

## [ Media Statement ]



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**TO:** All Media  
**EMBARGO:** For immediate release  
**DATE:** 29 November 2023

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### **TCTA Maintains Strong Finances, Bolsters Water Security**

Today, 29 November 2023, the Trans-Caledon Tunnel Authority (TCTA) convened a significant event to officially present its Annual Financial Statements for the 2022/23 financial year.

The presentation that was made to a diverse group of stakeholders, marked a pivotal moment for the organisation as it has received an unqualified audit opinion from the Auditor-General, affirming the soundness and transparency of its financial practices.

Throughout 2022/23, the TCTA diligently pursued its mandate, engaging with financial markets to facilitate the successful implementation of essential bulk raw water infrastructure projects. Reflecting on the challenges faced in the preceding year, the CEO, Percy Sechemane, acknowledged impediments to bringing certain projects to implementation readiness, attributing these challenges to the fragmentation of responsibilities within the sector. “In the year 2022/23, many of those challenges were overcome to allow funding to be raised,” he stated.

TCTA is now in the midst of rolling out two projects, the Berg River Voëlvlei Augmentation Scheme (BRAVAS) and Phase 1 of the uMkhomazi Water Project (uMWP). The BRAVAS project, projected to cost R1.2 billion, will augment the water supply to the Western Cape Water Supply System during winter months. uMWP, on the other hand, Mr Sechamane pointed out, is projected to cost R23.2 billion and benefit about 6 million people and industries in the Durban and Pietermaritzburg regions. The project will transfer water from the uMkhomazi River to augment the Mgeni System.

Besides the two projects in the preparation phase, TCTA continued to do work on the all-important Lesotho Highlands Water Project (LHWP). Its Phase 2, at an estimated cost of R42 billion, comprises the Polihali Dam and a transfer tunnel to Katse Dam and will augment the water supply in the Vaal River System by 480 million m<sup>3</sup>/annum.

Mr Sechemane added, “TCTA was ready with funding for LHWP-2 when the Lesotho Highlands Development Authority needed to award contracts.” He highlighted the \$200 million (about R3.7 billion) loan TCTA concluded with the New Development Bank established by BRICS (Brazil, Russia, India, China, and South Africa). The involved countries set up the NDB to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging market economies and developing countries.

The Chairman, Precious Sibiyi, reflected on a transformative year, highlighting the overachievement in securing funding for Phase 2A of the Mokolo Crocodile River (West) Water Augmentation Project, indicative of a robust market interest in well-structured ventures. uMWP’s first phase, having resolved affordability issues with a strategic mix of fiscal grants and interest-free loans, is progressing well, enhancing the Umgeni System's water security, she added.

Ms Sibiyi also noted the commencement of negotiations with potential lenders for the Berg River-Voëlvei Augmentation Scheme, following an approved borrowing limit and a successful market bid. She underscored the organisation’s effective debt management, maintaining a 15 percent liquidity margin across all projects, aided by prompt bulk water revenue receipts from the Department of Water and Sanitation.

While celebrating these achievements, TCTA remains aware of the historical complexities within South Africa's water sector. Ms Sibiyi concluded, “We remain optimistic that the planned National Water Resources Infrastructure Agency will emerge as a problem-solver in these trying times. TCTA pledges its unwavering support and commitment towards working hand in hand with the Ministry and Department of Water and Sanitation, ensuring the Agency’s eventual success. Our shared vision revolves around the belief that the Agency will be instrumental in resolving the fragmented nature of the water sector and further bolstering water security for all South Africans.”

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