Annual Report 31 March 2006
&
Berg Water Project Exit Strategy

Portfolio Committee
19 March 2007
Who is TCTA?
- Established in 1986 to manage the funding and financial risk management of the Lesotho Highlands Water Project
- PFMA ~ Schedule 2 Public Entity
- Report via Minister of Water Affairs and Forestry to Cabinet and Parliament

What do we do?
- Design
- Construction
- Funding and debt management
- Income and risk management
- Natural environment and social impact management

MISSION STATEMENT
TCTA is a specialised liability management body for bulk water supply development in the most cost-effective manner to the benefit of the water consumer.
Mandated Responsibilities

Liability Managers for Bulk Raw Water Infrastructure Development 80%

Integrated Treasury Management and Financial Advisory Services 20%

TCTA

Implementation & Funding

LHWP
- Funding stage
- Funding and Risk Management
- Government Guaranteed
- Debt book R 20 billion
- Total Project size R 1.6 billion

BWP
- Implementation and Funding stage
- Implementation, Funding and Risk Management
- Recourse to income stream of BWP
- Total Project size R 2.4 billion

VAAL PIPE LINE
- Implementation and Funding stage
- Implementation, Funding and Risk Management
- Recourse to income stream of VRESAP

UMGENI WATER
- Governed by a service level agreement for high level strategic services.
- Tarifing and debt management services
- Debt under Management R 1.8 billion

OTHER WATER BOARDS

Olifants River

National Water Pricing Strategy

Spring Grove

NWI Agency

DWAF

Water Board

TCTA
Alignment with Government

- Delivery on government’s agenda
  - TCTA= infrastructure development
  - Free up tax payers money for social aims
- Alignment with ASGISA
  - With DWAF in infrastructure development
  - Springboard for economic development, water services delivery and job creation
  - Scarce skills deployment and development
- Development methodology alignment with government
  - Involvement of private sector
  - Institutional agreements to achieve appropriate risk allocation, transparency and co-operative governance
  - Tariffs set in a transparent, predictable and sustainable manner
  - Clear socio economic objectives (labour, procurement, training)
  - Link into existing programmes for advance infrastructure and mitigation programmes
Sustainability Principles

- Fundamental to **all aspects** of TCTA’s business
- Economic performance is ability to meet and deliver on the requirements of the projects within time & budget
- Full commitment to complying with national environmental legislation, while producing quality standards
- A socio-economic strategy, tailored to the needs of the community – contained in the EMP of each project
- Attraction and retention of high calibre staff, capable of sustaining high performance levels.
Annual Report 31 March 2006

- Report submitted to Parliament in August 2006
- Presentation to Portfolio Committee on 18 October 2006
- Formally tabled and considered in Parliament on 16 November 2006

- See back section of handout document for detailed information covering this report.
Key statistics update: January 2007

- Berg Water Project: on time and in budget

- Vaal Pipeline: delay in water delivery due to unforeseen geotechnical conditions (7 months); within budget

- 97 % Procurement spend: R 1 022 million (BBBEE)

- Procurement through contractors: R 380 million

- Jobs created through projects: 2 900 per month

- Representivity: 60% Black   60% Female
Berg Water Project: Exit Strategy

- Appreciative Inquiry
- Health and well-being
- Promote Franschhoek First Policy
- Training
- Learnerships
- Employment Information Desk
- Facilitating work opportunities for local workers
- Handover of construction housing
- Sustainable Utilization Plan
- Knowledge Management

PMG note: graphics not included, please email info@pmg.org.za
To move away from focusing on problems and what’s wrong to focusing on appreciating and valuing the best in people and the community in which they live to create a positive future.

Communities imagine, design, and enact a visionary future through reflection on the best of their past experience.

CONFRONTATION AND DEMANDS

Partnership, networking, association and relationship-building

POSITIVE CHANGE

Appreciating and valuing the best of “what is”

Envisioning “what might be”

Dialoguing and consensus building of “what should be”

Find innovate ways of “what can be” the future

PMG note: graphics not included, please email info@pmg.org.za
BASIC ASSUMPTIONS OF APPRECIATIVE INQUIRY

1. In every community organization, or group, there is something positive that is working and can be built upon.

2. The collective creation of a desired future is most powerful when it is based on the best of what already exists.

3. Looking for what works well and doing more of it is more motivating and effective than looking for what does not work and doing less of it.

4. Communities are capable of becoming more than they are, and they can learn how to guide their own future.

5. The act of asking questions influences or changes the community in some way.

6. The language we use to describe reality helps to create that reality.

7. People have more confidence and comfort to journey into the future (the unknown) when they carry forward parts of the past (the known). In other words, continuity is as important as change.
Health and Well-Being Initiative

Initiatives to increase community health awareness; promote social change and social awareness of the impact of health and diseases with the result of empowering local communities to make informed lifestyle decisions that are supportive of a holistic health approach

Notes:
- The poor health status (i.e. high blood pressure) of local people has been a significant limiting factor in accessing jobs
- Due to the stress of poverty and unemployment
- 438 non-local (Franschhoek) skilled workers and professionals (82% of this persons are migrant workers)
- Social monitoring has revealed that social relationships between imported skilled labour and local residents could result in social health impacts
- To embed HIV and AIDS within a broader and integrated focus on a lifestyle that supports health and well-being
Encourage local businesses, municipalities and public agencies to build on the initiative created by the Berg Water Project to maximise local employment, training and procurement.
Training

• Provide community leadership training
• Awareness and information sessions on workers rights
• Business training for local SMME’s

PMG note: graphics not included, please email info@pmg.org.za
Learnerships

• Provided training for unemployed local people in 2004 in housing construction skills
• 86 people successfully completed the skills training
• All of the graduates received employment afterwards, most on the dam
• After more than 2 years of work experience, we want to provide these workers with opportunities to enter into specialised trades

PMG note: graphics not included, please email info@pmg.org.za
Employment Information Desk (EID)

- Trained staff and comprehensive database on skills in the local valley
- EID resources can be used by the municipality or other developers to promote local development

PMG note: graphics not included, please email info@pmg.org.za
Facilitating further Employment

• One of the significant social impacts of construction projects is the creation of unsustainable jobs.
• Objective is to facilitate further employment of local workers in the industry in the Western Cape and elsewhere.

PMG note: graphics not included, please email info@pmg.org.za
Transfer of Construction Housing

• Agreements up front with community and local government (proceeds to benefit of community in further development)

• The transfer of the construction village to the Stellenbosch Municipality is one of the significant benefits of the Berg Water Project for the local community

PMG note: graphics not included, please email info@pmg.org.za
Sustainable Utilization Plan

SUP Area
- Full Supply Area (FSL)
- Original SUP Area
- CLCC land added
- Below the Dam Wall (eastern river bank) 245.45ha
- The Eastern Edge 49.97ha
- Robertslei 216.39ha
- The Southern Edge 101.55ha
- Wolvekloof 181.28ha
- The Western Edge 156.11ha
- Below the Dam Wall (western river bank) 497.48ha
- Below the Dam Wall (Wemmershoek) 51.49ha
Support and provide guidance on:
• Optimal land use of state land surrounding the dam
• Recreational and sporting use of the dam water body
• Opportunities for economic activities on the state land
• Institutional arrangements for land management

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EXIT STRATEGY: Knowledge Management

• Develop a systematic process of creating, gathering, organizing and managing lessons learnt
• Proactively share knowledge
• Develop guidance to improve industry practice

Two key areas where TCTA has gained important experience and wants to make a significant knowledge contribution are:

1. Training

   Training:
   Recognising that training and capacity building is a social process where relationships are key to learning, e.g. training is a progressive process. Theory training, experiential learning, competency testing and recognition of prior learning are key elements for training.

2. Governance

   Governance:
   Capacity building is vital if local communities and interested and affected parties are to play a constructive role in project monitoring.

PMG note: graphics not included, please email info@pmg.org.za
Thank you

Malixole Gantsho (Chairperson)
Martie van Rensburg (Chief Executive Officer)
Evelyn Motsatsing (Head: Business Support)
Nigel Rossouw (Environmental Manager)

Questions ....
e-mail: mvrensburg@tcta.co.za
Telephone: (012) 683 1200
Website: http://www.tcta.co.za
Water tariffs and solvency

Not in handout
Tariff Principles

- Tariff categories:
  - Capital Unit Charges (to repay debt)
  - Water Use Charges (statutory charges)
  - Operations and Maintenance Charges

- Full cost recovery from water sold to end-users

- Based on water sold out of system and not on water delivered into a system (supports demand management initiatives)

- Constant tariff in real terms which increases with:
  - CPIX annually
  - Triggers as per the Income Agreements

- Repayment of debt within reasonable period (eg 20 years)
  - Should not be longer than the economic useful life of the asset
  - Debt profile and acceptable growth and level of debt
  - Timing and cost of future augmentations schemes
  - Affordable structure to the end-user
TARIFF COMPOSITION FOR DOMESTIC USAGE
2006/07 Financial Year

<table>
<thead>
<tr>
<th>Raands per cubic meter</th>
<th>TCTA</th>
<th>DWAF</th>
<th>WATERBOARD</th>
<th>MUNICIPALITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 to 6 kl</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;6 to 10 kl</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;10 to 15 kl</td>
<td></td>
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</tr>
<tr>
<td>&gt;15 to 20 kl</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>&gt;20 to 40 kl</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>&gt;40 kl</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Free Water: Net Zero Cost
TCTA – A Going Concern

- Review LHWP’s, BWP’s and VRESAP’s long-term solvency in terms of ability to service and repay debt, after operational expenditure.

Tariff methodology
Income agreements
Explicit and implied guarantees

Going Concern [long-term solvency]
Tariff Methodology

Approaches to tariffing:

1. No capitalisation of interest approach
2. Constant real tariff approach
3. Smoothed, constant real tariff approach
Tariff Methodology

1. No capitalisation of interest approach

LHWP Cumulative Forecast Net Liability Curve Based on Constant Real Tariff Approach

- Peak of debt at higher level - capitalisation of interest
- Repayment of debt 2021
- Useful Economic life of Asset
- Surplus Cash
Constant real tariff approach

LHWP Cumulative Forecast Net Liability Curve Based on Constant Real Tariff Approach

- Peak of debt at higher level - capitalisation of interest
- Repayment of debt 2025
- Useful Economic life of asset
- Surplus Cash

Based on Constant Real Tariff Approach
Tariff Methodology

3 Smoothed, constant real tariff approach

Pricing future augmentation into the constant real tariff – illustrated through change in yield of the Vaal River System.

Cash outflow to bring new augmentation on line by 2028, starts in 2022.
Tariff Methodology

Smoothed, constant real tariff approach

- Pricing future augmentation into the constant real tariff allows the timing of future augmentation to significantly offset the affects of changing demand and yield
- The result is increased certainty to revenue stream and hence increased certainty around solvency
Income Agreements

- Automatic and negotiated adjustments
  - CPIX annually
    - Floor: 4.5%
    - Cap: 7.5%
  - Negotiated adjustment

- Other tariff review triggers in the Income Agreement
  - Changes in water demand
  - Changes in timing and cost of future augmentation schemes (dependant on system yield)
  - Changes to operations and maintenance costs
  - Change in input assumptions that increase/decrease final repayment date
  - Changes in the final implementation costs at construction completion date
Explicit and Implied Guarantee’s

- LHWP explicit government guarantee
- BWP implied government guarantee
- VRESAP implied government guarantee

Long-term commitments from government
Support long-term solvency
Conclusion

- Summary of findings:
  - The useful economic life of the projects far exceeds the debt repayment period
  - The free cash generated over the useful economic life far exceeds the peak project debt
  - The principal of incorporating future augmentation costs into the tariff calculation reduces cash flow volatility and increases certainty with regards to future solvency
  - The income agreements ensure that TCTA “walks the debt curve” based on income agreement triggers
  - Long-term government support, supports long-term solvency

Overall conclusion:
TCTA is highly solvent over the long-term with no risk of being unable to service and repay debt

*TCTA is a going concern*
Highlights 2006

- Governance
  - New board from 1 July 2006

- Vaal Pipeline (VRESAP)
  - Institutional and financing agreements signed
  - EIA obtained and construction contracts awarded

- LHWP, BWP
  - Continued delivery on track within mandate and budget

- Advisory
  - Assistance to DWAF re Olifants (ORWDP II); Spring Grove
  - Water Boards and National Water pricing strategy
Operational performance

- **IFRS reporting**
  - Converted in 2005

- **LHWP cost allocation**
  - R 454 million owing by Government of Lesotho
  - Financial statements reflects R 142 million as bi national processes needs to commence

- **Transformation**
  - BE and BEE procurement R 731 million (96% of spend)
  - Diversity profile 67% Black; 60% female
  - Organisational design reviewed to accommodate growth (59-90)
  - Training and development to create empowering culture (5% of payroll)
# Consolidated Income Statement for the year ended 31 March 2006

<table>
<thead>
<tr>
<th></th>
<th>2006 R’Million</th>
<th>Restated 2005 R’Million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1 776</td>
<td>1 655</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>226</td>
<td>229</td>
</tr>
<tr>
<td><strong>Royalties paid</strong></td>
<td>(251)</td>
<td>(228)</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>(175)</td>
<td>(88)</td>
</tr>
<tr>
<td><strong>Operating surplus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finance cost</strong></td>
<td>(2 164)</td>
<td>(2 206)</td>
</tr>
<tr>
<td><strong>Net deficit for the year</strong></td>
<td>(588)</td>
<td>(638)</td>
</tr>
</tbody>
</table>
# Balance Sheet as at 31 March 2006

<table>
<thead>
<tr>
<th></th>
<th>LHWP 2006 R’million</th>
<th>BWP 2006 R’million</th>
<th>VRESAP 2006 R’million</th>
<th>TOTAL 2006 R’million</th>
<th>Restated TOTAL 2005 R’million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td>15 401</td>
<td>491</td>
<td>144</td>
<td>16 036</td>
<td>15 732</td>
</tr>
<tr>
<td>Current assets</td>
<td>479</td>
<td>24</td>
<td>207</td>
<td>710</td>
<td>2 878</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>15 880</strong></td>
<td><strong>515</strong></td>
<td><strong>351</strong></td>
<td><strong>16 746</strong></td>
<td><strong>18 610</strong></td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves and deficit</td>
<td>(3 328)</td>
<td>(22)</td>
<td>(7)</td>
<td>(3 357)</td>
<td>(2 810)</td>
</tr>
<tr>
<td>Non current liabilities</td>
<td>16 864</td>
<td>330</td>
<td>-</td>
<td>17 194</td>
<td>14 475</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2 344</td>
<td>207</td>
<td>358</td>
<td>2 909</td>
<td>6 945</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>15 880</strong></td>
<td><strong>515</strong></td>
<td><strong>351</strong></td>
<td><strong>16 746</strong></td>
<td><strong>18 610</strong></td>
</tr>
</tbody>
</table>
LHWP: Total Sources of Funding

As at 31 March’06
R 18.4 billion

Total funding for year
R 3.7 billion

Capital Market Bonds 83 %
Other funding 17 %
Fixed 67 %
Floating 33 %
Foreign 3 %
Local 93 %
Avg funding rate 7.41 %
Benchmark rate 7.53 %
BWP Sources of Funding – R466 million

Total facilities R 2 050 million:
- ABSA: R300m
- CPP: R450m
- EIB: R800m
- DBSA: R500m

Funding for year
- R 219 million
VRESAP Sources of Funding – R269 million

Total funding for year
R 269 million

Total facilities: R 3 600 million
ABSA R1 000m
CPP R 300m
EIB R 500m
Investec R 300m
Nedbank R 150m
Standard Bank R1 350m
### 5 Year Funding Requirements per Project

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>LHWP (R’million)</th>
<th>BWP (R’million)</th>
<th>VRESAP (R’million)</th>
<th>TOTAL (R’million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>1 150</td>
<td>465</td>
<td>1 846</td>
<td>3 461</td>
</tr>
<tr>
<td>2007/08</td>
<td>1 275</td>
<td>214</td>
<td>972</td>
<td>2 461</td>
</tr>
<tr>
<td>2008/09</td>
<td>2 148</td>
<td>264</td>
<td>408</td>
<td>2 820</td>
</tr>
<tr>
<td>2009/10</td>
<td>2 002</td>
<td>(27)</td>
<td>-</td>
<td>1 975</td>
</tr>
<tr>
<td>2010/11</td>
<td>1 829</td>
<td>-</td>
<td>-</td>
<td>1 829</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>12 546</strong></td>
</tr>
</tbody>
</table>
Berg Water Project Status
Western Cape water system

Voëlvlei Dam
Theewaterskloof Dam
Kogelberg Dam
Berg River Dam 18%

Other Sources (e.g. Misverstand Weir)

Water Delivered 78%

DWAF

Water Delivered 22%

Saleable Water

City of Cape Town

TCTA Water Income

Other Users

Other Sources (e.g. Misverstand Weir)
## Project Status: 31 March 2006

<table>
<thead>
<tr>
<th>Project Component</th>
<th>% Complete</th>
<th>Start Date</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>River monitoring</td>
<td>Ongoing</td>
<td>September 2002</td>
<td>January 2005</td>
</tr>
<tr>
<td>Access Roads</td>
<td>100 %</td>
<td>February 2004</td>
<td></td>
</tr>
<tr>
<td>Construction Village</td>
<td>85 %</td>
<td>January 2005</td>
<td>May 2006</td>
</tr>
<tr>
<td>Dam Contract</td>
<td>50 %</td>
<td>June 2004</td>
<td>December 2007</td>
</tr>
<tr>
<td>Dam Impoundment</td>
<td></td>
<td>June 2007</td>
<td></td>
</tr>
<tr>
<td>Supplement Scheme</td>
<td>15 %</td>
<td>July 2005</td>
<td>December 2007</td>
</tr>
<tr>
<td>Commencement of water supply</td>
<td></td>
<td>Summer 2007</td>
<td></td>
</tr>
</tbody>
</table>
La Motte Village

POWER/DONICO JV: 40 HOUSES
BIP 632 cc (FRANSCHHOEK): 20 HOUSES
BIP 611cc (DWARS RIVER): 20 HOUSES
Vaal Pipeline Project Status
The Vaal River Eastern Sub-System

VRESS
- Komati Subsystem
- Usutu Subsystem
- Heyshope Subsystem
- Zaaihoek Subsystem
- Grootdraai Subsystem
- Witbank Subsystem
- Middelburg Subsystem
- Vaal Pipe Line 160 mil m³/a 35%

Users
- Eskom 338 mil m³/a
- Sasol 123 mil m³/a

TCTA Revenue based on sales out of VRESS to Eskom & Sasol

DWAF 461 mil m³/a
<table>
<thead>
<tr>
<th>Project Component</th>
<th>% Complete</th>
<th>Start Date</th>
<th>Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pipeline contract</strong></td>
<td></td>
<td>2%</td>
<td>October 2007</td>
</tr>
<tr>
<td>Contractor: MPC JV</td>
<td></td>
<td>November 2005</td>
<td>October 2007</td>
</tr>
<tr>
<td>Contract amount: R1.39 billion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manufacturing and delivery</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Pipeline construction</td>
<td>1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Civil works &amp; MEIPcontract</strong></td>
<td></td>
<td>0%</td>
<td>October 2007</td>
</tr>
<tr>
<td>Contractor: COVEC-MC JV</td>
<td></td>
<td>January 2006</td>
<td>October 2007</td>
</tr>
<tr>
<td>Contract amount: R417.9 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Abstraction works</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Desilting works</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• High-lift pump station</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Access road</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Vaal Pipeline

Pipe coating at the pipe manufacturing plant

Pipe laying
Independent Pipe Inspection

- Service provider: Pipetech
- Contract period: 17 months
- Contract value: R10.8 million
**Project Timeline**

<table>
<thead>
<tr>
<th>Item</th>
<th>Contract</th>
<th>Status</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-qualification of contractors</td>
<td>VO20</td>
<td>✓</td>
<td>May 05</td>
</tr>
<tr>
<td></td>
<td>VO21</td>
<td>✓</td>
<td>June 05</td>
</tr>
<tr>
<td>Appointment of contractors</td>
<td>VO20</td>
<td>✓</td>
<td>Oct 05</td>
</tr>
<tr>
<td></td>
<td>VO21</td>
<td>✓</td>
<td>Nov 05</td>
</tr>
<tr>
<td>Commence with construction</td>
<td>VO20</td>
<td>✓</td>
<td>Nov 05</td>
</tr>
<tr>
<td></td>
<td>VO21</td>
<td>✓</td>
<td>Dec 05</td>
</tr>
<tr>
<td>Commence commissioning</td>
<td></td>
<td></td>
<td>May 08</td>
</tr>
<tr>
<td>Delivery of water</td>
<td></td>
<td></td>
<td>May 08</td>
</tr>
<tr>
<td><strong>Environmental:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental Impact Assessment</td>
<td></td>
<td>✓</td>
<td>Jul 05</td>
</tr>
<tr>
<td>Report to DEAT</td>
<td></td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Record of Decision issued by DEAT</td>
<td></td>
<td>✓</td>
<td>Oct 05</td>
</tr>
</tbody>
</table>

*VO20: Pipe-line installation and supply*

*VO21: Civil structures and mechanical, electrical, instrumentation piping works*
## Project Timeline (cont.)

<table>
<thead>
<tr>
<th>Item</th>
<th>Status</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Credit rating agency appointed</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>- Credit rating announcement</td>
<td></td>
<td>Oct 05</td>
</tr>
<tr>
<td>- Bridging finance</td>
<td>✓</td>
<td>Aug – Oct 05</td>
</tr>
<tr>
<td><strong>Long-term project funding</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>* Discussions with potential funders</td>
<td>✓</td>
<td>Sep – Oct 05</td>
</tr>
<tr>
<td>* Funding evaluation</td>
<td>✓</td>
<td>Oct – Nov 05</td>
</tr>
<tr>
<td>* Funding finalised / Signing of agreements</td>
<td>✓</td>
<td>Nov – Dec 05</td>
</tr>
<tr>
<td>- Commercial Paper Programme</td>
<td>✓</td>
<td>Sep – Oct 05</td>
</tr>
<tr>
<td><strong>Revenue:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- First receipt of revenue</td>
<td></td>
<td>Oct 07</td>
</tr>
</tbody>
</table>
Sustainability Report

ECONOMIC
- Project cost
- Outstanding debt
- Operating results (LHWP)
- Debt servicing
- Water tariff
- Project funding
- Funding sources
- Funding performances

NATURAL ENVIRONMENT
- Environmental Management Plan
- Environmental Control Officer
- Environmental Monitoring Committee

SOCIAL RESPONSIBILITY
- Capacity Building
- Job creation
- Procurement
- Community development

HUMAN CAPITAL
- Workplace
- Training and development
- Culture and behavioral

INTERNAL

EXTERNAL
Sustainability Principles

- Fundamental to **all aspects** of TCTA’s business
- Economic performance is ability to meet and deliver on the requirements of the projects within time & budget
- Full commitment to complying with national environmental legislation, while producing quality standards
- A socio-economic strategy, tailored to the needs of the community – contained in the EMP of each project
- Attraction and retention of high calibre staff, capable of sustaining high performance levels.
### Social Empowerment

<table>
<thead>
<tr>
<th>Job creation</th>
<th>BWP</th>
<th>VRESAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total person years (full equivalent)</td>
<td>1,480</td>
<td></td>
</tr>
<tr>
<td>Local person years</td>
<td>828</td>
<td></td>
</tr>
<tr>
<td>HDI</td>
<td>90%</td>
<td></td>
</tr>
<tr>
<td>Numbers of local jobs on 31/03/06</td>
<td></td>
<td>289</td>
</tr>
<tr>
<td>• Contractors</td>
<td>811</td>
<td></td>
</tr>
<tr>
<td>• Working for water</td>
<td>636</td>
<td></td>
</tr>
<tr>
<td>Total jobs 31/03/06</td>
<td></td>
<td>611</td>
</tr>
</tbody>
</table>
## Social Empowerment (2)

<table>
<thead>
<tr>
<th>Training</th>
<th>BWP</th>
<th>VRESAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contractors:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total person days</td>
<td>11 102</td>
<td></td>
</tr>
<tr>
<td>Local person days</td>
<td>9 908</td>
<td>Women in construction training (6 on mini MBS)</td>
</tr>
<tr>
<td>Number of local people</td>
<td>5 890</td>
<td>469</td>
</tr>
<tr>
<td></td>
<td>(incl. 2 500 site safety related training)</td>
<td></td>
</tr>
<tr>
<td><strong>TCTA:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advance training in basic construction skills</td>
<td>87 graduates</td>
<td></td>
</tr>
</tbody>
</table>
### Social Empowerment (3)

<table>
<thead>
<tr>
<th>BE and BEE procurement</th>
<th>BWP</th>
<th>VRESAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contractor spend:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ BE and BEE</td>
<td>R109 million</td>
<td>R66 million</td>
</tr>
<tr>
<td>▪ Local enterprises</td>
<td>R13 million</td>
<td>R26 million</td>
</tr>
<tr>
<td>▪ SMME</td>
<td>R93 million</td>
<td>R89 million</td>
</tr>
<tr>
<td>All targets set by TCTA exceeded</td>
<td></td>
<td>All targets set by TCTA exceeded</td>
</tr>
<tr>
<td><strong>TCTA spend:</strong></td>
<td>R262 (91%) million</td>
<td>R455 million (99%)</td>
</tr>
</tbody>
</table>
Procurement at organisational level

TCTA’s direct procurement spend for the year was R782 million, of which R731 million is BEE spend.

- **Black companies**
  7% (R52 million)

- **Black empowered companies**
  87% (R679 million)

- **Black influenced companies**
  1% (R6 million)
**Human Capital**

- **Workplace Environment**
  - Organisational Development and transformation
  - Human Resources alignment study
  - Employment Equity
  - Employee Wellness Programme

- **Training & Development - R1 million (260 days)**
  - Learning and Development programmes
  - Performance Management
  - Team Effectiveness Programmes
  - Employee Retention Strategies

- **Culture & Behaviour**
  - TCTA’s formula for Success
  - Employer of Choice
  - DNA
TCTA diversity profile

Employment profile including co-sourcing, secondments and contractors as at March 2006 (90 staff)

By occupational category

- Legislators, senior officials and managers: 17%
- Professionals: 33%
- Technicians and associate professionals: 31%
- Clerical and administrative: 19%

By race and gender

- Black female: 29%
- Black male: 29%
- White female: 25%
- White male: 17%
Roadmap to Establish Agency

2005

- TCTA support and review
- Branch establishment

2006

- Business Case
- Cabinet decision
- Branch detailed design
- Branch alignment of systems & governance
- Branch fully functional and improve systems
- Branch as a self-sufficient business unit

2007

- Agency implementation planning
- Agency establishment

2008

- TCTA staff integration
- TCTA project integration
- Agency accreditation
- Establish institutional regulatory capacity
- Agency legislation