



# TCTA Annual Report for 2014/15

Presentation to Parliamentary Portfolio Committee  
on Water and Sanitation

**Chief Executive Officer: Mr James Ndlovu**

**Date: 15 October 2015**

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# Purpose

Under directives from the Minister, develop infrastructure to meet social and economic demands in the country by:

- Managing the funding and debt on the infrastructure projects in a manner that achieves cost-effective funding, taking into account current and projected market conditions as well as managing risks objective;

- Constructing infrastructure on time, within budget, to the appropriate standard and in a sustainable socio/environmental manner;

- Ensuring that Acid mine drainage is treated to the correct standard before discharging to the environment;

- Raising finance for the construction of infrastructure in the most effective manner

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# Contribution to Government Outcomes



| Outcome | Government outcomes   | TCTA contribution  |
|---------|---|--|
| 4       | Decent employment through inclusive economic growth   | Providing cost-effective water infrastructure as an enabler of economic growth   |
| 5       | A skilled and capable workforce   | Through the projects and internal training, developing entrepreneurship in small businesses and up-skilling the workforce to enable South Africa to compete in world markets |
| 6       | Efficient, competitive and responsive economic infrastructure network                       | Providing a comprehensive financial and implementation package to ensure the most cost-effective solution  |
| 7       | Vibrant, equitable and sustainable rural communities with food security for all             | Supporting other water sector institutions to enable them to deliver on their mandate  |
| 8       | Sustainable human settlements and improved quality of household life                        | Providing affordable infrastructure  |
| 9       | A responsive, accountable, effective and efficient local government system                  | Supporting other water sector institutions to enable them to deliver on their mandate  |
| 10      | Environmental assets and natural resources that are well protected and continually enhanced | Contributing to the development of knowledge in the sector (desalination, water re-use)<br><br>Participating in the institutional reform and realignment process             |
| 12      | An efficient, effective and development-orientated public                                   | A comprehensive internal training programme to enable TCTA to deliver quality products in the most efficient manner.   |

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# Project Delivery

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# Progress of Infrastructure Projects

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and on project  
done at the project  
done in the  
done for*



| Project   | Targeted progress for 31 March 2015  | Actual progress for 31 March 2015   |
|---|--|---|
| Lesotho Highlands Water Project                               | An outstanding debt of R18 060 million                                       | An outstanding debt of R19 247 million  |
| Berg Water Project  | An outstanding debt of R925 million  | An outstanding debt of R1 040 million   |
| Vaal River Eastern Subsystem Project                          | An outstanding debt of R3 752 million  | An outstanding debt of R3 807 million   |
| Mooi-Mgeni Transfer Scheme – Phase 2                          | An outstanding debt of R1 431 million  | An outstanding debt of R1 401 million   |
| Augmentation of Water Transfer Scheme                         | 11,0 km of 14.5 km of pipeline laid<br>Annual Spend: R519mil                 | 13,3 km of 14.5 km of pipeline laid<br>Annual Spend: R322mil  |
| Refurbishment of Mooi-Mgeni Transfer Scheme – Phase 1         | 75% of the refurbishments completed<br><br>Annual Spend: R35mil              | Practical completion of the pump station was achieved in November 2014<br><br>Annual Spend: R28mil                              |
| Olifants River Water Resources Development Project – Phase 2C | Water Delivery for full Phase 2C: December 2014<br><br>Annual Spend: R519mil | Only 39,0 km of 40,0 km of pipeline laid thus water delivery for the full scheme could not be achieved<br>Annual Spend: R512mil |
| Komati Water Scheme Augmentation Project                      | An outstanding debt of R1 205 million  | An outstanding debt of R1 185 million   |

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# Progress

| Project  |  | Targeted progress for 31 March 2015  |   | Actual progress for 31 March 2015   |  |
|--|--|--|---|---|--|
| Mokolo and Crocodile River (West) Water Augmentation Project |  | An outstanding debt of R1 458 million  | An outstanding debt of R1 201 million             | An outstanding debt of R1 201 million   |  |
| Phase 1  |  | In commissioning phase for water delivery of full scheme in September 2014     | 43 km of 43 km of pipeline laid                   | Pump station in commissioning phase   |  |
| Phase 2  |  | Minister to approve capacity, implementation and social component: November 14 | Water Supply and Implementation Agreements signed | <p>FLC has recommended approval of borrowing limit to the Minister of Finance. The approval of capacity (and by implication the borrowing limit) is dependent on undertakings from Transnet, Eskom, DPE and DOE on the development of rail and energy capacity, which have not yet been given</p> |  |

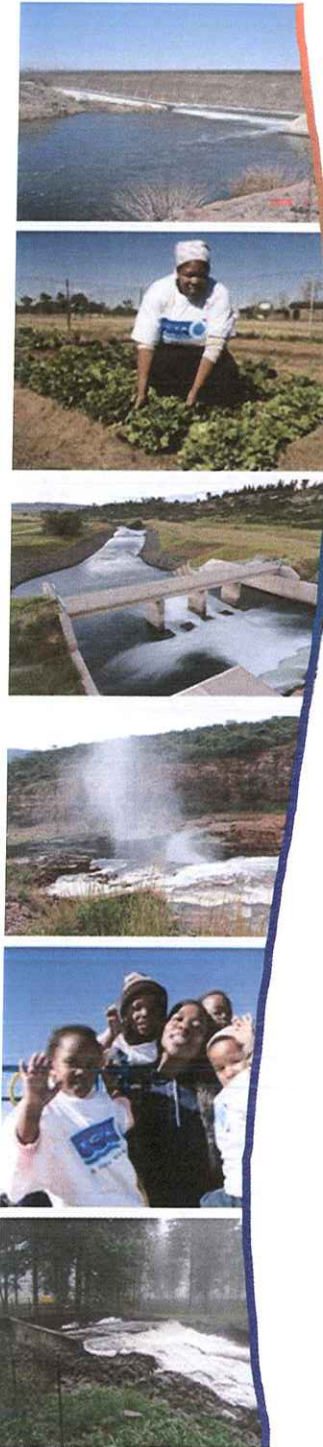


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# Progress



| Project            | Targeted progress for 31 March 2015                                  | Actual progress for 31 March 2015                                  |
|--------------------|--|--|
| Acid Mine Drainage |  |  |
| Western Basin      | Further upgrading of plant to improve effluent quality               | Effluent met discharge standards 98% of the time                   |
| Central Basin      | Award of tender April 2014<br>95% completed<br>Annual Spend: R97mil  | Award of tender May 2014<br>36% completed<br>Annual Spend: R122mil |
| Eastern Basin      | Award of tender April 2014<br>95% completed<br>Annual Spend: R635mil | Award of tender May 2014<br>36% completed<br>Annual Spend: R220mil |

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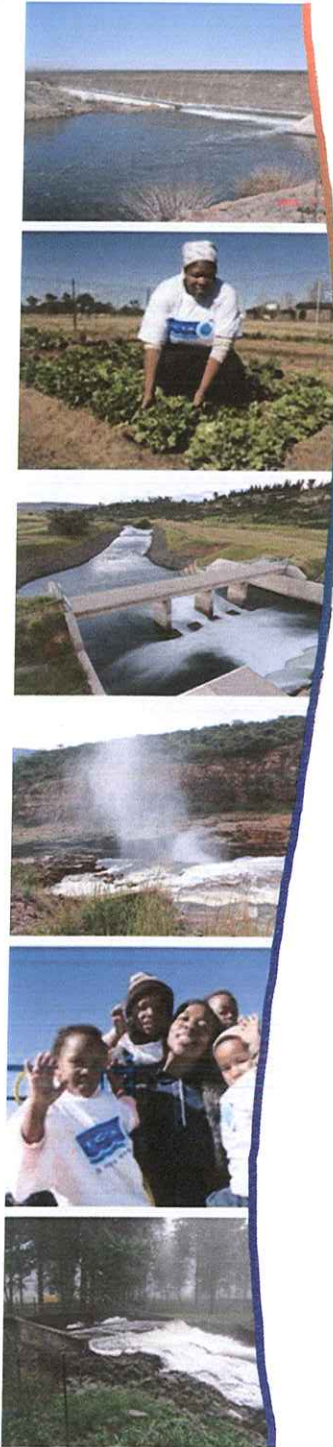
# Impact

- All bulk water projects have delivered when required to ensure the Department fulfills its strategic objective of "Ensure the availability/access to water supply for environmental and socio-economic use"
- The Acid Mine Drainage Project was delivered on time to ensure the Department fulfilled its objective of "Improve the protection of water resources and ensure their sustainability"
- Investment in infrastructure creates local business development opportunities
- Employment opportunities

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# Transformation

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- In the 2014/15 financial year the expenditure on transformation was as follows:

| 2015         | 2014         |                          |
|--------------|--------------|--------------------------|
| R217 million | R197 million | Enterprise Development   |
| R4 million   | R12 million  | Skills Development       |
| R619 million | R447 million | Preferential Procurement |

- Employment figures on Projects

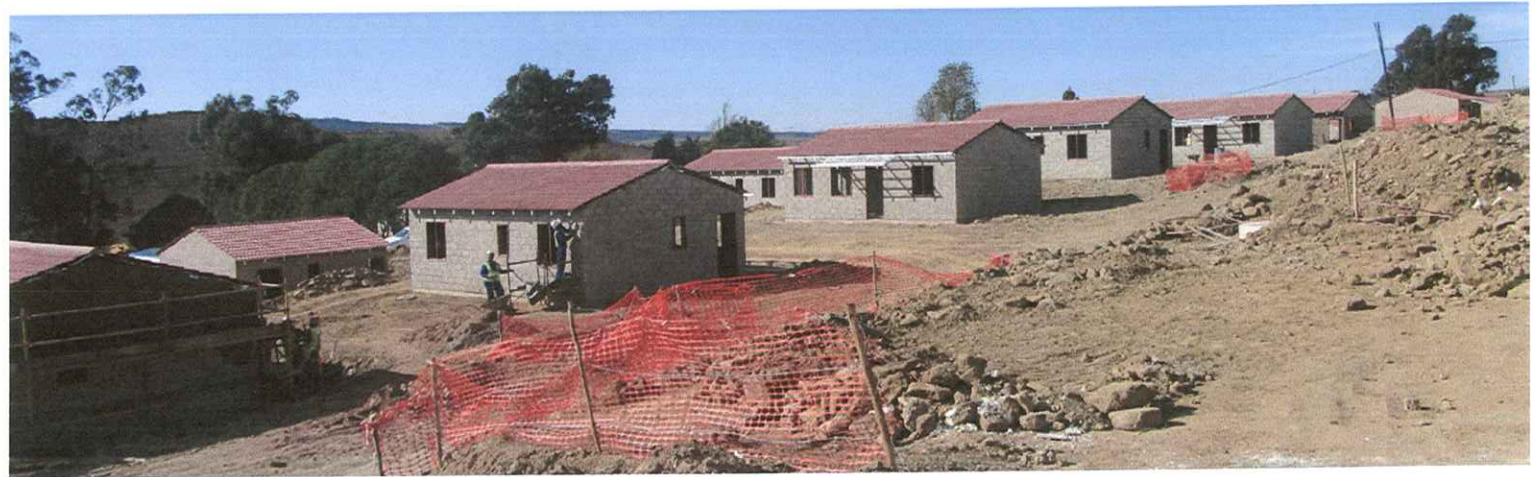
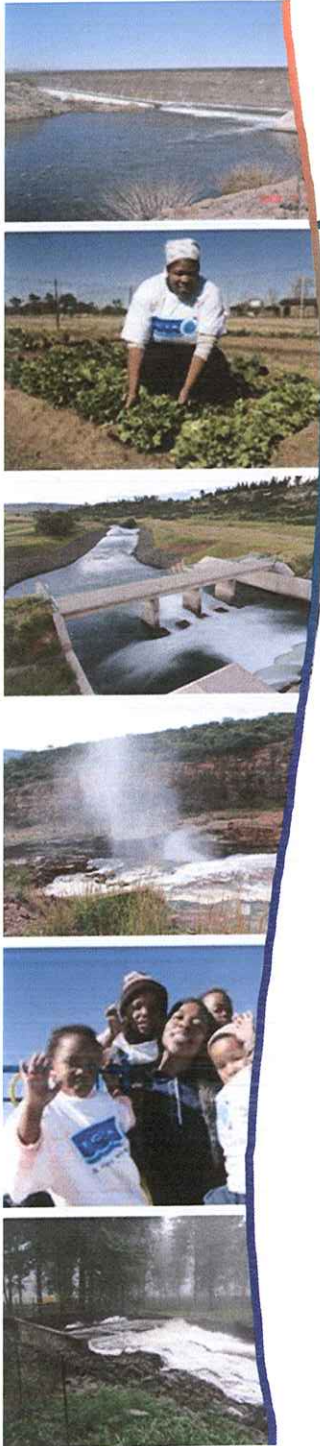
| Category     | March 2014   | March 2015   |
|--------------|--------------|--------------|
| Unskilled    | 1 016        | 841          |
| Semi-Skilled | 1 179        | 1 332        |
| Other        | 582          | 417          |
| <b>Total</b> | <b>2 777</b> | <b>2 590</b> |

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# Resettlement



Decent and affordable housing

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# Overall Employment Equity in TCTA

| Actual / Target            | Black African | Female | Disabled |
|----------------------------|---------------|--------|----------|
| Actual                     | 85.4%         | 50.0%  | 1.4%     |
| Target (30 September 2015) | 88.1%         | 45.4%  | 2.5%     |

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# Financial Summary

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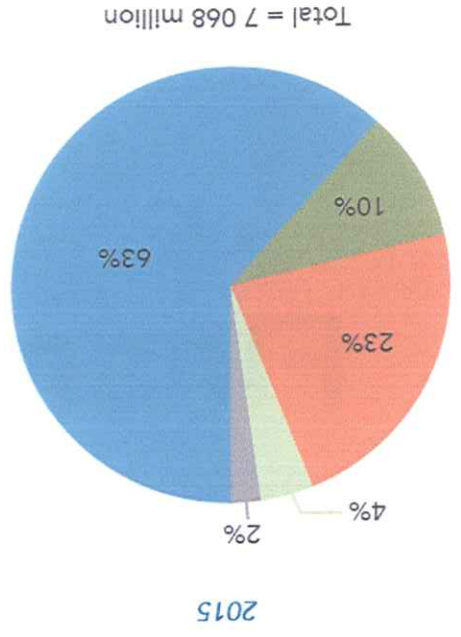
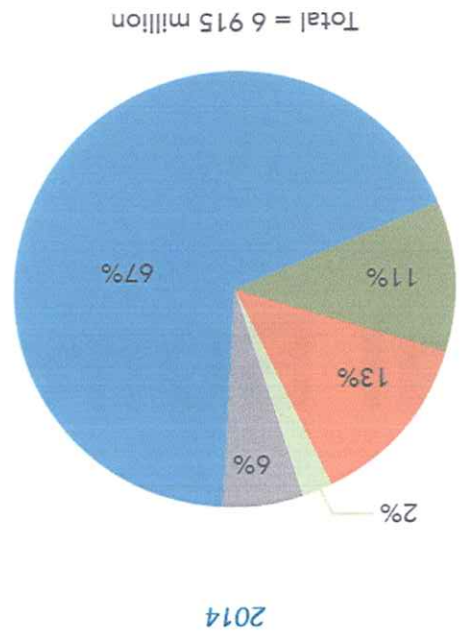




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- Tariff from DWS
- Transfers from DWS
- Drawdowns from loans
- Interest received
- Proceeds on the sale of financial assets

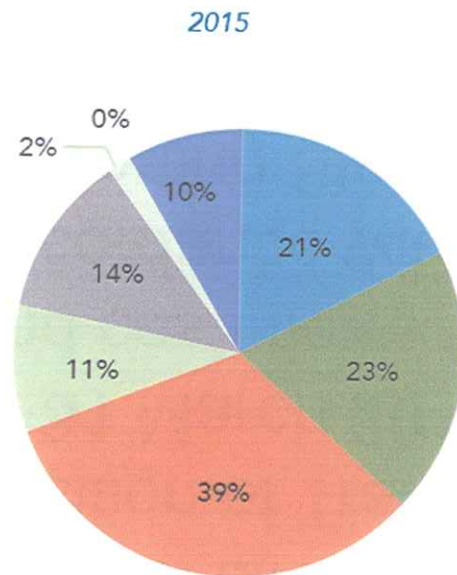
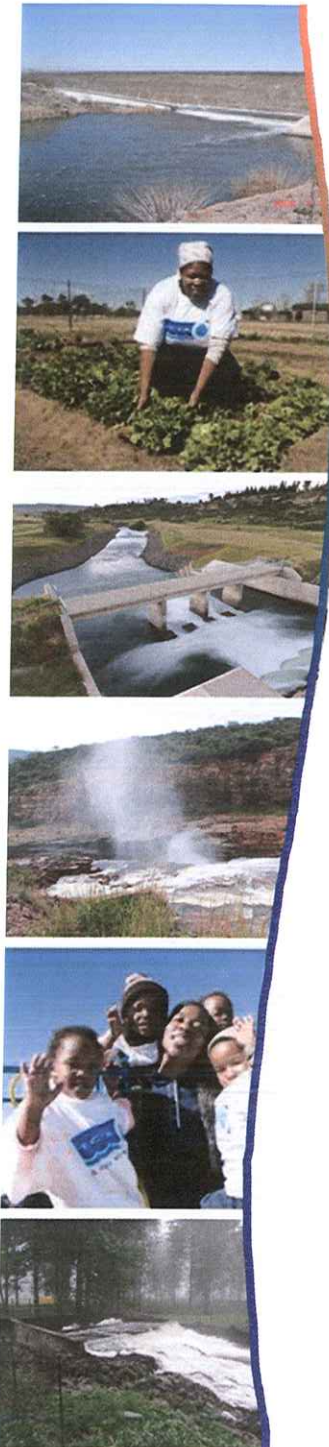


# Cash Inflows

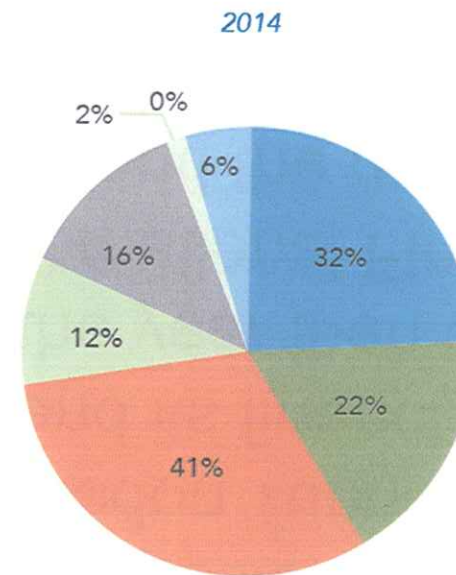
*from various projects*



# Utilisation of Cash Received



Total cash outflows = 7 068 million



Total cash outflows = 6 937 million

- Expenditure on construction of new infrastructure
- Capital repayments
- Interest paid
- Investments made
- Royalties on LHWP LHDA and LHWC costs
- Remuneration related
- Additions to property, plant and equipment
- TCTA operating costs

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# Audit Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trans-Caledon Tunnel Authority as at 31 March 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Finance Management Act of South Africa

*Fernat + Young Inc.*



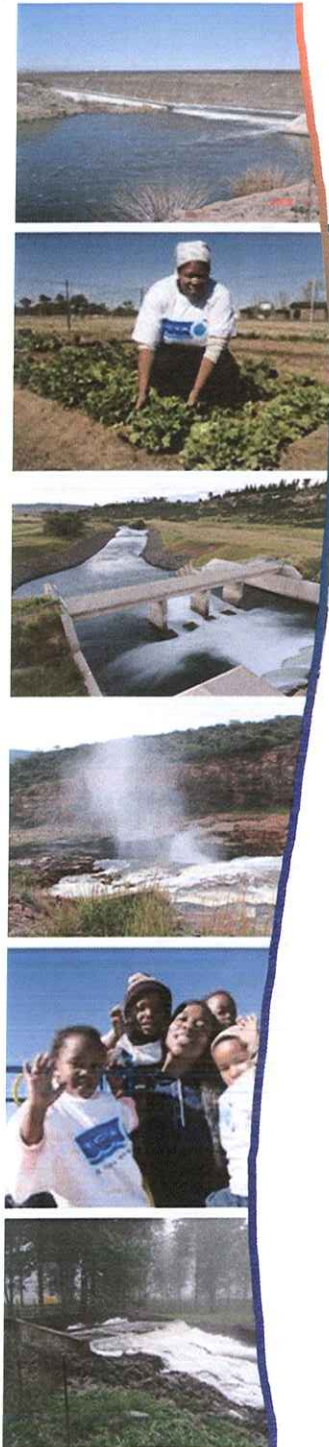
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# Impact

The External Auditors have confirmed that TCTA is a going concern.



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Questions ...

Thank you

