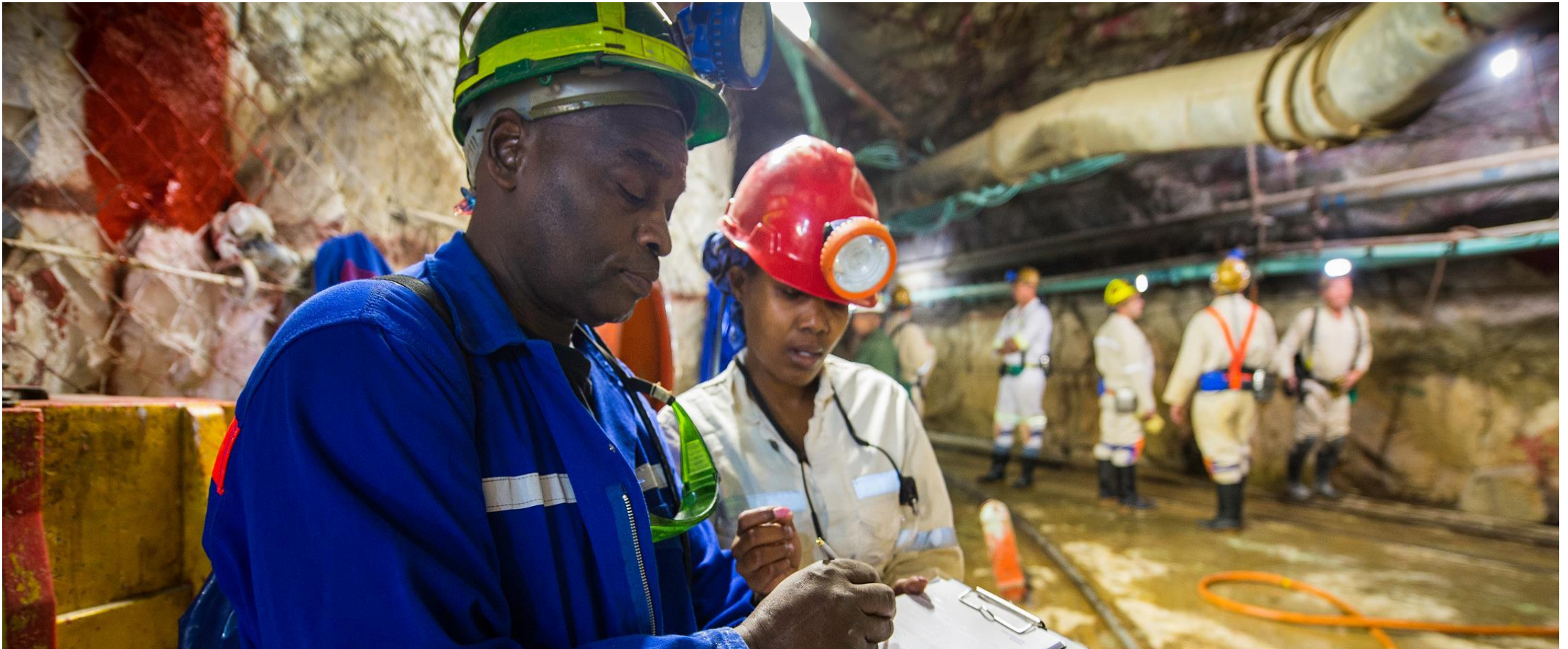
VGGWSS TIMELINE DEVELOPMENT

Collaboration journey between Government and NC MLF

NC MLF and DWS have to-date had a series of engagements to structure a suitable collaboration arrangement to ensure a sustainable, cost-effective supply of water from the VGGWSS



ASSET PERFORMANCE AND O&M SUPPORT



RISK PROPORTION

Annual Volume extraction – Authorised (68ML/day)

Unit	TOTAL	Mines	Municipality	Beeshoek	WUA	Government Departments	Private Business	Parastatal	Private Individuals
KL	25 575 639	15 076 935	4 191 461	3 000 000	1 800 000	1 053 000	319 700	42 840	91 703
% of Total		59%	16%	12%	7%	4%	1%	0,2%	0,4%

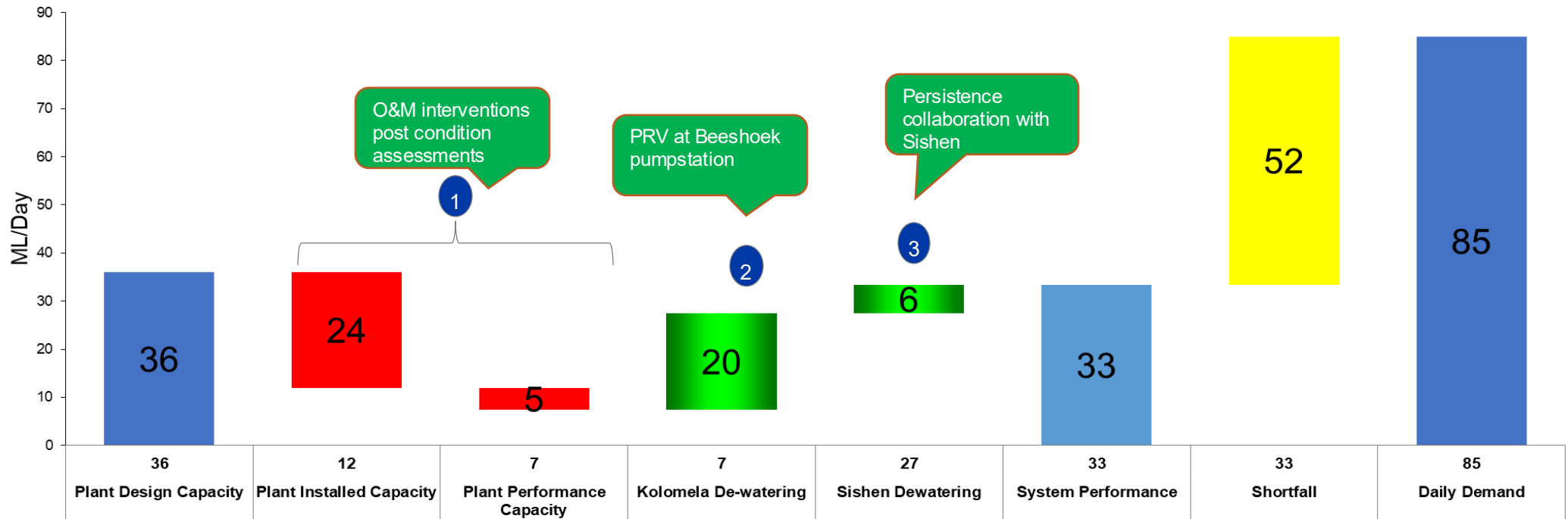
Annual Volume extraction – Actual (41ML/day)

Actual water consumption - 60% of Authorised						
TOTAL Actual	Mine	Municipality	Private Business	WUA	Government	Parastatal
15 450 720	7 315 428	2 721 372	2 350 428	1 462 440	371 028	20 664
	47%	37%	32%	20%	5%	0,3%

WHERE WE COME FROM – THE PAST

Water Supply – Before MLF interventions

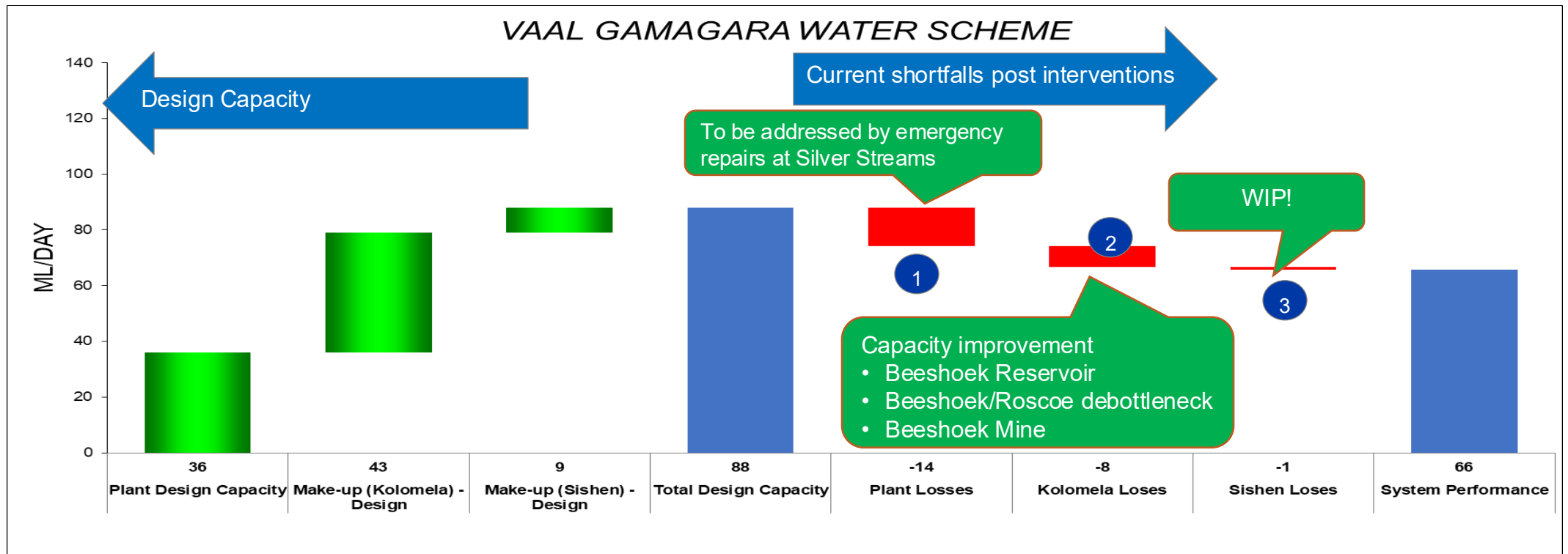
VGGWSS Water Balance - Before intervention



- 1 Only 1 pump installed out of 3 (29ML/day losses)
- 2 Kolomela pumping at 47% of their design capacity (23ML/day losses)
- 3 Sishen could only pump a maximum of 6ML/day

WHERE WE ARE - THE PRESENT

Water Supply – Design Capacity vs Current



- 1 Limitation due to problems at Silver Streams
- 2 Kolomela currently performing at 81% of its capacity – Beeshoek Reservoir
- 3 Sishen currently at 89% its capacity, plan to achieve 14.4ML/day in 2026

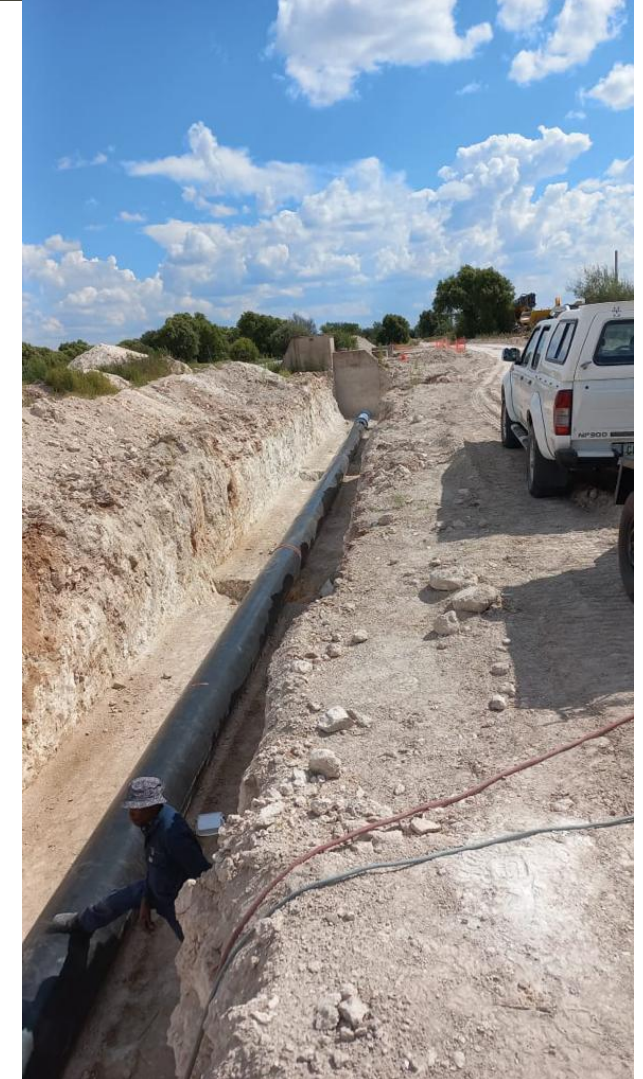
FINANCIAL POSITION



FINANCIAL POSITION – 3. EMERGENCY REPAIRS

Expenditure to date – Emergency Repairs (R50mil)

1. Fully funded by Assmang
2. As of the end of February 2023,
 - Purchase Orders issued **R 49 978 220**
 - Payments made were **R 24 901 752**
 - Outstanding commitments of **R 25 076 467**
3. Original provision was meant to address critical Maintenance interventions – following condition assessment
4. Funds ended up addressing routine maintenance issues and pipe failure at Silver Stream (part of phase 2)



FINANCIAL POSITION – MAINTENANCE BACKLOG

Correction Maintenance Intervention Expenditure forecast

1. O&M funding requirements for planned interventions

- R10mil until **June 2023**

- DWS requested MLF to fund the balance of R10m in 2023

- R20mil from **July 2023 to December 2023**

- DWS has committed to fund R20mil from July to December 2023

- R34mil in **2024**

- ???

FACTORS AT PLAY



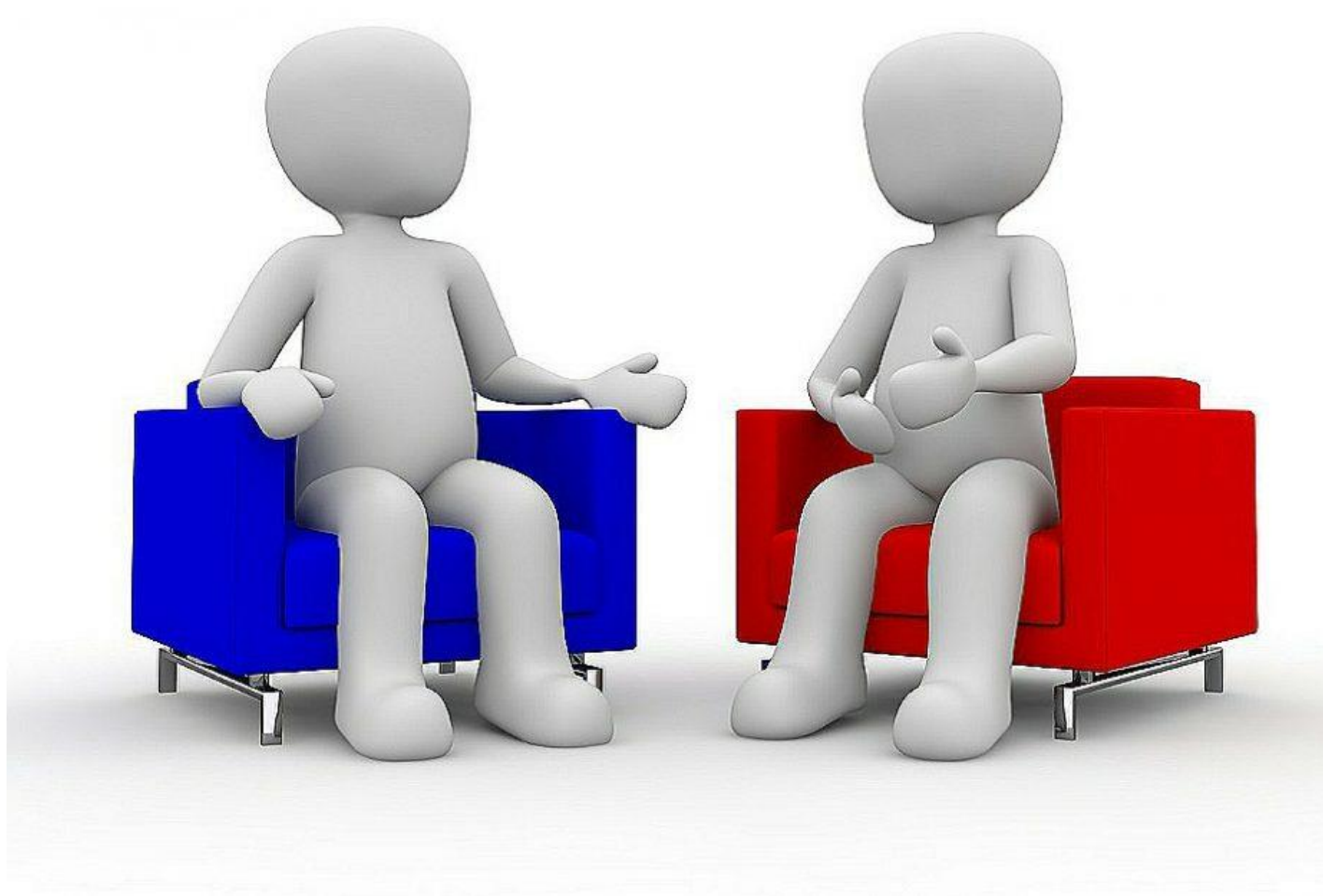
FACTORS AT PLAY

1. MLF Mandate

- **Collaborate with key stakeholders to find a suitable solution for sustainable transition of the asset that will ensure sustainable supply of water**
- PSC is established and functioning
 - Formation of technical and Financial sub-committees
- Pro Plan invoices paid
- DBSA will be the implementing agent
- Legal agreements 90% complete (to include DBSA as an implementing agent)
- Phase 2 restart is under consideration

2. Operations and Maintenance

CONTINUING THE CONVERSATION



ALIGNMENT WITH DWS

Arrangements for VGGWSS O&M and Refurbishment Project

While the disestablishment process of Sedibeng Water was underway, DWS requested MLF's continued support with interim O&M and refurbishment project arrangements

Operations and Maintenance

- **DWS requested MLF's continued O&M support during the Sedibeng Water disestablishment process**
- **Assmang through MLF** is funding the emergency repairs at Silver Stream (R24million) – work underway
- **Reimbursement** of MLF current O&M support be dealt with through the Capital Raising Fee (CRF) offset
- **Decision on the Future of O&M – MLF engaged DWS**
 - **Bloem Water has no capacity to meet O&M responsibilities**
 - **MLF will workshop possible options and presents to the NC MLF CEOs**

Refurbishment Project

- **Excellent collaborative spirit between all parties**
- **CRF contributions** of over R260 million paid to-date be transferred from Bloem Water to **DBSA ring-fenced SPV account**
- DBSA will be an implementing agent
- MLF's continued support for collaboration on **Phase 2** with a **56%: 44% (MLF:DWS) split (50/50 on the cards!)**
- Use the **Project Steering Committee** to oversee Phase 2 projects
- NC MLF have settled **outstanding Proplan payment** of R24 million from the current CRF fund as a contribution to Phase 2 restart
- PSC putting plans for Phase 2 restart
- Pro Plan issue resolved

#MakingMiningMatter

T +27 11 498 7100

E info@mineralscouncil.org.za

W www.mineralscouncil.org.za

19 Biermann Avenue, Rosebank, 2196, PO Box 61809, Marshalltown 2107

