

CORPORATE PLAN

TRANS-CALEDON TUNNEL AUTHORITY

FOR THE PERIOD 1 April 2024 to 31 March 2027

**(Prepared in accordance with National Treasury
Guidelines)**


STATEMENT BY THE ACCOUNTING AUTHORITY

It is hereby certified that this Corporate Plan:

- was developed by the Executive Management of the Trans-Caledon Tunnel Authority of South Africa under the guidance of the Board of Directors, in line with the aspirations of the Executive Authority, the Minister of Water and Sanitation,
- takes into account all the relevant policies, legislation and other directives for which TCTA is responsible, and
- accurately reflects the strategic outcome-oriented goals and objectives, which TCTA will endeavour to achieve over the period 2024/25.

The Corporate Plan is recommended for submission in terms of section 52 of the PFMA.

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- ANNEXURE B - CAPITAL EXPENDITURE PROGRAMME AND OPERATIONS & MAINTENANCE**
- ANNEXURE C - BORROWING PROGRAMME, BUDGETS AND CASH PROJECTIONS**
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1. OVERVIEW

1.1 THE PURPOSE OF THIS CORPORATE PLAN

The purpose of this corporate plan is to outline how the Trans Caledon Tunnel Authority (TCTA) will fulfil its mandate and implement the directives received from the Minister of Water and Sanitation, and in doing so, support the Government's developmental agenda.

TCTA as a Schedule 2 public entity complies with section 52 of the Public Finance Management Act, Act No.1 of 1999 as amended, which provides that,

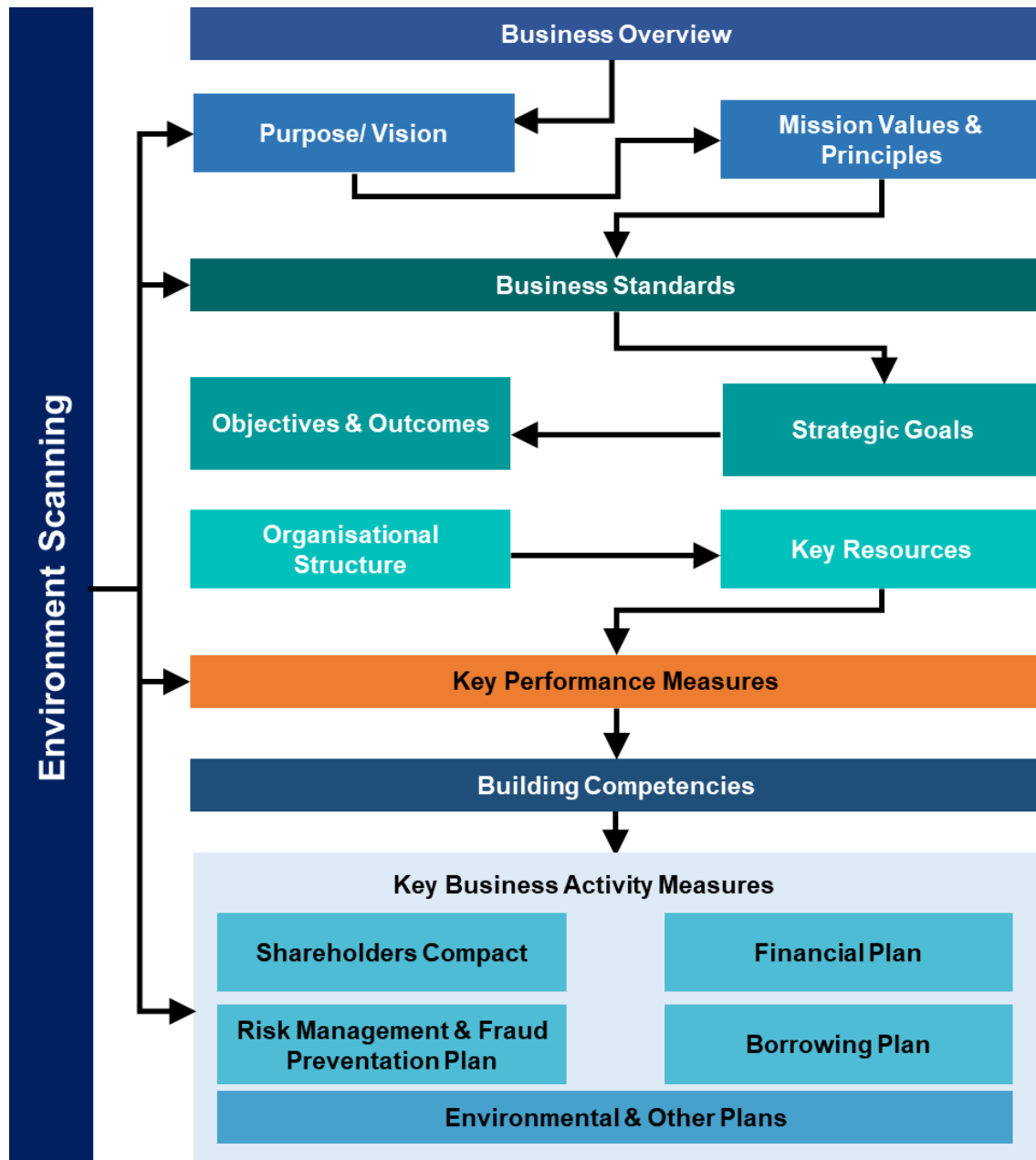
'The accounting authority for a public entity listed in Schedule 2 or a government business enterprise listed in Schedule 3 must submit to the accounting officer for a department designated by the executive authority responsible for that public entity or government business enterprise, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of its financial year—

- a) a projection of revenue, expenditure, and borrowings for that financial year in the prescribed format; and*
- b) a corporate plan in the prescribed format covering the affairs of that public entity or business enterprise for the following three financial years, and, if it has subsidiaries, also the affairs of the subsidiaries.*

In line with National Treasury Practice Note 4 of 2009/2010, this corporate plan includes information required in terms of Section 52 of the PFMA and Treasury Regulation 29.

1.2 A CONCEPTUAL FRAMEWORK FOR THE CORPORATE PLAN

A conceptual framework for the corporate plan can be graphically depicted as follows:



To provide the National Treasury with sufficient information as required by the PFMA, the corporate plan presented by TCTA as a public entity contains the following information:

- A brief overview of the Mandate of the public entity.
- The Vision of the public entity.
- The Mission of the public entity.
- The Supporting Values of the public entity.
- Background-legislative and regulatory framework.

- Main Activities
- Business Strategy
- Corporate Strategic Objectives (Key Performance Indicators are in Annexure A)
- The Operating Principles.
- Governance Structures
- Financial Plan
- Capital Expenditure Plan
- Borrowing Plans
- Risk Management and Fraud Prevention Plans
- Materiality and Significant Framework

1.3 A BRIEF OVERVIEW OF TCTA's MANDATE

TCTA conducts its business as a state-owned entity tasked with the funding and implementation of water infrastructure projects. TCTA's mandate is set out in terms of the Notice of Establishment and directives issued from time to time by the Executive Authority.

TCTA's solvency is secured by the tariff methodology, income agreements and guarantees (explicit and implicit), that provide certainty that all costs incurred by TCTA will be fully funded either through user tariffs as the debt is repaid or through direct cost-recovery payments from the Department of Water and Sanitation. TCTA's tariffing methodology seeks to provide a stable planning platform for the future by smoothing the tariff over the period of repayment (usually 20 years after construction) which is significantly less than the project infrastructure useful life, while taking into account the end-user affordability.

Throughout the project lifecycle, the projects will reflect net surpluses and deficits depending on the phase and repayment profile of the project. This will result in the projects reflecting deficits in some years – merely because the project has an accumulated deficit in the particular year.

The tariffing methodology is a contributing factor to this as the tariffs recouped in any particular year, especially during the earlier years of the project, may be lower than the costs in the year because of the underlying principle of a smoothed tariff.

A further contributing factor is the interest expense at that point in time exceeding the interest on the financial asset, a factor that will always reverse by the time the financial asset is extinguished and the debt repaid.

Management confirms that while the surplus/deficit position may vary during the life of a project, all projects will ultimately repay all their debt and hold no surplus or deficit when all the loans for the project are repaid. Hence, the going concern status of TCTA is assured.

1.4 VISION

To be the world-class enabler of sustainable infrastructure for a water-secure South Africa.

1.5 MISSION

To plan, finance and implement sustainable and accessible water resource infrastructure.

1.6 CORPORATE VALUES

TCTA's corporate values are driven by its desire to achieve excellence in everything it does and, consequently, its leadership imperatives underscore how everyone will *work better together* to achieve this end.

Corporate values emphasise Excellence, Integrity and Respect for one another, while promoting Unity of Purpose, the Growth of the Collective and an Enabling Environment where employees are encouraged to grow and excel.

TCTA conducts its business with professionalism and uncompromising integrity and diligence. The organisation is committed to complying with internationally recognised standards and managerial and technical excellence. TCTA cherishes transparent and consultative relationships with all its stakeholders.

It proactively aligns itself to meet the challenges of a dynamic environment, and ascribes to accountability, sound governance and environmental sustainability in executing its mandate and directives.

1.7 STRATEGIC OVERVIEW

Both the National Development Plan and the National Water Resources Strategy underscore sound strategies for enhancing the capacity of South Africa's water resource infrastructure to

meet competing needs across all sectors. Infrastructure development is one of the keys to South Africa's economic growth and transformation.

As and when directed by the Minister, TCTA continues with its critical role of ensuring the timeous development of infrastructure for the expanded supply of water to deal with the historical imbalances relating to access to water, and to simultaneously stimulate South Africa's economic growth.

1.8 VALUE PROPOSITION

In pursuit of a sustainable water supply, TCTA's objective is to provide water infrastructure at the lowest lifecycle cost to the end-consumer in the most sustainable socio-economic manner. To achieve this objective, it has developed its capability beyond simply raising finance and managing debt. It is involved in the following:

- Project management and implementation,
- Liability management,
- Structuring and raising of project finance,
- Knowledge management,
- procurement,
- financial management,
- risk management, and
- Local economic development.

TCTA as a Special Purpose Vehicle of government continues to deliver within the parameters agreed with the Department of Water and Sanitation.

2. BACKGROUND

2.1 LEGISLATIVE AND REGULATORY FRAMEWORK

TCTA operates within the regulatory framework of Chapter 10 of the National Water Act (Act 36 of 1998) as an implementing agency or special purpose vehicle of the Department of Water and Sanitation. TCTA is a Schedule 2 public entity as listed in the Public Finance Management Act, Act No.1 of 1999, as amended, and it therefore broadly operates within the ambit of Constitutional provisions including other relevant legislative prescripts like Environmental and Employment Laws etc.

2.2 ESTABLISHMENT DATE AND REASONS

The Trans-Caledon Tunnel Authority (TCTA) was established in 1986, by Notice 2631 in Government Gazette No 10545, dated 12 December 1986, to finance and build the Delivery Tunnel North of the Lesotho Highlands Water Project (LHWP). In 1994 a directive was received to fulfil the financial obligations of the Government of South Africa, in terms of the treaty, on the water transfer component in Lesotho.

On 24 March 2000, the Notice of Establishment was amended by Notice 277 in Government Gazette No 21017 to include the 1994 directive and to allow the Minister, in terms of section 24 (d) of the notice to issue directives to TCTA in terms of section 103(2) of the National Water Act (Act 36 of 1998).

In accordance with section 3 of the Notice of Establishment the main objectives of TCTA are to:

- a) implement, operate, and maintain the part of Phase 1 of the Lesotho Highlands Water Project situated in the Republic of South Africa, in accordance with the provisions of the Treaty; and
- b) perform the functions set out in clause 24 (a) and (b) and any other additional functions which the Authority may be required to perform in terms of a directive by the Minister under section 103 (2) of the National Water Act.

The Minister must be satisfied that such directives will not prejudice the capacity of TCTA to perform the functions for which it was established.

The National Water Act allows the Minister to direct a body established under section 102, of the Act, to perform additional functions which may include –but are not limited to– providing local and foreign water management institutions with:

- management services (project implementation);
- financial services (structuring and raising project finance, debt management and tariff setting);
- training; and
- other support services.

The above makes it clear that TCTA cannot undertake any function outside of its mandate without a directive from the Minister, unlike the Water Boards who are given such opportunity in terms of section 30 of the Water Services Act (Act 108 of 1997). The National Water Act requires that TCTA manage its different functions separately.

This is further emphasised in the Notice of Establishment for TCTA which states in section S20(1) that TCTA must manage its treaty functions separately from its non-treaty functions and account for them separately as required by section 105(1) of the National Water Act. Section 20(2) furthermore states that the Authority's treaty responsibilities are not applicable to its non-treaty responsibilities. Treaty functions are those functions assigned to TCTA in the Treaty on LHWP, while non-treaty functions include the mandate to perform South Africa's financial obligations arising from the Treaty and any other functions which the entity has been directed by the Minister to perform.

2.3 TCTA KEY COMPETENCIES

The competencies of TCTA reflect its growth and experiences from the days when it operated in a single project environment, following its establishment as a special purpose vehicle in 1986 specifically to fulfil South Africa's treaty obligations in respect of LHWP.

The scope of TCTA activities has expanded considerably in scale and complexity, from a single project (LHWP) to the management of the current portfolio of major infrastructure projects across the country. Activities also include extensive advisory services.

TCTA has developed sound expertise and an acknowledged track record in the efficient financing and project management of water infrastructure delivery. Its competency capabilities render it well placed to assume increased responsibilities and functions within an enhanced institutional framework.

2.4 MAJOR PRODUCTS AND SERVICES

In the course of fulfilling the responsibilities set out in the Notice of Establishment and the directives that are given to it from time to time by the Minister, TCTA provides the following services and associated products:

- a) structuring and raising project finance;


- b) project management and implementation of water infrastructure covering:
 - design
 - construction
 - environmental and social management
 - land acquisition
- c) operation and maintenance;
- d) debt management;
- e) knowledge management;
- f) risk management;
- g) socio-economic transformation; and
- h) tariff setting.

2.5 MAIN ACTIVITIES: DIRECTED AND POTENTIAL NEW PROJECTS

2.5.1 CURRENT DIRECTED PROJECTS

TCTA received directives from the Minister of Water and Sanitation to fund and implement the projects shown in Table 1. Currently there are 6 projects under debt management, 3 projects at implementation phase, 4 assets under operation and maintenance, 1 on hold and 4 advisory projects.

Project	Date Directive received	Work to be undertaken in 2023/24							
		Planning	Funding & Debt Management	Implementation	Close-out	Operation and maintenance	Advisory	Payment agency	On-hold
Projects with Debt Under Management									
Vaal River System: To fulfil all the republic's financial obligations in terms of or resulting from the Treaty (non-Treaty functions) on the Lesotho Highlands Water Project and any other obligations on the Vaal River	3 August 1994 (and incorporated into amended Notice of Establishment, 24 March 2000)		✓			✓		✓	

Project	Date Directive received	Work to be undertaken in 2023/24							
		Planning	Funding & Debt Management	Implementation	Close-out	Operation and maintenance	Advisory	Payment agency	On-hold
System (Acid Mine Drainage). (VRS)									
Berg Water Project (BWP)	6 May 2002		✓						
Vaal River Eastern Subsystem Project (VRESAP)	6 October 2004		✓						
Mooi–Mgeni Transfer Scheme – Phase 2 (MMTS-2)	29 November 2007		-		-				
Komati Water Scheme Augmentation Project (KWSAP)	29 September 2008		✓						
Mokolo–Crocodile Water Augmentation Project – Phase 1 (MCWAP-1)	19 May 2010		✓						
Projects at Implementation Phase									
Mokolo–Crocodile Water Augmentation Project – Phase 2A (MCWAP-2A)	19 May 2010		✓	✓					
Berg River Voëlville Augmentation Scheme (BRVAS)	18 May 2017		✓	✓					
uMkhomazi Water Project Phase 1 (uMWP-1)	25 February 2019		✓	✓					
Assets Under Operation and Maintenance									
Lesotho Highlands Water Project: Delivery Tunnel North (Treaty obligations) (LHWP)	12 December 1986		✓			✓			
Acid Mine Drainage- Short-term Solution (AMD-STs) Plants (Eastern, Western and Central Basins)	6 April 2011		✓			✓			
Projects on Hold									

Project	Date Directive received	Work to be undertaken in 2023/24							
		Planning	Funding & Debt Management	Implementation	Close-out	Operation and maintenance	Advisory	Payment agency	On-hold
Acid Mine Drainage (AMD-LTS)	19 May 2016		✓						✓
Advisory Services									
Advisory Services to Water Management Institutions, Water Boards and DWS	17 May 2004						✓		
Strategic Integrated Projects 19 (SIP-19)	6 August 2021						✓		
Programme Management Services to DWS in relation to Water Infrastructure Projects.	1 April 2019						✓		
Mzimvubu Water Project (MWP)	19 January 2019 (replaced previous directives)			↻			↻		
• Stage 1 & 2- Project Advisory Management Services									
• Assistance with the implementation strategy further Stages		✓					✓		
• Nwamitwa Dam Project		✓					✓		

As highlighted in the table above, there is one project for which TCTA has received a directive, but is unable to proceed, as the projects on hold for the following reason:

Long-term Solution for Acid Mine Drainage on the Witwatersrand. TCTA has requested the Minister to suspend the Directive following DWS' decision to review technical solution options for the project, the response still pending.

2.5.2 STRATEGIC INTEGRATED PROJECTS: SIP-19

In April 2012, the Presidential Infrastructure Coordinating Commission (PICC) tasked specific state-owned entities to co-ordinate and monitor each of the Strategic Integrated Projects (SIPs).

TCTA was originally assigned to coordinate SIP-3 and SIP-18 in 2012 and 2013, respectively. In 2021, following a review of the program for optimisation in 2019, TCTA was appointed as co-ordinator for SIP-19, focusing on national water and sanitation infrastructure. The SIPs consist of projects prioritised by the PICC on the basis of their strategic and catalytic nature, and grouped into clusters where synergies could be achieved. The synergies would be derived from the integrated planning of value chains, management of inter-dependencies, and leveraging of lessons learned across similar project environments, among others.

The SIPs coordination program has the benefit of show-casing the convening power of TCTA as it brings together diverse and strategic stakeholders in mutual collaborative engagements and platforms. In particular, the coordination of SIP-19 provides TCTA the advantage of accessing its potential long-term project pipeline for timely positioning and business development.

SIP-19 is made up of strategic national water and sanitation projects located throughout South Africa. The program includes projects across the water value-chain. The SIP is designed to address water and sanitation backlogs, and in particular communities that remain under-served. Projects also aim to assure sustainable supply of water in support of economic growth, while simultaneously meeting social needs.

These projects may provide new infrastructure, the rehabilitation and upgrading of existing infrastructure, as well as improving the management of water and sanitation infrastructure. In the year ahead, TCTA will continue with diligent project tracking and monitoring, generating, and presenting timeous reports to the PICC and Infrastructure South Africa. Particular focus will also be directed towards unblocking project bottlenecks as well as undertaking practical research on pertinent themes to deepen understanding of critical elements impacting on the successful implementation of water and sanitation projects.

Also, TCTA will continue to give focused attention to facilitating the accelerated delivery of the critical and strategic projects, namely, BRVAS, Clanwilliam Dam, transboundary LHWP-2, MCWAP-2, Mkhomazi Project, and the Mzimvubu Water Project. The water sector remains

critical and pivotal in supporting national growth. As such, the sector remains in the spotlight for the country. Correspondingly, SIP-19 projects remain a key focus for the PICC/ISA and national government. In the coming year, TCTA will double their coordination efforts on water infrastructure projects, tracking progress on critical project across the country. TCTA will also focus on promoting fast-tracked implementation of such projects as BRVAS and the critical Mkhomazi Water Project.

Multi-sector and multi-disciplinary stakeholder engagement remain pivotal to successful and meaningful SIP coordination. As in the past, TCTA will continue to closely engage key partners and stakeholders to ensure that effective coordination takes place and will reinforce efforts to convene the program technical committee forum as an inclusive platform for educative and progressive technical interfacing.

3. INDUSTRY OVERVIEW

Water is the most pivotal natural resource for socio-economic development; where and when its supply may be constrained, all forms of human endeavour suffer. It is therefore a fundamental and existential challenge to water managers and policymakers everywhere, to ensure that water resources remain adequate, secure, and sustainable, and so enable the social and economic development of countries. It is unfortunate that the vital importance of water is often not adequately recognised, resulting in widespread sub-economic pricing and under-investment in the sector. In this vein, the challenges we face in South Africa resonate with those across the globe.

South Africa's water story is one of hardship and inequality, but also of ingenuity and pragmatism. South Africa has not been blessed with an abundance of water, and frequent droughts continue to extract a heavy toll. Precipitation is well below the global average, and evaporation rates far above it, with the result that we have relatively few large rivers. Much of our economic activity is located along a watershed, far away from natural water resources. In response to these challenges, we have built a formidable surface water system that captures two thirds of the all the river flows, and transfers much of it to where it is needed for livelihoods, through inter-basin transfer schemes.

And yet, despite these efforts, demand is steadily overtaking the yield of our surface water system. The National Water and Sanitation Master Plan anticipates that the national supply deficit will grow to 17% by 2030 if no remedial action is taken, and that this shortfall will be most severe in the catchments serving the three major economic hubs of Gauteng, eThekweni and Cape Town. The Master Plan proposes that the deficit be addressed through specific

sector-wide interventions on both the supply and demand sides, over the remaining seven years:

- Increase the reliable yield of the national surface water system by 874 million cubic metres per annum.
- Increase groundwater yield by 405 million cubic metres per annum.
- Reduce the national average per-capita domestic consumption from 237 litres to 175 litre per person per day, which is in line with international benchmarks.
- Reduce the national average water reticulation losses from 35% to 15%.
- Increase the development of non-conventional water resources, such as seawater desalination and reuse of wastewater, by 588 and 110 million cubic metres per annum, respectively.

The above reflects a clear shift towards water conservation and demand management (WCDM) interventions and the development of non-conventional water resources, tasks for which new capacity in the water sector needs to be developed.

It is unfortunate that the sector institutional capacity has been eroding for many years. Prolonged leadership discontinuity has inhibited much-needed institutional reform, which gradually yielded a weakened, under-performing sector. Given the vital role of the water sector, it is an imperative that the state of decline be arrested and reversed.

This is underway, with reforms being initiated by sector leadership. Such reforms include the establishment of the National Water Resources Infrastructure Agency, planned systemic interventions to rein in the ever-increasing sector debt, a turn-around strategy to yield “professionally managed, capable, efficient and financially viable institutions”, and legislative reform through the Water Services Amendment Bill, which would allow more effective Ministerial intervention in failing municipal water services. In addition, there is the establishment of the Water Partnership Office, an initiative by DWS, SALGA and the DBSA, which aims to develop standardised national programs for private sector participation, support municipalities in participating in these programs, and facilitate blended financing where appropriate.

Drawing adequate capital investment into the water sector remains to be a challenge; actual investment of about R57 billion per annum lags far behind the required level of R90 billion for new-build projects, upgrades and rehabilitation. While the deficit could reasonably be made up with debt funding or private sector investment through PPP structures, the caveat remains that there should be an adequate pipeline of bankable projects, which could attract financing.

There are however indications that the dynamic around investment into the water sector, globally, may change dramatically in the medium term. An outlook articulated by Global Water Intelligence is that adaptation to climate change will largely be channelled through the water sector, simply because so much of the impact is manifesting through the hydrological cycle of the planet. GWI anticipates vast capital flows to come into the water sector from climate funding, and that the traditional dynamic in water investment, of demand exceeding supply, and late-cycle expenditure, could be rapidly reversed. Estimates vary, but the cost of climate change adaptation will run into several hundred billion US Dollar per annum by 2030. However, the water sectors in most countries are far from ready to be absorbing such a step up in investment, and generally lack the capacity for converting it into bankable projects. There can be little doubt that South Africa will also be affected.

3.1 EFFECTS OF CLIMATE CHANGE

Climate change impacts on water in South Africa could exacerbate existing water-related challenges and create new ones related to climate variability, extreme weather events and changing rainfall seasonality. This would affect a wide range of economic sectors and livelihoods and impact on the development of infrastructure into the future, including through water quality-related issues.

Projected impacts are due to changes in rainfall and evaporation rates, further influenced by climate drivers such as wind speed and air temperature as well as soils, geology, land cover and topography across South African water catchments. Hydrological modelling is essential for translating these complex interactions into potential water resource impacts.

In general terms, the effect of climate change on water availability would need to become more prominent in the mainstream dialogue in the sector, with more attention being given to climate-independent, renewable water resources, and strategies for addressing the impact of climate change on water resource infrastructure.

3.2 INFRASTRUCTURE INVESTMENT IMPERATIVE

The South African water sector faces a significant challenge in respect of infrastructure funding. Recent estimates emanating from the Master Plan launched by the Minister in November 2019, indicate a first order estimate investment requirement of approximately R900 billion over a ten-year period.

Of the total investment required, about 42% would be for building new infrastructure, 15% for the upgrading of existing infrastructure and 43% for the rehabilitation of existing infrastructure. Across all the elements of infrastructure financing and related structuring, an expanding direct and advisory role is envisaged for TCTA.

3.3 INSTITUTIONAL SETTING

Thirteen institutions report to the Minister of Water and Sanitation, including the Trans-Caledon Tunnel Authority, the Water Research Commission, two catchment management agencies and nine water boards.

In most of the entities, the building of institutional capacity is an ongoing challenge, currently leading to weaknesses in key operational areas.

However, strategies are underway to address the challenges. At a national level, the alignment of roles and functions between the TCTA and the Department of Water and Sanitation, particularly relating to infrastructure development, operation and maintenance, will be advanced through the planned establishment of the National Water and Sanitation Infrastructure Authority.

This development will benefit the sector through improved, more integrated project planning, early clarity on financing options and strategies, and greater continuity in the management of the asset lifecycle.

To conclude, the sector is responsive to the multi-pronged challenges of climate change, water resources allocation, institutional alignment and funding deficits, through the master planning initiative and the establishment of an infrastructure agency.

4. ECONOMIC OUTLOOK

4.1 ECONOMIC OVERVIEW

From a macroeconomic perspective, the South African economy grew by 0.6% during 2023, with forecasts of 1.3%, 1.6% and 1.8% during 2024 to 2026. Consumer price inflation stands at 6% in 2023, with an outlook that this will decline to 4.9%, 4.6% and 4.6% respectively over the same forecast period (National Treasury, February 2024).

The weak economic growth and outlook over the medium term is the cumulative effect of power cuts, poor performance of the logistics sector, high inflation, rising borrowing costs and a weaker global environment. This does not allow the state to address its pressing

developmental goals, and it therefore remains an imperative to place the economy onto a path of higher growth.

In the budget speech of 21 February 2024, the Minister of Finance committed to staying the course on the fiscal strategy outlined in the 2023 Medium Term Budget Policy Statement (MTBPS), and to achieving a primary budget surplus in 2024/25, with debt stabilising by 2025/26. Debt service costs, standing at R382 billion, will peak as a share of revenue in 2025/26, and decline thereafter.

In a balanced approach to fiscal consolidation, expenditure will be constrained, revenues will be moderately increased, while support of the social wage will continue, along with additional funding for critical services. More specifically, government is committed to stabilise public finances, maintain support for the most vulnerable, protect front line services, accelerate reforms in especially the electricity and logistics sectors, reconfigure the structure and size of the state, and strengthen its capacity to deliver quality public services.

A low-growth economy is not conducive to water infrastructure development, and this affects TCTA directly; low employment levels impede the ability of households to pay for services, credit risk downgrades raise the cost of capital, and over time, a slow-down in public expenditure erodes the capacity of the domestic construction industry to undertake large or complex projects.

Global context

As a relatively small, open economy, South Africa enjoys very little insulation from the dynamic forces of the global economy. After generous fiscal easing in recent years by the US, the UK and EU especially, demand has outstripped the ability of their economies to supply, causing a climate of high inflation and a tightening of financial conditions. The International Monetary Fund now projects global growth to stay at 3.1% in 2024 and rise to 3.2% in 2025. Should conflicts in the Middle East and elsewhere escalate, these forecasts may well see downward adjustment.

The South African economy must contend with multiple headwinds from abroad; its largest trading partner, China, has revised downwards its own growth outlook, lower commodity prices has brought an end to the tax revenue boom seen by our fiscus in recent years, and there is the risk that US interest rates will remain higher for longer, thereby raising the cost of borrowing.

Compounding the adverse conditions are various risk factors, on the rise globally: Multiple military conflicts are causing deep societal divisions and raise insecurity around energy and food supply chains, there are signs of a possible shift in the long-standing world order, and increasingly, there is concern that the world is not on track to avoid the worst impacts of climate change.

Local structural issues

The South African economy has long been struggling with structural issues, which limits its growth potential to 2% or less: An unreliable electricity supply, an inefficient port and rail network, crime and corruption, weakened state capacity, high levels of market concentration and barriers to entry that suppress the emergence and growth of small businesses.

South Africa has endured more load-shedding during the first nine months of 2023 than in the whole of 2022. However, it is foreseen that in the medium term, additional generation from renewable sources, combined with the return of Eskom's thermal units that are out of service, should substantially reduce loadshedding. Current indications are that the government's reform of the energy sector will bear fruit, especially the easing of restrictions on embedded generation and the encouragement of private investment.

Simultaneously, many of our traditional trading partners are intensifying their decarbonisation plans and have published strategies for the sourcing of green hydrogen over the next thirty years from countries and regions with ample renewable energy endowments, like South Africa. Numerous feasibility studies are already underway locally, and there are positive indications that the necessary industrialisation to support a vast export market would be viable.

The growing dysfunction of Transnet in recent years has highlighted the key role it needs to perform to move goods and commodities to local and international markets. Transnet's failure to do so is estimated to have cost the economy 6% of GDP during 2022, and 4.9% during 2023, according to the GIAN Group. Reform of the logistics sector is underway, and will aim at enhancing efficiencies, the introduction of competition, and leveraging the financial and technical support of the private sector.

Government holds the strong view that infrastructure investment is essential for higher economic growth and the expansion of access to basic services, and it intends to bring rapid acceleration to the quantity and quality of delivery by mobilising private sector financing and technical expertise, at scale. Hurdles to this move include the lack of a bankable project pipeline that can attract funding, absence of sustainable financing arrangements to crowd-in private finance, and weaknesses in contract and project management. To alleviate this deficiency, the Regulations of the National Treasury on the Public-Private Partnerships framework are being amended and will be published in the first quarter of 2024.

Fiscal outlook

Any government will find it hard to meet development objectives when its finances are overburdened with debt. Repeated budget deficits since 2008 have resulted in government debt escalating from R627 billion in 2008/09, to R4.8 trillion in 2023/24; this is now projected to grow to R5.2 trillion in 2024/25 and reach more than R6 trillion the year thereafter. This means

that about R382 billion will be spent on debt-service costs alone in the next year, which consumes a hefty 20.7% of revenue. National Treasury projects that gross government debt will now stabilise at 77% per cent of GDP by 2025/26.

The reining in of government debt will be achieved through various interventions, including spending reductions and reprioritisation, along with steps to support economic growth. In this vein, the size and configuration of the state will be under review, including departments, entities and programs, with a focus on overlapping mandates and functions. Expenditure in the current financial year has been revised down by R21 billion, and further reductions of R64 billion in 2024/25 and R69 billion in 2025/26 are proposed.

Conclusion

The world is facing a tough economic climate, which will add to South Africa's woes of structural deficiencies and a heavy debt burden. These challenges are recognised by government, and key policy decisions are being made to improve efficiencies in energy and transport, in particular. Furthermore, there are clear signs that South Africa will have a prominent role in the global energy transition and climate response, thereby attracting significant foreign investment. There is also a commitment from government to adhere to prudent fiscal policy, clean governance and accountability. These developments and commitments bode well for South Africa in the medium to longer term.

4.2 ECONOMIC IMPACT

The state of the economy impacts on the water sector in several ways. A higher level of growth translates into greater business and investor confidence, improved currency stability, and a greater capacity to borrow money for infrastructure development.

Furthermore, consumer confidence tends to improve on the back of greater employment and disposable income, which improves the likelihood that services could be paid for, and hence allows infrastructure loans to be serviced. Unfortunately, the converse also holds true: economic distress raises the cost of borrowing and weakens the ability of consumers to pay for services.

Government is acutely aware of the immense challenges to accelerate progress and build a more inclusive society. Its vision and priorities to address them are outlined in the 2030 National Development Plan, which outlines two main strategic goals: 1) double the GDP by 2030 and eliminate poverty, and 2) reduce inequality as measured by the income Gini coefficient, from 0.70 to 0.60. The central target, however, requires a rate of growth that seems to be out of reach, currently.

TCTA projects like MCWAP2A will provide water security to the power generation industry thus ensuring that South Africa's economic growth will not be constrained during times of drought.

Also, LHWP2, BRVAS and uMkhomazi will ensure water security in the major economic hubs of the country and thus providing an enabling environment for economic growth.

5. TCTA BUSINESS STRATEGY

The sectoral and economic landscapes provide the context for the corporate entity, wherein TCTA responds with a strategic frame, and the execution thereof. The mission of TCTA is to plan, finance and implement sustainable and accessible water resource infrastructure. Its primary goals are to do the above to specification, on-time and within budget, in a sustainable manner; to ensure that all projects facilitate socio-economic transformation and build sustainable communities through small enterprise development and job creation; to manage and operate the business, its projects and processes in a cost-effective manner and to the highest standards of clean governance; to build capable hubs of thought leadership and innovation in niched areas of water infrastructure; and to ensure the continuous nurturing and retention of high-calibre and motivated human capital for delivering on the organisational mission, also into the future.

Over the past three years, the strategic discourse in TCTA has been dominated by the prospect of being merged into the National Water Resources Infrastructure Agency (NWRIA, or Agency), along with selected DWS elements, within the next two to three years. The DWS-led Agency process is currently underway, with the primary focus on establishing the founding legislation and developing the Business Case, with other components held in suspension. The Agency Bill entered the Parliamentary process on 25 August 2023, without a Treasury-approved Business Case; the gap will need to be addressed in order not to slow down the intended promulgation of the Act. Whereas the Agency could be legally established soon after the Act is promulgated, TCTA will only transfer across once the precondition of Section 37(13) of the Bill has been met, which is that the lenders to TCTA and the Government of Lesotho are satisfied with terms of transfer. Critical gaps remaining are that the migration of assets, obligations and people have not yet been planned, and that the new organization will need to be optimized and designed, have leadership appointed, and facilities and infrastructure established. It can be anticipated that significant time and effort will be expended in the planning and preparation for migrating into the Agency, in the short to medium term.

In the domestic setting, fiscal constraints and struggling water revenue collection continues to frustrate the funding of projects. Borrowing is expected to remain expensive, due to high

interest rates. Government's appetite for further borrowing is muted, which can be seen in the enthusiasm for off-balance-sheet projects in energy, transport and water.

The demise in recent years of several large construction firms has caused supply-side weakness in the sector, which limits the capacity and risk appetite for mega projects. An implication is that much of the specialised skill, technology and equipment needed on complex projects such as uMkomazi and LHWP II would need to be sourced from abroad.

The current portfolio of TCTA includes projects at various stages of the project life cycle. Three projects are in implementation stage: The uMkhomazi Water Project (uMWP), the Berg River Voelvlei Augmentation Scheme (BRVAS) and phase two of the Mokolo Crocodile Water Augmentation Project (MCWAP-2). For these, as well as the Vaal River System, finance is being raised. Table 1 below reflects the funding program and pipeline since 2018/19, through to 2026/27. Of the R86.15 billion program, R26.85 billion in facilities have already been arranged, and a further R24.3 billion is due to close during 2023/24.

<i>Project funding facilities arranged and pipeline. Amounts in R million</i>						
	2018/19	2021/22	2022/23	2023/24	2024/5-2026/7	TOTAL
VRS	6 500	15 450	1 300	3 200	10 000	36 450
VRESAP			400		1 000	1 400
MCWAP-2				22 500	8 000	30 500
BRVAS				1 800		1 800
uMWP-1					16 000	16 000
TOTAL	6 500	15 450	1 700	27 500	35 000	86 150

Table 1: TCTA Funding program and pipeline.

TCTA's role in the financing and implementation of water infrastructure is influenced by the state of the economy. As a debt-finance vehicle, TCTA thrives in an environment where an appetite for responsible debt exists, and where households have the means and confidence to consume utilities and pay for it. The current state, characterised by economic hardship, stagnant growth, high levels of unemployment and crippling state debt is far from ideal, and therefore TCTA anticipates difficult trading conditions to continue in the medium term.

6. CORPORATE STRATEGIC OBJECTIVES

TCTA has the following corporate strategic objectives for 2024/25:

- Raise funding for implementation of infrastructure.
- Implement capital projects on time, within budget, to the appropriate standards and in a sustainable socio/environmental manner.
- Operate and maintain designated projects to meet DWS requirements/ specifications.
- Manage debt within the approved borrowing limit.

- e) Ensure organisational positioning for the planned Water Agency.
- f) Maintain the highest standard of internal control environment.
- g) Ensure that all IT systems are implemented to support the business.
- h) Position TCTA as a thought leader in critical aspects of water security.
- i) Embed a performance culture that manifests as an agile organization.

The measures, targets and indicators of these corporate strategic objectives are clearly described in the Balanced Scorecard contained in Annexure A.

7. OPERATING PRINCIPLES

The following key principles underpin TCTA's current business model:

- a) Operating in a multi-project environment with each project separately accounted for;
- b) A flexible approach to Capital Unit, Bulk Operations and Royalty Charges setting that accommodates specific requirements of major stakeholders including, but not limited, to off-takers or end-users;
- c) Adopting a risk-averse philosophy;
- d) Implementing best practice in project management approaches; and
- e) Establishing best practice in environmental and social sustainability.

Each project is accounted for and managed separately. This includes the funding, revenue streams and liability management. TCTA funds and implements projects for which back-to-back implementation agreements have been concluded between TCTA and DWS and simultaneously Water Supply Agreements between DWS and off takers. This approach matches the income streams from off takers with an implied government guarantee on the income streams from DWS.

8. CAPITAL UNIT CHARGE

DWS, supported by TCTA and in consultation with stakeholders for a specific system/scheme, sets raw water use charges that will be levied on water users in accordance with the prevailing Pricing Strategy for Raw Water Use Charges.

The raw water use charge includes a Capital Unit Charge to enable TCTA to repay the project debt within a predetermined period. This repayment period is normally 20 years post the

project construction period. The Capital Unit Charge is reviewed on an annual basis based on actual project costs incurred up to that point and forecast costs for the remainder of the debt repayment period.

Project agreements make provision for TCTA to revise the project costs (actual and forecast) annually, after consultation with stakeholders if triggers agreed upon at project inception materialise and for the Capital Unit Charge to be adjusted to recover the project costs over the remainder of the debt repayment period. This is to ensure that TCTA is always able to honour its obligations with regards to its funders.

Should a project realise savings in its implementation, those savings are passed on to the end-users through lower tariffs. The Capital Unit Charge is also smoothed in cases where future augmentation projects occur during the repayment period of a project. This avoids large increases in the Capital Unit Charge when a new project comes online.

9. RISK-AVERSE PHILOSOPHY

TCTA has adopted a Strategic Risk Framework and formulated policies, which results in the minimisation of financial and non-financial risks to the end consumer.

The operating principle takes the following into account: the specific risks associated with project implementation such as construction, environmental sensitivity, social aspects and geotechnical; the financial risks associated with the management of liabilities; and the ability of the risk management processes to reinforce the business objectives of the organisation.

10. BEST PRACTICE IN PROJECT MANAGEMENT APPROACHES

TCTA has a well-developed Project Implementation Methodology (PIM) based on the principles of the Project Management Body of Knowledge (PMBOK). PIM provides detailed processes and procedures on all project implementation activities which covers the project lifecycle from initial planning to project commissioning and handover.

PIM ensures standardisation of project implementation processes across all projects within the TCTA's multi-project environment. As part of TCTA's initiative on total quality management, ISO compliance for the PIM is an ongoing objective.

11. BEST PRACTICE IN ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The revised Environmental Management Policy was approved by the Board in April 2022 for implementation as part of the organisation-wide Environmental and Social Management System (ESMS). Through the growth and implementation of an organisation wide Environmental and Social Management System (ESMS) risks and opportunities for improved responsible corporate citizenship, interdisciplinary integration, and environmental and social aspect management are identified, defined, and addressed.

Priority areas include the establishment of frameworks to guide decision making and practice. Examples of improvement efforts include the development and application of environmental indicators for sustainability linked loans for new projects, the revision of TCTA's environmental risk appetite and the development of an Operational Environmental Management Plan to facilitate improved assurance of compliance and good practice in the management of TCTA's corporate operations.

The ESMS planning tools are being used to proactively identify project specific environmental and social matters that contribute to the reduction of project risks whilst mitigating the impacts of the projects on the receiving natural and social environments.

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Improved social sustainability initiatives include the identification and prioritisation of project opportunities for the benefit of communities within the project-affected areas. TCTA collaborates with project partners and through participation in existing community development projects to promote social wellbeing. TCTA supports government departments and non-profit organisations to empower youth and develop skills in rural areas and within project footprints.

Environmental sustainability focus areas include the implementation of biodiversity offsets and partnering with existing local and internationally supported programmes for river and wetland rehabilitation. TCTA will continue its participation in Blue Deal Partnership contribution to the realisation of Sustainable Development Goal 6.

TCTA continues to be represented in Boards of Professional bodies for knowledge sharing, and continual environmental and social management improvement purposes.

12. TRANSFORMATION STRATEGY

TCTA views transformation from internal and external perspectives. The implementation of TCTA projects provides the organisation with opportunities to contribute to the transformation of emerging enterprises, historically disadvantaged persons and affected communities. Further, it is through the implementation of procurement best practices that transformation is achieved.

Transformation targets are incorporated into tenders for professional service providers and construction contracts to facilitate skills development, enterprise development, preferential procurement and the creation of meaningful short-term employment opportunities.

During 2024/25 financial year the project implementation activities that will be undertaken will include the commencement of the procurement of engineering Professional Service Providers (PSP) for the uMkhomazi project who will undertake design and construction supervision once the contracting strategy has been confirmed, the procurement of a design and build contractor for the BRVAS project and the procurement of the contractors for the construction of the MCWAP-2. The transformation targets in the procurement of these services will be in accordance with the New Preferential Procurement Regulations ("2022 Regulations") which took effect from 16 January 2023, in South Africa. These will expand the aims of preferential procurement and reinforce the discretion of organs of state to implement their own procurement policies.

Internally, TCTA is positive about personal development for career growth and offers training opportunities to employees. Under Project Naledi, bursars are assisted to obtain qualifications in the fields of engineering, project finance and environmental management, amongst others, and to gain work experience and exposure through internships.

Within the Professional Services contracts, TCTA facilitates the training of interns by the PSPs such that at the end of the contract, the interns are equipped to continue their professional development and obtain professional registration where applicable. PSP's and Contractors are also required to implement leadership programmes and community projects to facilitate social upliftment and skill development within the project footprint.

13. GOVERNANCE

The board of directors is ultimately accountable for the governance and performance of TCTA, balancing the interests of the organisation as a responsible citizen with the legitimate interests and expectations of stakeholders. The Board provides oversight, strategic direction and leadership, determines the goals and objectives of TCTA and approves strategic policies.

13.1 BOARD RESPONSIBILITIES

The Board is responsible to set direction and approve policy and planning that gives effect to the strategy and oversees and monitors the implementation and execution by management. In doing so, the Board shall:

- a) Set the strategic direction for the implementation and delivering water infrastructure as well as additional services that are directed, from time to time, by the Minister of Water and Sanitation.
- b) Oversee and monitor the implementation of multiple projects, while providing support and ensuring alignment of the strategy to the strategic priorities and objectives of the Department of Water and Sanitation as well as the Government outcomes for the period 2024/25 to 2026/27.
- c) Ensure accountability for organisational performance by means of disclosure and report on corporate governance, compliance, internal controls, risk and financial management; and ensure that reports such as the annual financial statements and sustainability reports comply with statutory requirements and reasonable information needs of material stakeholders.
- d) Maintain full and effective control over the organisation, and notwithstanding the delegation of responsibilities to its Committees and to Executive Management via the Chief Executive Officer, the Board shall remain accountable for the performance of the organisation.
- e) Act in good faith in the best interests of the organisation and its key stakeholders, avoid a conflict of personal interest with the interest of the organisation, whether directly or indirectly.
- f) Act ethically, within the limits of its authority, exercise duty of care, skill and diligence in exercising its oversight responsibilities.

13.2 GOVERNANCE STRUCTURE

- a) The Board is well structured to achieve strategic outputs as set out in the Notice of Establishment. The Board set the direction and parameters for the powers which are reserved for itself, and those which are delegated to the Chief Executive Officer. The

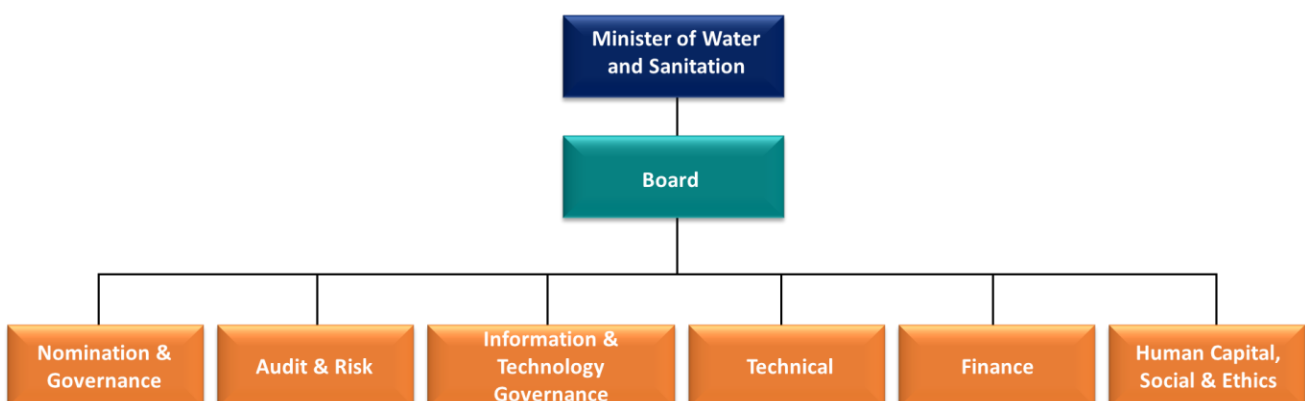
Board has in place an approved Strategic Delegation of Authority, as required under section 5 of the Board Charter and section 16 (1) (a) (ii) and (b) of the Notice of Establishment. The Board has delegated some of its responsibilities to standing Board Committees to facilitate efficient decision making and to assist the Board in the execution of its duties, powers and authorities.

- b) The Board is guided, amongst others, by directives issued by the Minister of Water and Sanitation, the Notice of Establishment, the National Water Act, the Public Finance Management Act, the Strategic Delegation of Authority, the Code of Business Conduct and Ethics, the King IV Report on Corporate Governance and other applicable legislations, regulations and policies whenever it executes its responsibilities.
- c) The standing Board Committees rely on the statutory framework as well as its Terms of References to implement the Board's directives and adhere to sound governance principles.
- d) The Board has a charter setting out its responsibilities and meets at least quarterly.
- e) A Board strategy session is convened annually with Executive Management to realign the business strategy and ensuring organisational growth in line with new developments and additional mandates and directives issued by the Minister of Water and Sanitation and with due consideration to achieve the appropriate balance between its key stakeholder groupings.

13.3 THE STRUCTURE OF THE COMMITTEES OF THE BOARD

TCTA reports to the Minister of Water and Sanitation, and as a public entity, to Parliament for overall oversight.

THE STRUCTURE OF THE COMMITTEES OF THE BOARD



The Board has established six standing committees with specific focus areas and has accordingly delegated roles and responsibilities. As at the date of this plan, these were the

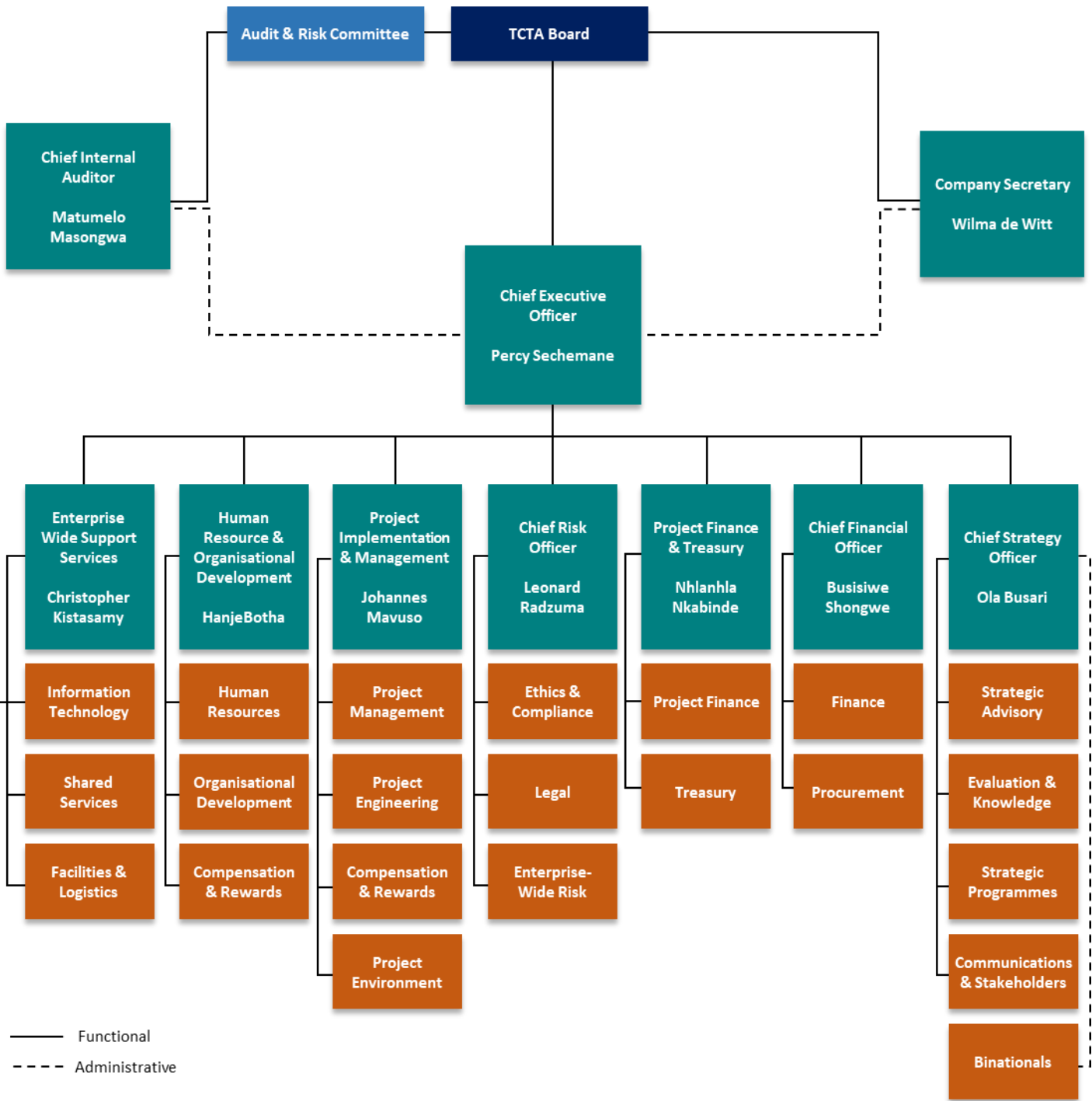
Audit and Risk Committee, the Finance Committee, the Nomination and Governance Committee, the Human Capital, Social & Ethics Committee, the Technical Committee, and the Information and Communications Technology Governance Committee.

The Audit and Risk Committee is a statutory committee as prescribed by section 77 of the PFMA; the other committees support the Board in the fulfilment of its governance and oversight role. All Board Committees are chaired by an independent, non-executive director.

Each committee's role, responsibilities and membership are in accordance with its terms of reference, as approved by the Board. The terms of reference are reviewed annually to ensure that such remain in line with relevant regulations, organisational requirements, and leading corporate governance practices.

13.4 TCTA HIGH-LEVEL STRUCTURE (FY 2024/25)

The high-level structure for 2024/25 can be graphically depicted as follows:



14. FUNDING REQUIREMENTS

14.1 OVERVIEW

TCTA structures project financing on a stand-alone basis; the project's cashflows service its debt while DWS undertakes to step in and perform TCTA's obligations to funders if TCTA is unable to do so. Once the project is operational, the role of TCTA is to manage debt, considering changing market circumstances, until such time that the debt has been fully repaid.

14.2 PREPARATION OF FUNDING REQUIREMENTS

TCTA prepares a rolling three-year budget on an annual basis. This budget is prepared on an accruals basis and identifies financial commitments for the period, and this is approved by the TCTA Board. The funding requirements per project have been determined from the budget as shown below:

Table 1: TCTA's Funding Requirements (Medium-Term) [1]

Project	2024/25	2025/26	2026/27	TOTAL	FINAL DEBT REPAYMENT DATE
	R' million	R' million	R' million	R' million	
VRS	3 911	3 330	2 137	9 378	2045
BWP	29	12	18	59	2029
VRESAP	-72	-53	15	-110	2028
MMTS-2	5	-1	-2	2	2023
ORWRDP (fiscus)	1	1	1	3	N/A
KWSAP	-57	-39	-12	-108	2034
MCWAP-1	2	3	6	11	2030
MCWAP-2	1 673	2 866	3 550	8 089	N/A
uMWP	656	903	1 060	2 619	
BRVS	129	103	344	576	N/A
MRWP (fiscus)	27	28	25	80	N/A
	6 305	7 152	7 142	20 599	

Notes on the above funding requirements:

- VRS:** The budget for the VRS amounts to R9 378 million for the three financial years from 2024/25 to 2026/27. The funding requirements for LHWP-2 and AMD-STI have been integrated into the funding of VRS under a single borrowing programme and revenue stream. AMD-LTS is on hold (Minister was requested to suspend the Directive pending a review of the project by DWS) and not provided for in the funding requirement.

[1] Negative values indicate a surplus in net funding requirements.

- b) **BWP:** BWP is expected to require funding of R59 million in the next three financial years from 2024/25 to 2026/27, after considering interest and capital payments.
- a) **VRESAP:** For the next three financial years from 2024/25 to 2026/27, VRESAP will generate R110 million. The project's revolving credit facility is now fully utilised, and new R400 million liquidity facilities have been sourced to improve the liquidity of the project.
- b) **MMTS-2:** The project will require R2 million in 2024/25 for remaining environmental requirements. The debt has been fully repaid by November 2022.
- c) **ORWRDP2C:** The project will require a further R3 million from 2024/25 to 2026/27. This amount will be funded by the Department of Water and Sanitation.
- d) **KWSAP:** The project will generate R108 million cashflow from 2024/25 to 2026/27. This amount will be utilised to service debt on the project.
- e) **MCWAP:** MCWAP-1 will generate R11 million from 2024/25 to 2026/27. MCWAP-2 will initially require an estimated R8 089 million from 2024/25 to 2026/27.
- f) **MRWP:** The project will require a further R81 million from 2024/25 to 2026/27.
- g) **BRVAS:** The project will require a further R576 million from 2024/25 to 2026/27.
- h) **uMWP:** The project will require a further R2 619 million from 2024/25 to 2026/27.

The Annexure C1 (Borrowing Programme) provides details on funding plans to address the funding requirements.

14.3 HEDGING STRATEGIES FOR FOREIGN FUNDING

Currently TCTA has no foreign currency funding. However, it is anticipated that some of the LHWP-2 contracts will be in euros, US dollars or pound sterling. It is envisaged that the funding facilities for the VRS will be drawn in rand and foreign currency will be acquired at the prevailing spot exchange rate at the time contract payments are made. The LHWP-2 long-term cost plan contingency amount as prepared by LHDA includes expected currency movements.

14.4 IMPACT OF FINANCIAL MARKETS ON FUNDING

All foreign exchange exposure is covered at 100% of the interest and capital portion of the loans. The impact of interest rate risk due to movements in financial markets is managed through the 70:30 fixed to floating policy. TCTA will continue to monitor the financial markets to minimise overall exposure to projects.

14.5 GOVERNMENT GUARANTEES

Because TCTA funds and implements all its projects on behalf of DWS, all its debt is either explicitly or implicitly guaranteed by the South African Government. An explicit government guarantee is in place for the VRS funding, whilst implicit government guarantees are in place for all the other projects.

These guarantees are provided for in the implementation agreements in which DWS undertakes to honour obligations in cases where TCTA is unable to do so. New guarantees were issued to lenders for the VRS in 2018 for R6.5 billion, while R9.3 billion in guarantees was released due to the repayment of the WS05 bond in August 2018. A further R4.5 billion loan guarantees were requested in February 2020 for DFI funding for LHWP-2 and granted in 2021. The guarantee agreements were signed in 2023. Another R15.45 billion was granted in 2021 for other bank loans. Finally, a guarantee for a new DMTN programme expected to be registered in 2024, of which R10billion is for the VRS, has also be requested.

15. CONCLUSION

TCTA, as an organ of state, is positioning itself to play a major role as a catalyst to enable Government to achieve its goal of making water available to drive economic growth and social development. The various projects already directed by Government for implementation in the next few years provide ample opportunity to be that catalyst, as well as contributing to the transformation of the socio-economic landscape across the country.

TCTA is confident that it will be able to support Government's developmental agenda by undertaking the strategic coordination of critical infrastructure projects and promoting research that addresses water security issues, as well as leading the entire supportive chain of project finance and implementation.

Some of the strategic interventions planned in this context are as follows:

- Endeavouring that water infrastructure projects create jobs and improve livelihoods in and around project communities in an environmentally sensitive matter,
- Supporting Government with advice for strengthening the policy and strategic framework for sustainable water management, including effective water pricing and tariff determination, as well as innovative solutions to water security challenges,

- Leveraging organisational skills in project management and implementation, including state-of-the-art engineering know-how for successful project delivery; and
- Harnessing insights into the dynamics of financial markets, thus ensuring greater attractiveness for TCTA debt.

ANNEXURE A

TCTA CORPORATE BALANCED SCORECARD FOR 2024/25

TCTA CORPORATE BALANCED SCORECARD FOR 2024/25

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
Financial Perspective (55%)								
Theme: Deliver on TCTA directives in an efficient manner in accordance with the shareholder and partner expectations.								
1. Raise funding for implementation of infrastructure (12%)	Sufficient funding is available to facilitate reaching of critical project milestones	MCWAP-2A: Fiscal Funding is available to enable implementation activities according to the approved 2024/25 Procurement Plan (3%)	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2024/25.	Request fiscal funding from DWS for 2025/26 social funding contribution by 30/06/2024	-	Fiscal funding availability confirmed by DWS by 31/12/2024.	Fiscal funding is available to enable implementation activities according to the approved Procurement Plan, by 31/03/2025.	Funding is available 1 or more months before the target date in the Procurement Plan
		uMkhomazi: Commercial and/or Social (Fiscal) Funding is available to enable implementation activities according to the approved 2024/25 Procurement Plan (4%)	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2024/25.	Request fiscal funding from DWS by 30/06/2024. Borrowing limit approved by 30/06/2024. Development Finance Institutions (DFI) and Infrastructure Fund (IF) due diligence in	DFI and IF due diligence in progress by 30/09/2024.	Fiscal funding availability confirmed by DWS by 31/12/2024. Negotiations with DFIs and IF In progress by 31/12/2024.	Commercial and/or Social Funding is available by 31/03/2025 to enable implementation activities according to the approved Procurement Plan. Start commercial loan sourcing	Funding is available 1 or more months before the target date in the Procurement Plan AND the weighted average margin over JIBAR or replacement equivalent for the 60% of the lowest cost loans is not

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
				progress by 30/06/2024.			process by 31/03/2025. Negotiations with DFIs and IF concluded by 31/03/2025.	more than 250 basis points.
		BRVAS: Commercial Funding is available to enable implementation activities according to the approved 2024/25 Procurement Plan (3%)	Investments and confirmation by lenders and/or DWS that sufficient funds are available for disbursement, in 2024/25.	Negotiations with Funders completed by 30/06/2024.	National Treasury's (NT) approval for the Guarantee/Indemnity issued, by 30/09/2024. Commercial Funding is available by 30/09/2024, to enable implementation according to the Procurement Plan.	-	-	Funding is available 1 or more months before the target date in the Project Plan
		Nwamitwa Dam Project: 2 nd draft of funding model prepared by 31 March 2025 (2%)	Second draft Funding Model.	Prepare and conclude the Service Level Agreement (SLA) with DWS by 30/06/2024.	Engage the Water Users and determine Tariff affordability by 30/09/2024.	Develop the 1 st Draft Funding Model by 31/12/2024.	Second Draft Funding Model completed by 31/03/2025.	

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
2. Implement capital projects on time, within budget, to the appropriate standards and in a sustainable socio/environmental manner (13%)	Reaching of project critical milestones as reflected in the Project Plan	MCWAP: Appointment of the main construction contractor by 31 December 2024 (5%)	Copy of the Award Letter. Signed Service Level Agreement (SLA) or contract.	Request for Bid (RFB) document advertised & conclude all bid clarifications by 30/06/2024.	Bid evaluation completed by 30/09/2024.	Bid awarded to the successful bidder by 31/12/2024.	Conclude SLA or contract document with successful bidder by 28/02/2025.	
		BRVAS Project: Appointment of the PSP for detail design by 30 June 2024 (3%)	Copy of the Award Letter. Signed SLA or contract.	Appointment of the PSP for detail design by 30/06/2024.	Conclude SLA or contract document with successful PSP by 31/08/2024.	-	-	
		UMkhomazi Water Project: Phase 1 – <ul style="list-style-type: none"> Appointment of the PSP for Water Conveyance Infrastructure (Tunnel and Pipeline) by 30 September 2024 (2%) 	Copy of the Award Letter. Signed SLA or contract.	-	Appointment of the PSP for Water Conveyance Infrastructure by 30/09/2024.	Conclude SLA or contract document with successful PSP for the Water Conveyance Infrastructure by 30/11/2024.	-	
		<ul style="list-style-type: none"> Appointment of the PSP for the Dam by 31 August 2024 (3%) 	Copy of the Award Letter. Signed SLA. Bid Evaluation Committee's report to BAC/minutes/resolutions.	Bid evaluation completed by 30/06/2024.	Appointment of the PSP for the Dam by 31/08/2024.	Conclude SLA or contract document with successful PSP for the Dam by 31/10/2024.	-	

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
3. Manage debt within the approved borrowing limit (10%)	Debt is managed within approved borrowing limits, and all debt payment obligations are met.	Debt managed within the approved borrowing limits, and all debt payment obligations are met by the due date. <ul style="list-style-type: none"> VRS (2%) BWP (2%) VRESAP (2%) KWSAP (2%) MCWAP (2%) 	Borrowing Limit Utilisation Report	Debt managed within the approved borrowing limits, and all debt payment obligations are met by the due date.	Debt managed within the approved borrowing limits, and all debt payment obligations are met by the due date.	Debt managed within the approved borrowing limits, and all debt payment obligations are met by the due date.	Debt managed within the approved borrowing limits, and all debt payment obligations are met by the due date.	Liquidity facilities cover 15% of outstanding debt
4. Operate and maintain designated assets to meet DWS requirements/ specifications (20%)	Operate and maintain to meet the minimum capacity availability factor	Western Basin: A capacity availability factor of 80%, over the financial year, of the maximum capacity of the plant of 35MI/d (2%)	Daily Report Master	A capacity availability factor of 80%, over Q1, of the maximum capacity of the plant of 35 MI/d	A capacity availability factor of 80%, over Q2, of the maximum capacity of the plant of 35 MI/d	A capacity availability factor of 80%, over Q3, of the maximum capacity of the plant of 35 MI/d	A capacity availability factor of 80%, over Q4, of the maximum capacity of the plant of 35 MI/d	A capacity availability factor of 90%, over the financial year, of the maximum capacity of the plant of 35 MI/d
		Central Basin: A capacity availability factor of 80%, over the financial year, of the maximum capacity of the plant of 72 MI/d (2%)	Daily Report Master	A capacity availability factor of 80%, over Q1, of the maximum capacity of the plant of 72 MI/d	A capacity availability factor of 80%, over Q2, of the maximum capacity of the plant of 72 MI/d	A capacity availability factor of 80%, over Q3, of the maximum capacity of the plant of 72 MI/d	A capacity availability factor of 80%, over Q4, of the maximum capacity of the plant of 72 MI/d	A capacity availability factor of 90%, over the financial year, of the maximum capacity of the plant of 72 MI/d

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
		Eastern Basin: A capacity availability factor of 80%, over the financial year, of the maximum capacity of the plant of 100 MI/d (2%)	Daily Report Master	A capacity availability factor of 80%, over Q1, of the maximum capacity of the plant of 100 MI/d	A capacity availability factor of 80%, over Q2, of the maximum capacity of the plant of 100 MI/d	A capacity availability factor of 80%, over Q3, of the maximum capacity of the plant of 100 MI/d	A capacity availability factor of 80%, over Q4, of the maximum capacity of the plant of 100 MI/d	A capacity availability factor of 90%, over the financial year, of the maximum capacity of the plant of 100 MI/d
	To ensure the water discharged from the Western Basin, Central and Eastern Basins plants , meets parameters as set out by DWS	90% of the water samples taken in the Western Basin are compliant with the parameters as set by DWS (2%)	DWS Water quality reports	90% of the water samples taken in the Western Basin are compliant, as at 30/06/2024.	90% of the water samples taken in the Western Basin are compliant, as at 30/09/2024.	90% of the water samples taken in the Western Basin are compliant, as at 31/12/2024.	90% of the water samples taken in the Western, Basin are compliant, as at 31/03/2025.	100% of the water samples taken in the Western, Basin are compliant
		90% of the water samples taken in the Central Basin are compliant with the parameters as set by DWS (2%)	DWS Water quality reports	90% of the water samples taken in the Central Basin are compliant, as at 30/06/2024.	90% of the water samples taken in the Central Basin are compliant, as at 30/09/2024.	90% of the water samples taken in the Central Basin are compliant, as at 31/12/2024.	90% of the water samples taken in the Central Basin are compliant, as at 31/03/2025.	100% of the water samples taken in the Central Basin are compliant
		90% of the water samples taken in the Eastern Basin are compliant with the parameters as set by DWS (2%)	DWS Water quality reports	90% of the water samples taken in the Eastern Basin are compliant, as at 30/06/2024.	90% of the water samples taken in the Eastern Basin are compliant, as at 30/09/2024.	90% of the water samples taken in the Eastern Basin are compliant, as at 31/12/2024.	90% of the water samples taken in the Eastern Basin are compliant, as at 31/03/2025.	

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
	LHWP Delivery Tunnel North – Availability expressed as the number of days that the Tunnel is able to deliver water over the reporting period, (excluding the scheduled shut down)	99% availability (3%)	Flow record at Crump Ware on Ash River outlet.	99% availability as at 30/06/2024.	99% availability as at 30/09/2024.	Tunnel outage	Tunnel outage	100% availability
	LHWP Delivery Tunnel North – Perform outage repair work from 01 October 2024 to 31 March 2025	Complete 100% of the planned October 2024 maintenance repair work on LHWP Delivery Tunnel North by 31 March 2025 (5%)	Report on completed maintenance repair work. Signed SLA.	Signed construction contract (SLA) by 30/06/2024.	Complete site establishment and mobilisation by 30/09/2024.	Commencement of the outage repair work from 01/10/2024.	Complete 100% of the planned October 2024 maintenance repair work on LHWP Delivery Tunnel North by 31 March 2025.	Complete 100% of the planned October 2024 maintenance repair work on LHWP Delivery Tunnel North by 28 February 2025.

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
Stakeholder Perspective (10%)								
Theme: Influence the National Water Resource Infrastructure Agency (NWRIA).								
5. Ensure organisational positioning for the planned Water Agency (10%)	Corporate achievement of key strategic actions against Water Agency Plan of TCTA	90-100% achievement of key strategic actions by 31 March 2025 (10%)	Evidence of progress made, e.g., presentations, plans, reports, mails, minutes.	90-100% achievement against 1 st quarter milestones in the TCTA Plan.	90-100% achievement against 2 nd quarter milestones in the TCTA Plan.	90-100% achievement against 3 rd quarter milestones in the TCTA Plan.	90-100% achievement against 4 th quarter milestones in the TCTA Plan.	100% implementation of plan by 28 February 2025 (most actions 1 month ahead)
Internal Business Processes (25%)								
Theme: Embrace combined assurance.								
6. Maintain the highest standard of internal control environment (15%)	Clean audit opinion achieved in 2024-25 financial year	Achieve a clean audit opinion in 2024-25 financial year (5%)	External Auditors (AGSA) report.	-	Final 2023/24 AGSA Management Report, for the 2023/24 Annual Target: "Unqualified audit opinion in 2023/24 financial year" by 31/08/2024	-	Interim 2024/25 AGSA Report, issued by 31/03/2025.	-
	% Irregular, Fruitless and Wasteful Expenditure reported and cleared	100% Irregular, Fruitless and Wasteful Expenditure (IFWE) reported and cleared within 90 days from discovery, as prescribed by the applicable National	Quarterly reports to the accounting authority and National Treasury Template.	100% IFWE reported and cleared within 90 days from discovery, as prescribed by the applicable NT	100% IFWE reported and cleared within 90 days from discovery, as prescribed by the applicable NT	100% IFWE reported and cleared within 90 days from discovery, as prescribed by the applicable NT	100% IFWE reported and cleared within 90 days from discovery, as prescribed by the applicable NT	-

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
		Treasury (NT) Compliance and Reporting Framework. (Instruction Note 4, 22/23 is applicable at 29/02/2024) (5%)		Compliance and Reporting Framework by 30/06/2024.	Compliance and Reporting Framework, by 30/09/2024.	Compliance and Reporting Framework, by 31/12/2024.	Compliance and Reporting Framework by 31/03/2025.	
Theme: Establish an enabling ICT environment.								
7. Ensure that all IT systems are implemented to support the business (10%)	Implementation of year 3 Digital Initiatives as defined in the approved Digital Transformation Strategy.	100% Implementation of Year 3 initiatives by 31 March 2025 (5%)	Approved Digital Transformation Strategy. Implementation Plan	25% implementation of year 3 initiatives by 30/06/2024.	50% implementation of year 3 initiatives, by 30/09/2024.	75% implementation of year 3 initiatives, by 31/12/2024	100% implementation of year 3 initiatives by 31/03/2025	100% implementation of Year 3 initiatives by 28 February 2025
	Creating a secure and resilient ICT Environment.	95% Availability of critical systems, with zero successful cyber-attacks (5%)	Availability of systems report Cyber-attacks report.	95% availability of critical systems, with zero successful cyber-attacks, as at 30/06/2024.	95% availability of critical systems with zero successful cyber-attacks, as at 30/09/2024.	95% availability of critical systems with zero successful cyber-attacks, as at 31/12/2024.	95% availability of critical systems with zero successful cyber-attacks, as at 31/03/2025.	Above 97% availability of critical systems with zero successful cyber-attacks

Strategic Objective	Measure	Annual Target	Means of Verification	Key Performance Indicator				
				Q1	Q2	Q3	Q4	Stretch Target
Learning and Growth (10%)								
Theme: Create a mindset for TCTA to be regarded as a centre of excellence in the water sector.								
8. Position TCTA as a thought leader in critical aspects of water security (5%)	Contribution of papers to technical publications and conferences.	3 Business relevant papers written and submitted each quarter (Q2, Q3 & Q4) by 31/03/2025 (3%)	Number of papers submitted during the year.	At least one paper in draft preparation in place by 30/06/2024.	1 Paper written and submitted by 30/09/2024.	1 Paper written and submitted by 31/12/2024.	1 Paper written and submitted by 31/03/2025.	Above 3 business relevant papers written and submitted by year-end
	Effective annual co-ordination of the SIP-19 Programme	Average effectiveness rating of 3 out of 5, for the survey by relevant stakeholders, on SIPs coordination and monitoring (2%)	Stakeholder feedback ratings from principals and partnership forums on survey.	Stakeholder feedback ratings of at least 3 out of 5, from principals and partnership forums.	Stakeholder feedback ratings of at least 3 out of 5, from principals and partnership forums.	Stakeholder feedback ratings of 3 out of 5, from principals and partnership forums.	Stakeholder feedback ratings of 3 out of 5, from principals and partnership forums.	Average effectiveness rating of 4
9. Embed a Performance Culture that manifests as an agile organisation (5%)	Maintain the 2021/22 baseline for an acceptable level of employee satisfaction and engagement as measured through the culture survey.	Greater than 60% of total employee complement are satisfied, indicating acceptable levels of satisfaction (5%)	Survey results report	-	-	-	Greater than 60% of employees are satisfied, indicating acceptable levels of satisfaction.	Above 69% of employees are satisfied indicating acceptable levels of satisfaction

PERFORMANCE RISKS ON THE BALANCED SCORECARD FOR 2024/25

Objective 4. Manage debt within the approved borrowing limit.

Target: Debt managed within the borrowing limits and all payment obligations are met.

- VRS
- BWP
- VRESAP
- KWSAP
- MCWAP

Performance Risk: The borrowing limits are for shorter terms and lower amounts than those requested by TCTA, which will make it challenging to manage debt within the borrowing limit going forward and increases funding risk.

ANNEXURE B

CAPITAL EXPENDITURE PROGRAMME AND

OPERATIONS & MAINTENANCE

1. INTRODUCTION

TCTA's capital expenditure programme comprises of projects that are categorized as projects at preparation phase, projects at construction phase, projects at close-out phase, completed projects and projects on-hold.

TCTA also oversees the operation and maintenance of the AMD treatment plants in the Western, Central and Eastern basins and on the Delivery Tunnel North of the Lesotho Highlands Water Project.

A summary of the key activities that will be undertaken during the financial year ending on 31 March 2025 is provided below.

1.1. PROJECTS AT IMPLEMENTATION PHASE

- Mokolo And Crocodile River Water Augmentation Project - Phase 2A (MCWAP-2A)
- uMkhomazi Water Project Phase 1 (uMWP-1)
- Berg River Voëlville Augmentation Scheme (BRVAS)

1.2. PROJECT AT CLOSE-OUT PHASE

- Olifants River Water Resources Development Project - Phase 2C (ORWRDP-2C)
- Mooi Mgeni Transfer Scheme - Phase 2 (MMTS-2)
- Berg Water Project (BWP)

1.3. ADVISORY SERVICES

- Mzimvubu Water Project (MWP)
- Nwamitwa Dam Project
- Programme Management Services to DWS in relation to Water Infrastructure Projects (Advisory)

1.4. PROJECTS ON-HOLD

- Acid Mine Drainage - Long Term Solution (AMD-LTS)

1.5. OPERATION AND MAINTENANCE ASSETS

- Acid Mine Drainage (AMD) Plants in Western, Eastern and Central Basins

- Lesotho Highlands Water Project (LHWP) Delivery Tunnel North

2. PROJECT AT IMPLEMENTATION PHASE

2.1. MOKOLO AND CROCODILE RIVER WATER AUGMENTATION PROJECT - PHASE 2A (MCWAP-2A)

2.1.1. STRATEGIC IMPACT

Additional water from MCWAP-2 is required to provide Medupi Power Station with enough water to operate the additional three Flue Gas Desulphurization (FGD) units, Matimba Power station and to operate their six FGD units, which could not be supplied from the MCWAP-1 pipeline. It will also provide the Lephalale Municipality with water for a growing population, who are using above their allocated MCWAP 1 capacity. MCWAP-2A will also unlock the coal resources in the Waterberg region for power generation which consist of Independent Power Producers (IPP's), coal supply to some of the Eskom's power stations, coal for export and other industrial developments.

Development of the Waterberg Coal Fields is the object of the PICC SIP-01 programme.

MCWAP-2A consists of an abstraction weir, a 160 km water transfer infrastructure with associated ancillary infrastructure and a River Management System.

2.1.2. KEY ACTIVITIES FOR 2024/25

TCTA concluded the negotiations with the Lenders and the loan facility agreements were approved by the TCTA Board in November 2023. The revised tender document was approved by the Bid Specification Committee in December 2023. TCTA has acquired 51% of the land and servitude rights and is planning to acquire the remaining 49% by the end of 2023/24 financial year.

The key activities planned to be undertaken in 2024/25 financial year consist of:

- Commence and conclude the procurement process for the main construction contract.
- Complete the designs for the auxiliary works.
- Develop the tender document for the River Management System and obtain Bid Specification Committee approval.
- Place orders for the pipes and associated materials.

2.2. UMKHOMAZI WATER PROJECT PHASE1 (uMWP - 1)

2.2.1. STRATEGIC IMPACT

A DWS Feasibility Study identified uMWP as the most viable solution to sustainably meet the long-term water requirements of domestic and industrial water users in the eThekweni and Pietermaritzburg regions of KwaZulu-Natal. The first phase of the project (uMWP-1) will augment the yield of the integrated Mgeni Water Supply System (MWSS) by 220 million m³ per annum to sustainably supply the anticipated water demands of 600 million m³ per annum in 2040, after which the further phase (uMWP-2) should be commissioned.

The MWSS has been in deficit since 2016 and augmentation through uMWP-1 is urgent to prevent a constraint on the development and economy of KZN. A new 81 m high dam at Smithfield on the uMkhomazi River, conveyance infrastructure (32.5 km tunnel and 5.2 km pipeline) to the new Umgeni Water (UW) water treatment works (WTW) in the uMlaza River valley. The raw water component being TCTA's responsibility.

A WTW in the uMlaza River valley, followed by a gravity pipeline connecting to the existing UW bulk potable distribution system in the area of the Umlaas Road reservoir, being Umgeni Water's responsibility.

2.2.2. KEY ACTIVITIES FOR 2024/25

The Environmental Authorizations and approved pre-construction EMPs are in place for the Water Conveyance Infrastructure and the Smithfield Dam and Associated Infrastructure. The construction and operation EMPs are not yet in place and scope to obtain such approval is included in the Professional Services Providers scope of services for the Water Conveyance Infrastructure and the Dam. In 2023, TCTA issued to the market the tender documents for the Water Conveyance Infrastructure and the Dam.

The key activities to be undertaken in 2024/25 financial year include:

- Award PSPs contract for the Smithfield Dam and Water Transfer Infrastructure.
- Commence with design development activities.
- Finalise the logistics study for the Tunnel Boring Machines.
- Develop the land and servitude acquisition plan.

2.3. BERG RIVER VOËLVLEI AUGMENTATION SCHEME (BRVAS)

2.3.1. STRATEGIC IMPACT

The 2012 Water Reconciliation Strategy for the Western Cape Water Supply System (WCWSS) indicated that the system is projected to be in deficit in 2016 and required urgent augmentation, which became evident by the system's inability to cope with the 2017/18 drought situation. BRVAS was identified as the most viable surface water solution to augment the system the soonest. The subsequent WCWSS reconciliation strategy status report indicates required augmentation from BRVAS in 2023 for the average water demand scenario. BRVAS will then augment the yield of the WCWSS by 23 million m³/a through the abstraction of winter flows in the Berg River and transferring it to Voëlvlei Dam.

2.3.2. KEY ACTIVITIES FOR 2024/25

The detailed review of the project scope, scope improvements, design changes and the cost estimate for the project, the revised procurement strategy was approved by the TCTA Executive Committee in 2023 and this led to the commencement of the procurement process for the Professional Service Provider to conduct detail design and compiled the technical specification which will enable TCTA to compile the tender document for construction. In 2023, TCTA issued the tender document to the market to solicitate the services of the PSP to perform detail design and this process will be concluded in 2024.

The key activities to be undertaken in 2024/25 include:

- Award the Professional Service Provider (PSP) contract and conclude the detail designs and the technical specification for construction.
- Develop the tender document for the main contractor and obtain BSC approval.
- Issue the tender document to the market.

3. PROJECTS AT CLOSE-OUT PHASE

3.1. OLIFANTS RIVER WATER RESOURCES DEVELOPMENT PROJECT - PHASE 2C (ORWRDP-2C)

3.1.1. STRATEGIC IMPACT

ORWRDP-2 bulk distribution system transfers water from the De Hoop and Flag Boshielo dams for municipal and mining needs in the middle Olifants river catchment area, unlocking significant social and economic development.

Phase 2C will improve water supply to the Jane Furse / Nebo Plateau and mining activities in the Steelpoort - Burgersfort area.

3.1.2. KEY ACTIVITIES FOR 2024/25

Construction of ORWRDP-2C was completed and the project handed over to DWS for Operations and Maintenance in December 2018.

The key activity to be undertaken in 2024/25 financial year include:

- Conclude any outstanding legal disputes with the Service Provider.

3.2. MOOI MGENI TRANSFER SCHEME - PHASE 2 (MMTS-2)

3.2.1 STRATEGIC IMPACT

MMTS-2 entailed the construction of a 37.7m high dam with 139.5 million-m³ storage capacity; a pump station and 14.9km pipeline including 8.3 km of Umgeni Water (UW) potable pipe; and the refurbishment of MMTS-1.

MMTS-2 augments the yield of Mgeni System by 60 million to 394 million m³ per annum and increases water security in the system. The water benefits eThekweni Metropolitan Municipality, uMgungundlovu District Municipality, Msunduzi Local Municipality, Ugo Municipality and Ilembe Municipality representing the economic hub of KZN.

3.2.2 KEY ACTIVITIES FOR 2024/25

MMTS-2 is complete and operational.

The activity remaining is the implementation of the Biodiversity Offsets. A detailed implementation plan was approved by the Department of Forestry, Fisheries and Environment and in November 2021 EXCO approved the total estimated budget of R42.4 million.

Unfortunately, the land which was earmarked for the implementation of the Biodiversity Offset plan is no longer available and TCTA has engaged with the Department of Forestry, Fisheries and Environment, to evaluate the compensation option. The following activity will be undertaken in 2024: Finalize an agreement with EKZNW, including payment to EKZNW, to comply with the offset obligation.

3.3. Berg Water Project

3.3.1 STRATEGIC IMPACT

TCTA obtained a Heritage Record of Decision (RoD) as part of the environmental suite of permits and authorisations on the Berg Water Project. To fulfil the conditions of the RoD, TCTA is required to construct a heritage display to protect the Skuifraam ruins on Driefontein farm, a pathway and associated infrastructure leading to the heritage display.

3.3.2 KEY ACTIVITIES FOR 2024/25

The tender document for construction was issued to the market and the PSP appointed. The key activities to be undertaken in 2024/25 financial year include:

- Award of the construction contract.
- Construct and handover the heritage display.

4 CAPITAL PROJECT ADVISORY SERVICES

4.3 MZIMVUBU WATER PROJECT (MWP)

4.3.1 STRATEGIC IMPACT

Two multi-purpose dams and associated infrastructure, Ntabelanga and Lalini dams, on the Tsitsa River, which is a tributary of the Mzimvubu River, will be developed to provide for potable water supply, irrigation, hydropower and tourism.

Due to the catalytic role the project is expected play in the broader socio-economic development of the region, Government has classified the project as a Strategic Integrated Project under SIP-3.

The project will be implemented in stages:

- Stage1: Advanced Infrastructure – consists of mainly access road and other advance infrastructure.
- Stage2: Implementation of Ntabelanga Dam and Water Treatment Works.
- Stage 3: Implementation of the bulk distribution system.
- Stage4: Implementation of the Irrigation and Hydropower components– roads, staff housing.

TCTA received a revised directive on 16 January 2019 to provide project management services for Stage 1 and in May 2023 to provide project management services for Stage 2 and will continue to provide such services.

4.3.2 KEY ACTIVITIES FOR 2024/25

In accordance with the current Directive TCTA has continued to provide project management and advisory services for Stage 1 which is mainly related to the access road, utilizing DWS-Construction Unit as the contractor and DWS-Infrastructure Development as the implementer, with the support of DWS-Engineering Services and other directorates.

The access road (Stage 1) is currently under construction and is 80% completed. DWS is planning to commence with the construction Ntabelanga Dam.

Key project management support activities to be undertaken in 2024/25 financial year include:

- Complete Stage 1 (Access Road) construction
- Procure third party service providers to undertake environmental baseline specialist studies (heritage, noise, air quality, biodiversity, biomonitoring, and water quality) for Stage 2.
- Appoint an environmental practitioner to develop construction EMPR.
- Commence with construction activities for Stage 2.

4.4 PROGRAMME MANAGEMENT SERVICES TO DWS IN RELATION TO WATER INFRASTRUCTURE PROJECTS

4.4.1 STRATEGIC IMPACT

DWS is facing a challenge of inadequate capacity for effective programme planning and co-ordination which is necessary for ensuring efficient project preparation, roll-out and delivery to specifications, on time and within budget. To address these challenges, DWS needs support with infrastructure programme planning and management services and has issued a directive to TCTA in this regard. TCTA is to utilise its capabilities and resources to increasingly support DWS in its infrastructure mandate, and leverage on the broader infrastructure development as a lever for social well-being, economic development and transformation.

4.4.2 KEY ACTIVITIES FOR 2024/25

Further engagements with DWS to agree on the project management support required and to formalise same through entering into service level agreements. The priority projects identified requiring support to progress are:

- Olifants ORWRDP-2, render support to resolve the institutional arrangements for the implementation of further phases.

5 PROJECTS ON HOLD

5.3.1 ACID MINE DRAINAGE - LONG-TERM SOLUTION (AMD-LTS)

5.3.2 STRATEGIC IMPACT

AMD-LTS entails the desalination of the partially treated acid mine drainage water from the Short-term Intervention to a potable or industrial standard. Implementation of the long-term project will reduce the need for dilution releases from the Vaal Dam. Desalinated acid mine drainage from the Witwatersrand will augment water supplies to the Vaal River System (VRS) which will in turn delay the need for further augmentation of the VRS until 2030, as per current demand projections.

5.3.3 STATUS

The DWS is in the process of assessing the Vaal River System yield and salinity model, with reference to the impact of the AMD-STI on the system. The outcome of the assessment will determine the need and timing for the implementation of further water treatment requirements. TCTA has issued a letter to the Department of Water & Sanitation to request the Minister to formally instruct TCTA to suspend the Directive until the foretated activities have been completed.

6 OPERATIONS AND MAINTENANCE

6.3 LESOTHO HIGHLANDS WATER PROJECT (LHWP) WITHIN RSA

TCTA operates and maintain the Delivery Tunnel North of the Lesotho Highlands Water Projects located within the RSA. A planned outage during October and November 2019 took place to undertake the 5-year inspection of the infrastructure and to conduct necessary maintenance activities.

In the 2024/25 financial year, TCTA will continue to fulfil the obligation to operate and maintain the delivery tunnel to ensure that there are no unplanned outages in the delivery of water to South Africa. The planning work for the next scheduled outage in 2024 will continue and the outage will commence in October 2024 and to be completed in March 2025.

6.4 ACID MINE DRAINAGE – SHORT-TERM INTERVENTION (AMD-STI)

TCTA is directed to operate and maintain the AMD water treatment plants in the Western, Central and Eastern basins of the Witwatersrand area. The Western Basin plant is operated and maintained by Sibanye Stillwater in terms of an agreement concluded with TCTA. The costs are shared on a basis of 1/3:2/3 between Sibanye Stillwater and TCTA. The Central and Eastern Basin plants are operated and maintained in terms of two 5-year contracts entered with external service provider. The current contract with the current service provider commenced in 2021 and will expire in year 2025.

In 2024/25, TCTA will continue to effectively operate and maintain the AMD treatment plants to achieve the DWS strategic objectives of preventing environmental degradation.

4. PROJECT COSTS

The status of TCTA projects and activities to be undertaken during 2024/25 financial year are summarised as follows:

The table above shows the capital expenditure for all current projects until completion.

Project Summary Table (OPEX):

Operations	Cumulative Actual to	Forecast	Budget/ R millions				
	March'23	23/24	24/25	25/26	26/27	27/28	28/29
2.3. Operations & Maintenance							
AMD O&M Central Basin	R 847	R 182	R 202	R 221	R 232	R 244	R 256
AMD O&M Western Basin	R 345	R 70	R 84	R 88	R 92	R 97	R 102
AMD O&M Eastern Basin	R 539	R 134	R 151	R 159	R 167	R 175	R 184
SUB-TOTAL	R 1 732	R 386	R 436	R 468	R 491	R 516	R 542
LHWP O&M		R 7,22	R 224				
TOTAL	R 1 732	R 393	R 661	R 468	R 491	R 516	R 542

ANNEXURE C

BORROWING PROGRAMME, BUDGETS AND CASH PROJECTIONS

ANNEXURE C1
BORROWING PROGRAMME

1. EXECUTIVE SUMMARY

This section provides information on the consolidated funding programme for all the projects under the management of TCTA. TCTA is expected to have a funding requirement of R20 599 million in the next three years from 2024/25 financial year (excluding the redemption portfolio and debt portfolio structuring). It is expected that the bulk of the funding will be raised from the financial markets with the balance funded from the fiscus. Raising of funding is dependent on government guarantees being issued to lenders where required and approval or renewal of borrowing limits.

1.1. COMBINED FUNDING REQUIREMENTS

The combined funding requirements for all projects for 2024/25 to 2026/27 is shown in the following table.

Project	2024/25	2025/26	2026/27	TOTAL	FINAL DEBT REPAYMENT DATE
	R' million	R' million	R' million	R' million	
VRS	3 911	3 330	2 137	9 378	2045
BWP	29	12	18	59	2029
VRESAP	-72	-53	15	-110	2028
MMTS-2	5	-1	-2	2	2023
ORWRDP (fiscus)	1	1	1	3	N/A
KWSAP	-57	-39	-12	-108	2034
MCWAP-1	2	3	6	11	2030
MCWAP-2	1 673	2 866	3 550	8 089	N/A
uMWP	656	903	1 060	2 619	
BRVS	129	103	344	576	N/A
MRWP (fiscus)	27	28	25	80	N/A
	6 305	7 152	7 142	20 599	

The Government of the Republic of South Africa has authorised a maximum of R25 000 million of debt to be issued under the guarantee on the Vaal River System funding programme, which includes the funding of LHWP, and AMD. The following debt facilities have been arranged or are planned to be arranged. Borrowings under the facilities will not exceed the maximum amount of the guarantee:

- Long-term loans: R4 000 million
- Revolving credit facilities: R1 500 million
- Existing Commercial Paper Programme: R4 000 million
- Approved guarantees for DFI loans: R4 500 million
- Approved guarantee for new commercial facilities: R15 450 million

- New DMTN planned for registration in 2024 after redemption of R9 400 million WSP-5 bonds in May 2021: R10-15 billion (depending on the size of the expanded Commercial Paper Programme).

The debt relating to the other projects is supported by undertakings by DWS in favour of the funders in terms of the project implementation agreements to honour TCTA's obligations.

2. PROJECT SPECIFIC INFORMATION

2.1. VAAL RIVER SYSTEM (VRS, COMPRISING LHWP-1, LHWP-2 AND AMD-ST AND AMD-LTS)

2.1.1. CAPITAL MARKET MATURITY LADDER

A new DMTN is planned for registration in 2024.

2.1.2. FUNDING REQUIREMENTS

The domestic funding requirements of the VRS are discussed below. The VRS is expected to require funding of R9 378 million during the next three financial years (the medium term) due to accelerating capital expenditure on LHWP-2.

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	2 657	1 254	3 911
2025/26	1 944	1 387	3 330
2026/27	-2 800	4 937	2 137
TOTAL	1 800	7 578	9 378

(NB: "Incremental" funding requirement is cashflow before capital repayment).

Guarantees / Contingent Liabilities

The VRS is funded with up to R25 billion approved government guarantees. All debt covenants, conditions of the listed bonds, are complied with and covenant breaches which occurred during the year have been waived and/or remedied.

2.1.3. FUNDING TERMS

R6.5 billion loan facilities were sourced from banks in 2018. In 2021, loan agreements were concluded with six local banks for R15.45 billion loan facilities, with maturities from 5 years to about 20 years.

A further R1.3 billion has been negotiated with the African Development Bank and R3.2 billion with the New Development. Government guarantees have been approved. A new domestic multi-term note programme will be registered in 2023 to issue bonds with varying maturities up to 2042. The bonds will be used to refinance some of the shorter-dated loan maturities and to fund capital expenditure on LHWP-2.

2.2. BWP

2.2.1. FUNDING REQUIREMENTS

The table below sets out the funding requirement for the following three financial years. It is projected that the project will require funding of R59 million from 2024/25 to 2026/27 after debt service and administration payments in the medium term.

Guarantees / Contingent Liabilities

There is no explicit government guarantee in place for BWP as this was funded purely on a project finance basis off balance sheet, where recourse is by design and only to the project cash flows. The robustness of agreements around the implementation of the project and the payment structure has resulted in the project obtaining a Ba3 long-term global / Aa3.za long-term national scale issuer rating from Moody's Ratings.

All covenants are currently being complied with.

2.3. VRESAP

2.3.1. FUNDING REQUIREMENTS

VRESAP supplies water to Eskom's power stations in Mpumalanga and to Sasol. The project is projected to generate funding from 2024/25 to 2025/26. Water demand may be affected by changes in the country's energy mix.

The table below sets out the funding requirement for the medium term:

The project will generate funding of R110 million in the medium term. New liquidity facilities are being arranged.

The size of the commercial paper programme has been increased to R500 million to accommodate the project's medium-term funding needs and to preserve the availability of liquidity support facilities.

Guarantees / Contingent Liabilities

There is no explicit government guarantee in place for the VRESAP as this was funded purely on a project finance basis where recourse is by design only to the project cash flows. The project is rated Ba3/Aa3.za on the long-term global / national scale respectively by Moody's. VRESAP complies with all loan covenants.

2.4. MMTS-2

2.4.1. FUNDING REQUIREMENTS

The table below sets out the funding requirement for the following three years:

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	5	-	5
2025/26	-1	-	-1
2026/27	-2	-	-2
TOTAL	2	-	2

The project will require R2 million in the medium term.

Guarantees / Contingent Liabilities

There is no explicit government guarantee in place for the MMTS-2 as this was funded purely on project finance basis where recourse is by design only to the project cash flows (debt service account in this case). The project is rated Ba3/Aa3.za on the long-term global / national scale respectively by Moody's.

2.5. KWSAP

KWSAP faces the same water demand issues discussed under VRESAP, related to Eskom's power generating activities in Mpumalanga and dynamics in the country's future energy mix.

2.5.1. FUNDING REQUIREMENTS

The table below sets out the funding requirement for the following three years:

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	-111	54	-57
2025/26	-101	62	-39
2026/27	-83	71	-12
TOTAL	-295	187	-108

The project is expected to generate R109 million in the medium term.

KWSAP complies with all loan covenants. The project is rated Ba3/Aa3.za on the long-term global / national scale respectively by Moody's.

2.6. MCWAP-1

2.6.1. FUNDING REQUIREMENTS

The table below sets out the funding requirement for the following three years:

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	-46	48	2
2025/26	-51	54	3
2026/27	-55	61	6
TOTAL	-152	163	11

It is projected that MCWAP-1 will generate a surplus of R11 million in the medium term.

MCWAP-1 complies with all debt covenants.

The project's rating is combined with MCWAP-2A and rated Ba3/Aa3.za on the long-term global / national scale respectively by Moody's.

2.7. MCWAP-2A

2.7.1. FUNDING REQUIREMENTS

The table below sets out funding requirements for the following three years for MCWAP-2A.

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	1 673	-	1 673
2025/26	2 866	-	2 866
2026/27	3 550	-	3 550
TOTAL	8 089	-	8 089

MCWAP-2 is a new project. Its funding will be integrated with MCWAP-1 since the two have a combined borrowing limit. 11% of the project will be funded from the fiscus. The balance will be raised by means of commercial funding.

The funding requirements are based on the current approved water requirements scenario and funding model underlying the approved project capacity.

The project's rating is combined with MCWAP-1 and rated Ba3/Aa3.za on the long-term global / national scale respectively by Moody's.

2.8. ORWRDP

2.8.1. FUNDING REQUIREMENTS

Funding requirements cover only Phase 2C of ORWRDP. A funding model for Phase 2B is under development and the project will only be included in the budget once a borrowing limit has been approved.

The table below sets out funding requirement for the following three years for ORWRDP.

Year	Total Funding Requirement (R million)
2024/25	1
2025/26	1
2026/27	1
TOTAL	3

DWS is the only source of funding for the ORWRDP. No other funding sources are available.

2.9. BRVAS

2.9.1 FUNDING REQUIREMENTS

The table below sets out the funding requirement for the following three years for BRVAS:

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	129	-	129
2025/26	103	-	103
2026/27	344	-	344
TOTAL	576	-	576

The project will require funding of R576 million in the medium term, which will be funded from new facilities to be arranged after the project agreements have been signed and a borrowing limit approved.

BRVAS is a new project still in the structuring phase. It is a commercial project and will be funded with commercial loans.

2.10. MZIMVUBU WATER PROJECT

2.10.1 FUNDING REQUIREMENTS

Mzimvubu is funded by the fiscus. The implementation activities are on hold. The funding requirements are for minor operational requirements, mainly travelling on stakeholder engagements.

The table below sets out the funding requirement for the following three years for Mzimvubu:

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	27	-	27
2025/26	28	-	28
2026/27	25	-	25
TOTAL	80	-	80

The project will require funding of R81 million in the medium term, which will be funded from the fiscus.

2.11. uMKHOMAZI WATER PROJECT PHASE 1

2.11.1 FUNDING REQUIREMENTS

Year	Incremental (R million)	Capital Repayment (R million)	Total Funding Requirement (R million)
2024/25	656	-	656
2025/26	903	-	903
2026/27	1 060	-	1 060
TOTAL	2 619	-	2 619

The project will require funding of R2 619 million in the medium term.

ANNEXURE C2
BUDGET FOR 2024/25

PURPOSE

This report presents the highlights of TCTA's 2024/2025 budget within the context of the sector, and the organisation within it. The principles by which this budget was compiled are outlined, as well as the basis for the recovery of costs from the project portfolio. The report concludes with a concise comparative analysis, by broad expenditure category, of the 2024/25 Budget with the 2023/24 Actual and Forecast.

BACKGROUND

In terms of Section 52 of the Public Finance Management Act 1 of 1999 (PFMA), TCTA is required to submit to the Department of Water and Sanitation (DWS) and National Treasury, together with the corporate plan, an approved Budget for a period of three years, before the end of February of each year.

In preparing this medium-term budget, management has taken guidance from the broad legislative and planning frameworks such as the National Water Act (NWA), the National Water and Sanitation Master Plan (NWSMP), the National Water Resources Strategy (NWRS), the National Development Plan (NDP), the current economic and sectoral context, pronouncements by National Treasury, and the strategic frame of the organisation.

Whilst policy determines the priorities for national government, planning and budgeting serves as a transitional process between policy and implementation. TCTA aspires to fill a leading role in the implementation of national strategy, within the water sector.

CORPORATE PERSPECTIVE

The sectoral and economic landscapes provide the context for the corporate entity, wherein TCTA responds with a strategic frame, and the execution thereof. The mission of TCTA is to plan, finance and implement sustainable and accessible water resource infrastructure. Its primary goals are to do the above to specification, on-time and within budget, in a sustainable manner; to ensure that all projects facilitate socio-economic transformation and build sustainable communities through small enterprise development and job creation; to manage and operate the business, its projects and processes in a cost-effective manner and to the highest standards of clean governance; to build capable hubs of thought leadership and innovation in niched areas of water infrastructure; and to ensure the continuous nurturing and retention of high-calibre and motivated human capital for delivering on the organisational mission, also into the future. The aim of this budget, for the 2024/25

financial year, is to secure and allocate the appropriate financial resources, as required to fulfil this mission.

Over the past three years, the strategic discourse in TCTA has been dominated by the prospect of being merged into the National Water Resources Infrastructure Agency (NWRIA, or Agency), along with selected DWS elements, within the next two to three years. The DWS-led Agency process is currently underway, with the primary focus on establishing the founding legislation and developing the Business Case, with other components held in suspension. The Agency Bill entered the Parliamentary process on 25 August 2023, albeit without a Treasury-approved Business Case; this deficiency may well delay the promulgation of the Act. Whereas the Agency could be legally established soon after the Act is promulgated, TCTA will only transfer across once the precondition of Section 38(6) of the Bill has been met, which is that the lenders to TCTA and the Government of Lesotho are satisfied with terms of transfer. Critical gaps remaining are that the migration of assets, obligations and people have not yet been planned, and that the new organization will need to be optimized and designed, have leadership appointed, and facilities and infrastructure established.

Whereas the mission of TCTA will not change during the coming financial year, significant time and effort will be expended in the planning and preparation for migrating into the Agency. To support this endeavour, and specifically to procure independent professional assistance for TCTA as may be required, an amount of R10 million has been provided for in the budget of the Strategy Division.

1. BUDGETING PRINCIPLES

The 2024/25 Budget is set within the context of continued government commitment to spend on critical infrastructure, but also the certainty that fiscal resources will fall well short of the intended capital expenditure in the water sector. However, the scope for borrowing to implement bankable projects is significant. Since TCTA may only proceed upon directives, the capital expenditure budget is based upon the specific infrastructure projects which TCTA has been directed to implement. Budget has only been catered for where projects have funding in place. Similarly, the operating budget reflects the planned level of activity associated with the projects being implemented.

The 20223/24 Actual/Forecast figures reflect the actuals from 1 April 2023 to 30 September 2023 and the forecast for the period 1 October 2023 to 31 March 2024. The Budget 2024/25 represents the period 1 April 2024 to 31 March 2025.

The following are the key principles applied in the preparation of the budget for 2024/25:

1.1. Capital Expenditure (Capex)

The capex budget is informed by the status of TCTA mandated projects. A conservative approach has been adopted in budgeting for projects. Where the probability of commencing a project is dependent on factors such as funding, National Treasury approvals of borrowing limits, signing of water supply agreements by the Users, DWS approvals and other factors outside TCTA control, the organisation has erred on the side of caution and budgeted conservatively.

TCTA has been directed by the Minister of Human Settlements, Water & Sanitation to fund and implement a portfolio of projects. Projects are categorised as projects at preparation phase, implementation phase, projects at close out phase, projects on hold and potential projects for which mandates are anticipated. TCTA further is responsible for the operation and maintenance of the AMD treatment plants in the Western, Central and Eastern basins and for the Delivery Tunnel North of the Lesotho Highlands Water Project.

Below is the current status of projects:

Projects at Implementation Phase

Mokolo And Crocodile River Water Augmentation Project - Phase 2A (MCWAP-2A)

uMkhomazi Water Project Phase 1 (uMWP-1)

Berg River Voëlvelei Augmentation Scheme (BRVAS)

Completed projects

Mooi Mgeni Transfer Scheme - Phase 2 (MMTS-2)

Berg Water Project (BWP)

Mokolo Crocodile Water Augmentation Project (MCWAP)

Komati Water Scheme Augmentation Project (KWSAP)

Vaal River Eastern Subsystem Augmentation Project (VRESAP)

Olifants River Water Resources Development Project - Phase 2C (ORWRDP-2C)

Programme Management Services to DWS in relation to Water Infrastructure Projects

Mzimvubu Water Project (MWP)

Feasibility & Advisory

Namwita Dam

Operations and Maintenance

Acid Mine Drainage (AMD) Plants

Lesotho Highlands Water Project (LHWP) – Delivery Tunnel North

The cost projections are based on the most recent financial reviews conducted by the service providers contractors and reviewed by the Engineer and TCTA project staff. The financial reviews are contractual obligations conducted on a bi-annual basis and require updated contractor project cash flows and forward projections by the project team Engineer on potential variation orders and claims to the completion of the respective contracts. Escalation assumptions and forward projections are also reviewed as part of the exercise.

1.2. Administrative Expenditure:

The budgeting for administrative costs is impacted on by the level of activity planned for the year in TCTA's key activities including project preparation, funding, implementation and debt management. A major consideration is also the level of organisation improvements planned for the year such as system and related infrastructure developments. Development of TCTA's human capital is equally an important consideration. Fixed overhead costs are based on contractual escalation provisions.

Key budgeting principles include:

- Where the probability of commencing a project is dependent on factors such as funding, DWS approvals and other factors outside TCTA control, the organisation has erred on the side of caution and budgeted conservatively.
- Management has adopted a cautious approach when budgeting for administrative related costs with the objective to manage and where possible reduce or maintain costs while ensuring that strategic imperatives are achieved.
- Zero-based budgeting while considering the current status of operational areas.
- Inflation adjustment for MTEF is 4.70% per annum as per National Treasury guidelines.
- The salary calculation per division includes an average increase of 5.80%.
- Vacancies and new positions are budgeted in accordance with the projected date of placement for each vacancy.
- Office lease costs and peripheral office costs are based on current premises for all support related services and includes a hybrid work environment.
- The cost-containment instructions from National Treasury have been adhered to in the preparation of this budget insofar as it relates to the mandatory elements of the instruction.
- In line with the cost-containment instruction, all consultancy fees that have been budgeted for and are supported by business cases for the Accounting Authority's approval.

2. COST RECOVERY FROM PROJECTS

- TCTA is a Special Purpose Vehicle (SPV) operating on a cost recovery basis. Administrative costs not directly attributable to a project are recovered from mandated projects based on the level of planned activity on the respective projects during a particular year – see Table 1 below.
- Administrative costs directly related to a specific project are paid from the respective project's bank account. Other non-specific overhead costs are paid from the TCTA corporate account and recovered from the respective projects based on the approved recovery percentages for the year.
- The project cost recovery percentages charged to projects is dependent on the number of active projects. Should the pipeline increase, the shared costs allocation to each project will be reduced proportionally based on activity. Should the project pipeline diminish severely, a realignment strategy will be required to reduce overheads. As projects approach completion and enters the debt service phase the recovery percentage reduces.

Shared costs are to be recovered from projects in the following proportions:

Projects	2023-24	2024-25	2024-25
LHWP	24.00%	24.00%	146,030,188
BWP	2.00%	2.00%	12,169,182
VRESAP	3.00%	3.00%	18,253,773
ORWRDP	0.00%	0.00%	-
MMTS2	0.00%	0.00%	-
KWSAP	2.00%	2.00%	12,169,182
MCWAP1	3.00%	3.00%	18,253,773
AMD	10.00%	10.00%	60,845,912
LHWP2	15.00%	15.00%	91,268,867
MRWP	5.00%	5.00%	30,422,956
MCWAP2	15.00%	15.00%	91,268,867
UMWP	15.00%	15.00%	91,268,867
BRVAS	6.00%	6.00%	36,507,547
Namwita Dam	0.00%	0.00%	5,000,000
TOTAL	100.00%	100.00%	613,459,115

Table 1

KEY BUDGET DRIVERS

- Staff costs (R42m) – Increase in staff costs to undertake strategic projects. A cautious approach in managing TCTA's staff cost.
- Consulting Fees
 - Legal Costs (R6m) – Higher legal costs to defend RSA on the Kingdom of Lesotho matter and also includes higher costs related to funding agreements.
 - IT Consulting (R22m) – Higher IT related costs due related to strategic plan to implement ERP system and other systems. This sees a reduction in hardware and software purchase because of new model of “software as a service.”
 - Agency Consulting (R8m) – The 2024/25 budget includes costs of R10m for the initial work with regards to the establishment of the agency.
- Project ratings (R12m) – Higher spend for service providers for Project credit rating services; Audit/review of financial models; Provision of long-term macro-economic indicators. This expenditure is higher than previous years.
- Operations & Maintenance
 - AMD (R50m) – Budget expects higher costs due to higher volumes, new contract expected.
 - LHWP2 (R210m) – Budget expects shutdown maintenance work to commence.
- Capital Expenditure (1.76bn) – Higher capital expenditure. Mainly advance payment for contract on MCWAP2 (R1.3bn) and PSP appointment for UMWP.

3. ANALYSIS 2024/25 BUDGET vs ACTUAL/FORECAST 2023/24

	Actual/Forecast 2023/24	Budget 2023/24	Actual/Forecast vs Budget	Budget 2024/25	Actual/Forecast 23/24 vs Budget 24/25	% Variance
Tariff Revenue	(8,022.70)	(7,655.82)	366.88	(7,963.43)	(59.27)	1%
	-	-	-	-	-	
Operating Costs	895.03	1,049.76	154.72	1,275.37	(380.34)	-42%
TCTA Admin Costs	500.83	545.65	44.82	613.46	(112.63)	-22%
Operations and Maintenance	394.21	504.11	109.91	661.91	(267.71)	-68%
	-	-	-	-	-	
Operating Inflows/Outflows	(7,127.67)	(6,606.07)	521.60	(6,688.05)	(439.61)	6%
	-	-	-	-	-	
Total Finance Charges	1,210.51	786.09	(424.41)	1,379.80	(169.30)	-14%
	-	-	-	-	-	
Net Working Capital Cash (in)/outflows	(5,917.16)	(5,819.97)	97.18	(5,308.25)	(608.91)	0.00
	-	-	-	-	-	
Capital Repayments	1,525.95	1,222.34	(303.61)	1,689.72	(163.76)	-11%
	-	-	-	-	-	
Fixed Assets	3.42	2.35	(1.07)	10.95	(7.53)	-220%
	-	-	-	-	-	
Capital Expenditure	190.39	310.15	119.76	2,005.39	(1,815.00)	-953%
TCTA Projects	190.39	310.15	119.76	2,005.39	(1,815.00)	-953%
	-	-	-	-	-	
Self Insurance Fund	-	5.00	5.00	-	-	
	-	-	-	-	-	
Lesotho Related Financial Obligations			-			
Lesotho Operating Costs	1,482.81	1,605.98	123.17	1,719.68	(236.87)	-16%
LHWP2 Construction	4,041.50	4,800.00	758.50	6,456.06	(2,414.56)	-60%
	-	-	-	-	-	
Total Funding Requirement before Accruals	1,326.92	2,120.85	793.92	6,573.55	(5,246.62)	-1250%
	-	-	-	-	-	
Non cash flow items and accruals	11.36	676.28	664.91	(214.09)	225.46	1984%
	-	-	-	-	-	
TOTAL FUNDING REQUIREMENT	1,338.29	2,797.13	1,458.84	6,359.46	(5,021.17)	-375%

Table: 2- values are in R'million

3.1. TARIFF REVENUE

Project	Actual/Forecast 2023/24	Budget 2023/24	Increase/ (Decrease)	Budget 2024/25	Increase/ (Decrease)
VRS	(7,001.38)	(6,678.00)	323.38	(7,014.04)	12.65
BWP	(78.03)	(78.15)	(0.12)	(63.59)	(14.44)
VRESAP	(626.19)	(544.20)	81.99	(595.38)	(30.81)
MMTS	-	-	-	-	-
KWSAP	(216.99)	(255.36)	(38.38)	(190.31)	(26.68)
MCWAP	(100.11)	(100.11)	-	(100.11)	-
Total	(8,022.70)	(7,655.82)	366.88	(7,963.43)	(59.27)

Table: 3- values are in R'million

- The Actual/Forecast 2023/24 tariff revenue is expected to be higher than budgeted for 2023/24 (R323m) mainly due to actual volumes being higher than budgeted on VRS which has been offset by lower volumes on BWP and KWSAP. This period also sees no billing for MMTS-2 as the debt was settled early.

- Tariff revenue for the 2024/25 financial year is expected to be lower than the Actual/Forecast by R13m mainly due to lower volumes on VRS and a step-down provision in the other projects for the new year's tariffs. All tariff revenue is budgeted based on income agreements and the tariff models.

3.2. TCTA ADMIN COSTS

TCTA Admin costs consist of operating expenses of TCTA. The Actual/Forecast 2023/24 translates to 92% of the original budget envisaged to be spent. The increase in the budget for the 2024/25 financial year is expected to be R107.63 million, translating to an increase of 21% from the Actual/Forecast 2023/24. Below provides a summary of the movements between the Budget 2023/24 and the Actual/Forecast 2023/24 as well as the Budget 2024/25.

Table: 4- values are in R'million

3.2.1. Staff costs:

Staff costs includes salaries, statutory payments, incentive provision, allowances and other costs related to employee retention, attraction, development and wellness:

Actual/Forecast 2023/24 vs. Budget 2023/24

Year to date 88% of the current staff cost has been spent. The forecast budget has been reduced by 3%. The drivers of this variance are:

- recruitment was deliberately delayed due to projects not coming off the ground (for example ERP, MCWAP and NWRIA) or
- vacancies could not be filled until the OE study produced the optimal structures, which has now been approved for implementation, and
- termination equalled appointments year to date.

Actual/Forecast 2023/24 vs. Budget 2024/25

There is a proposed 13% increase in staff cost from the current year to the FY24/25. This is due to:

- The vacancies situated in PMID, Procurement and IT are to be filled in 24/25; these are mainly due to the implementation of the OE study recommendations.
- An annual increase adjustment for all employees based on the board approved mandate.
- Increase in mandatory payments such as UIF, SDL and Workmen's compensation insurance, as it is linked to the staff cost budget which has increased due to planned filling of vacant positions in the structure.
- Slight increase in leave provision due to leave balances held by employees.

3.2.2. Directors Fees:

Actual/Forecast 2023/24 vs. Budget 2023/24

The actual forecast 2023/24 is below budget. The lower spend is due to meetings being held remotely and planned activities which did not occur in the period. The budget includes costs for advisory, ad hoc fees and ministerial activities. The lower spend on board advisory is due to the budget being contingent and there has been no business need for these costs to be incurred.

Actual/Forecast 2023/24 vs. Budget 2024/25

The slight increase in the 2024/25 budget is mainly due:

- 4,5% Cost-of-living adjustment to NED Remuneration.
- Board Committee meetings continue to be held on the MS Teams platform.
- Quarterly Board meetings continue to be held in person at the TCTA offices.
- Four special Board Committee meetings.
- One international trip.
- Two ministerial events to be attended by the entire Board and a Board Site Visit to Lesotho.

3.2.3. Audit Fees:

Actual/Forecast 2023/24 vs. Budget 2023/24

Audit fees are expected to be lower than budget. The actual/forecast is based on estimated costs per the audit engagement letter.

Actual/Forecast 2023/24 vs. Budget 2024/25

The budget 2024/25 budget has been estimated at 2022/2023 actual forecast amount plus 6.5% as per Audit Engagement agreement.

3.2.4. Consulting Fees:

Consulting fees for the Actual Forecast 2022/23 is expected to be below budget due to plans continuing into the new budget year. Whilst the Budget 2024/25 sees a significant increase due to:

Legal Fees:

Actual/Forecast 2023/24 vs. Budget 2023/24

Legal costs were budgeted for as a contingency based on the expected outcomes, while the actual expense is based on current proceedings in on-going matters. Legal costs for MCWAP2 and BRVAS are expected to be higher than budget.

Actual/Forecast 2023/24 vs. Budget 2024/25

The 2024/25 budget makes provision for ongoing legal matters and has contingency for legal support in defending contractual claims and assistance with the drafting of financing agreements. The 2024/25 budget also includes costs to defend RSA on the Kingdom of Lesotho matter and also includes higher costs related to funding agreements.

IT Consulting:

Actual/Forecast 2023/24 vs. Budget 2023/24

Lower spend on consulting fees due to delays in the implementation of scheduled projects, including the ERP related work and other software related consulting. There is a 4% under expenditure on the 2023/24 budget, mainly due to delay in the procurement of the ERP. The ICT budget for 2023/2024 seeks to firmly support implementation of the strategy, and by the implementation of Oracle Cloud Fusion commencing in quarter 4. As a key target, software licenses and related costs for new systems will be purchased and paid for during Quarter 4.

Actual/Forecast 2023/24 vs. Budget 2024/25

The budget for 2024/2025 firmly supports the implementation of the IT Strategic objectives for 2023/24 – 2025/26. A fair portion of the budget is allocated to maintaining business momentum through existing contracts with service providers. These contracts cover the IT infrastructure environment, IT application support and licenses and implementation. The modernisation and digitisation of the working environment to accommodate remote working and ensure that employees are given the tools to perform their responsibilities. In the current financial year, we will commence with the implementation for most initiatives of the digital transformation strategy. This budget will continue to fund existing contracts with service providers and suppliers and ensure a smooth and seamless transition from current to new systems.

Debt Management & Project Ratings:

Actual/Forecast 2023/24 vs. Budget 2023/24

The Actual forecast 2023/24 expects a marginal variance with 98% of the budget expected to be spent. Work on appointment of new service provider for project ratings is expected to begin.

Actual/Forecast 2023/24 vs. Budget 2024/25

Higher debt management and project ratings costs drive the increased expenditure. The budget 2024/25 includes costs for verification exercise to be undertaken as part of loan conditions. The budget also includes higher costs for project ratings for the appointment of a new service provider.

3.2.5. Rentals (Equipment & Premises):

Actual/Forecast 2023/24 vs. Budget 2023/24

Overall rentals have a negative variance. The variance is due to additional office space, 7% increase and rental being paid in advance.

Actual/Forecast 2023/24 vs. Budget 2024/25

The budget for 2024/25 includes:

- Rental Premises – Rentals based on contract.
- Equipment Rentals & Rental of Services – The higher costs are related to the marginally higher operating cost for building.

3.2.6. Communications Costs:

Actual/Forecast 2023/24 vs. Budget 2023/24

Communications costs are lower in this period due to fewer functions taking place, cancellation of water function that was planned, non-responsive tender for corporate video lower than budget costs for exhibitions and lower CSI costs. The CSI plan which was approved is currently being rolled out.

Actual/Forecast 2023/24 vs. Budget 2024/25

The budget is in line with approved strategies including improved PR interventions to boost publicity, in line with board resolution of focusing on implementing stronger stakeholder-oriented interventions. Continuous anticipated increase in the implementation activities for the establishment of NWRIA, will lead to more stakeholder interactions.

3.2.7. Other Operating Expenses:

Actual/Forecast 2023/24 vs. Budget 2023/24

Other Operating Expenses have higher spend mainly due to software renewals, training and travel costs.

Actual/Forecast 2023/24 vs. Budget 2024/25

The budget 2024/25 caters for higher subsistence & travel costs, higher insurance related costs, repairs & maintenance costs, higher treasury related costs, higher software renewal cost and higher stakeholder related costs.

3.3. OPERATIONS AND MAINTENANCE

Table: 5- values are in R'million

AMD

Lower than budgeted chemical costs and electricity charges were incurred. In addition, the budget provides for a monthly provision for unforeseen maintenance and refurbishment costs. These costs have been lower.

The Budget 2024/25 makes the provision for the escalation of the AMD operator's cost, chemical cost, and utilities (water, electricity, etc.) due to inflation. The current Operator's contract will end in 2025 and a new contract will be procured. The budget has made provision for the anticipated increase in Operator's cost as TCTA will be entering into a new contract.

It is anticipated that a new pump will be built in the central basin, which will allow the plant to operate at full capacity and the fixing of the spare motor and pump issue. The increased capacity will lead to a greater usage of lime and electricity hence in the estimated increased costs.

LHWP

The budget for the implementation of the outage scope has been incorporated into the budget plan. PSP was appointed in July 2023 and is finalizing the designs and tender documentation for the contractor. The contractor will be appointed in the next financial year and implement the outage scope.

3.4. FINANCE CHARGES

	Actual/Forecast 2023/24	Budget 2023/24	(Increase)/ Decrease	Budget 2024/25	(Increase)/ Decrease
Finance Charges	1,210.51	786.09	(424.41)	1,379.80	(169.30)

Table: 6- values are in R'million

Finance Charges consist of interest that TCTA incurs in connection with the borrowing of funds.

Local loans interest increase of R657m relates mainly to:

- R8,9bn drawn on VRS facilities (RMB, IDC, DBSA and Nedbank) before the drawdown period expires, resulting in higher interest of R461m.
- once off costs on UmWP of R150m and interest and commitment fees of R75m.

Short term investments

Increase in income of R465m relates mainly to VRS R8,9bn drawdown in 2024/25 before the availability period expires.

3.5. CAPITAL REPAYMENTS

Table: 7- values are in R'million

Local loans

Increase in capital repayments mainly due to:

Repayment of R40m on VRESAP Absa and R200m on the VRESAP RMB loan. The RMB loan is being converted to a revolving credit facility. This was not budgeted for.

The 2024/25 budget increase in capital repayments mainly due to:

- R8,9bn drawn on VRS facilities in 2024/25 before availability period expired. (increase in capital repayments is R400m).
- Prepayment of VRESAP RMB of R200m in 2023/24 (net decrease of R180m).

3.6. CAPITAL EXPENDITURE

The current portfolio of TCTA includes projects in various stages of the project life cycle: Seven major projects are in debt management phase, three are in project implementation phase: Berg River Voëlvlei Augmentation Scheme (BRVAS), the uMkhomazi Water Project (uMWP) and Phase 2 of the Mokolo Crocodile Water Augmentation Project (MCWAP-2). The Budget 2024/25 also includes expenditure for preliminary works on Namwita Dam which will be funded by DWS. The current funding program encompasses the raising of funding for, inter alia, BRVAS, and MCWAP-2. The current portfolio of TCTA further includes ORWRDP-2C which is complete. Implementations of MMTS-2, MCWAP-1, AMD-STI, BWP and VRESAP have been completed and are fully operational.

The table below provides a comparison of the 2023/24 budget as approved and the outcomes now expected as included in the Actual/forecast 2023/24, as well the budget for 2024/25:

Table: 8- values are in R'million

BWP

In August 2022 DWS indicated that they will no longer be implementing the heritage display panel for the BWP River Management System due to lack of funding. DWS has subsequently requested TCTA to proceed with design and implementation of this scope. TCTA has appointed Heritage Panel of Expert (POE) member to provide designs and is embarking on the procurement process for the main contractor to implement the project. The budget plan for next financial year includes the implementation of the heritage display panel.

MMTS

The delay in the implementation of the biodiversity plan due to the unavailability of land has necessitated the review of TCTA approach to compensation instead of implementation. The approach to transfer the implementation responsibility to Ezemvelo KZN Wildlife was endorsed by DFFE and the draft agreement in this regard is being reviewed by Ezemvelo KZN Wildlife and is planned to be concluded in January 2024. The conclusion of this agreement will enable the transfer of the funds to Ezemvelo KZN Wildlife by the end of this financial year. No further budget allocation for the next financial year.

ORWRP-2C

The project is complete, expenditures for this financial year relates to DAB's and PSP support has been concluded. The budget 2023/24 had included costs for the close out of the PSP contract.

MCWAP-2A

The delay in the appointment of the main contractor was primarily due to National Treasury Instruction Note 3 Section 8.4 which prevented the commencement of the procurement process prior to securing funding has necessitated the budget adjustment for the current financial year and is reflected in the forecast. The procurement process for the main contractor is planned to be concluded in the next financial year.

uMWP-1

The actual forecast expects lower spend. The procurement process to appoint the PSP has commenced and will be concluded in March 2024 and May 2024 for the tunnel and dam respectively and the budget plan for the next financial year includes both the PSP's and TCTA admin costs.

BRVAS

The change in the procurement strategy has reduced the forecast for the current and next financial year. The plan is to appoint the PSP to perform detail design and tender documentation and the procurement process for the main contractor will commence in April 2025.

NAMWITA DAM

The main component of the proposed project comprises a new major storage dam at a site in the Groot Letaba River referred to as the Nwamitwa site, downstream of the confluence of the Nwanedzi River. The proposed dam wall could be 36m high and comprise a concrete structure in the river section accommodating a spillway and outlet works, with earth embankments on both flanks. With a storage capacity of 144 million m³ it would increase the system yield by about 47 million m³ per year. (By comparison, the capacity of Tzaneen Dam is 157,5 million m³).

The final size of the dam will be determined in a series of technical and financial investigations, informed by the findings of the EIA. The dam will be designed to enable the requirements of the Reserve in the Groot Letaba River, particularly in the river reach downstream of the dam.

3.7. LESOTHO RELATED FINANCIAL OBLIGATIONS

Table: 9- values are in R'million

Lesotho Operating Costs comprise the Royalties, Lesotho Highlands Development Authority and Lesotho Highlands Water Commission costs. The budgeted amount is based on information provided by the LHDA as the implementing agent for the project in Lesotho. Expenditure is expected to increase over the medium term as construction activities resume. TCTA does not recognise the amounts spent by the LHDA as capital expenditure in the financial statements, but rather as cost related payments made to the LHDA.

- LHDA operating costs are lower due to slower progress on LHWP2 in the period. Higher spend is expected in 2024/25 as LHWP2 construction increases.
- Royalties – The budget had expected higher royalties. Budget is as provided by the LHDA - based on the royalty protocol and expected PPI and ESI. Royalties' costs for the first six months are below budget due to lower water volumes and the budget had projected a higher PPI.
- Higher royalties are expected for 2024/25 because of expected higher electricity price increases and a higher ESI adjustment. The royalties budget hasn't taken into account the recalculated amounts as approved by the LHWC due to the effective date for those not yet been agreed between the GOL and RSA.

ANNEXURE C3

MEDIUM TERM EXPENDITURE FORECAST

PURPOSE

This document reflects expected net income generated from operations and the funding requirement after capital redemption and capital expenditures over the medium term. The main factors giving rise to the movements in the income/expenditure items are explained. The Medium-Term Budget for operating income and expenditure shows a decrease in nett cash inflow from 2023/24 to 2026/27. This is driven by higher operating expenditure, Higher Lesotho related financial obligations and finance charges as detailed below:

Medium Term Forecast for Operating Income and Expenditure

Table 1- values in R million

Tariff Income

Tariff billing decreases from 2023/24 to 2026/27, driven mainly by lower project billing with the exclusion of MMTS. The budgeted volumes and tariffs are based on Department of Water and Sanitation (DWS) estimates. LHWP (VRS) sees an decrease which is largely attributable to lower volumes. The water income for VRS, Berg Water Project (BWP) and Vaal River Eastern Subsystem Augmentation Project (VRESAP) continue to be billed in line with demand expectations as agreed with DWS, as well as the inflation-linked increases as per the water supply agreements/models. The Budget also includes the tariff for Komati Water

Scheme Augmentation Project (KWSAP) and Mokolo and Crocodile River (West) Water Augmentation Project (MCWAP). The tariff billing for these projects is based on the water demands as received from DWS.

The table below shows the revenue per project for the medium term:

Project	Actual/Forecast 2023/24	Budget 2023/24	Budget 2024/25	Budget 2025	Bu
VRS	(7,001.38)	(6,678.00)	(7,01		
BWP	(78.03)	(78.1			
VRESAP	(626.19)				
MMTS					
KWSAP					
MCWAP					
Total					

Table 2: Revenue in R millions

Operating Costs

Overall, Operating costs increases by an average of 4.84% over the medium term. The main factors driving the increased expenditure are TCTA Admin (5.77%) costs and Lesotho Operating costs (4.44%). Below are brief notes that provide reasons for the increases:

TCTA Admin Costs

TCTA Admin costs increase in the medium term. The increase in expenditure is mainly driven by higher operating costs and the inflation rate that has been applied as guided by the MTEF guidelines. Where costs were known for the medium term, they were budgeted for according to respective agreements and SLAs (e.g. office rentals, equipment rentals and rental of services and systems). With salaries being the highest cost for TCTA, the budget has made a provision for an average increment of 5.8%. Fixed overhead costs, where there are no contracts in place, are based on historic costs adjusted taking in consideration appropriate indexes or contractual escalation provisions.

Operations and maintenance

Operations and Maintenance is budgeted for in terms of agreements in place and expected outcomes over the medium term. The medium-term budget is based on the actual cost of operating all three basins and provision is made for increases, escalation and rates and taxes.

Finance Charges

The marginal increase in the finance costs from 2024/25 to 2026/27 is due to the additional financing costs on the funding of the redemption portfolio for the WSP5 being largely offset by the investment income of the same.

Capital Repayments

LHDA and TCTA Capital repayments are in accordance with loan agreements. TCTA is expected to allocate R7 billion towards the redemption portfolio.

Fixed Assets

Fixed Assets have been budgeted for based on expected acquisitions in the medium term.

Capital Expenditure

Capex has been budgeted for in accordance with the Capital Expenditure Plans, contracts in place and charters of the projects, considering the revised timelines and the dynamics of each project. Increased capital expenditure over the medium term is due to MCWAP2, BRVAS and UMWP.

Table 3: R millions

Lesotho Related Financial Obligations

The main cost item relates to Royalty payments to Lesotho. Budgeted costs are based on LHDA cost projections and expected outcomes over the medium term. Payments made for costs incurred in Lesotho comprise cost related payments, royalties and Lesotho Highlands Water Commission costs. The royalties budget hasn't taken into account the recalculated amounts as approved by the LHWC due to the effective date for those not yet been agreed between the GOL and RSA.

The budgeted amount is based on information provided by the LHDA as the implementing agent for the project in Lesotho. Expenditure is expected to increase over the medium term as construction activities resume. TCTA does not recognise the amounts spent by the LHDA as capital expenditure in the financial statements, but rather as cost related payments made to the LHDA.

	Actual/Forecast 2023/24	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27
Lesotho Operating Costs	1,482.81	1,605.98	1,719.68	1,801.01	1,886.18
LHWP2 Construction	4,041.50	4,800.00	6,456.06	4,088.55	408.08
Total	5,524.31	6,405.98	8,175.74	5,889.56	2,294.27

Table 4: R millions

ANNEXURE D

RISK MANAGEMENT PLAN 2024/25

1. PURPOSE

The Risk Management Plan for the 2024/25 financial year describes how risk management will be structured and performed to ensure that risks are managed and controlled to acceptable levels. This plan provides an annual programme of risk management activities with associated timelines and responsibilities critical to support TCTA in achieving its business objectives.

2. OBJECTIVE

The main objective of the Risk Management Implementation Plan is to facilitate the execution of risk management. The Risk Management Implementation Plan for TCTA is prepared to give effect to the implementation of the Risk Management Policy and Framework and sets out all risk management activities for 2024/25 financial year.

3. APPROACH

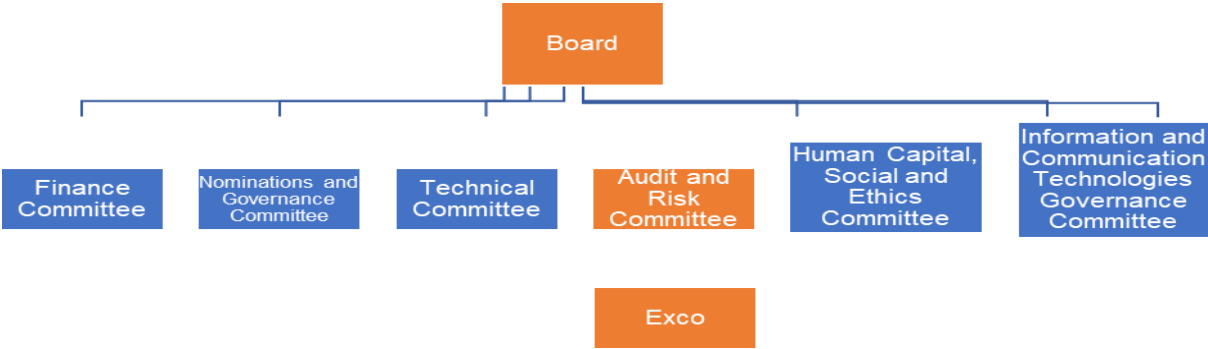
The development of the Risk Management Implementation Plan considers the approved Risk Management Policy, the Risk Management Framework, the objectives of the business and available resources. The Risk Management team will implement a continuous risk management process focusing on risk assessment and mitigation. Risk assessment includes activities to identify, analyze and prioritize risks. Risk mitigation includes developing risk mitigation strategies as well as monitoring the impact of the strategies and residual risks.

4. GOVERNANCE STRUCTURE

TCTA has established management and operating structures in pursuit of strategy and business objectives. The structures describe how the organisation carries its day-to-day operations in the execution of ERM for the achievement of its business objectives.

The ERM Governance and Reporting Structure as depicted in Figure 1 below serves as TCTA's Management and Operating Structure. ERM is dealt with in the structures marked orange.

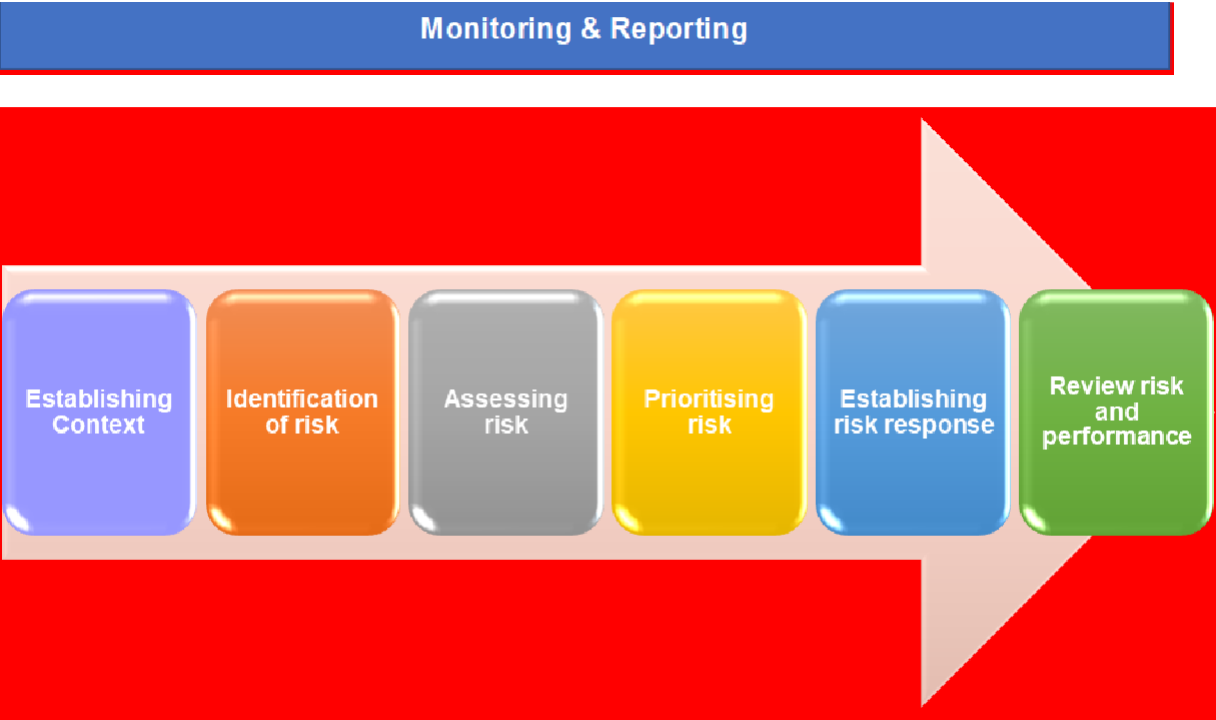
Figure 1. ERM Governance Structure



5. RISK MANAGEMENT PROCESS

The risk management process set out a structured approach which TCTA will follow in managing risks. TCTA has adopted the COSO Framework, the King Code on Governance Principles (King IV), the Public Sector Risk Management Framework, COBIT for information technology (IT) and PMBOK for project management, the COSO Enterprise Risk Management Framework and ISO 31000 and COBIT guidelines as part of its risk management process to manage organisational, information technology and projects risks, respectively.

The high-level TCTA ERM process that should be followed is illustrated in the diagram below.



6. DETAILED ANNUAL RISK MANAGEMENT PLAN

A detailed risk management implementation plan is outlined in Annexure E2 and is in the form of a project plan which records tasks, responsible persons, and target dates. The plan for 2024/2025 outlines the activities to be undertaken as well as the outcomes.

The following areas will be prioritized during the 2024/2025 financial year:

- The embedment of the risk management within TCTA's business operations and activities
- Risk management training and awareness.
- Water Agency risks Identification and management.
- The implementation of the Risk Appetite and Tolerance Framework.

7. KEY RISKS IDENTIFIED BY BOARD AND MANAGEMENT

The Board Risk workshop held in December 2023, identified key risks likely to prevent TCTA from achieving its business objectives. The 2024/2025 business objectives as outlined in the corporate plan and Balanced Scorecard were the basis of the risk identification.

A detailed risk register is attached as Annexure.

ANNEXURE D1

RISK MANAGEMENT PLAN ACTIVITIES FOR 2024/25

ANNEXURE A. DETAILED RISK MANAGEMENT IMPLEMENTATION PLAN

Planned Action	No.	Detailed Actions	Outputs	Responsible Person	Due Date
Governance of Risk					
Oversight on the implementation of the Risk Management Policy and Framework/Risk Management Strategy	1	Risk Management -Oversight	Consideration of the Quarterly Risk Management Report	Audit and Risk Committee	Quarterly – Scheduled Audit and Risk Committee Meetings
	2	Board Strategic Risk Assessment	<ul style="list-style-type: none"> Strategic Risk Register Strategic Risk Report 	Chief Risk Officer (CRO)	December 2024
Risk Awareness and Capacity Building					
To raise organisational risk awareness	1	Bi-annual organisational risk awareness sessions	<ul style="list-style-type: none"> Presentation on the management risks 	Risk Manager/CRO	<ul style="list-style-type: none"> 30 May 2024 31 November 2024
	2	Risk Management Training awareness to risk champions	<ul style="list-style-type: none"> Training on COSO, Risk Framework and Policies. 	Risk Manager	<ul style="list-style-type: none"> 30 April 2024
	3	Two (2) Risk management articles published per annum.	Risk management articles on relevant topics published on the TCTA intranet and Staff Newsletter	Risk Management Team	30 September 2024 and 31 March 2025

Planned Action	No.	Detailed Actions	Outputs	Responsible Person	Due Date
Integrating risk management in Business Processes.	4	<ul style="list-style-type: none"> Divisional risk trend analysis 	<ul style="list-style-type: none"> Divisional Risk Reports 	Risk Management Team	Quarterly
Risk Orientation					
Review of Risk Appetite and Tolerance Framework	1	Review Risk Appetite and Tolerance Framework Identify and review key indicators to be monitored.	Approved Risk Appetite and Tolerance Framework	Risk Manager/CRO	30 April 2024
Review of Materiality and Significance Framework	2	Review the strategic and Corporate Materiality and Significance Framework in line with National Treasury guidelines and latest audited financial statements	Approved Materiality and Significance Framework	Risk Manager/CRO	31 January 2025
Review of 2023 -2024 Risk management plan	3	Review the current risk management plan to align with changes the business	Approved Risk Management Plan	Risk Manager/CRO	31 January 2025
Review of the fraud prevention plan and strategy	4	Review the current fraud prevention plan and align with best practice	Approved Fraud Prevention Plan and Strategy	Risk Manager/CRO	November 2024
Review business continuity management (BCM) Plans	5	Review the following plans: <ul style="list-style-type: none"> Emergency Response plan Business Recovery Plan Crisis Management plan ICT Coordination and Continuity Plan 	Approved Business Continuity Plans	Risk Manager/CRO	31 March 2025
Combined Assurance					

Planned Action	No.	Detailed Actions	Outputs	Responsible Person	Due Date
Support Internal Audit in the implementation of Combined Assurance	1	Contribute to the implementation of Control Self-Assessment Process to inform assurance activities (Combined Assurance)	Control Self-Assessment Results.	CRO/Risk Manager	As per Combined Assurance Implementation Plan
	3	Review the approved combined assurance map and provide improvements to gaps identified.	Combined Assurance Map	CRO/Risk Manager	31 May 2025
	4	Assessment of TCTA's risk maturity level	Maturity Assessment Report	CRO/Risk Manager	30 June 2024
Enterprise-wide risk management					
Divisional/Operational Risks					
Divisional risk assessment and reporting	1	Facilitate Divisional Risk Identification and Assessments Workshops	<ul style="list-style-type: none"> Divisional risk registers Divisional risk reports 	Risk Management Team/EXCO	Quarterly
Continuous Monitoring of Emerging Risks	2	Review risk registers and implementation of action plans. Update risk registers with risk information identified in the Internal audit reports.	Updated risk registers, including emerging risks.	Risk Management Team/ EXCO	Monthly and quarterly
Project Risks					

Planned Action	No.	Detailed Actions	Outputs	Responsible Person	Due Date
Projects risk assessment and reporting	1	Facilitate Projects Risk Identification and Assessments Workshops.	<ul style="list-style-type: none"> Project risk registers Risk input to projects progress reports (uMWP, AMD, BRVAS and MCWAP-2) 	Risk Management Team/Project Teams	Monthly and quarterly
Continuous Monitoring of Emerging Projects Risks	2	Continuously review project risks to ensure action plans are implemented.	Updated project risk registers	Risk Management Team/Project Teams	Monthly and quarterly
Water Agency Risks	3	Identification and Assessments of Agency risks	Risk register	EXCO/CRO /Risk Manager	Quarterly
Treasury Risk Management					
Management of Financial Risks	1	Monitoring interest rate risk, liquidity risk, counterparty risk, and borrowing limits	<ul style="list-style-type: none"> Counterparty limit utilisation reports Interest rate risk reports Liquidity reports Borrowing limit reports 	Risk Management Team	Daily, bi -weekly and monthly
	2	Conduct financial analysis of counterparties and review counterparty limits	Counterparty limits review reports	Risk Management Team	December 31 2024
	3	Monitor credit worthiness of approved counterparties	Counterparty monitoring report	Risk Management Team	Quarterly
Fraud Risk Management					
Identification of fraud risks emanating from the Business Operations.	1	Facilitate Fraud Risk Identification and Assessments Workshops	Fraud risk register	Risk Management Team/EXCO	Quarterly

Planned Action	No.	Detailed Actions	Outputs	Responsible Person	Due Date
Risk Financing					
Management of risk financing (Insurance)	1	Conduct corporate financial risk assessment to identify insurable risk exposures.	<ul style="list-style-type: none"> Insurance Placement/Renewal Report 	CRO/Risk Manager	30 April 2025
	2	Administration of corporate insurance claim	Insurance Claims Report	Risk Management Team	Monthly
Business Continuity Management					
Rollout of the BCM programme	1	Conduct Business Impact Assessment	BIA report	Risk Manager/CRO	Quarterly
	2	Monitor implementation of business continuity strategies / plans	BCM report	Risk Manager/CRO	Quarterly
	3	Test effectiveness of the business continuity programme	BCM Test Report with findings and recommendation	Risk Manager/CRO	31 March 2025
Monitoring					
Monitoring of enterprise risk management performance to consider how well the enterprise risk management components are functioning over time and provides	1	Monitoring of implementation of action plans and reporting on status of action plans	<ul style="list-style-type: none"> Report to the ARC Ratings on divisional performance on risk management 	Risk Management Team	Quarterly
	2	Populating and updating the risk treatment plan	<ul style="list-style-type: none"> Risk treatment plan Reduction of risks to 	CRO/Risk Manager/Exco	Quarterly

Planned Action	No.	Detailed Actions	Outputs	Responsible Person	Due Date
information on any substantial changes.			acceptable levels		
	3	Resolution of External and internal audit findings	Audit findings resolution rate	CRO/Risk Manager	Quarterly
	4	Monitoring the Implementation and Execution of the Risk Framework and Policy and the effectiveness of the risk management processes	Quarterly risk management report	Risk Manager/CRO	Quarterly
	5	Monitor organisational risk appetite and tolerance levels against the thresholds approved in the Framework.	Risk appetite and tolerance report	Risk Manager/CRO	Quarterly
	6	Monitoring progress against implementation of the fraud prevention plan.	Quarterly Fraud prevention plan report	Risk Manager/CRO	Quarterly
Reporting					
Risk reporting	1	Risk reporting to the Risk Forum, Exco, FC, ARC, and the Board	Risk Management Reports	CRO/ Risk Manager	Monthly and quarterly
Annual Report	2	Provide Assurance on the status of risk management within TCTA	Risk Management section of the annual report	Risk Manager	30 June 2025

ANNEXURE D2
STRATEGIC RISK REGISTER

TCTA STRATEGIC RISK REGISTER – 2024/25

Ref No	Strategic Objective	Risk Description	Risk Owner	Causes	Consequences	Inherent Impact	Inherent Likelihood	Inherent Risk	Existing Controls	Control Effectiveness	Residual Impact	Residual	Residual Rating	Action /Remedial Plan	Due Date	Responsible Person	Status /Progress
SR1	Raise funding for implementation of infrastructure	<u>Access to funding Risk</u> The risk that TCTA may fail to secure funding for the implementation of infrastructure in the time, right price, amount, and lenders terms.	Nhlanhla Nkabinde	1.1 Inability to meet lenders' terms and conditions	1.1 Failure to execute projects and consequently meeting TCTA's mandate.	3	5		1.1 Maintenance of sound and effective internal control environment.	Partially effective	2	5	10	1.1 Improve the loan covenants monitoring process and check control effectiveness annually through CSA.	Mar 25	EM: PF&T	
				1.2 Default on existing facilities	1.2 Reputation damage.				1.2 Effective Governance systems and structures.					1.2 Same as 1.1 – Improve loan covenants monitoring process and check control effectiveness annually through CSA	June 24	EM:PF&T	
SR2	Implement Capital Projects on time, within budget, to the appropriate standards and in a sustainable socio / environmental manner	<u>Project Completion Risk</u> The risk that TCTA strategic projects may not be completed on time.	Johannes Mavuso	2.1 Poor performance by service Providers.	- Failure to achieve TCTA charter commitments (project milestones).	3	4	12	2.1 Procurement process, contract management procedure and 3 Bid Committees.	Partially effective	3	2	6	2.1 Developing well defined scope and standards	Nov 25	EM: PMID	
				2.2 Disruption by construction mafia (Local communities and labour onsite).	- Reduction in level of assurance.				2.2 Socio economic development strategy.					2.2 Develop a BBBEE policy.	March 25	CEO/SCM	
				2.3 Scope changes and the quality of feasibility studies.	- Possible project disputes.				2.3 Due diligence to identify the completeness of the feasibility study, Change management processes and scope baseline.					2.3 Implement the project specific scope baseline and change management process.	April 25	EM: PMID	
				2.4 Environmental issues.	- Water affordability				2.4 Environmental impact assessments, plans, authorisations.					2.4 Monitor Implementation of specific SLA's with SCMA as per project schedule timeline.	March 25	EM: PMID	

Ref No	Strategic Objective	Risk Description	Risk Owner	Causes	Consequences	Inherent Impact	Inherent Likelihood	Inherent Risk	Existing Controls	Control Effectiveness	Residual Impact	Residual	Residual Rating	Action /Remedial Plan	Due Date	Responsible Person	Status /Progress
SR3		<u>Project Cost Risk</u> The risk that TCTA strategic projects may exceed the budgeted cost.	Johannes Mavuso	3.1 Inflation.	- Water affordability	4	4	16	3.1 Project estimation standards.	Partially effective	2	2	4	3.1 Develop project cost estimates for all projects both for PSP and Contractors	June 25	EM: PMID	
				3.2 Scope changes.	- Ability to raise funding				3.2 Scope management procedure.					3.2 Develop scope management plan	June 25	EM: PMID	
									3.3 Management of change procedure.					3.3 Develop project cost and schedule optimisation Plan to achieve efficiency targets	Oct 25	EM: PMID	
SR4	Manage Debt within the approved borrowing limit	<u>Borrowing limit compliance risk</u> The risk that TCTA may fail to comply with the borrowing limit conditions.	Nhlanhla Nkabinde	4.1 Increase in borrowing requirement beyond the borrowing limit.	- Breach of regulatory requirements. - Breach of loan terms.	4	3	12	4.1 Proper financial planning.	Effective	4	2	8	4.1 Notify DWS of risk of breach and request financial arrangements to be made timeously	March 2025	EM: PF&T	
				4.2 Failure of internal control relating to compliance with borrowing terms.	- Penalties by the lenders and Department & National Treasury.				4.2 Apply borrowing limit in 10 months in advance.	Effective				4.2 Test effectiveness of controls through annual CSA	March 2025	EM:PF&T	
				4.3 Delay in the approval of the expired borrowing limit.					4.3 Monitor compliance with the borrowing limit.	Partially effective				4.3 Enhance process for monitoring and reporting of borrowing limit compliance and test effectiveness of controls through annual CSA.	September 2024	EM: PF&T	
				4.4 Borrowing limit lower than TCTA requirement.					4.4 Borrowing limit risk assessment assurance provision (Inform the DWS of the risk).	Effective				4.4 Engage NT in the application for borrowing limit to ensure awareness of TCTA's requirement	March 2025	EM:PF&T	
SR5	Operate and maintain designated assets to meet DWS requirements / Specifications.	<u>Designated Assets Operations Risk</u> The risk that TCTA may	Johannes Mavuso	5.1 Poor performance by the operator as it is outsourced.	- Breach of environmental critical levels.	4	4	16	5.1 Procurement policy and procedures.	Partially Effective	2	2	4	5.1 Define the procurement strategy for the EB & CB.	Sept 25	EM: PMID	

Ref No	Strategic Objective	Risk Description	Risk Owner	Causes	Consequences	Inherent Impact	Inherent Likelihood	Inherent Risk	Existing Controls	Control Effectiveness	Residual Impact	Residual	Residual Rating	Action /Remedial Plan	Due Date	Responsible Person	Status /Progress
		fail to meet DWS volume operations requirements.		5.2 Failure to comply with operation maintenance manual.	<ul style="list-style-type: none"> - Pollution of water resources. - Legal action taken against TCTA by interested parties (litigations). 				5.2 Operation and maintenance manual, and competent Human capital onsite	Effective				5.2 Implement annual review of Ops and maintenance manual and obtain approval.	June 25	EM: PMID	
				5.3 Breach of environmental clauses.	<ul style="list-style-type: none"> - Reduced lifespan of asset. - Replacement cost implications. 				5.3 Contract management policy	Effective				5.3 Conduct periodic audits to ensure compliances	June 25	EM: PMID	
SR6		<u>Designated Assets Maintenance Risk</u> The risk that TCTA may fail to meet DWS Quality Requirements.	Johannes Mavuso	6.1 Poor performance by the operator as it is outsourced.	<ul style="list-style-type: none"> - Reduction of lifespan of assets. 	4	4	16	6.1 Contract management policy.	Effective	2	2	4	6.1 'Implementation of quality plan.	Daily	EM: PMID	
				6.2 Failure to source critical maintenance equipment and spare parts on time.	<ul style="list-style-type: none"> - Non achievement of volume targets 				6.2 Operation and maintenance manual.					6.2 Implement maintenance plan	Daily	EM: PMID	
SR7	Ensure Organisational Positioning for the planned Water Agency	<u>Positioning Risk</u> The risk that TCTA may fail to influence the establishment of the new water Agency in line with its strategic direction ..	Ola Busari	7.1 Political expediency.	<ul style="list-style-type: none"> - Weak and unsustainable Agency 	5	4	20	7.1 Regulatory mechanisms for establishing SOEs.	Partially Effective	5	3	15	7.1 -7.3 Implementation of the TCTA Agency response plan(This plan addresses the engagement with funders and employees. It further deals with the concerns raised by funders .i.e guarantees and current security arrangements)	Quarterly	CSO	
				7.2 Lack of implementation capacity.	<ul style="list-style-type: none"> - Poor market reputation 				7.2 None								
				7.3 Weak stakeholder engagement.	<ul style="list-style-type: none"> - Loss of critical skills 				7.3 Stakeholder engagement strategy/plan in place								
SR8	Maintain the highest standard of internal control environment	<u>Internal Controls, Risk management and governance risk</u> The risk that TCTA's internal control, risk management and governance processes may be	EXCO	8.1 Organisational culture not enforcing accountability on internal control, governance, and risk management.	<ul style="list-style-type: none"> - Inefficient and ineffective People processes and systems. - Adverse audit outcomes. - Defaulting in loan agreement 	5	4	20	8.1 Approved policies (risk management, and combined assurance).	Partially Effective	4	3	12	8.1 –Embedment of the risk management processes and combined assurance into business processes.	Quarterly	CIA/CRO	
										Partially Effective					Quarterly		

Ref No	Strategic Objective	Risk Description	Risk Owner	Causes	Consequences	Inherent Impact	Inherent Likelihood	Inherent Risk	Existing Controls	Control Effectiveness	Residual Impact	Residual	Residual Rating	Action /Remedial Plan	Due Date	Responsible Person	Status /Progress
		ineffective and inefficient.		8.2 Inconsistency of application of risk management processes.	<ul style="list-style-type: none"> Delay in the implementation of the projects Legacy irregular expenditure on TCTA financial statements. 				8.2 Approved frameworks (Compliance, COSO Internal controls, and COSO ERM)	Partially Effective				8.2 Implement approved risk management policies and frameworks.			
				8.3 Combined assurance maturity level not improving at the desired rate.					8.3 Combined Assurance Forum.	Partially Effective					Quarterly	CIA	
				8.4 Reactive approach.					8.4 Assurance to Management, ARC, and Board .						Quarterly	CIA/CRO	
				8.5 lack of consequent management	-				8.5 LCC committee is in place to review and recommend consequence management.	Partially effective				8.5 Timeous implementation of consequence management.	Quarterly	EXCO	
SR9	Ensure that all IT systems are implemented to support business.	<u>Information Technology Risk.</u> The risk that Information Technology may fail to support business performance in an effective and efficient manner enabled by modern technology	Christopher Kistasamy	9.1 Non-alignment of business process and IT systems.	<ul style="list-style-type: none"> Hampering the ability to implement the strategies. Security breach. Lagging on technology landscape. Cost of IT will increase. Inability to digitise and processes and using technology (EEE). Unreliable performance information. 	4	4	16	9.1 BPR centre of excellence.	Effective	3	3	9	9.1 Analysis and documentation of Business processes.	Monthly	EM: EWSS	
				9.2 Non-response by IT to the need of TCTA business.					9.2 Business cases for IT requirements where applicable, and IT Project implementation methodology	Effective				9.2 Implement and adhere the Project Implementation methodology.	Monthly	EM: EWSS	
				9.3 Inability to procure the relevant IT system.					9.3 Procurement plan.	Partially effective				9.3 Adhere to the procurement plan and monthly engagements with SCM	As per procurement plan targets	EM: EWSS	
				9.4 The pace of change in IT is slow.					9.4 IT GRC Framework, change management and control policy and Change control Committee.	Effective				9.4 Implement approved Policies and Frameworks.	Monthly	EM: EWSS	
									9.5								

Ref No	Strategic Objective	Risk Description	Risk Owner	Causes	Consequences	Inherent Impact	Inherent Likelihood	Inherent Risk	Existing Controls	Control Effectiveness	Residual Impact	Residual	Residual Rating	Action /Remedial Plan	Due Date	Responsible Person	Status /Progress
				9.6 Lack of organisational change management.					9.5 Change management programme in place, managed by HR	Effective				9.5 None	n/a	EM:HR&OD	
SR10	Position TCTA as a thought-leader in critical aspects of water security	<u>Knowledgeability Risk</u> The risk that TCTA will be unable to demonstrate thought leadership.	Ola Busari	10.1 Inadequate knowledge presence.	- Loss of comparative advantage. - Poor stakeholder perception of TCTA.	3	3	9	10.1 – 10.2 Approved annual knowledge plan.	Effective	3	2	6	10.1--10.2 Implementation of annual knowledge plan	Quarterly	CSO	
				10.2 Weak Learning culture.													
				10.3 Inconsistent agendas of SIP project partners.					10.3 Engagement with project partners, and quarterly SIP reporting	Effective				10.3 Engagement with project partners, and quarterly SIP reporting.	Quarterly	CSO	
SR11	Embed a performance culture that manifests as an agile organisation	<u>Organisational Culture risk</u> The risk that TCTA may fail to embed the desired organisational culture.	Hanje Botha	11.1 Incongruent or Inconsistent leadership example.	- Inability to attract and retain critical skills. - Mistrust between management and employees. - Low staff morale.	4	4	16	11.1 Leadership coaching programme, and Talent management strategy and supporting implementation plan.	Partially effective	4	3	12	11.1 Implement and monitor the coaching programme	Quarterly	EM: HR&OD	
				11.2 Inconsistent mgt practices and the lack of management capability					11.2 PMCP					11.2 Implement and monitor the PMCP and 6monthly perf mgt reports showing compliance and non-compliance	Quarterly	EM: HR&OD	
				11.3 Immature systems and processes					11.1 People related Policies and procedures and Talent management strategy and supporting implementation plan					11.3 Implementation and monitoring the talent management plan.	Quarterly	EM: HR&OD	

Ref No	Strategic Objective	Risk Description	Risk Owner	Causes	Consequences	Inherent Impact	Inherent Likelihood	Inherent Risk	Existing Controls	Control Effectiveness	Residual Impact	Residual	Residual Rating	Action /Remedial Plan	Due Date	Responsible Person	Status /Progress
				11.1 Lack of a common understanding and identification of and with the TCTA brand.					11.1 Culture transformation plan.					11.2 Measure employee's satisfaction and engagement levels through survey.	Quarterly	EM: HR&OD	
SR12	Maintain the highest standard of internal control environment	<u>Supply Chain Management Risk</u> The risk that TCTA may fail to procure goods and services on time .		12.1 Inadequate planning.	12.1 Delays in achieving the procurement plan	5	4	20	12. 1 Approved procurement plan is in place	Partially effective	4	3	12	12.1 Monthly monitoring of procurement plan by exco	Monthly	EXCO	
				12.2 Lack of resources and capacity within TCTA.	12.2 Failure to meet business requirements				12.2 Approved resource plan	Partially effective				12.2 Implementation of the resource plan and continuous review of policies and procedures	Quarterly	CFO	
				12. 3 Poorly developed specifications and stringent requirements.	12.3 Failed tenders				12.3 All specifications to be signed by executives and BSC.	Partially effective				12.3 Quality assurance by the Executives , Supply Chain and BSC.	Quarterly	EXCO/BS C	

ANNEXURE E
FRAUD PREVENTION PLAN

1. PURPOSE

The Fraud and Corruption Prevention Plan outlines the TCTA's strategy and process towards fraud risk management, and to reinforce management commitment to prevent, mitigate and reduce the risk of fraud and corruption. The plan also provides mechanisms for the early detection of fraud and corruption, reporting and investigation to minimise the fraud and corruption risk exposure and promote ethical behaviour within TCTA. The plan focuses on addressing the root causes of fraud and corruption and deter similar incidents from occurring.

The plan is dynamic, and it will continuously be reviewed as and when TCTA makes changes and improvements to its risk management efforts. Furthermore, the plan is also aimed at raising awareness amongst employees, service providers, as well as in dealings with other stakeholders (i.e., DWS, funders, Service Providers). TCTA has Zero Tolerance to Fraud within TCTA (staff, management, Board) and its suppliers.

Specific initiatives to be undertaken to prevent fraud and corruption are listed below and thereafter discussed in greater detail:

- Good corporate governance
- Implementation of the Code of Business Conduct
- Fraud and Corruption Awareness and Training
- Fraud and Corruption Risk assessment
- Enhancement of internal controls and systems
- Effective compliance, risk management and internal audit functions
- Independent auditors' reviews
- Fraud and Corruption reporting guidelines
- Whistle blowing facility
- Implementation of anti-money laundering policy
- Supplier and trading partner awareness
- Pre-employment vetting
- Expediting disciplinary processes

- Proactive fraud detection

The Fraud and Corruption Prevention Plan relies on an effective corporate governance that utilises the risk-based approach to its work and ensures that compliance with internal controls is achieved, to minimise opportunities for Fraud and Corruption. The desired outcome of this commitment is to minimise the potential for Fraud and Corruption, and related activities against the TCTA by employees and/or external parties.

2. APPROACH TO THE DEVELOPMENT OF THE PLAN

TCTA's business risks were identified as part of the enterprise-wide risk management process. Fraud and Corruption Risk Assessments have been conducted, and risk registers developed as attached in Annexure B.

All the identified risks documented in the risk register were considered during the development of the Fraud and Corruption Prevention Plan. The identified risks are not all-encompassing and should not be taken to be an exhaustive list of all Fraud and Corruption risks relevant to the TCTA.

The Fraud and Corruption Prevention Plan does not protect the TCTA from incidents of Fraud and Corruption but serves as an additional measure to assist in the management of risks with a focus on creating awareness and promoting ethical conduct.

3. FRAUD AND CORRUPTION DEFINITION

Fraud is commonly defined as the unlawful and intentional making of a misrepresentation which causes actual prejudice, or which is potentially prejudicial to another. The use of the term is in its widest possible meaning and is intended to include all aspects of economic crime and acts of dishonesty. In other words, fraud can be described as any conduct or behavior of which a dishonest representation and/or appropriation forms an element.

It can be perpetrated for the benefit of the perpetrator or to the detriment of the organisation and by persons outside as well as inside TCTA. Fraud may include:

- Dishonest activity causing actual or potential loss to TCTA.
- Falsification, manipulation, or alteration of documents, information and copying of signatures.
- Embezzlement or misappropriation of funds or assets.
- Improper use of information or position.
- Providing false information.

- Unauthorised disclosure of confidential information for personal gain.
- Alteration and falsifying of accounting records.
- Theft of funds or assets; dishonesty, abuse of working hours for private gain, and any other form of misrepresentation or wrongful deception.

Corruption is described as any conduct or behaviour in relation to a person entrusted with responsibilities in public office which violates his/her duty as an employee of TCTA and which is aimed at obtaining undue gratification of any kind for themselves or for others.

Corruption may include:

- Offering or receiving of bribes and kickbacks.
- Extortion.
- Abuse of power.
- Conflict of interest.
- Abuse of privileged information.
- Favouritism.
- Nepotism.
- All acts of dishonesty.

Fraud remains a threat to stakeholders' trust and confidence, it is therefore essential to recognise fraud prevention as an integral part of strategic management. It is important that the Board and Executive Management set the right tone for the prevention and management of fraud in TCTA.

4. UNDERSTANDING FRAUD AND CORRUPTION

Fraud and Corruption can be perpetrated internally by employees of the TCTA. This occurs because the employees have access to certain information, and they may see the opportunity to commit Fraud or Corruption. Individuals can also perpetrate Fraud and Corruption outside of the TCTA. Included in this are procurement frauds, theft, fraud committed through cyber-crime techniques. And lastly, collusion between TCTA employees with each other as well as between TCTA employees and outside parties. This has been illustrated in figures 1 and 2 below.

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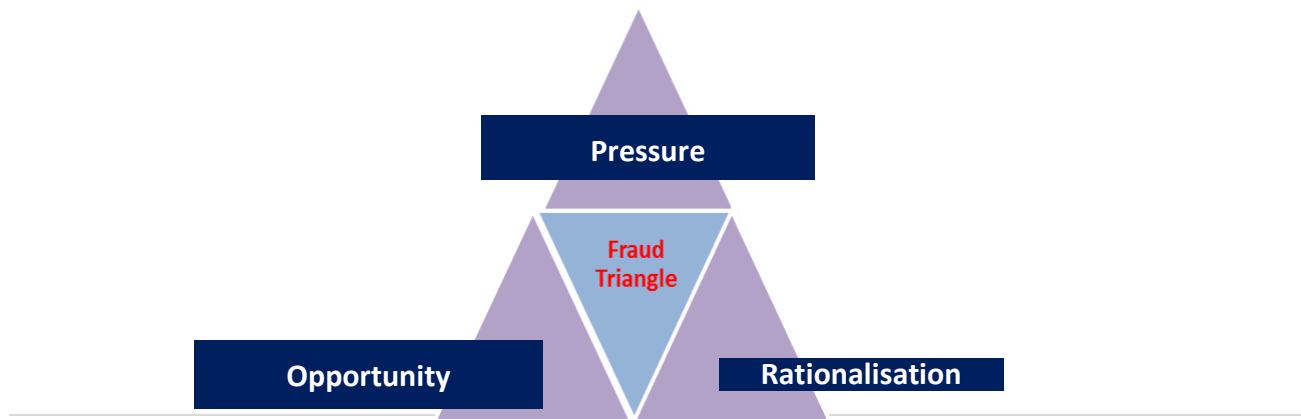


Figure 1: The Fraud Triangle

According to the fraud triangle the perceived opportunity is a contributing factor to the committing of fraud. Opportunity presents itself in an environment with weak controls, where controls can be overridden and where there is insufficient management supervision. The perceived motivation refers to the need to commit the fraud. This need can be because of several factors such as personal debt, compensation for good performance as well as pressure to achieve goals and targets. The rationalisation side of the fraud triangle refers to the perpetrator justifying the commission of the fraud. The perpetrator believes that it was not his/her fault that the fraud was committed, but that it was due to factors beyond his/her control.

Pressures

- Financial Pressures.
- Personal Habits (Gambling, Drugs, Alcohol).
- Work-related Factors (Overworked, Underpaid, Not Promoted).
- Achieve Financial Results (Bonus, Compensation) and
- High Debt Level.

Opportunities

- Poor Internal Control.
- Low Fraud Awareness.
- Treat Fraudster with Leniency.
- Rapid Turnover of Employees.
- Use of Many Banks.

- Weak Subordinate Personnel and
- Absence of Mandatory Vacations.

Rationalisation

- I am only borrowing the money and will pay it back.
- Nobody will get hurt.
- The Institution treats me unfairly and owes me.
- It is for a good purpose and
- It is only temporary, until operations improve.

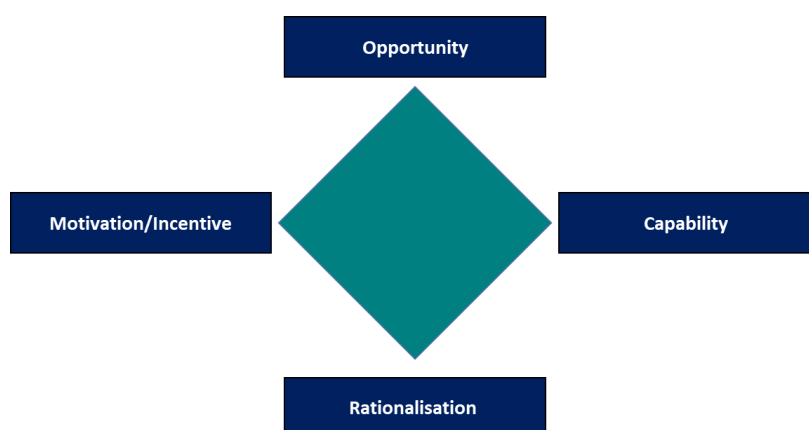


Figure 2: The Fraud Diamond

In addition to the three contributing factors to fraud as indicated in the fraud triangle, the fraud diamond contains a further factor that can contribute to the perpetration of fraud – CAPABILITY. Capability refers to the perpetrators level of authority, skills, knowledge of the systems and internal controls, as well as the ability to deal with the stress of the committing of the crime and the ability to live with a bad conscience.

5. SCOPE OF THE FRAUD AND CORRUPTION PREVENTION PLAN

This Fraud and Corruption Prevention Plan applies to all unethical conduct, fraud, corruption, or suspected irregularities of any nature involving employees, stakeholders, contractors, vendors, and suppliers doing business with TCTA.

TCTA undertakes to:

- Demonstrate the leadership to combat and eradicate corruption by continually improving governance and economic management, by striving to create a climate that promotes transparency, accountability, and integrity.
- Establish budgetary and financial transparency and strong financial management

systems.

- Enact and enforce a disciplinary code that will deal effectively with corruption offences by imposing severe penalties on individuals convicted of corruption or corrupt practices.
- Eliminate conflicts of interest by adopting and enforcing effective guidelines, ethical regulations, and a code of conduct for all directors and employees, which include rules on conflict of interest and requirements for the regular disclosure of financial interests, assets, liabilities, gifts, and other transactions.
- Continually improve the morale and integrity of employees.
- Promote transparency in procedures for procurement.
- Adopt a sound revenue collection system.
- Maintain adequate and accurate financial records and adhere to international financial accounting standards (IFAS) as well as international accounting standards.
- Establish and enforce a code of conduct.
- Promote standards for good corporate governance and the protection of shareholder value.
- Prohibit individuals found guilty of corruption from doing business with TCTA.
- Establish independent accountability and oversight mechanisms such as a compliance function (consisting of legal services and legal compliance systems), an internal audit function and the use of independent, external auditors.
- Adopt mechanisms and procedures for the public and personnel to submit complaints of corruption and corrupt practices, including the protection of witnesses and whistle blowers.
- Facilitate the cooperative investigation of cases involving corruption by rendering mutual legal assistance in obtaining evidence, documents, articles, records, and witness statements.

6. STRUCTURAL STRATEGIES

Structural strategies represent the actions to be undertaken to address Fraud and Corruption at the level of organisational governance. The initiatives to be implemented by TCTA are detailed in Annexure E2.

6.1 GOOD CORPORATE GOVERNANCE

TCTA's organisational culture is critical to help prevent Fraud and Corruption. The overall emphasis is on creating a working environment which is zero tolerant to Fraud and Corruption, where employees play a role in protecting assets and perpetrators are fully prosecuted by law enforcement agencies.

An Anti-Fraud and Anti-Corruption culture promotes good staff and industrial relations, defines an organisation's mission, and clearly sets out its desired role in its economic and social environment. The Board of Directors is responsible for overseeing the business of TCTA, including its policies for managing risk and delegating the management of day-to-day activities to management.

The TCTA will annually reconfirm its commitment to an open governance process through which its stakeholders may derive assurance that the TCTA is being managed ethically and according to prudently determined risk parameters in compliance with best international practices.

The TCTA directors, management and employees will be committed to transparent, sound, and ethical business practices as expressed in the TCTA Code of Business Conduct. The directors will subscribe to the philosophy of transparency and fair, dependable, and easily understandable reporting to stakeholders.

The Board of the TCTA will be fully committed to maintaining the standards of integrity, accountability and openness required to achieve effective corporate governance. All directors, sub-committee members and employees of TCTA will comply with the Public Finance Management Act, Act no.1 of 1999.

The Board of Directors will strive for compliance to all relevant and applicable King VI Code of Corporate Practice recommendations.

6.2 RESPONSIBILITY FOR FRAUD AND CORRUPTION RISK MANAGEMENT

The Chief Executive Officer bears the ultimate responsibility for fraud and corruption risk management. This includes the coordination of risk assessments and the delegated oversight of the function to the Chief Risk Officer.

The managing of fraud remains a managerial responsibility. The Audit Committee oversees the investigation of suspected fraud and corruption.

6.3 ETHICAL CULTURE

Each member of the Board, upon becoming a member will be furnished with a copy of the Code of Conduct for Directors, which should be signed by the member and returned to the company secretary.

All employees will sign the Code of Conduct for employees each year. The Code of Conduct:

- commits TCTA to the highest standards of behaviour.is developed in such a way as to involve all employees so that the ethical culture is infused into TCTA.
- enjoys total commitment from the Board and Chief Executive Officer of TCTA.
- is embraced by all the stakeholders and is sufficiently detailed as to give clear guide to the behaviour of all employees.

Furthermore, the Code of Conduct:

- demonstrates corporate intent.
- codifies unacceptable actions.
- emphasises consequences of non-compliance.
- is attested to by employees.
- removes ignorance as defence.
- is to be well publicised and
- stresses management's commitment and behaviours.

It is the responsibility of the Chairperson of the Board to review and monitor adherence by the Board of Directors to the Code of Conduct. The Chairperson may delegate this responsibility to the Company Secretary.

6.4 ASSESSMENT OF FRAUD AND CORRUPTION RISK

The diversity of Fraud and Corruption risk issues prompts the need for an enterprise-wide risk framework and internal risk-based audit approach that goes beyond the traditionally acknowledged areas of financial and internal control.

Fraud and Corruption risk assessment is performed on an annual basis to identify the relevant risks. These identified risk areas are analysed and weighted, mitigating controls evaluated and the residual risk defined. This residual risk is then assessed on a cyclical basis whereby the controls are analysed, and the necessary action plans are formulated. The action plans are deliberated at the Risk Forum meetings. Benchmarking is done on a regular basis.

A risk-based compliance framework will be established based on the risk assessment. Profile changes will be assessed by the Chief Risk Officer on a regular basis. Reviewing internal controls on a regular basis will enhance the prevention of Fraud and Corruption.

6.5 EMPLOYEE AWARENESS

The effectiveness of the Fraud and Corruption Prevention Strategy will be enhanced by raising the level of awareness to the risk of Fraud and Corruption and minimising temptation, motive, and opportunity. Employees who are educated about the symptoms of fraud are more likely to identify and report their suspicions of criminal behaviour.

The return on an investment in appropriate training can be significant and contribute considerably to reducing losses and to more successful disciplinary actions and prosecutions. All employees will regularly awareness sessions in Fraud and Corruption which will be TCTA specific.

7. OPERATIONS STRATEGIES

7.1 INTERNAL CONTROLS

The Board recognizes and acknowledges its responsibility for the TCTA system of financial and operational internal controls.

Management are responsible for the implementation of an adequate system of internal control to ensure the accuracy and integrity of the financial statements. The controls include written policies and procedures, clearly defined lines of accountability, and the delegation of authority which also includes TCTA's procurement policy and guidelines. The responsibility for the adequacy, extent and operations of these systems is delegated to the Chief Executive Officer.

The effectiveness of the internal control system, including the potential impact of changes in the operating and business environments, will be monitored through regular management reviews, and reviewing and testing by the internal auditors' and independent auditors and other assurance providers.

The auditors have a responsibility to identify the relevant weakness in the controls, systems, or procedures. To ensure that the business practices are conducted in a manner that is above reproach under all reasonable circumstances, all employees are required to maintain the highest ethical standards.

Material findings that come to the attention of the directors to indicate any occurrence of material breakdown in the functioning of these controls, systems, and procedures during the year under review should be reported in the annual financial statements.

Effective risk management is integral to the TCTA objective of consistently adding value to the business. Risk will be minimised by ensuring that the appropriate infrastructure, controls, systems, and people are in place to manage risks.

Key policies and procedures will be employed in managing risk and may involve segregation of duties, transaction authorisation, monitoring, and financial and managerial reporting. International pronouncements on risk management are evaluated on an ongoing basis and where appropriate, used to provide benchmarks to ensure continued compliance with international best practice.

The TCTA will adhere, where relevant and appropriate, to the recommendations of King IV Report on Corporate Governance, COSO framework and the Charter of Best Practice in Treasury Management.

The objective of systems of internal control of TCTA will ensure that TCTA is effective in achieving its objectives. It is imperative that management is accurately aware of the risks TCTA is exposed to which the overall performance of TCTA, as well as the performance of individuals within TCTA.

TCTA will design its internal controls to ensure that:

- all transactions and commitments entered are recorded and are within the scope of TCTA or the individual acting on behalf of TCTA.
- there are procedures to safeguard assets and control liabilities and
- there are measures, as far as is reasonably practicable, including the extent to which employees are permitted to engage in personal account trading, to minimise the risk of losses to the business from irregularities, Fraud and Corruption, or error and to identify such matters as they occur so that prompt remedial action may be taken by management.

7.2 PREVENTION STRATEGIES

Several initiatives result in an overall preventative environment in respect of fraud. These include the following:

8. PRE-EMPLOYMENT VETTING

To ensure that the TCTA limits its exposure to hiring potential fraudsters, the HR &OD division must ensure that all relevant details about prospective employees are acquired prior to their employment.

The screening process will typically include a review of:

References.

- Criminal records.
- Civil claims records.
- Disciplinary records.
- Insolvency.
- Other businesses.
- Qualifications – CV audit.
- Technical competence and
- Psychometric testing results.

REFERENCES

When checking references of prospective employees, care will be taken to ensure that the prospective employee's entire career history is disclosed. Gaps in employment are often disguised under the excuse of "working from home" or "tried my own business," whereas that person may have been dismissed from their former employment.

The reference checking process can only be considered as complete when the TCTA has the assurance that there were no undisclosed acts of dishonesty relating to a prospective employee's previous employment.

CRIMINAL RECORDS

It is difficult to obtain criminal records of prospective employees as such information is under the exclusive control of the South African Police Services, which is not authorised to release it on demand. It is important, however, for the employer to know whether a prospective employee has a criminal record as this would significantly affect the related risk profile.

Differentiation will be drawn between crimes involving dishonesty and crimes that are not likely to affect the employee's work. It is therefore a requirement that all applicants submit full disclosure of any criminal records. In addition, a prospective employee must, prior to his/her appointment, accept in writing that the non-disclosure of a criminal record or pending criminal case is a dismissible offence.

CIVIL RECORDS

Civil records give a good indication of the track record of individuals. If a person is recruited for a management position, for example, it is important to determine whether that person has any civil judgments or adverse listings. A prospective manager may prove to be unsuitable for the post if his or her credit history reveals major financial indiscretions in his or her past. As civil judgments affect the risk profile of an individual, it is important to consider this factor before employment is confirmed. All records of civil judgments are easily obtained through any of the recognised credit bureaus.

As with criminal records, all prospective candidates shall be required to disclose any civil judgments against their names. This should include pending civil matters. Failure to disclose such information shall be regarded as a disciplinary offence.

DISCIPLINARY RECORDS

It is important for the TCTA to know whether a prospective employee has a history of disciplinary actions against him/her from previous companies. Learning about these falls in the category of “learning from other people’s mistakes” and is invaluable in assessing the risk exposure the candidate presents before employment is confirmed. The disclosure of disciplinary cases shall include those that were settled or withdrawn because of the candidate’s resignation.

INSOLVENCY

A person who has previously been declared insolvent is often a high fraud risk. It is therefore mandatory for prospective employees to disclose any declared insolvency. A credit bureau check would reveal such a fact and shall therefore be undertaken as a matter of course.

OTHER BUSINESSES

It is important to ascertain from all applicants whether they have other businesses in which they are involved or hold a share. This information is important as it could impact on the applicant’s objectivity if he/she were to be able to favour that company or on his or her ability to commit fully to his or her responsibilities to the TCTA.

QUALIFICATIONS

Most applicants will submit curriculum vitae (CVs) in support of their application. These CVs will typically list all the applicant’s academic, professional, technical, and other qualifications. The TCTA is exposed to risk if it appoints a person who has submitted false qualifications.

Apart from the obvious risks, this is also an indication of dishonesty. CVs shall therefore be carefully audited and investigated where necessary.

Consideration shall be given to, among others, the following:

- Whether the time span makes sense (two years to obtain a law degree, for example) and
- Whether the university or college offers these courses.

Most fraudsters who submit false qualifications will focus on qualifications which are difficult to check, especially those from foreign universities or universities which have since closed. Such qualifications should be considered as high risk. The qualification check shall be undertaken not only for prospective employees, but also for current employees as part of the fraud prevention initiatives and employee risk assessments.

TECHNICAL COMPETENCE

Assessing the technical competence of a prospective employee is an integral part of the screening process, but not directly linked to the Fraud and Corruption risk assessment. The past disciplinary records and reference checks in this regard shall be considered carefully.

PSYCHOMETRIC TESTING

There are several psychometric tests available on the market. Such tests may reveal characteristics of the applicant which could place him or her in a high-risk category. It is recommended that people earmarked for critical positions be subjected to appropriate psychometric testing that is compliant with the requirements of the Employment Equity Act. The test used should, therefore, be acceptable to all cultures and designed to be non-discriminatory.

8.1 DETECTION STRATEGIES

INTERNAL ASSURANCE

TCTA has an in-house internal audit function to facilitate ongoing management assurance. By charter and in terms of the PFMA, internal audit covers the full scope of the organisation's operational and financial activities, including its core activities relating to treasury and projects. A risk-based approach is used in assessing key focus areas and designing the audit programmes. Internal audit is also closely aligned with the organisation's strategic objectives.

It is expected that, wherever possible, reliance will be placed on the work of Internal Audit by the TCTA external auditors. Both internal and external auditors will have regular meetings with the intention of sharing information.

The scope of the internal audit function is to review the reliability, integrity, and effectiveness of:

- the financial and operating information.
- the system of internal control.
- the safeguarding of assets.
- the managing of resources.
- the conduct of operations and
- compliance with the Public Finance Management Act (Act No 1 of 1999) and any other legislation that becomes applicable.

EXTERNAL AUDITORS

The auditors have a responsibility to plan and perform the audit to obtain reasonable assurance on whether the financial statements are free of material misstatement, whether caused by error or fraud.

Because of the nature of audit evidence and the characteristics of fraud, the auditor can obtain reasonable, but not absolute, assurance that material misstatements are detected. Audits must include procedures designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on financial statement amounts. Each audit must include an evaluation of the ability of TCTA to continue as a going concern.

8.2 RESPONSE STRATEGIES

WHISTLE BLOWING

Through this service, all stakeholders can report suspected Fraud and Corruption. This service is a useful tool through which the momentum and interest in the Fraud and Corruption prevention initiatives can be maintained.

The TCTA has put in place mechanisms that comply with the Protected Disclosures Act, in terms of which employees and outsiders are encouraged to report any information or reasonable suspicions on Fraud and Corruption that come across. Mechanisms have been put in place to ensure that such information or suspicions are channelled to persons who will deal with them appropriately.

The TCTA has secured an independent contractor with specialist knowledge to manage the Tip-Off Anonymous service, which reports to the Chief Internal Auditor. Should the information received through this service be useful and result in fraud being uncovered, appropriate action/steps shall be taken against the perpetrator(s).

The Chief Internal Auditor shall identify and report to the Audit Committee cases involving:

- Hoax calls.
- Allegations of a criminal nature.
- Allegations which could potentially justify disciplinary action and
- Other reported issues and/or alleged irregularities (i.e., human resources disputes, personality clashes, political or racial grievances, sexual harassment, xenophobia, etc.).

The report of the Chief Internal Auditor shall also identify specific tip-offs requiring further investigation. Information on non-fraud related matters will almost inevitably also be received, and provision has therefore been made for communicating such information to the relevant division and/or responsible manager. Such information should not be disregarded as it may result in the whistle blower losing faith in the system. Awareness of the Tip-Offs Anonymous Hotline is crucial to its success. As a result, the promotion of awareness thereof shall form part of the communication strategy for the Fraud and Corruption Prevention Plan.

Monthly call reports are forwarded to the Chief Internal Auditor, the reporting rules have an escalation structure where the service provider forward reports to the Audit Committee Chair where EXCO members are allegedly involved in fraud or corruption.

How to report a complaint:

- If any employee of TCTA believes that fraud has taken place, he/she should report a complaint to, Chief Internal Auditor or the Fraud Hotline Should any of these persons be involved, the alleged allegations of fraud should be reported to the CEO or if the CEO is involved, to the Chairperson of the Audit Committee.
- Before reporting any suspected allegations to the Chief Internal Auditor or the Fraud Hotline, the employee should review the facts as he/she knows them and write them down.

It will be mandatory for all employees to report incidents of corruption as soon as they become aware of them and any attempt to conceal such incidents may lead to charges of misconduct against the employee in question.

Intimidation by any employee, of any informant, or an investigator or any witnesses involved in the investigation, could result in charges of misconduct.

Extortion of stakeholders by employees must be reported by stakeholders, failure of which could be considered as complicity and may result in cessation of any or all business dealings or restriction from further tendering. The reporting mechanism is independently managed, anonymous, confidential, secure, and internally promoted.

9. MAINTENANCE STRATEGIES

9.1 REVIEW OF THE EFFECTIVENESS OF THE FRAUD AND CORRUPTION PREVENTION PLAN

TCTA will conduct a review of the Fraud and Corruption Prevention Plan annually to determine the effectiveness thereof.

9.2 REVIEW AND UPDATING THE FRAUD AND CORRUPTION PREVENTION PLAN

This plan should be maintained and reviewed annually to ensure that TCTA's focus of detection and prevention remains relevant as the internal and external operating environment continually changes the fraud risk profile.

The Chairperson of the Audit Committee shall have oversight and provide guidance on the review of the plan.

ANNEXURE E1
FRAUD RISK REGISTER

ANNEXURE E1

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT															
HR-1	Unauthorised payroll adjustments on employee benefits.	Internal	1.1 Inadequate segregation of duties in Payroll. 1.2 Possible management oversight.	Financial losses. Reputational damage.	3	3	9	1.1 Changes in employee benefits are approved by Executive: Human Resources before to capturing into the system. 1.2 Checks are done on reports generated from information captured into the system. In addition, two signatories are required on payroll releases.	1	2	2	N/A- The risk residually low. HR& OD will continue to monitor existing controls for adequacy and effectiveness.	Monthly	HR	No fraud incidents have been detected during the period under review.
HR-2	Payments to fictitious employees and accounts.	Internal	2.1 Possible weaknesses in controls regarding the creation of payroll records. 2.2 Payment of salaries to unverified bank accounts.	Financial losses. Reputational damage.	3	2	6	2.1 Payroll section keeps track of staff levels monthly and any new employees on the payroll are verified. 2.2 Payroll variance review.	1	2	2	N/A- The risk residually low. HR& OD will continue to monitor existing controls for adequacy and effectiveness.	Monthly	HR	The was no cyber incident reported during the period.
HR-3	Inflated/fictitious reimbursement claims.	Internal	3.1 Double claiming. 3.2 Forging of receipts. 3.3 Collusion of payroll personnel with other employees.	Financial losses.	3	3	9	3.1 Approval and review of claims by line managers. 3.2 Verification of claims by finance department.	2	1	2	N/A- The risk residually low. HR& OD will continue to monitor existing controls for adequacy and effectiveness.	Monthly	Line Managers	No fraud incidents have been detected during the period under review.
HR-4	Salary advances not deducted from end-of-month payroll.	Internal	4.1 Inadequate segregation of duties in Payroll. 4.2 Management oversight.	Financial losses. Reputational damage.	3	1	3	4.1 & 4.2 Strict policy on salary advances.	1	1	1	N/A- The risk residually low. HR& OD will continue to monitor existing controls for adequacy and effectiveness.	Monthly	HR	No fraud incidents have been detected during the period under review.
HR-5	Abuse of sick leave.	Internal	5.1 False medical certificates.	Loss of productivity Financial losses	3	4	12	5.1 Adherence to the leave policy.	3	2	6	N/A- The risk residually low. HR& OD will continue to monitor existing controls for adequacy and effectiveness.	Daily	Line Managers /HR	No fraud incidents have been detected during the period under review.
INFORMATION TECHNOLOGY															

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
IT-1	Override of system controls: Personnel may be able to access restricted data or adjust records fraudulently e.g., personnel with inappropriate access to the general ledger, subsystems, or the financial reporting tool can post fraudulent entries.	Internal	1.1 Weak system access controls (passwords). 1.2 User profiles not aligned to job requirements. 1.3 Inadequate segregation of duties.	<ul style="list-style-type: none"> Financial losses. Reputational damage. 	4	3	12	1.1 Authorisation required prior to any changes in records. 1.2 General computer controls include restricted system access, restricted application access, and program change control policy and procedure. 1.3 Audit logs on critical systems.	3	2	6	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing.	Daily	IT/All	No fraud incidents have been detected during the period under review.
								1.4 Security Information and Event Management (SIEM) implemented.							
IT-2	Theft of assets: Individuals who have access to fixed assets and to the accounting systems that track, and record activity related to those assets can use IT to conceal their theft of assets, e.g., someone may steal an asset and record the assets as disposed of, thus removing the asset from the balance sheet.	Internal	2.1 Lack of security controls 2.2 Inappropriate location of assets. 2.3 Lack of reporting of security violations. 2.4 Lack of procedures for the movement of IT assets. 2.5 Inadequate segregation of duties.	<ul style="list-style-type: none"> Financial losses (high insurance premiums). Reputational damage. Loss of information. 	4	3	12	2.1 Assets verifications. 2.2 Reconciliation of the assets 2.3 Register and accounting records. 2.4 Awareness to staff on safe custody of assets (i.e., Laptops). 2.5 Insurance cover.	3	2	6	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing.	Daily	IT/All	No fraud incidents have been detected during the period under review.
IT-3	Cyber Security/ Theft/Loss of sensitive information or Intellectual property e.g., Intruders can bypass TCTA IT security on their own or through the help of TCTA employees.	<ul style="list-style-type: none"> External Internal 	3.1 Hacking by intruders. 3.2 Security breaches by TCTA employees. 3.3 Manipulation of data by internal staff. 3.4 Data Leakage: people forwarding sensitive information to external destinations; use of USB ports; use of personal devices without encryption; sharing of recordings; photographing of sensitive information; etc. 3.5 Ransomware – phishing.	<ul style="list-style-type: none"> Financial losses. Reputational damage. Loss of information. 	5	5	25	3.1 Firewalls and vulnerability tests. 3.2 Awareness to employees 3.3 Access to sensitive information restricted to specific staff. 3.4 Strict approval and access to financial transactions. 3.5 Review of user access rights. 3.6 Cybersecurity Strategy	3	3	9	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing.	Daily	IT/All	No fraud incidents have been detected during the period under review.
SUPPLY CHAIN															

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
SCM-1	Non Disclosure of Conflict of interest.	Internal	1.1 Lack of openness by staff. 1.2 Lack of supplier vetting.	<ul style="list-style-type: none"> Financial losses (investigation costs, increased insurance premiums. Improper awarding of contracts and tenders. Delays in TCTA achieving its objectives. Legal costs from losing bidders. Reputational damage. 	3	4	12	1.1 Transparent tender approval system. The supplier selection process is handled by a multidisciplinary team within a three-bid committee system. The influence of a single individual in the supplier selection process is therefore minimised. 1.2 The code of business conduct requires all employees to disclose interest. 1.3 Declaration of interest also completed by DWA and Engineering Consultants (everyone who sits in the evaluation committee) and service providers. 1.4 Supplier vetting is included in the bid document template as a requirement at evaluation stage. 1.5 Procurement's approved procedure manuals which outlines the process of supplier vetting is in place.	1	2	2	Continuous monitoring of existing controls for adequacy and effectiveness.	n/a	Supply Chain	Internal controls are operating as intended. No risk incidents reported.
SCM-2	Bribery and Kickbacks.	Internal	2.1 Collusion and collaboration between TCTA representative and service providers. 2.2 Weak internal procurement controls. 2.3 Acceptance of gifts, money and favours that may compromise independence.	<ul style="list-style-type: none"> Overpaying for goods and services. Low quality goods/services. Financial losses (investigation costs, increased insurance premiums. Awarding contracts to unqualified/undeserving supplies or service providers. Legal costs from losing bidders. Reputational damage. 	5	4	20	2.1 Transparent tender approval system. The supplier selection process is handled by a multidisciplinary team within a three-bid committee system. The influence of a single individual in the supplier selection process is therefore significantly minimised. 2.2 The SCM Acquisitions Manager reviews all recommendations and submissions prior to them being approved. 2.3 Gift policy and register.	1	2	2	Continuous monitoring of existing controls for adequacy and effectiveness.	n/a	Supply Chain	Internal controls are adequate and effective in mitigating the risk i.e., no fraud incidents identified.

Ref	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
SCM-3	Misrepresentation of goods and services/Counterfeit goods. (to be revised and include receipt of goods/services by user departments)	Internal	3.1 Goods procured not inspected by Supply Chain on delivery. 3.2 Poor contract management. 3.3 No independent verification of work completed by service providers. 3.4 Deliberate hiding of facts by service providers/suppliers.	<ul style="list-style-type: none"> Financial losses (investigation costs, increased insurance premiums). Failure to achieve organisational objectives. 	4	3	12	3.1 All goods and services received are inspected by the Client Business unit which has intimate knowledge of its requirements as well as the quality. 3.2 All invoices are signed off by line management on satisfaction of the quality of the service / goods received.	2	3	6	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing. New action plan: Training plan TBC on capacitating employees to mitigate root causes 3.3 and 3.4	Mar 23	Procuring Divisions	In progress: There have been no instances of counterfeit or incorrect goods delivered during the period.
SCM-4	Rigged specifications to favour certain service providers.	Internal	4.1 Bid specifications for capital projects are prepared by Consulting engineers who may have links with certain contractors. 4.2 Bid specifications prepared by procuring divisions. 4.3 Lack of technical knowledge in approving committees.	<ul style="list-style-type: none"> Financial losses (investigation costs, increased insurance premiums). Failure to achieve organisational objectives. Reputational damage. Legal cases against TCTA 	5	4	20	4.1 Tender specification and evaluation documents for capital projects prepared by professional engineering service providers are compiled on an advisory basis for approval by a TCTA. 4.2 Multidisciplinary Bid Specification Committee. 4.3 Evaluation of bids are approved by a TCTA multidisciplinary Bid Evaluation Team. 4.4 SCM Acquisitions Manager ensures multi-level monitoring and review is undertaken.	4	1	4	Monitoring of reports that come through the Fraud Hotline to identify reported cases of rigged specifications.	31 March 2023	Supply Chain/ Bid Committees	In progress: No risk incidents reported during the quarter.
SCM-5	Inflated billing/False invoices	External/Internal	5.1 Inadequate review and checking of invoices against services performed. 5.2 Collusion and collaboration between TCTA representative and service providers. 5.3 Management override.	<ul style="list-style-type: none"> Financial losses. 	4	4	16	5.1 ALL invoices are signed off in terms of the ODOA. 5.2 All invoices go to Procurement for certification of PO amounts before submission to Finance for processing. 5.3 All invoices use the PO number as a reference number.	1	2	2	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing.	Monthly/quarterly monitoring	All Divisions/Supply Chain	Procurement has not picked up any incidents of inflated billing/false invoices in this quarter.

Ref	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
SCM-6	Collusive bidding.	External	6.1 Inadequate checking of pricing of tenders. 6.2 Limited supplier base. 6.3 Lack of market research by Trans Caledon Tunnel Authority. 6.4 Price fixing. 6.5 Withdrawal of previously submitted bid. 6.6 Cover bidding (submitting bids that are too high or with special terms to lose and give the chosen bidder a chance).	<ul style="list-style-type: none"> Limits competition and exposes TCTA to higher prices. Financial losses (investigation costs, increased insurance premiums). Contracts awarded to undeserving suppliers/contractors who may produce poor quality work and delays in TCTA achieving its objectives. Legal costs from losing bidder. Reputational damage. 	3	4	12	6.1 TCTA obtains Engineer's estimate of prices and compares this to bid prices. 6.2 Bids awarded based on the highest total number of points and not necessarily to the lowest bidder. 6.3 The tender evaluation criteria are mainly objective with minimum subjectivity.	1	4	4	To utilise available channels (i.e., the BEC, TCTA's fraud hotline reports etc.) to minimise the risk and identify any suspected collusive bidding.	Monthly	All Divisions/Supply Chain	In progress: We continue to monitor this risk using our fraud hotlines and any information received during the bid process.
SCM-7	Split purchases by TCTA departments to avoid SCM limits.	Internal	7.1 Inadequate reviews and monitoring of purchases.	<ul style="list-style-type: none"> Financial losses. Reputational damage. 	4	4	16	7.1 Monitoring of smaller tenders by SCM monthly. 7.2 Review of RFQ's by SCM. 7.3 SCM Acquisitions Manager ensures multi-level monitoring and review is undertaken.	2	2	4	Support to be by Procurement to divisions in preparation of the procurement plans and on receipt of requisitions to minimise the risk.	31 March 2023	Supply Chain	In progress: Continuous support provided by Procurement. No risk incidents reported at the reporting period.

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
SCM-8	Manipulation of closed-tender bidding process	Internal	8.1 Exclusion of qualifying bidders 8.2 Multiple contracts awarded to the same companies	<ul style="list-style-type: none"> Limits competition and exposes TCTA to higher prices. Reputational damage. 	5	4		8.1 Divisional procurement plan and procurement strategy reviewed and approved before sourcing of any goods and services. 8.2 Requisition templates have been enhanced to minimise the likelihood of the risk materializing. 8.3 The closed- tender bidding process is aligned to the approved procedure manual. 8.4 Policies and procedures have stricter requirements for the utilisation of the limited bidding process. 8.5 Adherence to instruction notes on the use of the closed- tender bidding processes. 8.6 A market analysis is conducted as required for some of the bids to justify the limitation.	1	2	2	Continuous monitoring of existing controls for adequacy and effectiveness.	n/a	Supply Chain	Internal controls are adequate and effective in mitigating the risk i.e., no fraud incidents identified.
SCM-9	Recording fictitious vendors into the vendor database.	Internal	9.1 Lack of segregation of duties between approval and entry of vendor information into the database. 9.2 Lack of review and validation of supplier information.	Financial losses.	3	4	12	9.1 Segregation of duties between the Procurements Administrator who captures vendor information after an award and Finance which captures the vendors' banking details on Accpac. 9.2 Multi-level review is undertaken by Finance and Procurement on payment of vendors against primary sources of information.	1	2	2	9.1 Digitisation of the vendor recording process into the database.	Mar 23	SCM	In progress: Awaiting implementation of ERP
FINANCE															
FIN-1	Adjusting financial records to perpetrate or conceal fraudulent activities.	Internal	2.1 Inadequate system access controls or user profiles which may render weak access control to creditors balances. 2.2 Collusion with external parties.	Financial losses.	3	3	9	2.1 All adjustments of records in the system require prior management approval and documentation. 2.2 Segregation of duties and dual approvals with system user profiles aligned to level of authority. 2.3 Password controlled access.	1	2	2	N/A- The risk residually low. Finance will continue to monitor existing controls for adequacy and effectiveness.	Monthly	Finance	No fraud incidents have been detected during the period under review.
FIN-2	Creating false records to support fraudulent claims.	Internal	3.1 Specimen for authorising signatures not being updated. Non-adherence to policy such as payment of claims with no documents or wrong rates applied.	Financial losses.	4	3	12	3.1 All claims should be approved by claimant's manager and supported by appropriate documentation. 3.2 No member of staff can authorise payments to himself/herself. 3.3 Ensure correct rates for claims are used.	1	2	2	N/A- The risk residually low. Finance will continue to monitor existing controls for adequacy and effectiveness.	Monthly	Finance	No fraud incidents have been detected during the period under review.

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
FIN-3	Inflated billing/False invoices.	External/Int ernal	4.1 Inadequate review and checking of invoices against services performed. 4.2 Weak controls on payment for unbudgeted items. 4.3 Management override. 4.4 Collusion and collaboration between TCTA representative and service provider.	Financial losses.	3	4	12	4.1 & 4.2 Invoices are signed off by Executive of the procuring department.	1	2	2	N/A- The risk residually low. Finance will continue to monitor existing controls for adequacy and effectiveness.	Monthly	Finance	No fraud incidents have been detected during the period under review.
FIN-4	False payment instruction (external) with forged signatures and bank details.	Internal	5.1 Collusion of employees and external parties. 5.2 Not checking/confirming bank details for our service providers. 5.3 Unexplained change of client bank details.	Financial losses.	3	4	12	5.1 Ensure changes and additions to payee and banking details are in written form and properly authorised and accompanied by a blank cheque. 5.2 Verify banking details with service provider and the banking institution concerned. 5.3 Restrict and log system access for any changes to banking details. 5.4 Proof of payment is sent to Departments and service provider for early detection of fraudulent bank details. 5.5 Banking details are only changed if there is a provision for this in the contract.	1	2	2	N/A- The risk residually low. Finance will continue to monitor existing controls for adequacy and effectiveness.	Monthly	Finance	No incident was reported during the period.
TREASURY															
TR-1	Fictitious trades in Treasury: Dealing staff may enter fictitious trades that will result in TCTA losing funds.	Internal	1.1 Lack of confirmation of deals.	Loss of money to TCTA and reputational impact.	3	4	12	1.1 Confirmations (incoming and outgoing) are done for each deal. 1.2 Release of payments authorised by at least two signatories. 1.3 Bank account of beneficiary must be registered, and the registration also requires management approval. 1.4 Back Office confirms transactions as and when due. 1.5 Minimum of 2 signatories authorise all payments when due. 1.6 Daily deals are done only with counterparties recommended by Risk and vetted by Compliance	1	2	2	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
TR-2	Collusion: Incorrect rates may be used when entering trading deals into the system thereby defrauding the company of interest on investments.	Internal	2.1 Lack of confirmation of deals. 2.2 Unauthorised amendments of deals.	Loss of money to TCTA and reputational impact.	2	3	6	2.1 Rates are independently confirmed with counterparties and treasury transactions are recorded (i.e., emails and electronic systems). 2.2 Bank account of beneficiary must be registered, and this also requires management approval. 2.3 All transactions conducted are recorded on deal books and emails. 2.4 Back Office confirms the rate agreed to with counterparties before any transaction is confirmed. 2.5 All approved deals are recorded in deal book(s).	1	2	2	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.
TR-3	Settlement fraud: Funds fraudulently transferred to wrong accounts.	Internal	3.1 Inadequate segregation of duties and lack of dual signings on release of funds. 3.2 Compromised passwords for release of funds.	Loss of money to TCTA and reputational impact.	3	3	9	3.1 Release of payments authorised by at least two signatories. 3.2 Bank account of beneficiary must be registered in the system and any changes approved by management after confirmation. 3.3 All transactions conducted are recorded on deal books and emails. 3.4 Ensure all transactions are released by at least 2 signatories.	1	2	2	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.
TR-4	Missing treasury scrip	Internal	4.1 Lack of adequate controls and reconciliation of scrip	Loss of money to TCTA and reputational impact	3	2	6	4.1 Treasury pays only to the settlement agent hence the risk lies with the agent i.e., Standard bank.	1	1	1	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	TCTA has not issued Call Bonds in a decade and is unlikely to ever do so again. All other instruments are dematerialised, and no scrip is issued.
TR-5	Changing bank details of counterparties	Internal	5.1 Infrequent updating of signing instructions from counterparties. 5.2 Stolen passwords.	Loss of money to TCTA and reputational impact.	2	3	6	5.1 Constant updating of counterparty specimen signatures. When signatories for counterparties change, TCTA receives the updated signatory list. Also, TCTA sends its signatory list on a quarterly basis to clients. 5.2 Request for change of bank details must be in writing and confirmed by counterparties.	1	2	2	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	No fraud incidents have been detected during the period under review.

ef	Risk	Category	Root causes	Consequences	Likelihood	Impact	Rating	Controls	Likelihood	Impact	Rating	Action	Due date	Responsible	Status
TR-6	Collusion: Offering high yields to colleagues when borrowing and accepting low yields when investing in return for kickbacks (e.g., TCTA invest at a lower yield and the counterparty in turn invest the funds at a higher rate with another financial institution).		6.1 Inadequate monitoring of treasury trades. 6.2 Deliberate failure to reset rates when interest rates change.	Loss of money to TCTA and reputational impact.	3	3	9	6.1 Limit on investment concentration or trades with a single counterparty. 6.2 Checking of deals and market rates by Treasury Manager prior to authorisation of deals. 6.3 Checking of investment rates and issuing rates on the maturity ladder daily by Treasury Manager. 6.4 Daily dealings are conducted on receipt of limit utilisation report from Risk. 6.5 Dealer conducts deals according to the latest rates received.	1	2	2	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.
TR-7	Investing in fake securities e.g., commercial paper.		7.1 Inadequate checking of security issues resulting in the organisation buying fake securities such as treasury bills or commercial paper from brokers.	Loss of money to TCTA and reputational impact.	3	3	9	7.1 All counterparties are vetted by the compliance Department. 7.2 Deals are conducted in terms of approved limits and instruments.	1	2	2	N/A- The risk residually low. Treasury will continue to monitor existing controls for adequacy and effectiveness.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.
TR-8	Overpayment of term borrowings on maturity/ duplicate payments.		8.1 Inadequate checking of maturity ladders and deal tickets on payment.	Loss of money to TCTA and reputational impact.	4	3	12	8.1 Release of payments authorised by at least two signatories who checks the settlement amount. 8.2 All Deals are settled through the Strate system.	1	2	2	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.
TR-9	Channelling trades to a counterparty in return for some benefits.		9.1 Excessive number of gifts accepted from counterparties.	Loss of money to TCTA in the event of default risk.	3	3	9	9.1 Counterparty limits in place and monitored daily. 9.2 Concentration limits in place. 9.3 Adherence to gift policy. 9.4 Daily deals are conducted in line with the limit utilisation report received from Risk	1	2	2	Monitoring of existing controls to ensure adequacy and effectiveness in preventing the risk from materializing.	n/a	Treasury	Controls are operating as intended i.e., no fraud incidents have been detected during the period under review.

ANNEXURE E2

FRAUD PREVENTION PLAN IMPEMETATION

ANNEXURE E2

FRAUD AND CORRUPTION PREVENTION PLAN IMPLEMENTATION

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
1	Good corporate governance <ul style="list-style-type: none"> The CEO and the executive team actively set the culture of zero tolerance for fraud. Company secretary promotes best corporate governance through its processes that are reviewed on annual basis. Company Secretary's office maintains gift declaration registers. 	To create a corporate culture that sets a tone for prevention of fraud.	Review the Fraud and Corruption Policy, Plan and Strategy.	Approved Fraud and Corruption policy, prevention plan and strategy.	CRO	Quarterly
			Declaration of interest completed by all Board members.	Completed declaration of interest forms	Company Secretariat	Annually
			Regular update of the Gift registers.	Updated Gift registers.	CRO	Monthly
2	Implementation of the Code of Conduct <ul style="list-style-type: none"> All Executives and Senior Managers Review adherence of the Code of Conduct on annual basis 	To ensure adherence by all staff, board members and stakeholders of the TCTA Code of Conduct.	Declaration of interest completed by all TCTA employees.	Completed declaration of interest forms.	CRO	Annually or During Bid Meetings.
3	Fraud awareness, training, and fraud reporting guidelines <ul style="list-style-type: none"> The Chief Risk Officer co- 	Provide comprehensive and formalised training to assist in highlighting the risks of fraud; thereby empowering	Conduct Fraud and Corruption awareness sessions.	Completed awareness sessions	CRO	Quarterly

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
	<p>ordinates the rollout fraud awareness training to all staff.</p> <ul style="list-style-type: none"> All TCTA staff members have a duty to recognise and report fraud. 	employees to recognise fraud in its infancy and act.	Reporting to the Fraud Hotline.	A reporting highlighting all allegations investigated and reported on through the fraud Hotline.	CIA	Quarterly
			Conduct Fraud Risk Assessments.	Divisional risk registers	CRO	Quarterly
4	<p>Performance of fraud risk assessment.</p> <ul style="list-style-type: none"> All Executives have a duty to ensure that the risk of fraud is adequately managed within their area of responsibility. In addition, the Chief Risk Officer' team conducts ongoing assessments of TCTA's vulnerability to fraud and mitigating measures. 	To ensure all fraud risks are considered and adequately managed.	Review of divisional fraud and corruption risk registers by Executives.	Updated divisional Fraud and Corruption risk registers.	CRO/Risk Manger	Quarterly
5	<p>Enhancement of internal controls and systems.</p> <ul style="list-style-type: none"> The CEO is 	Ensure adequacy and effectiveness of internal controls to prevent fraud and corruption.	Conduct Fraud Risk Assessments.	Divisional risk registers	CRO	Quarterly

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
	responsible in ensuring that internal controls are adequate and effective. This duty is shared through delegation to the Executive team.		Implementation of audit recommendations.	Audit tracking reports.	CIA/Exco	Monthly
	• Enhancement of controls and system to prevent rigged specifications to favour certain service providers.		Review and recommendation of Bid specifications to the BSC.	Fair, equitable, transparent, competitive, and cost-effective specifications.	SCM/EXCO	As per procurement plan
			Review of construction contracts specifications multidisciplinary Bid Specification Committee.		BSC/SCM	As per procurement plan
	• Enhancement of controls and system to prevent collusive bidding.		Comparing Engineers Estimates and Bid prices for construction contracts.	Fair and competitive bid prices	PMID/SCM	As per procurement plan
			Award Bid on price and preference	Fair, equitable and competitive bid prices	BEC/EXCO	As per procurement plan
	• Enhancement of controls and system to prevent cyber		Awareness to employees	Limited cyber incidents	Exec - EWSS	Quarterly

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
	security/ theft/loss of sensitive information or Intellectual property		Conducting firewalls and vulnerability tests		Exec - EWSS	Weekly
6	<p>Effective compliance and internal audit functions.</p> <ul style="list-style-type: none"> The CEO is responsible in ensuring that TCTA adheres to South African legislation and regulations. This duty is shared through delegation to the executive team. The Chief Risk officer ensures compliance within the organisation through the implementation of the Compliance programme. 	Ensure existence of an effective compliance and internal audit functions	Implementation of the divisional compliance plans.	Compliance reports	CRO	Quarterly
7	<p>Independent auditors' reviews.</p> <ul style="list-style-type: none"> All executives are responsible in ensuring that TCTA is not exposed and vulnerable 	To ensure concerns of external auditors regarding fraud are considered and recommendations implemented	Discloser of information to external Auditors.	Audit report	CFO	During the financial year

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
	to fraud. The Chief Finance Officer co-ordinates contact with external auditors to ensure adherence to all disclosure requirements.					
8	All TCTA staff are responsible for the use of the Anti-Fraud and Ethics Hotline. The Chief Internal Auditor is responsible for the administration of the Hotline to: <ul style="list-style-type: none"> Ensure the contract terms are upheld by the Service Provider. Create regular awareness of the Hotline facility by means of posters, pamphlets, and other internal communications.	Implement a communication strategy for TCTA-wide awareness of the whistle blowing Hotline.	Conduct Fraud Hotline awareness sessions.	Provide a report to Audit and Risk Committee highlighting investigated and reported on through the fraud Hotline.	CIA	Quarterly
9	Implementation of anti-money laundering policy. The CEO and the Executive Team are responsible in ensuring that anti- money laundering policies and practices are part of TCTA's	Adequate and effective anti-money laundering policy.	Monitor adherence and compliance to the policy.	Report on compliance.	CRO	Quarterly

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
	culture. The Chief Risk Officer's compliance unit co-ordinates adherence to policy and FICA.					
10	<p>Supplier and trading partner awareness.</p> <p>All Executives are responsible in ensuring that TCTA is not exposed to, participation in unethical business practices.</p> <p>The office of Chief Finance Officer co- ordinates:</p> <ul style="list-style-type: none"> • SLA with the service providers. <p>Company Secretary's office maintains gift declaration registers.</p>	Implement supplier and trading partner awareness programmes to limit the supplier's exposure to, and participation in unethical business practices.	Conduct Supplier awareness session.	Completed session.	CFO	Annually and quarterly.
11	<p>Pre-employment vetting.</p> <ul style="list-style-type: none"> • All Executives are responsible the pre-employment vetting. • The HR Executive Manager ensures that: • An adequate process is in place for the 	Ensure that staff vetting processes, which limit exposure to hiring potential fraudsters, are in place	Screening and Vetting of all employees.	Screening and vetting reports.	Executive HR&OD	Ongoing – At recruitment stage.

NO	INITIATIVE	OBJECTIVE	ACTIVITY	OUTCOMES	RESPONSIBLE PERSON	DUE DATE
	vetting of prospective employees and staff. Staff vetting procedure is continuously assessed to determine its effectiveness.					
12	Expediting disciplinary processes. All executives are responsible for disciplinary processes in their area of responsibility. The HR Executive Manager co-ordinates training to equip line managers to effectively deal with the disciplinary process.	Ensure prompt finalisation of matters in terms of the applicable disciplinary processes.	Initiation of disciplinary process when necessary.	Disciplinary reports	EXCO/ executive HR&OD	As often as disciplinary processes are required.
13	Proactive Fraud Detection. Identify fraud-prone environments and review underlying root causes to detect fraud. Conduct annual data analytics.	Identify fraud-prone environments and review underlying root causes to detect fraud. Conduct annual data analytics.	Conduct Fraud Risk Assessments	Fraud and Corruption risk registers.	Exco/CRO	Ongoing basis throughout the year.

ANNEXURE F
MATERIALITY AND SIGNIFICANCE FRAMEWORK

1. INTRODUCTION

In terms of regulation 28.3.1 of the Treasury Regulations of the Public Finance Management Act (PFMA) of 1999, TCTA is required to develop a framework of acceptable levels of materiality and significance with the relevant Executive Authority. The approved materiality framework must be included in the Corporate Plan of the organisation.

2. BACKGROUND

The materiality and significant framework have been reviewed in accordance with the PFMA. The following was considered in reviewing the materiality and significance framework.

- Guidelines issued by National Treasury.
- The nature of TCTA 's business.
- The control and risk environment in which TCTA operates.
- TCTA materiality levels determined by External Auditors (if available).

Further, in order to comply with Section 54 (2) of the Public Finance Management Act (PFMA), the Board is expected to report on:

- The acquisition and disposal of a significant asset and /or
- The beginning of a significant business activity.

3. DETERMINATION OF TCTA MATERIALITY LEVELS

TCTA's materiality is based on the practice note issued by National Treasury on 20 July 2006, and the principles applied by the auditing profession in their quantification of risk. The statement of Generally Accepted Accounting Practice AC000 defines materiality as follows:

“Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error, judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cut-off point, rather than being a primary qualitative characteristic which information must have if it is to be useful.”

This definition is generally used to describe audit materiality; however, it can also be used to derive a definition for materiality in general. Materiality should be considered for financial as well as non-financial matters such as fraud and misrepresentation.

4. TCTA MATERIALITY LEVELS

TCTA considers materiality both at strategic (project) and operational level. Two levels of materiality are determined:

- Strategic project materiality, which is based on project assets.
- TCTA corporate materiality which is calculated as a percentage of TCTA's total expenses.

5. MATERIALITY FRAMEWORK IN TERMS OF PFMA AND NATIONAL TREASURY PRACTICE NOTE

The table below shows that TCTA materiality levels are based on National Treasury Guidelines, (the National Treasury Practice Note Attached), the nature to TCTA's business (TCTA's project assets) and the control environment in which TCTA operates (TCTA is risk averse).

The National Treasury Practice Note provides parameters for calculating materiality using the latest audited financial statements, considering judgment, consistency, and qualitative factors.

The parameters provided for in the National Treasury Practice Note are as follows:

Element	%age range to be applied against R value
Total Assets	1% - 2%
Total Revenue	0.5% - 1%
Profit after tax	2% - 5%

The Practice Note recommends that materiality be calculated based on the ranges shown above. Profit after tax is not applicable to TCTA as the organisation does not generate profit. TCTA is a risk averse organisation, hence, the organisation opted to apply 25% of the lower levels recommended by the Practice Note. The intention is to report materiality at lower levels and prevent unnecessary risks to the organisation. This report uses the 2022/23 audited figures as provided by the Auditor General.

The proposed 2024/25 materiality levels are shown in the table below.

6. 2024/25 STRATEGIC PROJECT MATERIALITY

In using the parameters under the National Treasury Practice Note the following results were arrived at:

Element	Percent age	VRESAP	BWP	VRS(LHWP, AMD)	MMTS-2 R	KWSAP	ORWRDP	MCWAP-1	KRIEL	MRWP	MCWAP-2	TCTA-C	BRVAS	UMWP	Consolidated
Total Assets		3,267,000,000	276,000,000	13,680,000,000	354,000,000	963,000,000	39,000,000	1,045,000,000	6,000,000	16,000,000	634,000,000	7,000,000	11,000,000	11,000,000	20309000000
	1.0%	32,670,000	2,760,000	136800000	3,540,000	9,630,000	390,000	10,450,000	60,000	160,000	6,340,000	70,000	110,000	110,000	203090000
	2.0%	65,340,000	5,520,000	273600000	7,080,000	19,260,000	780,000	20,900,000	120,000	320,000	12,680,000	140,000	220,000	220,000	406180000
Total Revenue		0	0	1,000,0000	0	0	21,000,000	0	0	0	80,000,000	0	17,000,000	19,000,000	138,000,000
	0,5%	0	0	5000	0	0	105,000	0	0	0	400,000	0	85,000	95,000	690,000
	1.0%	0	0	10000	0	0	210,000	0	0	0	800,000	0	170,000	190,000	1,380,000
Profit After Tax (n/a)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	5.0%	0	0	0	0	0	0	0	0		0	0	0	0	0
2022/23 External Audit Materiality		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Assets	0.25%	8,167,500	690,000	34,200,000	885,000	2,407,500	97,500	2,612,500	15,000	40,000	1,585,000	17,500	27,500	27,500	50,772,500
Total Revenue	0.25%	0	0	2,500	0	0	52,500	0	0	0	200,000	0	42,500	47,500	345,000
Profit After Tax (n/a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

7. PRIOR YEAR 2023/24 FOR INFORMATION PURPOSES

TCTA adopts materiality levels based on total assets because the costs incurred in implementing its projects are capitalized into the costs of each project and form part of the outstanding debt under each project. The table below shows prior year figures for comparison:

Element	Percent age	VRESAP	BWP	VRS(LHWP, AMD)	MMTS-2	KWSAP	ORWRDP	MCWAP-1	UMGENI	KRIEL	MRWP	MCWAP-2	TCTA-C	BRVAS	UMWP	Consolidated
Total Assets		3,346,000,000	356,000,000	13,511,000,000	981,000,000	1,089,000,000	52,000,000	1,382,000,000	4,000,000	6,000,000	1,000,000	936,000,000	5,000,000	20,000,000	12,000,000	21,701,000,000
	1.0%	33,460,000	3,560,000	135,110,000	9,810,000	10,890,000	520,000	13,820,000	40,000	60,000	10,000	9,360,000	50,000	200,000	120,000	217,010, 000
	2.0%	66,920,000	7,120,000	270,220,000	19,620,000	21,780,000	1,040,000	27,640,000	80,000	120,000	20,000	18,720,000	100,000	400,000	240,000	434,020,000
Total Revenue		(48,000,000)	(8,000 000)	1172,000,000	114,000,000	13,000,000	0	113,000,000	0	0	0	0	1,000,000	7,000,000	0	1,364,000,000
	0,5%	(240,000)	(40,000)	5,860,000	570,000	65,000	0	565,000	0	0	0	0	5,000	35,000	0	6,820,000
	1.0%	(480,000)	(80,000)	11,720,000	1,140,000	130,000	0	1,130,000	0	0	0	0	10,000	70,000	0	13,640,000
Profit After Tax (n/a)		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a
	2.0%	0	0	0	0	0	0	0	0	0	0	0	0	0		0
	5.0%	0	0	0	0	0	0	0	0	0		0	0	0		0
2021/22 External Audit Materiality		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a		n/a
Total Assets	0.5%	16,730,000	1,780,000	67,555,000	4,905,000	5,445,000	260,000	6,910,000	20,000	30,000	5,000	4,680,000	25,000	100,000	60,000	108,505,000
	0,25	8,365,000	890,000	33,777,500	2,452,500	2,722,500	130,000	3,455,000	10,000	15,000	2,500	2,340,000	12,500	50,000	30,000	54,252,500
Total Revenue	0.25%	(120,000)	(20,000)	2,930,000	285,000	32,500	0	282,500	0	0	0	0	2,500	17,500	0	3,410,000
Profit After Tax (n/a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

8. CORPORATE MATERIALITY

TCTA's balance sheet is only based on project assets, as the organisation does not have any corporate assets. In the absence of corporate assets, corporate expenditure has been used as a basis for calculating corporate materiality. The table below shows a comparison between the 2023/24 and 2024/25 corporate materiality calculated at 0.5%, 1% and 2% of total expenditure.

Item	2023/24	2024/25
Total Expenses	R 262 000 000	R 316,000,000
Materiality Level (2%)	R 5 240 000	R 6 320 000
Materiality Level (1%)	R 2 620 000	R 3 160 000
Materiality Level (0.5%)	R 1 310 000	R 1 580 000

In line with the risk averse nature of TCTA, the corporate materiality amount is determined at half (0.5) percent of total expenses which is the lowest figure. The corporate materiality for 2024/25 financial year is **R 1 580 000**.

9. SIGNIFICANCE FRAMEWORK IN TERMS OF PFMA

In terms of S54 (2) of the PFMA, TCTA has not concluded any of the following specific transactions and hence has no relevant information to submit to the National Treasury in this regard:

- no participation in a significant partnership, trust or unincorporated joint venture;
- no acquisition or disposal of a significant shareholding in a company;
- no acquisition or disposal of a significant asset;
- no commencement or cessation of a significant business activity; and
- no significant change in its interest in a significant partnership, trust or unincorporated joint venture.

Should TCTA wish to enter any one of the above transactions, it would be incorporated into a directive issued by the Minister of Water and Sanitation as the executive authority. Should TCTA decide to enter into any one of the transactions under S54(2), the Board, as the accounting authority must inform the National Treasury of the transaction and relevant particulars of the transaction submitted to the executive authority for the approval of such transactions.

10. CONCLUSION

The strategic materiality level based on the National Treasury practice note, at 1% of total assets is **R 203,090,000**.

However, TCTA proposes to set its thresholds to lower limits in order to ensure that all risks are anticipated and reported at lower levels in line with the risk averse nature of the organisation. As a result, TCTA has set its materiality level for the financial year 2024/25 based on 0,25% of the lower figure. The External Auditors have not disclosed their materiality figure for the past year. The recommended materiality figures which will be effective from 01 April 2024 to 31 March 2025 are as follows:

- Strategic materiality level for 2024/25 is R 50 772 500 (2023/2024 R54 252 500)
- Corporate materiality level for 2024/25 is R 1 580 000 (2023/2024 R1 310 000)

ANNEXURE F1

SIGNIFICANCE FRAMEWORK IN TERMS OF PFMA

Section	Requirement	Material/Significant
Section 51(1)(g)	An Accounting Authority for a public entity must promptly inform the National Treasury on any new entity which that public entity intends to establish or in the establishment of which it takes the initiative.	TCTA will inform the National Treasury of individual transactions covered by this section irrespective of the materiality or significance of the transaction.
Section 54(2)	<p>Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:</p> <p>(a) establishment or participation in the establishment of a company;</p>	<p>1. Quantitative factors</p> <p>1.1 Sections 54(2)(a)-(e) : Any transaction will be regarded as significant if its rand value exceeds R108.5 million as determined under 3 above.</p> <p>1.2 Section 54(2)(f) : Any change in interest will be regarded as significant if the rand value exceeds R 3.410 million as determined paragraph 3 above.</p> <p>2. Qualitative factors.</p> <p>The following qualitative factors will be taken into account when determining the significance of transactions:</p> <p>2.1 Any transaction of this nature that causes any interest (equity or loans) to be taken by TCTA in the company to be established requires approval from the Executive Authority irrespective of its materiality or significance.</p> <p>2.2 Concerning participation in the establishment of a company, where an interest (equity or loans) is to be taken by TCTA in the company to be established, any involvement by TCTA in the establishment process will necessitate an application for approval, regardless of the degree of involvement by TCTA.</p> <p>2.3 For purposes of establishment of an entity as envisaged under section 51(1)(g), the above principles will also apply.</p>

Section	Requirement	Material/Significant
	(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	<p>2.4 Any transaction that entails incorporation under the Companies Act (or similar foreign legislation) should be dealt with under 2.1 to 2.3 above.</p> <p>2.5 For transactions not entailing incorporation, any transaction will be considered as significant -</p> <p>2.5.1 If participation is in any partnership, trust, unincorporated joint venture or similar arrangement that is located outside the Republic.</p>
	(c) acquisition or disposal of a significant shareholding in a company;	<p>2.6 Transactions are to be regarded as significant where -</p> <p>2.6.1 ownership control is affected; or</p> <p>2.6.2 TCTA's right to pass or block a special resolution is affected; or</p> <p>2.6.3 there is a change in shareholding; or</p> <p>2.6.4 for an acquisition, any transaction results in a shareholding.</p>
	(d) acquisition or disposal of a significant asset;	<p>2.7 Although the acquisition or disposal of shares or of an interest in an unincorporated entity, as envisaged by sections 54(2)(b), (c) and (f), would also be an acquisition or disposal of an asset.</p> <p>2.8 Regarding the acquisition of assets through a finance lease, and current assets are not regarded as falling under this subsection.</p>
	(e) commencement or cessation of a significant business activity; and	2.9 A business activity that falls within TCTA's core business is not regarded as falling under this subsection.
	(f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	2.10 Where the nature changes between any of the entity (that is between a partnership, trust, unincorporated joint venture or similar arrangement), this will be regarded as significant.
Section 55(2)	The annual report and financial statements referred to in subsection 55(1)(d) must – (b) include particulars of –	2.11 Losses in excess of R50, 000 arising from criminal conduct are considered to be material and will be reported in accordance with the provisions of section 55(2) of the PFMA.

Section	Requirement	Material/Significant
	(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;	2.12 Any individual transaction arising from irregular expenditure and fruitless & wasteful expenditure will be considered to be material and will be dealt with in accordance with the provisions of section 55(2) of the PFMA irrespective of the rand amount involved.

ANNEXURE F2

PRACTICE NOTE ON APPLICATIONS UNDER SECTION 54 OF THE PFMA

ANNEXURE G
EXECUTIVE MANAGEMENT PROFILES

Surname	First Name	Gender	Race (African, Asian, Coloured and White)	Age	Qualifications	Current position and active membership in other organisations/companies/entities/ boards
Sechemane	Percy	Male	African	56	<ul style="list-style-type: none"> MBA (University of the North-West, 2002) BCom (University of the North-West, 1993) 	Current position: <ul style="list-style-type: none"> Chief Executive Officer (CEO) Other directorships : <ul style="list-style-type: none"> None Other Board committee memberships: <ul style="list-style-type: none"> None
Radzuma	Leonard	Male	African	49	<ul style="list-style-type: none"> Fundamentals of Treasury (University of Johannesburg, 2015) MBL (UNISA SBL, 2006) B. Comm (Accounting) (Univ. Venda, 1996) 	Current position: Chief Risk Officer Other directorships: None Other Board committee memberships: None
Busisiwe	Shongwe	Female	African	47	<ul style="list-style-type: none"> Municipal Executive Financial Management (WITS Business School, 2016) MBA (Milpark Business School, 2013) Chartered Accountant: CA (SA) - (SAICA) Bachelor of Commerce Accounting -Honours (University of Natal, 2000) Bachelor of Commerce (WITS, 1998) 	Current position: Chief Financial Officer Other directorships: None Other Board committee memberships: None
Busari	Ola	Male	African	62	<ul style="list-style-type: none"> Senior Executive Programme (Harvard Business School, 2016) 	Current position: Chief Strategy Officer Other directorships:

Surname	First Name	Gender	Race (African, Asian, Coloured and White)	Age	Qualifications	Current position and active membership in other organisations/companies/entities/ boards
					<ul style="list-style-type: none"> MBA (Henley Business School, UK, 2011) Advanced (Env) Isotopes Program (Univ. Chicago, USA, 2001) PhD Water Resource Optimisation (University of Ibadan. Nigeria, 1990) MSc Eng. Hydro-Geology (University of Ibadan. Nigeria, 1986) BSc (Hons) Civil Eng. (University of Lagos. Nigeria, 1984) 	None Other Board committee memberships: None
Mavuso	Johannes	Male	African	51	<ul style="list-style-type: none"> Project Management Professional (PMP) 2021 Professionals Professional Construction Project Manager (2012) Master of Science in Project Management (University of Pretoria, 2003) B Tech Electrical Engineering Bachelor's degree in Electrical Engineering: Heavy Current (University of Johannesburg, 1998) 	Current position: Executive Manager: PMI Other directorships: Umrforce Pty Ltd Other Board committee memberships: None
Nkabinde	Nhlanhla	Male	African	60	<ul style="list-style-type: none"> Master of Applied Science, Engineering (University of Waterloo Ontario, Canada, 1992) 	Current position: Executive Manager: Project Finance & Treasury

Surname	First Name	Gender	Race (African, Asian, Coloured and White)	Age	Qualifications	Current position and active membership in other organisations/companies/entities/ boards
					<ul style="list-style-type: none"> BSc Electrical & Electronic Engineering (UCT, 1986) Post Graduate course in Mathematics of Finance (WITS, 1997) 	Other directorships: <ul style="list-style-type: none"> Ungoye Investments Trustee: Nkabinde Family Trust Trustee: Belle-Thintane Family Trust Other Board committee memberships: None
Kistasamy	Christopher	Male	Asian	43	<ul style="list-style-type: none"> Master of Technology (Cape Peninsula University of Technology, 2011) Bachelor of Technology Honours - Universiti Teknologi Petronas (Malaysian University, 2003) 	Current position: Executive Manager: EWSS Other directorships: None Other Board committee memberships: None
Botha	Hanje	Female	White	49	<ul style="list-style-type: none"> MBA (Henley Business School, UK, 2022) MPhil in Professional and Leadership Coaching (Middlesex University, UK, 2010) Leadership Development Programme, (GIBS, 2006) BA HONS (GIS) (University Stellenbosch, 1997) BA (Economics and Geography) (University of Stellenbosch, 1996) 	Current position: Executive Manager: HR&OD Other directorships: None Other Board committee memberships: None

ANNEXURE H
BOARD MEMBERS' PROFILES

Surname & Initials	Gender	Race	Age	Skills, Knowledge and Experience		Term of Office		Other Active Directorships
				Qualifications	Field of Expertise	Date of first appointment	Expiry of Term	
Sibiya, PN	Female	African	53	<ul style="list-style-type: none"> • Bachelor of Accountancy, • Postgraduate Diploma in Accounting, • Registered Chartered Accountant (South Africa), • Advanced Short Course in Business Rescue Practice. 	<ul style="list-style-type: none"> • Finance • Risk Management • Audit • Supply Chain Management • Human Resources • Information Technology • Business Rescue 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> • AWCA Investment Holdings • NERSA • Air Traffic Navigation Services • IRBA
Dumas, GT	Male	African	73	<ul style="list-style-type: none"> • Master of Business Administration • Municipal Executives Financial Programme • Diploma in Business Management • Diploma in Production Management • Bachelor of Science 	<ul style="list-style-type: none"> • Water Sector • Strategy development and Implementation • Risk Management • Audit • Human Resources 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> • Nethezeka Business Solution
White, GNJ	Male	White	64	<ul style="list-style-type: none"> • BA (Economics) • Honours BAdmin: Development Studies – postgraduate • Executive Leadership Program 	<ul style="list-style-type: none"> • Human Resources and Remuneration • Social and Ethics • Development Finance • Treasury • Corporate Strategy 	01 January 2023	31 December 2025	Kudumane Mining Employee Trust

Surname & Initials	Gender	Race	Age	Skills, Knowledge and Experience		Term of Office		Other Active Directorships
				Qualifications	Field of Expertise	Date of first appointment	Expiry of Term	
					<ul style="list-style-type: none"> Consulting 			
Tladinyane, NM	Male	African	59	<ul style="list-style-type: none"> B.Sc. (Civil Engineering) GDE (Municipal Engineering) 	<ul style="list-style-type: none"> Civil and construction engineering Project Management Infrastructure (South Africa and African countries) Consulting Construction and Development Management Human Settlement Delivery Management 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> PHB Engineers Neo Projects PHB Telecoms One Climate Fund Southern Africa ENsync Engineers Tladinyane Family Trust
Vedalankar, VN	Female	White	64	<ul style="list-style-type: none"> Executive Development Programme - GIBS Master in Town & Regional Planning Bachelor of Science 	<ul style="list-style-type: none"> Localisation Strategy Implementation Human Resource Development Governance and Risk Management Stakeholder Management Financial Management Transformation 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> Transport Authority Gauteng Billy & Elsie Nair Educational Trust Laws Africa Begen Africa Group Holdings
Mamabolo, ME	Female	African	47	<ul style="list-style-type: none"> Baccalaureus Legum- LLB Diploma in Business Leadership 	<ul style="list-style-type: none"> Legal and Regulatory People Management Project Management 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> SMU University

Surname & Initials	Gender	Race	Age	Skills, Knowledge and Experience		Term of Office		Other Active Directorships
				Qualifications	Field of Expertise	Date of first appointment	Expiry of Term	
				<ul style="list-style-type: none"> • Practical Legal Training (PLT) 	<ul style="list-style-type: none"> • Dispute resolution 			
Mnisi, PR	Male	African	47	<ul style="list-style-type: none"> • Bachelor of Laws/LLB Degree • Post Grad Certificate in Compliance Management 	<ul style="list-style-type: none"> • Legal and Regulatory • Compliance • Risk Management • Peoples Management • Corporate Strategy • Dispute Resolution • Human-Resource Development • Transformation etc. 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> • NHBRC • CETA • • JBCC • Mogokare Family Trust •
Tshabalala, ZN	Female	African	41	<ul style="list-style-type: none"> • Master of Business Administration (MBA) • Post Graduate Diploma in Business Administration • Bachelor of Commerce (BCom) 	<ul style="list-style-type: none"> • Internal Audit • Finance • Risk Management • Compliance • Performance Evaluation & Monitoring • Corporate Governance 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> • ZNT Risk Advisory • WAX O Smooth • Black Lawyers Associations
Mofokeng, PJ	Male	African	43	<ul style="list-style-type: none"> • Master of Business Administration (MBA) • Master of Arts (MA) in ICT Policy & Regulation • Postgraduate Diploma in Management Practice 	<ul style="list-style-type: none"> • Digital Transformation • ICT Governance • Information system management • Business continuity systems • Project Management 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> • PMFH Consulting • The Innovation Hub

Surname & Initials	Gender	Race	Age	Skills, Knowledge and Experience		Term of Office		Other Active Directorships
				Qualifications	Field of Expertise	Date of first appointment	Expiry of Term	
				<ul style="list-style-type: none"> Multi-disciplinary Professional Certificate in CIO Practice 	<ul style="list-style-type: none"> ICT Infrastructure Software development 			