



A new word for water

INTEGRATED ANNUAL REPORT 2023-24

Networks and partnerships
towards a water secure future





NETWORKS AND PARTNERSHIPS TOWARDS A WATER-SECURE FUTURE

The 2022-23 Integrated Annual Report highlighted the importance of resilience in managing water resources infrastructure to ensure a secure water supply. In this year's Integrated Annual Report, TCTA explores the partnerships and networks necessary for South Africa to achieve a resilient water future.

The Chinese proverb "The flapping of the wings of a butterfly can be felt on the other side of the world" signifies that in our increasingly complex and interconnected world, one small event can have ripple effects—positive or negative—far beyond its immediate geographic location. A current example is the drought in Panama, Central America.

The drought in Panama has drastically reduced the number of transits through the Panama Canal, particularly affecting the Asia to the East Coast of North America route. A small flap and the response was to divert ships through the Suez Canal, increasing the sailing time from 84 to 91 days. However, the southern Red Sea has now become a no-go area for the top ten container lines, which are rerouting around the Cape of Good Hope, adding eight days to sailing time. These diversions mean more ships are required to transport the same amount of goods, pushing up freight rates and the cost of goods for consumers.

The Asia–East Coast of North America trade has responded by switching to West Coast ports and then shipping containers across North America via trains. The result of the drought in Panama, over 4 200 km away, is the roar of diesel engines and the blast of train horns as container trains up to 2.2km long pass through Gallup, New Mexico.

The global logistics network has thus far proven resilient in the face of major disruptions, as various partners have worked together to overcome the challenges. The tremors have been felt throughout, but the disruption has not been significant enough to halt the delivery of goods and materials.

If the same question was posed to the water sector network in South Africa, what would the answer be? Is it a resilient network where all partners collaborate to ensure national water security, reliable distribution to consumers, and safe disposal of wastewater so that even if an individual part of the network fails, there is sufficient resilience to ensure some water is still delivered? Or is the network failing?

In order for TCTA to raise funding for infrastructure and deliver infrastructure in the most efficient manner possible it is essential that the network is resilient and the partnerships strong.

At a municipal level it is paramount that the service delivered to the end consumer is affordable otherwise the municipality will not be able to sustain it and pay its suppliers such as the Department of Water and Sanitation (DWS) and the Water Boards. If DWS does not receive sufficient money, then it will be unable to pay TCTA to settle the debt incurred for the construction of infrastructure. If current debt cannot be settled, then TCTA will be unable to raise funding for new projects.

The planning of bulk raw water infrastructure must be done in such a manner that it is affordable to the end user and that the social and environmental impacts are considered during the feasibility study stage. Thus, when TCTA receives the Record of Implementation Decision, it is able to timeously implement a

project. Recent experience has shown that these are not sufficiently considered thus delaying a project. Delays in implementing projects cost time, and time is money thus impacting affordability.

The management of the water resource is a holistic endeavour encompassing both the natural and built environment. An example of this was the Berg Water Project which covered both the building of the Berg Water Dam and clearing of the catchment, a Strategic Water Source Area, of invasive species to ensure the dam continues to receive sufficient water. TCTA is mindful of the fact that if the yield of a system is reduced, then less water can be sold, increasing the unit price of water and thus impacting affordability.

TCTA's future is dependent on being able to construct infrastructure that is affordable to the end consumer, and it recognises that a resilient network with strong partnerships throughout the water sector are essential to achieving this.





Vision

World-class enabler of sustainable infrastructure for a water-scarce South Africa.



Mission

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



Values



Excellence

We consistently give our best, deliver excellent work with agility, and think innovatively and creatively to improve our performance.



Integrity

We conduct ourselves honestly and transparently, stimulating constructive action, truly 'walk the talk', and gain trust and credibility through fairness and mutually cooperative relationships.



Respect

We acknowledge and embrace diversity, and we are responsive to one another's needs and those of our communities, stakeholders and the environment.



Unity

We are committed through a common vision and goals, effective teamwork and partnerships, and we contribute positively to the team's performance, spirit and morale.



Growth

We willingly share knowledge and information with each other, we are innovative and proactive in thought and in action, and we support, encourage and provide opportunities for individual and collective growth.

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Ms Pemmy Majodina, MP
Minister of Water and Sanitation

STATEMENT BY THE MINISTER OF WATER AND SANITATION

As the Minister of Water and Sanitation at the start of the Seventh Administration, I am acutely aware of the need to ensure the water sector is financially, environmentally and socially sustainable. This is crucial so that everyone in the country has access to clean water and our water resources are not polluted by untreated sewage and other pollutants. The responsibility spans across borders, different national departments, provinces and municipalities. Unless all stakeholders work together in partnerships, striving toward this common objective, it will not be achieved.

The Lesotho Highlands Water Project (LHWP) encapsulates the level of partnerships required in the water sector. Internationally, it is a partnership between Lesotho and South Africa. Instead of waiting for the water to cross the border in the Senqu/ Orange River near Sterkspruit, South Africa worked with Lesotho to store it in the Maluti Mountains and Let it flow by gravity to the Vaal River, generating power for Lesotho along the way.

Phase 1 of the LHWP was built, and Phase 2 is being built with borrowed money, which needs to be repaid. This requires a solid partnership along the entire value chain. Customers need to be billed correctly by municipalities and, in turn, must pay

their bills on time. Municipalities need to use the tariffs collected solely for water services and pay water boards and the Department of Water and Sanitation (DWS). DWS can then pay the Trans-Caledon Tunnel Authority (TCTA) which can settle the debt. This inspires confidence in lenders who will then lend money for other projects.

These partnerships are built upon good governance at the municipal level. Senqu Local Municipality, where the town of Sterkspruit is situated, has achieved clean audits nine times in the past ten financial years. However, Senqu Local Municipality is not a Water Services Authority. It may be more appropriate where each town and village is served by its own scheme to devolve this responsibility as Locally as possible, with district municipalities, provincial and national departments supporting local efforts with the right skills and appropriate regulation.

As a country, we must strive to avoid situations like those in small towns along the Caledon River in the Free State, where low rainfall during 2023-24 has resulted in very low flows in the river. Municipalities are unable to meet demand and are looking for releases from the Lesotho Highlands Water Project to assist.

Low flows in the Caledon River are not unusual. Municipalities need to build resilience in their systems, including off-channel storage to provide for low winter flows, metering of all connections, and replacing old pipes to avoid leaks and bursts. This will ensure that releases from the Lesotho Highlands Water Project are only required during more extreme drought events. This is the type of partnership needed among all water users in the country to share water resources equitably.

During the Seventh Administration, I look forward to creating strong partnerships across all stakeholders in the water sector to turn the corner and create a sustainable water sector for all.



Ms Pemm CP Majodina, MP
Minister of Water and Sanitation





Precious Sibiya
Chairman of the Board

CHAIRMAN'S FOREWORD

When South Africa reaches 30 years of democracy in the 2024-25 financial year, TCTA will have been in operation for about 38 years, having achieved an almost clean sheet of unqualified audit opinions. An achievement of no mean feat. In this whole period, TCTA remained firmly committed in its partnership with the Department of Water and Sanitation (DWS) in the raising of funding, construction of projects and the operation and maintenance of bulk water infrastructure. Also, the organisation further looks forward to working with DWS in the establishment of the National Water Resource Infrastructure Agency.

During the year, some major milestones were achieved, with regard to the raising of funding and the implementation of projects, as stated below.

In May 2023, Phase 2 of the Lesotho Highlands Water Project was launched and work commenced on the construction of the Polihali dam. This project forms part of the Integrated Vaal River System that supports development in the provinces of Gauteng, Mpumalanga, Free State, North-West, Limpopo and Northern Cape and contributes to 50-60% of South Africa's GDP. TCTA has raised the funding for this vital project and makes the cost-related payments to the Lesotho Highlands Development Authority

(LHDA) who are constructing Polihali Dam and the transfer tunnel to Katse Dam.

Phase 2A of the Mokolo Crocodile River (West) Augmentation Project, a strategic project designed to provide sufficient water to Eskom's Matimba and Medupi Power stations, which represents around 20% of Eskom's installed capacity, and the associated colliery, reached a significant milestone in the period under review. At time of reporting the process of raising funding was at an advanced stage and the construction tender had been issued to market. The capacity of the project will also allow for future developments in the area, thus boosting South Africa's economic growth.

TCTA has achieved notable traction in implementing the uMkhomazi Water Project. This is designed to augment the uMgeni Water System, that services the economic hub of KwaZulu-Natal, centred along the Msunduzi – eThekweni corridor and stretching along the adjacent North and South Coasts. The most critical milestone achieved during the year was the successful conclusion of negotiations with the six affected municipalities and uMngeni-uThukela Water, which resulted in the signing of off-take agreements in April 2024 and paved the way for the raising of commercial funding for this project. The

Minister played a critical role in encouraging and convincing all parties involved to reach this significant milestone.

With the long-awaited Berg River Voëlvlei Augmentation Scheme TCTA started a process of raising funding and moving with implementation. At time of reporting, the raising of funds for the project was in progress, while a tender for professional services for the design of the scheme was at an evaluation stage. Once completed, the project will increase the amount of water available in the Western Cape Water Supply System for domestic, industrial and agriculture users.

Whereas TCTA traditionally hands over projects once construction is completed, it has been tasked to continue with the operation of two of its projects. The organisation continues to operate and maintain the Acid Mine Drainage (AMD) Treatment Plants in Gauteng and the Delivery Tunnel North of LHWP on behalf of DWS.

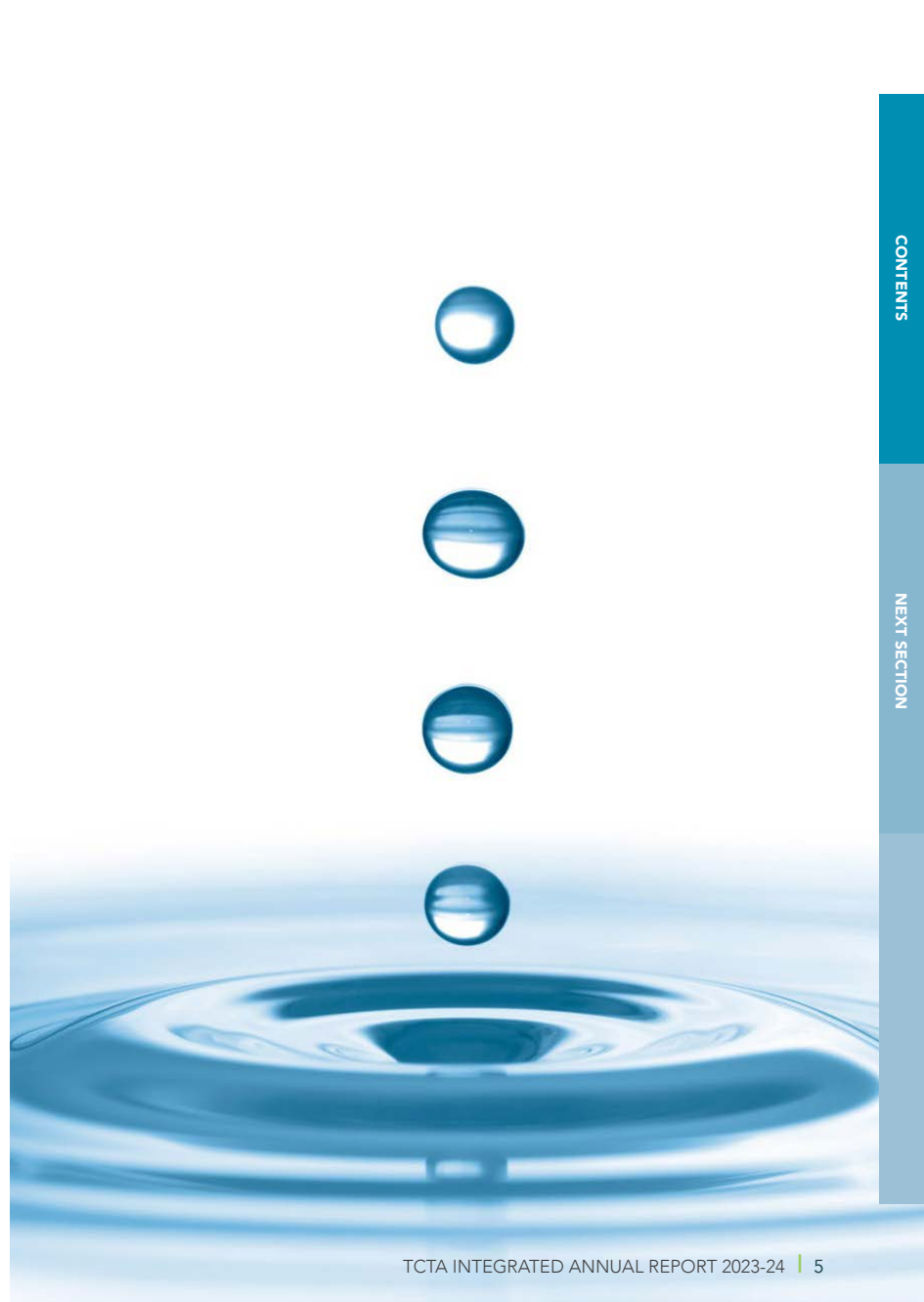
The AMD plants met the required discharge standards, thus helping DWS achieve the resource quality objectives in the Vaal and Crocodile Rivers, whilst the water from the LHWP provides for water security in the Vaal River System.

The imminent six-month shutdown of the transfer tunnel from Katse Dam to the Ash River Outfall is part of the operation and maintenance plan, and overall will not impact the volumes of water to be delivered. Such work needs to be undertaken on a regular basis to ensure the integrity of the tunnel. TCTA, as the agent of DWS, is responsible for ensuring that all the required maintenance work on the South African portion of the tunnel is completed within the required timeframe and is on track for completion

The Board wishes to thank the Ministry and the Department of Water and Sanitation, for his guidance and support during the previous financial year and look forward to working with the leadership under the Seventh Administration in order to them achieve their strategic priorities over the next five-years.



Precious Sibiyi
Chairman of the Board



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE INTEGRATED ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

- all information and amounts disclosed in the Integrated Annual Report are consistent with the annual financial statements audited by the Auditor-General of South Africa;
- the Integrated Annual Report is complete, accurate and free from any omissions;
- the Integrated Annual Report has been prepared following the guidelines on annual reports as issued by the National Treasury and incorporates elements of the "G4 Sustainability Report Guidelines" issued by the Global Reporting Initiative;
- the Annual Financial Statements (Part H) have been prepared in accordance with the International Financial Reporting Standards;
- the Accounting Authority is responsible for the preparation of the annual financial statements and the judgments made;
- the Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of performance information, human resources information and annual financial statements; and
- external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Integrated Annual Report fairly reflects the operations, performance information, human resources information and financial affairs of the entity for the financial year ended 31 March 2024.

The Board of Directors approved the Annual Performance Report on 30 May 2024 and the Annual Financial Statements on 31 July 2024.



Precious Sibiya

Chairman of the Board
28 August 2024



Percy Sechemane

Chief Executive Officer
28 August 2024

ABOUT THE INTEGRATED ANNUAL REPORT

Trans-Caledon Tunnel Authority (TCTA) presents this Integrated Annual Report for the period 1 April 2023 to 31 March 2024. This report serves as its principal medium of communication to stakeholders on this continuing journey to create sustainable value for water users.

The primary purpose of the Integrated Annual Report is to give assurance to:

- the Shareholder, represented by the Minister of Water and Sanitation and the Parliamentary Portfolio Committee on Water and Sanitation, which plays an oversight role, that TCTA is performing its functions in keeping with the Notice of Establishment and directives;
- the lenders and investors that TCTA uses the proceeds of funding for the purpose for which they are provided, and that the Authority can meet its financial obligations; and
- all other key stakeholders.

In the short- to medium-term, TCTA adds value by raising funds for water infrastructure projects. It ensures that the infrastructure it builds delivers water when required by users. Moreover, the organisation guarantees strict adherence to the budget and specifications and effectively handles all aspects of project implementation, with particular emphasis on the environmental and social dimensions. Over the long-term, TCTA places a strong emphasis on managing debt in a manner that is affordable, sustainable and within regulatory requirements.

The deliverables in the current project directives and those flowing from the Notice of Establishment are reviewed yearly. This exercise results in a Shareholder's Compact between the Minister and the Board of TCTA, which maps out the predetermined objectives for the financial year. TCTA is required to report against these objectives in the Annual Performance Report (refer to Part A). The Shareholder's Compact and the subsequent Corporate Plan are drawn up in compliance with Treasury Regulations for departments, constitutional institutions and public entities.

TCTA implements projects on behalf of the Department of Water and Sanitation (DWS). Information on project progress and the outstanding liability is consolidated in the Department's Annual Report.

Municipalities and their Customers

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PART A: GENERAL INFORMATION

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GENERAL INFORMATION

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MUNICIPALITIES AND THEIR CUSTOMERS

Customers, both business and household, are often seen as passive recipients of services charged to them by the municipality. However, customer behaviour can significantly impact those costs.

The first stage in the partnership is for the municipality to accurately bill all its customers, implement credit control fairly (i.e., not cutting off customers for non-existent meters or grossly over-estimated readings), and for the customers to pay those bills. A non-paying customer essentially expects the paying customer to subsidise them, increasing the paying customers' bills. When municipalities fail to pay bulk suppliers, the cross-subsidisation extends across systems. For example, because of the failure of the Matjhabeng Local Municipality to pay Vaal Central Water Board, and hence Vaal Central's inability to pay the Department of Water and Sanitation, customers in Johannesburg end up subsidising customers in Matjhabeng through the Vaal River tariff.

The second stage in the partnership is for customers to ensure they use water efficiently and not lose it because of leaks. This saves the customer money on both water and sanitation charges (if the sanitation charge is linked to the volume of water consumed), reduces the demand on the system, and can postpone the need for augmentation of both water and sanitation systems (water leaks entering the sanitation system result in the need for additional conveyance and treatment capacity). Many people are unaware of how much water they are using, and whether it is reasonable or not, so this requires a sustained, effective education campaign run by the municipality. If bills are accurate,

then when a customer complains about over-charging, a common occurrence, the municipality can assist the customer in tracing the leak. Reducing water consumption benefits everyone and requires a strong partnership.

The third leg of the partnership between municipalities and their customers is reporting incidents, such as leaking water pipes, overflowing sewers and illegal connections. Customers are the eyes of the municipality on the ground. Often leaks and overflowing sewers go unreported for days because customers expect someone else will report them or that the municipality will somehow notice and address them. The municipality needs to be open-minded and adaptable in their approach to receiving information. For example, reporting problems with sewers in open fields does not fit the requirement for a house number, street name (with the closest intersection), and suburb name (with many people unaware of suburb boundaries). The result is sewage spills into streams, and open manholes become death traps for children. As part of the partnership, the municipality must respond to reported incidents; otherwise, customers will stop reporting them, seeing no point. This is especially true for illegal connections. If consumers see others getting away with it even after reporting it, why should they not do the same? Municipalities must also understand that what is manifesting itself as a small surface leak can often be a major underground leak, with water entering stormwater drains, sewers and streams. Such leaks can cause significant damage to the road infrastructure when left unattended.

ANNUAL PERFORMANCE REPORT 2023-24

Strategic Objective	Measure	Annual Target	Progress as of 31 March 2024	Reason for Variance
1. Raise funding for implementation of infrastructure	Sufficient funding is available to facilitate reaching critical project milestones	MCWAP-2A: Funding is available to enable implementation activities according to the Project Implementation Plan	<p>Funding is available to enable implementation activities according to the Project Implementation Plan</p> <p>An amount of R628 million was invested on call as of 31 March 2024</p> <p>The procurement of the construction contract was delayed and funding availability to enable the award of the contract was not required on 31 March 2024 according to the Procurement Plan</p>	None
		uMkhomazi: Funding is available to enable implementation activities according to the Project Implementation Plan	<p>Funding is available to enable implementation activities according to the Project Implementation Plan</p> <p>An amount of R163 million was invested on call as of 31 March 2024</p>	None
		BRVAS: Funding is available to enable implementation activities according to the Project Implementation Plan	<p>Funding is available to enable implementation activities according to the Project Implementation Plan</p> <p>An amount of R15 million was invested on call as of 31 March 2024</p> <p>The procurement was delayed and funding availability to enable the award of the PSP contract was not required on 31 March 2024 according to the Procurement Plan</p>	None

Strategic Objective	Measure	Annual Target	Progress as of 31 March 2024	Reason for Variance
	uMkhomazi: Conclusion of Institutional arrangements	Approval of the project borrowing limit by the Minister and the Minister of Finance by 31 March 2024	The project borrowing limit was not approved by the Minister and the Minister of Finance by 31 March 2024	The reason for the variance is the delay in the signing of the water user agreements, which was caused by one of the municipalities requesting renegotiation of the agreement in January 2024. The borrowing limit request was submitted to the Minister of Water and Sanitation in February and the Minister then requested the concurrence of the Minister of Finance. National Treasury is waiting for the submission of the signed water user agreements, which were signed on 5 April 2024 after they were approved by the various municipal councils.
	BRVAS: Conclusion of Institutional arrangements	Approval of the project borrowing limit by the Minister and the Minister of Finance by 30 June 2023	The project borrowing limit was approved by the Minister and the Minister of Finance on 28 April 2023	None
2. Implement capital projects on time, within budget, to the appropriate standards and in a sustainable socio-environmental manner	Reaching project critical milestones as reflected in the Project Plan	MCWAP: Acquire 100% of land and servitudes to enable construction	100% of land and servitudes were acquired to enable construction to proceed	None
		Award the construction contract to the successful bidder by 31 March 2024	The construction contract was not awarded to the successful bidder by 31 March 2024 The bid was issued to the market on 31 January 2024	The request for exemption not to comply with National Treasury Instruction Note 3 Section 8.4 was only issued in November 2023.
		BRVAS Project: Award the PSP contract to the successful bidder by 31 March 2024	The PSP contract was not awarded to the successful bidder by 31 March 2024 The bid closed on 14 March 2024 and was in evaluation on 31 March 2024	The request for extension of time by the bidders resulted in the revised submission date of 14 March 2024 against the original submission date of 15 February 2024.

Strategic Objective	Measure	Annual Target	Progress as of 31 March 2024	Reason for Variance
3. Operate and maintain designated assets to meet DWS requirements/specifications	Operate and maintain the AMD assets to meet the minimum operating volumes	Western Basin: An average daily volume of treated water of between 80% and 90% of the max treatment capacity of 30 MI/d, including planned outages, calculated over the full year	An average daily volume of treated water of 114% (34 MI/d) of the max treatment capacity of 30 MI/d, including planned outages, calculated over the full year	None
		Central Basin: An average daily volume of treated water of between 80% and 90% of the max treatment capacity of 60 MI/d, including planned outages, calculated over the full year	An average daily volume of treated water of 101% (61 MI/d) of the max treatment capacity of 60 MI/d, including planned outages, calculated over the full year	None
		Eastern Basin: An average daily volume of treated water of between 80% and 90% of the max treatment capacity of 100 MI/d, including planned outages, calculated over the full year	An average daily volume of treated water of 83% (83 MI/d) of the max treatment capacity of 100 MI/d, including planned outages, calculated over the full year	None
	To ensure the water discharged from the Western Basin, Central and Eastern Basins plants, meets parameters as set out in the DWS letter of 23 September 2020	90% of the water samples taken in the Western Basin are compliant with the parameters as set by DWS	99.7% of the water samples taken in the Western Basin are compliant with the parameters as set by DWS	None

Strategic Objective	Measure	Annual Target	Progress as of 31 March 2024	Reason for Variance
		90% of the water samples taken in the Central Basin are compliant with the parameters as set by DWS	100% of the water samples taken in the Central Basin are compliant with the parameters as set by DWS	None
		90% of the water samples taken in the Eastern Basin are compliant with the parameters as set by DWS	100% of the water samples taken in the Eastern Basin are compliant with the parameters as set by DWS	None
	LHWP Delivery Tunnel North – Ensure infrastructure is operated and maintained	Implement scheduled annual operation and maintenance	100% of the scheduled annual operation and maintenance activities were implemented	None
	LHWP Delivery Tunnel North – Preparation for outage in October 2024	Construction tender for outage in October 2024 in evaluation	<p>The construction contract was not in evaluation by 31 March 2024</p> <p>The bid was issued to the market on 16 March 2024</p>	The Bid Specification Committee required that there be a standardised approach to documentation for construction contracts issued by TCTA. The MCWAP-2A tender document had been approved first, and when the LHWP Tunnel Outage document was presented shortly thereafter, the BSC noted the lack of standardisation and requested that it be rectified. This delayed the issuance of the tender to the market, resulting in it not closing and being in evaluation by March 2024.

Strategic Objective	Measure	Annual Target	Progress as of 31 March 2024	Reason for Variance
4. Manage debt within the approved borrowing limit	Debt is managed within approved borrowing limits and all debt payment obligations are met	Debt managed within the borrowing limits and all debt payment obligations are met. <ul style="list-style-type: none"> • VRS • BWP • VRESAP • KWSAP • MCWAP 	All debt managed within the borrowing limits and all debt payment obligations were met <ul style="list-style-type: none"> • R14 901 million under the borrowing limit of R22 730 million. • R96 million under the borrowing limit of R206 million. • R492 million under the borrowing limit of R2 705 million. • R149 million under the borrowing limit of R1 039 million. • R2 024 million under the borrowing limit of R2 841 million. 	None
5. Ensure organisational positioning for the planned Water Agency	Corporate achievement against Water Agency Plan of TCTA	90-100% implementation of key strategic actions by 31 March 2024	100% of key strategic actions were implemented by 31 March 2024	None
6. Maintain the highest standard of internal control environment	Treatment of irregular expenditure, fruitless and wasteful expenditure within the legislated time periods as prescribed by the Compliance and Reporting Framework. (Instruction Note 4, 22/23)	Treatment of irregular expenditure within 90 days from discovery as prescribed by the Compliance and Reporting Framework. (Instruction Note 4, 22/23)	Not all of the irregular expenditure was treated within 90 days from discovery as prescribed by the Compliance and Reporting Framework. (Instruction Note 4, 22/23)	Only two incidents, valued at R175 006.00, were recorded and not treated within the 90 days as required. This delay was due to the implementation of a procedurally fair consequence management compliant with labour legislation.
	Clear legacy irregular, fruitless and wasteful expenditure	Clear all legacy irregular expenditure by the end of December 2023	Not all legacy irregular expenditure was cleared by the end of December 2023 As of 31 March 2024, 87% of legacy Irregular Expenditure was cleared	Consequence management is being finalised for the two matters of irregular expenditure declared in the current financial year. Five transactions of irregular expenditure were submitted to National Treasury for condonation and TCTA is awaiting a response.

Strategic Objective	Measure	Annual Target	Progress as of 31 March 2024	Reason for Variance
	Achievement of an unqualified audit opinion in 2023-24 financial year	Unqualified audit opinion in 2023-24 financial year.	Unqualified audit opinion with findings on compliance	None
7. Ensure that all IT systems are implemented to support the business	Implementation of Digital Initiatives as defined by the Digital Transformation Strategy	100% implementation of identified initiatives by 31 st March 2024	82% of identified initiatives implemented by 31 March 2024	3 activities relating to the ERP could not be achieved due to the failure of the tender.
	Creating a secure and resilient ICT Environment	95% availability of critical systems with zero successful cyberattacks	99.6% availability of critical systems with zero successful cyberattacks	None
8. Position TCTA as a thought leader in critical aspects of water security	Contribution of papers to technical publications and conferences.	3 business relevant papers written and submitted during the year	5 business relevant papers written and submitted during the year	None
	Effective annual co-ordination of the SIP-19 Program	Average effectiveness rating of 3, on SIPs coordination and monitoring	Average effectiveness rating of 4.4, on SIPs coordination and monitoring	None
9. Embed a performance culture that manifests as an agile organisation	% Progress against the Performance Improvement Plan	Between 80-90% achievement against the Performance Improvement Plan	92% achievement against the Performance Improvement Plan	None
	% Progress against the Human Resource (HR) Optimisation Plan	Between 80-90% achievement against the HR Optimisation Plan	82% achievement against the HR Optimisation Plan	None

Legend:

 Achieved

 Not Achieved



Percy Sechmane
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

The 2023-24 financial year represented a solid performance in TCTA's three core mandates, namely raising funding and debt management, implementation of infrastructure, as well as operation and maintenance.

An exemption from the requirements of National Treasury Supply Chain Management Note No. 3, which stipulated that funding be in place before the tenders are issued to the market largely contributed to the significant traction gained on the implementation of projects during 2023-24. The exemption allowed TCTA to run the tendering and fund-raising processes in parallel. This shortens the time it takes for construction to commence. Given that these are complex mega projects, it takes significant time, effort and resources to put together the tenders.

One such project that benefitted from these changes was Phase 2A of the Mokolo Crocodile River (West) Augmentation Project, whose construction tender went out to market in January 2024. Financial close on the loans is expected in the first quarter of the succeeding financial year.

Whereas challenges were encountered, there was significant progress achieved in the implementation

of Phase 1 of the uMkhomazi Water Project. In prior years TCTA partnered with DWS to resolve all Environmental Authorisation related issues so that the project could commence. Further to that, TCTA facilitated the resolution of municipal affordability issues, by acquiring approval of a R6 billion grant from the Budget Facility for Infrastructure and the approval of a R6 billion interest-free loan from the Infrastructure Fund, which constituted approximately half of the overall project cost. This, then, led to all municipalities signing the requisite water supply agreements. As at 31 March 2024, the Professional Service Provider for the transfer tunnel from the uMkhomazi Valley to the uMlaas Valley had been appointed with the tender for the Professional Service Provider (PSP) for Smithfield Dam being at an evaluation stage. TCTA intends to sustain the momentum on this project in order to complete the project in the shortest possible time so as to alleviate the current stress on the uMgeni System. It is vital to state that TCTA has commissioned the development of the final designs of the project, which might impact the total cost of the project.

The exemption from Treasury Note No. 3 also allowed the PSP tender to be issued for the detail design of the Berg River-Voëlvelei Augmentation Scheme, whilst the commercial funding was still being raised

for the project. At the end of the financial year the PSP tender was in evaluation and negotiations were in progress with three banks.

The issues with the abstraction pump motors on the Eastern and Central Basins, which have been plaguing the Acid Mine Drainage plants in Gauteng in the previous years, have been resolved. The required volumes of water have been treated and the levels drawn down. In the Western Basin, the challenges experienced due to the high rainfall that occurred in 2022-23, which led to a decant despite the required volumes being pumped, were resolved. This enabled the decant to be stopped and the level drawn down.

In all three basins there has been a noticeable improvement in the quality of water in the mine void, leading to lower chemical costs. Even when the water reached its highest levels in the Central and Eastern Basins, there were no reports of contamination of ground or surface water, raising the possibility of raising the target levels and thus reducing pumping costs.

On Delivery Tunnel North of the Lesotho Highlands Water the focus was on preparation for the six-month tunnel outage, commencing on 1 October 2024. TCTA remains on track to complete the work within the timeframe. The organisation is supporting DWS in its engagement with the municipalities along the Liebenbergsvlei River who will be impacted by the shutdown.

On the final core area of debt management, TCTA maintained its excellent partnership with all the lenders by making all capital and interest payments on time, thus giving them the confidence to consider new lending agreements.

With the increase in momentum on the implementation of uMWP, MCWAP-2A and BRVAS, TCTA will be faced with increased project activity between now and 2032. Conclusion of funding arrangements on BRVAS and raising of funding for uMWP will keep TCTA busy in the immediate future with the long-term management of debt providing will represent the future workload.

The early involvement in Namwitwa Dam allows TCTA, working in partnership with DWS, sufficient time to bring the project to implementation readiness status

during the implementation of the other projects. This together with the robust agreements with DWS, that provide financial security, leaves TCTA in a strong position, either as an independent entity or when its functions are transferred into the National Water Resource Infrastructure Agency.

I wish to thank the TCTA Board for their guidance and support and the management and staff for their commitment to achieving good results this year. There was a noticeable increase in momentum in reaching milestones in all core areas in the financial year and we need to maintain this momentum to ensure projects are completed as planned, to contribute to water security in South Africa.



Percy Sechemane
Chief Executive Officer



LEGISLATIVE AND OTHER MANDATES

The legislative framework within which TCTA operates the water sector is set out in Figure 1.

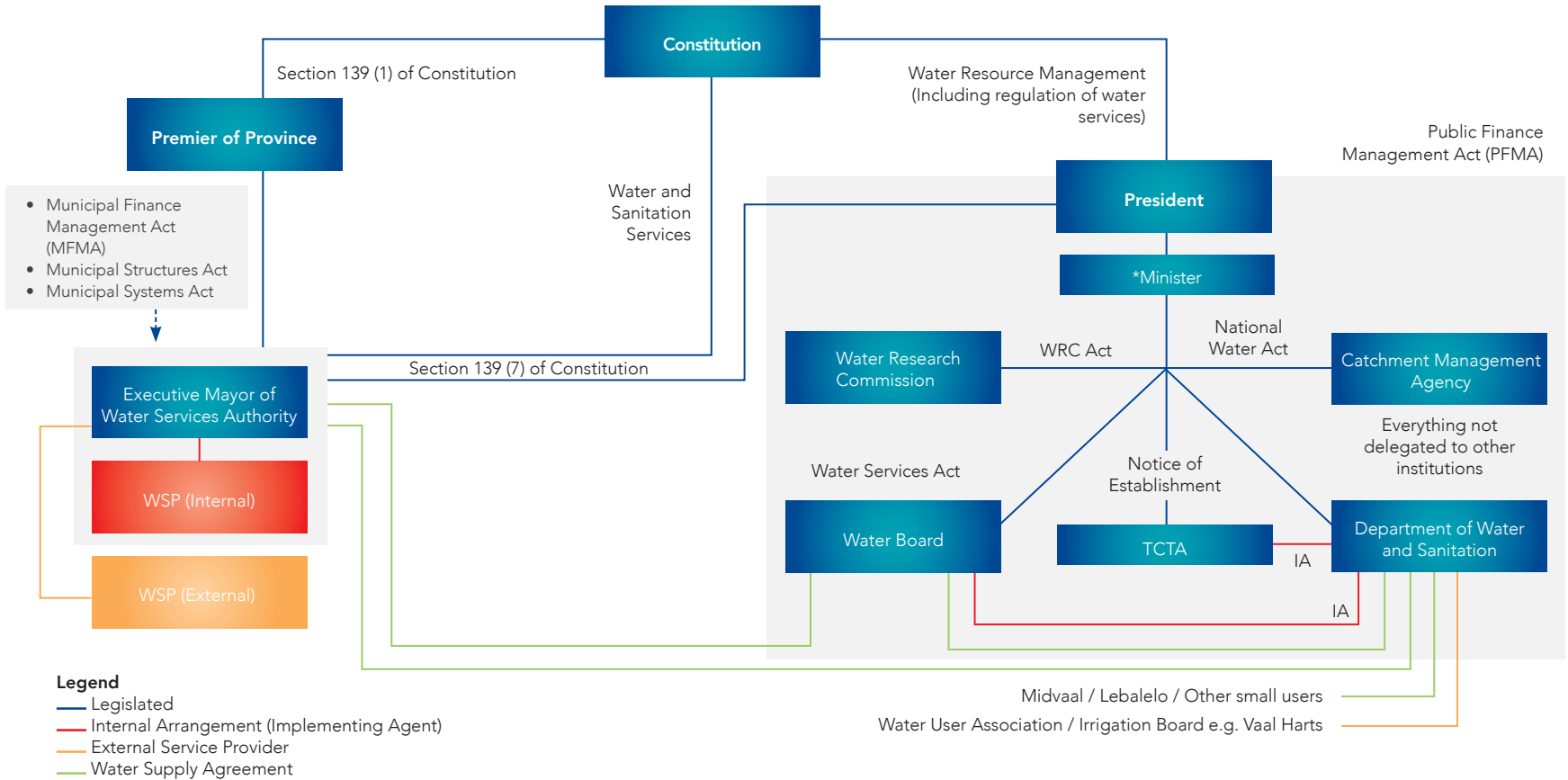


Figure 1: Legislative Framework

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 LHWP, 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. This amendment allowed 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 No. 36 of 1998).

In accordance with Section 3 of the Notice of Establishment, TCTA is set up to:

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

In doing so, the Minister must be satisfied that such directives will not prejudice TCTA's capacity 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. These may include, but are not limited to, providing water management institutions, both within the borders and external to the Republic, with:

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

The above provision makes it clear that TCTA cannot undertake any function outside of its Notice of Establishment without the permission of the Minister. In contrast, the water boards are given such an opportunity in terms of Section 30 of the Water Services Act (Act No. 108 of 1997).

The National Water Act requires that TCTA manages and accounts for different functions separately. This is further emphasised in the Notice of Establishment for TCTA. Section 20(1) that the Authority 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. The Treaty functions in terms of Section 8A of Protocol 6 of the Treaty are limited to the operations and maintenance of the Delivery Tunnel North within South Africa.

Section 20(2) furthermore states that the Authority's Treaty responsibilities are not applicable to its non-Treaty functions.

The bulk of TCTA's work now comprises non-Treaty functions. TCTA accounts for and manages these functions separately from the Treaty functions and from each other, in terms of Section 103(2) of the National Water Act. The impact of these provisions on TCTA is that, regarding the LHWP mandate and each directive, there is a separate:

- borrowing limit from the Minister of Water and Sanitation, government guarantees and funding arrangements;
- general ledger; and
- where money is borrowed to finance a project, separate income/implementation agreements with DWS, which are back-to-back with the water supply agreements between DWS and the beneficiary water users, where applicable.

The income/implementation agreements with DWS determine, inter alia, the cost recovery mechanism for each project. To date, the following three principles have been applied:

- a structure per project is applied to ensure break-even sufficiency of revenue to recover project costs over the debt repayment period. Key principles applied in determining an appropriate tariff structure for a project include end-user affordability, predictability and sustainability;
- the revenue is only used to recover costs related to each project, namely capital costs, funding costs and administration costs; and
- management of liquidity and funding risks.

Since its original mandate (the Notice of Establishment), TCTA has received a further 21 directives. The mandate and directives, as of 31 March 2023, are shown in Table 1.

Table 1: Mandate and Directives

Mandate/Directive	Date	Type of work					
		Planning	Funding	Implementation	Operation and maintenance	Advisory	Payment
Lesotho Highlands Water Project (LHWP): Delivery Tunnel North (Treaty obligations).	12 December 1986		√	√	√		
Operation and Maintenance of Vaal River System (VRS): To fulfil all South Africa'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 VRS (e.g., Acid Mine Drainage Project).	3 August 1994 (and incorporated into amended Notice of Establishment, 24 March 2000)		√				√
Advisory Services to Umgeni Water (UW).	4 July 2001					√	
Advisory Services to water management institutions, water boards and DWS.	17 May 2004					√	
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		√	√		√*	
Olifants River Water Resources Development Project – Phase 2C (ORWRDP-2C).	17 June 2008 (directive revised 12 March 2012)			√		√*	
Komati Water Scheme Augmentation Project (KWSAP).	29 September 2008		√	√		√*	

Mandate/Directive	Date	Type of work					
		Planning	Funding	Implementation	Operation and maintenance	Advisory	Payment
Mokolo–Crocodile Water Augmentation Project – Phase 1 and Phase 2A (MCWAP-1; MCWAP- 2A).	19 May 2010		√	√		√*	
Metsi Bophelo Borehole Project.	2 March 2011			√			
Acid Mine Drainage – Short-term Intervention (AMD-STI).	6 April 2011			√	√	√	
Phase 1 of the Mooi–Mgeni Transfer Scheme – Phase 1.	29 November 2011			√			
Strategic Infrastructure Project 3 (SIP-3).	10 November 2012					√	
Advisory Services for the uMzimvubu Water Project (MRWP).	10 February 2014 (latest revision revised 19 January 2019)	√	√	√			
Strategic Infrastructure Project 18 (SIP-18).	26 February 2014					√	
Amendment to MMTS-2 directive to include the construction of a potable water pipeline for Umgeni Water.	20 March 2014			√			
Olifants River Water Resources Development Project – Phase 2B (ORWRDP-2B).	25 February 2015 (directive revised 22 October 2015)	√	√	√			
Advisory Services for the Water Off-Take for Kriel Town (KRIEL).	20 June 2015			√		√	
Acid Mine Drainage – Long-term Solution (AMD-LTS).	19 May 2016		√	√		√	
Berg River–Voëlvelei Augmentation Scheme (BRVAS).	18 May 2017		√	√		√	
uMkhomazi Water project (uMWP).	22 February 2019		√	√		√	
Programme Management Services to DWS in relation to Water Infrastructure Projects.	1 April 2019					√	
Nwamitwa Dam Project.	12 December 2023					√	

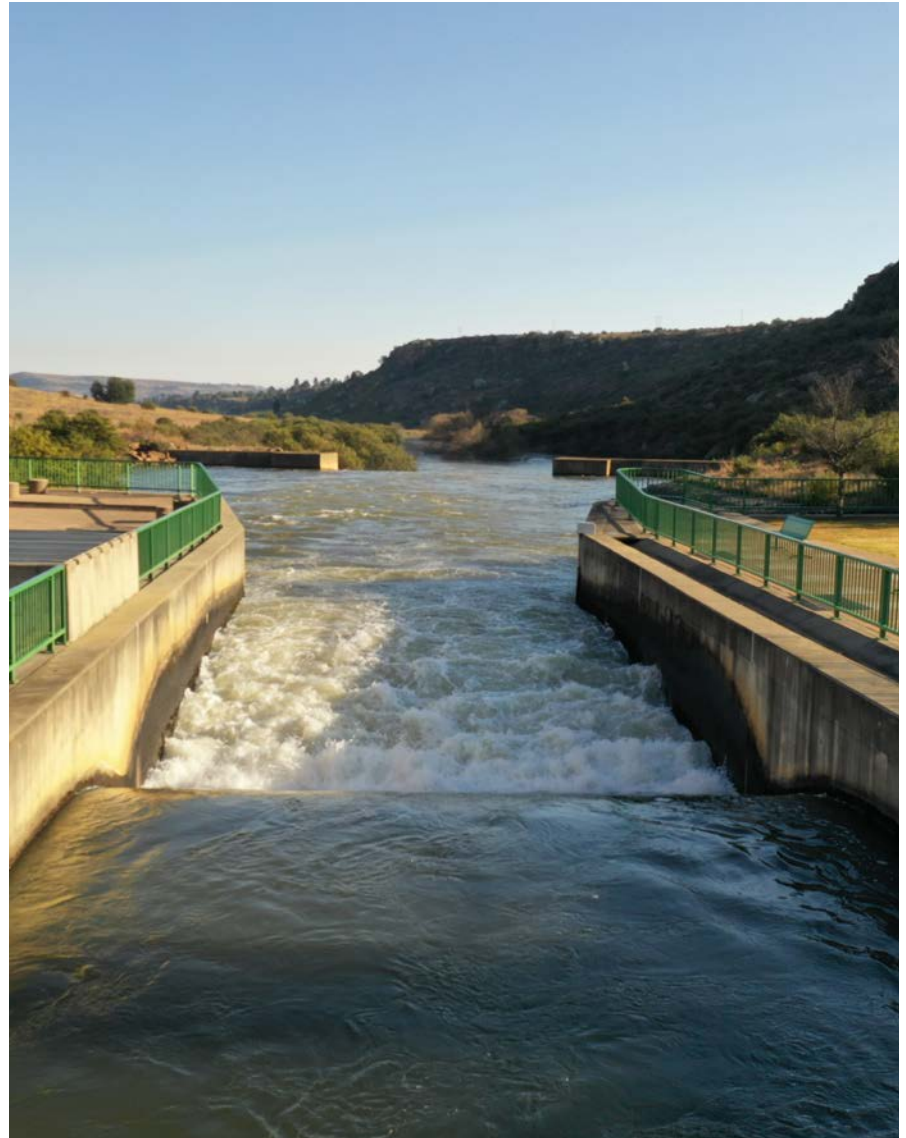
* Institutional arrangements

MAJOR PRODUCTS AND SERVICES

To fulfil 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:

- 1) project management and implementation of water infrastructure:
 - project design
 - project construction
 - environmental compliance
 - land acquisition
- 2) operation and maintenance;
- 3) debt management;
- 4) structuring and raising project finance;
- 5) knowledge management;
- 6) risk management;
- 7) socio-economic transformation; and
- 8) tariff setting.

These products and services are in alignment with the functions set out in Section 102 of the National Water Act.



OUR CONTRIBUTIONS TO DEVELOPMENT OUTCOMES

In delivering on its mandate and the Minister of Water and Sanitation's directives, the organisation continuously ensures that it strongly contributes to the developmental priorities of the government, as reflected in Table 2.

Table 2: Government outcomes and TCTA's contribution

Outcome		TCTA Contribution
4	Decent employment through inclusive economic growth.	Providing cost-effective water infrastructure as an enabler of economic growth and jobs.
5	Skilled and capable workforce.	<ul style="list-style-type: none"> • Developing a strong skills-set in scarce fields, thereby enabling SA to compete in world markets. • Promoting entrepreneurship in small businesses.
6	Efficient, competitive and responsive economic infrastructure network.	Ensuring a comprehensive financial and implementation package that delivers the most cost-effective solution.
7	Vibrant, equitable and sustainable rural communities with food security for all.	Supporting other water sector institutions to enable them to deliver on their mandate.
8	Sustainable human settlements and improved quality of household life.	Providing affordable infrastructure and improved access to basic services.
9	A responsive, accountable, effective and efficient local government system.	Supporting other water sector institutions to enable them to deliver on their mandate.
10	Environmental assets and natural resources that are well protected and continually enhanced.	Developing infrastructure in an environmentally responsible and socially inclusive manner, in accordance with global best practice.
12	An efficient, effective and development-orientated public service.	Contributing to the development of critical knowledge in the sector and beyond (e.g., project financing and implementation, desalination, water reuse).

OUR BUSINESS MODEL

The business model, through which TCTA renders services, receives revenue and allocates business risk, is schematically displayed in Figure 2. It has remained largely unchanged since the organisation’s inception more than 38 years ago. TCTA implements mainly off-budget national water infrastructure, on behalf of DWS, by progressing projects to a state of bankability and securing finance, followed by the procurement of design and construction services. Lenders can draw comfort from the undertaking by the government to assume TCTA’s obligations to funders, if it is unable to do so, in terms of project income/implementation agreements. Loans are typically repaid over 20 years.

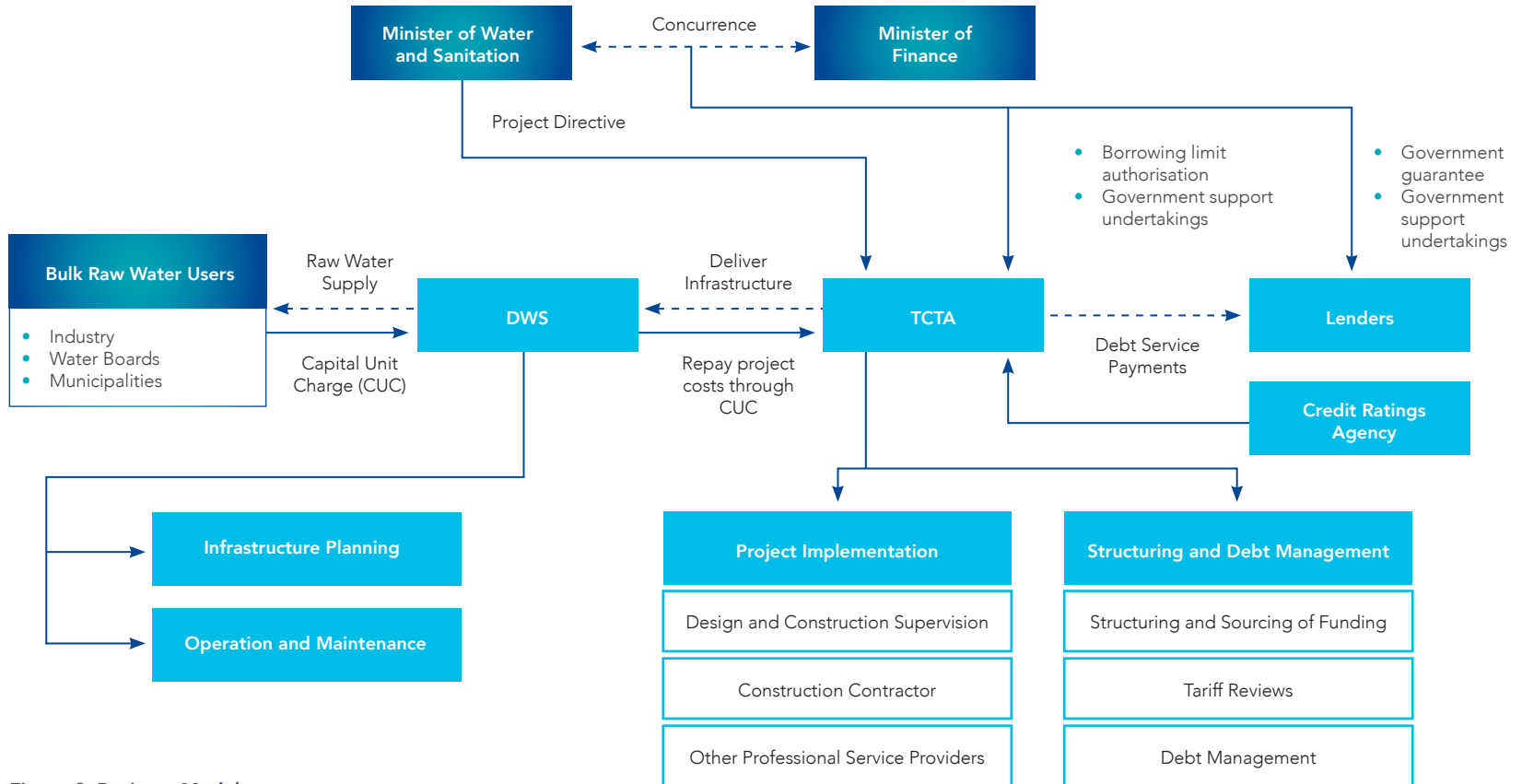


Figure 2: Business Model

STAKEHOLDER RELATIONSHIPS

Over the years, effective stakeholder engagement has assisted TCTA in developing appropriate and timely policies, project plans, programmes and services. It is widely accepted that stakeholder management is of mutual benefit to both TCTA and its broad spectrum of stakeholders. The benefits for stakeholders include the opportunity to contribute to policy and programme development, participation in decision-making processes, where required and suitable, and the promise of achieving a satisfactory outcome in matters of mutual interest.

For TCTA, carefully considered stakeholder management interventions offer an effective platform to unlock obstructions to business success and produce efficient information flow. Furthermore, the engagement also delivers a window for the organisation to plug into crucial local knowledge and to test policy initiatives with stakeholders.

TCTA contributes to the nation's water security through cost-effective financing and the development of bulk raw water infrastructure. Effective management of stakeholder relationships, especially with crucial stakeholders, is therefore critical to the execution of the organisational mandate, including the successful implementation of its infrastructure projects.

To provide a reliable, sustainable and coherent service to water users, TCTA creates and maintains comprehensive relationships with a variety of stakeholder groups. By effectively engaging stakeholders with diverse experiences, knowledge and perceptions, the organisation accomplishes strong outcomes, which are believed to surpass what it can achieve in isolation.

During the period under review, TCTA focussed its efforts, primarily, on maintaining and improving relations with the shareholder national department, DWS. It also worked on relations with other government departments and institutions with a significant impact on its business, especially financing institutions with an interest in TCTA project funding, implementation and debt management.

TCTA has continuously engaged DWS on progress in the establishment of the planned new agency, the National Water Resources Infrastructure Agency (NWRIA). It has also engaged the National Treasury, to a lesser extent, particularly in the process of taking the Bill through extended public consultation, lender and independent advisory engagement, Cabinet approval and Parliamentary Portfolio Committee consideration.

In the reporting period, TCTA continued its ongoing efforts on the two main strategic issues from the previous financial year, which have accentuated the organisation's focus on stakeholder engagement. The first issue remains to be around efforts to gain traction on the implementation of existing projects, looking at how to effortlessly move them from directives to implementation. TCTA dealt with this issue by continuing to strengthen its interface with the shareholder, especially the frequency and focus of engagements between the Board and the Minister and between the CEO and Director-General. The second issue of focus was the implementation of the Agency initiative in a manner that is aligned with good business practice.

The process of attending to the second issue was addressed through bilateral platforms of engagement and advocacy, as well as the submission of formally documented inputs and correspondence between the Board and the Minister. At the end of March 2024, the National Assembly passed the Agency Bill, following the recommendation of the Portfolio Committee of Water and Sanitation.

Table 3 below provides an overview of the organisation's stakeholders and the nature of engagement with them, including efforts to interact with and manage them made in the reporting period. The account given below focusses on strategic-level interventions.

Table 3: Stakeholder Relationships

Stakeholder	Nature of interest/ stake	Engagement strategy	Engagement report
Parliament	Regulation and compliance with legislation.	<p>Empower with project information.</p> <p>Present Integrated Annual Report and Corporate Plan.</p> <p>Account on performance and governance of the organisation.</p> <p>Manage the relationship.</p>	<p>Engaged through the Portfolio Committee on Water and Sanitation to present the TCTA Annual Strategic Plan, Corporate Scorecard and a progress report on key programmes. Have also responded to invitations from the committee to address strategic issues of importance to its work, which affect TCTA's business.</p> <p>Of critical importance to TCTA is the ongoing process of the promulgation of the NWRIA Bill into an Act of Parliament, involving wide consultation with stakeholders.</p>
Shareholder (Ministry)	Directive and mandate to operate. Financial guarantees and compliance.	<p>Account on performance and governance of the organisation.</p> <p>Consult the stakeholder on all major decisions. Provide project monthly reports.</p> <p>Hold regular meetings.</p> <p>Collaborate and empower with relevant information.</p> <p>Manage the relationship.</p>	<p>TCTA continued to engage the Ministry to provide progress reports on the organisation's key programmes and to seek the Minister's counsel and support in dealing with key decisions. Examples include resolving stakeholder issues on the implementation of the uMkhomazi Water Project and obtaining government guarantees for projects currently under consideration, resolving outstanding issues, and moving the NWRIA establishment forward.</p>
Shareholder Department (DWS)	Compliance with Ministerial directives and mandate.	<p>Advise on funding requirements.</p> <p>Provide advice and support on consultations with bulk water users.</p> <p>Communicate results and performance.</p> <p>Obtain feedback on requirements or any changes.</p> <p>Provide frequent status reports and updates.</p> <p>Have stream-focused collaborative meetings/ engagements at senior management level.</p> <p>Collaborate and empower with relevant information.</p> <p>Manage the relationship.</p>	<p>The key and continuous area of engagement between TCTA and DWS was on working closely to address project hurdles and key concerns in the process of establishing the NWRIA. In the previous fiscal period, the organisation had supported the department by bringing the funders on board, leading to them making significant contributions to the public consultation process.</p> <p>The two organisations continue to engage and collaborate on various projects and related issues at different levels.</p> <p>Key matters, such as the approval of government guarantees for projects and the issuance of new mandates, are currently under consideration and remain subjects of ongoing discussions between the two organisations. Other matters are attending to issues pertaining to the implementation of LHWP-2, especially issues raised by the Lesotho government on royalties, project costs and other related matters.</p>

Stakeholder	Nature of interest/ stake	Engagement strategy	Engagement report
National Treasury (Ministry of Finance and National Department)	<p>Operation within borrowing limits.</p> <p>Compliance with applicable legislation.</p>	<p>Account for performance and governance of the organisation.</p> <p>Consult on all major financial decisions and PFMA-related matters.</p> <p>Provide regular status reports and updates.</p> <p>Collaborate and empower with relevant information.</p> <p>Manage the relationship.</p>	<p>The National Treasury (NT) Department, together with the Ministry, were engaged on obtaining borrowing limits for projects, as well as the establishment of NWRIA.</p> <p>TCTA also engages NT through quarterly reports on entity performance, procurement and debt management.</p>
Off-takers	<p>Mutually beneficial relationships on bulk raw water infrastructure projects.</p> <p>Raw water off-takers and tariff payments.</p>	<p>Involve and keep stakeholders informed on all developments within the implementation of projects.</p> <p>Ensure regular reporting on project progress.</p> <p>Provide transparent information.</p> <p>Manage the relationship.</p>	<p>Off-takers, including water boards and water entities, were engaged through focused discussions on tariff changes as well as on planned projects.</p> <p>During the reporting period, intensive and extensive engagements were held with off-takers on the uMkhomazi and BRVAS projects, especially in relation to affordability.</p>
Financiers	<p>Ability to service loans.</p>	<p>Keep satisfied.</p> <p>Keep informed on financial standing of the organisation.</p> <p>Meet regularly.</p> <p>Comply with contractual agreements.</p> <p>Report on good governance.</p>	<p>The financiers are continuously kept abreast of major activities at TCTA, especially issues that could have a material impact on existing contractual obligations.</p> <p>The financiers are also engaged individually or through regulatory platforms like the JSE, including in terms of the bonds programme.</p> <p>As part of the funding programme, TCTA had several bilateral discussions with major local and international financiers. These talks led to the organisation closing its long outstanding VRS funding deal with New Development Bank (NDB) and negotiating new funding with several banks.</p>

Stakeholder	Nature of interest/ stake	Engagement strategy	Engagement report
Communities	Favourable decisions.	Empower and consult on relevant issues. Establish representative community forums in active project areas.	TCTA continues to engage and interact with communities adjacent to its existing projects. Communities were engaged on matters that could potentially affect them. Various communities are also beneficiaries of some of TCTA's CSI programmes. In the period under review, there were intense engagements with occupants leasing TCTA houses built during implementation of LHWP-1 in Kgubetswana Township and earmarked for donation to verified beneficiaries. The houses are planned to be handed over by the Minister at the beginning of the 2024/25 financial year.
Bi-national partnerships	Servicing the terms of the Treaty.	Manage closely. Collaborate and consult. Regular meetings with bi-national partners.	TCTA continuously engages the DWS, LHWC and LHDA on issues related to the LHWP, including audit matters. Some of the difficult stakeholder issues that emerged during the year include recalculation of the royalties payable to the Lesotho government, litigation by an aggrieved German contractor of the Lesotho government and escalating project costs. TCTA is part of a newly established Project Governance Committee that is actively involved in deliberations to resolve project challenges.

ORGANISATIONAL STRUCTURE

The organisational structure as of 31 March 2024 is as per Figure 3.

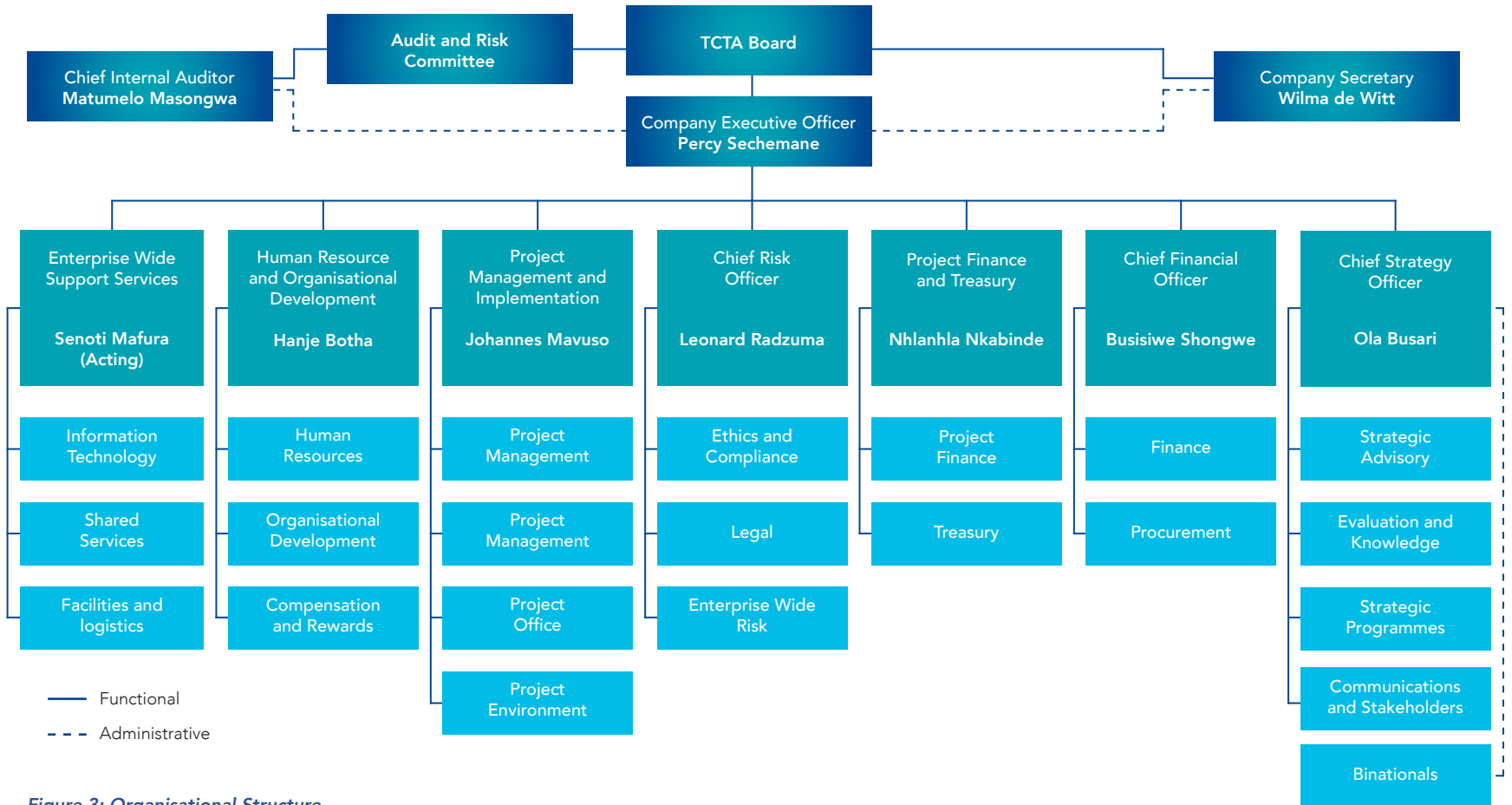


Figure 3: Organisational Structure

Partnerships between National and Local Government

B

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PARTNERSHIPS BETWEEN NATIONAL AND LOCAL GOVERNMENT

In accordance with UN Resolution 64/292 (2010), governments must ensure that citizens have access to safe, clean, accessible, and affordable drinking water as a recognised human right. Local authorities are formed specifically to address local needs within defined geographic localities due to national governments' limitations in handling all societal requirements.

The Auditor-General's reports on the performance of South African metros and municipalities paint a picture of concern. Today, approximately 80% of metros and municipalities face severe financial difficulties, compared to approximately 10% a decade ago.

These reports reveal that numerous metros and municipalities have left billions of infrastructure grants unspent because of their incapacity and lack of expertise in delivering projects, such as roads, waste management, and electricity provision. Furthermore, many local authorities struggle financially and economically

to achieve self-sufficiency. In several cases, the limited size and economic strength of these communities hinder the achievement of service delivery goals. According to the Department of Water and Sanitation, 85% of municipal drinking water conforms to or exceeds the Blue Drop standards and only 44% of municipal wastewater meets the average or better Green Drop standards. Various factors contribute to substandard performance, including vandalism, theft, illegal connections, poor local economies, large indigent populations, and an ageing infrastructure.

National Government's role is to create an enabling environment in which municipalities can achieve a minimum level of service provision and then improve it through legislation, regulations, standards, grants and other means of support. Clearly, given the regression in the levels of service provision that impacts both Sandton in Gauteng and Nqileni village on the Wild Coast of the Eastern Cape, this is not being achieved.

At a workshop at WISA 2024 conducted by the Small Wastewater Treatment Works Division, this issue was highlighted by the non-operational condition of many mechanised plants and failure to adhere to the level of monitoring required by the Green Drop Reporting. The workshop concluded that discharge standards must be established to enable the use of technologies that a municipality can sustain, and monitoring must be appropriate for the financial resources available. A more nuanced approach is required which takes into account the socio-economic circumstances of individual municipalities and their geographic location. The workshop recognised that the geographic location has a major impact on the cost of support for small, isolated plants in the Northern Cape compared to large plants situated in metropolitan areas.

Capital grants for infrastructure and the provision of RDP housing also have a major impact on municipalities, because they are often targeted at low-income or indigent residents. Municipalities then end up with an increased asset base but without an increase in revenue to operate and maintain the infrastructure.

A new partnership needs to be developed between municipalities and the National Government to ensure that regulatory demands on municipalities can be met with the resources available. In addition, when grant funding is provided for capital works, it is ensured that the municipality has sufficient revenue or other grant funding to maintain the infrastructure.



SUMMARY OF PROJECT IMPLEMENTATION

TCTA funds and implements a portfolio of projects on behalf of the Department of Water and Sanitation (DWS). These are at various phases, namely preparation, implementation and closure phases.

In addition, TCTA oversees the operation and maintenance of the Delivery Tunnel North of the Lesotho Highlands Water Project and the Acid Mine Drainage (AMD) treatment plants. The AMD plants are located in the Western, Central and Eastern Basins of the Witwatersrand Goldfields.

The key activities undertaken during the year under review are summarised as follows:

Projects in the Implementation Phase

Phase 1 of the uMkhomazi Water Project

The uMngeni System is the main water source supplying about six million people and industries in KwaZulu-Natal. The water requirements projection indicates that the uMngeni System is experiencing a deficit, and therefore, there is a need to augment the water supply of the system. In February 2019, the Minister issued TCTA with a directive to fund and implement the bulk raw water component of the project, which entails the following infrastructure:

- an 81m high Smithfield Dam and associated infrastructure in the uMkhomazi River near Bulwer.
- water conveyance infrastructure:
 - an approximately 32km, 3.5m diameter tunnel from Smithfield Dam reservoir to the uMlazi River Valley.
 - approximately 5km, 2.6m diameter raw water pipeline from the outlet portal of the transfer tunnel (above) to the proposed uMngeni-uThukela Water's water treatment works in the uMlazi River Valley.

The project will increase the yield of the uMngeni System from 394 to 608 million m³ per annum.

The two Environmental Authorisations (EAs) and the Environmental Management Programmes (for pre-construction only) for the project were approved by the Department of Forestry, Fisheries and Environment (DFFE). The bid document for the procurement of professional service providers for the water conveyance infrastructure and the dam were issued to the market. The bid document for the water conveyance infrastructure was received, evaluated, negotiated and awarded. The bid document for the dam was received and is in the evaluation phase.

DWS funds project preparation activities pending the finalisation of institutional arrangements and the raising of funding. Previously the Budget Facility for Infrastructure approved a grant of R6 billion and an additional R6 billion in the form of an interest-free loan from the Infrastructure Fund. R150 million has been received under the grant funding. A term sheet has been negotiated with the Infrastructure Fund for the interest-free loan and the process of raising funding from multi-lateral development institutions has started. On behalf of DWS, TCTA facilitated negotiations between uMngeni-uThukela Water and the six Water Service Authorities in its area of supply on the water user agreements. The agreements have been approved for signing by the respective municipal councils.



Berg River-Voëlvllei Augmentation Scheme (BRVAS)

The Water Reconciliation Strategy for the Western Cape Water Supply System indicates that the system is in deficit and should have been augmented by 2019-20 to avert a severe shortfall. This need was evident when the water supply system could not cope with the drought situation that was experienced in 2018-19. BRVAS was identified as the next surface water development that can contribute to satisfying this requirement. BRVAS will abstract and pump winter flows from the Berg River to the existing Voëlvllei Dam, improving its yield by 23 million m³ per annum. The project consists of a diversion weir in the Berg River, a pump station and a 6.3km long pipeline and ancillary works.

The tender for procuring a professional service provider to finalise detail design and the construction tender specification for the project was issued to the market. The received tenders were in the evaluation phase at the end of the reporting period. TCTA and Eskom finalised the scope of work for supplying electricity to the project and the latter has commenced with detail design.

Ongoing pre-construction project preparation activities were funded by DWS during the year, while institutional arrangements were in final preparation. Three banks were appointed to provide project financing. Term sheets have been negotiated with each of them. The facility agreements will be concluded upon receipt of necessary regulatory government approvals for the financing structure.

Vaal River System

The funding programme for the Vaal River System includes commercial banks, Development Finance Institutions and capital markets funding. The funding is used mainly for the implementation of LHWP-2 by the Lesotho Highlands Development Authority (LHDA). TCTA is mandated to raise funding and provide it to LHDA as cost-related payments for the water delivery component of LHWP on behalf of DWS as the Designated Authority under the LHWP Treaty. Development Finance Institution facility agreements have been executed. A domestic multi-term note programme has been prepared and a government guarantee has been issued in favour of investors in notes to be issued under the Vaal River System component of the programme.

Phase 2A of the Mokolo - Crocodile River (West) Water Augmentation Project

The project comprises an abstraction weir, pump stations and a 160km pipeline to transfer water from the Crocodile River near Thabazimbi to the Lephalale area. The project is a prerequisite to enabling further development of the Waterberg Coalfields, as envisaged in the first Strategic Infrastructure Project of the Presidential Infrastructure Coordinating Commission. It will provide Eskom with a second source of water supply for its Medupi and Matimba power stations—which represent 20% of the country's reliable power supply capacity. This additional water will enable the operation of three other flue gas desulphurisation (FGD) units at the Medupi Power Station. Later, it will allow the operation of six Matimba FGD units, which could not be supplied with the available water from the Mokolo Dam through Phase 1 of the project. The FGD units are crucial for minimising environmental emissions from the power station, fulfilling a condition of Eskom's World Bank loan and the DFFE's emission requirements.

The full implementation of the project commenced, and the infrastructure designs are 100% complete. The construction tender document was prepared and issued to the market.



The socio-economic studies for the project were completed and the report informed the criteria for the procurement. The valuation of properties along the entire pipeline route was conducted, and the process of acquiring land and servitudes was undertaken. As a result, 100% of the land and servitudes were acquired during this reporting period. The compensation process for land and servitudes is currently underway, with 50% of the agreed-upon compensation already disbursed to the affected parties.

MCWAP-2A includes the development of a River Management System (RMS) for the Crocodile River from the Hartbeespoort Dam to the Vlieëpoort Weir near Thabazimbi. In collaboration with DWS, the RMS development has been defined and packaged into four distinctive stages. The initial scoping was concluded, and a PSP was appointed to design the RMS. DFFE advised that the scope of the environmental work for the RMS is a condition of the Environmental Authorisation (EA) and will require nine specialist studies to be done. The specialist studies were completed and the final Impact Assessment reports for the nine baseline studies were received. The baseline monitoring for Noise, Air Quality and Surface Water will continue until September 2024.

Finance facility agreements were signed with seven banks to provide more than R20 billion in long-term and revolving credit facilities.



Project in close-out phase

Berg Water Project

The dam and the supplementary system were declared operational in 2009.

The Heritage Display, associated with the Skuifraam Farmhouse, is in the implementation phase. The tender was issued to the market and the evaluation has been concluded and approved. The contract is expected to be awarded in the second quarter of 2024–25, with the work scheduled for completion within the financial year. The project will be closed out in 2025–26, in line with the 12-month guarantee contract period.



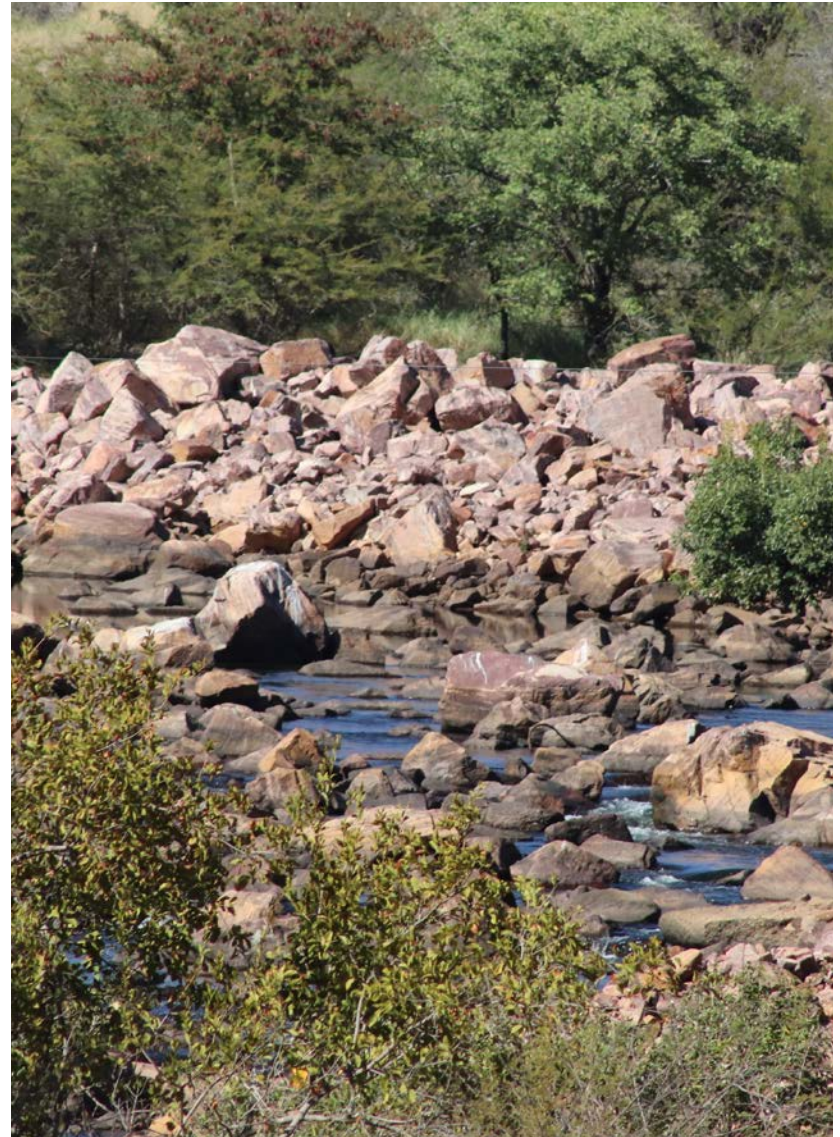
Phase 2 of the Mooi Mgeni Transfer Scheme (MMTS-2)

The MMTS-2 Biodiversity Offset is a requirement of the project, designed to secure the long-term protection and conservation of grassland, wetlands and rivers in the catchment. The MMTS-2 Biodiversity Offset Project approach is in the process of being amended in collaboration with DFFE Monitoring and Compliance, the Biodiversity Offsets Working Group and Ezemvelo KwaZulu-Natal Wildlife (EKZN). An alternative approach for EKZN to implement the offset on behalf of DWS and TCTA was presented and endorsed by DFFE. The biodiversity offset implementation agreement has been finalised and the execution copy of this agreement is in the process of being signed by the parties to the agreement.

Olifants River Water Resources Development Project – Phase 2C

The project comprises a 40km distribution pipeline from De Hoop Dam, which feeds the De Hoop Water Treatment Works at Steel Bridge. It also includes a pump station near Steelpoort, where it can interconnect with the Lebalelo Water Users Association infrastructure. It provides water to the eastern limb of the Bushveld Complex (mining) as well as municipal consumers in the Sekhukhune District Municipality.

The Dispute Adjudication Board has given its final decision on all contract disputes, all claims have been finalised and payments made to the contractor. This project is now closed.



ADVISORY SERVICES TO DWS

uMzimvubu Water Project (MRWP)

The uMzimvubu Water Project aims to develop the water resources in the uMzimvubu River catchment to provide a stimulus for the regional economy in terms of domestic water, irrigation, hydropower generation and job creation.

On 16 January 2019, TCTA received a revised directive to provide project management advisory services to DWS for the implementation of Stage 1 of the project. This entails the construction of the access road to Ntabelanga Dam site.

Construction started in March 2021 and is 84% complete against the plan of 100%. The major contributing factor to the delays in this reporting period is the supplier's failure to deliver the construction material on time. TCTA also supported DWS with resources for social facilitation, ensuring all stakeholders were engaged and key issues were resolved without community disruptions to the works. Construction is now planned to be completed in November 2024.

Nwamitwa Dam Project

In December 2023, TCTA received a Ministerial Directive for the Nwamitwa Dam Project to develop the funding model that will determine the commercial viability of the project. If deemed viable, TCTA will become the Implementing Agent for the project. TCTA is drafting a Service Level Agreement with DWS to be finalised in the next reporting period, outlining the advisory services it will provide.

OPERATION AND MAINTENANCE ACTIVITIES

TCTA operates and maintains the following two infrastructure projects:

- 1) the Delivery Tunnel North of the Lesotho Highlands Water Project; and
- 2) the Short-Term Intervention of the Acid Mine Drainage Project as per the Ministerial Directive.

A summary of these activities is as follows.

Delivery Tunnel North of the Lesotho Highlands Water Project

Under the Treaty, as amended by Protocol IV between South Africa and Lesotho, TCTA is responsible for operating and maintaining the Delivery Tunnel North, which is part of the project situated in South Africa. TCTA is accountable to the Lesotho Highlands Water Commission in this regard. It also manages the Ash River Management Plan, a river erosion monitoring and mitigating plan that was implemented following the start of water deliveries from LHWP.

During the financial year under review, TCTA complied with all its operations and maintenance obligations. This ensured that the infrastructure could deliver the scheduled 779 million m³ of water at the designated outlet point in the Ash River for the calendar year 2023.

Acid Mine Drainage Treatment Plants

A summary of the performance of the AMD treatment plants is as follows:

Western Basin

Over the reporting period, the volume of treated water exceeded the target range, which was set between 80% and 90% of the maximum treatment capacity of 30 MI/d. This target range factored in planned outages, calculated over the full year, with adjustments for force majeure events or circumstances beyond TCTA's control. The average volume treated for the year ended 31 March 2024 was 34.2 MI/d, representing 114% of the treatment capacity of 30 MI/d.

The water effluent discharged into Tweelopiespruit met the DWS specification except on one occasion when the turbidity limits were exceeded.

Central Basin

Over the reporting period, the Central Basin Plant achieved the target for the average daily volume of treated water. This target was set between 80% and 90% of the maximum treatment capacity of 60 MI/d, inclusive of planned outages. An average of 61MI/d (=101%) was achieved during the financial year ended 31 March 2024.

The water effluent discharged into Elsburgspruit met the DWS specification.

Eastern Basin

The target was an average daily volume of treated water of between 80% and 90% of the max treatment capacity of 100 MI/d, including planned outages, calculated over the full year. An average of 83 MI/d (=83%) was achieved during the financial year ended 31 March 2024.

The water effluent discharged into Blesbokspruit met the DWS specification.

Table 4: Treated Water Quantity and Quality data from the three basins

Basins	Western	Central	Eastern
Average Annual Daily Volume Treated	34.2 MI/d	60.5 MI/d	83 MI/d
Target Level	Not determined	126m below ground level	106.6m below ground level
Level as at 31 March 2024	7.3m	47.83m	67.08m

Water Quality	Units	Specification (as per DWS directive)	Treated Water (Annual average 1 Apr '23 – 31 Mar '24)		
pH		6.5 – 9.5	100%	100%	100%
Iron	mg/l	< 1	100%	100%	100%
Manganese	mg/l	< 10	100%	100%	100%
Aluminium	mg/l	< 1	100%	100%	100%
Sulphates	mg/l	≤3 000	100%	100%	100%
Electrical Conductivity	mS/m	≤450	100%	100%	100%
Turbidity	NTU	≤30	99.7%	100%	100%

Table 5: Operating Costs

Basins	Central	Eastern	Western
Operations	R102 089 807.32	R60 219 758.33	R65 418 869.91
Rates and Taxes (Water and Sanitation)	R18 013 932.84	R7 001 908.00	-
Electricity	R60 750 623.88	R59 960 737.52	-
Total	R180 854 364.04	R127 182 403.85	R65 418 869.91

All costs excluding VAT

FINANCIAL SUMMARY

For the year ended 31 March 2024, TCTA was once again tasked with ensuring effective financial management which ensures the successful achievement of its strategic goals, both financial and non-financial.

The financial performance of TCTA as reported, provides a snapshot of the underlying activities and provides assurance of the financial health of the organisation as well as to provide assurance of TCTA's ability to continue to operate as a going concern. Compliance with Public Finance Management Act (PFMA) remains an area of focus and shortfalls identified within the compliance environment are receiving the priority attention of management more especially with regards to the prevention of the occurrence of irregular, fruitless and wasteful expenditure.

The annual financial statements, as reported, are a reflection of TCTA's continual drive to advancing our financial reporting, which ensures that all stakeholders are presented with reliable and accurate financial information which appropriately and accurately depicts TCTA activities. TCTA has remained steadfast on the commitment made, being, ensuring that the solid track record of unqualified audit opinions is maintained and that investor confidence remains untainted. Our quest of obtaining a clean audit opinion involves analysis of the adequacy of the accounting treatment of all significant account balances and testing these against best practices and applicable accounting standards. To this end, the finance income earned on the recently completed MMTS-2 project was an area of technical scrutiny by TCTA and the AGSA with the conclusion reached to revise the historical treatment of this item. This resulted in a restatement of formerly presented financial information and the impact of this restatement is presented in [Note 26](#) of the annual financial statements.

The analysis of TCTA's financial performance can best be interpreted via a deeper insight into the following six elements in its financial statements:

- a) Tariff receivable
- b) AMD receivable
- c) Cash inflows

- d) Utilisation of cash received
- e) Sources of funding
- f) Distribution of debt across projects

a) Tariff receivable

The tariff receivable represents TCTA's entitlement to recover the project costs incurred for the funding, construction and implementation of national water infrastructure as well as the subsequent management of the debt incurred for the implementation of these projects. The tariff receivable relates to the present value of all cash flows that are payable by DWS to TCTA in order to settle debt acquired for the funding of construction costs, costs incurred on services rendered, cost related payments as well as other operating expenses incurred for each project.

The amounts received from DWS decreases the outstanding tariff receivable balance (refer to [Note 11.2](#) for details on the valuation of the tariff receivable).

The tariff receivable had, in previous years, been on the decreasing trend as most of the projects were in the debt repayment phase with less costs being incurred in comparison to the amounts received from DWS, however the increased project activity in the LHWP-2, which TCTA finances, has resulted in a current year increase in the receivable.

- i. The receivable was increased by R332 million as costs were incurred in relation to projects implemented by TCTA as well as R6 844 million in relation to cost related payments and royalties. TCTA received R7 066 million from DWS which reduced the balance. Refer to [Note 11.2.1](#) for further detail.
- ii. TCTA invoices DWS on a monthly basis as a recovery mechanism for the tariff receivable in line with the Income Agreements between TCTA and DWS. Of the amounts invoiced to DWS, R1 068 million was outstanding as at 31 March 2024 which were within the current payment terms. In this financial year, amounts related to interest charged on overdue invoices amounting to R201 million which had been impaired in previous financial years were

written off. These will be recovered through the tariff mechanism. Below is the age analysis as at 31 March 2024:

Project	Current R' million
VRS	1 007
BWP	8
VRESAP	53
TOTAL	1 068

b) AMD receivable

AMD receivable represents two thirds of the costs incurred on the AMD project which were not funded by debt and need to be recovered from the fiscus. The operations and maintenance expenditure is settled in the year in which it is incurred. The non-current portion has decreased due to payment made by DWS to reduce the receivable in line with the implementation agreement, while the finance costs charged on the receivable has marginally increased the current amount. Refer to [Note 11.3](#) for the reconciliation of the AMD Receivable.

c) Cash inflows

Cash and cash equivalents are held for the purposes of meeting TCTA's short-term cash commitments. Some short-term investments are included as cash and cash equivalents when it is readily convertible to a known amount of cash and the risk of a change in the value is insignificant.

The maturity period of these short-term investments, classified as cash and cash equivalents, are normally less than three months from the date of acquisition.

The composition of cash inflows from operating activities (Figure 4) for the year ended 31 March 2024 remained largely unchanged from the year ended 31 March 2023. The lower receipts were partly due to the refund to DWS for the overpayment of Tariffs Received for MMTS-2. Total receipts from DWS were

R8 985 million (2023: R10 817 million). The DWS debtors balance remained constant at R1bn in the current year. TCTA received R36 million on the ORWRDP project as a cost recovery and R89 million as a fiscal contribution towards the MCWAP-2A project. Contributions amounting to R30 million were also received for BRVAS project and R165 million towards the uMWP project.

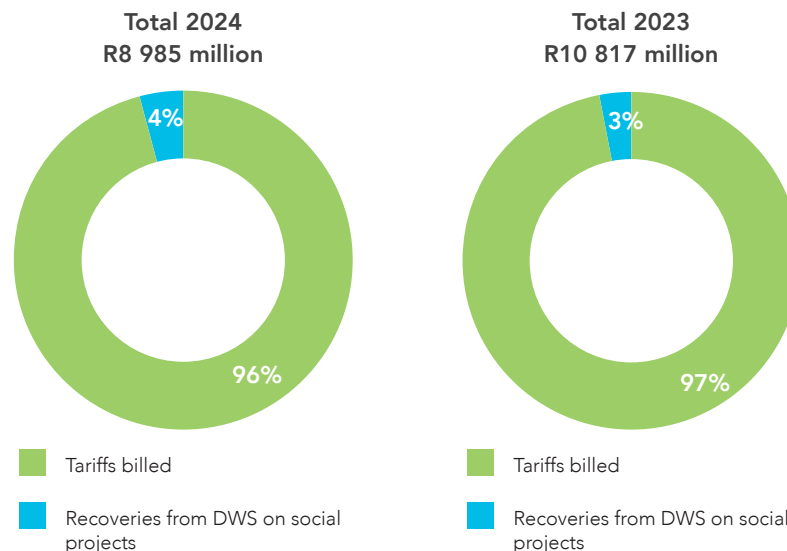


Figure 4: Cash Inflows from Operations

Cash inflows from financing and investing activities for the year ended 31 March 2024 (Figure 5) are mainly due to the interest received on investments.

Adjustments were made to finance income due to the impact of the refund made to Department of Water and Sanitation (DWS) on MMTS-2 project. The interest earned on the excess cash received became refundable to DWS in line with the implementation agreement and had to be reclassified as part of the refund liability in the Statement of Financial Position, as this was previously included in retained earnings.

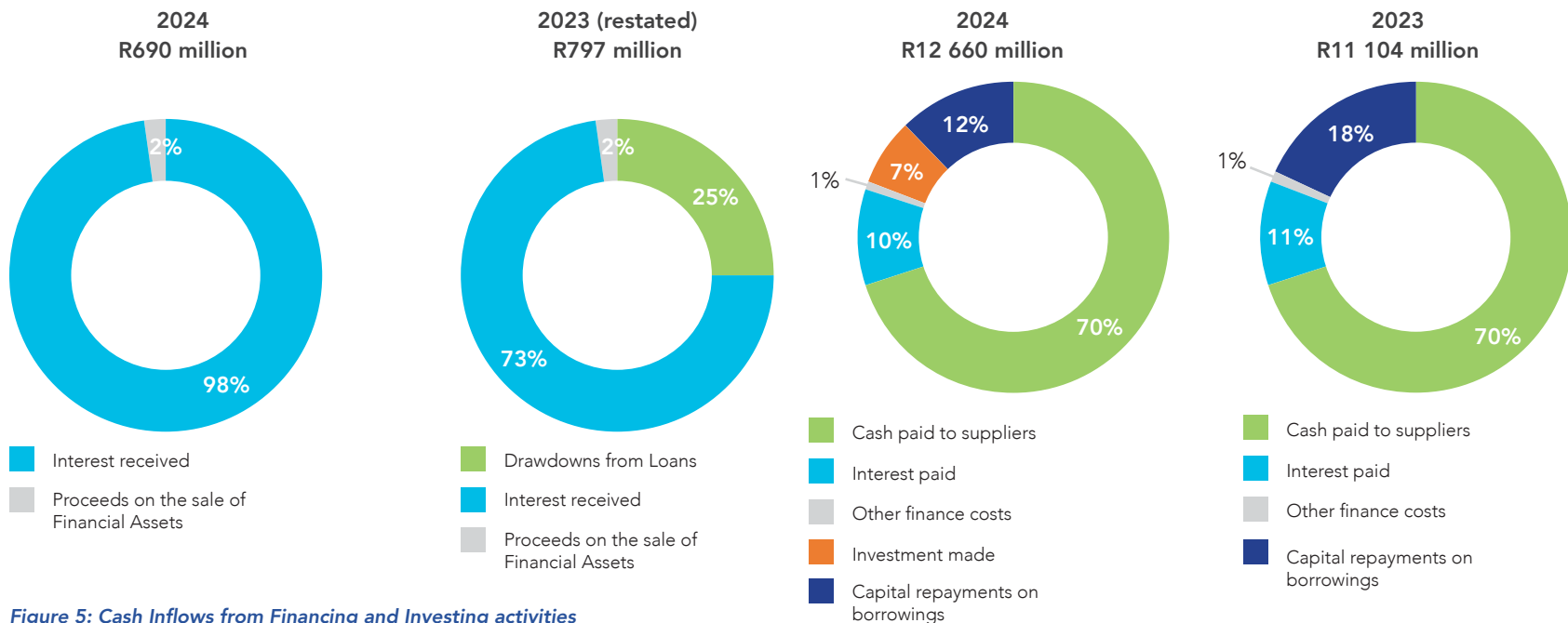


Figure 5: Cash Inflows from Financing and Investing activities

d) Utilisation of cash received

Total cash outflows increased for the year ended 31 March 2024, Figure 6, as compared to outflows for the year ended 31 March 2023. Capital repayments were made in line with loan agreements and were comparably lower than previous year as debt in some projects become settled. Timely payments by DWS ensured that there were sufficient funds to service debt. Cash paid to suppliers and cost related payments increased due to the uptake of spend in the projects currently underway.

Figure 6: Cash outflows

e) Sources of funding

The composition of the sources of funding has not changed significantly as compared the previous financial year. A delay in setting up the JSE program has resulted in TCTA having no bonds in issue.

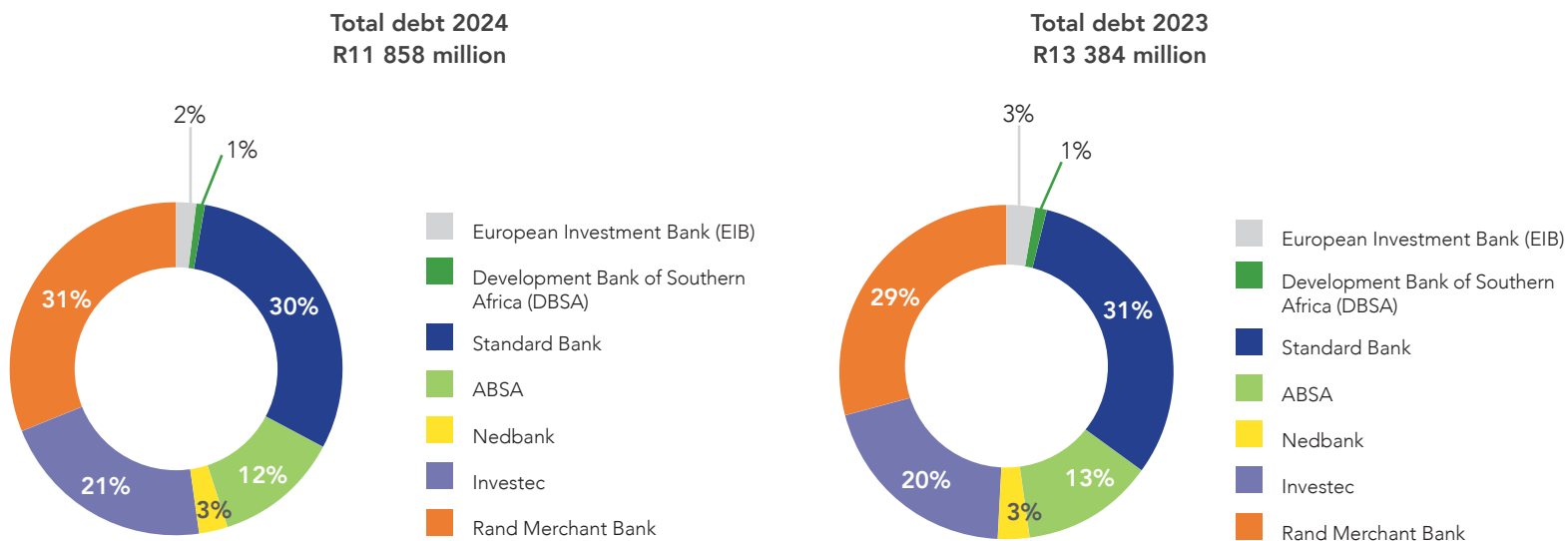
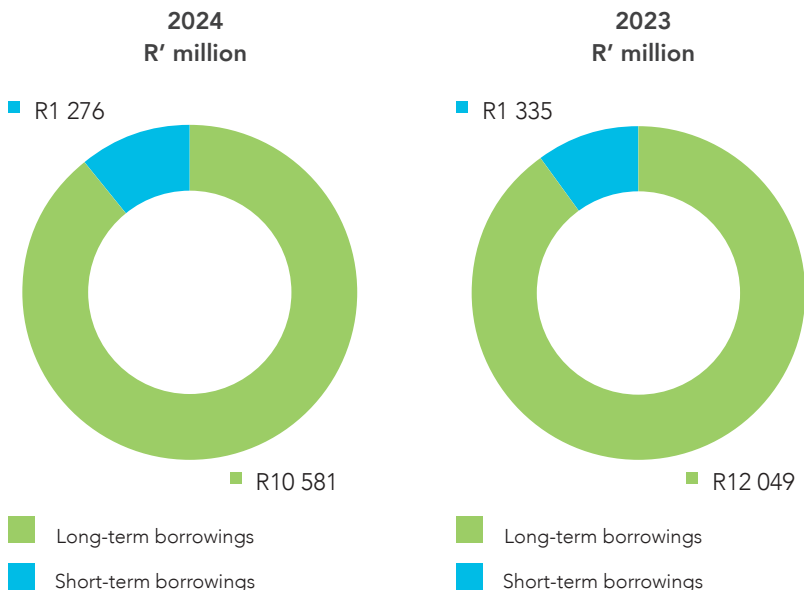


Figure 7: Funding instruments

The current and non-current portions of borrowings are as follows:



f) Distribution of debt across projects

As at 31 March 2024, the overall debt outstanding decreased by R1 527 million and is reflected at an overall balance of R11 858 million compared to the balance at 31 March 2023 of R13 384 million.

The net decrease is a result of repayments of borrowings on VRESAP of R497 million (which include a prepayment of R40 million to ABSA). The CPI rate increased from 2023 to 2024 and resulted in an increase of R11 million on CPI-linked borrowings. TCTA repaid the RMB long-term borrowings on VRESAP of R150 million.

The contractual payments on KWSAP borrowings were paid according to the loan agreements. There was a prepayment on the RMB loan of R100 million and this resulted in a change in the Loans' profile.

Debt and capital repayments in all other projects were made in terms of loan agreements.

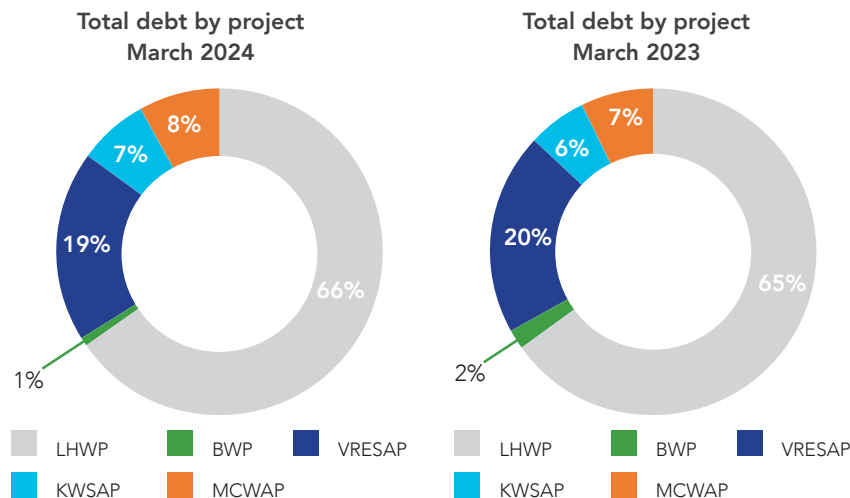


Figure 8: Total debt by project 2024 and 2023

Town Planning and the Cost of Infrastructure

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NEXT SECTION

PART C: SUSTAINABILITY

C

SUSTAINABILITY

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TOWN PLANNING AND THE COST OF INFRASTRUCTURE

What do the numbers 35 000, 25 000, 6 000, and 2 000 mean in the context of the provision of services?

These numbers represent the respective densities of people per square kilometre in Alexandra, Berea & Yeoville, Orange Farm (40km south of Johannesburg CBD), and virtually any ward in the northern suburbs of Johannesburg. The city has a population density of about 2 900 people/km², spread over 334.81km². This is significantly higher than other metropolitan areas in the country, such as Cape Town and eThekweni, which have densities of 1 530 people/km² and 1 660 people/km² respectively, but low when compared to London at 5 600 people/km². Even Los Angeles has a population density of 3 200 people/km², which is considered low density in the United States. Also, South Africa's GDP per capita is approximately seven times less than that of the United Kingdom (\$6,716 vs \$46,125), with 22% of households in South Africa classified as indigent.

Low densities result in higher capital costs per capita for water and sewer reticulations, as more pipe per person is required, there is more potential for water leakages and higher replacement costs.

The question then arises as to why in South Africa, town planning and services standards, particularly on roads, continue to promote an extremely low density of development, which is costly to maintain in the face of a clear inability of South Africa to afford it. This is clearly one area of the partnerships required to provide an environment in which sustainable water and sanitation services can operate, that is broken.

To enable a problem to be fixed, it is necessary to understand what caused it. South Africa, from very early on, adopted a model in urban areas of single-storey residential houses on their own stands. Only the very rich would build double-storey houses. This was even before the advent of the car, and it is possible to find suburbs and zonings from the late 1890s that conform to this model. There was an early adoption of cars, as can be seen from planning permissions to build garages in the 1920s. Even in 1931, when townships were built for Black residents, such as Orlando, Johannesburg, they conformed to this model, albeit with smaller stands and houses. Apartheid planning, which was already in place, put Orlando far away from socio-economic opportunities and resulted in low-density development. The notion that Black residents were only temporarily in urban areas and would return to the so-called homelands

resulted in many people investing money in extremely low-density areas and now wanting services post-Apartheid.

The trend in white areas, especially after World War 2, followed that of the United States for larger stands, with the false assumption that everyone who lived and worked in those areas drove a car and a road network to suit. This culminated in the PWV study of the 1970s, which crisscrossed Gauteng with freeways and design guidelines for suburbs taken directly from the United States. Much of this was only possible as all economic resources were directed to white suburbs and business areas. Soweto of the 1980s, as well as many other townships, was a place of dusty gravel roads and extremely poor water reticulation.

Come 1994, the same resources now had to be spread over the entire population. But instead of responding to the greatly changed circumstances, the same

low-density development has continued. On RDP housing, settlements were built on the cheapest land available, generally furthest from socio-economic opportunities, and it was expected that the municipality would provide all the bulk services out of their budget. In more upmarket areas there has been a definite progression towards densification, but town planning is still based on the assumption that everyone drives a car, which allocates large areas to the road network, lowers densities, and increases the cost of water and sanitation services.

A new partnership needs to be formed between town planning and engineering services that recognises that municipalities need to provide for all their residents and that a high degree of cross-subsidisation is required because of the high level of indigency. This can only be achieved by increasing densities in both new developments and by making better use of the existing networks.



INTRODUCTION

“Environmental and social sustainability aspects, risks and opportunities are appropriately addressed and accounted for through the lifecycle of all TCTA operations.”

In line with the above TCTA Environmental Goal Statement, an organisation-wide Environmental and Social Management System (ESMS) is being progressively implemented. This ESMS aims to enhance TCTA's ability to demonstrate responsible corporate citizenship and effectively integrate social and environmental sustainability considerations into all aspects of its operations.

The 2023-24 financial year has been a period of significant progress for TCTA, marked by stabilisation, adaption and growth. The organisation successfully embraced the hybrid working model and settled into its new office facility. In the process, TCTA took steps to optimise resourcing, improve connectivity and strengthen operational controls that are central to ensuring the adequacy and effectiveness of its operations. These efforts have resulted in continuous improvement in compliance assurance, adherence to best practices, and the organisation's environmental and social performance.

The 2020-2023 Environmental Strategy period was concluded. Lessons and insights from this period have been incorporated into the 2024-2027 Environmental and Social Sustainability Strategy that is under development. The focus of the strategy is to prepare the organisation for ISO 14001 certification whilst driving continual improvement of the alignment of practice with the needs, expectations and standards of key stakeholders including the DWS and lenders.

GROWING ENVIRONMENTAL CONSCIOUSNESS (KNOWLEDGE AND LEARNING)

Global awareness of the potential of environmental factors to disrupt our lives and livelihoods significantly continues to grow from strength to strength, with a clear focus on the importance of implementing decisive actions that drive meaningful change.

As TCTA prepares for and implements the next infrastructure projects, we are consciously growing environmental and social consciousness. Our goal is to improve our awareness of the interdependencies between people, the built environment, and the natural resources and ecological infrastructure on which we depend. Awareness offerings included three river clean-up campaigns, as well as internal and external knowledge-sharing sessions, highlighting the importance of interdisciplinary collaboration.

Focused engagements with key internal stakeholders have enabled in-depth discussion on the social and environmental aspects, risks and opportunities that are most relevant to various areas of operation. This has improved acceptance of the importance and value of the ESMS, improving the adoption of new practices and, in turn, increasing participation in the multidisciplinary E&SS Working Group.

During the 2023-24 financial year, TCTA continued to contribute to the water sector body of knowledge through participation in national and international forums. These forums included the International Association for Impact Assessment, the South African Right of Way Association, the Land Rehabilitation Society of Southern Africa and the South African National Committee on Large Dams. TCTA also participated in the technical committees of the Blue Deal Partnership, the International Commission on Large Dams and the Steering Committee for the Ecological Infrastructure for Water Security Project.

COMPLIANCE

Project Authorisations

All current projects and those under development are authorised in terms of the National Environmental Management (NEMA) Act No. 107 of 1998. As a Implementing Agent, TCTA reviews EAs issued in terms of this act to limit project impacts on people and the environment, as well as the costs and implementation time constraints for its projects. Where project areas, activities or processes are adapted or amended, compliance risk assessments and reviews are undertaken to ensure that all aspects of the project are duly and timeously authorised.

The uMkhomazi Water Project EA and pre-construction Environmental Management Programmes (EMPrs) are in place for the Water Conveyance Infrastructure and the Smithfield Dam and associated infrastructure. Specific conditions contained within these authorisations have been considered in the preparation of Request for Bid documentation for the appointment of the respective PSPs who are due to be appointed during 2024-25. These preparatory works include the planning of biodiversity offsets and the development of construction and operations EMPrs.

The MCWAP-2A pipeline holds an integrated EA and Construction EMPr for the water transfer infrastructure as issued by DFFE in July 2022. The Basic Assessment to authorise the River Management System (RMS) is being finalised and will be submitted to DFFE early in the 2024-25 financial year.

Mining permits and Water Use Licenses are required to secure sufficient resources for the construction of the infrastructure developments. Mining permits are applied for in terms of the Mineral and Petroleum Resources Development Act No. 28 of 2002 while water use licences are applied for in terms of the National Water Act No. 36 of 1998.

MCWAP-2A borrow pits are fully authorised and ready for the commencement of construction once the construction contractor has been appointed. The MCWAP-2A and BRVAS project water use licence application processes are in progress and are being undertaken in close consultation with the respective offices of the DWS. The MCWAP-2A WULA process has been coordinated through

the DWS North West Regional office and was submitted via the E-WULAAS platform on 29 March 2024.

The LHWP DTN shutdown planned for late 2024 provides a brief window of opportunity for the implementation of important river maintenance activities. These trigger the licensing of water uses in Sections 21(c) and (i) of the National Water Act No. 36 of 1988. Engagements with DWS have been focused on defining a way forward for the WULA that accounts for the unorthodox nature of the project's time constraints. The WULA requires specialist studies to understand the risks, opportunities and impacts associated with the required work. Further to the WULA, the river rehabilitation/protection works has been found to trigger the need for a Basic Assessment in terms of NEMA.

BRVAS is fully authorised in terms of NEMA, but the WULA application process is ongoing. DWS is preparing a hydrology report that is required for the finalisation of the application. Institutional arrangements for the appointment of the relevant environmental assessment practitioner and specialists required to work on both the WULA and BA processes are under discussion.

Reportable Incidents

In April and July 2023, the AMD projects recorded sludge spillages related to mechanical or technical failures. Investigations were conducted and remedial and mitigatory measures were implemented to close out the incidents. No substantive incidents or non-compliance events were recorded during the reporting period and all matters from previous events have been closed out.

Environmental Compliance

Compliance monitoring and management provisions are included throughout the lifecycle of all new and existing projects. Independent Environmental Control Officers are appointed to monitor project implementation in line with each project's specific EA conditions and EMPr provision.

Further to the above, monitoring and evaluation of TCTA's environmental and social sustainability compliance evaluates performance in terms of applicable adopted standards, explicit loan conditions related to sustainability indicators and those requiring the reporting of compliance to national legislation.

Project EA and EMPr Compliance Monitoring

At present, only the AMD Operation and Maintenance works are in a project phase that requires active on-site compliance auditing. The Eastern Basin and Central Basin facilities are independently audited. The Central Basin was audited in August 2023 and March 2024, achieving 98% and 97%, respectively. Only one audit was conducted for the Eastern Basin as it was not operational for an extended period. The October 2023 audit achieved a result of 96% and the plant will be due for the next audit in April 2024.

Third-Party O&M Legal Compliance and Incident Reporting.

Upon completion of infrastructure developments implemented by TCTA, but not operated and maintained by it, assurance must be provided to the lenders. This assurance ensures that the parties responsible for the operation and maintenance of the financed infrastructure comply with environmental and social legislation and that all incidents are reported accordingly.

Environmental and Social Management System – ISO 14001:2015 Gap Analysis

TCTA Internal Audit's 2023 ISO 14001:2015 Certification Readiness gap analysis results rated the organisation as being 64% certification-ready. The agreed certification readiness action plan informs ESMS improvement planning. It incorporates elements of TCTA's operations that extend beyond the core of the ESMS function. These additional elements include broader aspects of business management and control, such as the management and control of TCTA's documented information and overarching compliance management systems. Efforts undertaken include defining and maintaining ESMS stakeholders based on their needs and expectations, as well as improving performance assurance against agreed indicators and targets. Work is ongoing to align operational objectives from all business areas to contribute to TCTA's Environmental and Social Sustainability performance.

Project Environmental and Social Due Diligence

Prospective project funders have required independent environmental and social due diligence reviews focused on the project's alignment with the Equator Principles, International Finance Corporation Performance Standards and applicable World Bank Standards/Safeguards. To date, MCWAP-2A and BRVAS reviews have been completed and submitted to the prospective lenders. Improvement actions have been identified and are being incorporated into the project implementation plans and are being adopted in the improvement of the overarching ESMS. Panels of environmental and social specialists are available to advise TCTA projects on matters related to risk reduction and best practice. They also review and evaluate performance.

ENVIRONMENTAL SUSTAINABILITY ASPECTS

The ability of TCTA to limit the negative impacts of its operations on the environment and people depends entirely on how the organisation and its representatives conduct their activities. Aspect-driven programmes are implemented in both the project and corporate spheres of the ESMS. Operational performance data and information are analysed to identify areas for improvement, good practice and lessons learned that can be used to improve aspect-based ESMS programmes and processes.

As projects are prepared for on-site implementation activities all significant aspects are identified and integrated into the contractual obligations of the relevant role players. The ability to demonstrate responsible practice regarding key stakeholder needs and expectations is a focus for 2024-25.

Resource Use

Water, electricity and paper are the most significant resources consumed through the operation of the TCTA corporate office facilities. The reporting on resource use will be expanded as infrastructure development projects commence construction. The adoption of a hybrid working approach has fast-tracked the digitalisation of operations, reducing reliance on paper-based systems whilst demonstrating that productivity and collaboration can be maintained.

TCTA's average monthly water consumption for the corporate office during the reporting period was recorded at 223 KL per month, an increase above the 2018 baseline figure of 175 KL per month. It is of concern that despite low occupancy rates and a smaller office area, billed water consumption figures exceed those maintained before the office relocation.

A process to identify and address the root causes behind increased consumption and a corrective action plan will be implemented. Initial observations include that the new facility is a multi-tenant space and consumption allocations are done on a pro-rata basis. During the annual ESMS Management review workshop, it was noted that a forum for tenants may be useful in managing compliance and performance matters related to the building as a whole.

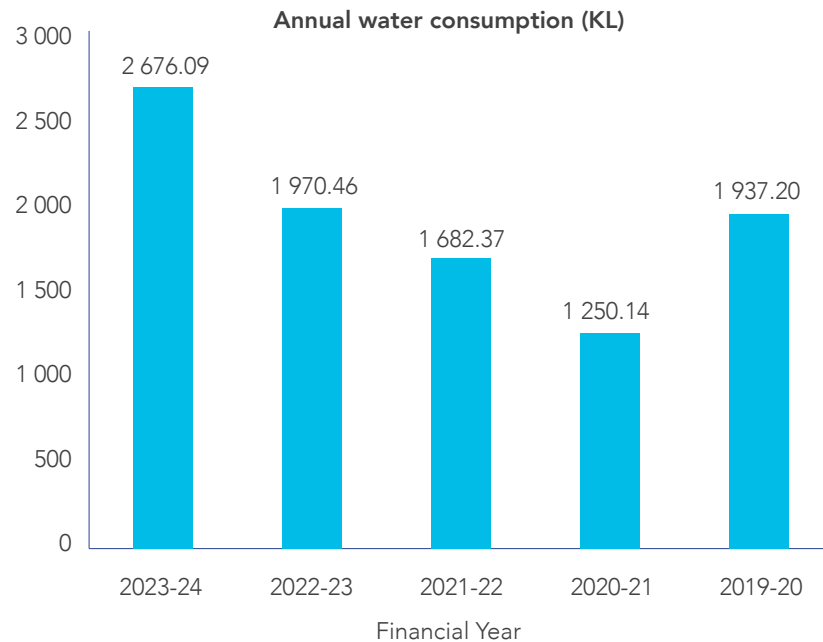


Figure 9: Annual water consumption

Electricity consumption in this reporting period increased more than that of the previous years. This is due to the increased number of staff working from the office and the addition of new tenants in the building. However, the consumption is still below the baseline monthly average. A monthly average consumption of less than 33 000 kWh was recorded for the financial year, compared with the baseline figure of 46 000 kWh. The new office facility has included some additional electricity-saving measures, but the effectiveness of these will be assessed as operations continue.

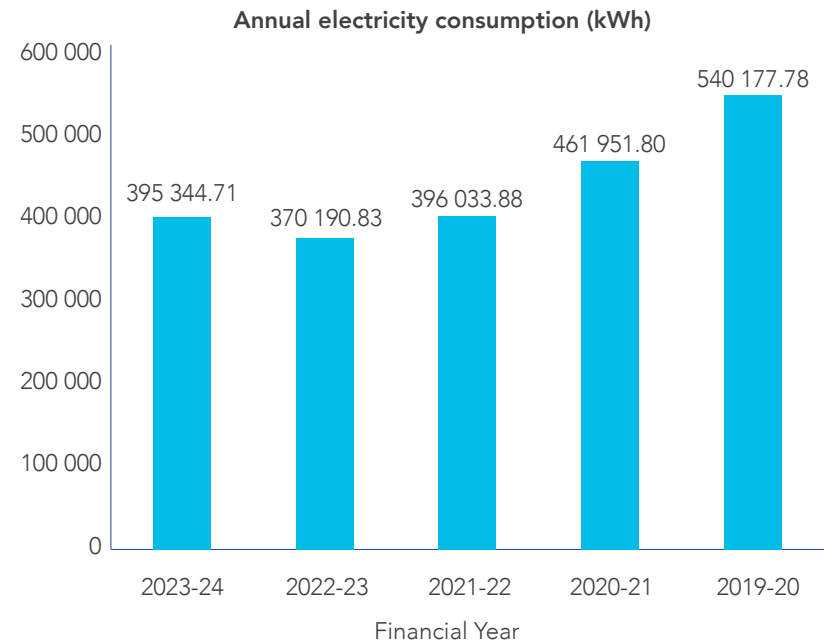


Figure 10: Annual electricity consumption

TCTA continues to maintain low levels of paper use (kg/year) despite an increase in office occupancy. A 25% decrease in paper usage was observed from the 2022-23 to 2023-24 financial year and is substantially lower than the baseline figures. This is ascribed to a focused drive by Facilities to discourage the printing of large documents and employee behaviour changes as staff become more accustomed to working electronically. A new, more representative baseline is to be defined for the next three years.

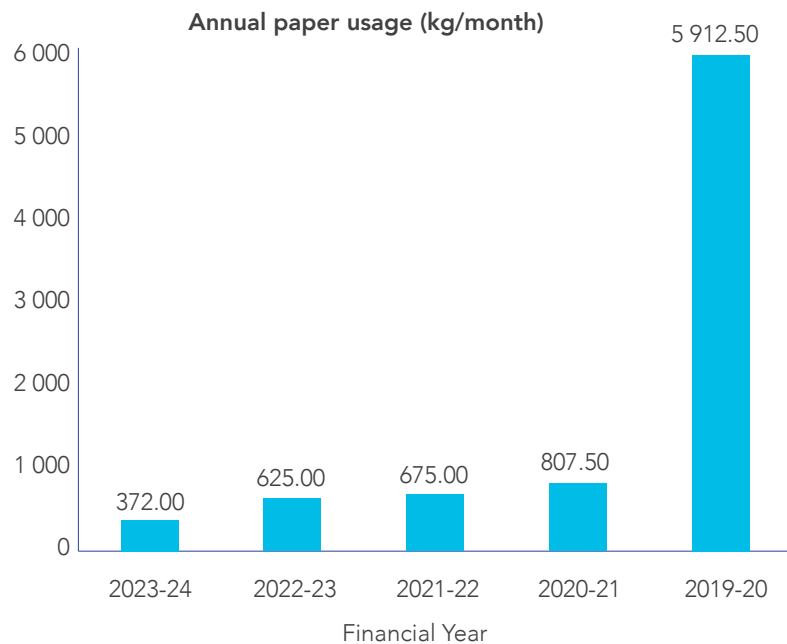


Figure 11: Annual paper usage

Pollution Management

TCTA prioritises pollution prevention and control, aiming to reduce the risk of material adverse impacts on the environment. Pollution prevention and mitigation requirements are incorporated into the contractual obligations of all new and existing construction contracts.

Emissions Reduction Planning (Carbon Footprint Programme)

TCTA is in the process of defining a Carbon Footprint Programme that will allow the organisation to understand its contributions to greenhouse gas emissions. This is the first phase of a programme to reduce emissions associated with our operations and projects. Despite slow progress, the organisation remains committed to this programme and will ensure compliance with all related project EA conditions.

Treatment of Acid Mine Drainage

The AMD Treatment plants contribute significantly to the prevention and reduction of pollution impacts on both land and water bodies through the abstraction and treatment of AMD.

The Western, Central and Eastern Basins plants have met both the volumes and water quality performance targets for the reporting period and levels were drawn down in all basins.

In line with the project directive and the EA, quarterly groundwater quality and monthly surface water quality monitoring are conducted. Thereafter, the results are reported to DWS and shared with the Blesbokspruit Catchment and the Klip River catchment management forums.

Waste Management

Corporate ESMS Waste Management Programme

The management of waste is a significant aspect of TCTA's corporate operations. As such, a formal waste management programme was established three years ago and has been maintained despite the operational disruptions caused by the pandemic, an office relocation and more recently a three-month municipal waste collection strike. The total volume of waste generated has decreased from

the 2022-23 financial year but remains above the levels recorded during the first year of the programme. The total waste recorded is 373.85kg which is below the annual average generation of 482.73kg, calculated to date. An average of 0.49kg per person per day is a good performance.

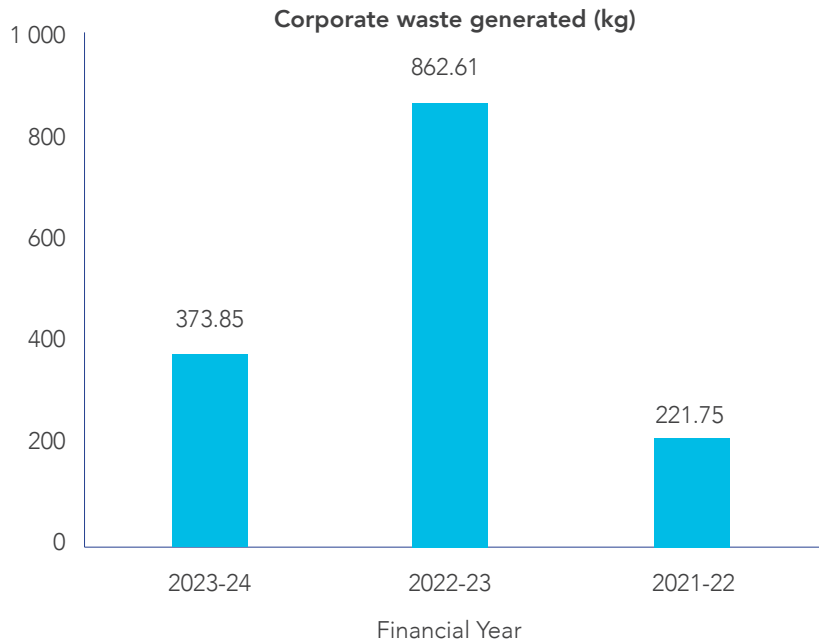


Figure 12: Waste generation since the beginning of the office waste management programme

Projects Waste Management

Waste management requirements are represented in project contractual obligations and are informed by project-specific pre-construction baseline information.

The operations and maintenance of the AMD treatment facilities result in the generation, recycling and responsible disposal of general and hazardous waste. Hydrated lime sludge disposal from the Eastern Basin is disposed of via a pilot study involving the return of sludge to the mine void. The Central Basin sludge is disposed of at a DRD Gold facility, and the Western Basin sludge goes to the West Wit Pits disposal site operated by Sibanye-Stillwater.

Resource Transformation

This means the reducing of the long- and short-term impacts on the quality and availability of natural resources as well as built and ecological infrastructure and services. Risks are limited during the project planning and design works and extensive baseline studies have been conducted for projects that are preparing for on-site works to commence. Baseline data is used to inform resource protection requirements and targets during the various phases of the project lifecycle and is incorporated into contract specifications.

Discharge from the Eastern and Central Basin AMD treatment works continue to have a net positive impact on the water quality of the streams into which the water is released.

The MMTS-2 Biodiversity Offset requirements, stemming from the project's original environmental authorisation, have posed a significant challenge as the sustainable protection of the offset in perpetuity could not be secured via the recommended stewardship approach. After much negotiation and consultation with DFFE, DWS, Ezemvelo-KZN-Wildlife (EKZNW) and other key stakeholders, the offset will be executed through EKZNW. Their focused conservation expertise and ability to ring-fence the funds allocated for the offset was the primary consideration in identifying them as a suitable agent to act on behalf of DWS as the authorisation holder.

SOCIAL SUSTAINABILITY ASPECTS

Social sustainability aspects and the associated opportunities are regarded as an important part of TCTA corporate operations and projects. Stakeholder needs and expectations feature strongly in the planning and implementation of TCTA strategies and programmes across the business.

Corporate Social Investment

Implementation of the Corporate Social Investment (CSI) Strategy has progressed well and targets for the 2023-24 period have been met. CSI stakeholder engagements have focused on growing existing partnerships and collaborations whilst supporting planned and future programmes/interventions.

Through the implementation of the organisation's CSI Strategy, TCTA supported river clean-up campaigns in the Hennops and uMsunduzi rivers to raise awareness about the pressures of pollution on river systems. To promote environmental and social consciousness, the organisation invited a broad spectrum of participants to join in the river clean-up initiatives. These participants included TCTA employees, members of the public from surrounding communities, Non-governmental Organisation's (NGOs) operating in the environmental space, local municipalities and DWS. TCTA not only participated in these events, but also donated an array of river-cleaning equipment to the Hennops Revival. This NGO is based in Tshwane and is dedicated to cleaning up and creating awareness about the environmental degradation of the Hennops River.

During the review period, the implementation of the Youth Entrepreneurship Development initiative commenced. This focused on entrepreneurial youth in communities surrounding TCTA's projects, and targeted communities around the three AMD plants in 2023-24. The initiative aims to assist young entrepreneurs in starting their own businesses and learning business skills. The programme will be concluded in 2024-25.

TCTA participated in career exhibitions in various secondary schools to ensure that previously disadvantaged learners from rural areas were exposed to information on potential careers and bursary opportunities. Participation in the DWS Youth Indaba and the Green Youth Indaba served two purposes: to raise learner consciousness of the importance of effective water resource management and to create awareness of opportunities within the water sector. Collectively, the career expos and the youth indabas reached over 2 000 youths.

TCTA maintained its partnership with Clothes to Good, a recycling and charity Non-profit organisation (NPO) servicing poor single-parent families with children living with disabilities. As part of this collaboration, employees were encouraged to donate old clothing items and household goods for distribution to destitute mothers of children living with disabilities. The initiatives depended on the contributions and participation of TCTA employees. The collection brought in a total of 21 bags of clothing items, donated by employees, weighing 139.47kgs. The items are used for responsible redistribution, repurposing or recycling into new fabric and other useful items.

Further to this, TCTA jointly hosted a toy-making initiative by its employees with Clothes to Good, as part of the organisation's wellness programme. The toys were aimed at providing play material for children with sensory challenges. Materials for more toy-making were left at the TCTA offices to aid further charitable works and wellness efforts.

The Minister of Water and Sanitation gave approval for TCTA to donate 40 houses in the Kgubetswana Township in Clarens, Free State Province. After approval was obtained, TCTA conducted comprehensive verification of the identified beneficiaries of the donation. The organisation further appointed a law firm to assist with the development of deeds of donation and the property transfer process in line with applicable legislation. It is expected that the houses will be handed over to the beneficiary owners in the 2024-25 financial year.

Project Stakeholder Engagements

Project Stakeholder engagements are an essential element of project implementation. Stakeholder engagement plans for AMD, MCWAP-2A and BRVAS projects are being implemented and related tools and processes such as project-specific grievance redress mechanisms are being established. The Social Manager for LHWP continues to support the Regional DWS in stakeholder engagements ahead of the 2024 Delivery Tunnel North shutdown and they have shared their plan with TCTA. AMD project stakeholder engagements with the Catchment Forums provide an opportunity to report on water quality monitoring results. On uMWP-1 several meetings with DWS Integrated Government Relation (IGR), the DWS KZN Regional Office and uMngeni-uThukela Water are preparing for the Ministerial water supply agreement sign-off ceremony scheduled for 19 April 2024. TCTA continues to provide social facilitation support to DWS for the implementation of the uMWP.

Human Rights

Resettlement and Livelihoods Restoration

TCTA is committed to limiting the need for relocation and resettlement of individuals as far as reasonably possible. The alignment of the MCWAP-2A project has been finalised and terrain constraints have resulted in the need to relocate two families who farm on land that is required for the development of the abstraction works and associated infrastructure. After extensive consultation, negotiations and options analysis, the two parties have agreed to relocate to other areas of their choice. Compensation values were agreed upon and payments were effected.

TCTA is committed to maintaining a high standard of practice to meet the reasonable needs and expectations of all stakeholders. On the uMWP, phase two Social and Heritage Impact Assessments are planned to ensure that the needs and expectations of all project's affected persons can be accommodated as far as reasonably practical.

Where unavoidable, relocation and resettlement will be implemented in accordance with International Finance Corporation performance standards through the execution of a project-specific Relocation Action Plan (RAP). The RAP process will include the consultative development of measures to promote the social and economic integration of the relocated parties and host communities.

Acquisition of land and land rights

The acquisition of land and land rights is managed with due consideration of the impacts of this process on the lives and livelihoods of project-affected persons. To limit the risk of construction delays, a full PAJA and expropriation process is undertaken where possible. The acquisition, however, includes extensive consultation with all property and rights holders and any claims or complaints are addressed.

MCWAP-2A traverses 67 properties. The expropriation of the required land and servitude rights required for the commencement of on-site was concluded by the end of January 2024. A high proportion of the affected landowners have submitted additional financial loss claims that are in the process of being assessed. TCTA is committed to ensuring fair and just compensation in line with good practice, but the receipt of excessively inflated claims slows the claims adjudication process. The claims are addressed in collaboration with external legal counsel and various specialists to ensure that the claims are adjudicated with due consideration for the claimant's entitlement, and the complexity and context of each case.

BRVAS land and rights planning has been updated to accommodate the July 2025 construction commencement date but requires the final engineering design details. The valuation of properties will resume as soon as the final design is approved and the land and rights execution plan is updated.

EMPLOYMENT AND EMPLOYMENT EQUITY ON PROJECTS

Employment creation on TCTA projects supports the government's transformation agenda and offers temporary employment opportunities for members of the communities affected by the infrastructure developments. Socio-economic targets are incorporated into the contractual obligations of TCTA professional service providers, construction contractors and operators. As projects gain momentum, performance against project-specific targets will be monitored.

Operations and Maintenance Projects

LHWP Operations

The TCTA LHWP operations and maintenance team in Clarens is made up of in-house personnel. For the reporting period, the team consisted of three semi-skilled local male employees and one skilled staff member responsible for on-site operations and maintenance.

AMD Operations

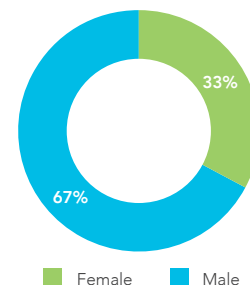
The AMD operator of the Central and Eastern Basin facilities has identified some maintenance tasks that will be ring-fenced for local businesses. Local job opportunities are provided as and when required. The Eastern Basin facility employs a total of 36 personnel, all of whom are locally sourced. The team is composed of 19 males and 17 females of various skill levels. In the Central Basin, there are a total of 36 personnel, all of whom are locally sourced. The team is composed of 24 males and 12 females of various skill levels. The Western Basin facility, operated by Sibanye Gold, employs 33 staff, including a total of six females and 27 males. Locally sourced staff total 26, whilst seven staff are employed from elsewhere. The team consists of 13 unskilled, 16 semi-skilled and four skilled staff.

Across the three AMD treatment facilities operated by third parties on TCTA's behalf, a total of 105 people are employed.

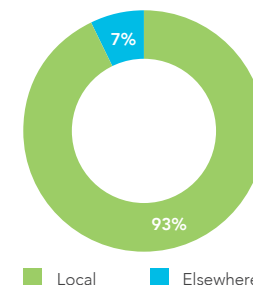
Table 6: Summary of Employment Category and Employment Equity

AMD PLANTS	Local	Elsewhere	Female	Male	HDI	Non-HDI	Total
Total	98	7	35	70	98	7	105
Unskilled	25	2	8	19	22	5	27
Semi-skilled	41	5	15	31	44	2	46
Skilled and Staff	32	0	12	20	32	0	32

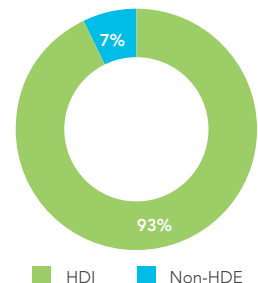
Gender Based AMD Employment



Locally Sourced AMD Employees



HDI Status of AMD Employees



Skills Structure of AMD Employees

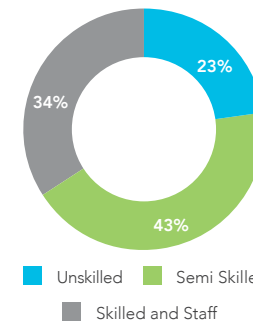


Figure 13: Summary of Employment Category and Employment Equity

Active Infrastructure Development Projects

The BRVAS, MCWAP-2A and the uMkhomazi projects are in the early stages of development and progress against contractual targets is limited. Once BRVAS funding is secured and the PSPs are actively engaged progress against targets will be reported. The MCWAP-2A performance is closely monitored and will grow as on-site implementation activities commence. Currently, the PSP transformation targets relate to black ownership, employment and skills development indicators.

HEALTH AND SAFETY

The right to an environment that is not detrimental to one's health or well-being is enshrined in Section 24 of South Africa's Constitution. Matters pertaining to the health and safety of all TCTA personnel, third parties acting on our behalf and the public are presented below.

Occupational Health and Safety at the Corporate Office

TCTA's operational health and safety objective is to ensure and maintain a safe and healthy environment for employees and members of the public who visit the office. To this end, the Occupational Health and Safety programme has been adapted to support the roll-out of TCTA's new Flexible Working Policy. Staff are provided with weekly electronic communications to raise awareness of Occupational Health and Safety (OHS) requirements. The OHS Committee effectively monitors OHS compliance with the relevant legislation and internal requirements and all audit, risk, compliance and Compensation for Occupational Injuries and Diseases (COIDA) registers are maintained.

Project's Health and Safety

In its project implementation, TCTA complies with the Occupational Health and Safety Act and the Construction Regulations of 2014. Project-specific health and safety specifications are developed to determine any risk associated with any hazard at a construction site. The Construction Health and Safety (CHS) Agent performs the health and safety oversight which includes monthly audits from which the project's compliance scores are derived. CHS Agents for BRVAS and MCWAP-2A projects are appointed and have been involved during the tender design phase of the projects. Procurement of uMzimvubu's CHS Agent commenced in December 2023. The tender was publicly advertised on 25 March 2024 and will close at the end of April 2024. Specialised security protocols are being incorporated into the MCWAP-2A project in line with the project's environmental authorisation.

Operations and Maintenance Health and Safety

TCTA operates and maintains the Delivery Tunnel North (DTN) of the LHWP. There were no incidents recorded during the financial period.

There were neither fatalities nor lost time injuries during the financial period. Table 7 that follows captures the statistics for the AMD plants.

Table 7: Summary of AMD Plants' Health and Safety Statistics

Project	Year	Lost time injuries	Fatalities	First aid	Near miss	Recordable cases	Recordable case rate	H&S compliance score
EASTERN BASIN	2023	-	-	-	17	-	-	94%
	2024	-	-	2	31	-	-	98%
CENTRAL BASIN	2023	-	-	-	33	-	-	97%
	2024	-	-	-	37	-	-	98%
WESTERN BASIN	2023	-	-	-	-	-	-	95%
	2024	-	-	-	-	-	-	99%

KNOWLEDGE AND LEARNING

Entrenching the knowledge agenda

TCTA continuously strives to entrench organisational learning through the deployment of its knowledge assets to research and develop innovative solutions to the challenges of water and infrastructure development. It captures best practices in project-based programmes and operations and assists the sector-at-large in evolving its strategies for climate resilience. Further, TCTA supports the leveraging of inter-institutional partnerships for promoting best practice in water management and fostering meaningful learning beyond the boundaries of its traditional projects and operations. The organisation continues to lead the coordination, advisory support and thought leadership in the strategic integrated project (SIP-19) that promotes the implementation of water and sanitation infrastructure at the local, regional and national levels. The effective coordination of this programme has a substantial catalytic effect on the socio-economic development of the country.

In sustaining a corporate environment that values knowledge generation, diffusion and learning, TCTA entrenched its nurturing of strategic partnerships. This the organisation did through encouraging inter-organisational cooperation in SIP developmental networks and other practice communities both within and beyond the water and sanitation sector. The organisation has been particularly intentional in the active deployment of major knowledge resources to the NWRIA initiative. This approach not only protects the TCTA legacy and brand, but enriches its value proposition and values, as well as deeper sector reach and relevance, ultimately to the benefit of the entire sector and country.

In the sections to follow, this report captures the achievements of the organisation against its knowledge plan for the performance year 2023-24. The annual plan establishes a structured approach to organisational learning and serves as a strategic roadmap for facilitating knowledge flows within and beyond TCTA, detailing the strategies and actions for effectively acquiring, developing, and sharing knowledge throughout the year.

Thought leadership in the water sector

In the period under review, TCTA continued to position itself as a thought leader on critical issues and challenges of water security. With South Africa being a water-scarce nation, incidents of water outages are increasing across the country. The occurrences highlight the significance of good stewardship of the resource and the development of non-conventional sources such as seawater desalination and water reuse. In response to this, TCTA's forward-looking Desalination Knowledge Hub convened and anchored two multi-institutional knowledge sessions, providing a unique platform for targeted research and knowledge exchange in this vital domain. Notably, these strategic engagements focused on creating a strong foundation of specialised knowledge on the planning, design, implementation and operation of cost-effective large-scale desalination projects.

TCTA established and convened the sector-wide Community of Practice on Water and Infrastructure, which provided a platform for regular and robust dialogues on sustainable water management and the effective execution of critical infrastructure projects. Specific issues considered during the year include novel approaches to the management of AMD, the promotion of a sustainable water future and pathways to improved infrastructure productivity. In an era of energy crisis, the organisation also reviewed the impacts of rolling power blackouts on business and the national economy.

Highlighting the importance of the initiative, TCTA deployed considerable intellectual assets to the ongoing process for the establishment of the NWRIA. As an equal partner in the DWS-led project, the organisation retained high-calibre resources on the initiative and made substantial commitments of time and effort from Board members, executives and senior managers. TCTA considers the initiative as strategic and of existential importance, not just to the organisation, but the entire water sector. The establishment of a progressive, future-proof agency is crucial for the turnaround of the sector. As part of renewed efforts in the new year to advance the migration of TCTA and DWS elements into the Agency, the organisation is firming up its deployment of critical intellectual assets to reactivated work streams. It is confident that the team would bring the optimal mix of knowledge, skills and energy to the demanding interventions.

Advisory on the strategic infrastructure programme

TCTA extended its thought leadership contribution by providing strategic direction in the effective coordination, implementation and fast-tracking of prioritised national infrastructure programmes. The organisation carried out this work in the context of its mandate to coordinate SIP-19, focussing on national water and sanitation infrastructure. Specific inputs involved offering specialised technical support for the development of several strategic water and sanitation infrastructure in the five domains of the programme. These domains comprise national water resources infrastructure, grant-funded regional bulk infrastructure projects, and Water Boards' capital infrastructure. The other elements of the programme are metropolitan municipality capital infrastructure and national irrigation projects.

Specialised support was advanced through the provision of regular project tracking, monitoring and quarterly reporting to the Presidency on project status. Further, TCTA proactively reviewed and addressed programme challenges and bottlenecks, thereby ensuring integrated project execution and the timely delivery of strategic sector projects.

Research and publications

During 2023-24, TCTA continued to lead research and generation of technical articles on themes aligned with the organisation's business. Senior specialists and teams researched and prepared five articles for publication in local and international journals. The published papers addressed the important matters of progress made by South Africa in implementing the recommendations on water infrastructure in the National Development Plan; the challenges of water service provision in an era of energy crisis; and what the future holds for the struggling water sector.

Other topics addressed include the evaluation of the drivers and implications of project delays in the country. Additionally, a review of the dynamics, patterns and attitudes of working from home and hybrid working arrangements was conducted to stimulate further improvements in policy provisions. These diverse thought-leading articles on water, infrastructure and development research continued to profile TCTA as a respected knowledge institution, both locally and internationally.

Generating lessons for a learning organisation

In the reporting period, TCTA prioritised the systematic generation and use of evaluative knowledge for organisational learning and effective management, as well as for fostering accountability. This approach is increasingly essential for an organisation taking on a pivotal role in the provision of infrastructure for broad-based social advancement and for growing the South African economy.

During the year, the organisation undertook critical evaluative assessments that drew key lessons for programmatic improvements in three areas of business operations. These areas included the raising of funding for the bi-national LHWP-2 project, the preparatory planning phase of the BRVAS project in the Western Cape and the optimisation of leadership in the hybrid work environment. Evaluative work will remain central to organisational learning at TCTA and will continue to play a pivotal role in mainstreaming operational and managerial lessons emanating from programmes and operations.

In the coming year and beyond, targeted evaluations will enhance the capacity of TCTA and the planned NWRIA to establish and strengthen learning and knowledge flows between employees and stakeholders. This will result in more effective results management and embed a culture of overall accountability.



Infrastructure Planning and the Environment

CONTENTS

NEXT SECTION

PART D: HUMAN CAPITAL, SOCIAL AND ETHICS

D

HUMAN CAPITAL, SOCIAL AND ETHICS

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INFRASTRUCTURE PLANNING AND THE ENVIRONMENT

The planning phase of large water resource infrastructure developments is often underestimated. This is true in terms of both the duration and the complexity of factors to be considered during the pre-feasibility and feasibility phases of these mega projects. Erroneously, the onset of the process for obtaining Environmental Authorisation (EA) in terms of the NEMA is often regarded as the beginning of the project's environmental and social assessment processes.

To obtain an EA the developer is required to demonstrate options analysis and to understand which activities, listed in terms of the Environmental Impact Assessment (EIA) Regulations, are triggered by the development. The scoping of the impacted area, superficial or limited demonstrations of the assessment of alternatives and the identification of potentially fatal flaws in the proposed development can significantly delay the impact assessment processes. Without an EA the project cannot legally be initiated and delays in the commencement of the project can impact the developer's ability to meet project and stakeholder needs and expectations. In the case of water infrastructure developments water supply delays and the associated cost escalations compromise the DWS' ability to deliver water to their users.

The early and meaningful adoption of a long-term, integrative, multidisciplinary approach to the planning and development of these water resource infrastructure developments holds many potential benefits. Starting in the early phases of potential dam development sites, long-term monitoring and evaluation of environmental and social indicators will yield data that can be used for detailed

yet high-level risk analysis. Much of the data and information are already collected in various spatial planning and biodiversity-related monitoring programmes. These are conducted on behalf of other government departments, conservation or human rights organisations and academia. They produce detailed insights that, when combined, can be harnessed to inform the design and scoping of more sustainable water supply infrastructure integrated into the receiving natural and social environment.

Evidence of meaningful integration of environmental and social sustainability factors into the planning of these infrastructure developments, when effectively documented, will enable the developer to demonstrate the depth of environmental and social risk and opportunity analysis. This analysis informs the proposed infrastructure design. Such alternatives may not always relate to the alignment of the positioning of the structures but could also consider the nature and availability of materials selected for the design. Their contributions to the catchment, economy, receiving communities, water users and the affordability of the water are also important considerations.

The impact assessment of the uMkhomazi Dam project was initially rejected by the competent authority because the scoping of the project impact area was insufficient. A more extensive study that considered the downstream impacts of the impoundment on the environment, all the way along the watercourses to the coast, was required. The same EIA identified risks related to the habitat of the Blue Swallow, a protected bird species of international significance. A

review of the project design found that the balancing dams could be excluded to limit impacts on the Blue Swallow forage areas. This raises the questions: if the balancing dams can be removed to accommodate potential environmental impacts, were they necessary in the first place? Could the project design and associated costs have been streamlined without concerns about the Blue Swallow habitat?

Failing to consider the social impacts of infrastructure developments can also significantly impact the lives and livelihoods of impacted communities. A portion of the R617, a major regional road in the uMkhomazi areas, will be inundated once the new dam begins to fill. The initial feasibility design included a realignment of the road into a nature reserve. This was not well received during the EIA and an alternative had to be identified. In the review process, another critical

flaw was identified. The route also provides the local community with access to Nonguqa via the Deepdale Bridge. The inundation or realignment would result in a detour of approximately 10km, too far for pedestrians and livestock. The identified solution has resulted in a proposed bridge structure to provide vehicles, pedestrians and cattle with access over a portion of the dam basin.

The design of these infrastructure developments can no longer be seen as just an engineering process, with the social and environmental issues only considered once the infrastructure is decided upon. Early and long-term collaboration between public and professional networks is crucial for mitigating risks in large water infrastructure development. Identifying environmental and social risks and opportunities further contributes to reducing these risks.



HUMAN CAPITAL, SOCIAL AND ETHICS COMMITTEE REPORT

I am pleased to present the Human Capital, Social and Ethics Committee report for the year ended 31 March 2024.

Overall, the committee was satisfied with the progress reported against the key and strategic human capital, social and ethics deliverables identified for 2023-24. The human capital strategic focus areas included talent management, performance management, workforce planning, total rewards, organisational development and service delivery, amongst others. The highlights are outlined below.

As part of the three-year Culture Transformation Plan, which came to an end on 31 March 2024, an employee satisfaction and engagement survey was conducted. The participation rate increased from 86% to 87% whilst the overall satisfaction score increased from 67% to 70%, compared to the survey performed in 2021. The improvement in results is attributed to the concerted effort of the business to address drivers that led to dissatisfaction, as identified in 2021. The business is adopting a collaborative approach to build the new culture plan based on the 2024 survey results. This approach focusses on the recommendations and input from employees across all levels in the organisation to further improve results.

The total rewards strategy is being implemented by following the formulated execution plan, which is now in the second year. Noteworthy progress has been made with broad-based employee benefits benchmarking being conducted in the year under review. Furthermore, in the spirit of being a responsible employer, the monitoring of remuneration equity continues, with fairness and equity concerning compensation between males and females. In the vein of representation, equal numbers of males and females are being employed, with positive progress made concerning the employment of young professionals and people with disabilities.

The HR Optimisation Plan 2022 to 2024 was implemented. However, the optimisation of current resources was not fully achieved for various reasons, including the delay in activating the project implementation phase, slowness of targeted training interventions and some cultural matters.

Except for the electronic human resource information and management system, the Organisational Performance Improvement Plan was also fully implemented. Automation will further drive efficiencies and reduce risks relating to the management of people and the accuracy of people-related records.

“The Human Capital, Social and Ethics Committee is constituted to oversee human resources and remuneration matters, responsibilities concerning the workplace, the economy as well as knowledge management. This entails, inter alia, establishing a working environment that is conducive to personal growth and development, and which is fair, responsible and transparent. The committee also oversees organisational ethics and monitors social and natural environment responsibility activities in the workplace and the broader economy.”

Roy Mnisi

The implementation rate of the ethics programme 2023-24 was 98%, a significant improvement compared to 2022-23. The environmental strategy for 2020 to 2023 was concluded and will be replaced by an environmental and social sustainability strategy in 2024. Good progress has been made in adopting and developing an organisation-wide approach to managing environmental and social risks, impacts and opportunities. The revised strategy aligns environmental and social sustainability efforts across the business in supporting and realising strategic objectives whilst upholding compliance obligations and policy commitments.

The TCTA facility underwent an occupational hygiene audit in December 2023. The report indicated that the office is a low-risk environment. No substantive findings were made and recommendations for improvement are being considered and will be incorporated into the applicable aspect-related programmes. Collaborations with the facilities management team to address areas for improvement and to reduce related risks are ongoing and will be incorporated into an overarching facilities management plan.

The CSI Strategy implementation is progressing well and performance has been satisfactory. The stakeholder engagement plan focuses on current stakeholders, planned interventions, and desirable future partnerships and collaborations. The business intends to continue to find opportunities to increase the implementation of its CSI programme and broaden the potential beneficiary base. It further aims to spend more effort and funds in sponsoring and donating to communities adjacent to its projects, as well as the broader society.

Amongst others, the following focus areas have been identified for 2024-25:

- Readiness for transition into the NWRIA.
- Organisational culture work.
- Targeted talent work interventions including leadership and managerial development, performance management and career growth initiatives.
- The implementation of the human resource information system and the change management strategy.

- The implementation of the social and ethics programme 2024-25.
- The implementation of recommendations of the environmental and social management review 2024.

Terms of Reference and Composition

The committee has formal terms of reference in place. Minor amendments were made to its terms of reference during the annual review; these were subsequently approved by the Board in April 2024. Overall, the committee is satisfied that it has discharged its responsibilities under its terms of reference and 2023-24 work plan.

The committee comprises four independent non-executive directors. The members have sound knowledge and experience of general human resource matters including strategic human resource management, performance management, talent management, workforce planning, rewards and recognition and organisational development. Members of executive management have a standing invitation to attend all meetings.

Refer to pages 84 to 86 for the qualifications and experience of committee members.

Meetings

Five scheduled and one special meeting were held during the period under review. Attendance during the reporting period is shown below:

Member	Attendance
*Roy Mnisi: Independent Non-Executive Director and Chairman	100%
Vidhu Vedalankar: Independent Non-Executive Director	100%
Mmanare Mamabolo: Independent Non-Executive Director	100%
**Greg White: Independent Non-Executive Director	100%

* Appointed as Chairman effective 1 August 2023

** Chairman until 31 July 2023

Performance

During the year under review, the performance of the committee was assessed through a self-appraisal process that was facilitated by the corporate secretariat. Most of the questions were scored high which is indicative that members are confident that the committee is satisfactorily fulfilling its role and responsibilities.



Roy Mnisi

Human Capital, Social and Ethics Committee Chairman



HUMAN CAPITAL PRACTICES

The Human Capital (HC) strategic theme for 2023-24 was “Embracing Change”. This theme was derived from the contextual analysis conducted to crystallise the human capital strategic focus areas, in alignment with TCTA’s business goals. The HC Strategy is aligned with the business strategy through cascading organisational goals from the Organisational Balanced Scorecard (BSC) to the Divisional BSC. The two strategies are further aligned through the development and execution of fit-for-purpose people-related strategies and by ensuring the human resource environment is managed in line with strategic organisational risks. This is also referred to as vertical alignment. Horizontal alignment is achieved by ensuring relevant and legally compliant HR policies and procedures are implemented. Lastly, action alignment is facilitated through the efforts of all people managers and the Human Resource and Organisational Development (HR&OD) team by implementing the CEO’s strategic imperative to build a *performance culture that manifests as an agile organisation*.

Our mission is to have engaged employees, in the right places at the right time with the right skills set, to deliver with excellence on the organisational objectives. Having attained stability in a majority of the 12 practice standards of the South African Board of People Practices, the focus for the period under review was on organisational culture. Other areas of focus were talent management, including performance management, learning and development, workforce planning and optimisation, total rewards, and HR technology.

For 2023-24, performance targets were met for four of the five focus areas, with the exception being the HR technology embedded within the organisation’s Enterprise Resource Planning (ERP) project, which was not implemented.

The rest of this section of the report provides a summary of the achievement in each of these focus areas combined with relevant statistical information.

Focus area 1: Organisational Culture

Creating a culture of performance excellence has been a focus area of the business since 2019-20, to date. This drive towards a culture of performance

excellence was prompted by two aspects. First, the establishment of the NWRIA where it is anticipated that TCTA is to be merged with two sections of DWS. Second, TCTA wants to fulfil its directives from the Minister to fund and implement mega water infrastructure projects on time, within budget and to appropriate quality standards.

Two key programmes have been implemented to ensure TCTA is ready for the transformational change the NWRIA will bring and to ensure employees perform optimally in line with project directives. Firstly, the three-year Culture Transformation Plan ended in March 2024 with a culture day event themed Recognition, which was a noteworthy success. The impact of several interventions was measured through an independent culture survey which shows that 70% of employees are engaged in their work and satisfied with TCTA’s culture. The 2021 survey showed 63% of employees were engaged and satisfied whereas the baseline study (2018-19) showed only 34% employed as engaged. Thus, the Culture Transformation Plan has yielded the desired results. This work will continue over the medium-term, focussing on the two or three drivers that detract from a healthy culture.

The second programme is the Performance Management Improvement Plan, of which the final year was implemented in 2023-24. The final year of the programme was primarily to fine-tune Performance Management practices across the organisation so that performance is recognised. 92% of the programme was successfully implemented.

The implementation of these programmes was underpinned by the TCTA change management model developed and adopted as encapsulated in the Change Management Strategy.

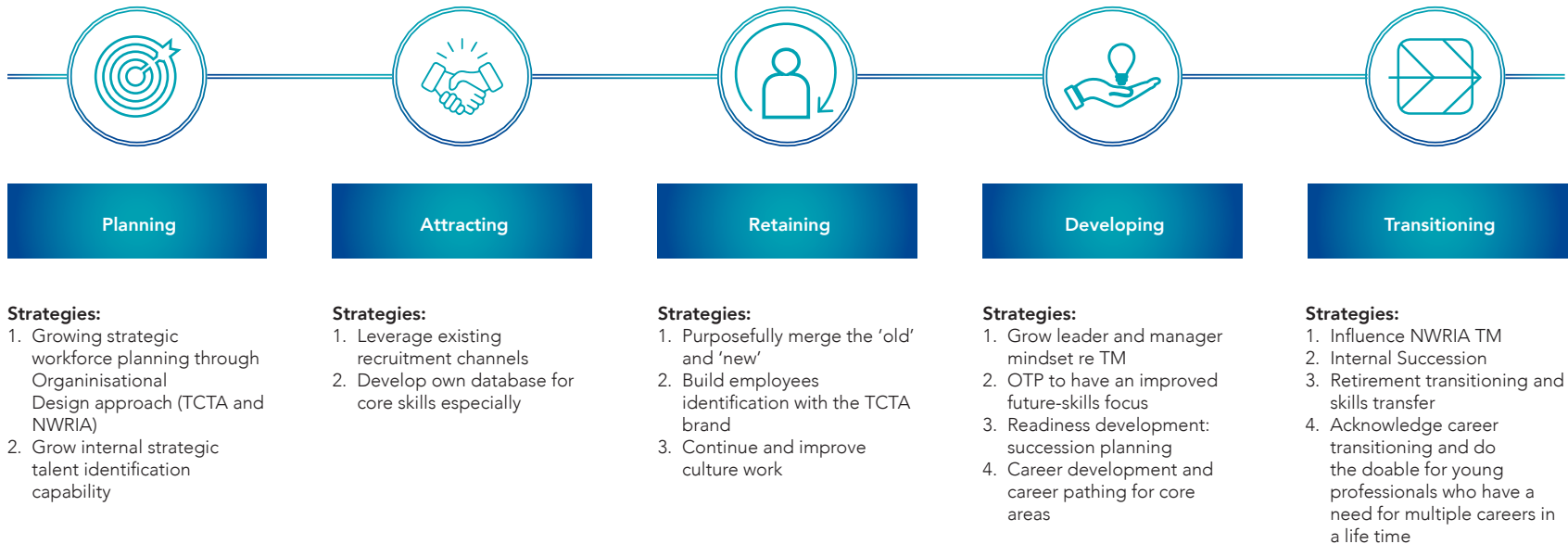
Focus area 2: Talent Management

Strategic talent management (TM), closely aligned to focus area 1 above, is a crucial element of TCTA’s business strategy. It is observed as one of the key strategic human capital risks, described as the risk to attract, retain and motivate employees.

During 2023-24 TCTA reviewed its Talent Management strategy and adopted a revised strategy and execution plan, which is summarised in the following figure:

TCTA STRATEGIC TALENT MANAGEMENT FRAMEWORK AND FOCUS AREAS

Theme for 2024-2027: Enable Proactive Talent Management



Key Enablers: 1) Electronic HRIS and 2) Collaboration between line and HR

One of the key successes of talent management in 2023-24 is the progress which has been made concerning succession planning for critical positions. Presently TCTA has a 17% internal cover ratio for critical positions.

An important component of talent management is the learning and growth, of all employees at the individual, team and organisational levels. TCTA seeks to raise the quality, relevance and cost-effectiveness of skills development by giving effect to the learning and development goals and making available financial assistance, within budgetary considerations, to employees to advance themselves occupationally and academically. In this vein, an approved training plan has guided the organisational-wide training interventions for 2023-24. TCTA delivered 86% of the training plan and spent 92% of the budget. The impact of training interventions was measured through post-evaluation feedback forms and the target of 3 was exceeded with an average score of 3.78. Table 8 below shares information as it relates to training costs.

Table 8: Training Costs

Personnel expenditure R'000	Training expenditure R'000	Training expenditure as a percentage of personnel	Number of employees trained	Average training cost per employee R'000
R264 825	R2 737	1.03%	123	R22 251

Regarding skills development for the youth and countering unemployment, TCTA met its target to place 21 interns during the 2023-24 financial year. Due to the nature of TCTA's work, it can offer young professional work exposure opportunities, especially in the scarce skills category. The expenditure on Interns and Bursary holders for the year under review is as per Table 9:

Table 9: Expenditure on Interns and Bursary Holders

	Salaries and Stipend	Training and Fees	Total
Interns	R3 250 342.00	R343 655.00	R3 593 997.00
Bursary holders	R36 000.00	R15 905.00	R51 905.00
Total	R3 286 342.00	R359 560.00	R3 645 902.00

TCTA also drives the learning and growth of its leaders and people managers. This focused programme hinges on two key interventions namely an organisational-wide coaching programme co-created with an external service provider and a People Management Capacity Programme (PMCP) with fit-for-purpose modules designed in-house.

Upon review of the coaching programme implemented over the first four years, the programme was realigned to the changing needs of TCTA to prepare leaders for the changing operating landscape. The programme now incorporates both individual and team coaching to capacitate Executive and Senior Managers cohorts with coaching skills about the three internally identified leadership needs namely Accountability, Trust and Courage. The programme outcomes align with the culture transformation plan to ensure the approach is integrated with the broader high-performance strategic intent.

The implementation of the third and final year (2023-24) of the PMCP was successful according to the delegates' evaluation, and 12 managerial toolkits were developed and are available to be used by TCTA managers.

Focus area 3: Workforce Planning and Optimisation

TCTA holds a cautious approach to workforce numbers. TCTA adopted an HR Optimisation project in late 2022 where several positions were frozen. The project was successfully closed with an 81% implementation rate with the major achievement being a 4% variance on the staff cost budget at year end.

A noteworthy project was conducted in 2023-24, where three divisional structures were reviewed to assess their suitability to deliver on business requirements.

The Supply Chain Management, Enterprise Support Services and Internal Audit structures were reviewed and approved, in line with best practices and business requirements.

Focus area 4: Total Rewards

King IV™, Principle 14 states that *"The governing body should ensure that the organisation remunerates fairly, responsibly and transparently, to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term."* The Board approved the TCTA Total Rewards Strategy in the year 2022-23. According to this strategy and supporting policy, the total guaranteed package (TGP) is determined by the unified pay curve. This pay curve is updated every three years based on data from the national market, schedule 2 companies, the private sector and state-owned entities (SOEs). TCTA aims to pay at the mid-point of the unified pay curve. The TGP includes the employer's contributions to employee benefits. For the year in focus, TCTA implemented the following employee benefits:

- Pension Fund employer contribution of 7.5%.
- A 3.0% increase in the employer contribution to medical aid was effected in January 2024.
- 50% employer contribution on TCTA Group Life.

The total cost of employee benefits is R38 579 473, which is 12.01% of the total staff cost bill for 2023-24, compared to 11% for 2022-23.

Annual increases are also given in line with TCTA's Board directive. The Board considered relevant outer and inner contextual information such as economic growth indicators, the Consumer Price Index (CPI), remuneration trends, TCTA remuneration portfolio information and staff cost affordability. Effective 1 April 2023, TCTA implemented a 4.9% annual increase across all eligible employees.

During 2023-24, TCTA conducted a benchmarking study as it related to variable pay (incentivisation). The study showed that TCTA's approved variable policy is suitable for the operating context, and no amendments were required to the policy based on the outcomes of the study. Should TCTA consider the variable element of pay for the 2023-24 financial year, such will be paid based

on performance levels at organisational, divisional and individual levels, as per the Board discretion applied, in line with the guiding policy.

TCTA as a responsible employer conducts bi-annual remuneration analysis, with the focus on ensuring fairness of compensation practices. Compo-ratio analysis, wage gap analysis and executive remuneration analysis are conducted and presented to the Board for consideration. It may also be noted that the Employment Equity and Skills Development Committee has onboarded a more proactive role and assisting the business in ensuring fairness in remuneration practices.

Focus area 5: HR Technology

As an interactive system of information management, the Human Resources Interactive System (HRIS) standardises HR tasks and processes while facilitating accurate record-keeping, reporting and HR data analytics.

Essentially, an HRIS is a "two-way street" in which information about employees is delivered into the organisation and, conversely, back out to employees. By eliminating paper-based and manual HR-related processes, an HRIS offers more seamless, streamlined, and efficient interactions between employees and the organisation they work for while freeing HR professionals to perform more strategic and high-value work.

It was anticipated that in 2023-24 TCTA would have procured an ERP in which the HRIS would have been embedded. Unfortunately, this procurement process did not come to fruition, thus except for a functional and effective payroll system that is automated, the lack of an HRIS remains a challenge.

MEANINGFUL STATISTICAL INFORMATION

Staff complement, staff cost, skills development, employment equity and employee relations

Staff complement

Annually, a cautious approach is adopted toward resourcing the structure. TCTA's planning approach, towards the filling of vacancies, is flexible and is informed by the conclusion of implementation agreements with DWS and the securing of funding, reflecting the project environment and financial markets in which it operates. A combination of employment techniques is used, such as permanent placement; fixed-term contracts; temporary placements; and interim and internal redeployments. Every attempt is made to optimise the structure and to appropriately allocate resources: a balance is maintained between prudent staff cost management and having the right people in the right job at the right time. This approach was solidified through an HR Optimisation Project, as alluded above where 20 positions were frozen.

As of 1 April 2023, TCTA operated from an approved headcount of 194 plus 13 interim resources, plus 21 interns and 6 temps. As of 31 March 2024, TCTA employed 187 people in the organisation inclusive of all resources.

Table 10: Employment and Vacancies 2023-24

Level	Employment at the beginning of the period	Appointments	Terminations	Employment at the end of the period
Top management	1	-	-	1
Senior management	9	-	1	8
Professionally qualified	91	6	1*	98**
Skilled	47	2	2	47
Semi-skilled	9	-	-	8***
Unskilled	-	-	-	-
Headcount Subtotal	157	8	4	162
Interns	8	13	4	17
Interim resources	7	3	2	8
Temporary	-	-	-	-
Contingent resources	-	-	-	-
Total	172	24	10	187

* 1 resource terminated in the last month of the year and was still paid in the same month.

** 1 resource moved from skilled to professional occupational level.

*** 1 resource moved from semi-skilled to skilled occupational level.

The breakdown of employment by category in Table 11:

Table 11: Employment by Category

Level	2022/23 Number of employees	2023/24 Approved posts	2023/24 Number of employees	2023/24 Vacancies	Vacancies as percentage
Top management	1	1	1	-	-
Senior management	9	9	8	1	11.11%
Professionally qualified	87	121	98	23*	19.00%
Skilled	50	55	47	8**	14.54%
Semi-skilled	9	8	8	-	-
Unskilled	-	-	-	-	-
Headcount Total	156	194	162	32	16.49%
Interns	11	21	17	4	19.05%
Interim resources	5	13	8	5	38.46%
HR Temporary	1	6	-	6	100.00%
Contingent resources	-	1	-	1	100.00%
HR Bank	-	1	-	1	100.00%
Subtotals	17	42	25	17	40.48%
Grand Total	173	236	187	49	20.76%

* This includes 1 x professional employee who was deceased.

** This includes 1 x skilled employee who was deceased.

Table 12 below indicates the reasons employees left TCTA.

Table 12: Reasons for Staff Leaving

Reason	Number	(%)
Death	2	20.00%
Resignation	8*	80.00%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	10	100.00%

* 1 resource terminated in the last month of the year and was still paid in the same month.

Staff Cost

In this highly complex ever-changing world of work, TCTA's change in focus is reflected in the Board-approved Total Rewards Strategy and supporting action plan, which is in its third year of implementation. TCTA's Remuneration approach, policy and implementation practices are aligned with King IV™, Principle 14. TCTA complies with all the practices that apply to a SOE, under this remuneration governance principle.

Staff cost is described in Table 13 below.

Table 13: Personnel Cost by Employment Category for the period under review*

Level	Personnel expenditure R'000	Percentage of personnel expenditure to total personnel cost	Number employed during the period	Average personnel cost per employee R'000
Top management	7 071	2.67%	1	7 071
Senior management	31 046	11.72%	9	3 449
Professionally qualified	180 847	68.29%	107	1 690
Skilled	39 193	14.80%	50	784
Semi-skilled	6 667	2.52%	29	230
Unskilled	-	-	-	-
Total	264 825*	100%	196*	1 351

* These figures include employees who have exited TCTA's employment during the financial year.

The average cost per employee increased from R1 350 000 (2022-23) to R1 351 000 (2023-24).



Employment equity

The table below reflects TCTA's employment equity targets in the three categories, aligned to the Economic Active Population (EAP) at the national level. In addition, in 2022-23, the organisation adopted a youth employment target, which is also included below. These targets are influenced by TCTA's commitment to transformation and alignment with the South African labour force in terms of the designated groups.

Table 14: Overall Employment Equity (%)

Group	Females at 31 Mar 24	Males at 31 Mar 24	Total staff number	Expressed as %	Target as at 30 Sep 24	National EAP
African	69	71	140	79.1%	80.2%	80.0%
Coloured	8	5	13	7.0%	9.1%	9.3%
Indian	5	5	10	5.4%	2.5%	2.7%
White	9	5	14	8.0%	8.1%	8.0%
Youth	16	7	23	12.3%	17.3%	n/a
Persons with Disability	1	3	4	2.1%	2.5%	2.5%

Note: the information above excludes 10 foreign nationals employed by TCTA.

Table 15: Breakdown of Employment Equity by Employment Category as of 31 March 2022

Classification	African				Coloured				Indian				White				Foreign nationals				
	Current		Target		Current		Target		Current		Target		Current		Target		Current		Target		
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	
Top management	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Senior management	3	2	4	3	-	-	1	-	-	-	-	-	-	2	-	1	1	-	-	-	-
Professionally qualified	41	31	48	40	4	2	5	4	5	3	2	1	5	5	5	4	5	4	-	-	
Skilled	15	22	25	20	1	6	3	6	-	2	1	1	-	2	2	2	-	-	-	-	
Semi-skilled	11	14	9	8	-	-	1	-	-	-	-	-	-	-	1	-	-	-	-	-	
Unskilled	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	71	69	87	71	5	8	10	9	5	5	3	2	5	9	8	8	6	4	-	-	

Table 16: People Living with Disabilities

Level	Current: 2023-24	Target: 2023-24
Top management	-	-
Senior management	-	-
Professionally qualified	2	2
Skilled	2	3
Semi-skilled	-	-
Unskilled	-	-
Total	4	5

Employee relations management

Management of employee relations (ER) is guided by the approved employee relations operational strategy and implementation plan. Although the employer-employee relationship finds its origin in the requirement for employees to render satisfactory service in return for fair compensation, the new world of work promotes a progressive approach to employee relations. In this vein, TCTA promotes healthy employee relations, guided by the following principles:

- The employer-employee relationship is governed by the applicable South African labour laws, and all employees' conduct is underpinned by TCTA's Values namely Respect, Integrity, Excellence, Growth and Unity.
- Healthy employee relations are foremost the responsibility of management.
- Good communication between management and all employees is essential to healthy employee relations, with a clear understanding of the difference between discussion, collaboration, consultation and negotiations.
- In the employer-employee relationship, management's prerogative is to make decisions that promote the business's growth and sustainability.
- The rights of employees to organise themselves as labour are intact and recognised.
- Whilst engagement with recognised labour unions is acknowledged and captured in the relevant Recognition Agreement, it will not replace the close relationship that management seeks to maintain with all employees.

g) Matters of mutual concern will be engaged upon with employees, and when applicable collective negotiations will be entered to reach an agreement that is:

- within the legal framework of labour legislation.
- fair and constructive, based on the principle of good faith and open exchange of information.
- relevant to working conditions such as wages, benefits and the exercise of union activities.

Accordingly, the below table depicts the management of ER cases for the year 2023-24:

Table 17: Labour Relations Cases

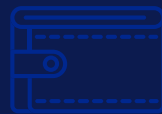
Element	Q1	Q2	Q3	Q4	Status
Grievance	2	1	-	2	Resolved
Disciplinary	1	-	-	1	Q4 matter remains open, linked to the suspension item below.
CCMA	2	2	2	1	Q4 matter remains open.
Labour Court	-	-	-	1	Concluded
Investigation	2	1	-	-	Concluded
Suspension	-	1	-	-	Suspension in Q2 is still ongoing, longer than anticipated but being managed.
Request for reasonable accommodation	-	-	-	1	Being assessed independently.

Affordability of Water Resource Infrastructure

E

GOVERNANCE

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AFFORDABILITY OF WATER RESOURCE INFRASTRUCTURE

“Engineering is the art of directing the great sources of power in nature for the use and convenience of man.”

- Thomas Tredgold.

Any engineering project requires funding to be built, operated, and maintained. If an engineering project is planned but cannot be built, it is of no use to mankind. For Thomas Tredgold's dictum to hold true, there must be a close alignment between the available funds and engineering designs. In South Africa, this partnership has often broken down, with many projects not moving beyond the feasibility studies or taking an excessively long time to do so, and schemes not being maintained, thus losing the capital investments made.

As urbanisation occurred in South Africa, towns and cities were responsible for sourcing their own water supply. Although initial settlements might have been supplied from local wells and streams, growth soon outpaced the supply, necessitating the sourcing of water from rivers and piping it into the settlements.

The planning horizon was driven by what the municipality could afford at that moment in time, focusing on immediately supplying water to residents and businesses. A review of the history of water supply to cities such as Cape Town, those in Gauteng, eThekweni and Gqeberha, shows this to be true. Options

were even more constrained if the municipality could not borrow money and had to finance construction out of current revenue.

These constraints also forced municipalities to cooperate to afford larger schemes. In the Western Cape, to finance the construction of the Steenbras Dams and the infrastructure to reach across the Cape Flats, smaller municipalities around Table Mountain amalgamated to form the much larger City of Cape Town. In Gauteng, municipalities clustered along the gold reefs, together with mining companies, formed Rand Water in 1903 to finance sourcing water from Zwartkopjes (South of Johannesburg) and then the Vaal River.

Both these schemes exemplify how, once a secure water supply was established, it enabled further economic growth, generating sufficient revenue for the next phase of development. In Cape Town, although the Lower Steenbras Dam and the pipeline to Cape Town were only completed in 1921, by 1928, the wall had been raised and a second pipeline laid. In Gauteng, the Vaal Barrage was completed in 1923. However, by the 1930s, this was proving inadequate, and Rand Water, under the Vaal River Development Scheme Act of 1934, contributed £1.170 million (R1.5 billion in 2024 terms) to the development of the Vaal Dam.

Once these major schemes were developed, the economies of scale they provided meant that adjacent municipalities found it cheaper to tap into

existing networks rather than develop their schemes. A similar situation arose around Durban, with the smaller adjacent municipalities.

At this point, there was no disconnect between planning infrastructure for municipal use and the ability to finance it. Up to this point, the government had funded many dams used for irrigation without expecting farmers to cover development costs.

After the passing of the 1956 Water Act, the National Government took over the development of most dams and built inter-basin transfer schemes. These were funded from the National Revenue Fund and were not dependent on the users' ability to pay for them. The first departure from this approach, using borrowed money, was the construction of the Lesotho Highlands Water Project (a successor to the Vaal Barrage), which commenced in 1986. This project was underpinned by the existing demand from domestic and industrial consumers on the Vaal River System, generating over 60% of South Africa's GDP. It envisaged that users would repay the loans over 20 years. Bivane Dam, near Vryheid, completed in 2000 by the Impala Water Users Association, was underpinned by the demand

from existing users in the Pongola Government Water Scheme. This approach has also been successfully used in Phase 2 of the Mooi-Mgeni Transfer Scheme and the Berg Water Project or where one or two users committed to repaying the loans on the project.

Where this approach has not worked is on projects where demand is dependent on future industrial users, particularly mining, or where the existing domestic user base cannot afford the tariffs. In the current situation, with severe limitations on allocations from the National Revenue Fund, many projects are planned but do not proceed, or only proceed after significant delays. Such delays impact improved water security for households, leading many to finance their own water security measures, such as rainwater harvesting and boreholes.

Given limited financial resources, South Africa needs to revert to how schemes were originally developed by municipalities: determining how much users can pay for capital costs, operation and maintenance, and then designing accordingly, rather than designing a scheme based on certain norms and then seeking funding.



EXECUTIVE AUTHORITY

In accordance with the Notice of Establishment 2000, the Board is appointed by the Executive Authority (the Minister of Water and Sanitation) through a formal, competitive and transparent process. The Executive Authority ensures that the appropriate mix of directors is appointed with the necessary skills, knowledge, experience and qualifications to lead the organisation.

Portfolio Committee on Water and Sanitation

The Portfolio Committee on Water and Sanitation (the Portfolio Committee) oversees the service delivery performance of TCTA within the broader context of its contribution to the sector and the State. During the reporting period, TCTA attended two Portfolio Committee meetings. The first one was on 2 May 2023 to present its Corporate Plan 2023-24 to 2025-26, and the second one on 10 October 2023 to present its Integrated Annual Report 2022-23.

Shareholders Compact

In terms of the Treasury Regulations issued under the Public Finance Management Act, TCTA must, in consultation with the Executive Authority, agree on its predetermined objectives, measures and indicators annually. These are included in the shareholder's performance agreement (Shareholders' Compact) between the Board and the Executive Authority. The Shareholders' Compact promotes good governance practices by setting out the roles and responsibilities of the Board and the Executive Authority.

ACCOUNTING AUTHORITY

Ethical and Effective Leadership

The Board understands that directors should individually and collectively exercise their fiduciary duties ethically and in good faith and assume collective responsibility for steering the entity and setting its strategic direction. The Board has a balance of power, with no individuals having unfettered powers over the Board. The main focus of the Board is to ensure that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced. The Board ensures that TCTA applies leading corporate governance practices, appropriate and relevant industry rules, codes and standards and internal control systems.

As a values-based organisation, TCTA is committed to the highest standards of business integrity and ethics. Directors acknowledge their fundamental responsibility is to lead ethically and effectively direct the organisation. Led by an independent non-executive chairman, the Board transparently reports to stakeholders on the performance of TCTA and how it has fulfilled its responsibilities.

Board Charter

To guide its effective functioning, the Board annually reviews its charter. The purpose of the Board Charter is to regulate the parameters within which the Board operates and to ensure TCTA applies leading corporate governance practices in all its dealings. The charter also sets out the role and responsibilities of the Board and its directors, including its composition and relevant procedures.

Board Induction, Development and Training

To remain effective, the Board ensures that directors are continuously developed. The Corporate Secretariat has a structured induction programme that seeks to equip new directors with an understanding of the strategy and the complexities of the business. Ongoing training is provided for all directors on various matters related to their role to assist them in acting with due care, skill and diligence. By keeping informed of the latest developments, directors can exercise courage in taking appropriate risks and capturing opportunities in a responsible manner and in the best interests of TCTA.

Board Attendance

Eight scheduled meetings, a two-day strategy session and a risk workshop were held during the period under review. Attendance for the reporting period is shown below:

Table 18: Attendance at Board Meetings

Director	Designation	Attendance
Precious Sibiyi	Independent Non-Executive Director and Chairman	90%
Gerald Dumas	Independent Non-Executive Director and Deputy Chairman	100%
Neo Tladinyane	Independent Non-Executive Director	100%
Greg White	Independent Non-Executive Director	100%
Mmanare Mamabolo	Independent Non-Executive Director	100%
Pule Mofokeng	Independent Non-Executive Director	100%
Roy Mnisi	Independent Non-Executive Director	80%
Vidhu Vedalankar	Independent Non-Executive Director	100%
Zelda Tshabalala	Independent Non-Executive Director	100%
Percy Sechemane	Executive Director (Chief Executive Officer)	100%

Board Leadership

The Board is led by an independent non-executive chairman. The role of the chairman is separate and distinct from that of the Chief Executive Officer (CEO). The separation of powers and responsibilities, as set out in the Board Charter, ensures no person has unfettered decision-making powers and that the appropriate balance of power exists at the board level.

During the period under review, the Board approved the following policies, frameworks and plans:

- Risk Management Framework and Policy
- Combined Assurance Strategy and Policy

- ICT Security Policy
- Treasury Risk Management Policy
- Investment Policy
- Change Management Strategy
- Conflict of Interest Policy
- Social and Ethics Framework and Policy
- Compliance and Regulatory Management Framework and Policy
- Cyber Security Strategy
- Promotion of Access to Information and Protection of Personal Information Manual
- Irregular, Fruitless and Wasteful Expenditure Policy
- Procurement Policies for Goods and Services and Infrastructure
- Disciplinary Policy
- Resettlement and Livelihood Restoration Policy
- Project Compensation Policy
- Code of Ethics and Conduct
- Remuneration Policy
- Short-Term Reward and Incentive Policy
- Learning and Development Strategy
- Digital Transformation Strategy
- Incident Management and Response Policy.

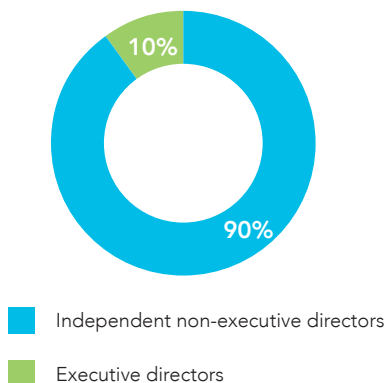
Board Composition and Director Independence

The Board is appointed by the Minister of Water and Sanitation and comprises the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and effectively. Individual members bring considerable and diverse demographics, skills and experience into the boardroom. In line with King IV™, non-executive directors may be categorised as independent if the Board concludes that no conflicts of interest exist. These conflicts of interest include any interest, position, association or relationship that could unduly influence or create bias in their decision-making, as judged from the perspective of a reasonable and informed third party. All decisions must be in the best interest of the organisation.

Diversity of Skills and Experience

The Board skills matrix is on page 84 to 86.

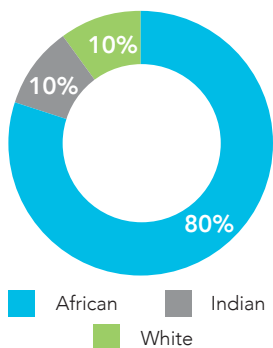
Figure 14: Board Composition and Director Independence



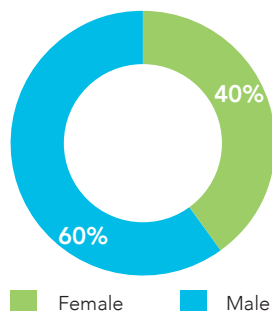
Board gender, racial and age diversity

Figure 15: Board Gender, Racial and Age Diversity

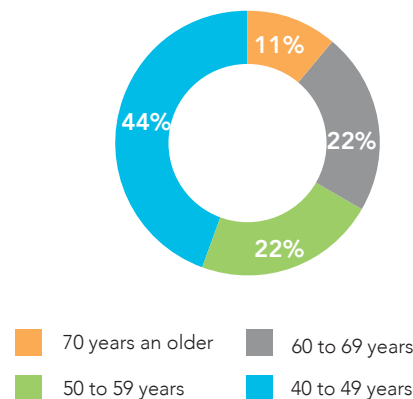
Race diversity



Gender diversity



Age diversity



Board Performance

A Board performance evaluation is conducted under the auspices of the nominations and governance committee. The objective is to determine ways to improve the effectiveness of the Board and its committees; these assessments are transparent and performed in compliance with the Board Performance Evaluation Policy.

Following the directors' first year in office, an internal performance review was conducted for the Board and its committees. The outcome showed that the Board and its Committees are fulfilling their roles and responsibilities well. The questions that were rated low are receiving attention and will be monitored.

An independent external review will be conducted for 2024-25.

Company Secretary

An assessment of the Company Secretary's performance was undertaken in January and July 2024 and the Board is satisfied that the function has the competency, qualifications and experience to provide sound governance advisory and stewardship to the Board and management.

Board Committees

The Board ensures that delegation within its structures promotes independent judgement and assists in maintaining the balance of power and the effective discharge of its duties. Responsible leadership from the Board is supported by a delegation of authority, which is reviewed and approved annually.

All strategic decisions are debated in detail, either by the committees or the Board, with cognisance of the risks and unintended consequences of such decisions. In delegating responsibility to management for implementing the organisation's strategic objectives, the Board monitors key processes about ethical decision-making, control environments and assurance. The delegation of authority ensures that management functions are suitably empowered to discharge their responsibilities while being held accountable through their respective reporting lines. The Board has delegated the responsibility of ensuring that individuals with the necessary competence, authority and adequate resources are appointed to key management functions to the CEO.

All Board committees have approved charters, which are reviewed annually considering current and emerging governance best practices. The Board is satisfied that all committees have fulfilled their responsibilities under its charter for the reporting period. Healthy collaboration between committees is facilitated by feedback sessions at Board meetings.

The Board monitors how its committees discharge their responsibilities by annually setting work plans for each committee and monitors the implementation thereof with the assistance of the company secretary. The Board has formally, and in writing, delegated powers to the following standing committees:

- Audit and Risk Committee;
- Human Capital, Social and Ethics Committee;
- Nomination and Governance Committee;
- Information, Technology and Governance Committee;
- Technical Committee; and
- Finance Committee.

Audit and Risk Committee:

As of the date of this report, the committee comprises four independent non-executive directors and a co-opted specialist. The committee complies with all applicable and relevant legal and regulatory requirements as necessary under the legislation and applies the corporate governance practices for audit committees as recommended by King IV™. The Board recognises the important role of the committee as part of the risk management and governance processes.

The committee's mandate includes reviewing the effectiveness of internal controls, ensuring satisfactory standards of governance and compliance, maintaining oversight of financial results and integrated reporting, and overseeing risk management control systems. In this regard, the committee also has oversight of financial reporting risks, internal financial risks, as well as fraud and IT risks as they relate to financial reporting.

The internal and external auditors attend all meetings. The Chief Executive Officer and the Executive Managers are standing invitees.

Refer to the Audit and Risk Committee report on pages 121 to 124 setting out its composition, role and responsibilities and the members' attendance during the period under review.

Finance Committee:

As of the date of this report, the committee comprises three independent non-executive directors, a co-opted specialist and the CEO. The committee is chaired by a non-executive director, appointed by the Board. Executive Managers and the Chief Internal Auditor are standing invitees.

The committee's mandate, as set out in its terms of reference, is to consider finance policies and strategies, the organisational budget, bridging facilities and tariff framework review. It provides strategic guidance and oversight on financial reporting and procurement activities and processes. The committee is tasked with ensuring that the supply chain management system is consistent with the Preferential Procurement Policy Framework Act, the Broad-Based Black Economic Empowerment Act and relevant National Treasury regulations.

Four meetings were held during the period under review. Attendance for the reporting period is shown below:

Table 19: Attendance at Finance Committee meetings

Member	Attendance
***Disebo Moephuli: Co-Opted Specialist	100%
**Greg White: Chairman and Independent Non-Executive Director	100%
Neo Tladinyane: Independent Non-Executive Director	100%
*Precious Sibiya: Chairman and Independent Non-Executive Director	100%
Zelda Tshabalala: Independent Non-Executive Director	100%
Percy Sechemane: Executive Director (CEO)	100%

* Chairmanship terminated on 31 July 2023.

** Member until 31 July 2023. Appointed as Chairman effective 1 August 2023.

*** Appointment effective 1 July 2023.

Human Capital, Social and Ethics Committee:

As of the date of this report, the committee comprises four independent non-executive directors. The committee is chaired by a non-executive director, appointed by the Board. The committee is constituted to assist the Board in ensuring that the organisation remunerates fairly, responsibly and in a transparent manner to promote the achievement of strategic objectives and outcomes in the short-, medium- and long-term. The committee also oversees organisational ethics and monitors social responsibility activities in the workplace, the economy, and the social and natural environment.

Refer to the committee's report on page 63 setting out its composition, role and responsibilities and members' attendance during the period under review.

Technical Committee:

As of the date of this report, the committee comprises four independent non-executive directors and the CEO. The committee is chaired by a non-executive director, appointed by the board. Executive managers and the Chief Internal Auditor have a standing invitation to attend meetings. The committee assists the Board in providing strategic leadership to management on project technical management-related functions and oversees organisational project technical management functions.

Four meetings were held during the period under review. Attendance for the reporting period is shown below:

Table 20: Attendance at Technical Committee Meetings

Member	Attendance
Mmanare Mamabolo: Independent Non-Executive Director	100%
Neo Tladinyane: Chairman and Independent Non-Executive Director	100%
Pule Mofokeng: Independent Non-Executive Director	100%
Vidhu Vedalankar: Independent Non-Executive Director	100%
Percy Sechemane: Executive Director (CEO)	100%

Nomination and Governance Committee:

As of the date of this report, the committee comprises six independent non-executive directors. Although the committee does not have the power to nominate directors, the committee actively seeks to collaborate with the executive authority on the required knowledge, skills and capabilities of new directors. The CEO has a standing invitation to attend all meetings.

The committee reviews the structure and composition of its committees, from time to time, to enhance its effectiveness and oversees the development of an induction programme for new directors. The committee further ensures that a continuous development and training programme for directors is in place and

oversees the performance review of the Board and its committees. Concerning governance matters, the committee has oversight over the development and implementation of the organisational strategy and the business model, including the corporate plan and predetermined objectives. The committee also annually considers the outcome of the organisational performance review and oversees the application of King IV™ practices.

Five scheduled meetings were held during the period under review. Attendance for the reporting period is shown below:

Table 21: Attendance at Nomination and Governance Committee Meetings

Member	Attendance
Gerald Dumas: Independent Non-Executive Director	100%
Greg White: Independent Non-Executive Director	100%
Neo Tladinyane: Independent Non-Executive Director	100%
Precious Sibiya: Chairman and Independent Non-Executive Director	100%
*Roy Mnisi: Independent Non-Executive Director	100%
Zelda Tshabalala: Independent Non-Executive Director	100%

* Appointed as a member effective 1 August 2023.

Information Communication Technology Governance Committee:

The committee comprises three independent non-executive directors, a co-opted specialist and the CEO. The committee is chaired by a non-executive director, appointed by the Board. Executive managers and the Chief Internal Auditor have a standing invitation to attend all meetings. The committee assists the Board in providing strategic leadership to management on information technology-related functions and oversees organisational project technical management functions.

Four scheduled meetings were held during the period under review. Attendance for the reporting period is shown below:

Table 22: Attendance at Information Communication Technology Governance Committee Meetings

Member	Attendance
Gerald Dumas: Chairman and Independent Non-Executive Director	100%
*John Raphela: Co-Opted Specialist	100%
Pule Mofokeng: Independent Non-Executive Director	100%
Vidhu Vedalankar: Independent Non-Executive	100%
Percy Sechemane: Executive Director (CEO)	75%

* Appointment effective 1 July 2023.

DIRECTOR INFORMATION

Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
		Race	Age	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	Nethezeka Business Solution
Mamabolo, ME	Female	African	47	<ul style="list-style-type: none"> Baccalaureus Legum- LLB Diploma in Business Leadership Practical Legal Training (PLT) 	<ul style="list-style-type: none"> Legal and Regulatory People Management Project Management Dispute resolution 	01 January 2023	31 December 2025	SMU University

Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
		Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
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
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 • Multi-disciplinary Professional Certificate in CIO Practice 	<ul style="list-style-type: none"> • Digital Transformation • ICT Governance • Information system management • Business continuity systems • Project Management • ICT Infrastructure • Software development 	01 January 2023	31 December 2025	<ul style="list-style-type: none"> • PMFH Consulting • The Innovation Hub
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

Surname and Initials	Gender	Skills, Knowledge and Experience				Term of Office		Other Active Directorships
		Race	Age	Qualifications	Field of expertise	Date of first appointment	Expiry of term	
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
Vedalankar, VN	Female	Indian	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"> • 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
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 • Consulting 	01 January 2023	31 December 2025	Kudumane Mining Employee Trust

APPLICATION OF KING IV™

King IV™ is the corporate governance code in South Africa and applies to all types of entities. The King IV™ application register below provides information on how the principles and recommended practices were applied. Assisted by the Nomination and Governance Committee, the Board accepts responsibility for the integrity of this register, which provides investors and other key stakeholders with information and commentary on TCTA's governance practices to ensure they can make informed assessments. In our opinion, this report demonstrates, in a fair and balanced way, how TCTA's sound governance practices seek to mitigate against value destruction and create sustainable value for our stakeholders.

Principle	Application
<p>Principle 1:</p> <p>The Board should lead ethically and effectively.</p>	<p>The board of directors (the Board) of the Trans Caledon Tunnel Authority (TCTA) is committed to the good corporate governance principles set out in King IV™, which are the overarching principles for an ethical foundation. The directors provide effective leadership to ensure the achievement of good governance outcomes and the delivery of TCTA's mandate. The directors ensure they act responsibly with the required competence ensuring integrity, fairness and transparency in their decision-making.</p> <p>The Board assumes responsibility for the governance of ethics including the approval of the Business Code of Conduct and Ethics (the Code). The Human Capital, Social and Ethics Committee (HCSEC) oversees the review and implementation of the Code and the efforts to establish an ethical culture. The Code applies to directors and staff to ensure that the organisation maintains the highest level of integrity and ethical conduct.</p> <p>The Board Conflict of Interest Policy applies to directors and outlines the declaration and the management of conflicts of interest, where such conflicts may arise, to protect the organisation, and its directors, from any risks that may arise therefrom. The policy is reviewed regularly to ensure its relevance.</p> <p>The Nomination and Governance Committee (NGC) annually reviews the composition of Board Committees when necessary to ensure its effectiveness in discharging its duties.</p>
<p>Principle 2:</p> <p>The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Board, assisted by the HCSEC, oversees and monitors ethics activities to ensure it is integrated and embedded in the operations and culture of the organisation. The Code guides the interaction between employees, clients, stakeholders, suppliers, and the communities within which the organisation operates.</p> <p>Management is responsible for ethics management and the implementation of the Code and reports material breaches thereto to the HCSEC. Several initiatives are used to entrench the Code's principles and build and maintain a values-based culture beyond compliance, including employee surveys. As part of ongoing efforts to raise awareness of the importance of ethical behaviour, constant focus is placed on relevant training. A comprehensive ethics programme and ethics framework are in place to strengthen and entrench a culture of ethics as well as formulating and implementing the governance framework accordingly.</p> <p>Mechanisms are in place for stakeholders to report fraud, theft, corruption, unethical behaviour and irregularities and the anonymity of reporters is protected. The Internal Audit Function evaluates all reported incidents to ensure proper investigation and action and provides pertinent information on these issues to the Audit and Risk Committee (ARC).</p>

Principle	Application
<p>Principle 3:</p> <p>The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board, assisted by the HCSE, oversees the governance and monitors activities, demonstrating that TCTA is a responsible corporate citizen. These include rural development, community development, enterprise development and socio-economic development. The internship programme aimed at encouraging students from different backgrounds and schools to consider various careers within the water sector, thus affording them opportunities to grow their skills in the sector.</p> <p>The necessary policies, processes and procedures are in place to ensure the organisation acts responsibly when it comes to the environment and social sustainability. Organisation-wide environmental and social practices are discussed by the ESMS Working group and reported quarterly to the HCSEC. Responsible environmental and social practices are gradually being imbedded into organisational culture. The Board oversees compliance with relevant legislation and regulations through the ARC.</p>
<p>Principle 4:</p> <p>The Board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>TCTA recognizes that its activities and outputs can have positive and negative impacts on the economy, society, and environment in which it operates and the capital it employs to create value for stakeholders by achieving reliable performance. It sets strategic objectives by assessing the risks and opportunities presented concerning risk appetite and risk tolerances, establishes key performance and risk indicators and measures its performance against these.</p> <p>The strategy is formulated by management and approved by the Board. The Board oversees the implementation of the strategy and monitors performance against key performance measures and targets. The ARC oversees the governance of risks and monitors the effects of the identified risks and the mitigating controls. The responsibility for risk management is detailed in the ARC Terms of Reference.</p> <p>The Board annually enters into a Shareholders' Compact (SC) with the Executive Authority (EA) being the Minister of Water and Sanitation (Minister). The SC includes key performance indicators and objectives that are set by the shareholder. The Board quarterly reports to the EA on the performance of the organisation against these objectives and indicators.</p>
<p>Principle 5:</p> <p>The Board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short, medium, and long-term prospects.</p>	<p>The Board assumes responsibility for the integrity of the Integrated Annual Report and critically assesses and satisfies itself as to the assurances obtained in terms of the combined assurance model. The model enables an effective internal control environment that supports the integrity of information used for internal decision-making by management, the Board, and its committees.</p> <p>The Board, assisted by its committees, oversees that relevant reports are compliant with legal reporting requirements. The Board approves management's basis for determining materiality and takes accountability for the Integrated Annual Report and, through the ARC, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual financial statements, reports, and any other disclosures. These disclosures are in line with King IV's recommended practices.</p>
<p>Principle 6:</p> <p>The Board should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The Board serves as the focal point and custodian of corporate governance. Its role and responsibilities and the way it executes decision-making are set out in the Board Charter. The Board is supported by its committees, which have delegated responsibility to assist the Board in fulfilling specific functions. Each committee is governed by a Terms of Reference. The Board committees quarterly report to the Board on its work.</p> <p>The governance structures have been aligned to King IV and the organisation has materially applied all the adopted principles. The organisation's governance framework and the application of the corporate governance recommended practices are disclosed in the Integrated Annual Report.</p>

Principle	Application
<p>Principle 7:</p> <p>The Board should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The non-executive directors (NEDs) are appointed by the Minister, whilst the Chief Executive Officer is appointed by the Board with the concurrence of the Minister. These appointments are affected under the Notice of Establishment 2000. Although the Board does not have the power to nominate and elect members, it actively seeks to collaborate with the shareholders in this regard.</p> <p>The Board is satisfied that its current composition is appropriate, and that an optimal mix of knowledge, skills, experience, and independence is present. Independent specialists were appointed to augment the areas related to audit and risk, finance and ICT governance.</p> <p>The Board considered the King IV indicators, holistically, and on a substance- over-form basis, in assessing the independence of NEDs. Following the assessment, all NEDs were categorised as being independent. Details of the directors are provided in the Integrated Annual Report.</p> <p>Directors annually submit a general declaration concerning their financial, economic and other interests. These declarations are updated when there are changes. The Board Chairman chairs the NGC but is not a member of any other Board Committee.</p>
<p>Principle 8:</p> <p>The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>The Board determines delegation to individual members and standing or ad- hoc committees. The composition of the Board and its committees are in line with King IV's recommended practices. There is a clear balance of power to ensure that no individual has undue decision-making powers. Each committee has a formal Terms of Reference, approved by the Board, recording the responsibilities delegated to it. Each committee has a minimum of four members and sufficient capability and capacity to function effectively.</p> <p>Directors may attend any Board committee meetings as an observer. Executive Management and the Chief Internal Auditor have a standing invitation to attend all Board and Board Committee meetings, except NGC meetings are by invitation. The Board and its committees complied with their terms of reference and work plans during the reporting period. Membership of the committees is reviewed on an annual basis through the NGC to ensure that these are optimally constituted for their respective mandates.</p> <p>Without abdicating its responsibility, the Board has formally, and in writing, delegated powers to the following standing committees:</p> <ul style="list-style-type: none"> • Audit and Risk Committee; • Human Capital, Social and Ethics Committee; • Nominations and Governance Committee; • Information Communication and Technology Governance Committee; • Technical Committee; and • Finance Committee. <p>All Board Committees have work plans to execute their oversight responsibilities during the year. Refer to the Integrated Annual Report for Board Committee membership and Terms of Reference details.</p>

Principle	Application
<p>Principle 9:</p> <p>The Board should ensure that the evaluation of its own performance, and that of its committees, its chairperson, and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The Board conducts a formal, externally facilitated evaluation process of the Board, the Chairman, its committees, and individual directors at least every two years in compliance with the Board Performance Evaluation Policy. For intervening years, an internal evaluation is performed. The outcome of the evaluations is discussed at Board and Board committee meetings. Areas of improvement or concern are noted, and actions are taken to address the identified shortcomings.</p> <p>The Corporate Secretariat facilitated the internal performance assessment of the Board and its committee for Financial Year 2023-24. The results confirmed that the Board and its committees were effective.</p>
<p>Principle 10:</p> <p>The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>The Board with the concurrence of the Minister has appointed a CEO, who is responsible for leading the strategy implementation and who regularly reports to the Board on the progress thereof.</p> <p>The Board approved Strategic Delegation of Authority details the powers and matters reserved for itself and those to be delegated to Management through the CEO. The Board reviews its delegation of authority annually.</p> <p>The Board is satisfied that the organisation is appropriately resourced and its delegation to management contributes to an effective arrangement by which the authority and responsibilities are exercised.</p>
<p>Principle 11:</p> <p>The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.</p>	<p>The Board oversees the governance of risk, through the ARC, and considers the risk appetite and tolerance framework regularly. The Board acknowledges the importance of risk management as it is linked to strategy, performance, and sustainability. The Board, through the ARC, have delegated to management the implementation of processes to ensure that the risks to the sustainability of the business are identified and managed within acceptable parameters. Management continuously identifies, assesses, mitigates, and manages risks within the existing operating environment. Mitigating controls are in place to address these risks, which are monitored continuously.</p> <p>An enterprise-wide approach to risk management has been adopted, enabling a formal and systematic process for identifying and assessing the organisation's material risks. The Board approves the Risk Management Policy and Risk Management Framework that defines the objectives and governance of risk management.</p> <p>The policy ensures continuous risk and opportunity identification at strategic and operational levels and the evaluation of mitigating controls.</p> <p>A combined assurance model is applied in managing corporate risks, with internal and external assurance service providers. The Board oversees and monitors the effectiveness of the organisation's risk management processes through the ARC. The Board is satisfied that the risk management process is effective are managed in line with business strategy.</p>

Principle	Application
<p>Principle 12:</p> <p>The Board should govern technology and information in a way that supports the organisation's setting and achieving its strategic objectives.</p>	<p>The Board, through the ICT Governance Committee (ICTGC), oversees the governance of information and technology. Through the establishment of the ICTGC, the Board has increased its focus on technology, information, compliance, and maximising opportunities whilst considering risks.</p> <p>The board-approved IT Governance Framework is implemented by management and progress is monitored through the ICTGC every quarter. Under the IT Governance Framework, the Executive Committee is responsible for IT priorities, funding and security requirements, amongst others. Internal Audit provides assurance to the ARC about IT internal controls.</p> <p>Cyber and data risks are managed appropriately and the implementation of the ICT risk management plan was effective.</p>
<p>Principle 13:</p> <p>The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>The Board, with the assistance of the ARC, oversees that the organisation complies with applicable laws, and adopted non-binding rules, codes and standards. Compliance is monitored by the ARC which considers the compliance landscape and assesses the impact of new laws and regulations. Management has identified the applicable laws, codes and standards that impact its operations to ensure compliance.</p> <p>The Board is satisfied with the extent of compliance with applicable laws, regulations, codes and standards. The Compliance and Regulatory Management Framework and Policy are reviewed every two years and approved by the Board. The Compliance Programme was fully implemented during the year under review.</p>
<p>Principle 14:</p> <p>The Board should ensure that the organisation remunerates fairly, responsibly, and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term.</p>	<p>The Board, assisted by the HCSEC, assumes responsibility for the governance of remuneration by setting the direction for how remuneration should be approached and addressed. The HCSEC oversees that executives and general staff are remunerated fairly and responsibly in line with industry standards to promote the creation of value sustainably.</p> <p>The remuneration policy is reviewed by the HCSEC and approved by the Board. The policy is designed to attract and retain human capital, promote the achievement of strategic objectives, positive outcomes, an ethical culture, and responsible corporate citizenship. The HCSEC oversees the implementation of the policy to ensure the achievement of the policy objectives. The Board is satisfied that the remuneration policy and its implementation reflect appropriate alignment between strategic objectives and stakeholder interests. The remuneration of NEDs and executive management is disclosed in the Integrated Annual Report.</p>

Principle	Application
<p>Principle 15:</p> <p>The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>The Board delegated oversight on combined assurance to the ARC. The Combined Assurance Strategy and Combined Assurance Policy are based on the four levels of assurance.</p> <p>The Combined Assurance Forum (CAF) provide a means for the internal assurance providers to engage on one platform, coordinate their efforts more seamlessly and drive the combined assurance implementation The CAF provides leadership and involves the first and second-line assurance providers in the implementation of the Control-Self-Assessment (CSA) process. The process aims to ensure ownership by management and improve the internal control environment. There is continuous monitoring of the implementation of the Combined Assurance Plan. Progress against the Combined Assurance Implementation plan was considered, with a focus on actions at risk of being implemented by 31 March 2024. Additional CSA checklists were completed, and the CAF was working closely with divisional representatives to enhance the first-line assurance.</p> <p>The Auditor-General of South Africa (AGSA) used Internal Audit's work in 2023-24 in several areas, through the Direct Assistance process. This improvement is embraced and more opportunities for an improved collaboration with AGSA between the internal assurance providers improved. Other Internal Audit work, over and above the Direct Assistance, was used for the risk assessment by the AGSA at the planning stage. Management provided first-line assurance through, among others, reports with relevant Management Information that supported the integrity of information for internal decision-making, and for reporting to external stakeholders. The Risk, Compliance and Legal Departments, among others, as part of the second-line assurance providers, presented relevant reports and progress on the mitigation strategies to management, the Board and its Committees.</p> <p>Internal Audit, through the risk-based internal audit plan, provided reasonable assurance on the adequacy and effectiveness of controls, risk management and governance processes, as the third line. To ensure Internal Audit is kept abreast of emerging risk issues, internal auditors are standing invitees to risk assessment meetings with the business. The AGSA provided fourth-line assurance to the Board and other external stakeholders, through the 2022-23 Regulatory Audit and the 2023-24 Interim Audit concluded by 31 March 2024.</p>
<p>Principle 16:</p> <p>In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The Board, with the assistance of the HCSEC, is responsible for overseeing relationships with key stakeholders. Through regular reporting, the Board is equipped with the necessary information to enable it to take the legitimate interests and expectations of stakeholders into account in its decision-making to drive a sustainable and long-term value strategy. The relationship with various stakeholders was strengthened during the period under review.</p> <p>Environmental, social and governance factors in investment decision-making and practice affect the value of an investment; these are essential for responsible investments to promote good governance and creation of value.</p>
<p>Principle 17:</p> <p>The governing body of an institutional investor organization should ensure that responsible investment is practiced by the good governance and the creation of value by the companies in which it invests.</p>	<p>Not Applicable to TCTA.</p>

EXECUTIVE COMMITTEE

Our executive committee comprises the CEO, the Chief Financial Officer and six executive managers. The Chief Internal Auditor has a standing invitation to attend all executive committee meetings. The Board delegates authority to executive management, through the CEO, to manage, direct, control and coordinate the day-to-day business activities and affairs of the organisation. This delegation is subject to statutory limits and other limitations set out in the delegation of authority. As of the date of this report, the Risk, Compliance and Ethics Forum, the Policy Review Committee, the Combined Assurance Forum and the Business Planning and Integration Committee were ExCo standing committees.

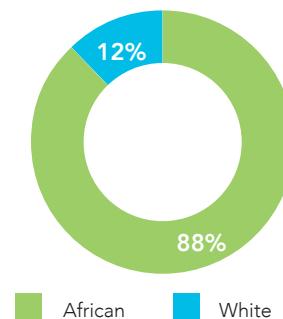
BUSINESS ETHICS

Ethics plays an important role in TCTA's business operations particularly funding raising and implementing projects. The Board and Human Capital Social and Ethics Committee are responsible for the governance of ethics (strategic and oversight role) within TCTA. Management is responsible for the implementation of the ethics policy and framework within the organisation. The ethics programme was approved and monitored by the Human Capital Social and Ethics Committee of the Board. The Committee considered the ethics, workplace, Environmental and Social Sustainability, Occupational Health and Safety and fraud reports. An ethics survey has been conducted during the period under review, based on the assessment conducted, the following interventions will be prioritized and implemented:

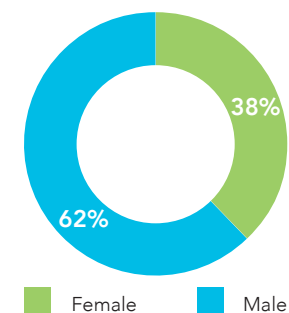
- Improve and foster an ethical culture by embedding ethics management in the operations of TCTA;
- Ethics training for management and employees;

ExCo gender and race diversity as of the date of this report

Race diversity



Gender diversity



- Continuous ethics awareness campaigns to be planned and conducted;
- Formal reintroduction of the Ethics Officer;
- Promotion of ethical behaviour on a management level to create a relationship of trust between management and employees;
- Formalise the expected level of treatment of TCTA service providers and suppliers by employees;
- Implementation of ethics management as part of the due diligence for service providers and suppliers; and
- Consequence management for unethical conduct identified to be implemented.

An ethics implementation plan has been developed to address the issues emanating from the survey. These will be monitored by the Board during the 2024-25 financial year.

RISK MANAGEMENT

TCTA actively manages risks to ensure the achievement of its goals and the long-term sustainability of the organisation. In line with the King IV™ Report on Corporate Governance, the Board governs risk in a way that supports the organisation in setting and achieving its objectives. It takes responsibility for the governance of risk by setting the direction of how TCTA should approach and address risk. The Board has delegated its responsibilities for Enterprise Risk Management (ERM) to the Audit and Risk Committee (ARC).

TCTA's enterprise-wide risk management approach is integrated and structured to ensure effective implementation of the organisational strategy for the achievement of all corporate objectives, which is fundamental to the delivery of the organisation's mandate. The ERM framework ensures that TCTA takes a holistic view of the risks inherent in its organisational strategy and business operations, entrenching risk management in business planning and decision-making processes. All business areas and divisions are responsible for identifying risks, developing risk-mitigating plans, and reporting risks in their areas of responsibility. Risks and treatment plans are continually monitored and reviewed.

The risk management process is governed through an approved Risk Management Policy, Risk Management Framework and Risk Implementation Plan. The Risk Management Framework aligns with various principles outlined in the COSO Internal Control Framework, International Organisation for Standardisation (ISO) 31000: Risk Management Guidelines and the King Code Governance Framework (King IV™). It also aligns with the Public Sector Management Framework, Control Objectives for Information and Related Technology for Information Technology and Project Management Body of Knowledge for project management. The Board approves TCTA's risk appetite and tolerance levels, outlining the amount and type of risk that the organisation is prepared to accept to achieve its objectives.

Business continuity at TCTA is managed through an approved policy and framework based on ISO 22301 and the Business Continuity Institute Good

Practice Guidelines 2018. The organisation has also adopted a combined assurance approach, which allows Risk Management, Internal Audit, Compliance and Legal to work together in proactively managing organisational risks. This approach provides both internal and external assurance to the management and the Board that risks and controls are considered, managed, and improved as needed. It emphasises every employee's responsibility for monitoring and mitigating risk.

The ARC of the Board reviews the implementation of risk management activities every quarter, following the annually approved Risk Management Plan. TCTA adopts a top-down and bottom-up approach to risk management.

The responsibility to implement and execute risk management has been delegated to the Executive Committee (ExCo) to support the organisation in achieving its strategic objectives. A Risk, Ethics and Combined Assurance Forum, established by ExCo, identifies, monitors and controls risk and ethics-related matters across the organisation in support of the Board's strategic objectives. The Forum further makes recommendations to ExCo on the proposed scope and coverage of combined assurance and deliberates the assurance provided to cover overlaps and gaps. The Forum reports to ExCo.

The Risk Management Department conducts periodic environment scans to monitor TCTA's internal and external environment to identify potential threats to the organisation. The information gathered is used to assess material risks and opportunities that may affect the achievement of objectives, thereby enabling the organisation to effectively execute its business strategy. Risk assessments are based on the objectives outlined in the corporate and divisional plans. The Department conducts risk assessments across the organisation, with divisional risks identified quarterly through workshops with executives. During risk register review sessions, new and emerging risks are identified, and progress in implementing measures to reduce previously identified risks is monitored.

The status of key risks is reported quarterly to the ARC.

Risk Management Governance Statement

A sound risk governance structure provides a solid foundation for embedding an effective risk management culture within the organisation. TCTA recognises that risk management requires a team-based approach for effective application across the organisation. In this regard, the organisation has adopted a combined assurance approach to manage organisational risks. This allows for the allocation of responsibilities to assurance providers and ensures that key risks are not missed and misjudged. The responsibility to implement and execute risk management is delegated to management, in line with King IV™, to ensure the achievement of business objectives. Management ensures that all risks affecting their areas of responsibility are identified and mitigated to acceptable tolerance levels.

Approach to Risk Management

The risk management of risk at TCTA entails the proactive identification of potential risks and opportunities in a continuous and systematic manner in accordance with the ERM Framework. This approach enables TCTA to manage risks to an acceptable tolerance level. The risk levels are identified, evaluated and managed at appropriate levels, and their collective impact is aggregated. Risks are identified according to various risk categories defined by the organisation, covering strategic, sustainability, operational, financial (funding, liquidity, interest rate etc.), reputational risks, governance risks, human capital, political and information technology, and project risks. The project risks encompass construction, environmental, engineering and social risks, as well as health and safety risks. The identified risks are then assessed in terms of the likelihood of occurrence and impact.

During the financial year under review, gaps were identified and TCTA worked on improving the risk management process by addressing those gaps. This involved appointing Risk Champions and providing them with necessary training. Key performance indicators for risk management and the Board-approved risk appetite and tolerance frameworks were then implemented and monitored quarterly.

Management of Risks During the Financial Year

The Risk Management Implementation Plan, approved by the Board at the beginning of the financial year 2023-24, was successfully executed. Strategic, operational and project risks were thoroughly evaluated to ensure that all identified and emerging organisational risks were mitigated in line with TCTA's risk appetite and tolerance level. During the year, the organisation procured corporate insurance covers. These included Asset All Risk Cover, Motor Policy Cover, Travel Policy, Directors and Officers Liability, Commercial Liability, Employment Practices Liability, and Cyber Liability Cover.

Strategic Risks



Strategic risks are risks that can significantly affect TCTA's long-term goals and are largely beyond the organisation's control. These risks are identified and assessed annually at a risk workshop with the Board and ExCo. The assessment is based on the organisational balanced scorecard and business plan for the financial year. Divisions are accountable for the identification and management of business risks, as well as strategic risks within their areas of responsibility. The organisation regularly reviews the implementation of measures to reduce such risks to acceptable levels with ExCo. In the financial year under review, the organisation identified 12 key strategic risks. Out of these, one was categorised as extreme, four as high, and seven as medium by the end of the period.

Key Strategic Risk Identified during the Financial Year 2023-24

The table below shows the key strategic risks, their corresponding mitigation measures, and the inherent and residual ratings following the TCTA risk rating matrix. At the end of the financial year, the organisation was still working on effectively implementing some of the mitigation measures to manage the identified risks.

Table 23: Key Strategic Risks:

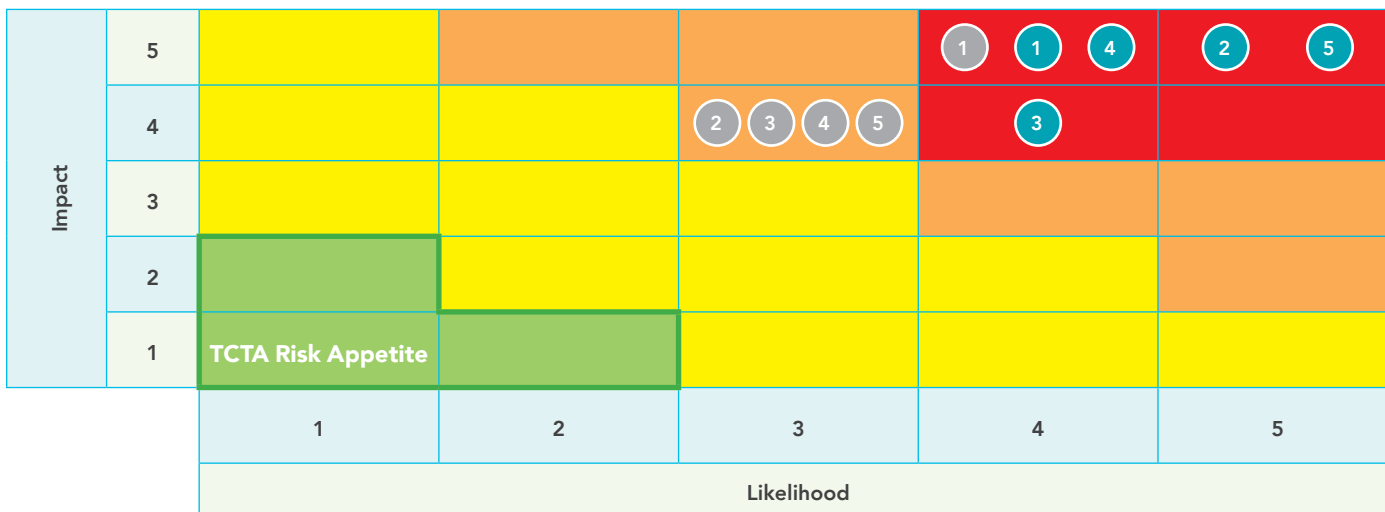
No.	Risk	Inherent risk	Mitigation Measure	Residual Risk
1.	<p>Inability to influence the establishment of the new Agency initiative. This was mainly due to the following:</p> <ul style="list-style-type: none"> • Lack of capacity to undertake the complex change initiative. • Institutional turf protection and lack of alignment between DWS and TCTA. • Poor stakeholder management. 	20	<ul style="list-style-type: none"> • Buy-in at the highest political level, including Ministerial oversight. • Establish interfaces for initiative, as well as independent specialist assessment. • Roadmap that is Cabinet approved, including institutional responsibilities. • Stakeholder Engagement Plan. 	20
2.	<p>Funding not raised on time and in the amount required to implement projects.</p> <ul style="list-style-type: none"> • Creditworthiness of the projects. • Funding climate in the country, particularly in relation to SOEs • Inadequate project preparation. 	25	<ul style="list-style-type: none"> • Regular interaction with funders to promote understanding of TCTA credit, compliance with covenants and the project funding model. • All Projects included in Domestic Multi Term Note (DMTN) to increase funding instruments and expand investor base. • Institutional arrangements are made as part of project preparation. 	12
3.	<p>Inability to shift the culture to one of high performance in TCTA.</p> <ul style="list-style-type: none"> • Inadequate demonstration of leadership example (individualised approach). • Misalignment between employees' expectations with organisational vision, mission and values. 	16	<ul style="list-style-type: none"> • Leadership coaching and team effectiveness programme. • Implement the People Management Capacity Programme through the PMF. • Approved transformation plan. • Mitigation Measure. 	12
4.	<p>Sustainability of the organisation.</p> <ul style="list-style-type: none"> • Failure to convert directives into projects. • Composition of staff cost (fixed and variable cost). 	20	<ul style="list-style-type: none"> • Engage DWS to finalise institutional arrangements and National Treasury to seek funding for the projects. • HR recruitment and remuneration policies. 	12

No.	Risk	Inherent risk	Mitigation Measure	Residual Risk
5.	Potential default on loan covenant. <ul style="list-style-type: none"> Migration of TCTA into the Agency. Lack of clarity on the form of the new entity. 	 25	<ul style="list-style-type: none"> Provide assurances and demonstrate clear intent to migrate in a professional and responsible manner to a viable and future-proof Agency. Clarity of mission and prudent migration strategy. Reassurance of all pre-existing rights and minimal disruption of the business. 	 12

Key

Extreme		High		Medium		Low	
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The following heatmap illustrates the inherent and residual risks in line with the TCTA risk rating matrix.



Inherent		Residual	
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Project Risks

Project risks were monitored and reported on a monthly basis. All the new projects were in the preparation stages during the financial year. The major risks affecting TCTA projects remain delays in finalising institutional arrangements, raising funding and completing the procurement process on time. Based on the reviews conducted at the end of the financial year, most of TCTA's project risks remained moderate.

The details of the risk per project during the financial year are shown below:

- **Berg River Voëlvei Augmentation Scheme** – The main risks to the project were delays in commissioning of the project due to conceptual designs not having progressed to detailed designs. This was to be done once a PSP had been appointed. The appointment of the PSP was delayed by the procurement process. Further, there were delays in completing the BRVAS Project to meet the Project Charter Schedule Commitment. This was to be mitigated through negotiating loan facility agreements to unlock funding. The negotiation process has started with the identified lenders. However, the process has been delayed due to new National Treasury guarantee requirements as part of Section 66.
- **Mokolo Crocodile River Water Augmentation Project – Phase 2A** – The main risk was delay in implementation of the project due to delays in raising funding. At the end of the financial year, progress had been made towards the raising of funding. The guarantee framework agreement (GFA) had been signed by the National Treasury. Further, the preferred lenders were awarded, and loans were approved by the Board in November 2023. Certain due diligence processes and meeting conditions precedent are now the biggest focus.
- **uMkhomazi Water Project - Phase 1** – The main risk affecting the project was delay in completing the uMWP to meet the Project Charter Schedule Commitments. The risk was being managed through the Section 33 consultative process with eThekweni on the water supply agreements. A memorandum of agreement with DWS to transfer R150 million has been concluded.

Financial Risks

TCTA was exposed to financial risks associated with project funding and liability management. The key treasury risks, such as liquidity risk, interest rate risk and credit risk, were well managed during the financial year. The following were some of the risks identified during the year:

- **Liquidity risk** – The liquidity risk was well managed at the end of the financial year, with liquidity risks for all projects rated low.
- **Borrowing limits** – The organisation is required to comply with borrowing limits obtained from the National Treasury. At the end of the financial year, all projects remained within the borrowing limits approved by the National Treasury. However, the unutilised portions of the borrowing limits for KWSAP, VRESAP and BWP were very close to their borrowing limits. Hence, any drawdowns against the three projects must be monitored closely to prevent any breaches.
- **Interest rate risk** – In terms of the approved Treasury Risk Policy, projects that are post-construction must have at least 70% of project funding at a fixed rate and a maximum of 30% floating rate to make interest rate payments predictable. The only project that was within the recommended threshold at a 100% fixed rate was BWP. The rest of the projects were outside the recommended thresholds, i.e., LHWP 100%, VRESAP 41%, KWSAP 77% and MCWAP 72%. However, VRS was not expected to meet the ratio, as it was under construction. VRESAP was not considered a breach, as the Finance Committee condoned the deviation from the ratio for the remainder of the repayment period.

The fixed-to-floating rate ratios for both KWSAP and MCWAP were below the recommended ratio. This was because interest rate hedges that fixed the RMB loans had expired in June and October 2022, respectively. The TCTA Treasury was in the process of exploring refinancing options to address the fixed-to-floating rate ratios recommended in terms of policy.

Business Continuity Management (BCM)

The scope of TCTA's BCM Programme covers six life cycle stages, namely policy and programme management, embedding, analysis, design, implementation, and validation in line with the Good Practice Guidelines and ISO 22301. TCTA

continued to implement the BCM programme to ensure readiness for potential business disruptions.

During the financial year, the following activities were performed to enhance the BCM programme:

- Awareness sessions and training of Business Continuity Champions.
- Conducted business impact assessments and developed business continuity strategies for all divisions.
- The Emergency response, crisis management and business recovery plans were reviewed.
- An off-site Disaster Recovery Testing was conducted.

Planned Areas of Future Focus for the 2024-25 Financial Year

As part of continuous risk management improvement in TCTA, the following are the key activities that will be implemented in the 2024-25 financial year:

- Conduct risk awareness sessions to improve the embedment of risk management and business continuity management into organisational processes and activities and ensure that business continuity remains a top priority.
- Contribute to the implementation of the combined assurance process in collaboration with Internal Audit, Compliance and Legal.

Compliance Risk Management

To the best knowledge and belief of the Board of Directors, the TCTA has, during the year, complied in all material respects with the legislation and regulations applicable to it. Any exceptions are disclosed in the annual financial statements. The Board is accountable for ensuring compliance with laws, regulations, policies, procedures and any adopted standards applicable to TCTA. The organisation's risk appetite framework regarding compliance is based on a zero-tolerance approach to non-compliance.

The TCTA Compliance Policy and Framework mandates that the compliance function monitors and reports on the organisation's adherence to regulatory requirements and the effectiveness of compliance risk management processes

and measures implemented by management. The ARC exercises ongoing oversight of compliance. It particularly ensures that compliance is understood not only as an obligation but also as a source of rights and protection.

TCTA's compliance risk management takes a holistic view of laws and non-binding provisions and continually monitors the regulatory environment and appropriate responses to changes in developments.

TCTA's risk-based methodology is guided by the Generally Accepted Compliance Practice Framework issued by the Compliance Institute of Southern Africa. The compliance function supports management in discharging its responsibility by facilitating the development, establishment and maintenance of an efficient and effective compliance risk management process. The key mechanisms and tools of compliance risk management are consistently implemented to drive compliance within all divisions of the organisation.

PMFA Compliance

Sections 51 and 55 of the PFMA impose certain obligations on TCTA relating to the prevention, identification and reporting of irregular, fruitless and wasteful expenditure, expenditure that does not comply with operational policies and losses through criminal conduct. TCTA has implemented internal control measures to ensure accurate and complete reporting of irregular, fruitless and wasteful expenditures. This has resulted in a low number of these expenditures confirmed and assessed in the past two financial years.

However, historical irregular, fruitless and wasteful expenditure, incurred and confirmed before the commencement of the Compliance and Reporting Framework, National Treasury Instruction Note 4 of 2022-23, has been an audit challenge for TCTA. The retrospective application of the instruction note has negated the progress that the organisation had made in treating and clearing such expenditures as required by the framework. In the current financial year, the Board of Directors have condoned and removed an irregular expenditure amounting to R285 820 713.90 and wrote off fruitless and wasteful expenditure of R377 284.24.

TCTA's remedial plan for the historical irregular, fruitless and wasteful expenditures included the reconfiguration of the Loss Control Committee, which presides over all matters of regulated expenditure. The plan also involved the revision of the Irregular, Fruitless and Wasteful Expenditure Policy and Procedure. These initiatives were introduced to address the root causes related to the occurrence, accuracy, and completeness of irregular, fruitless and wasteful expenditures in a sustainable manner, as well as to improve the PFMA environment and eliminate future transgressions.

TCTA has also put measures in place to ensure that consequence management and remediation actions are continuously undertaken. Updates on the consequence management taken by TCTA have consistently been included in the management's monthly strategic meetings and quarterly reports. The continuous tracking and enhancement of the PFMA remedial actions remain a key priority for TCTA.

On 14 November 2023, the National Treasury granted TCTA an exemption or a departure from applying certain specified SCM instructions issued under section 76 of the PFMA. This exemption allowed TCTA to address legacy challenges mainly in the SCM environment by focusing on the implementation of internal control measures that ensured accurate and complete reporting of irregular, fruitless and wasteful expenditure.

INTERNAL AUDIT

The in-house Internal Audit division upholds the Institute of Internal Auditors' International Professional Practice Framework (Standards) and the Committee of Sponsoring Organisations of the Treadway Commission's Internal Control Framework, in executing its deliverables. The approved Internal Audit Charter outlines the mandate that informs the execution of assurance and advisory reviews. The Internal Audit Methodology guides the execution of reviews and is aligned with the Standards. Internal Audit provides reasonable assurance to management, the Audit and Risk Committee, and the Board, on the adequacy and effectiveness of internal controls, risk management and governance processes. Internal Audit strives to add value to TCTA and provide management with foresight, advice and guidance on improving operations, through advisory reviews conducted.

The approved 2023-24 risk-based Internal Audit Plan was completed by year-end.

A Co-Source resourcing model remained in place during the period to provide technical and specialist skills, and additional capacity to TCTA, as and when required.

Internal Controls

To ensure compliance with PFMA Requirements, the 2024-25 risk-based annual and strategic three-year rolling Internal Audit Plan was approved on 26 March 2024, prior to the commencement of the new financial period. The annual assessment of internal controls is informed by the outcome of the completed assurance and advisory reviews. This process helps an overall audit opinion on the adequacy and effectiveness of controls, risk management and governance processes. The adequacy and effectiveness of TCTA's internal control system in areas such as information technology security and controls, SCM, financial management and project management were deliberated, with recommendations for improvement where necessary.

Internal audit reports were presented to management and remedial actions were put in place to address Internal Audit's recommendations accordingly. Throughout the continuous engagements and deliberations with management during the audit processes, there was a commitment by management to address audit recommendations adequately in order to further improve the internal controls within the organisation.

The monitoring and reporting on the Audit Tracking progress continued as an existing control to encourage timeous resolution of action plans committed to by management, on internal and external audit findings. The resolution rate on 31 March 2024 was 98.08%, which is an increase from 97.09% for 2022-23, and 93.15% reported for 2021-22.

The procurement process for sourcing the Enterprise Resource Planning (ERP) solution was not concluded during the period. This extended delay further exacerbates the challenge of highly manual processes in key areas like contract management, performance management and procurement. The manual process prohibits Internal Audit from applying Data Analytics to improve the level of assurance, among others, and is inherently more susceptible to human error and inefficiencies. The further delay in the implementation of the ERP Project

has negatively impacted the ability of TCTA to embrace continuous auditing and continuous monitoring, to realise efficiency and effectiveness.

Risk Management

The COSO ERM Framework has been adopted by the Risk Department and an awareness session for all staff was conducted during this period. A follow-up review on the Enterprise Risk Management (ERM) was conducted, and the conclusion was "Adequate and Effective". Of the seven findings previously reported, six were resolved and one was not resolved concerning the implementation of an integrated risk management software to enable full integration and further enhance risk management processes.

The overall risk management process and the embedding of risk management into all daily operations remained a key focus to embrace ERM optimally. Additional information considered for this written assessment includes the level of implementation of action plans in the strategic risk register and reports presented to management structures and Board oversight structures. The other considerations were the irregular, fruitless and wasteful expenditure backlog, consequence management process and root causes identified during internal audit reviews. Executive management should embrace the strategic importance of ERM and its direct impact on achieving objectives and organisational performance to improve the overall risk management process. Oversight from the Board and its committees should be a priority to ensure that Management achieves strategic objectives and improves organisational performance.

The implementation of the Business Continuity Strategy, Policy and Plan was pursued in the period, to improve organisational resilience through an effective business continuity management process. The business continuity management programme requires management to document key business processes to mitigate the risk of operational disruption in case of an emergency or a disaster, especially in a remote or hybrid working environment.

A Business Continuity Management Review was conducted during the period. The findings were largely addressed by the end of the financial year to close gaps identified in the Emergency Response Plan, the Crisis Management Plan and the Business Continuity Management Framework.

The Compliance Management function was reviewed in the period and the outcome recommended enhancements of internal controls around effective monitoring to ensure reported non-compliances are resolved in a timely manner.

A compliance maturity assessment was undertaken during the period, and it revealed that TCTA's compliance function is evolving. However, the assessment identified areas for improvement to embed a culture of compliance in the wider organisation. These improvements include developing a compliance strategy and providing routine compulsory compliance training for all employees. Additionally, they involve enabling employees to attain and maintain appropriate knowledge of the regulatory environment and compliance obligations relevant to their specific roles and responsibilities, as well as TCTA's policies and procedures. The strategic use of technology and automation can help achieve operational efficiencies, transparency, risk reduction and lower compliance costs.

Investigations

No new cases were reported to the Anti-Fraud and Ethics Hotline in the period, which could be a reflection of internal controls strengthening or possibly an increase in fraud risk awareness by employees. A few investigations were initiated through management requests and were reported on. Recommendations were made for management's implementation, to address internal control failures and weaknesses identified during the investigations. A Whistleblower Procedure is in place to guide the implementation of the Whistleblower Policy and an awareness session for all employees was conducted during the period. The fraud risk was managed as part of the risk management process. A fully outsourced Anti-Fraud and Ethics Hotline was available for employees and external parties to report allegations of fraud, corruption or unethical behaviour anonymously. Internal Audit administers the Hotline, and the Risk Department facilitates the management of fraud and ethics risks, as part of the broader risk management process.

Governance

A Governance Review for the Board and its committees was conducted, resulting in a designation of "Partially Adequate and Partially Effective". Recommendations for further enhancements were made regarding the governance framework, Board Charter and work plan.

An Ethics Risk Assessment and a review of the TCTA Ethics Strategy based on the outcome of the assessment was conducted during the period. The organisation's culture requires improvement to inform the tone and the top and how internal controls, risk management, compliance and ethics management processes could be further enhanced.

Accountability

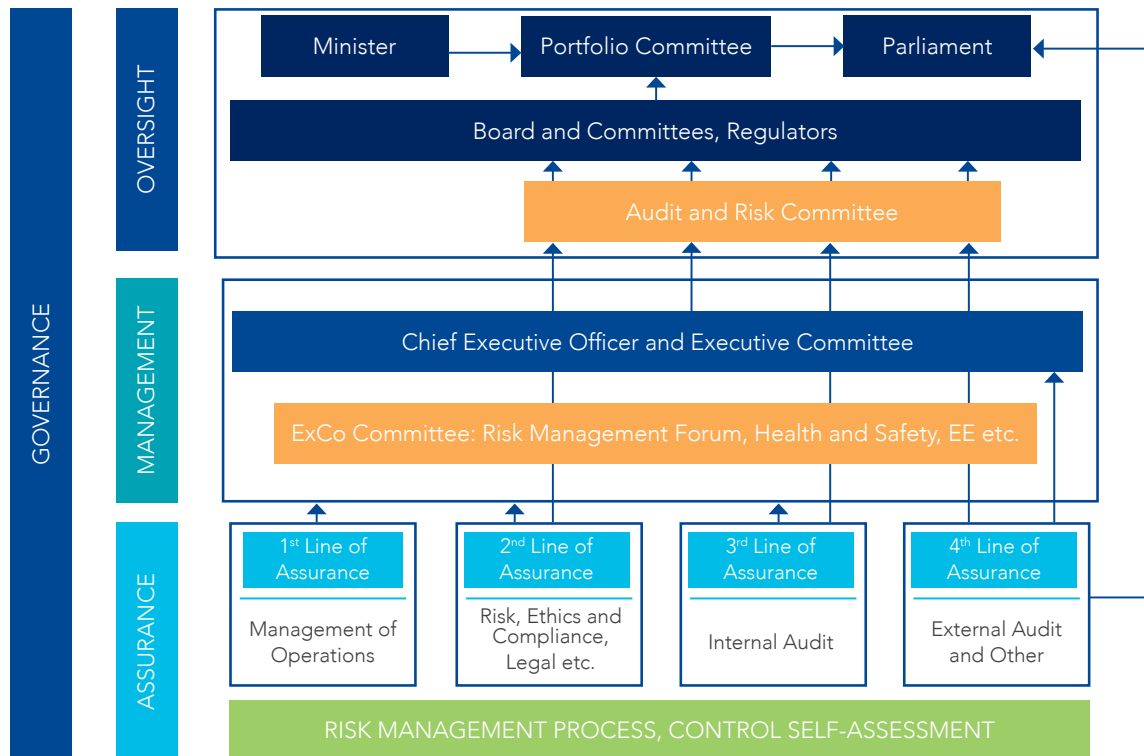
The Internal Audit Division reports functionally to the ARC and administratively to the CEO.

Combined Assurance

The Combined Assurance Strategy and Policy was approved in April 2023. Four lines of assurance have been adopted by the ARC and the approved Combined Assurance Strategy and Policy were aligned to this approach. The TCTA Combined Assurance Model is depicted in Figure 16.

Figure 16: TCTA Combined Assurance Model

The Internal Audit Division led the implementation of the Combined Assurance Plan, supported by the first-line and second-line assurance providers. The Control



Self-Assessment (CSA) process was further embedded in the period. The leadership must set the tone at the top to ensure the success of the Combined Assurance approach. The risk management process needs further improvement, with management taking ownership and effectively driving risk management.

The Combined Assurance Forum (CAF), chaired by the Chief Internal Auditor, was operational during the period. The CAF seeks to provide a platform for all internal assurance providers to coordinate their efforts more effectively for improved collaboration. First-line assurance providers were appointed as members of CAF to improve the chances of success of the combined assurance approach. The Combined Assurance Maturity level improved from Tier 2 to Tier 3 by year-end.

The Auditor-General of South Africa (AGSA) used the work from Internal Audit on a greater number of reviews, compared to prior periods. The “Direct Assistance” approach reduced duplication of effort and audit fatigue for the Auditees. Internal Audit will continue to collaborate with AGSA to maintain or, where possible, increase the number of audits where the AGSA can use work executed by Internal Audit.

Annual Written Assessment

The overall internal audit opinion on the TCTA internal control environment is

that the system of internal controls, risk management and governance processes are partially adequate and partially effective. The organisational culture and the tone from the top from the Executive Management and the Board, once improved, will contribute positively to the improvement of the risk management process and the control environment. The Combined Assurance approach, the CSA process and the commitment from the leadership are essential to pursuing a clean audit in the short-term.

Strategic Water Source Areas

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STRATEGIC WATER SOURCE AREAS

When exploring the networks and partnerships required to bring about a water-secure South Africa, one must consider the water source itself. The water cycle is, in effect, a global recycling programme, but it is important to remember that the natural distribution of this life-giving resource is not determined by political boundaries or areas of human need. Water resource distribution is influenced by geography, climatology and ever-shifting air masses.

Strategic Water Source Areas (SWSAs) are natural source areas with high rainfall that supply disproportionately large volumes of water per unit area. South Africa's Natural Capital Accounts identify and explore 22 contextually distinctive SWSAs. These stretch in a band along the Eastern Highlands towards the north and along the folded mountain ranges of the South of the Western Cape. The 22 SWSAs comprise only 10% of the combined land area of South Africa, Lesotho and Eswatini but supply approximately 50% of the water in our rivers and dams.

With an average annual rainfall of only 52% of the global average, South Africa must maintain a water storage and transfer network that enables the country to prosper. The National Spatial Development Framework identifies the country's SWSAs as key components of the National Ecological Infrastructure Network, highlighting the need to manage and restore these areas in the socio-economic interests of the country.

The SWSAs host and work in tandem with built infrastructure. The state of the SWSAs has a substantive impact on the quantity and quality of water fed into dams and rivers. The transfrontier Maloti Drakensberg SWSA encompasses large portions of the mountain kingdom of Lesotho. Bilateral agreements between these two countries govern the supply of water through the LHWP. LHWP is a bulk water storage and transfer scheme nestled in Lesotho's naturally deep mountain gorges, ideal for developing high-capacity water storage, which limits evaporation losses.

Despite their essential contribution to water security, many SWSAs are significantly transformed, degraded and poorly protected. Collaborations and partnerships between a broad base of stakeholders are essential for the sound management and protection of our SWSAs. Government, corporate entities, industries, NPOs, NGOs and communities living and operating within the SWSAs have a direct effect on their condition and functional capacity. Poor land management practices increase soil erosion potential, leading to the siltation of downstream rivers and dams.

Industries transforming SWSAs include coal mining, large-scale cultivation of food crops and forestry that supplies wood and related resources. All these industries provide much needed employment opportunities and contribute to

the economy. Pressure on SWSAs will increase as social and economic needs continue to grow. The Upper Vaal SWSA recorded the highest proportion of water-intensive commercial field crops of all SWSAs in 2020, covering 28% of its area. The Upper Usutu SWSA supplies much of the water used to cool large coal-fired power stations and maintains a significant commercial forestry industry based on water-thirsty exotic tree species. Many of the SWSAs are under significant pressure from alien plant infestations that are not associated with forestry but can use between 2.9% and 25% of the available water in some catchments. Programmes for clearing these infestations need to be implemented with due care and follow-up to ensure that the good intention of removing invader trees does not exacerbate existing erosion risks.

About 14% of South Africa's population lives in SWSAs at varying densities with diverse socio-economic activities. SWSAs are a true example of how the actions and management practices of those who live, govern and work within these small but critical water supply areas can have significant long-term implications for water security and the lives and livelihoods of millions more, not to mention the economy.

How do the other 86% of South Africans contribute to the demands placed on the SWSAs? Individual behaviours and consumption patterns collectively increase the demand for water, food, timber, energy and other resources produced within these valuable high-rainfall zones.

Innovative developments based on international best practices must be embraced to encourage and improve collaboration, streamlining and coordinating the many well-intentioned interventions targeting SWSAs. A good example of one such innovation is the establishment of the Greater Cape Town Water Fund, a public-private partnership for coordinated investment in catchment rehabilitation towards improved water security.

Would it be unreasonable to expect that consumers of products and services, within all spheres of society and government, contribute to the costs associated with the protection, rehabilitation and improvement of land use management within SWSAs? Can we really afford the long-term costs associated with sustaining high-impact consumption patterns without protecting the capacity of SWSAs?



BUSINESS CONTINUITY

The Information Technology (IT) environment is a key business process enabler and vehicle for delivery of services, towards the achievement of our overall corporate objectives. Providing an innovative, secure and resilient environment is critical to business continuity and for enabling a future-fit business that is capable of utilising IT for competitive advantage and improved service delivery to its stakeholders.

During the year ended 31 March 2024, the average uptime recorded for critical servers was 99.63% (Figure 17) which is above the organisational target of 95%. This annual average is slightly higher compared to 98.61% in the previous period.

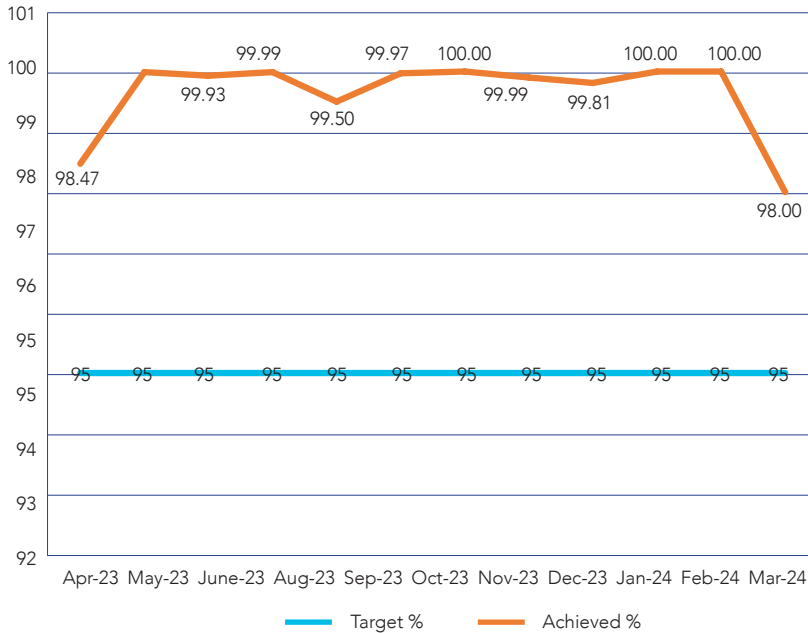


Figure 17: Critical Server Uptime Rate

Continuous monitoring and monthly maintenance of critical servers are undertaken to ensure business continuity and system availability. This strict maintenance regime has ensured that improvements in operations gained from the provision of the cloud infrastructure environment (Infrastructure as a Service) are sustained.

The average success rate achieved for data backup was 100% on the first attempt, which indicates an improvement from 99.96% in the previous year. On the second attempt, an average success rate of 100% was also achieved (Figure 18). Corporate data is backed up daily and data restore tests are conducted weekly.

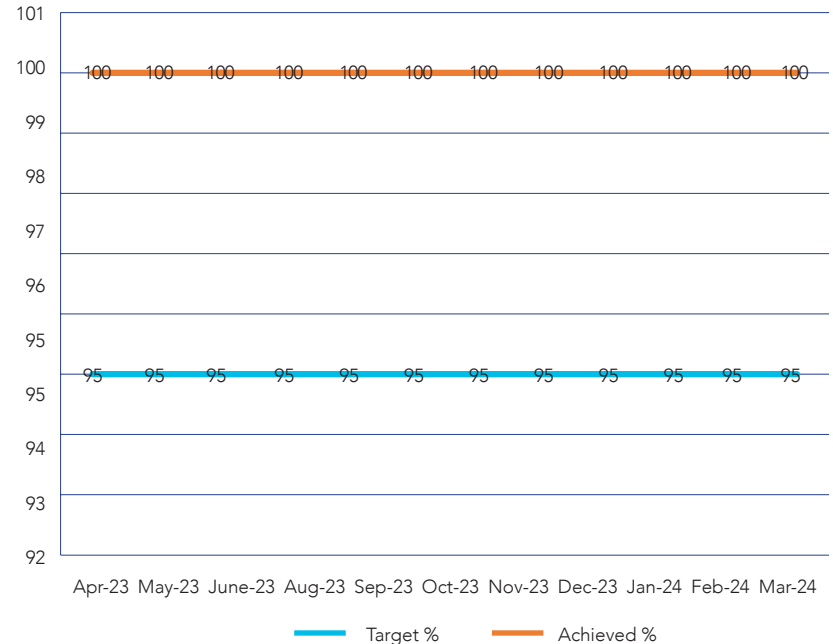


Figure 18: Data Backup Success Rate

An average success rate of 100% was achieved for data restore tests, which remains steady from the previous reporting period (Figure 19).

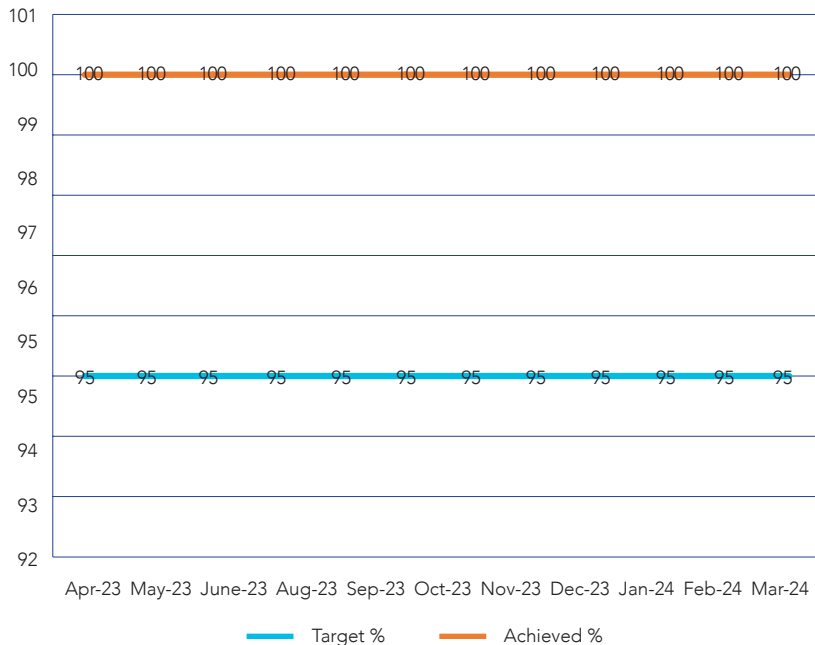


Figure 19: Data Restore Success Rate

TCTA maintains a highly effective antivirus solution to protect its entire IT network, including servers, desktops and laptops, from computer viruses, malware and other electronic threats. This system is regularly updated as new threats emerge. An average update success rate of 95.96% was achieved during the reporting period, which is a slight improvement from 94.30% in the previous period. It must be noted that updates are reliant on the end-user connecting to the internet for the files to be updated.

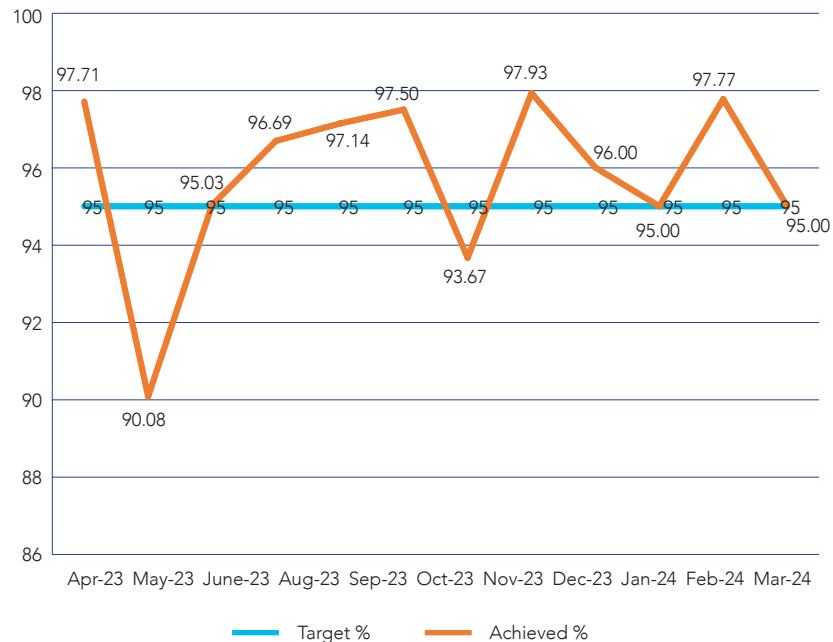


Figure 20: Antivirus Update Success Rate

We continue to mitigate the risk of data loss through the implementation of new policies and systems. Awareness sessions are held regularly to ensure that the endpoints are being protected accordingly. The KnowB4 (Security Awareness Training) solution was implemented to better equip users to detect phishing attempts and protect themselves and the organisation. These interventions continue to enhance the reliability, stability and security of our environment.

CYBER AND INFORMATION SECURITY

The IT Department continues to provide effective support and management of our infrastructure platforms, more especially in the new normal environment of hybrid working, remote connectivity and collaboration. Globally, the shift towards increased flexible working has also increased the risks to the confidentiality, integrity and availability of IT systems. However, in the context of TCTA, we have and continue to implement various tools to mitigate these risks. The IT leadership fully recognises the need for ongoing cyber and information security controls regardless of the location from which employees are operating. To this end, effective technical and administrative controls have been implemented and are continuously monitored and enhanced, as required, to effectively manage IT risks.

While there is continuous monitoring of the IT landscape, TCTA cannot ignore the fact that it is often people who are the weakest link within the cyber security threat chain. Thus, it is important to ensure that TCTA employees are made aware of cyber threats, increased social engineering and email phishing attempts. Cyber security awareness and training have been embedded in the culture of TCTA to further reduce the risk of cyberattacks within the organisation. For the period ended 31 March 2024, there were no cyber security incidents reported. Despite this strong cyber security posture, we continuously review our Cyber Security Strategy to respond more effectively to emerging cyber threats. In addition to this, we conduct monthly vulnerability assessments to detect new vulnerabilities and implement necessary actions to resolve them.

REPORTABLE INCIDENTS

There have been no reportable incidents during the period under review.

STRATEGIC OBJECTIVES AND PROJECTS

TCTA recognises IT as a strategic enabler by which to deliver business value and enable the corporate strategy. The IT Strategy aims to transform TCTA's IT capabilities into strategic assets, enabling the exploration of technological advances that could provide new opportunities for the organisation.

The IT Strategy has been split into ten main themes: Innovation, Digitisation, Customer Focus, Cloud Focus, Information Management, Capable Workforce, Sustainability, Simplification, Speed and Quality. This allows for the prioritisation of projects over the next three years. These themes will not only address organisational challenges but will also be guided and where relevant, aligned to industry demands and trends.

This three-year strategy focused on stabilisation in year one, optimisation in year two and lastly digitisation in year three. For the period ended March 2024, we commenced with the digitisation of the environment through the automation of business processes and implementation of various office productivity tools to further support the digital initiatives.

With the implementation of the ERP solution being delayed due to procurement challenges, the focus was shifted towards the implementation of Year 2 initiatives of the Digital Transformation Strategy. This ensured that other digitalisation opportunities were given the necessary attention whilst awaiting the conclusion of the ERP procurement process. The Digital Transformation Strategy seeks to:

- Create a positive employee experience, through enabling access, collaboration, and automated processes.
- Establish synergistic work practices by removing silos and implementing integrated systems.
- Improve speed of execution of processes and agility in new technology adoption, whilst simplifying the way of work.
- Provide greater auditability, visibility and efficiency, thereby ensuring that external stakeholders' needs are met.

During the reporting period, we successfully implemented 84% of the IT Strategy and 82% of the Digital Transformation Strategy.

INFORMATION AND TECHNOLOGY GOVERNANCE

Reliance on IT as a key business enabler and vehicle for delivering the business strategy has increased significantly and continues to do so. Such reliance highlights the need for sound IT governance as part of the corporate governance agenda. In exercising its duty of care, the TCTA Board of Directors continues to ensure that prudent and reasonable steps are taken by management regarding IT Governance, Risk and Compliance. These steps included the development of the Enterprise Architecture Framework, Cyber Security Framework and the development of new policies. Policies such as the Incident Management and Response Policy were developed, and governance structures and controls were put in place to deal with incidents in a manner that minimises both ICT and business operational risks.

The Enterprise Architecture framework, which adopts The Open Group Architecture Framework, provides methods and tools for ensuring architecture compliance with IT principles and standards while aligning IT investments with strategic objectives.

The Cyber Security Strategy, which adopts the NIST framework, aims to ensure that TCTA's systems are functioning optimally. It also ensures that data is protected from being accessed by unauthorised users, which may lead to it being partially compromised, completely lost or having reduced integrity.

The implementation of our framework and strategy is constantly monitored by the Board and areas of improvement are identified in line with legislation, business priorities, as well as relevant technology trends.

Built and Ecological Infrastructure

G

PFMA COMPLIANCE REPORTING INFORMATION

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BUILT AND ECOLOGICAL INFRASTRUCTURE

In South Africa, the water sector depends on natural infrastructure to transport water long distances across the country and away from the rivers carrying this water, reliant on the environment being in a healthy condition to preserve the quality of runoff. A high-quality runoff prevents the siltation of dams, controls water treatment costs, but also benefits biodiversity. Therefore, an integrated approach or partnership between water users and the environment is essential.

Many rivers in South Africa have highly regulated flows. This can be due to the introduction of water into the headwater by the transfer of water from another catchment, such as the LHWP transferring water from the Senqu River into the Liebenbergsvlei River, or through the construction of dams, such as the Hartbeespoort Dam on the Crocodile River.

The significant cost of transferring or storing water means that its release must be managed to ensure that negative impacts from invasive plants do not interfere with these releases. For example, water hyacinth significantly slows water flow in channels by 40 to 95%. This applies to both natural riverbeds and artificially created channels. Keeping rivers free of water hyacinth facilitates flow management and has been shown to aid the recovery of insects, reptiles, fish and birds.

Currently, water hyacinth has spread from the upper-middle parts of the Vaal to areas near the confluence with the Orange River. Invasions of the Lower Orange River are a distinct possibility. If this occurs, it could significantly impact users on the Lower Orange and make it more difficult for South Africa to maintain

its international obligations to Namibia. Therefore, managing water storage in dams cannot be separated from maintaining the health of the rivers into which they discharge.

The storage of water in dams is also impacted by upstream activities in their catchments. Poor land management practices can lead to erosion and siltation in dams, reducing their storage capacity. The parent material from which the soil develops significantly influences soil erodibility. Coupled with poor land management, this can lead to the formation of dongas, as seen in the Eastern Cape. Soils that develop from sandstone are usually highly erodible because of high sand content and little clay to contribute to aggregation. In the Free State, this led to the reduction in the storage capacity of the Welbedacht Dam from the original 115 million m³ to approximately 16 million m³ within 20 years of its completion. As a result, Knellpoort Dam, an off-channel storage facility, had to be constructed to replace the lost storage capacity, incurring additional costs.

Additionally, wetlands function as natural sponges that trap and slowly release water, thereby increasing the yield of the catchment. Their destruction decreases the catchment yield, impacting water security and necessitating the replacement of the lost yield elsewhere at an additional cost.

Given the scarcity of water in South Africa and the existing stress on the country's water resources, there are no readily available alternatives. Thus, managing the catchment area cannot be separated from managing the dam reservoir and wall.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024 R'000	2023 R'000
Opening balance	444 410	806 287
Prior Period Errors	(97 091)	(3 181)
As Restated	347 319	803 106
Add: Irregular expenditure confirmed	175	196 820
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure condoned and removed	(285 821)	(555 516)
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
Closing balance	61 673	444 410

The Board resolved to remove from the Annual Financial Statements an amount of R277 723 000 after following a due process, which, amongst others, included approaching the National Treasury for condonation. There was a further amount of R8 097 777 removed by the Board post 31 March 2024, further reducing the IE closing balance bringing the total removal to R285 821 000. Furthermore, there was irregular expenditure was adjusted amounting to R16 717 000 due to incorrect declaration.

b) Reconciling notes to the annual financial statement disclosure

Description	2024 R'000	2023 R'000
Irregular expenditure that was under assessment in 2022-23	-	156 711
Irregular expenditure that relates to 2022-23 and identified in 2023-24	-	36 327
Irregular expenditure for the current year	175	3 782
Total	175	196 820

c) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2024 R'000	2023 R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	61 673	408 083
Irregular expenditure under investigation	-	-
Total	61 673	408 083

d) Details of current and previous year irregular expenditure condoned

Description	2024 R'000	2023 R'000
Irregular expenditure condoned	-	-
Total	-	-

There was no irregular expenditure condoned in the current and prior year.

e) Details of current and previous year irregular expenditure removed - (not condoned)

Description	2024 R'000	2023 R'000
Irregular expenditure NOT condoned and removed	(285 821)	(555 516)
Total	(285 821)	(555 516)

f) Details of current and previous year irregular expenditure recoverable

Description	2024 R'000	2023 R'000
Irregular expenditure recovered	-	-
Total	-	-

g) Details of current and previous year irregular expenditure not recoverable and written off (irrecoverable)

Description	2024 R'000	2023 R'000
Irregular expenditure written off	-	-
Total	-	-

There was no irregular expenditure written off in the current and prior year.

Additional disclosure relating to Inter-Institutional Arrangements

a) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)

Designation
None

b) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2024 R'000	2023 R'000
The institution procured services of another organ of state to conduct business case analysis for a division that is to be established, and it was found that the supplier awarded the contract did not meet the minimum requirement and Entity A was part of the bid committee meeting	-	-
Total	-	-

c) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2024 R'000	2023 R'000
Disciplinary or criminal steps taken amounting to	19 732	1 977
Total	19 732	1 977

Disciplinary process were conducted against some employees who were involved in some irregular expenditure transactions.

Fruitless and wasteful expenditure

a) Reconciliation of Fruitless and wasteful expenditure

Description	2024 R'000	2023 R'000
Opening balance	4 143	4 828
Prior year adjustment	(219)	-
As restated	3 924	*
Add: Fruitless and wasteful expenditure confirmed	-	6
Less: Fruitless and wasteful expenditure written off	(377)	(691)
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	3 547	4 143

b) Reconciling notes to the annual financial statement disclosure

Description	2024 R'000	2023 R'000
Fruitless and wasteful expenditure that was under assessment in 2021-22	-	-
Fruitless and wasteful expenditure that relates to 2021-22 and identified in 2022-23	-	-
Fruitless and wasteful expenditure for the current year	-	6
Total	-	6

c) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2024 R'000	2023 R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	6
Fruitless and wasteful expenditure under investigation	-	-
Total	-	6

d) Details of current and previous year fruitless and wasteful expenditure recovered

Description	2024 R'000	2023 R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

e) Details of current and previous year fruitless and wasteful expenditure not recovered and written off

Description	2024 R'000	2023 R'000
Fruitless and wasteful expenditure written off	377	691
Total	377	691

INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
Appointment of a service provider to provide support and maintenance for BoardPAC meeting management solution for the period of three (3) years	Sizwe Africa IT Group	Less than three quotations received from a list of accredited suppliers provided by the OEM	060/2024/EWSS/BOARDPAC/RFQ	463 680
Appointment of a service provider to provide an Anti-Fraud and Ethics Toll Free Hotline	Advance Call	Less than three quotations received after issuing the RFQ to the market more than three times.	007/2023/IA/ETHICS/RFQ	207 690
Appointment of a service provider to conduct a incompatibility investigation and assessment	Madiba Motsai Masitenyane Githiri (MMMG) Attorneys	Single sourcing on the grounds of continuity	84-2021-LEGAL-LAWFIRMS-PSL-LABOUR-01-1	72 450
Emergency appointment of Firm of Attorneys for the appeal on the labour matter	ENS Africa	Single Sourcing on the grounds of urgency to filer in urgent Labour Court matter	84/2022/LAW/LEGALFIRMS/PSL	2 930 733
Appointment of a service provider to provide debt sponsor services, arranging and agency services for a period of 36 months	Nedbank and RHO Capital Group Consortium	Limited bidding to the institutions accredited by Strate and JSE	005/2023/PF&T/SPONSOR/RFB	1 274 937
Long-term Forecasts for inflation, Normal Interest rate (headline CPI + PPL Inflation)	Bureau of Economic Research (BER) University of Stellenbosch	Single Sourcing	082/2023/PF&T/BER/RFQ	519 254
Total				5 468 744

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
Employee wellness services	Rifumo Professional Services	Expansion	TCTA/2020/HR&OD/EW/003	400 934	-	104 243
Caseware solution for AFS	AdaptIT	Expansion	n/a	963 350	1 276 644	404 104
Provision of Job Grading and Evaluation services for a period of three (3) years	Work Dynamics	Expansion	62/2021/HR&OD/JOB/EVA/TCTA/RFQ	4 600 000	-	242 250
Appointment of service provider for the provision of oracle HCM support services	EOH Mthombo (Pty) Ltd	Expansion	n/a	8 035 906	7 470 508	2 423 108
Leasing of office accommodation	Central Vision Development	Variation	94/2021/EWSS/OFFICE/RFB	76 748 797	3 857 792	11 015 061
Provision of fraud and ethics hotline	AdvanceCall	Expansion	TCTA/2019/IA/FHL	170 808	15 207	5 069
Provision of SACCPAC licencing and technical support	Isitshixo Business Solutions	Variation	029/2023/EWSS/ACCPAC/RFQ-LB	800 345	-	1 251 271
Provision of Employee culture survey	OIM Leadership Consulting	Variation	23/2023/HR&OD/CULTURE/RFQ	157 000	-	76 790
MCWAP-2A land valuation services	Dagada valuations	Expansion	020-023	737 800	-	240 314
Development of TCTAs corporate video	Advocc video and productions	Expansion	076/2023/CSO/VIDEO/RFQ	313 100	-	20 000
Total				92 928 038	12 630 289	15 782 209

INFORMATION ON PAYMENT OF SUPPLIER'S INVOICES

Description	Number of invoices	Value R'000
Valid invoices received	2 672	8 854 030
Invoices paid within 30 days or agreed period	2 504	8 831 881
Invoices paid after 30 days or agreed period	168	22 149
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

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FINANCIAL INFORMATION



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AUDIT AND RISK COMMITTEE REPORT

I am pleased to present the Audit and Risk Committee report for the year ended 31 March 2024.

The Audit and Risk Committee (Committee) comprises four independent non-executive directors and a co-opted specialist appointed by the Board effective 1 July 2023. The Board believe that, as a collective, the members have the necessary skills to carry out their duties effectively and with due care. The Chief Executive Officer, the Chief Financial Officer, the Chief Risk Officer, the Chief Internal Auditor, Executive Managers and the independent external auditor are permanent invitees to meetings.

Details on members' qualifications and experience are available on pages [84 to 86](#).

The Committee has certain reporting responsibilities to the Executive Authority and the Board. Its duties, as set out in the terms of reference, are reviewed annually and incorporate the Committee's statutory obligations as set out in King IV. During the period, under review, the Committee's performance was assessed in compliance with the Board Performance Evaluation Policy. The Committee's performance was found to be satisfactory and no areas of concern were identified. An independent review will be performed for 2024-25.

A work plan is prepared every year, encompassing all these duties, and progress is monitored continually

to ensure these obligations are fulfilled. Amongst others, the Committee monitors and reviews:

- The preparation of the Annual Financial Statements (AFS), ensuring fair presentation and compliance with International Financial Reporting Standards (IFRS) and recommending same to the Board for approval;
- The integrity of the Integrated Annual Report (IAR) by ensuring its content is reliable and includes all relevant operational, financial and other nonfinancial information, risks and other relevant factors;
- Accounting policies and proposed revisions, and significant transactions, estimates and accounting judgements;
- The effectiveness of the internal control environment;
- The effectiveness of the internal and external audit functions;
- The competence and experience of the Chief Financial Officer and the effectiveness of the finance function;
- The adequacy and effectiveness of the enterprise-wide risk management policies, processes and mitigating strategies;
- The going concern basis of reporting and whether it's appropriate;
- The combined assurance model, provides independent oversight of the effectiveness of the assurance functions and services, with a particular focus on combined assurance arrangements;

"The fundamental role of the Audit and Risk Committee is to assist the board in fulfilling its oversight responsibilities in areas of financial reporting, internal control systems and internal and external audit functions. The Audit and Risk Committee also oversees risk and compliance governance and considers and evaluates the combined assurance framework and the assurance plans to ensure satisfactory coverage of risks that support the control environment."

Zelda Tshabalala

- Compliance with applicable legislation, requirements of appropriate regulatory authorities; and
- Policies and procedures for mitigating fraud.

Seven scheduled and one special meeting were held during the period under review. Members' attendance is shown below:

Members	Number of Meetings	Attendance %
Z Tshabalala (Chairman and Independent Non-Executive Director)	8	100%
P Mofokeng (Independent Non-Executive Director)	8	100%
R Mnisi (Independent Non-Executive Director)	7	88%
G Dumas (Independent Non-Executive Director)	8	100%
*S Maharaj (Co-opted Specialist)	5	100%

* Appointment effective 1 July 2023

During the period under review, the Committee:

- Oversaw risk governance and monitored the implementation of action plans in the strategic risk register, the risk management plan, and the fraud prevention plan.
- Approved the strategic and annual internal audit plan and oversaw the execution of deliverables.
- Approved the audit strategy, the engagement letter and external audit fees.
- Considered and recommended the organisational performance reports to the Executive Authority and the National Treasury.
- Recommended the revised Irregular, Fruitless and Wasteful Expenditure Policy for approval by the Board. The Committee also recommended some transactions to the Board for condonation and removal from the financial statements.
- Oversaw business continuity management process.
- Monitored the audit tracking process to ensure management action plans addressed internal and external audit findings.
- Oversaw compliance management.

- Reviewed progress on litigation and legal exposures.
- Oversaw the investigation of allegations reported through the fraud and ethics hotline.
- Assessed the effectiveness of internal financial controls.
- Oversaw assurance about the adequacy and effectiveness of internal controls, including internal financial controls, risk management and governance processes.
- Monitored the implementation of the combined assurance and control self-assessment process.

Chief Financial Officer and Finance Function

The Committee assessed and was satisfied that the Chief Financial Officer has the appropriate expertise and experience to fulfil her role and has performed appropriately during the year under review.

The Committee also considered and has satisfied itself with the appropriateness of the expertise and experience of the finance function and adequacy of resources employed to fulfil all financial, control and reporting requirements. The supply chain management processes were identified as an area for improvement; further enhancement is required to ensure its effectiveness. The Committee will monitor the implementation of the identified corrective actions.

Financial Statements and Other Financial Matters

The Committee ensured that the AFS fairly presented TCTA's financial position at the end of the financial year, and in all material respects, they were appropriate and complied with the IFRS. The Committee was satisfied that the AFS were prepared on a going concern basis and confirmed the going-concern assessment as the basis of preparing the interim and AFS. The Committee recommended the AFS for the year ended 31 March 2024 for approval by the Board.

The directors are satisfied that TCTA is in a sound financial position to meet its foreseeable cash requirements. The Board's statement on the going concern status is contained on page 272.

The strengthening of controls and oversight of the National Treasury Framework on Irregular, Fruitless and Wasteful Expenditure led to a substantial decrease in such expenditure. However, delays in addressing historical transactions and implementing consequence management remained areas of concern. The Committee will ensure that Management effectively mitigates potential reputational risk and implements adequate and effective controls to eliminate irregular expenditure from the financial statements.

During the period under review, the Committee reviewed the external auditor's audit report. The Committee considered the key audit matters as reported by the external auditors and satisfied itself with Management's treatment and responses thereof. The Committee met separately with the internal and external auditors to review and discuss the AFS, the audit process and findings.

The Committee reviewed progress on litigation and legal exposures. Concerning the Kingdom of Lesotho (KOL) and Frazer Solar GmbH matter, reported in the previous financial year, TCTA was served with a Writ of Execution and Notice of Attachment in 2021 due to a dispute between Frazer Solar GmbH and the KOL, to which it was not a party. These legal documents sought to attach the KOL's right to receive royalty payments from the Republic of South Africa (RSA) through TCTA. In January 2024, TCTA received a copy of a judgement where the KOL was unsuccessful in its application and ordered to pay costs. Without an appeal, the court's decision would have legal consequences for TCTA and the Minister of Water and Sanitation. The RSA is compelled to take specific actions, such as withholding royalty payments from the KOL or facing potential legal challenges itself, unless it pursues, through TCTA and/or DWS, a separate defence from the KOL. The KOL applied for Leave to Appeal granted by the High Court on 27 March 2024. The hearing will be scheduled in due course.

Internal Controls

There is an enterprise-wide system of internal control and risk management in all key operations to manage and mitigate risks. The combined assurance approach is integrated with the risk management process to assess assurance activities across the various lines of defence. The Committee evaluated the combined assurance framework and the assurance plans to ensure satisfactory coverage of risks that support the control environment.

The Committee acknowledges the adverse impact that the prolonged delay in procuring an Enterprise Resource Planning (ERP) system has on enhancing IT controls and various IT projects aimed at systems improvement and efficiency. The manual procurement process, amongst other issues, is highly susceptible to human error and inherent inefficiency. The legacy finance and other systems, without the ERP, negatively impact the control environment.

The appropriateness of recommendations and planned remedial actions to address internal and external audit findings were considered. Management is committed to addressing the identified weaknesses to improve internal controls.

Internal Audit

The Internal Audit function satisfactorily meets the International Professional Practice Framework Standards governed by the Institute of Internal Auditors. The Internal Audit Charter aligns with the prerequisite requirements. During the period under review, an internal quality assurance assessment of the Internal Audit function was conducted. An external assessment will be conducted in 2024/25.

The risk-based strategic and annual internal audit plan was fully delivered by year-end. The implementation of the plan was closely monitored and minor revisions were approved to maintain focus on critical risk areas. Concerning the 'Direct Assistance' approach, collaboration with the Auditor-General of South Africa (AGSA) resulted in the increased utilisation of Internal Audit work. Further improvement to this integrated approach will optimise effectiveness.

External Audit

The Audit strategy was initially presented on 24 January 2024 and approved by the ARC on 26 March 2024, which included the scope, materiality levels and significant risk areas, and established the approach that would appropriately respond to organisational and regulatory changes, as well as any other applicable requirements and risks. The audit plan forms the basis of providing the Committee with the necessary assurances on risk management, the internal control environment and IT governance. The plan was approved by the Committee. The AGSA had direct access to the Committee and reported at each quarterly

meeting, as well as at the year-end meeting. The Committee annually meets with the AGSA without other invitees present.

During the year, the AGSA conducted an interim audit. The Committee reviewed the quality and suitability of the external auditors' work focusing on internal quality control procedures. There are no significant matters to report and the Committee concluded the work of the external auditor was satisfactory.

Combined Assurance

The Committee recommended the Combined Assurance Strategy and the Combined Assurance Policy for approval by the Board and monitored the combined assurance implementation plan. Although the combined assurance maturity level has improved, further advancement is dependent on the effective collaboration of all assurance providers to enhance the internal control environment, risk management and governance processes.

Risk Governance

The Committee oversees the enterprise risk management processes and has reviewed the integrity of the overall risk exposure and the risk control systems, as well as the key risks and responses from Management, and is satisfied with the risk mitigation measures that are in place. In January 2024, the Committee recommended the Risk Management and Fraud Prevention Plans for 2024/25 for approval by the Board.

TCTA has adopted the Committee of Sponsoring Organisations (COSO) enterprise risk management framework. The existing risk management framework, policy, plan and risk appetite and tolerance framework were maintained to ensure the appropriate management of business and project risks arising from operations.

Compliance Governance

The Committee is also responsible for monitoring compliance governance, a key focus area for the Board and Management as a whole. During the period under review, the Committee recommended the revised Compliance and Regulatory Management Policy and revised Compliance and Regulatory Management

Framework for approval by the Board. The framework is applied to identify all laws, regulations and adopted, rules, codes and standards applicable to the organisation. Updates on regulatory changes are sourced and internally assessed for application and impact. Changes are recorded and monitored and mitigating controls, designed to manage the risks, are identified, documented and maintained. The annual Compliance Programme for the period under review was implemented satisfactorily.

Key Focus Areas for 2024-25

The Committee has set the following key areas of focus, in addition to its annual responsibilities:

- Continuous improvement to relevant risk and compliance capabilities, including the improvement of maturity levels;
- Ensuring that outstanding legacy irregular expenditure transactions are addressed and removed from the financial statements.
- Enhance finance skills and strengthen key finance functions and systems to improve the maturity levels of the finance function.

Discharge of Responsibilities

The TCTA continues to prepare accounts in compliance with IFRS. The Committee has decision-making authority concerning its statutory duties and is accountable to the Board and the Executive Authority in this regard. On the delegated responsibilities, the Committee makes recommendations for approval by the Board.

The Committee determined that, during the financial year under review, it had discharged its legal and other responsibilities outlined in its terms of reference.



Zelda Tshabalala
Committee Chairman

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Trans-Caledon Tunnel Authority (TCTA) set out on pages 133 to 295, which comprise the statement of financial position as at 31 March 2024, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of material accounting policy information.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the TCTA as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in Note 26.1 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the entity, and for the year ended, 31 March 2024.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report. This description, which is located at page 9 forms part of our auditor’s report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following objective presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected an objective that measure the public entity’s performance on its primary mandated functions and that is of significant national, community or public interest.

Objective	Page number	Purpose
Objective 3: Operate and maintain designated projects to meet DWS requirements/ specifications	12	<p>To ensure the operation and maintenance of the delivery tunnel north (DTN) in line with mandated legislation, the Notice of establishment and the Treaty between RSA and Lesotho. The operation and maintenance of the DTN is critical in ensuring continued water supply from the Lesotho highlands water project (LHWP) to the Republic of South Africa (RSA).</p> <p>To operate and maintain the Acid Mine Drainage water treatment plants as part of the short-term solution (AMD-STs) in line with the Department of Water and Sanitation (DWS) strategic objective of preventing further environmental degradation.</p>

14. I evaluated the reported performance information for the selected objective against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity’s planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity’s mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity’s performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the objective 3: Operate and maintain designated projects to meet DWS requirements/ specifications.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements. This information should be considered in the context of the material findings on the reported performance information.
20. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 10 to 15.

Objective 3: Operate and maintain designated projects to meet DWS requirements/ specifications

Targets achieved: [7/8] 87,5%

Key service delivery indicator not achieved	Planned target	Reported achievement
LHWP Delivery Tunnel North – Preparation for outage in October 2024	Construction tender for outage in October 2024 in evaluation	The construction contract was not in evaluation by 31 March 2024. The bid was issued to the market on 16 March 2024

Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

25. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA.
26. Material misstatements of current asset, current liabilities, revenue, reserves and disclosures notes identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Consequence management

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against the officials who had incurred and permitted fruitless and wasteful expenditure in prior years, as required by section 51(1)(e)(iii) of the PFMA.

Other information in the annual report

28. The accounting authority is responsible for the other information included in the annual. The other information referred to does not include the financial

statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected objective presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
33. The matters reported below are limited to the significant internal control deficiencies that resulted in opinion and the material findings on compliance with legislation included in this report.
34. Management did not adequately review the annual financial statements to ensure that they were prepared in accordance with some aspects of the financial reporting framework, as a result material misstatements were identified on the financial statements, the misstatements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

35. Management did not ensure that adequate co-ordination between officials responsible for capturing and reviewing at transaction level is implemented, this resulted in duplicate capturing of a transaction.
36. Management did not provide evidence that consequence management processes were implemented for some instances of historical fruitless and wasteful expenditure.

Auditor-General

Pretoria
31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material

uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Broad-based black economic empowerment Act 53 of 2003	B-BBEE Reg. 12(2) B-BBEE Act 13G(1) B-BBEE Act 13G(1)
Construction industry development board Act 38 of 2000	CIDB Reg. 17 CIDB Act 18(1) CIDB Reg. 25(7A)

Legislation	Sections or regulations
The South African King IV Report of corporate governance Code	Practice Note 1(a)(i) Practice 1(a)(iv) Practice 1(d) Practice 1 (a - d) Practice 2 Practice 3 Practice 4 Practice 6 Practice 7 Practice 8 Practice 9 Practice 22 Practice 23 Practice 25 Practice 26 Practice 27 Practice 28 (a - i) Practice 33 Practice 34 Practice 36 (a,b,e)

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	PFMA sec 50(2)(b) PFMA sec 50(3)(a) PFMA sec 50(3)(b) PFMA 51(1)(a)(ii) PFMA 51(1)(a)(iii) PFMA 51(1)(b)(i) PFMA 51(1)(b)(ii) PFMA 51(1)(a)(iv) PFMA 55(1)(b) PFMA 51(1)(b)(ii) PFMA sec 51(1)(f) PFMA 51(2) PFMA sec 52 (b) PFMA 54(2)(c) PFMA 54(2)(d) PFMA 55(1)(a) PFMA 55(1)(c)(i) PFMA 56(2)(c) PFMA 51(1)(e)(iii) PFMA 52(b) PFMA 57(b) PFMA 66(3)(a)

Legislation	Sections or regulations
Preferential Procurement Regulations of 2017 (PPR)	2017 Preferential Procurement Reg. 6(8), 7(8), 10(1)&(2) & 11(1) 2017 Preferential Procurement Reg. 5(1) & 5(3) 2017 Preferential Procurement Reg. 2017 5(6) 2017 Preferential Procurement Reg. 5(7) 2017 Preferential Procurement Reg. 4(1) & 4(2) 2017 Preferential Procurement Reg. 9(1) 2011 Preferential Procurement Reg. 9(1) 2017 Preferential Procurement Reg. 8(2) 2017 Preferential Procurement Reg. 8(5)
Preferential Procurement Regulations of 2022 (PPR)	PPPFA (1) PPPFA 2(1)(a) PPPFA 2(1)(f) 2022 Preferential Procurement regulation 4(4) and 5(4)
Treasury regulations	TR 16A.7.1 TR 16A.7.3 TR 16A.7.6 TR 16A.7.7 TR 29.1.1 TR 29.1.1(a) TR 29.1.1(b) TR 29.1.1(c) TR 29.2.1 TR 29.2.2 TR 29.3.1 TR 30.2.1 TR 31.2.5 TR 31.2.7(a) TR 31.2.1 TR 31.3.3

Legislation	Sections or regulations
	TR 33.1.1 TR 33.1.3 NT Instruction Note 3 of 2019/2020 [Annexure A - FIPDM] - par 5.5.1 (vi) and (x) NT Instruction Note 3 of 2021/22 par 4.1 and 4.2 NT Instruction Note 4 of 2015/16 par. 3.4 NT Instruction No. 5 of 2020/21 par 4.8 NT Instruction No. 5 of 2020/21 par 4.9 NT Instruction No. 5 of 2020/21 par 5.3 Second amendment NT Instruction No 5 of 2020/21 par 1 and Erratum NT Instruction Note No. 5 of 2020/2 Treasury Instruction Note 11 of 2020/21 par. 3.1 Treasury Instruction Note 11 of 2020/21 par. 3.4 (b) and 3.9
Prevention and combating of corrupt activities Act 12 of 2004	PRECCA 34(1)

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
REGISTERED NAME OF THE PUBLIC ENTITY	Trans-Caledon Tunnel Authority
REGISTERED OFFICE	Byls Bridge Office Park, Building 9 Corner of Olievenhoutbosch & Jean Ave Doringkloof Centurion
POSTAL ADDRESS	PO Box 10335 Centurion 0046
CONTACT TELEPHONE NUMBER	012 683 1200
EMAIL ADDRESS	info@tcta.co.za
WEBSITE ADDRESS	www.tcta.co.za
OVERSEEING DEPARTMENT	Department of Water and Sanitation
AUDITOR	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park Lynnwood Manor Pretoria 0001 PO Box 446 Pretoria 0001
PRIMARY BANKER	Standard Bank of South Africa Ltd 12 Church Square, Pretoria, 0002
SECRETARY	Wilma De Witt

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Mr Dinizulu Kumalo Percival
Sechemane (Chief Executive Officer)

NON-EXECUTIVE DIRECTORS

Ms Precious Nompumelelo Sibiya
(Chairman)
Mr Gerald Themba Dumas (Deputy
Chairman)
Mr Neo Mooketsi Tladinyane
Ms Vidhulekha Nardev Vedalankar
Mr Gregory Nigel Joseph White
Ms Mmanare Evelyn Mamabolo
Mr Patrick Roy Mnisi
Ms Zelda Ncedekile Tshabalala
Mr Pule Johannes Mofokeng

STATEMENT OF FINANCIAL POSITION as at 31 March 2024

	Note(s)	2024 R'000	2023 Restated R'000	2022 Restated R'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	8	14 673	23 481	1 574
Right-of-use assets	9	16 807	21 497	-
Intangible assets	10	-	23	62
Tariff receivable	11.2	8 956 518	8 340 229	9 043 106
AMD receivable	11.3	1 456 724	1 569 967	1 608 610
Financial market investments	11.4	24 098	23 032	45 900
		10 468 820	9 978 229	10 699 252
Current Assets				
Tariff receivable	11.2	943 146	542 224	502 062
AMD receivable	11.3	426 231	310 640	260 948
Financial market investments	11.4	821 021	-	-
Trade and other receivables	11.5	35 004	72 161	31 166
Cash and cash equivalents	11.6	6 374 776	9 359 231	8 849 379
Prepayments	12	43 965	45 714	42 532
Total Current Assets		8 644 143	10 329 970	9 686 087
TOTAL ASSETS		19 112 963	20 308 199	20 385 339

STATEMENT OF FINANCIAL POSITION as at 31 March 2024 (continued)

	Note(s)	2024 R'000	2023 Restated R'000	2022 Restated R'000
EQUITY AND LIABILITIES				
Reserves				
Retained earnings		5 026 769	4 806 399	3 735 840
TOTAL EQUITY		5 026 769	4 806 399	3 735 840
LIABILITIES				
Non-Current Liabilities				
Borrowings	11.7	10 581 151	12 049 387	12 664 438
Lease liabilities	13	14 403	18 315	-
Total Non-Current Liabilities		10 595 554	12 067 702	12 664 438
Current Liabilities				
Borrowings	11.7	1 276 468	1 334 955	2 535 194
Refund liability	11.8	26 269	324 663	329 839
Contract liabilities	11.9	635 235	592 298	408 142
Trade and other payables	11.10	1 466 911	1 141 870	678 275
Lease liabilities	13	3 912	3 161	-
Short-term employee benefits	14	44 045	37 151	33 611
Provisions	15	37 800	-	-
Total Current Liabilities		3 490 640	3 434 098	3 985 061
TOTAL LIABILITIES		14 086 194	15 501 800	16 649 499
TOTAL EQUITY AND LIABILITIES		19 112 963	20 308 199	20 385 339

STATEMENT OF COMPREHENSIVE INCOME as at 31 March 2024

	Note(s)	2024 R'000	2023 Restated R'000
Construction revenue	16	254 640	137 961
Construction costs	17	(254 640)	(137 961)
Revenue from services rendered	16	383 136	267 000
Cost of services rendered	17	(383 136)	(267 000)
Operating income	16	235 188	317 456
Operating expenses	17	(235 188)	(317 456)
Legal fees and litigation costs		(8 110)	(3 648)
Depreciation	8&9	(15 666)	(5 823)
Amortisation	10	(23)	(39)
Employee costs	17.3	(173 166)	(248 597)
Directors' emoluments and related costs	22.2	(7 515)	(7 167)
Net impairment reversal/(losses) on financial assets	11.4	15 704	(9 000)
Other operating expenses	17.3.2	(46 412)	(43 182)
Operating Surplus		-	-
Net finance income/(costs)		220 371	1 073 833
Finance income	18	1 645 182	2 400 176
Finance costs	19	(1 424 811)	(1 326 343)
Surplus for the year		220 371	1 073 833
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		220 371	1 073 833

STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2024

	Retained income R'000	Total equity R'000
Balance at 31 March 2022 previously reported	3 890 384	3 890 384
Prior year adjustments	(154 544)	(154 544)
Balance at 31 March 2022 as restated	3 735 840	3 735 840
Surplus for the year	1 073 833	1 073 833
Total comprehensive income for the year	1 073 833	1 073 833
Prior period adjustment	(3 275)	(3 275)
Balance at 31 March 2023 as restated	4 806 399	4 806 399
Surplus for the year	220 371	220 371
Total comprehensive income for the year	220 371	220 371
BALANCE AT 31 MARCH 2024	5 026 769	5 026 769

STATEMENT OF CASH FLOWS for the period ended 31 March 2024

	Note(s)	2024 R'000	2023 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		8 985 051	10 817 358
Cash paid to suppliers and employees		(8 896 547)	(7 746 415)
Cash generated from operating activities	25.1	88 504	3 070 943
Other finance costs		(81 810)	(80 578)
Interest received	25.2	675 524	582 224
Interest paid	25.3	(1 310 953)	(1 198 867)
Net cash from operating activities		(628 735)	2 373 722
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	(2 336)	(25 326)
Sale of property, plant and equipment	8	31	117
Payments to acquire financial assets	25.6	(807 000)	-
Proceeds from financial assets	25.6	14 542	14 400
Net cash from investing activities		(794 763)	(10 809)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	200 000
Repayment of borrowings		(1 557 827)	(2 052 140)
Payment on lease liabilities		(3 130)	(921)
Net cash from financing activities	25.4	(1 560 957)	(1 853 061)
Total cash and cash equivalents movement for the year		(2 984 455)	509 852
Cash and cash equivalents at the beginning of the year	25.5	9 359 231	8 849 379
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11.6	6 374 776	9 359 231

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Trans-Caledon Tunnel Authority (TCTA) is a specialised liability management body, established in terms of Government Notice No 2631 in Government Gazette No 10545, dated 12 December 1986. The Notice was replaced by Government Notice No 277 in Government Gazette No 21017, dated 24 March 2000. The Schedule 2 public entity is domiciled in South Africa. The address of the registered office is Byls Bridge Office Park, Building 9, Corner of Olievenhoutbosch & Jean Ave, Doringkloof Centurion.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These accounting policies have been consistently applied to all years presented unless otherwise specifically stated.

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). In terms of IAS 8 Section 10, where IFRS do not specifically apply to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy where that policy results in reliable financial statements and information which users can use for their economic decision-making needs. These financial statements are a faithful representation of the financial position, financial performance and cash flows of the entity; they reflect the economic substance of transactions, other events and conditions and not merely the legal form. They are neutral, free from bias, prudent and complete in all material aspects.

The Accounting Standards Board (ASB), as mandated by the PFMA to set the reporting standards for the preparation of annual financial statements of government institutions, has issued Directive 12 which requires that qualifying entities prepare their annual financial statements in accordance with the Generally

Recognised Accounting Practices (GRAP). The Directive has set out the criteria that institutions are to meet in order to qualify for the application of GRAP as the reporting framework. TCTA has conducted the self-assessment in accordance with the criteria in the Directive, which indicates, on initial assessment, that TCTA qualifies to apply the standards of GRAP in the preparation of the annual financial statements. TCTA applied for and has been granted exemption in terms of Section 92 of the PFMA from applying GRAP as a reporting framework. TCTA is allowed the continued use of IFRS as a reporting framework. TCTA is to continue applying the IFRS for the 2023/24 and 2024/25 financial years.

2.2 Basis of preparation

The financial statements have been prepared on the accrual and historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The preparation of financial statements in conformity with the IFRS, requires the use of certain critical accounting estimates and judgements. It also requires management to exercise its judgement in the process of applying TCTA's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in [Note 4](#). TCTA presents financial information on an individual project basis on the statement of financial position, statement of comprehensive income ([Note 6](#)) and the statement of cash flows (Annexure A) of TCTA, which will be useful to the users of these financial statements.

Financial statements are presented in South African Rands and rounded to the nearest thousand. Balances less than R500 are presented as zero. Comparative figures have been reclassified to conform to changes in presentation in the current year.

In the current year management decided that it is more appropriate to change the presentation denomination from R'mil to R'000 to achieve fair presentation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 Summary of significant accounting policies

3.1 Property, plant and equipment

Recognition and measurement

On initial recognition, property, plant and equipment is measured at cost. An item can only be recognised as property, plant and equipment if it is probable that:

- future economic benefits associated with the item will flow to TCTA;
- the cost of the item can be reliably measured; and
- the item is expected to be used during more than one accounting period.

Subsequent costs

The costs of day-to-day servicing of assets are not recognised as property, plant and equipment, but are expensed as repairs and maintenance in the year incurred.

TCTA applies the cost model for all classes of assets by recognising it at cost, adjusted for accumulated depreciation (refer to [Note 8](#)).

Useful life and depreciation method

The useful lives of items of property, plant and equipment have been assessed as follows:

Class of asset	Depreciation method	Average useful life
Furniture and fixtures	Straight line	4-6 years
Computer equipment	Straight Line	2-5 years
Networking equipment	Straight line	5-8 years
Office equipment	Straight line	2-5 years
Motor vehicles	Straight line	4-6 years
Video Conferencing	Straight line	5-8 years
Leasehold improvements	Straight line	5-10 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life in the Statement of Comprehensive Income.

A review of useful lives and residual values is done yearly and adjustments are only made and disclosed for adjustments that are considered material.

A reassessment of useful lives was performed on all categories of TCTA's assets in line with IFRS and there was no significant changes in expectations from previous estimates made. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period in terms of the property, plant and equipment procedures, with the effect of any changes in estimate accounted for on a prospective basis.

Leasehold improvements

These are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on a straight-line basis over the shorter of the remaining period of the lease and the useful life of the asset. The useful life of the asset will be assessed at least on an annual basis and will depend on an extension of the current lease agreement.

Disposals of property, plant and equipment and derecognition of property, plant and equipment

Gains and losses on disposals are determined by comparing proceeds with the carrying amount at the date of sale.

These are included in surplus/deficit when the asset is derecognised. An item of property, plant and equipment initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Impairment of non-financial assets

The impairment of assets is applied to all property, plant and equipment and right-of-use assets. This occurs if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The entity assesses at the end of each reporting period whether there is any indication that an asset, including a right-of-use asset, may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Comprehensive Income.

3.2 Right-of-use asset

Recognition

A right-of-use asset is defined as an asset that represents a lessee's right to use an underlying asset for the lease term (refer to [Note 13](#)).

The right-of-use asset is recognised at the commencement date and measured at cost, consisting of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

All lease payments of significant value with a lease period of more than twelve months are capitalised as a right-of-use asset. Non-lease components, for example, maintenance costs, are separated from the lease payments and expensed as they are incurred. Each lease is accounted for separately.

Measurement

Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurement of the lease liability.

Depreciation

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the leased asset. The useful lives of the leased assets are determined using the same criteria as the property, plant and equipment.

3.3 Intangible assets

Recognition and measurement

Acquired separately

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent costs

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Useful lives

The useful lives of intangible assets are assessed as either finite or indefinite. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Amortisation

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Amortisation of the asset begins when the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the Statement of Comprehensive Income.

Intangible assets are carried at cost less any accumulated amortisation.

Item	Useful life
Computer software, other	2 years

Impairment

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

3.4 Financial assets

Classification

TCTA recognises a financial asset in its statement of financial position when, and only when, it becomes a party to the contractual provisions of the instrument. Financial assets are classified based on TCTA's underlying business model. TCTA considers if it holds the financial assets to collect contractual cash flows or to sell them prior to maturity to realise fair value changes. TCTA holds its financial assets to maturity and thus elected to collect the cash flows from holding the asset. TCTA considers the characteristics of the contractual cash flows of the financial assets to determine whether the conditions for amortised costs have been met, as detailed below. Assets are initially measured at fair value plus, in the case of a financial asset not at fair value through surplus or deficit, particular transaction costs. Assets are subsequently measured at amortised cost.

TCTA measures financial assets at amortised cost when the following conditions for measurement at amortised cost have been met:

- the assets are held within TCTA's business model where the objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets result in cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

TCTA recognises the following financial assets. (refer to [Note 11.1](#) for more information).

- Tariff receivable
- AMD receivable
- Financial market investments
- Cash and cash equivalents
- Trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.4.1 Tariff receivable

The tariff receivable is a non-derivative financial asset with determinable receipts based either on costs to be reimbursed or a tariff determined to enable TCTA to repay the project debt over approximately a twenty-year period. This category consists of the right to receive cash from the Department of Water and Sanitation (DWS) with respect to construction work completed on DWS projects or services rendered by TCTA in managing debt on each project. The tariff receivable arises as a result of TCTA incurring costs in terms of the directive from the Minister of Water and Sanitation in each project. The tariff receivable arises as the contra to the construction revenue earned in each project and is measured at amortised cost using the effective interest method.

TCTA revises its estimates of costs and revenue annually and adjusts the carrying amount of the tariff receivable to reflect actual and revised estimated cash flows. TCTA recalculates the carrying amount by computing the present value of estimated future cash flows at the financial instrument's effective interest rate. The adjustment is recognised in the Statement of Comprehensive Income. The critical accounting estimates and judgements from management are included in [Note 4](#).

3.4.2 AMD receivable

The AMD receivable constitutes TCTA's right to receive cash from the Department of Water and Sanitation (DWS) for construction work completed on the AMD project as well as services rendered to operate and maintain the project. These costs have two sources of funding: two-thirds of the costs are funded from the fiscus while the remaining onethird is socially funded. These costs have two sources of funding as two thirds of the costs are socially funded from the fiscus and one third is socially funded. The AMD receivable arises as the contra to the construction revenue earned, revenue from services rendered and other operating income. The AMD receivable is measured at amortised cost using the effective interest method.

3.4.3 Financial market investments

Financial market investment relates to the Land Bank investment, which is classified as long-term due to the uncertainty as to when the investment will mature.

3.4.4 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise call deposits, cash at banks and on hand. For the purpose of the aggregated statement of cash flows, cash and cash equivalents consist of bank balances, call deposits and cash on hand and is measured at amortised cost.

3.4.5 Trade and other receivables

Trade and receivables are measured at amortised cost.

Impairment of financial assets

TCTA recognises an ECL allowance on financial market investments to reflect changes in credit risk since initial recognition of the respective financial market investments. The loss allowance is measured at an amount equal to lifetime ECL, when there has been a significant increase in credit risk since initial recognition. If the credit risk on financial market investments has not increased significantly since initial recognition, then the loss allowance is measured at 12-month ECL.

Refer to [Note 7.2.2](#) for further details.

Derecognition of financial assets

TCTA derecognises financial assets when, and only when, the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If TCTA neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, TCTA recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If TCTA retains substantially all the risks and rewards of ownership of a

NOTES TO THE FINANCIAL STATEMENTS (continued)

transferred financial asset, TCTA continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. A transfer occurs when the entity transfers the contractual rights to receive the cash flows of the financial asset or assumes a contractual obligation to pay cash flows to one or more recipients in terms of an arrangement that meets the requirements of IFRS 9 paragraph 3.2.5.

Write-off policy

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, when the counterparty has been placed under liquidation, or the failure of a debtor to engage in a repayment plan with the TCTA. Receivables written off may still be subject to enforcement activities under the entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Comprehensive Income.

Effective interest method

The effective interest method is the method used to calculate the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3.5 Prepayments

Prepayments are payments made in one reporting period, for services that TCTA expects to receive in future periods.

Prepaid expenditure includes advance payments made to contractors, annual insurance and treasury related licence fees. Advance payments are recouped from future payment certificates. Other prepaid expenditure is amortised to

the statement of comprehensive income in the periods that the expenses are incurred.

3.6 Retained earnings

Retained earnings are the accumulated portion of the net finance cost accumulated over the period of the project. TCTA is a non-profit making entity and all costs are recovered from the Department of Water and Sanitation. At the end of the project these will be nil as the retained earnings are cleared as the project is winding down.

3.7 Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost.

TCTA has the following categories of financial liabilities:

- Borrowings,
- Trade and other payables,
- Refund liability, and
- Contract liabilities.

3.7.1 Borrowings

Borrowings are recognised when TCTA becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in Statement of Comprehensive Income in finance costs.

3.7.2 Trade and other payables

Payables are classified as 'other liabilities' and are stated at amortised cost, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.7.3 Refund liability

The refund liability represents the amount of consideration that TCTA does not expect to be entitled to because it will be refunded to customers. The refund liability is remeasured at each reporting date to reflect changes in the estimate of returns, with a corresponding adjustment to revenue.

3.7.4 Contract liabilities

Contract liabilities relating to working capital advances represent balances which are due to DWS as a result of payments made to TCTA. These payments enable TCTA to construct infrastructure on behalf of DWS, encompassing projects completely socially funded and those with a combination of commercial and social funding. These will also arise if a particular payment received from DWS for costs incurred to date exceeds the revenue arising in a particular period.

Derecognition of financial liabilities

TCTA derecognises financial liabilities only when its obligations are discharged, cancelled or expire. The difference between the carrying amount of a financial liability extinguished and the consideration paid is recognised in the Statement of Comprehensive Income.

3.8 Leasing

3.8.1 Leasing arrangements as lessee

TCTA is a party to lease contracts for its office buildings.

TCTA recognises assets and liabilities for all leases excluding exceptions listed in the standard. TCTA elected to apply exemptions for short-term leases and for leases for which the underlying asset is of low value.

Based on the accounting policy applied the TCTA recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases

conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the inception date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments are discounted using TCTA's incremental borrowing rate determined as a rate that TCTA would pay if it were to borrow to finance the lease, obtained as a quote from financial institutions. The liability is subsequently measured at amortised cost using the incremental borrowing rate.

The lease payments exclude variable elements which are dependent on external factors such as e.g. sale volume in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the Statement of Comprehensive Income.

The lease term determined by TCTA comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date TCTA measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and

NOTES TO THE FINANCIAL STATEMENTS (continued)

- re-measuring the carrying amount to reflect any reassessment or lease modifications.

TCTA has presented lease liabilities separately from other liabilities in the statement of financial position.

TCTA has presented interest expense on the lease liability separately from the depreciation charge for the right-of-use asset. Interest expense on the lease liability is a component of finance costs, which are separately presented in the statement of comprehensive income.

TCTA has classified:

- Cash payments for the principal portion of lease payments as financing activities;
- Cash payments for the interest portion of lease payments as operating activities; and
- Short-term lease payments and payments for leases of low-value assets as operating activities.

3.9 Employee benefits

3.9.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.9.2 Leave benefits

TCTA measures the expected cost of accumulating paid annual leave as the additional amount that the TCTA expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. In terms of TCTA's Leave policy, employees can accumulate annual leave not taken to a maximum of 40 working days. Employees are encouraged to take any

accumulated annual leave exceeding the maximum of 40 working days, failing which such leave is forfeited six months after the end of their anniversary cycle.

3.9.3 Incentives

Performance rewards and incentives refer to the variable portion of pay and are an element of the overall TCTA Total Rewards Strategy. The Board approved the TCTA Short-term Rewards and Incentive (STRI) Policy sets the framework, principles, and methodology for the payment of performance rewards and incentives. These are payable annually (financial year), based on the performance management process outcome at organisational, divisional and individual levels, and under the discretion of the Board. The mentioned policy also prescribes how the provision of funds is to be determined.

3.10 Construction contracts

TCTA construction contracts relate to infrastructure projects that the Minister of Water and Sanitation directs TCTA to implement on behalf of DWS. These infrastructure projects are accounted for in terms of IFRS 15 and deal with the construction of a single asset such as a dam or pipeline, and in some instances several assets that are closely interrelated or interdependent in terms of their design, technology and function or ultimate purpose or use. TCTA applies IFRS 15 Revenue from Contracts with Customers separately for each construction contract as required in the directive from the Minister of Water and Sanitation.

When the performance obligation of a construction contract is satisfied over time, TCTA recognises contract revenue and contract costs associated with the construction contract as revenue and expenses respectively by reference to the input method in IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.10.1 Construction costs

Contract costs comprise:

- a) costs that relate directly to the specific contract;
- b) costs that are attributable to contract activity, in general, and can be allocated to the contract; and
- c) such other costs as are specifically chargeable to the customer under the terms of the contract.

Costs that are included as part of contract activity in general can be allocated to specific projects and include:

- a) insurance;
- b) costs of design and technical assistance that are not directly related to a specific project; and
- c) construction overheads.

Such costs are allocated using appropriate methods that best reflect project utilisation and are applied consistently to all costs having similar characteristics. This allocation is based on all costs being absorbed by the projects, in a ratio that reflects a normal level of construction activity in each project.

Costs that are specifically chargeable to DWS under the terms of each project contract are included in the construction costs. These costs may include general administrative costs during construction and development costs for which reimbursement is specified in terms of the Implementation Agreement or any other relevant contract relating to each project.

3.10.2 Construction revenue

Construction revenue comprises:

- a) the initial amount of revenue agreed in the contract; and
- b) variations in contract work, and claims:

- (i) to the extent that is probable that they will result in revenue; and
- (ii) they are capable of being reliably measured.

The input method of recognising revenue is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost. TCTA will recognise revenue using the input methods as it closely reflects the amounts due as revenue as it recovers all costs incurred at cost. This is relevant for capital expenditure costs and costs that relate to project management and project finance, contribute to TCTA's progress in satisfaction of its performance obligations.

Revenue recognition occurs over time as TCTA fulfils the performance obligations set out per project. The timing of recognition typically differs from payment related to the revenue recognised. Payment terms are set out in the implementation agreements. The timing of payment will occur when certain conditions per the implementation agreements have been satisfied by TCTA, such as substantial completion of a project. The repayment terms are normally over a period of 20 years. In instances where payments are received in advance, TCTA recognises a contract liability (refer to contract liability accounting policy above).

3.11 Services rendered

3.11.1 Cost of services rendered

The cost of services rendered comprises costs incurred in fulfilling performance obligations towards DWS concerning the debt management of financial liabilities associated with infrastructure assets. It also covers the operations and maintenance costs of the LHWP Delivery Tunnel North as well as the AMD treatment plants. Debt management costs are recognised when the applicable service costs are incurred, these costs are mainly staff-related costs of the Project Finance and Treasury division. The operations and maintenance costs are recognised when the services relating to the operations and maintenance are provided by the service provider and the expenditure is incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3.11.2 Revenue from services rendered

This comprises of revenue earned for the debt management and operations and maintenance services provided to DWS. The revenue is recognised when the performance obligation is satisfied. TCTA operates on a cost recovery basis and charges no margin on the costs incurred.

Costs and revenue from services are recognised in the Statement of Comprehensive Income in the period they are incurred.

3.12 Operating expense and income

3.12.1 Operating expense

Operating expenses comprise the TCTA running costs. Project-specific overhead costs are allocated to the appropriate project. Non-specific overheads are distributed among projects based on the estimated time spent by forward-facing divisions on each project.

Costs from operating activities are recognised in the Statement of Comprehensive Income in the period they are incurred.

3.12.2 Operating income

The revenue is recognised when the performance obligation is satisfied. TCTA operates on a cost recovery basis and charges no margin on the costs incurred.

Revenue from operating activities are recognised in the Statement of Comprehensive Income in the period they are earned.

3.13 Finance costs

Finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and leasing activities.

3.14 Cost-related payments

The Lesotho Highlands Water Project (LHWP) was configured to augment the water supply to South Africa and to generate hydro-electrical power for Lesotho. In terms of the provisions of the Treaty between the Government of the Republic of South Africa (RSA) and the Government of the Kingdom of Lesotho (GOL), the RSA is responsible for all costs relating to the water transfer component of the project and the GOL is responsible for the total cost of the components relating to the generation of hydro-electrical power.

TCTA's Notice of Establishment (NOE) of March 2000 places the obligation on TCTA as part of its non-Treaty functions to fulfil all the RSA's financial obligations in terms of or resulting from the Treaty.

The RSA's financial obligations in terms of the Treaty on the water transfer part located within Lesotho include making cost-related payments to the Lesotho Highlands Development Agency (LHDA) in terms of Article 10, Royalty Payments to GOL in terms of Article 12 (refer to [Note 3.11.1](#)) and contributions to the operating costs of the Lesotho Highlands Water Commission (LHWC) in terms of Article 9.

The cost-related payments include all costs wholly and reasonably incurred by the LHDA for the implementation and operation and maintenance of the water transfer component of the project. The cost-related payments are payable when the costs become due for payment by the LHDA, in the case of borrowings raised by the LHDA, the payments will become due when the loans become redeemable. The RSA has elected to repay loans raised by the LHDA directly to the lenders. Article 10(5) further provides that cost related payments to the LHDA may be made on cash flow forecasts presented by the LHDA to allow the LHDA to meet its payment obligations. TCTA and LHDA entered into a

NOTES TO THE FINANCIAL STATEMENTS (continued)

Memorandum of Understanding (MOU) effective 1 April 2005 that provides an operating framework for making funds available to the LHDA for the payment of water transfer costs incurred by the LHDA. The framework requires the LHDA to submit cash-flow forecasts on a monthly/weekly basis to TCTA for payment. This arrangement has the effect that the borrowings for the project are centralised within the TCTA and ensures better management of the Republic of South Africa's (RSA's) contingent liabilities associated with Government guarantees.

The LHWC is a bi-national commission established in terms of the Treaty and is responsible and accountable to the two Governments for the successful implementation of the LHWP. The LHWC comprises of two delegations representing the respective Governments and is administered by a Secretariat. The LHWC located in Maseru, has approval, monitoring and advisory powers over the activities of the LHDA and TCTA. Decision making by the LHWC is on a consensus basis and serves as the channel for government inputs on the LHWP. The running costs of the LHWC are shared by the governments of the RSA and the GOL. Each party is liable for the costs of its delegation and all other costs are met by the parties on an equal basis.

TCTA makes monthly funding contributions to the LHWC for the RSA share of the operating costs.

3.15 Provisions

A provision for the rehabilitation of the wetland and rectification of damage caused by the projects' construction is recognised when the plant is being constructed, as the construction itself gives rise to an obligation to rehabilitate the wetlands. TCTA recognises rehabilitation costs in the cost of the project.

3.16 Related party transactions

TCTA has applied the government-related entities exemption in terms of IAS 24: Related Party Disclosures and has only disclosed significant transactions with

entities controlled by the Government of South Africa in [Note 22](#). Management also considered the closeness of the related party relationship in determining the information to be disclosed.

Other factors relevant in determining the significance of transactions which should be disclosed include:

- significant in amount
- carried out on non-market terms;
- outside normal day-to-day business operations;
- disclosed to regulatory or supervisory authorities; or
- reported to the Executive Committee (ExCo) and the Board of Directors.

3.17 Contingent liabilities

Contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities are not recognised in the annual financial statements; however, disclosure is provided in the notes.

3.18 Irregular, fruitless and wasteful expenditure

Section 55(2)(b)(i) of the PFMA requires that a public entity disclose particulars of any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year in the notes to the annual financial statements.

Irregular expenditure means expenditure incurred in contravention of, or, that is not in accordance with a requirement of any applicable legislation, including the PFMA, or any regulations made in terms of that Act. Fruitless and wasteful expenditure is defined as expenditure that was made in vain and would have been avoided had reasonable care been exercised. Such expenditure that was

NOTES TO THE FINANCIAL STATEMENTS (continued)

incurred during the year under review is included in "Other operating expenses" in the Statement of Comprehensive Income as well as disclosed in [Note 24](#).

The irregular expenditure and fruitless and wasteful expenditure is removed for the disclosure notes on approval by the Board and National Treasury in accordance with the irregular expenditure and fruitless and wasteful expenditure frameworks and instruction notes as issued by National Treasury.

3.19 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The board of TCTA has appointed ExCo which assesses the financial performance and position of TCTA, and makes strategic decisions. ExCo, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the rest of executive management.

4 Critical accounting estimates and judgements

In the process of applying TCTA's accounting policies, management makes various estimates and judgements based on past experience, expectations of the future and other information. The key sources of estimation uncertainty and the critical judgements that can significantly affect the amounts recognised in the financial statements are disclosed below:

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and judgements

The following key judgements and other key sources of estimation uncertainty have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, as presented in these financial statements, within the next financial year. TCTA based its judgements and estimates on parameters available when the financial statements were prepared. Any changes to existing conditions, such as market changes or circumstances beyond TCTA's control, are reflected in the judgements when they occur.

4.1 Accounting estimates

4.1.1 Provision for expected credit loss on financial market investments

The loss allowances for financial assets are based on judgements about the risk of default and expected loss rates. TCTA uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions and forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in [Note 7](#).

4.1.2 Estimates of cash flows imputed in the tariff receivable asset

At the inception of each project, TCTA estimates the construction costs to be incurred and tariffs to be received over the debt repayment period.

The projected costs are based on the estimates of timing and cost as approved by the TCTA Board and the respective project off-takers in the project charters. At each reporting date, these estimates are revised to take into account changes in the timing of the contract, costs due to escalation and variation orders. TCTA estimates the future receipt of tariffs from DWS using projected demand

NOTES TO THE FINANCIAL STATEMENTS (continued)

consumption as forecast by DWS, to arrive at a tariff that will repay all debt and operating costs when the long-term facilities expire. The estimated tariff will also include the forecasting of inflation where the project water supply agreement with DWS allows for inflationary increases in the tariff over the life of the project. Water demand consumption and inflation are revised on an annual basis using the best estimates available from DWS and reputable economic research agencies respectively (refer to [Note 11](#)).

4.1.3 Property, plant and equipment: estimation of useful lives

The useful life of an asset is an estimation of the time an asset can reasonably generate income and be of benefit to TCTA. Useful life does not refer to the time the asset will last. The useful life of identical assets varies by user, and that life depends on the asset's age, frequency of use, condition of the business environment, and the repairs done to the asset.

- the period over which an asset is expected to be available for use by TCTA;

Tangible assets have a useful life of more than one year. Factors involved in determining the useful life of a tangible asset will include inter alia:

- The age of the asset when purchased;
- How frequently the asset is used; and
- The environmental conditions for which TCTA purchased the asset.

Additional factors that affect an asset's useful life include the expected technological improvements and changes in laws and the economy.

Useful life may differ from division to division and may differ from asset to asset. If there are two similar machines, but one runs at a higher capacity than the other, the useful life of the machine running at the higher capacity will probably be shorter than the other machine. If circumstances relating to the usage of an asset change, this may necessitate a change in the useful life of that asset.

In accordance with TCTA's approved Asset Management Procedure, a third party will do the annual re-assessment of the useful lives of assets.

4.2 Significant judgements

4.2.1 Property, plant and equipment: estimation of useful lives

The Asset Management Policy of TCTA may specify the disposal of assets after a specified time or after the consumption of a specified proportion of the future economic benefits embodied in the asset. Thus, the useful life of an asset may be shorter than its economic life and the estimation of the useful life of the asset is a matter of judgement based on the experience of TCTA with similar assets.

4.2.2 Impairment of non-financial assets

TCTA holds non-financial assets that result from construction contracts, as well as those that do not. Prepayments resulting from construction contracts are not considered for impairment. Property, plant and equipment will be considered impaired when there are indicators that the carrying amount is higher than the amount to be recovered through the use or the sale of the assets. Internal sources have been utilised to assess for impairment by noting those assets that are obsolete or physically damaged. Management judgement on the condition of assets following asset verification exercises and it was concluded that no impairment indicators were present.

4.2.3 Provision for expected credit losses on trade and other receivables

Trade receivables comprise amounts due to TCTA from DWS on project funded by the fiscus. These receivables are short-term in nature as DWS is compelled to provide TCTA with funding in order to fulfil its performance obligations. In applying the simplified approach, the assumptions are based on historical loss rates and trends noted in the payment patterns of the department. Any potential future changes in the economic outlook of the DWS are factored in during the project planning phase, during which the availability of funds is secured.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4.2.4 Fair value measurement on financial instruments

TCTA classifies fair value measurements using a 'fair value hierarchy' that reflects the significance of the inputs used in making the measurements. Fair value measurements are categorised into a three-level hierarchy based on the type of inputs to the valuation techniques used. The categorisation of the inputs is as follows:

- Level 1 inputs: Quoted prices in active markets for items identical to the asset or liability being measured.
- Level 2 inputs: Other observable inputs besides the quoted market prices included in Level 1, observable either directly or indirectly.
- Level 3 inputs: Unobservable inputs, which management has developed to reflect the assumptions that market participants would use when determining an appropriate price for the asset or liability.

The categorisation of the fair value measurement into one of the three different levels is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. Where the carrying values of financial assets and liabilities not carried at fair value do not approximate their respective fair values, this discrepancy is disclosed in [Note 22](#).

4.2.5 Critical accounting judgements and key sources of uncertainty

TCTA is characterised by contract risk with significant judgements and estimates involved in the assessment of both current and future contractual performance in terms of IFRS 15: Revenue from contracts with customers (IFRS 15) revenue is recognised over time, measured at the fair value of the consideration received or receivable and includes variations and claims. The input method of recognising revenue is determined by the proportion that contract costs incurred for work

performed to date bear to the estimated total contract cost. TCTA will recognise revenue using the input method as a faithful depiction of the transfer of goods and services as it closely reflects the amounts due as revenue as it recovers all costs incurred at cost. This is relevant for capital expenditure costs and costs that relate to project management and project finance, contribute to TCTA's progress in satisfaction of its performance obligations. The timing of the performance obligations is estimated to closely reflect the contract terms.

Contract modifications and contractual claims to existing performance obligations are considered when measuring the revenue over time.

The status of expenditure on contracts is updated regularly. In doing so, management is required to exercise judgement when recognising the revenue over time which involves assessing the progress made towards completing the specific performance obligation and their assessment of the valuation of contract variations and claims. Depending on the level of judgement and estimate in each, the range on each contract can be individually significant. In addition, changes in these judgments, and the related estimates as contracts progress, can result in material adjustments to revenue, which can be both positive and negative.

For all its contracts, TCTA took into account:

1. Construction contracts were assessed against the revenue recognition criteria of IFRS 15 focusing on contract classification, allocation of income and cost of performance obligations.
2. Tested the contract status by examining externally generated evidence, such as approved variations and DWS correspondence.
3. Analysed, through inspection of contract documentation during the annual budgeting process, the estimates for the total forecast revenue and costs to complete in order to perform a reasonability test of the estimates made by management of the progress made towards completion of the performance

NOTES TO THE FINANCIAL STATEMENTS (continued)

obligations. This included taking into account the historical accuracy of such estimates. The forecasted revenue and cost are critical in determining the effective interest rate with which the revenue earned but not yet due is discounted.

We assessed the adequacy of the disclosure made in the financial statements with reference to the disclosure requirements of IFRS 15.

5 New Standards and Interpretations

5.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

5.1.1 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 Making materiality judgements

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS). These amendments, provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirements for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

There is no material impact on TCTA as TCTA discloses significant accounting policies for transactions that have a material impact. TCTA continues to consider materiality in its disclosure.

5.1.2 Definition of Accounting Estimates - Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors

The amendments to IAS 8 introduce a definition of accounting estimates.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are not expected to have a material impact on TCTA. TCTA will apply the definitions where applicable.

5.1.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 Income taxes

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The amendments will not have an impact on TCTA as the entity is exempt from tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5.1.4 IFRS 17 Insurance contracts and amendments to IFRS 17

IFRS 17 will replace IFRS 4 Insurance contracts and introduces one accounting model for all insurance contracts in all jurisdictions that apply IFRS.

IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will have to reflect the time value of money of estimated payments required to settle incurred claims. Insurance contracts will be measured only on the obligations created by the contracts. An entity will also be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.

The amendments are not expected to have an impact on TCTA. TCTA does not carry out insurance activities.

5.2 Standards and Interpretations early adopted

5.2.1 Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements

Amendments to IAS 1 Presentation of Financial Statements with regards to the Classification of liabilities as current and non-current were issued in January 2020. The amendments entail the following:

- What is meant by a right to defer settlement
- That a right to defer settlement must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures.

These amendments have to be applied retrospectively.

The amendments are not expected to have a material impact on TCTA as there are currently no financial liabilities with a right to defer settlement.

5.3 Standards and interpretations not yet effective

The entity has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

5.3.1 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 - Effective 1 January 2024

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The amendment to IFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

These amendments have to be applied retrospectively.

The amendments will not have an impact on TCTA as currently there are no sale and leaseback transactions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5.3.2 Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28 (optional adoption, effective date deferred indefinitely)

These amendments address the conflict between the guidance on consolidation and equity accounting when a parent loses control of a subsidiary in a transaction with an associate or joint venture. The parent recognises the full gain on the loss of control under the consolidation standard, but under the standard on associates and joint ventures, the parent recognises the gain only to the extent of unrelated investors' interests in the associate or joint venture. The amendments require the full gain to be recognised when the assets transferred meet the definition of a business under IFRS 3 Business combinations.

The amendments will not have an impact on TCTA as the entity is not part of business combination and does not operate in a group of companies. TCTA is currently not disposing any investments in associates or joint ventures.

5.3.3 Supplier Finance Arrangements - Amendment to IAS 7, Statement of Cash Flows and IFRS 7, Financial Instruments: Disclosures - Effective 1 January 2024

On 25 May 2023, the IASB issued 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements, such as terms and conditions – including, for example, extended payment terms and security or guarantees provided.

Amongst other characteristics, IAS 7 explains that a supplier finance arrangement provides the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

These amendments have to be applied retrospectively.

There is no impact for TCTA as there are currently no supplier finance arrangements.

5.3.4 Lack of Exchangeability - Amendments to IAS 21 and IFRS 1 - Effective 1 January 2025

On 15 August 2023, the IASB issued 'Lack of Exchangeability (Amendments to IAS 21)' to provide guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The amendments clarify:

- when a currency is exchangeable into another currency
- how a company estimates a spot rate when a currency lacks exchangeability
- the disclosure requirements for users to understand the impact of the currency not being exchangeable

These amendments have to be applied prospectively.

TCTA has not elected to early adopt the amendments and the impact of the amendments will depend on TCTA's obligation upon the adoption of the amendments.

6 Segmental Information

6.1 Operating segments

Each segment is a project that meets the criteria to be classified as an identifiable component of TCTA's business, as follows:

- (a) projects may earn revenue and incur expenses;
- (b) each segment's operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to determine the allocation of resources and assess its performance, and
- (c) discrete financial information for it is available.

The function of CODM is fulfilled by the Chief Executive Officer and ExCo members who review the financial results of TCTA on a monthly basis. Presently, the operating segments of TCTA are aligned to the project-orientated model of the organisation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.2 Identification of operating segments

An important criterion for identifying operating segments is that the operating results are regularly reviewed by the entity's CODM to make decisions about resources to be allocated to the segment and assess its performance. TCTA considers monthly reporting to be 'regularly'.

TCTA provides various services to its customers such as liability management, treasury management services as well as project implementation. TCTA is required to report and account separately for each project and reports to the CODM (on a monthly basis), government (as determined by legislation) as well as external stakeholders (as determined in individual agreements) on the performance and financial position of each project as directed by the Minister of Water and Sanitation.

The mandate and directives are funded by the government or TCTA arranges commercial funding and manages the debt repayment. In the second instance, TCTA earns revenue for the services it provides in respect of its liability management, project implementation and treasury management services. The revenue ensures that TCTA can repay the liabilities incurred.

In terms of IFRS 8, two or more operating segments may be aggregated into a single operating segment if aggregation is consistent with the core principle of the standard if they have similar economic characteristics, and if the segments are similar in certain aspects. The aggregated financial statements are merely a sum total of TCTA's assets, liabilities, income and expenses. TCTA therefore includes a full statement of financial position and statement of comprehensive income in [Note 6.4](#) below as well as the segmental cash flows as an annexure (Annexure A) to these financial statements to fulfil its obligation of separate reporting.

6.3 Entity-wide disclosures

Description of the segme	Current work	Acronym
<p>Vaal River System Treaty Functions as per Section 21 of the Notice of Establishment Delivery Tunnel North of the Lesotho Highlands Water Project Sections 24 (a), (b) and (c)</p> <ul style="list-style-type: none"> To fulfil the RSA financial obligations in terms of or resulting from the Treaty To receive the water from LHDA and discharge into the Ash River Additional functions pertaining to the release of the water. 	<p>Royalty payments to the Government of Lesotho. Payments for :</p> <ul style="list-style-type: none"> the operation and maintenance of the water transfer component in Lesotho undertaken by Lesotho Highlands Development Authority for the construction of Phase II and Lesotho Highlands Water Commission costs 	VRS
<p>Vaal River System Advice to institutions on various matters pertaining to the construction of infrastructure and the viability of the water sector.</p> <p>The Income Agreement, signed in 2001 between DWS and TCTA, established the principle of using water use charges on the Vaal River System to enable TCTA to meet its financial obligations incurred when carrying out a directive of the Minister, where no alternative source of income was provided (transfers or separate income streams).</p>	Strategic Integrated Project	VRS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Description of the segme	Current work	Acronym
<p>Acid Mine Drainage Sections 24 (d) Other functions that may be assigned to the Authority in terms of Section 103 (2) of the National Water Act Combined borrowing programme for LHWP and AMD funded from the cash flow from the Vaal River system Acid Mine Drainage Project.</p> <p>The project comprises:</p> <p>Short-term intervention The installation of pumps to extract water from the Western, Central and Eastern Basins in the Witwatersrand gold fields, neutralisation and reduction in the concentration of metals before discharge into the river system.</p>	<p>Management of debt</p> <p>Operation and Maintenance</p>	AMD
<p>Berg River Water Project The project comprises the Berg River Dam and supplementary scheme located in the reaches of the Berg River near Franschhoek, Western Cape.</p>	<p>Management of debt, Project close-out</p>	BWP

Description of the segme	Current work	Acronym
<p>Vaal River Eastern Sub-System Augmentation Project The project comprises of a scheme to convey water 121km from the Vaal Dam to the Secunda area.</p>	<p>Management of debt, Project close-out</p>	VRESAP
<p>Mooi Mgeni Transfer Scheme - 2 The project comprises of the Spring Grove Dam on the Mooi River, a fish barrier upstream of the dam and augmentation of the Water Transfer System from the Mooi to the Mpofana River.</p>	<p>Project close-out</p>	MMTS-2
<p>Komati Water System Augmentation Project This project forms part of the Vaal River Eastern Subsystem. The project comprises the installation of a system to convey water to Eskom's power stations in Mpumalanga.</p>	<p>Management of debt</p>	KWSAP
<p>Olifants River Water Resource Development Project Phase 2C: The project comprises a 40km pipeline from De Hoop Dam to Steelpoort.</p>	<p>Project close-out</p>	ORWRDP

NOTES TO THE FINANCIAL STATEMENTS (continued)

Description of the segme	Current work	Acronym
<p>Mokolo Crocodile Water Augmentation Project Phase 1: The project comprises of a scheme to convey water 43km from the Mokolo Dam to the Lephallale area.</p> <p>Phase 2A: The project comprises of a scheme to transfer water 160km from the Crocodile River, near Thabazimbi, to the Lephallale area.</p>	Management of debt	MCWAP
<p>Mzimvubu River Water Project This project is in the Mzimvubu area in the Eastern Cape. Provision of project management services to DWS for stage 1 (access road).</p>	Implementation	uMRWP
<p>Berg River-Voëlvlei Augmentation Scheme The project comprises a diversion weir and pump station in the Berg river to transfer water into the Voelvrei Dam to augment the Western Cape Water Supply system.</p>	Implementation	BRVAS

Description of the segme	Current work	Acronym
<p>uMkomaaz Water Project uMWP-1 consists of: Bulk raw water – implementation by TCTA: 81m high dam and appurtenant works at Smithfield on the uMkhomazi River near Bulwer. Conveyance infrastructure (32km 3.5m diameter tunnel and 5km 2.6m diameter raw water pipeline) to the proposed Umgeni Water's Water Treatment Works (WTW) in the uMlaza River valley.</p>	Implementation	uMWP

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.4 Operating segments: financial results

TCTA will report detailed statements of financial position as well as statements of comprehensive income, for each project.

6.4.1 Segmental Statement of Financial Position as at 31 March 2024

Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	VAT RECLASSIFI- CATION ⁽¹⁾ R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000	
ASSETS																		
Non-current assets																		
Property, plant and equipment	8	14 673	-	-	-	-	-	-	-	-	-	-	-	14 673	-	-	14 673	
Right-of-use asset	9	16 807	-	-	-	-	-	-	-	-	-	-	-	16 807	-	-	16 807	
Tariff receivable	11.2	6 318 776	70 211	1 887 130	259 291	-	421 110	-	-	-	-	-	-	8 956 518	-	-	8 956 518	
AMD Receivable	11.3	1 456 724	-	-	-	-	-	-	-	-	-	-	-	1 456 724	-	-	1 456 724	
Financial market investments	11.4	24 098	-	-	-	-	-	-	-	-	-	-	-	24 098	-	-	24 098	
		7 831 078	70 211	1 887 130	259 291	-	421 110	-	-	-	-	-	-	10 468 820	-	-	10 468 820	
Current assets																		
Tariff receivable	11.2	-	76 069	699 291	60 251	-	107 535	-	-	-	-	-	-	943 146	-	-	943 146	
AMD Receivable	11.3	426 231	-	-	-	-	-	-	-	-	-	-	-	426 231	-	-	426 231	
Financial market investments	11.4	821 021	-	-	-	-	-	-	-	-	-	-	-	821 021	-	-	821 021	
Trade and other receivables	11.5	121 212	129	4 456	2 065	4 154	3 061	3 869	-	27 185	1 391	4	129	167 654	(1 526)	(131 124)	35 004	
Cash and cash equivalents	11.6	4 001 247	42 499	308 743	710 346	79 739	1 205	401 552	-	7 096	9 424	633 380	15 733	6 374 776	-	-	6 374 776	
Prepayments	12	42 848	-	-	-	635	-	-	-	-	482	-	-	43 965	-	-	43 965	
		5 412 559	118 697	1 012 490	772 662	84 528	1 205	512 148	3 869	7 096	36 609	635 253	15 737	163 941	8 776 793	(1 526)	(131 124)	8 644 143
TOTAL ASSETS		13 243 637	188 908	2 899 620	1 031 953	84 528	1 205	933 258	3 869	7 096	36 609	635 253	15 737	163 941	19 245 613	(1 526)	(131 124)	19 112 963

NOTES TO THE FINANCIAL STATEMENTS (continued)**6.4.1 Segmental Statement of Financial Position as at 31 March 2024 (continued)**

Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	VAT RECLASSIFI- CATION ⁽¹⁾ R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
EQUITY AND LIABILITIES																	
Equity																	
Retained earnings	3 963 856	72 765	657 080	199 094	67 922	706	35 248	-	4 467	825	82 380	8 346	2 002	5 026 769	-	-	5 026 769
LIABILITIES																	
Non-current liabilities																	
Borrowings	11.7	6 974 393	80 000	1 923 697	768 229	-	834 832	-	-	-	-	-	-	10 581 151	-	-	10 581 151
Lease liability	13	14 403	-	-	-	-	-	-	-	-	-	-	-	14 403	-	-	14 403
		6 988 796	80 000	1 923 697	768 229	-	834 832	-	-	-	-	-	-	10 595 554	-	-	10 595 554
Current liabilities																	
Borrowings	11.7	854 145	30 000	289 360	48 347	-	54 616	-	-	-	-	-	-	1 276 468	-	-	1 276 468
Refund Liability	11.8	-	-	-	26 269	-	-	-	-	-	-	-	-	26 269	-	-	26 269
Contract liabilities	11.9	-	-	-	-	232	-	2 812	-	-	532 141	1 183	98 867	635 235	-	-	635 235
Trade and other payables	11.10	1 388 881	6 143	29 482	16 283	267	8 561	1 058	2 630	35 784	20 732	6 208	63 072	1 599 561	(1 526)	(131 124)	1 466 911
Lease liability	13	3 912	-	-	-	-	-	-	-	-	-	-	-	3 912	-	-	3 912
Short-term employee benefit	14	44 045	-	-	-	-	-	-	-	-	-	-	-	44 045	-	-	44 045
Provisions	15	-	-	-	37 800	-	-	-	-	-	-	-	-	37 800	-	-	37 800
		2 290 983	36 143	318 842	64 630	499	63 177	3 870	2 630	35 784	552 873	7 391	161 939	3 623 290	1 526	131 124	3 490 640
TOTAL LIABILITIES		9 279 779	116 143	2 242 539	832 859	499	898 009	3 870	2 630	35 784	552 873	7 391	161 939	14 218 844	(1 526)	(131 124)	14 086 194
TOTAL EQUITY AND LIABILITIES		13 243 635	188 908	2 899 619	1 031 953	84 529	933 257	3 870	7 097	36 609	635 253	15 737	163 941	19 245 613	(1 526)	(131 124)	19 112 963

⁽¹⁾ VAT receivable is included as part of trade and other receivable in each project (except for VRS), however on aggregate this is netted off against VAT payables which is included in trade and other payables as TCTA has one VAT liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.4.2 Restated Segmental Statement of Financial Position as at 31 March 2023

	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	VAT RECLASSIFI- CATION ⁽¹⁾ R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
ASSETS																		
Non-current assets																		
Property, plant and equipment	8	23 481	-	-	-	-	-	-	-	-	-	-	-	-	23 481	-	-	23 481
Right-of-use asset	9	21 497	-	-	-	-	-	-	-	-	-	-	-	-	21 497	-	-	21 497
Intangible asset	10	23	-	-	-	-	-	-	-	-	-	-	-	-	23	-	-	23
Tariff receivable	11.2	4 681 050	145 705	2 617 230	320 582	-	-	575 662	-	-	-	-	-	-	8 340 229	-	-	8 340 229
AMD Receivable	11.3	1 569 967	-	-	-	-	-	-	-	-	-	-	-	-	1 569 967	-	-	1 569 967
Financial market investments	11.4	23 032	-	-	-	-	-	-	-	-	-	-	-	-	23 032	-	-	23 032
		6 319 050	145 705	2 617 230	320 582	-	-	575 662	-	-	-	-	-	-	9 978 229	-	-	9 978 229
Current assets																		
Tariff receivable	11.2	158 309	49 214	209 940	26 903	-	-	97 858	-	-	-	-	-	-	542 224	-	-	542 224
AMD Receivable	11.3	310 640	-	-	-	-	-	-	-	-	-	-	-	-	310 640	-	-	310 640
Trade and other receivables	11.5	102 046	120	169	-	3 975	38 652	-	5 945	-	9 912	1 210	7 387	10 726	180 142	(1 602)	(106 379)	72 161
Cash and cash equivalents	11.6	6 854 324	80 852	439 677	698 331	344 924	203	288 943	-	6 882	5 598	634 327	4 526	644	9 359 231	-	-	9 359 231
Prepayments	12	43 619	-	-	-	635	1 016	-	-	-	-	444	-	-	45 714	-	-	45 714
		7 468 938	130 186	649 786	725 234	349 534	39 871	386 801	5 945	6 882	15 510	635 981	11 913	11 370	10 437 951	(1 602)	(106 379)	10 329 970
TOTAL ASSETS		13 787 988	275 891	3 267 016	1 045 816	349 534	39 871	962 463	5 945	6 882	15 510	635 981	11 913	11 370	20 416 180	(1 602)	(106 379)	20 308 199

NOTES TO THE FINANCIAL STATEMENTS (continued)**6.4.2 Restated Segmental Statement of Financial Position as at 31 March 2023 (continued)**

Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	VAT RECLASSIFI- CATION ⁽¹⁾ R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
EQUITY AND LIABILITIES																	
Equity																	
Retained earnings	3 984 289	64 620	530 335	172 215	-	576	11 321	-	3 479	376	31 348	7 515	325	4 806 399	-	-	4 806 399
LIABILITIES																	
Non-current liabilities																	
Borrowings	11.7	7 828 538	128 665	2 378 347	816 576	-	897 261	-	-	-	-	-	-	12 049 387	-	-	12 049 387
Lease liability	13	18 315	-	-	-	-	-	-	-	-	-	-	-	18 315	-	-	18 315
Total non-current liabilities		7 846 853	128 665	2 378 347	816 576	-	897 261	-	-	-	-	-	-	12 067 702	-	-	12 067 702
Current liabilities																	
Borrowings	11.7	854 145	77 331	318 665	43 110	-	41 704	-	-	-	-	-	-	1 334 955	-	-	1 334 955
Refund Liability	11.8	-	-	-	324 663	-	-	-	-	-	-	-	-	324 663	-	-	324 663
Contract liabilities	11.9	-	-	-	-	-	-	3 489	-	-	588 809	-	-	592 298	-	-	592 298
Trade and other payables	11.10	1 062 388	5 275	39 669	13 915	24 872	39 295	12 177	2 456	3 403	15 134	15 824	4 398	1 249 851	(1 602)	(106 379)	1 141 870
Lease liability	13	3 161	-	-	-	-	-	-	-	-	-	-	-	3 161	-	-	3 161
Short-term employee benefit	14	37 151	-	-	-	-	-	-	-	-	-	-	-	37 151	-	-	37 151
Total current liabilities		1 956 845	82 606	358 334	57 025	349 535	39 295	53 881	5 945	3 403	15 134	604 633	4 398	3 542 079	(1 602)	(106 379)	3 434 098
TOTAL LIABILITIES		9 803 698	211 271	2 736 681	873 601	349 535	39 295	951 142	5 945	3 403	15 134	604 633	4 398	15 609 781	(1 602)	(106 379)	15 501 800
TOTAL EQUITY AND LIABILITIES		13 787 987	275 891	3 267 016	1 045 816	349 535	39 871	962 463	5 945	6 882	15 510	635 981	11 913	20 416 180	(1 602)	(106 379)	20 308 199

⁽¹⁾ VAT receivable is included as part of trade and other receivable in each project (except for VRS), however on aggregate this is netted off against VAT payables which is included in trade and other payables as TCTA has one VAT liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.4.3 Restated Segmental Statement of Financial Position as at 31 March 2022

	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	UMGENI R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MRWAP-2 R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	VAT RECLASSIFI- CATION R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
ASSETS																			
Non-current assets																			
Property, plant and equipment	8	1 574	-	-	-	-	-	-	-	-	-	-	-	-	-	1 574	-	-	1 574
Right-of-use asset	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible asset	10	62	-	-	-	-	-	-	-	-	-	-	-	-	-	62	-	-	62
Tariff receivable	11.2	4 928 934	207 583	2 847 110	337 024	-	-	722 455	-	-	-	-	-	-	-	9 043 106	-	-	9 043 106
AMD Receivable	11.3	1 608 610	-	-	-	-	-	-	-	-	-	-	-	-	-	1 608 610	-	-	1 608 610
Financial market investments	11.4	45 900	-	-	-	-	-	-	-	-	-	-	-	-	-	45 900	-	-	45 900
		6 585 080	207 583	2 847 110	337 024	-	-	722 455	-	-	-	-	-	-	-	10 699 252	-	-	10 699 252
Current assets																			
Tariff receivable	11.2	-	71 245	290 770	33 487	-	-	106 560	-	-	-	-	-	-	-	502 062	-	-	502 062
AMD Receivable	11.3	260 948	-	-	-	-	-	-	-	-	-	-	-	-	-	260 948	-	-	260 948
Trade and other receivables	11.5	611 295	120	119	12 413	20 701	4 369	-	-	5 945	-	1 326	325 672	192	-	981 768	-	(950 602)	31 166
Cash and cash equivalents	11.6	5 651 583	77 293	207 830	998 850	959 634	46 984	260 172	-	-	4 820	288	610 323	20 019	11 583	8 849 379	-	-	8 849 379
Prepayments	12	40 881	-	-	-	635	1 016	-	-	-	-	-	-	-	-	42 532	-	-	42 532
		6 564 707	148 658	498 719	1 044 750	980 970	52 369	366 732	-	5 945	4 820	1 614	935 995	19 827	11 583	10 636 689	-	(950 602)	9 686 087
TOTAL ASSETS		13 149 787	356 241	3 345 829	1 381 774	980 970	52 369	1 089 187	-	5 945	4 820	1 614	935 995	19 827	11 583	21 335 941	-	(950 602)	20 385 339

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.4.3 Restated Segmental Statement of Financial Position as at 31 March 2022 (continued)

Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	UMGENI R'000	KRIEL R'000	TCTA-C R'000	MRWP R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	VAT RECLASSIFI- CATION R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
EQUITY AND LIABILITIES																		
Equity																		
Retained earnings	3 030 765	69 302	492 138	145 179	-	3 752	(14 343)	-	-	2 558	189	7 184	6 701	81	3 735 840	-	-	3 735 840
LIABILITIES																		
Non-current liabilities																		
Borrowings	11.7	8 682 683	205 996	2 509 107	243 993	-	1 022 659	-	-	-	-	-	-	-	12 664 438	-	-	12 664 438
Lease liability	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-current liabilities		8 682 683	205 996	2 509 107	243 993	-	1 022 659	-	-	-	-	-	-	-	12 664 438	-	-	12 664 438
Current liabilities																		
Borrowings	11.7	854 145	77 331	300 080	654 249	582 315	67 074	-	-	-	-	-	-	-	2 535 194	-	-	2 535 194
Refund Liability	11.8	-	-	-	-	329 839	-	-	-	-	-	-	-	-	329 839	-	-	329 839
Contract liabilities	11.9	-	-	-	-	-	-	-	3 489	-	-	386 689	9 101	8 863	408 142	-	-	408 142
Trade and other payables	11.10	548 583	3 612	44 503	338 353	68 817	56 121	13 797	2 456	2 262	1 425	542 122	4 025	2 801	1 628 877	-	(950 602)	678 275
Lease liability	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term employee benefit	14	33 611	-	-	-	-	-	-	-	-	-	-	-	-	33 611	-	-	33 611
Total current liabilities		1 436 339	80 943	344 583	992 602	980 971	56 121	80 871	-	5 945	2 262	928 811	13 126	11 664	4 935 663	-	(950 602)	3 985 061
TOTAL LIABILITIES		10 119 022	286 939	2 853 690	1 236 595	980 971	56 121	1 103 530	-	5 945	2 262	928 811	13 126	11 664	17 600 101	-	(950 602)	16 649 499
TOTAL EQUITY AND LIABILITIES		13 149 787	356 241	3 345 828	1 381 774	980 971	52 369	1 089 187	-	5 945	4 820	935 995	19 827	11 583	21 335 941	-	(950 602)	20 385 339

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.4.4 Segmental Statement of Comprehensive Income as at 31 March 2024

	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MCWAP-2 R'000	MRWP R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
Construction revenue	16	-	2 03	-	-	37 800	-	-	-	-	134 208	-	25 564	56 865	254 640	-	254 640
Construction costs	17	-	(203)	-	-	(37 800)	-	-	-	-	(134 208)	-	(25 564)	(56 865)	(254 640)	-	(254 640)
Revenue from services	16	376 241	1 575	1 762	1 117	2	1	1 443	-	-	-	995	-	-	383 136	-	383 136
Cost of services rendered	17	(376 241)	(1 575)	(1 762)	(1 117)	(2)	(1)	(1 443)	-	-	-	(995)	-	-	(383 136)	-	(383 136)
Operating income	16	175 651	7 318	11 537	15 044	1	1	7 017	702	7	-	17 910	-	-	235 188	-	235 188
Operating expenses	17	(175 651)	(7 318)	(11 537)	(15 044)	(1)	(1)	(7 017)	(702)	(7)	-	(17 910)	-	-	(235 188)	-	(235 188)
Legal and litigation costs		(3 577)	-	(1 009)	(3 524)	-	-	-	-	-	-	-	-	-	(8 110)	-	(8 110)
Depreciation	8&9	(15 666)	-	-	-	-	-	-	-	-	-	-	-	-	(15 666)	-	(15 666)
Amortisation	10	(23)	-	-	-	-	-	-	-	-	-	-	-	-	(23)	-	(23)
Employee costs	17.3	(133 726)	(5 181)	(7 771)	(8 355)	-	-	(5 181)	-	-	-	(12 952)	-	-	(173 166)	-	(173 166)
Directors emoluments and related costs	22.2	(7 515)	-	-	-	-	-	-	-	-	-	-	-	-	(7 515)	-	(7 515)
Net impairmentreversal /(losses) on financial assets	11.4	15 704	-	-	-	-	-	-	-	-	-	-	-	-	15 704	-	15 704
Other operating expenses	17.3.2	(30 848)	(2 137)	(2 757)	(3 165)	(1)	(1)	(1 836)	(702)	(7)	-	(4 958)	-	-	(46 412)	-	(46 412)
Operating surplus		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net finance income/(cost) for both years		(20 431)	8 145	126 744	26 879	-	130	23 927	-	988	51 032	449	831	1 677	220 371	-	220 371
Finance income	18	949 139	24 701	382 168	113 195	-	130	121 832	-	988	51 833	2 556	2 072	4 619	1 653 233	(8 051)	1 645 182
Finance costs	19	(969 570)	(16 556)	(255 424)	(86 316)	-	-	(97 905)	-	-	(801)	(2 107)	(1 241)	(2 942)	(1 432 862)	8 051	(1 424 811)
Surplus/(loss) for the year for both years		(20 431)	8 145	126 744	26 879	-	130	23 927	-	988	51 032	449	831	1 677	220 371	-	220 371
Total comprehensive income for the year		(20 453)	8 145	126 744	26 879	-	130	23 927	-	988	51 032	449	831	1 677	220 371	-	220 371

NOTES TO THE FINANCIAL STATEMENTS (continued)

6.4.4 Segmental Statement of Comprehensive Income as at 31 March 2023 (continued)

	Note(s)	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	KRIEL R'000	TCTA-C R'000	MCWAP-2 R'000	MRWP R'000	BRVAS R'000	uMWP R'000	SEGMENTAL TOTAL R'000	INTERPROJECT ELIMINATION R'000	TCTA TOTAL R'000
Construction revenue	16	1 348	115	-	-	-	20 779	-	-	-	80 209	-	16 496	19 014	137 961	-	137 961
Construction costs	17	(1 348)	(115)	-	-	-	(20 779)	-	-	-	(80 209)	-	(16 496)	(19 014)	(137 961)	-	(137 961)
Revenue from services rendered	16	2 58 987	1 152	1 321	775	2 549	724	1 130	-	-	-	362	-	-	267 000	-	267 000
Cost of services rendered	17	(258 987)	(1 152)	(1 321)	(775)	(2 549)	(724)	(1 130)	-	-	-	(362)	-	-	(267 000)	-	(267 000)
Operating income	16	2 42 865	7 274	11 254	11 670	14 248	15 615	7 100	-	8	-	7 422	-	-	317 456	-	317 456
Operating expenses	17	(242 865)	(7 274)	(11 254)	(11 670)	(14 248)	(15 615)	(7 100)	-	(8)	-	(7 422)	-	-	(317 456)	-	(317 456)
Legal and litigation costs		(1 669)	-	(563)	-	-	(1 416)	-	-	-	-	-	-	-	(3 648)	-	(3 648)
Depreciation	8&9	(5 823)	-	-	-	-	-	-	-	-	-	-	-	-	(5 823)	-	(5 823)
Amortisation	10	(40)	-	-	-	-	-	-	-	-	-	-	-	-	(40)	-	(40)
Employee costs	17.3	(195 713)	(5 269)	(7 904)	(8 440)	(10 538)	(10 195)	(5 269)	-	-	-	(5 269)	-	-	(248 597)	-	(248 597)
Directors emoluments and related costs	22.2	(7 167)	-	-	-	-	-	-	-	-	-	-	-	-	(7 167)	-	(7 167)
Net impairment (losses)/reversal on financial assets	11.4	(9 000)	-	-	-	-	-	-	-	-	-	-	-	-	(9 000)	-	(9 000)
Other operating expenses	17.3.2	(23 454)	(2 005)	(2 787)	(3 230)	(3 710)	(4 004)	(1 831)	-	(8)	-	(2 153)	-	-	(43 182)	-	(43 182)
Operating surplus		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net finance income/(cost)		960 678	(4 682)	38 197	27 035	-	964	25 664	-	905	24 164	200	440	268	1 073 833	-	1 073 833
Finance income	18	1 779 860	18 206	310 318	110 229	36 456	4 685	118 621	-	905	34 806	998	670	662	2 416 416	(16 240)	2 400 176
Finance costs	19	(819 182)	(22 888)	(272 121)	(83 194)	(36 456)	(3 721)	(92 957)	-	-	(10 642)	(798)	(230)	(394)	(1 342 583)	16 240	(1 326 343)
Surplus/(loss) for the year		960 678	(4 682)	38 197	27 035	-	964	25 664	-	905	24 164	200	440	268	1 073 833	-	1 073 833
Total comprehensive income for the year		960 678	(4 682)	38 197	27 035	-	964	25 664	-	905	24 164	200	440	268	1 073 833	-	1 073 833

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Financial Instrument Risk Management

7.1 Capital management

TCTA manages its capital to ensure that projects will be able to continue as a going concern while optimising the debt for each project.

The capital structure of TCTA consists of short, medium and long-term debt (borrowings as detailed in [Note 11.7](#)) and equity (comprising accumulated surpluses or deficits).

TCTA is not subject to any externally imposed capital requirements except for adherence to the debt ceiling as approved by DWS with concurrence from the Minister of Finance. TCTA's Finance Committee reviews each project's capital structure on a quarterly basis. As part of this review, the Committee considers the cost of capital and the risks associated with each class of debt.

TCTA's borrowing limits per project is reviewed on an annual basis by the Minister of Water and Sanitation, with the concurrence of the Minister of Finance. The borrowing limits are based on TCTA's borrowing requirements in order to fulfil the Republic of South Africa's financial obligations in terms of, or resulting from, the Treaty and other directives received from the Minister (Refer to [Note 7.2.1](#)).

Optimal capital structure:

In principle, TCTA prefers to maintain a capital structure of a minimum of 70% fixed rate debt to 30% floating rate debt ratio after construction of the infrastructure. The debt equity ratio is 2.5:1 (2023: 3.6:1). This ensures that there is less volatility on the debt curve and furthermore, there is a high predictability of cash flows, thus minimising the associated interest rate risk to each project.

7.2 Financial risk management objectives

The Board has overall responsibility for the establishment and oversight of risk management within the organisation and approves all risk management policies. Risk management in TCTA is carried out through a central risk management function. The user departments identify, assess and monitor the management of financial risks. The Finance Committee provides oversight on the management of financial risks and provides guidance on key finance activities of the TCTA business.

TCTA's treasury activities comprise of raising finance and managing investments (e.g. liquidity and treasury investment portfolios). TCTA's treasury operates within the financial markets, as such, is subject to associated risks which could have financial implications on the organisation. In line with the approved Risk Management Framework and Treasury Risk Management policy, the Treasury Department monitors treasury risks on a daily, weekly and monthly basis, in order to ensure that controls in place are working effectively, to mitigate any possible financial losses to the organisation.

TCTA's market activities expose it to market risk (including currency risk, interest rate risk, etc.) credit risk and liquidity risk (Refer Notes [7.2.1-7.2.3](#)).

TCTA seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures where possible and appropriate within Board approved policies.

The various types of financial and treasury risks pertaining to each of the projects are identified, assessed, managed and monitored in a prudent manner, within a Board approved Treasury Risk Management policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The liability is managed in a very prudent and conservative manner, which is further underscored by the adoption of the following portfolio approaches and objectives:

- **asset and liability matching:** TCTA strives to minimise both refinancing and repricing risks associated with maturing debt by matching the maturity dates of debt issued with free cash generated by the project.

TCTA has taken a more proactive approach to short-term cash management. The cash flow requirements for the next 12 months are assessed, and where required, the required funding is procured.

The set guiding principles and objectives have been applied consistently over the years.

7.2.1 Liquidity stress test scenarios as at Sunday, 31 March 2024

TCTA has performed a liquidity stress test in order to assess its ability to meet its debt obligations in the next 12 months and beyond. The assessment considers two scenarios:

Scenario 1

- This scenario which assumes the estimated time from the 31 March 2024 until the date that the cash resources are fully depleted assuming no cash is recovered through the available source (tariff receivable, fiscus or loans) and no additional funding is obtained.
- The table below represents stress tests to determine the number of days each project's cash resources would last, assuming TCTA does not receive any payments from DWS. The calculation takes the opening cash balance and deducts all the cash outflow forecast over the period.

Estimated number of days as at 31 March 2024 exhaustion of cash resources assuming no tariffs are received in the foreseeable future

Project	Current cash balances R'000	Days till cash is depleted	Anticipated depletion date ⁽¹⁾	Undrawn liquidity facilities ⁽²⁾ R'000
VRS	4 001 247	>365	After April 2025	1 500 000
BWP	42 499	165	27-Sep-24	300 000
VRESAP	308 743	290	30-Jan-2025	200 000
MCWAP-1	710 346	>365	After April 2025	200 000
MMS-2	79 739	>365	After April 2025	-
KWSAP	401 552	>365	After April 2025	250 000
ORWRDP	1 205	>365 days	After April 2025	-
MCWAP-2	633 380	136	29-Aug-24	-
BRVAS	15 733	24	09-May-24	-
MRWP	9 424	>365	After April 2025	-
uMWP	163 812	107	31-Jul-24	-

⁽¹⁾ Expected date at which the cash resources will be depleted.

⁽²⁾ TCTA has available facilities that enables each project to drawdown if required, except ORWRDP which is funded from the fiscus.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Scenario 2

This scenario considers the estimated time from the 31 March 2024 until the date that the cash resources are fully depleted assuming that cash is received through the available source (tariff receivable but no additional funding is obtained).

The table below represents the number of days each project's cash resources would last assuming TCTA receives timely payments (in respect of the tariff receivable) from DWS.

Estimated number of days as at 31 March 2024 exhaustion of cash resources assuming the forecast tariff receivable is received.

Project	Current cash balances R'000	Days till cash is depleted	Anticipated depletion date ⁽¹⁾	Undrawn liquidity facilities ⁽²⁾ R'000
VRS (Note 1)	4 001 247	>365	After April 2025	-
BWP	42 499	>365	After April 2025	-
VRESAP	308 743	334	28 February 2025	-
MCWAP-1	710 346	>365	After April 2025	-
MMTS-2	79 739	>365	After April 2025	-
KWSAP	401 552	>365	After April 2025	-
ORWRDP	1 205	>365	After April 2025	-
MCWAP-2	633 380	>365	29 August 2024	-
MRWP	9 424	>365	After April 2025	-
BRVAS	15 733	24	9 May 2024	-
uMWP	163 812	107	31 July 2024	-

⁽¹⁾ Expected date at which the cash resources will be depleted.

⁽²⁾ TCTA has available facilities that enables each project to drawdown if required, except for those projects which are funded from the fiscus.

Notes

1. The liquidity of all the projects under this scenario is robust, subject to DWS making payments to TCTA on time.

TCTA and DWS are presently investigating mechanisms for ring-fencing of the receipt of tariff revenue by DWS from consumers to only be used to repay the tariff that is due to TCTA. This will ensure timely payment of tariffs by DWS to TCTA.

VRS

A Financing facilities

Funding sources and utilisation at 31 March 2024 and 31 March 2023:

	2024 R'000	2023 R'000
Total borrowing authority		
Global limit ⁽¹⁾	22 730 000	16 969 000
Utilisation	(7 828 538)	(8 682 183)
Available	14 901 462	8 286 817

The table above includes the total utilisation of all facilities, including both local and foreign loans, against the borrowing limit.

⁽¹⁾ The Global limit are as set by National Treasury and governs the total limit of gross liabilities of the project. The individual limit is set internally from time to time when markets are suitable to move from one instrument to the other.

Each year the Finance Committee reviews and approves facility utilisation for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2024	Individual limit R'000	Disbursed R'000	Available R'000	Outstanding debt R'000
Investec	1 000 000	1 000 000	-	819 672
Investec ⁽¹⁾	500 000	-	500 000	-
Investec	1 650 000	1 650 000	-	1 347 500
Standard Bank of SA	3 000 000	3 000 000	-	1 900 000
Standard Bank of SA ⁽¹⁾	1 000 000	-	1 000 000	-
Standard Bank of SA	1 500 000	1 500 000	-	871 429
Firststrand Bank Ltd	3 800 000	2 390 000	1 410 000	2 389 937
Nedbank Ltd	2 000 000	-	2 000 000	-
DBSA	3 000 000	-	3 000 000	-
DBSA	1 250 000	-	1 250 000	-
IDC	1 250 000	-	1 250 000	-
Absa	1 000 000	1 000 000	-	500 000
African Development Bank	1 300 000	-	1 300 000	-
	22 250 000	10 540 000	11 710 000	7 828 538
2023	Facility amount R'000	Issued R'000	Available R'000	Outstanding debt R'000
Approved facilities Total issued to date				
Commercial Paper Programme (including Term Paper)	4 000 000	-	4 000 000	-
	4 000 000	-	4 000 000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Individual limit R'000	Disbursed R'000	Available R'000	Outstanding debt R'000
Investec	1 000 000	1 000 000	-	885 246
Investec ⁽¹⁾	500 000	-	500 000	-
Investec	1 650 000	1 650 000	-	1 457 000
Standard Bank of SA	3 000 000	3 000 000	-	2 100 000
Standard Bank of SA ⁽¹⁾	1 000 000	-	1 000 000	-
Standard Bank of SA	1 500 000	1 500 000	-	1 100 000
Firststrand Bank Ltd	3 800 000	2 390 000	1 410 000	2 389 937
Nedbank Ltd	2 000 000	-	2 000 000	-
DBSA	3 000 000	-	3 000 000	-
DBSA	1 250 000	-	1 250 000	-
IDC	1 250 000	-	1 250 000	-
Absa	1 000 000	1 000 000	-	750 000
TOTAL	20 950 000	10 540 000	10 410 000	8 682 183

⁽¹⁾ This is a revolving credit facility.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities as well as the liquidity analysis for derivatives.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities.

The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, VRS had contractual maturities as summarised below:

2024	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	6.22	-	820 344	15 440 968	16 261 312	16 261 312
AMD Receivable	10.68	237 923	1 189 615	475 846	1 665 461	1 903 384
Trade and other receivables	Not applicable	121 212	-	-	-	121 212
Financial market investments (Fixed rate)	8.99	438 929	-	-	-	438 929
Cash and cash equivalents ⁽¹⁾	8.35	4 001 247	-	-	-	4 001 247
Financial Market investments (Variable term)	9.42	382 092	-	44 109	44 109	426 201
Financial asset maturities		5 181 403	2 009 959	15 960 923	17 970 882	23 152 285
Financial liabilities						
Variable rate loans: local ⁽¹⁾	10.84	(1 659 078)	(6 525 135)	(3 187 755)	(9 712 890)	(11 371 968)
Lease liability	12	(3 912)	(14 403)	-	(14 403)	(18 315)
Trade and other payables (excluding interest payable) ⁽²⁾	Not applicable	(1 323 198)	-	-	-	(1 323 198)
Financial liabilities maturities		(2 986 188)	(6 539 538)	(3 187 755)	(9 727 293)	(12 713 481)
NET FINANCIAL ASSET/(LIABILITIES)		2 195 215	(4 529 579)	12 773 168	8 243 589	10 438 804

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	5.62	5 132 000	-	30 032 000	30 032 000	35 164 000
AMD Receivable	8.44	180 969	987 106	592 264	1 579 370	1 760 339
Financial market investments	10.75	-	-	58 747	58 747	58 747
Trade and other receivables	Not applicable	102 046	-	-	-	102 046
Cash and cash equivalents ⁽¹⁾	8.17	6 854 324	-	-	-	6 854 324
Financial asset maturities		12 269 339	987 106	30 683 011	31 670 117	43 939 456
Financial liabilities						
Variable rate loans: local ⁽¹⁾	9.51	(1 711 765)	(7 421 513)	(3 841 336)	(11 262 849)	(12 974 614)
Lease liability*	12.06	(3 103)	(16 696)	-	(16 696)	(19 799)
Trade and other payables (excluding interest payable) ⁽²⁾	Not applicable	(998 161)	-	-	-	(998 161)
Financial liabilities maturities		(2 713 029)	(7 438 209)	(3 841 336)	(11 279 545)	(13 992 574)
NET FINANCIAL ASSET/(LIABILITIES)		9 556 310	(6 451 103)	26 841 675	20 390 572	29 946 882

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

⁽²⁾ Accrued interest has been included with the applicable instruments in the table.

* Audited amounts were updated due to errors and omissions identified when converting from millions to thousands.

The above contractual maturities reflect the net cash outflows and inflows and are therefore different from the carrying values of the liabilities at reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

BWP

A Financing facilities

Funding sources and utilisation at 31 March:

	2024 R'000	2023 R'000
Total borrowing authority		
Global limit ⁽¹⁾	206 000	333 000
Utilisation	(110 000)	(205 996)
Available	96 000	127 004

The table above includes the total utilisation of all facilities, including both local and foreign loans, against the borrowing limit.

⁽¹⁾ The Global limit is as set by National Treasury and governs the total limit of gross liabilities of the project. The individual limit is set internally from time to time when markets are suitable to move from one instrument to the other.

Total utilisation of capital market and commercial paper facilities

The following tables reflect the commercial paper and excludes local and foreign loans as the latter do not have authorised limits.

Each year the Finance Committee reviews and approves facility utilisation for the financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2024				
Approved facilities Total issued to date	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt⁽³⁾ R'000
Commercial Paper Programme	450 000	-	450 000	-
DBSA ⁽¹⁾	500 000	400 000	-	110 000
European Investment Bank ^{(1) (2) (3)}	800 000	890 000	-	-
Absa	300 000	-	300 000	-
			750 000	110 000
2023				
Approved facilities Total issued to date	Individual limit R'000	Disbursed⁽³⁾ R'000	Available⁽⁴⁾ R'000	Outstanding debt R'000
Commercial Paper Programme	450 000	-	450 000	-
DBSA ⁽¹⁾	500 000	400 000	-	120 000
European Investment Bank ^{(1) (2) (3)}	800 000	890 000	-	85 996
Absa	300 000	-	300 000	-
			750 000	205 996

(1) The facilities are not available for further drawdowns.

(2) This is a Euro denominated facility drawn in Rands and repaid in Rands.

(3) All amounts are in ZAR unless otherwise stated.

(4) Where the available amount is zero, the drawdown period has expired.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and include the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in BWP.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

2024	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	26.12	37 860	41 176	-	41 176	79 036
Trade and other receivables	Not applicable	129	-	-	-	129
Cash and cash equivalents ⁽¹⁾	8.09	42 499	-	-	-	42 499
Financial asset maturities		80 488	41 176	-	41 176	121 664
Financial liabilities						
Fixed rate loans ⁽²⁾	8.85	(41 280)	(85 508)	(10 442)	(95 950)	(137 230)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(1 252)	-	-	-	(1 252)
Financial liabilities maturities		(42 532)	(85 508)	(10 442)	(95 950)	(138 482)
NET FINANCIAL ASSET/(LIABILITIES)		37 956	(44 332)	(10 442)	(54 774)	(16 818)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)			Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000			
Non-derivative financial assets/(liabilities)							
Financial assets							
Tariff receivable	8.95	66 554	181 009	-	181 009	247 563	
Trade and other receivables	Not applicable	120	-	-	-	120	
Cash and cash equivalents ⁽¹⁾	7.94	80 852	-	-	-	80 852	
Financial asset maturities		147 526	181 009	-	181 009	328 535	
Financial liabilities							
Fixed rate loans ⁽²⁾	8.50	(93 286)	(132 848)	(21 329)	(154 177)	(247 463)	
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(4 969)	-	-	-	(4 969)	
Financial liabilities maturities		(98 255)	(132 848)	(21 329)	(154 177)	(252 432)	
NET FINANCIAL ASSET/(LIABILITIES)		49 271	48 161	(21 329)	26 832	76 103	

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

⁽²⁾ Loan repayments are made periodically as per the respective agreements.

⁽³⁾ Accrued interest has been included with the applicable instruments in the table.

NOTES TO THE FINANCIAL STATEMENTS (continued)

VRESAP

A Financing facilities

Funding sources and utilisation at 31 March:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	2 705 000	3 097 000
Utilisation	(2 213 058)	(2 697 011)
Available	491 942	399 989

2024	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt ⁽³⁾ R'000
Approved facilities				
Total issued to date				
Commercial Paper Programme	500 000	-	500 000	-
European Investment Bank ^{(1) (2)}	906 000	412 000	-	276 692
Standard Bank of SA	1 350 000	1 350 000	-	756 270
Absa	1 000 000	958 037	41 963	958 037
Main Street 196 (Pty) Ltd - a SPV of Investec	155 000	155 000	-	66 474
Nedbank	350 000	350 000	-	155 585
RMB	200 000	-	200 000	-
DBSA	200 000	-	200 000	-
			941 963	2 213 058

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt ⁽³⁾ R'000
Approved facilities				
Total issued to date				
Commercial Paper Programme (including Term Paper)	500 000	-	500 000	346 131
European Investment Bank ^{(1) (2)}	906 000	412 000	-	897 044
Standard Bank of SA	1 350 000	1 350 000	-	980 367
Absa	1 000 000	980 000	20 000	78 988
Main Street 196 (Pty) Ltd - a SPV of Investec	155 000	155 000	-	194 481
Nedbank	350 000	350 000	-	200 000
RMB	200 000	200 000	-	-
DBSA	200 000	-	200 000	-
			720 000	2 697 011

(1) This is a Euro denominated facility drawn in Rands and repaid in Rands.

(2) All amounts are in ZAR unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in VRESAP.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, VRESAP had contractual maturities as summarised below:

2024	Weighted average effective interest rate %	Non-current financial assets/(liabilities)				
		Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	4.80	575 195	1 680 508	-	1 680 508	2 255 703
Trade and other receivables	Not applicable	4 456	-	-	-	4 456
Cash and cash equivalents ⁽¹⁾	8.41	308 743	-	-	-	308 743
Financial asset maturities		888 394	1 680 508	-	1 680 508	2 568 902
Financial liabilities						
Fixed rate loans ⁽²⁾	10.07	(379 431)	(1 263 184)	-	(1 263 184)	(1 642 615)
Variable rate loans ^{(1) (2)}	10.23	(104 230)	(1 157 769)	-	(1 157 769)	(1 261 999)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(8 678)	-	-	-	(8 678)
Financial liabilities maturities		(492 339)	(2 420 953)	-	(2 420 953)	(2 913 292)
NET FINANCIAL ASSET/(LIABILITIES)		396 055	(740 445)	-	(740 445)	(344 390)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023

Non-derivative financial assets/(liabilities)	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000		
Financial assets						
Tariff receivable*	12.08	551 366	3 831 000	375 000	4 206 000	4 757 366
Trade and other receivables	Not applicable	169	-	-	-	169
Cash and cash equivalents ⁽¹⁾	8.09	439 677	-	-	-	439 677
Financial asset maturities		991 212	3 831 000	375 000	4 206 000	5 197 212
Financial liabilities						
Fixed rate loans ⁽²⁾	10.06	(385 457)	(1 644 691)	-	(1 644 691)	(2 030 148)
Variable rate loans ^{(1) (2)}	9.50	(171 300)	(1 381 013)	(169 161)	(1 550 174)	(1 721 474)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(1 210)	-	-	-	(1 210)
Financial liabilities maturities		(557 967)	(3 025 704)	(169 161)	(3 194 865)	3 752 832
NET FINANCIAL ASSET/(LIABILITIES)		433 245	805 296	205 839	1 011 135	1 444 380

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

⁽²⁾ Loan repayments are made periodically as per the respective agreements.

⁽³⁾ Accrued interest has been included with the applicable instruments in the table.

* Audited amounts were updated due to errors and omissions identified when converting to thousands.

NOTES TO THE FINANCIAL STATEMENTS (continued)**MCWAP-1****A Financing facilities**

Funding sources and utilisation at 31 March:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	2 841 000	7 754 000
Utilisation	(816 576)	(859 686)
AVAILABLE	2 024 424	6 894 314

2024	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt ⁽³⁾ R'000
Approved facilities				
Total issued to date				
Investec	700 000	498 082	-	227 315
Investec ⁽¹⁾	200 000	-	200 000	-
Nedbank	600 000	225 000	-	-
Rand Merchant Bank iNdwa	700 000	700 000	-	589 261
	2 200 000	1 423 082	200 000	816 576

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt ⁽³⁾ R'000
Approved facilities				
Total issued to date				
Investec	700 000	498 082	-	243 993
Investec ⁽¹⁾	200 000	-	200 000	-
Nedbank	600 000	225 000	-	-
Rand Merchant Bank iNdwa	700 000	700 000	-	615 693
	2 200 000	1 423 082	200 000	859 686

⁽¹⁾ This is a revolving credit facility.

⁽²⁾ Where the available amount is zero, the drawdown period has expired.

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MCWAP-1.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, MCWAP-1 had contractual maturities as summarised below:

2024	Weighted average effective interest rate	Non-current financial assets/(liabilities)				
		Total undiscounted current financial assets/(liabilities)	1-5 years	>5 years	Total undiscounted non-current financial assets/(liabilities)	Total undiscounted financial assets/(liabilities)
Non-derivative financial assets/(liabilities)	%	R'000	R'000	R'000	R'000	R'000
Financial assets						
Tariff receivable	6.03	79 513	298 930	-	298 930	378 443
Trade and other receivables	Not applicable	2 065	-	-	-	2 065
Cash and cash equivalents ⁽¹⁾	8.41	710 346	-	-	-	710 346
Financial asset maturities		791 924	298 930	-	298 930	1 090 854
Financial liabilities						
Fixed rate loans ⁽²⁾	10.11	(40 265)	(155 356)	(152 868)	(308 224)	(348 489)
Variable rate loans ^{(1) (2)}	10.42	(89 919)	(379 615)	(525 756)	(905 371)	(995 290)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(6 004)	-	-	-	(6 004)
Financial liabilities maturities		(136 188)	(534 971)	(678 624)	(1 213 595)	(1 349 783)
NET FINANCIAL ASSET/(LIABILITIES)		655 736	(236 041)	(678 624)	(914 665)	(258 929)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	16.12	82 912	498 504	11 418	509 922	592 834
Cash and cash equivalents ⁽¹⁾	8.03	698 331	-	-	-	698 331
Financial asset maturities		781 243	498 504	11 418	509 922	1 291 165
Financial liabilities						
Borrowings (Fixed rate loans)	10.11	(40 813)	(157 710)	(190 716)	(348 426)	(389 239)
Borrowings (Variable rate loans)	9.37	(85 387)	(368 102)	(622 679)	(990 781)	(1 076 168)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(4 525)	-	-	-	(4 525)
Financial liabilities maturities		(130 725)	(525 812)	(813 395)	(1 339 207)	(1 469 932)
NET FINANCIAL ASSET/(LIABILITIES)		650 518	(27 308)	(801 977)	(829 285)	(178 767)

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

⁽²⁾ Loan repayments are made periodically as per the respective agreements.

⁽³⁾ Accrued interest has been included with the applicable instruments in the table.

NOTES TO THE FINANCIAL STATEMENTS (continued)**MMTS-2****A Financing facilities**

Funding sources and utilisation at 31 March:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	1 080 000	1 178 000
AVAILABLE	1 080 000	1 178 000

2024**Approved facilities****Total issued to date**

Commercial Paper Programme

	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt R'000
Commercial Paper Programme	400 000	-	400 000	-

2023**Approved facilities****Total issued to date**

Commercial Paper Programme

	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt R'000
Commercial Paper Programme	400 000	-	400 000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MMTS-2.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.

As at 31 March, MMTS-2 had contractual maturities as summarised below:

2024	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables	Not applicable	4 154	-	-	-	4 154
Cash and cash equivalents ⁽¹⁾	8.28	79 739	-	-	-	79 739
Financial asset maturities		83 893	-	-	-	83 893
Financial liabilities						
Trade and other payables (excluding interest payable) ⁽²⁾	Not applicable	(20 460)	-	-	-	(20 460)
Financial liabilities maturities		(20 460)	-	-	-	(20 460)
NET FINANCIAL ASSET/(LIABILITIES)		63 433	-	-	-	63 433

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables	Not applicable	3 975	-	-	-	3 975
Cash and cash equivalents ⁽¹⁾	7.64	344 924	-	-	-	344 924
Financial asset maturities		348 899	-	-	-	348 899
Financial liabilities						
Trade and other payables (excluding interest payable) ^{(2)*}	Not applicable	(24 872)	-	-	-	(24 872)
Financial liabilities maturities		(24 872)	-	-	-	(24 872)
NET FINANCIAL ASSET/(LIABILITIES)		324 027	-	-	-	324 027

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

⁽²⁾ Accrued interest has been included with the applicable instruments in the table.

* Audited amounts were updated due to errors and omissions identified when converting to thousands.

NOTES TO THE FINANCIAL STATEMENTS (continued)

ORWRDP

A Financing facilities

ORWRDP is funded through the fiscus, hence there are no financing facilities for this project.

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and include the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in ORWRDP.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, ORWRDP had contractual maturities as summarised below:

2024	Weighted average effective interest rate	Non-current financial assets/(liabilities)				
		Total undiscounted current financial assets/(liabilities)	1-5 years	>5 years	Total undiscounted non-current financial assets/(liabilities)	Total undiscounted financial assets/(liabilities)
Non-derivative financial assets/(liabilities)	%	R'000	R'000	R'000	R'000	R'000
Financial assets						
Cash and cash equivalents ⁽¹⁾	8.05	1 205	-	-	-	1 205
Financial asset maturities		1 205	-	-	-	1 205
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(267)	-	-	-	(267)
Financial liabilities maturities		(267)	-	-	-	(267)
NET FINANCIAL ASSET/(LIABILITIES)		938	-	-	-	938

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables	Not applicable	39 652	-	-	-	39 652
Cash and cash equivalents ⁽¹⁾	7.99	203	-	-	-	203
Financial asset maturities		39 855	-	-	-	39 855
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(39 295)	-	-	-	(39 295)
Financial liabilities maturities		(39 295)	-	-	-	(39 295)
NET FINANCIAL ASSET/(LIABILITIES)		560	-	-	-	560

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)**KWSAP****A Financing facilities**

Funding sources and utilisation at 31 March:

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	1 039 000	1 139 000
Utilisation	(889 449)	(938 965)
Available	149 551	200 035

2024	Individual limit R'000	Issued R'000	Available R'000	Outstanding debt R'000
Approved facilities				
Total issued to date				
Commercial Paper Programme	500 000	-	500 000	-
Nedbank	400 000	369 313	-	205 174
Rand Merchant Bank iNdwa ⁽¹⁾	600 000	600 000	-	684 275
Absa	250 000	-	250 000	-
	1 750 000	969 313	750 000	889 449

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Facility amount R'000	Issued R'000	Available ⁽²⁾ R'000	Outstanding debt R'000
Approved facilities				
Total issued to date				
Commercial Paper Programme	500 000	-	500 000	-
Nedbank	400 000	369 313	-	228 622
Rand Merchant Bank iNdwa ⁽¹⁾	600 000	600 000	-	710 343
Absa	250 000	-	250 000	-
	1 750 000	969 313	750 000	938 965

⁽¹⁾ The outstanding debt is higher than the facility amount as interest was capitalised up to the fourth anniversary of the drawdown date.

⁽²⁾ Where the availability amount is zero, the drawdown period has lapsed.

B Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in KWSAP.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, KWSAP had contractual maturities as summarised below:

2024	Weighted average effective interest rate %	Non-current financial assets/(liabilities)				
		Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	12.91	175 788	485 281	128 886	614 167	789 955
Trade and other receivables	Not applicable	3 061	-	-	-	3 061
Cash and cash equivalents ⁽¹⁾	8.39	401 552	-	-	-	401 552
Financial asset maturities		580 401	485 281	128 886	614 167	1 194 568
Financial liabilities						
Fixed rate loans ⁽²⁾	9.67	(42 444)	(147 132)	(104 966)	(252 098)	(294 542)
Variable rate loans ^{(1) (2)}	11.30	(106 641)	(474 264)	(586 293)	(1 060 557)	(1 167 198)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(7 057)	-	-	-	(7 057)
Financial liabilities maturities		(156 142)	(621 396)	(691 259)	(1 312 655)	(1 468 797)
NET FINANCIAL ASSET/(LIABILITIES)		424 259	(136 115)	(562 373)	(698 488)	(274 229)

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Tariff receivable	13.85	191 163	638 164	306 678	944 842	1 136 005
Cash and cash equivalents ⁽¹⁾	8.06	288 943	-	-	-	288 943
Financial asset maturities		480 106	638 164	306 678	944 842	1 424 948
Financial liabilities						
Borrowings (Fixed rate loans) ⁽²⁾	9.67	(44 767)	(156 202)	(138 340)	(294 542)	(339 309)
Borrowings (Variable rate loans) ⁽²⁾	9.91	(91 200)	(409 241)	(788 326)	(1 197 567)	(1 288 767)
Trade and other payables (excluding interest payable) ⁽³⁾	Not applicable	(11 208)	-	-	-	(11 208)
Financial liabilities maturities		(147 175)	(565 443)	(926 666)	(1 492 109)	(1 639 284)
NET FINANCIAL ASSET/(LIABILITIES)		332 931	72 721	(619 988)	(547 267)	(214 336)

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

⁽²⁾ Loan repayments are made periodically as per the respective agreements.

⁽³⁾ Accrued interest has been included with the applicable instruments in the table.

NOTES TO THE FINANCIAL STATEMENTS (continued)

MCWAP-2

A Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MCWAP-2.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, MCWAP-2 had contractual maturities as summarised below:

2024	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate	Total undiscounted current financial assets/(liabilities)	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities)	Total undiscounted financial assets/(liabilities)
Non-derivative financial assets/(liabilities)	%	R'000	1-5 years	>5 years	R'000	R'000
			R'000	R'000		
Financial assets						
Trade and other receivables	Not applicable	1 391	-	-	-	1 391
Cash and cash equivalents ⁽¹⁾	8.37	633 380	-	-	-	633 380
Financial asset maturities		634 771	-	-	-	634 771
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(19 431)	-	-	-	(19 431)
Financial liabilities maturities		(19 431)	-	-	-	(19 431)
NET FINANCIAL ASSET/(LIABILITIES)		615 340	-	-	-	615 340

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)			Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000			
Non-derivative financial assets/(liabilities)							
Financial assets							
Trade and other receivables	Not applicable	1 210	-	-	-	1 210	
Cash and cash equivalents ⁽¹⁾	7.56	634 327	-	-	-	634 327	
Financial asset maturities		635 537	-	-	-	635 537	
Financial liabilities							
Trade and other payables (excluding interest payable)*	Not applicable	(15 824)	-	-	-	(15 824)	
Financial liabilities maturities		(15 824)	-	-	-	(15 824)	
NET FINANCIAL ASSET/(LIABILITIES)		619 713	-	-	-	619 713	

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

* Audited amounts were updated due to errors and omissions that were identified when converting to thousands.

NOTES TO THE FINANCIAL STATEMENTS (continued)

KRIEL

A Liquidity risk tables

This project comprises the construction of a 3km pipeline from the KWSAP to Kriel water treatment works and the upgrading of the works.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

As at 31 March, KRIEL had contractual maturities as summarised below:

2024		Non-current financial assets/(liabilities)				
	Weighted average effective interest rate	Total undiscounted current financial assets/(liabilities)	1-5 years	>5 years	Total undiscounted non-current financial assets/(liabilities)	Total undiscounted financial assets/(liabilities)
Non-derivative financial assets/(liabilities)	%	R'000	R'000	R'000	R'000	R'000
Financial assets						
Trade and other receivables	Not applicable	3 869	-	-	-	3 869
Financial asset maturities		3 869	-	-	-	3 869
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(1 058)	-	-	-	(1 058)
Financial liabilities maturities		(1 058)	-	-	-	(1 058)
NET FINANCIAL ASSET/(LIABILITIES)		2 811	-	-	-	2 811

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)			Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000			
Non-derivative financial assets/(liabilities)							
Financial assets							
Trade and other receivables	Not applicable	5 945	-	-	-	5 945	
Financial asset maturities		5 945	-	-	-	5 945	
Financial liabilities							
Trade and other payables (excluding interest payable)	Not applicable	(2 456)	-	-	-	(2 456)	
Financial liabilities maturities		(2 456)	-	-	-	(2 456)	
NET FINANCIAL ASSET/(LIABILITIES)		3 489	-	-	-	3 489	

NOTES TO THE FINANCIAL STATEMENTS (continued)

MRWP

A Liquidity risk tables

The liquidity and interest risk tables are included for each project and includes the contractual maturity analysis reports for non-derivative financial assets and liabilities. There is no liquidity analysis for derivatives as there were no derivative instruments in MRWP.

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

As at 31 March, MRWP had contractual maturities as summarised below:

2024	Weighted average effective interest rate	Total undiscounted current financial assets/(liabilities)	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities)	Total undiscounted financial assets/(liabilities)
			1-5 years	>5 years		
	%	R'000	R'000	R'000	R'000	R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables	Not applicable	27 185	-	-	-	27 185
Cash and cash equivalents	8.10	9 424	-	-	-	9 424
Financial asset maturities		36 609	-	-	-	36 609
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(35 782)	-	-	-	(35 782)
Financial liabilities maturities		(35 782)	-	-	-	(35 782)
NET FINANCIAL ASSET/(LIABILITIES)		827	-	-	-	827

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)			Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000			
Non-derivative financial assets/(liabilities)							
Financial assets							
Trade and other receivables	Not applicable	9 912	-	-	-	9 912	
Cash and cash equivalents	7.55	5 598	-	-	-	5 598	
Financial asset maturities		15 510	-	-	-	15 510	
Financial liabilities							
Trade and other payables (excluding interest payable)	Not applicable	(15 135)	-	-	-	(15 135)	
Financial liabilities maturities		(15 135)	-	-	-	(15 135)	
NET FINANCIAL ASSET/(LIABILITIES)		375	-	-	-	375	

NOTES TO THE FINANCIAL STATEMENTS (continued)

TCTA-C

A Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

As at 31 March, TCTA-C had contractual maturities as summarised below:

2024	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate	Total undiscounted current financial assets/(liabilities)	1-5 years	>5 years	Total undiscounted non-current financial assets/(liabilities)	Total undiscounted financial assets/(liabilities)
Non-derivative financial assets/(liabilities)	%	R'000	R'000	R'000	R'000	R'000
Financial assets						
Cash and cash equivalents	8.15	7 096	-	-	-	7 096
Financial asset maturities		7 096	-	-	-	7 096
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(2 630)	-	-	-	(2 630)
Financial liabilities maturities		(2 630)	-	-	-	(2 630)
NET FINANCIAL ASSET/(LIABILITIES)		4 466	-	-	-	4 466

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)			Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000			
Non-derivative financial assets/(liabilities)							
Financial assets							
Cash and cash equivalents	7.65	6 882	-	-	-	6 882	
Financial asset maturities		6 882	-	-	-	6 882	
Financial liabilities							
Trade and other payables (excluding interest payable)	Not applicable	(3 403)	-	-	-	(3 403)	
Financial liabilities maturities		(3 403)	-	-	-	(3 403)	
NET FINANCIAL ASSET/(LIABILITIES)		3 479	-	-	-	3 479	

NOTES TO THE FINANCIAL STATEMENTS (continued)

BRVAS

A Financial facilities

	2024 R'000	2023 R'000
Total borrowing authority		
Borrowing limit	1 128 000	-
Available	1 128 000	-

The table above reflects the borrowing limits. Facilities have not been finalised.

B Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail BRVAS's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which BRVAS may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand BRVAS's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 March, BRVAS had contractual maturities as summarised below:

2024	Weighted average effective interest rate %	Non-current financial assets/(liabilities)				
		Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/ (liabilities) R'000	Total undiscounted financial assets/ (liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables	Not applicable	4	-	-	-	4
Cash and cash equivalents	8.10	15 733	-	-	-	15 733
Financial asset maturities		15 737	-	-	-	15 737
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(6 208)	-	-	-	(6 208)
Financial liabilities maturities		(6 208)	-	-	-	(6 208)
NET FINANCIAL ASSET/(LIABILITIES)		9 529	-	-	-	9 529

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000		
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables	Not applicable	7 387	-	-	-	7 387
Cash and cash equivalents ⁽¹⁾	7.56	4 526	-	-	-	4 526
Financial asset maturities		11 913	-	-	-	11 913
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(4 398)	-	-	-	(4 398)
Financial liabilities maturities		(4 398)	-	-	-	(4 398)
NET FINANCIAL ASSET/(LIABILITIES)		7 515	-	-	-	7 515

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

The above contractual maturities reflect the net cash outflows and inflows and are therefore different from the carrying values of the liabilities at reporting date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

uMWP

A Liquidity risk tables

Contractual maturity analysis report for non-derivative financial assets/(liabilities)

The following tables detail TCTA's remaining contractual maturity for its non-derivative financial assets and liabilities with agreed repayment periods. The tables are based on the undiscounted cash flows of financial assets and liabilities. The tables include the principal cash flows. The contractual maturity is based on the earliest date on which TCTA may be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand TCTA's liquidity risk management as the liquidity is managed on a net asset and liability basis. The carrying amounts for financial assets and liabilities are presented in [Note 11](#).

As at 31 March, uMWP had contractual maturities as summarised below:

2024	Non-current financial assets/(liabilities)					
	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	1-5 years R'000	>5 years R'000	Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
Non-derivative financial assets/(liabilities)						
Financial assets						
Trade and other receivables		129	-	-	-	129
Cash and cash equivalents ⁽¹⁾	8.15	163 812	-	-	-	163 812
Financial asset maturities		163 941	-	-	-	163 941
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(63 072)	-	-	-	(63 072)
Financial liabilities maturities		(63 072)	-	-	-	(63 072)
NET FINANCIAL ASSET/(LIABILITIES)		100 869	-	-	-	100 869

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023

Non-derivative financial assets/(liabilities)	Weighted average effective interest rate %	Total undiscounted current financial assets/(liabilities) R'000	Non-current financial assets/(liabilities)		Total undiscounted non-current financial assets/(liabilities) R'000	Total undiscounted financial assets/(liabilities) R'000
			1-5 years R'000	>5 years R'000		
Financial assets						
Trade and other receivables	Not applicable	10 726	-	-	-	10 726
Cash and cash equivalents ⁽¹⁾	7.56	644	-	-	-	644
Financial asset maturities		11 370	-	-	-	11 370
Financial liabilities						
Trade and other payables (excluding interest payable)	Not applicable	(11 045)	-	-	-	(11 045)
Financial liabilities maturities		(11 045)	-	-	-	(11 045)
NET FINANCIAL ASSET/(LIABILITIES)		325	-	-	-	325

⁽¹⁾ The amounts included above for variable interest rate instruments for both non-derivative assets and liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period. The variable interest rate investments are on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7.2.2 Credit risk

TCTA deposits and invests working capital and excess funds with banks and other financial counterparties, which exposes the organisation to credit risk. Credit risk is defined as the risk that a counterparty defaults on its obligations on maturity or redemption or presentation of paper for settlement, resulting in financial deficit to TCTA.

The credit risk is in two forms i.e. (i) the risk of financial deficit resulting from the failure of a counterparty to honour its obligations in accordance with the terms and conditions of a contract or (ii) the risk of financial deficit resulting from the failure of a counterparty to a financial transaction to effect timely settlement, in the correct amount and currency, of its obligations according to the terms and conditions of the relevant transaction(s). This section relates to the credit risk on financial market investments. Refer to [Note 11.2](#) for the assessment of the credit quality of the tariff receivable and [Note 11.5](#) for loans and other receivables.

TCTA has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial deficit from defaults. TCTA only transacts with entities that are rated the equivalent of investment grade and above. In terms of policy, TCTA will only invest with counterparties with a long-term rating of A or better. This information is supplied by independent rating agencies where available and, if not available, TCTA uses other publicly available financial information and its own trading records to rate its major customers. TCTA's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by setting counterparty limits that are reviewed and approved by the Finance Committee annually.

Hence, credit risk at TCTA is managed through the following:

- ensuring that TCTA deals with reputable counterparties;
- liaison with credit rating agencies;

- allocating counterparty investment limits;
- continuous monitoring of the financial status of counterparties;
- annual review of counterparty limits; and
- daily monitoring of utilisation of counterparty limits.

Limits are allocated based on the following:

- limits are allocated to counterparties with a minimum short-term rating of P-1 and long-term rating of A from Moody's rating agency, or the equivalent from the other rating agencies;
- an internal credit rating score is calculated based on qualitative and quantitative factors;
- the allocated credit limit can be up to 10% of shareholders' funds, depending on the internal credit rating, with a cap of R1,5billion per counterparty; and

To further mitigate against the credit risk associated with derivative instruments, TCTA has negotiated International Swap and Derivatives Association Master Agreement (ISDA) agreements with the various market-makers.

The credit limit per counterparty refers to the overall limit for all TCTA projects. Refer to [Note 7.2.2](#) for further detail for each project.

Impairment of financial assets

Long-term financial assets

Financial market investments consists of the loan with Landbank, which inherently exposes the company to credit risk, being the risk that the company will incur financial loss if the counterparty fails to make payments as they fall due.

Expected credit loss allowances on financial market investments were valued based on the risk of the Moody's Analytics "RiskCalc" South Africa financial statement PD and LGD model and data.

NOTES TO THE FINANCIAL STATEMENTS (continued)

If the financial market investment is in stage 1, a 12-month ECL is applied. Where there has been a significant increase in credit risk, the investment is regarded as being in stage 2 and a lifetime ECL is applied. If the company is unable to assess the credit risk at inception, then there is an insufficient basis to determine whether there has been a significant increase in credit risk and in this case, management judgement is applied in assessing the staging of the loan based on the debtor's payment behaviour and specific circumstance. If the investment is credit impaired, it is regarded as being in stage 3 and a lifetime ECL is applied.

The calculation of ECL rates, which is a forward-looking measure, is based on:

- The probability of default (PD) rate for each ageing bucket; multiplied by;
- The percentage of defaulted amounts that were irrecoverable (LGD); and
- Adjusted by a factor to convert historical loss experience to future credit loss expectations, using multiple macroeconomic scenarios.

The PD is based on the rating of the counterparty and the LGD is measured using Moody's Analytics RiskCalc. These are historical through-the-cycle PD and LGD measures. The Moody's RiskCalc solution compares company financial information to an extensive database of company financial and default information. The inputs into this are the latest available audited annual financial statements of the counterparty. The output is a historic through-the-cycle PD rating and LGD.

This loss rate is also benchmarked to loss rate estimates experienced under adverse situations in the South African economy.

The process to convert historical credit loss rates to the forward-looking measure of ECL rates is carried out using Moody's Analytics credit risk models and macroeconomic scenarios. These scenarios include GDP taking into account the economy reaching pre-covid levels. The adjustment further considers both

the public and private South African company defaults. The methodology also considers the industry of the asset and includes in the calculations, likely volatility of that industry to the average impact of the South African economy.

The Land Bank defaulted on the notes it had issued shortly after the acquisition of the investment by TCTA. Since then, it has made various repayments of capital and interest and has stated its intention to repay amounts owing including accrued interest in full. The Land Bank is owned by the State and its financial difficulties are well known. It has undergone restructuring and the Government has stated its intention to support it through a recapitalisation. The recapitalisation has commenced but the Land Bank has not been able to agree to a restructuring with the holders of the numerous debt instruments. This process is complex and has taken longer than expected. Certain amounts of interest have been repaid.

Several debt restructuring plans have been presented but have failed to receive the required support. Despite this, TCTA's management have a high degree of confidence that the current proposed plan will be accepted (despite its terms being no better than previous plans presented). In terms of the proposed plan, TCTA will receive a repayment of all of its capital and interest.

At year end, there is no certainty that the plan will be accepted. We have therefore assumed that the same financial instrument is held by TCTA. We do however apply the timings of interest and capital payments of the plan as the cash flow projections for the instrument. We provide calculations based on scenario of no initial capital repayment and one of a capital repayment of R10 785 thousand in April 2024.

There were few scenarios considered for the PD and LGD. For PD, the model considered both a 100% PD reflecting the default and a measurement of PD from the Moody's Analytics RiskCalc PD model (Bank model V4 with country

NOTES TO THE FINANCIAL STATEMENTS (continued)

set to South Africa). For LGD it applied the Moody's Analytics RiskCalc Recovery model under an existing default. In the previous year, TCTA has followed a conservative approach by using the model derived LGD, which does not take into account potential support from government. In the current year, TCTA has followed an approach by using the model derived LGD and PD, which takes into account potential support from government. On that basis, as at 31 March, the loss allowance on the long-term financial market investment was determined as follows:

March 2024

Counterparty	State	PD	LGD	ECL	Gross carrying amount R'000	Loss allowance R'000
Land and Agricultural Development Bank of South Africa	2	100%	47.95%	45.82%	43 673	20 011
TOTAL						20 011

March 2023

Counterparty	State	PD	LGD	ECL	Gross carrying amount R'000	Loss allowance R'000
Land and Agricultural Development Bank of South Africa	2	100%	64.44%	61.35%	58 215	35 715
TOTAL						35 715

NOTES TO THE FINANCIAL STATEMENTS (continued)

Concentration risk

Concentration risk in TCTA is measured per counterparty and per project. According to TCTA policy, the utilisation of a counterparty limit is subject to a 30% concentration limit per counterparty. The concentration limit is further extended to projects whereby investment to a counterparty should not exceed 30% of a single project's funds. This ensures that the portfolio is sufficiently diversified and is exposed to acceptable levels of risk. For each project, the amount of risk exposure to counterparties varies on a day-to-day basis depends on volumes of trades done. TCTA determines this exposure daily and prepares a report before any dealing is performed. An exception to the limits requires approval through exception reporting by the Risk department.

Similar credit ratings in the notes below, refer to different counterparties and are therefore not combined.

Counterparty risk

The table shows investments with six Counterparties, three money market funds (MMFs) and the Corporation for Public Deposits (CPD). The maximum approved limit for investment with any one of the above counterparties is R1,5 billion.

TCTA had call investments with counterparties and money market investments with the MMFs.

Investments to each counterparty or MMF is spread across all projects. The available amount shows the difference between amount invested and approved counterparty limit.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2024																	
Investments Moody's Ratings:			Credit limit R'000	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	MRWP R'000	TOTAL UTILISATION R'000	AVAILABLE R'000
Long-term	Short-term	Counterparty															
Aa1	P-1	Counterparty 1	1 500 000	603 376	12 937	23 601	52 860	16 768	253	37 388	6 833	49 823	4 013	26 524	1 948	836 324	663 676
Aa1	P-1	Counterparty 2	1 500 000	247 433	7 811	10 311	29 074	8 155	202	15 942	-	25 726	3 317	21 816	1 783	371 571	1 128 429
Aaa	P-1	Counterparty 3	1 500 000	362 049	6 513	7 931	19 925	7 199	215	12 602	-	20 550	2 473	20 304	1 732	461 492	1 038 508
Aaa	P-1	Counterparty 4	1 500 000	380 352	984	9 724	18 140	6 930	202	12 844	-	20 836	2 587	20 321	1 732	474 652	1 025 348
NA	NA	Counterparty 5	-	44 109	-	-	-	-	-	-	-	-	-	-	-	44 109	(44 109)
Aa2	P-1	Counterparty 6	1 500 000	502 881	13 208	16 659	36 635	11 642	252	17 938	-	32 363	-	-	-	631 579	868 421
		MMF 1*	-	440 030	289	48 895	70 096	14 887	-	48 196	-	101 619	-	-	-	724 010	-
		MMF 2*	-	220 240	229	24 189	65 619	1 372	-	30 493	-	-	-	-	-	342 142	-
		MMF 3*	-	212 797	265	12 522	35 378	1 077	-	23 296	-	45 053	-	-	-	330 389	-
		MMF 4*	-	64 515	70	3 685	31 173	940	-	5 808	-	31 791	-	-	-	106 192	-
		MMF 5*	-	10 703	-	-	-	-	-	-	-	1 040	-	-	-	10 703	-
		CPD**	-	1 777 406	79	151 152	351 128	10 657	-	196 706	-	304 451	3 174	74 692	2 064	2 871 508	-
			7 500 000	4 865 892	42 385	308 669	710 028	79 627	1 124	401 213	6 833	633 252	15 564	163 657	9 259	7 204 671	4 680 273

* Investments with the CPD cannot exceed 50% of available investment funds at any point.

** This investment or counterparty is subject to a maximum of 50% of the project funds.

Note 1:

R44 million (2023: R59 million) invested on VRS is subject to impairment and categorised as Stage 3. All other investments are not subject to impairment. Refer to [Note 11.4](#) for the reconciliation of movement on the provision for impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023																	
Investments Moody's Ratings:			Credit limit R'000	VRS R'000	BWP R'000	VRESAP R'000	MCWAP-1 R'000	MMTS-2 R'000	ORWRDP R'000	KWSAP R'000	TCTA-C R'000	MCWAP-2 R'000	BRVAS R'000	uMWP R'000	MRWP R'000	TOTAL UTILISATION R'000	AVAILABLE R'000
Long-term	Short-term	Counterparty															
Aa1	P-1	Counterparty 1	1 500 000	465 991	19 827	37 641	66 463	309 097	12	28 525	6 751	182 895	1 308	165	1 447	1 120 122	379 878
Aa1	P-1	Counterparty 2	1 500 000	415 304	8 107	12 587	39 114	8 450	1	16 545	-	166 258	1 164	135	1 383	669 048	830 952
Aa1	P-1	Counterparty 3	1 500 000	253 859	6 507	10 050	4 789	7 897	17	4 688	-	140 430	1 020	104	1 332	430 693	1 069 307
Aa1	P-1	Counterparty 4	1 500 000	253 340	5 997	10 264	4 506	7 628	4	4 829	-	144 639	934	151	1 332	433 624	1 066 376
NA	NA	Counterparty 5	-	58 747	-	-	-	-	-	-	-	-	-	-	-	58 747	(58 747)
Aa3	P-1	Counterparty 6	1 500 000	485 943	10 799	26 154	42 641	11 313	5	17 240	-	-	-	-	-	594 095	905 905
		MMF 1	*	763 777	4 760	30 436	37 319	-	-	17 683	-	-	-	-	-	853 976	-
		MMF 2	*	422 857	6 001	35 355	48 132	113	15	20 729	-	-	-	-	-	533 202	-
		MMF 3	*	319 799	9 623	43 217	54 696	125	15	27 292	-	-	-	-	-	454 767	-
		MMF 4	*	219 999	3 009	19 320	60 413	-	-	10 034	-	-	-	-	-	312 775	-
		CPD	**	3 253 206	6 123	214 543	340 162	99	-	141 278	-	-	-	-	-	3 955 411	-
			7 500 000	6 912 822	80 753	439 567	698 235	344 722	69	288 843	6 751	634 222	4 426	555	5 494	9 416 460	4 193 671

The table shows investments with six Counterparties, four money market funds (MMFs) and the Corporation for Public Deposits (CPD). The maximum approved limit for investment with any one of the above counterparties is R1,5 billion.

TCTA had call investments with counterparties and money market investments with the MMFs.

Investments to each counterparty or MMF is spread across all projects. The available amount shows the difference between amount invested and approved counterparty limit.

* Investments with the four MMFs put together cannot exceed 30% of the amount available for investment at any point.

** Investments with the CPD cannot exceed 50% of available investment funds at any point.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7.2.3 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to change in market prices. Market risk reflects currency risk, interest rate risk, and other price risks.

TCTA's activities expose it primarily to the financial risks of changes in interest rates. There is no foreign currency denominated borrowings.

All projects do not have any foreign currency exposures.

Interest rate risk

Interest rate risk is the risk of financial loss arising from adverse fluctuations in market interest rates. This is the risk that adverse changes in interest rates will cause a reduction in net income caused by increased cost from financial liabilities including repricing of TCTA's floating debt obligations and the short-term rollover of maturing debt.

TCTA manages interest rate risk by fixing a portion of its debt depending on market conditions. The Finance Committee approved an optimal capital structure where a minimum of 70% debt is fixed for all projects post construction. Currently most of the projects are above the approved capital structure.

TCTA does not have any derivatives hedging interest rate risk, instead attainment of the optimal capital structure and the proactive interest rate risk management strategies are applied.

VRS

Fixed vs variable rate loans

The following table details the interest rate exposure for VRS.

The optimal capital structure based on the sensitivity simulation is 70% fixed (2023: 70%) and 30% floating (2023: 30%). This ensures limited fluctuation of the cumulative debt curve.

The ratio of fixed to floating debt as at 31 March 2024 was 0% (2023: 0%) fixed and 100% (2023: 100%) floating.

The proportional interest-rate exposures on total outstanding debt of the project can be summarised as follows:

2024	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Interest-rate exposure on borrowings				
Borrowings	-	7 828 538	-%	100%
Tariff receivable	-	6 318 776	-%	100%
AMD receivable	-	1 882 955	-%	100%
Financial Market investment - Long-term	24 098	-	100%	-%
Financial Market investment - Short-term	430 536	390 485	52%	48%
Cash and Cash equivalents	-	4 001 247	-%	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Interest-rate exposure on borrowings				
Borrowings	-	8 682 683	-	100%
Tariff receivable	-	4 837 682	-	100%
AMD receivable	-	1 880 607	-	100%
Financial Market investment	-	23 032	-	100%
Cash and Cash equivalents	-	6 854 324	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on VRS's financial instruments (excluding tariff receivable and AMD receivable) held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	
Change in interest rates of -100bps	68 103	91 361
Change in interest rates of +100bps	(68 103)	(91 361)
Change in interest rates of -200bps	136 206	182 722
Change in interest rates of +200bps	(136 206)	(182 722)
Financial assets		
Change in interest rates of -100bps	(59 999)	(70 605)
Change in interest rates of +100bps	59 999	71 057
Change in interest rates of -200bps	(118 283)	(140 761)
Change in interest rates of +200bps	120 296	142 569

The table above excludes the tariff receivable.

Currently TCTA does not have any derivatives hedging interest rate risk. Interest rate risk is managed through achievement of optimal capital structure, and continuous monitoring of short-, medium- and long-term interest rates' exposures.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

BWP

Fixed vs variable rate loans

The ratio of fixed to floating debt as at 31 March 2024 was 100% (2023: 100%) fixed and 0% (2023: 0%) floating.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	110 000	-	100%	-%
Tariff receivable	-	146 280	-	100%
Cash and cash equivalents	-	42 499	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	205 995	-	100%	-%
Tariff receivable	-	194 919	-	100%
Cash and cash equivalents	-	80 852	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on BWP's financial instruments (excluding tariff receivable) held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	
Financial assets		
Change in interest rates of -100bps	(887)	(991)
Change in interest rates of +100bps	894	995
Change in interest rates of -200bps	(1 771)	(1 978)
Change in interest rates of +200bps	1 790	1 995

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

VRESAP

Fixed vs variable rate loans

The ratio of fixed to floating debt as at 31 March 2024 was 59% (2023: 57%) fixed and 41% (2023: 43%) floating.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	1 295 667	917 390	59%	41%
Tariff receivable	-	2 586 420	-	100%
Cash and cash equivalents	-	308 743	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	1 529 847	1 167 164	57%	43%
Tariff receivable	-	2 827 170	-	100%
Cash and cash equivalents	-	439 677	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on VRESAP's financial instruments (excluding tariff receivable) held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	
Change in interest rates of -100bps	9 557	10 903
Change in interest rates of +100bps	(9 561)	(10 944)
Change in interest rates of -200bps	19 109	21 859
Change in interest rates of +200bps	(19 127)	(21 834)
Financial assets		
Change in interest rates of -100bps	(5 136)	(3 460)
Change in interest rates of +100bps	5 200	3 478
Change in interest rates of -200bps	(10 250)	(6 903)
Change in interest rates of +200bps	10 422	6 975

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

MCWAP-1

Fixed vs variable rate loans

The ratio of fixed to floating debt as at 31 March 2024 was 28% (2023: 28%) fixed and 72% (2023: 72%) floating.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	227 315	589 261	28%	72%
Tariff receivable	-	319 542	-	100%
Cash and cash equivalents	-	710 346	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	243 993	615 699	28%	72%
Tariff receivable	-	347 485	-	100%
Cash and cash equivalents	-	698 331	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MCWAP-1's financial instruments (excluding tariff receivable) held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	
Change in interest rates of -100bps	5 561	2 563
Change in interest rates of +100bps	(5 561)	(2 563)
Change in interest rates of -200bps	11 123	5 125
Change in interest rates of +200bps	(11 123)	(5 125)
Financial assets		
Change in interest rates of -100bps	(7 047)	(7 763)
Change in interest rates of +100bps	7 146	7 825
Change in interest rates of -200bps	(14 067)	15 465
Change in interest rates of +200bps	14 320	15 711

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

MMTS-2

Fixed vs variable rate loans

The ratio of fixed to floating debt as at 31 March 2024 was 0% (2023: 0%) fixed and 0% (2023: 0%) floating.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	79 739	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	344 924	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MMTS-2's financial instruments (excluding tariff receivable) held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	-
Change in interest rates of -100bps	-	2 449
Change in interest rates of +100bps	-	(2 449)
Change in interest rates of -200bps	-	4 899
Change in interest rates of +200bps	-	(4 899)
Financial assets		
Change in interest rates of -100bps	(2 138)	(6 389)
Change in interest rates of +100bps	2 159	6 389
Change in interest rates of -200bps	(4 258)	(12 778)
Change in interest rates of +200bps	4 335	12 778

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

KWSAP

Fixed vs variable rate loans

The following table details the interest rate exposure for KWSAP.

There ratio of fixed to floating debt as at 31 March 2024 was 23% (2023: 24%) fixed and 77% (2023: 76%) floating.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	205 174	684 274	23%	77%
Tariff receivable	-	528 645	-	100%
Cash and cash equivalents	-	401 552	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Borrowings	228 622	710 348	24%	76%
Tariff receivable	-	673 520	-	100%
Cash and cash equivalents	-	288 943	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on KWSAP's financial instruments (excluding tariff receivable) held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	
Change in interest rates of -100bps	7 066	6 862
Change in interest rates of +100bps	(7 066)	(6 862)
Change in interest rates of -200bps	14 132	13 724
Change in interest rates of +200bps	(14 132)	(13 724)
Financial assets		
Change in interest rates of -100bps	(3 504)	(8 885)
Change in interest rates of +100bps	3 553	8 906
Change in interest rates of -200bps	(6 997)	(17 750)
Change in interest rates of +200bps	7 116	17 834

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

MMTS-1 and KRIEL

These projects do not carry interest rate risk as they are being funded from the fiscus.

ORWRDP

Fixed vs variable rate loans

The following table details the interest rate exposure for ORWRDP.

There are no borrowings in this project for the current and 2023 financial year as this project is funded from the fiscus.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	1 205	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	203	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2019: +/- 100bps) and +200bps and -200bps (2019: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on ORWRDP's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial liabilities	-	
Financial assets		
Change in interest rates of -100bps	(14)	(175)
Change in interest rates of +100bps	14	175
Change in interest rates of -200bps	(28)	(349)
Change in interest rates of +200bps	28	349

NOTES TO THE FINANCIAL STATEMENTS (continued)

MCWAP-2

Fixed vs variable rate loans

There are no borrowings in this project for the current financial year.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	633 380	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	634 327	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MCWAP-2's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(6 069)	(4 384)
Change in interest rates of +100bps	6 099	4 384
Change in interest rates of -200bps	(12 143)	(8 768)
Change in interest rates of +200bps	12 192	8 768

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

BRVAS

Fixed vs variable rate loans

There are no borrowings in this project for the current financial year.

2024	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Interest-rate exposure on borrowings				
Cash and cash equivalents	-	15 733	-	100%
2023	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Interest-rate exposure on borrowings				
Cash and cash equivalents	-	4 526	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on BRVAS's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(104)	(116)
Change in interest rates of +100bps	105	116
Change in interest rates of -200bps	(209)	(232)
Change in interest rates of +200bps	210	232

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

uMWP

Fixed vs variable rate loans

There are no borrowings in this project for the current financial year.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	163 812	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	644	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on uMPW's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(244)	(47)
Change in interest rates of +100bps	244	47
Change in interest rates of -200bps	(488)	(95)
Change in interest rates of +200bps	488	95

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

MRWP

Fixed vs variable rate loans

There are no borrowings in this project for the current financial year.

2024	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Interest-rate exposure on borrowings				
Cash and cash equivalents	-	9 424	-	100%
2023	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Interest-rate exposure on borrowings				
Cash and cash equivalents	-	5 598	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on MRWP's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(55)	(42)
Change in interest rates of +100bps	56	42
Change in interest rates of -200bps	(111)	(85)
Change in interest rates of +200bps	111	85

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)

TCTA-C

Fixed vs variable rate loans

There are no borrowings in this project for the current financial year.

2024				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	7 096	-	100%
2023				
Interest-rate exposure on borrowings	Financial assets/ Borrowings at fixed rates R'000	Financial assets/ Borrowings at variable rates is depleted R'000	Fixed rate borrowings as % of total debt	Variable rate borrowings as % of total debt book
Cash and cash equivalents	-	6 882	-	100%

Interest rate sensitivity

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +100bps and -100bps (2023: +/- 100bps) and +200bps and -200bps (2023: +/- 200bps), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on TCTA-C's financial instruments held at the reporting date. All other variables are held constant.

Sensitivity analysis: Impact on surplus/(deficit)	2024 R'000	2023 R'000
Financial assets		
Change in interest rates of -100bps	(90)	(42)
Change in interest rates of +100bps	90	42
Change in interest rates of -200bps	(179)	(85)
Change in interest rates of +200bps	179	85

The table above excludes the tariff receivable.

A change in interest rates will not have an impact on equity (2023: no impact).

NOTES TO THE FINANCIAL STATEMENTS (continued)**8 Property, Plant and Equipment**

Summary of property, plant and equipment

	2024			2023		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	2 553	(2 364)	189	2 540	(2 323)	217
Computer equipment	10 849	(6 652)	4 197	12 122	(4 979)	7 143
Networking equipment	1 900	(1 493)	407	1 900	(481)	1 419
Office equipment	4 307	(3 640)	667	4 120	(2 641)	1 479
Motor vehicles	1 603	(1 560)	43	1 603	(1 558)	45
Video conferencing	2 234	(1 462)	772	2 234	(691)	1 543
Leasehold improvements	12 715	(4 317)	8 398	12 649	(1 014)	11 635
TOTAL	36 161	(21 488)	14 673	37 168	(13 687)	23 481

NOTES TO THE FINANCIAL STATEMENTS (continued)**Reconciliation of property, plant and equipment - 2024**

	Opening balance R'000	Additions R'000	Disposals R'000	Other changes, movements* R'000	Depreciation R'000	Total R'000
Furniture and fixtures	217	13	-	88	(129)	189
Computer equipment	7 143	2 070	(168)	(114)	(4 734)	4 197
Networking equipment	1 419	-	-	(66)	(946)	407
Office equipment	1 479	187	-	(8)	(991)	667
Motor vehicles	45	-	-	43	(45)	43
Video conferencing	1 543	-	-	258	(1 029)	772
Leasehold improvements	11 635	66	-	(781)	(2 522)	8 398
TOTAL	23 481	2 336	(168)	(580)	(10 396)	14 673

* Adjustment - Depreciation adjusted due to the re-assessment of the useful lives of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	691	-	(116)	(358)	217
Computer equipment	454	7 467	(1)	(777)	7 143
Networking equipment	-	1 890	-	(471)	1 419
Office equipment	284	1 639	-	(444)	1 479
Motor vehicles	338	-	-	(293)	45
Video conferencing	-	2 054	-	(511)	1 543
Leasehold improvements	-	12 649	-	(1 014)	11 635
TOTAL	1 767	25 699	(117)	(3 868)	23 481

Changes in estimates

TCTA reassesses the useful lives and residual values of property, plant and equipment of TCTA at the end of each reporting period, in line with the accounting policy and IAS 16 Property, Plant and Equipment. These assessments are based on historic analysis, benchmarking and the latest available and reliable information.

The depreciation methods and average useful lives of TCTA have been assessed and based on this analysis, the useful lives of property, plant and equipment have been revised.

The impact of the change is an increase in the annual depreciation charge for the current and future years of R579 851.58. There was no change in the estimate of useful lives in 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The effect of these changes on actual and expected depreciation expense, included in 'Operating expenses', was as follows:

(Decrease)/Increase in depreciation expense:

Category	2024 Depreciation R'000	Future periods Depreciation R'000
Furniture and fixtures	(88)	88
Computer equipment	114	(114)
Networking equipment	66	(66)
Office equipment	8	(8)
Motor vehicles	(43)	43
Video conferencing equipment	(258)	258
Leasehold improvements	781	(781)
TOTAL	580	(580)

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Right of use of Assets

The company leases the office building. The lease term is five years.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

Category	2024 R'000	2023 R'000
Buildings	16 807	21 497
TOTAL	16 807	21 497

2024 Net carrying amounts of right-of-use-assets	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
Buildings	23 451	(6 644)	16 807
TOTAL	23 451	(6 644)	16 807

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023 Net carrying amounts of right-of-use-assets	Cost R'000	Accumulated depreciation R'000	Carrying amount R'000
Buildings	23 451	(1 954)	21 497
TOTAL	23 451	(1 954)	21 497

2024 Reconciliation of right-of-use-assets	Opening balance R'000	Depreciation R'000	Carrying amount R'000
Buildings	21 497	(4 690)	16 807
TOTAL	21 497	(4 690)	16 807

2023 Reconciliation of right-of-use-assets	Opening balance R'000	Additions R'000	Depreciation R'000	Carrying amount R'000
Buildings	-	23 451	(1 954)	21 497
TOTAL	-	23 451	(1 954)	21 497

NOTES TO THE FINANCIAL STATEMENTS (continued)**10 Intangible Assets**

Reconciliation of intangible assets - 2024

2024	Opening balance R'000	Depreciation R'000	Carrying amount R'000
Reconciliation of right-of-use-assets			
Computer software, other	23	(23)	-
TOTAL	23	(23)	-

Reconciliation of intangible assets - 2023

2023	Opening balance R'000	Depreciation R'000	Carrying amount R'000
Reconciliation of right-of-use-assets			
Computer software, other	62	(39)	23
TOTAL	62	(39)	23

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Financial Instruments

11.1 Financial instruments

11.1.1 Financial assets

Balance as per the Statement of Financial Position at 31 March 2024:

Financial assets	Note(s)	2024 R'000	2023 R'000
Financial assets measured at amortised cost			
Non-current financial assets			
Tariff receivable	11.2	8 956 518	8 340 229
AMD receivable	11.3	1 456 724	1 569 967
Financial market investments	11.4	24 098	23 032
Current financial assets			
Tariff receivable	11.2	943 146	542 224
AMD receivables	11.3	426 231	310 640
Trade and other receivables	11.5	35 004	72 161
Financial market investments	11.4	821 021	-
Cash and cash equivalents	11.6	6 374 776	9 359 231
TOTAL FINANCIAL ASSETS		19 037 518	20 217 484
Current/Non-current financial assets		19 037 518	20 217 484
Non-current		10 437 340	9 933 228
Current		8 600 178	10 284 256

NOTES TO THE FINANCIAL STATEMENTS (continued)**11.2 Tariff receivables**

Project	2024			2023		
	Long-term R'000	Short-term R'000	Tariff receivable R'000	Long-term R'000	Short-term R'000	Tariff receivable R'000
VRS	6 318 776	-	6 318 776	4 681 050	158 309	4 839 359
BWP	70 211	76 069	146 280	145 705	49 214	194 919
VRESAP	1 887 130	699 291	2 586 421	2 617 230	209 940	2 827 170
MCWAP-1	259 291	60 251	319 542	320 582	26 903	347 485
KWSAP	421 110	107 535	528 645	575 662	97 858	673 520
TOTAL	8 956 518	943 146	9 899 664	8 340 229	542 224	8 882 453

NOTES TO THE FINANCIAL STATEMENTS (continued)

11.2.1 Reconciliation of movements in the tariff receivable

The tariff receivable arises as the contra to the construction revenue earned in each project, and is measured at amortised cost using the effective interest method.

The interest earned on the tariff receivable to compensate for the time value of money, is disclosed as "Finance income" on the Statement of Comprehensive Income and details provided in [Note 18](#).

TCTA wrote-off the R201 million in interest invoices due to TCTA having no reasonable expectation of recovering this amount. This amount was already impaired in the 2021 financial year.

	Opening balance 1 April 2023 R'000	Construction revenue earned R'000	Cost related payment reimbursement R'000	Revenue from services rendered and other income R'000	Tariffs or transfers received from DWS R'000	Interest income earned on the tariff receivable R'000	Net VAT on debtors R'000	Closing balance 31 March 2024 R'000
2024								
VRS	4 839 359	-	6 844 112	286 631	(6 050 916)	271 944	127 646	6 318 776
BWP	194 919	203	-	8 893	(76 203)	17 443	1 025	146 280
VRESAP	2 827 170	-	-	13 299	(594 454)	341 427	(1 021)	2 586 421
MCWAP-1	347 485	-	-	16 161	(100 113)	56 009	-	319 542
KWSAP*	673 520	-	-	6 384	(244 564)	93 305	-	528 645
TOTAL	8 882 453	203	6 844 112	331 368	(7 066 250)	780 128	127 650	9 899 664

* Included in revenue from services rendered and other income in KWSAP is an amount of R2 075 thousand that relates to prior year correction.

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Opening balance R'000	Construction revenue earned R'000	Cost related payment reimbursement R'000	Revenue from services rendered and other income R'000	Tariffs or transfers received from DWS R'000	Interest income earned on the tariff receivable R'000	Net VAT on debtors R'000	Closing balance 31 March R'000
2023								
VRS	4 928 368	449	6 187 319	311 435	(7 716 234)	1 221 792	(93 770)	4 839 359
BWP	278 829	115	-	8 426	(104 782)	12 331	-	194 919
VRESAP	3 137 880	-	-	12 574	(611 358)	287 806	268	2 827 170
MCWAP-1	370 511	-	-	12 445	(100 113)	64 642	-	347 485
KWSAP	829 015	-	-	8 230	(264 720)	98 778	2 217	673 520
TOTAL	9 544 603	564	6 187 319	353 110	(8 797 207)	1 685 349	(91 285)	8 882 453

11.3 AMD Receivable

Two-thirds of the costs incurred on the AMD short-term intervention is recoverable from the fiscus. The repayment terms agreed with DWS per the implementation agreement is for the period 31 May 2023 to 31 March 2032.

Category	2024 R'000	2023 R'000
Non-current	1 456 724	1 569 967
Current	426 231	310 640
TOTAL	1 882 955	1 880 607

NOTES TO THE FINANCIAL STATEMENTS (continued)

11.3.1 Reconciliation of movements in the AMD receivable

Category	2024 R'000	2023 R'000
Opening balance	1 880 607	1 870 050
Prior period adjustments	-	45 294
Construction revenue	-	898
Revenue from services rendered and other income	385 675	273 358
Interest income earned	193 310	133 791
VAT on debtors	7 435	29 932
Movement in debtors	180 707	(152 984)
Payments received	(764 231)	(319 299)
Model adjustment	(548)	(433)
CLOSING BALANCE	1 882 955	1 880 607

NOTES TO THE FINANCIAL STATEMENTS (continued)**11.4 Financial market investments**

	2024		2023	
	Current R'000	Non-current R'000	Current R'000	Non-current R'000
Financial market investments				
VRS	821 021	24 098	-	23 032

VRS

The investment in Landbank has been adjusted for the expected credit loss as reflected below.

	2024 R'000	2023 R'000
Movement of expected credit loss provision on financial market		
Balance at beginning of year	35 715	26 715
Net impairment raised/(reduced)	(15 704)	9 000
CLOSING BALANCE	20 011	35 715

NOTES TO THE FINANCIAL STATEMENTS (continued)

11.5 Trade and other receivables

The trade and other receivables comprises of DWS debtors for the socially funded projects. The balances per project are reflected in the statement of financial position in [Note 6.4.1](#).

	2024 R'000	2023 R'000
Trade and other receivables	35 004	72 161

11.6 Cash and cash equivalents

Cash and cash equivalents comprises cash at banks and cash on hand. Cash and cash equivalents also includes highly liquid investments that are readily available, generally on a "same day" basis. TCTA prioritises liquidity across all its projects, as such, most investments are allocated to Call and Money Market Funds. TCTA's cash management practice is to maintain a minimum amount of cash on hand. Refer to [Note 6.4.1](#) for the cash and cash equivalents per project. TCTA prioritises liquidity across all its projects, as such, most investments are allocated to Call and Money Market Funds.

	2024 R'000	2023 R'000
Cash and cash equivalents	6 374 776	9 359 231

NOTES TO THE FINANCIAL STATEMENTS (continued)

11.7 Borrowings

Financial liabilities measured at amortised cost	Note(s)	2024 R'000	2023 R'000
Non-current financial liabilities			
Borrowings	7.2.3	10 581 151	12 049 387
Fixed rate loans		1 514 928	1 856 821
Variable rate loans		8 620 216	9 743 898
CPI loans		446 007	448 668
Current financial liabilities			
Borrowings	7.2.3	1 276 468	1 334 955
Fixed rate loans		323 228	351 638
Variable rate loans		927 503	959 925
CPI rate loans		25 737	23 392
Refund liability	11.8	26 269	324 663
Contract liability	11.9	635 235	592 298
Trade and other payables	11.10	1 466 911	1 141 870
Total financial liabilities		13 986 034	15 443 173
Non-current/current financial liabilities			
Non-current		10 581 151	12 049 387
Current		3 404 883	3 393 786

NOTES TO THE FINANCIAL STATEMENTS (continued)

11.7.1 Average interest rate and maturity profile per project

Borrowings per project are reflected in Note 6.4.1

Average interest per project	2024 %	2023 %
VRS		
Loans bear effective interest at rates ranging from	*10.54 to 11.09	*9.62 to 10.56
Project weighted average rate including Capital Market and Commercial Paper	10.68	8.54
Lease liability bears interest of necessary adjustments to weighted averages	12.06	12.06
The project funded at a weighted average rate of:	2024 %	2023 %
BWP	8.85	8.50
VRESAP	10.13	9.82
MCWAP-1	10.33	9.58
MMTS-2	-	-
KWSAP	10.92	9.85

ORWRDP, MRWP, uMWP and MCWAP-2 are funded from the fiscus and the weighted average cost of capital is therefore not applicable.

Average maturity profile

Project	2024	2023
VRS	March 2026 - July 2036	March 2026 - July 2036
BWP	March 2029	September 2024 - March 2029
VRESAP	June 2027 - March 2028	June 2027 - July 2029
MCWAP-1	September 2033 - October 2033	September 2033 - October 2033
KWSAP	December 2032 - June 2033	December 2032 - June 2033

Refer to Note 7 for financial risk management analysis for the financial liabilities per project.

11.8 Refund liability

The refund liability is as a result of an overpayment received from DWS on the MMTS-2 project. The amounts receivable from DWS in relation to the work performed by TCTA on their behalf was settled, and this over-payment will be refunded to DWS following the completion of TCTA's internal processes.

Overpayment received from DWS	2024 R'000	2023 R'000
Opening balance	324 663	329 839
Prior period adjustment	-	(272)
Current year interest refunded to DWS	17 704	489
Costs incurred	(37 803)	(5 393)
Amount refunded during the year	(278 295)	-
BALANCE AT THE END OF THE YEAR	26 269	324 663

NOTES TO THE FINANCIAL STATEMENTS (continued)**11.9 Contract liability**

Summary of contract liabilities	2024 R'000	2023 R'000
Contract liability	635 235	592 298
	635 235	592 298
Reconciliation of contract liabilities	2024 R'000	2023 R'000
Opening balance	592 298	408 142
Prior period adjustment	(13 434)	-
Revenue recognised on delivery of goods/services previously paid for	(222 324)	(110 259)
Contract revenue earned	(217 340)	(99 223)
Finance income earned	(4 984)	(11 036)
Payments received in advance of delivery of performance obligations	278 695	294 415
	635 235	592 298

Contract liabilities relating to working capital advances represent balances which are due to DWS as a result of payments made to TCTA to enable TCTA to construct infrastructure on behalf of DWS for those projects which are completely socially funded and for those which have a combination of commercial and social funding. These will also arise if a particular payment received from DWS for costs incurred to date, exceeds the revenue recognised to date under the cost-to-cost method.

NOTES TO THE FINANCIAL STATEMENTS (continued)**11.10 Trade and other payables**

2024	Interest payable	Trade Creditors	Loan Account: LHWP	Non-contractual amounts	Other Creditors	Total before interproject eliminations	Interproject elimination	Balance per project
Project	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
VRS	65 683	309 296	9 471	123 298	881 133	1 388 881	(9 471)	1 379 410
BWP	4 891	51	-	1 018	183	6 143	-	6 143
VRESAP	20 804	94	-	6 857	1 727	29 482	-	29 482
MCWAP-1	10 279	4 052	-	1 945	7	16 283	-	16 283
MMTS-2	-	-	-	-	20 460	20 460	-	20 460
ORWRDP	-	-	-	-	267	267	-	267
KWSAP	1 505	-	3 869	3 022	165	8 561	(3 869)	4 692
KRIEL	-	-	1 058	-	-	1 058	(1 058)	-
MRWP	-	23	35 761	(2)	-	35 782	(35 761)	21
TCTA-C	-	-	2 630	-	-	2 630	(2 630)	-
MCWAP-2	-	10 659	10 073	(1 391)	-	19 341	(10 073)	9 268
BRVAS	-	42	6 175	(4)	(10)	6 203	(6 175)	28
uMWP	-	985	62 087	(129)	-	62 944	(62 087)	857
BALANCE AT END OF YEAR	103 162	325 202	131 124	134 614	903 932	1 598 035	(131 124)	1 466 911

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Interest payable	Trade Creditors	Loan Account: LHWP	Non-contractual amounts	Other Creditors	Total before interproject eliminations	Interproject elimination	Balance per project
Project	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
VRS	64 227	891 699	-	101 605	4 858	1 062 388	-	1 062 388
BWP	306	-	2 221	2 748	-	5 275	(2 221)	3 054
VRESAP	27 328	381	3 410	7 852	647	39 618	(3 410)	36 208
MCWAP-1	9 390	1 204	3 322	(1 211)	-	12 705	(3 322)	9 383
MMTS-2	-	-	4 412	-	20 460	24 872	(4 412)	20 460
ORWRDP	-	455	35 208	(188)	3 631	39 106	(35 208)	3 898
KWSAP	969	-	8 190	2 857	162	12 178	(8 190)	3 988
KRIEL	-	-	2 456	-	-	2 456	(2 456)	-
MRWP	-	15	15 118	(3)	-	15 130	(15 118)	12
TCTA-C	-	-	3 403	-	-	3 403	(3 403)	-
MCWAP-2	-	2 621	13 204	-	-	15 825	(13 204)	2 621
BRVAS	-	10	4 398	(148)	(10)	4 251	(4 398)	(148)
uMWP	-	8	11 037	(2)	-	11 043	(11 037)	6
BALANCE AT END OF YEAR	102 220	896 393	106 379	113 510	29 748	1 248 250	(106 379)	1 141 870

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Prepayments

Prepaid expenditure includes advance payments made to contractors, annual insurance and treasury related license fees. The advance payments are recouped from future payment certificates. Other prepaid expenditure is amortised to the statement of comprehensive income in the periods that the expenses are incurred.

Project	2024 R'000	2023 R'000
VRS	42 848	43 619
MMTS-2	635	635
MCWAP-2	482	444
ORWRDP	-	1 016
BALANCE AT END OF YEAR	43 965	45 714

13 Lease Liabilities

	2024 R'000	2023 R'000
Minimum lease payments due		
- within one year	5 856	5 530
- in second to fifth year inclusive	16 728	22 584
	22 584	28 114
less: future finance charges	(4 269)	(6 638)
Present value of minimum lease payments	18 315	21 476
Present value of minimum lease payments due		
- within one year	3 912	3 161
- in second to fifth year inclusive	14 403	18 315
	18 315	21 476

As at 31 March 2024 TCTA is committed to R22 584 (2023: R28 114) for the lease. The lease term is five years and the average effective borrowing rate was 12.06%. Interest rate is fixed at commencement dates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 Short-term Employee Benefits

The following amounts have been accrued for in the current financial year and are based on best available estimates and have an element of uncertainty.

Project	2024 R'000	2023 R'000
Leave pay	15 620	14 790
Incentives	28 425	22 361
	44 045	37 151

Reconciliation of short-term employee benefits - 2024

Reconciliation of short-term employee benefits - 2024	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Leave pay	14 790	24 162	(23 332)	15 620
Incentives	22 361	28 425	(22 361)	28 425
	37 151	52 587	(45 693)	44 045

Reconciliation of short-term employee benefits - 2023

Reconciliation of short-term employee benefits - 2023	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Leave pay	14 583	22 143	(21 936)	14 790
Incentives	19 028	22 361	(19 028)	22 361
	33 611	44 504	(40 964)	37 151

15 Provision

The following amounts have been accrued for in the current financial year and are based on best available estimates and have an element of uncertainty.

Current	2024 R'000	2023 R'000
Opening balance	-	-
Provision raised	37 800	-
CLOSING BALANCE	37 800	-

16 Revenue

Revenue from contracts with customers	2024 R'000	2023 R'000
Construction contracts	254 640	137 961

Disaggregation of revenue from contracts with customers

TCTA earns revenue through contracts with DWS as the main customer. Refer to [Note 6.4.2](#) for the revenue per project. TCTA disaggregates revenue from customers as follows:

NOTES TO THE FINANCIAL STATEMENTS (continued)

Construction contracts

2024					
Project	Engineering R'000	Environmental R'000	Overheads R'000	Construction R'000	Total revenue from customers R'000
BWP	-	-	-	203	203
MCWAP-2	7 449	-	51 371	75 388	134 208
BRVAS	3 026	-	21 399	1 139	25 564
uMWP	7 405	-	49 460	-	56 865
MMTS-2	-	37 800	-	-	37 800
	17 880	37 800	122 230	76 730	254 640

2023					
Project	Engineering R'000	Overheads R'000	Construction R'000	Total revenue from customers R'000	
VRS	-	-	1 348	1 348	
BWP	-	-	115	115	
ORWRDP	-	-	20 779	20 779	
MCWAP-2	5 966	38 907	35 336	80 209	
BRVAS	1 942	13 045	1 509	16 496	
uMWP	2 436	16 578	-	19 014	
	10 344	68 530	59 087	137 961	

NOTES TO THE FINANCIAL STATEMENTS (continued)

Revenue from services rendered

2024	VRS operations and maintenance R'000	Debt management services R'000	Total revenue from customers R'000
Project			
VRS	365 147	11 094	376 241
BWP	-	1 575	1 575
VRESAP	-	1 762	1 762
MCWAP-1	-	1 117	1 117
MMTS-2	-	2	2
KWSAP	-	1	1
ORWRDP	-	1 443	1 443
MRWP	-	995	995
TOTAL REVENUE FROM SERVICES RENDERED	365 147	17 989	383 136

2023	VRS operations and maintenance R'000	Debt management services R'000	Total revenue from customers R'000
Project			
VRS	247 877	11 110	258 987
BWP	-	1 152	1 152
VRESAP	-	1 321	1 321
MCWAP-1	-	775	775
MMTS-2	-	2 549	2 549
KWSAP	-	1 130	1 130
ORWRDP	-	724	724
MRWP	-	362	362
TOTAL REVENUE FROM SERVICES RENDERED	247 877	19 123	267 000

Operating income

Operating Income relates to the recovery of TCTA overhead costs which are necessary for the achievement of services rendered and cost recoveries from DWS. The other income each year will be recovering the expenses incurred for that project. The details of other operating income per project is [Note 6.4.2](#).

Performance obligations

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. TCTA is charged with financing and implementing bulk raw water infrastructure projects. These infrastructure projects are accounted for in terms of IFRS 15: Revenue from Contracts with Customers and deal with the construction of a single asset such as a dam or pipeline. In

NOTES TO THE FINANCIAL STATEMENTS (continued)

some instances, they deal with several assets that are closely interrelated or interdependent in terms of their design, technology and function or ultimate purpose or use. TCTA applies IFRS 15: Revenue from Contracts with Customers separately for each construction contract as required in the directive from the Minister of Water and Sanitation. TCTA's performance obligations per contract can be summarised as follows:

- provide project financing expertise in order to secure funding for the project (only applicable to off-budget projects); and
- implementing the construction of the assets to be delivered to DWS.

Unsatisfied contracts

2024 Project	< one year R'000	> one year R'000
VRS	8 832 191	214 324 441
BWP	25 726	51 922
VRESAP	20 187	82 168
MCWAP-1	20 600	85 050
MMTS-2	666	1 411
KWSAP	14 521	117 555
	8 913 891	214 662 547

2023 Project	< one year R'000	> one year R'000
VRS	6 666 230	129 849 042
BWP	12 804	74 907
VRESAP	15 788	90 940
MCWAP-1	17 201	95 973
MMTS-2	61 480	17 258
KWSAP	10 405	121 629
	6 783 908	130 249 749

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 Contract Costs

TCTA recognises the following contract cost:

1. Construction costs
2. Cost for services rendered
3. Other operating costs.

Additional disclosure is provided for other operating expenses which has not been provided in [Note 16](#).

17.1 Construction cost

As TCTA is on a cost recovery basis, the contract costs form the basis of the contract revenue recognised. Please refer to [Note 15](#) for the breakdown of contract revenue which reflects the reciprocal of the contract costs.

17.2 Cost for services rendered

As TCTA is on a cost recovery basis, the cost for services rendered form the basis of the revenue from services rendered recognised. Please refer to [Note 15](#) for the breakdown of revenue from services rendered, which reflects the reciprocal of the costs for the services rendered.

17.3 Operating expenses

Other operating expenses includes all TCTA overhead costs not separately disclosed. These costs are allocated to each project by aggregating the expected time to be spent on each project to determine the recovery percentage per project, which is applied to the expenses. During construction this recovery is included in the construction costs. Post construction these costs are recognised as operating expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17.3.1 Breakdown of staff costs disclosed as operating expenses as well as costs included in construction costs.

During the construction phase, all staff related costs are included in the construction costs for each individual project. The total staff cost for the year is reflected below:

Staff cost	2024				2023			
	Costs included in operating expenses R'000	Cost included in construction cost R'000	Cost included in services rendered R'000	Total staff costs R'000	Costs included in operating expenses R'000	Cost included in construction cost R'000	Cost included in services rendered R'000	Total staff costs R'000
VRS	133 726	-	9 294	143 020	195 713	-	11 476	207 189
BWP	5 181	-	389	5 570	5 269	-	357	5 626
VRESAP	7 771	-	583	8 354	7 904	-	536	8 440
MCWAP-1	8 355	-	-	8 355	8 440	-	-	8 440
MMTS-2	-	-	-	-	10 538	-	715	11 253
ORWRDP	-	-	-	-	10 195	-	715	10 910
KWSAP	5 181	-	389	5 570	5 269	-	357	5 626
MCWAP-2	-	41 773	-	41 773	-	33 758	-	33 758
MRWP	12 952	-	972	13 924	5 269	-	357	5 626
BRVAS	-	16 709	-	16 709	-	11 252	-	11 252
uMWP	-	41 773	-	41 773	-	14 066	-	14 066
TOTAL	173 166	100 255	11 627	285 048	248 597	59 076	14 513	322 186

NOTES TO THE FINANCIAL STATEMENTS (continued)

17.3.2 Other operating expenses

Other operating expenses includes all TCTA overhead costs not separately disclosed.

Operating expenses comprise the TCTA running costs. Project-specific overhead costs are allocated to the appropriate project. Non-specific overheads are distributed among projects based on the estimated time spent by forward-facing divisions on each project.

Project	2024			
	Leases expensed (low value and short-term lease) R'000	Audit fees R'000	Other expenditure R'000	Total R'000
VRS	3 251	15 238	12 358	30 848
BWP	-	-	2 137	2 137
VRESAP	-	-	2 757	2 757
MCWAP-1	-	-	3 165	3 165
MMTS-2	-	-	1	1
ORWRDP	-	-	1	1
KWSAP	-	-	1 836	1 836
MRWP	-	-	4 958	4 958
TCTA-C	-	-	7	7
KRIEL	-	-	702	702
TOTAL	3 251	15 238	27 922	46 412

Project	2023			
	Leases expensed (low value and short-term lease) R'000	Audit fees R'000	Other expenditure R'000	Total R'000
VRS	7 344	15 441	669	23 454
BWP	-	-	2 005	2 005
VRESAP	-	-	2 787	2 787
MCWAP-1	-	-	3 230	3 230
MMTS-2	-	-	3 710	3 710
ORWRDP	-	-	4 004	4 004
KWSAP	-	-	1 831	1 831
MRWP	-	-	2 153	2 153
TCTA-C	-	-	8	8
TOTAL	7 344	15 441	20 397	43 182

NOTES TO THE FINANCIAL STATEMENTS (continued)**18 Finance Income**

2024	Interest income for financial assets at amortised cost				
	Interest income on financial investments R'000	Interest income on the tariff and other receivables R'000	Finance income per project R'000	Elimination of inter-project related finance income R'000	Total finance income R'000
Project					
VRS	483 886	465 253	949 139	(8 051)	941 088
BWP	7 258	17 443	24 701	-	24 701
VRESAP	40 741	341 427	382 168	-	382 168
MCWAP-1	57 186	56 009	113 195	-	113 195
ORWRDP	130	-	130	-	130
KWSAP	28 527	93 305	121 832	-	121 832
BRVAS	831	1 241	2 072	-	2 072
uMWP	1 677	2 942	4 619	-	4 619
TCTA-C	988	-	988	-	988
MCWAP-2	51 032	801	51 833	-	51 833
MRWP	449	2 107	2 556	-	2 556
FINANCE INCOME	672 705	980 528	1 653 233	(8 051)	1 645 182

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Interest income for financial assets at amortised cost				
	Interest income on financial investments R'000	Interest income on the tariff and other receivables R'000	Finance income per project R'000	Elimination of inter-project related finance income R'000	Total finance income R'000
Project					
VRS	424 291	1 355 569	1 779 860	(15 731)	1 764 129
BWP	5 875	12 331	18 206	(12)	18 194
VRESAP	22 512	287 806	310 318	-	310 317
MCWAP-1	45 587	64 642	110 229	(497)	109 732
MMS-2	36 456	-	36 456	-	36 456
ORWRDP	964	3 721	4 685	-	4 685
KWSAP	19 843	98 778	118 621	-	118 622
TCTA-C	905	-	905	-	905
BRVAS	670	-	670	-	670
uMWP	268	394	662	-	662
MCWAP-2	24 164	10 642	34 806	-	34 806
MRWP	200	798	998	-	998
FINANCE INCOME	581 735	1 834 681	2 416 416	(16 240)	2 400 176

NOTES TO THE FINANCIAL STATEMENTS (continued)**19 Finance Cost**

Finance costs for the year ended are analysed as follows:

2024	Interest expense for borrowings at amortised cost					
	Other local debt R'000	Interest on lease liability R'000	Total: Interest cost R'000	Other finance costs R'000	Elimination of inter-project related finance costs R'000	Finance cost per project R'000
Project						
VRS	890 328	2 368	892 696	76 874	-	969 570
BWP	15 788	-	15 788	768	(132)	16 424
VRESAP	228 782	-	228 782	26 642	(607)	254 817
MCWAP-1	85 514	-	85 514	802	(94)	86 222
KWSAP	96 902	-	96 902	1 003	(127)	97 778
MCWAP-2	801	-	801	-	(801)	-
MRWP	2 107	-	2 107	-	(2 107)	-
BRVAS	1 241	-	1 241	-	(1 241)	-
uMWP	2 942	-	2 942	-	(2 942)	-
FINANCE COSTS	1 324 405	2 368	1 326 773	106 089	(8 051)	1 424 811

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Interest expense for borrowings at amortised cost			Other finance costs R'000	Elimination of inter-project related finance costs R'000	Finance cost per project R'000
	Other local debt R'000	Interest on lease liability R'000	Total: Interest cost R'000			
Project						
VRS	749 598	1 092	750 690	68 492	-	819 182
BWP	22 138	-	22 138	750	(46)	22 842
VRESAP	238 028	-	238 028	34 093	(245)	271 876
MCWAP-1	82 394	-	82 394	800	-	83 194
MMTS-2	27 858	-	27 858	8 598	(67)	36 389
ORWRDP	3 721	-	3 721	-	(3 721)	-
KWSAP	91 957	-	91 957	1 000	(97)	92 860
MCWAP-2	10 642	-	10 642	-	(10 642)	-
MRWP	798	-	798	-	(798)	-
BRVAS	230	-	230	-	(230)	-
uMWP	394	-	394	-	(394)	-
FINANCE COSTS	1 227 758	1 092	1 228 850	113 733	(16 240)	1 326 343

Other finance costs amounting to R106 million (2023: R114 million) have been shown separately from interest expenses and disclosed as a separate category within finance costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 Contingencies

20.1 Contingent Liabilities

In the ordinary course of business, TCTA is involved in various legal actions and claims, including those related to contract awards, and land or land rights expropriation required to execute its directives. Although the outcome of the legal proceedings cannot be predicted with certainty, TCTA discloses known claims as a result of these events and whose existence may be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of TCTA.

The litigation matters have been detailed below:

20.1.1 Lesotho Highlands Water Project ("LHWP")

TCTA was served with a Writ of Execution and Notice of Attachment in execution of incorporeal property or rights in incorporeal property on 17 May 2021 emanating from a dispute between Frazer Solar GMBH ("the Company"), a company incorporated in Germany and the Kingdom of Lesotho ("KOL"). TCTA was not a party to the original proceedings between the Company and KOL. The Writ of Execution and Notice of Attachment make provision for the attachment of the KOL's right to receive payment of royalties from the RSA, through TCTA for water delivered into the RSA. The matter is being opposed by the KOL, the LHDA, TCTA and the Minister of Water and Sanitation. Separately, the KOL applied for a review and set aside of the original contract concluded between it and Frazer, in the Lesotho High Court. The original contract has been set aside by the courts in Lesotho. The existing litigation in South Africa involving TCTA, and the Minister of Water and Sanitation has been suspended until the outcome of the Rescission Application between KOL and the Company which is continuing separately as TCTA and the Minister were not part of the original contract and ensuing litigation which gave rise to the arbitration award against the KOL. The outcome of these proceedings between KOL and the Company

will determine if the proceedings against TCTA will continue thereafter. The value of the claim from the Company is €53 million. The final value of the claim will be based on final court ruling, once the matter has been settled.

20.1.2 Acid Mine Drainage ("AMD")

TCTA put out two requests for tender for the Operation and Maintenance of the AMD Central and Eastern Basin Treatment Plants. The plaintiff was not successful in the first stage of the tender processes and was subsequently disqualified. It then proceeded with an application for an urgent interdict and a review application. The plaintiff was not successful on the interdict application and eventually proceeded with the review application. The matter was heard on the 4 February 2022 and judgement is still awaited. The value of the claim is R1,6 billion.

20.1.3 Disciplinary Action

An employee is undergoing a disciplinary process as it relates to the following charges:

- The misuse of a position to promote personal interest.
- The revealing of confidential information.
- Bringing TCTA's name into disrepute.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21 Fair Value Estimation

Fair value analysis

Set up below is a comparison by class of the carrying amounts and the estimated fair value of TCTA's financial liabilities.

2024	Carrying amount R'000	Fair value R'000
Financial liabilities		
Borrowings	11 857 620	11 740 409
Fixed	1 838 156	1 815 335
Floating	9 547 720	9 453 330
CPI	471 744	471 744
Trade and other payables	1 466 911	1 466 911
2023	Carrying amount R'000	Fair value R'000
Financial liabilities		
Borrowings	13 384 341	13 130 093
Fixed	2 208 458	2 247 626
Floating	10 703 824	10 410 408
CPI	472 059	472 059
Trade and other payables	1 141 870	1 141 870

The information below details the methods and assumptions used in estimating the fair values of financial instruments.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the liability; or
- In the absence of a principal market, in the most advantageous market for the liability.

The fair value of the financial liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale.

Trade payables amounts approximately their fair values. These are all disclosed in [Note 7](#) for the financial instruments and risk management. Thus, the disclosure hierarchy levels has been excluded and is not required.

The fair value of other financial liabilities are estimated by discounting future cash flows using published reference rates currently available for debt on similar terms, credit risk and remaining maturities. Borrowings are categorised as level 2.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22 Related Parties

TCTA is a state-owned entity established under the National Water Act. As such, TCTA is a government-related entity and has applied the exemption in paragraph 25 of IAS 24 Related Party Disclosure. These related parties are either controlled, jointly controlled or significantly influenced by the government of the Republic of South Africa. The significant transactions below are as a result of contractual agreements entered into between TCTA and the related parties in fulfilling TCTA's mandate in terms of directives issue in various projects.

22.1 Trading transactions

22.1.1 DWS

For related party transactions and balances with DWS refer to [Note 11.2](#).

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government. TCTA, DBSA, Eskom and SARS are all Schedule 2 Major Public Entities in terms of the PFMA and report to National Government.

Below is a breakdown per entity:

22.1.2 DBSA

The following transactions which are collectively significant have occurred with DBSA:

Borrowings per Project	Opening balance 1 April 2023 R'000	Drawdowns R'000	Repayments R'000	Closing balance 31 March 2024 R'000	Interest incurred for the period R'000	Interest outstanding at 31 March 2024 R'000
BWP	120 000	-	(10 000)	110 000	10 218	4 891
TOTAL TRANSACTIONS WITH DBSA	120 000	-	(10 000)	110 000	10 218	4 891

NOTES TO THE FINANCIAL STATEMENTS (continued)

Borrowings per project	Opening balance 1 April 2022 R'000	Drawdowns R'000	Repayments R'000	Closing balance 31 March 2023 R'000	Interest incurred for the period R'000
BWP	140 000	-	(20 000)	120 000	11 955
TOTAL TRANSACTIONS WITH DBSA	140 000	-	(20 000)	120 000	11 955

22.1.3 Eskom

The following transactions which are collectively significant have occurred with Eskom:

Provision of electricity on sites per project	2024 R'000	2023 R'000
VRS	139 533	72 010
TOTAL TRANSACTIONS WITH ESKOM	139 533	72 010

22.1.4 South African Revenue Services (SARS)

The following transactions which are collectively significant have occurred with SARS:

Provision of electricity on sites per project	2024 R'000	2023 R'000
VRS	1 198 444	1 374 614
TOTAL TRANSACTIONS WITH SARS	1 198 444	1 374 614

NOTES TO THE FINANCIAL STATEMENTS (continued)

22.1.5 Land Bank

TCTA and Land Bank are both Schedule 2 Major Public Entities in terms of the PFMA and report to National Government. The investment in Land Bank is in VRS.

Project	Opening balance 1 April 2023 R'000	Investments R'000	Maturities/ECL adjustment R'000	Closing balance 31 March 2024 R'000	Interest income R'000	Interest receivable 31 March 2024 R'000
VRS	22 500	-	1 162	23 662	5 368	436
TOTAL TRANSACTIONS WITH LANDBANK	22 500	-	1 162	23 662	5 368	436

Project	Opening balance 1 April 2022 R'000	Investments R'000	Maturities/ECL adjustment R'000	Closing balance 31 March 2023 R'000	Interest income R'000	Interest receivable 31 March 2023 R'000
VRS	45 900	(14 400)	(9 000)	22 500	5 389	532
TOTAL TRANSACTIONS WITH LANDBANK	45 900	(14 400)	(9 000)	22 500	5 389	532

22.1.6 Auditor-General of South Africa (AGSA)

The transactions with the AGSA is disclosed in [Note 17.3.2](#).

NOTES TO THE FINANCIAL STATEMENTS (continued)

22.2 Compensation of directors and executive management

Short-term employee benefits

TCTA does not contribute to any defined retirement or medical aid fund. It does not have a liability for the provision of retirement funding. The emoluments paid to management include a sum for the provision of their own medical aid and pension benefits.

	2024 R'000	2023 R'000
Total compensation to directors and executive management		
Non-executive Directors	7 515	7 167
Executive Director	8 230	7 938
Executive Management	34 475	36 622
TOTAL FOR THE YEAR	50 220	51 727

22.2.1 Non-executive directors

	2024 R'000	2023 R'000
Directors' emoluments and related costs		
Non-executive Directors fees	7 301	7 065
Co-opted Specialist members	214	102
TOTAL FOR THE YEAR	7 515	7 167

NOTES TO THE FINANCIAL STATEMENTS (continued)

2024	Board Fees	Adhoc Fees ⁽¹⁾	Travel/ Other	Audit and Risk Committee	Finance Committee	Nominations and Governance Committee	Human Capital Social and Ethics Committee	ICT Governance Committee	Technical Committee	Grand Total
Directors	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Precious N Sibiya	1 204	-	31	-	51	127	-	-	-	1 413
Gerald Dumas	1 009	-	-	143	-	72	-	102	-	1 326
Greg White	361	35	13	-	113	90	97	-	-	709
Neo M Tladinyane	363	-	5	-	85	80	6	-	102	641
Vidhulekha N Vedalankar	363	16	5	-	-	-	82	71	72	609
Evelyn M Mamabolo	363	9	5	-	-	-	82	-	71	530
Patrick R Mnisi	356	10	5	116	-	54	98	-	-	639
Zelda N Tshabalala	363	18	5	201	89	89	-	-	-	765
Pule J Mofokeng	363	11	5	143	-	-	3	72	72	669
	4 745	99	74	603	338	512	368	245	317	7 301

⁽¹⁾ Ad Hoc Fees comprise all additional TCTA related work done outside scheduled engagements, in line with the Directors' Remuneration Policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023	Board Fees	Board Additional Meetings ⁽¹⁾	Adhoc Fees ⁽²⁾	Travel/ Other	Audit and Risk Committee	Finance Committee	Nominations and Governance Committee	Human Capital Social and Ethics Committee	Technical Committee	Grand Total
Directors	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Maemelli J Ramataboe ⁽³⁾	757	-	-	-	241	-	58	-	54	1 110
Simphiwe Khondlo ⁽³⁾	265	5	15	5	-	90	58	-	77	515
Satish Roopa ⁽³⁾	265	5	-	-	160	67	-	62	-	559
Norman Baloyi ⁽³⁾	265	5	-	-	166	102	58	-	-	596
Mollale M Maponya ⁽³⁾	272	5	-	-	160	-	-	67	-	504
Precious N Sibiyi ⁽⁵⁾	315	-	-	-	-	26	30	-	-	371
Gerald Dumas ⁽⁴⁾	1 198	-	-	-	28	-	83	-	45	1 354
Greg White	363	8	-	5	155	90	59	122	-	802
Neo M Tladinyane ⁽⁵⁾	91	3	-	-	-	18	16	-	26	154
Vidhulekha N Vedalankar ⁽⁵⁾	91	3	-	-	-	-	-	18	18	130
Evelyn M Mamabolo ⁽⁵⁾	91	3	-	-	-	-	-	18	18	130
Patrick R Mnisi ⁽⁵⁾	91	3	-	-	28	-	-	-	-	122
Zelda N Tshabalala ⁽⁵⁾	91	3	-	-	41	18	21	-	-	174
Pule J Mofokeng	91	3	-	-	26	-	-	-	18	138
Lindelwa Dlamini ⁽³⁾	272	5	-	8	-	-	-	67	54	406
	4 518	51	15	18	1 005	411	383	354	310	7 065

(1) Fees for additional meetings in excess of the eight scheduled meetings, in line with the Director's Remunerations Policy.

(2) Ad Hoc Fees comprise all additional TCTA related work done outside scheduled engagements, in line with the Directors' Remuneration Policy.

(3) Member's term of office ended on 31 December 2022.

(4) Mr Dumas was the Chairperson of the Board until 31 December 2022. He was appointed as the Deputy Chairperson of the Board from 1 January 2023.

(5) New member appointed on 01 January 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)

22.2.2 Executive director

2024	Date appointed or resigned R'000	Earnings R'000	Employer contributions ⁽¹⁾ R'000	Incentive Bonus R'000	Other payments R'000	Total R'000
Directors						
EXECUTIVE DIRECTOR Mr DKP Sechemane (Chief Executive Officer)	2018/11/01	5 673	737	1 159	661	8 230

⁽¹⁾ This amount refers to employer contributions (ie. Medical Aid, Pension, Group Life, SDL and UIF).

2023	Date appointed or resigned R'000	Earnings R'000	Employer contributions ⁽¹⁾ R'000	Incentive Bonus R'000	Other payments ⁽²⁾ R'000	2021 Incentive bonus paid in 2023 R'000	Total R'000
Directors							
DKP Sechemane (Chief Executive Officer)	2018/11/01	5 403	695	877	185	778	7 938

⁽¹⁾ This amount refers to employer contributions (i.e. Medical Aid, Pension, Group Life, SDL and UIF).

⁽²⁾ Other payments consist of leave pay, long service awards and attraction bonus.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2024		Date appointed or resigned	Earnings R'000	Employer contributions ⁽¹⁾ R'000	Incentive bonus R'000	Other payments ⁽²⁾ R'000	Total R'000
Executive Managers	Position						
B Shongwe	Chief Financial Officer	2020/01/03	3 603	362	311	-	4 276
Prof. O Busari	Chief Strategy Officer	2009/11/01	4 252	569	800	403	6 024
L Radzuma	Chief Risk Officer	2010/07/01	3 201	419	284	275	4 179
N Nkabinde	Executive Manager: Project Finance and Treasury	2015/09/01	3 148	436	564	-	4 148
C Kistasamy ⁽³⁾	Executive Manager: Enterprise Wide Support Services	2020/06/01	2 743	308	261	300	3 612
H Botha	Executive: Human Resources and Organisational Development	2016/02/01	2 653	377	237	-	3 267
W De Witt	Corporate Secretary	2018/10/01	2 169	322	398	5	2 894
M Masongwa	Chief Internal Auditor	2018/10/01	2 001	303	363	5	2 672
J Mavuso	Executive Manager: Project Management and Implementation	2022/06/01	2 819	375	209	-	3 403
TOTAL EXECUTIVE MANAGEMENT REMUNERATION			26 589	3 471	3 427	988	34 475

(1) This amount refers to employer contributions (i.e. Medical Aid, Pension, Group Life, SDL and UIF).

(2) Other payments consist of leave pay/encashments and long service awards.

(3) Mr C Kistasamy resigned as the Executive of Enterprise Wide Support Services of TCTA on 29 February 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2023								
Executive Managers	Position	Date appointed or resigned	Earnings R'000	Employer contributions ⁽¹⁾ R'000	Incentive bonus R'000	Other payments ⁽²⁾ R'000	Incentive paid in 2023 R'000	Total R'000
Prof. O Busari	Chief Strategy Officer	2009/11/01	4 053	537	629	383	511	6 113
J Claassens	Executive Manager: Project Management and Implementation	2022/06/30	950	130	559	655	271	2 565
L Radzuma	Chief Risk Officer	2010/07/01	3 052	391	269	288	-	4 000
B Shongwe	Chief Financial Officer	2020/01/03	3 435	341	500	-	238	4 514
C Kistasamy	Executive Manager:Enterprise Wide Support Services	2020/06/01	2 852	312	413	-	166	3 743
H Botha	Executive:Human Resources and Organisational Development	2016/02/01	2 529	354	375	20	181	3 459
W De Witt	Corporate Secretary	2018/10/01	1 999	291	310	-	170	2 770
M Masongwa	Chief Internal Auditor	2018/10/01	1 844	275	310	-	290	2 719
J Mavuso	Executive Manager: Project Finance and Treasury	2022/06/01	2 239	290	-	-	-	2 529
N Nkabinde	Executive Manager: Project Finance and Treasury	2015/09/01	3 001	409	456	129	215	4 210
TOTAL EXECUTIVE MANAGEMENT REMUNERATION			25 954	3 330	3 821	1 475	2 042	36 622

⁽¹⁾ This amount refers to employer contributions (i.e. Medical Aid, Pension, Group Life, SDL and UIF).

⁽²⁾ Other payments consist of leave pay, long service awards and attraction bonus.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23 Going Concern

The underlying operating model has remained the same as it has been in previous years and continues to assure the long-term solvency of TCTA, as well as the liability to meet all its obligations as they fall due. TCTA's solvency is secured by undertakings by the Department of Water and Sanitation in project implementation or income agreements between TCTA and the Department, or government guarantees granted by the executive authority to project funders, acting in concurrence with the Minister of Finance.

The undertakings in project implementation or income agreements provide that all projects costs incurred by TCTA will be fully funded by the DWS through water use charges and/or from other resources of the Department, should payments recovered from users tariffs be insufficient.

The agreements also provide that the Department will step in and fulfil TCTA's obligations to its funders, should TCTA fail to perform such obligations.

That is, should TCTA be in breach of its obligations to funders in terms of funding agreements concluded with such funders, and fail to remedy such breach, DWS will perform such obligations. The undertakings by DWS are made in favour of the funders and the funders may accept the benefits of the undertakings from the Minister of Water and Sanitation, acting in concurrence with the Minister of Finance, in writing. Government approval has been obtained to issue guarantees for the Mokolo-Crocodile (West) Water Augmentation Project if required.

The government guarantees are provided in favour of funders of the Vaal River System Augmentation Projects by the Minister of Water and Sanitation acting in concurrence with the Minister of Finance.

TCTA annually provides the Department with information on the amount of capital charges that the Department should include in water use charges,

after consultations with water users, to enable the Department to fulfil its obligations to TCTA. The charges are adjusted annually to take into account any changes in conditions, assumptions or actual costs and revenue, so that under all circumstances sufficient revenue will be generated to repay debt over the remaining debt repayment period. TCTA also provides DWS with the annual amounts of funding that the Department should provide to TCTA from its budget for social and other projects funded by the fiscus or with fiscal contributions.

TCTA sources short-term liquidity facilities to fund short-term mismatches in the timing of expenditure on project costs and debt service, and receipt of revenues.

TCTA has considered factors that may affect TCTA's ability to raise funding, DWS' ability to fulfil its financial obligations to TCTA, liquidity management and adequacy of projected tariffs to repay debt in full over the debt repayment period (debt sustainability, taking into account the ability to adjust tariffs annually to ensure their adequacy to recover all projects costs should conditions and assumptions change). The projected tariffs are sustainable and adequate to discharge TCTA's financial obligations.

TCTA will continue to monitor the impact of COVID-19 on funding, despite the lower propensity to impose lockdowns in response to new outbreaks.

In respect of TCTA's obligations in relation to the Lesotho Highlands Water Project, the Notice of Establishment provides, in clause 25(1)(d), that the funds of TCTA consist of money appropriated by Parliament if its other sources of funds (including proceeds of loans and income derived from the performance of its Treat and Non-Treaty functions) are not sufficient to enable TCTA to fulfil all the Republic's financial obligations in terms of or resulting from the Treaty, including the raising of money and liability and financial risk management (as set out in clause 24(a) of the Notice of Establishment. This serves as a further

NOTES TO THE FINANCIAL STATEMENTS (continued)

guarantee of TCTA's solvency in relation to LHWP, in that TCTA may obtain an appropriation from Parliament to ensure that it performs all its functions related to LHWP.

All project borrowing limit authorisations are in effect for the period ending 31 March 2024. TCTA has requested the Minister of Water and Sanitation to extend the borrowing limit authorisation for the Vaal River System Augmentation Projects (VRS) with the concurrence of the Minister of Finance beyond 31 March 2024. All other projects' borrowing limit authorisations extend beyond 31 March 2024.

In TCTA's view, an event of default would not affect TCTA as going concern as all its financial obligations are secured by government undertakings and guarantees.

TCTA has considered the funding of TCTA's operations following an event of default, to the extent that despite the settlement of debt the Authority is unable to access funding from the market. This would be the case if the residual effects of the event of default in question cannot be cured by the settlement of outstanding debt. Funding of the operations of the Lesotho Highlands Water Project is guaranteed by the provision of clause 25(1)(d) of the Notice of Establishment as described above. In terms of the other projects that are currently under implementation, namely the Berg River-Voelvlei Augmentation Scheme, Phase 2 of the Mokolo-Crocodile River (West) Water Augmentation.

Project and Phase 1 of the uMkhomazi Water Project, management believes that their strategic importance would be prioritised for government funding for TCTA to continue their implementation, or if suspended, sufficient provision would be made to fund incurred costs and costs of suspension.

TCTA has further considered the proposed incorporation of TCTA and certain functions of the DWS into the National Water Resources Infrastructure Agency (NWRIA) and is satisfied that government will take the necessary care to avoid disruption of the funding and operations currently carried out by TCTA. The Department is undertaking the necessary consultations on the draft bill with TCTA lenders to ensure that lenders' concerns are addressed in the final bill prior to any transfer of TCTA's liabilities to the NWRIA. TCTA continues to exercise caution in the procurement of IT systems, being cognisant of the emergence of the NWRIA.

The impact of events of default, having been evaluated by TCTA with due regard to the government undertakings and guarantee underpinning its financial obligations, including government's undertakings to step-in and assume TCTA obligations should it fail to perform such obligations, do not change TCTA's assumption of TCTA's going concern status.

24 Compliance with the Public Finance Management Act, Act No. 1 of 1999, and Treasury Regulations Irregular and fruitless and wasteful expenditure

Irregular and fruitless and wasteful expenditure confirmed in the current year, is disclosed below. The majority of reported irregular expenditure relates to historical irregular expenditure which was in the subsequent years after being incurred is being treated in terms of the Compliance Reporting Framework, Instruction [Note 4](#) of 2022-23. Management continued to improve the control environment in the year under review which resulted in lesser irregular expenditure being confirmed.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Details	2024 R'000	2023 R'000
Irregular expenditure	175 006	3 781 827
Fruitless and wasteful expenditure	-	5 932
CLOSING BALANCE	175 006	3 787 759

Disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure.

Details	2024 R'000	2023 R'000
One case complete and employees disciplined	31 616	-
One case in progress, disciplinary process pending	143 390	-
Nine cases completed, employees were exempted from consequence management	-	3 781 827
CLOSING BALANCE	175 006	3 781 827

25 Notes to the Statement of Cash Flows

25.1 Cash Generated from Operating Activities

Details	Note(s)	2024 R'000	2023 R'000
Surplus for the year		220 371	1 073 833
Adjustments for non-cash flow items:			
Depreciation on non-current assets		15 689	5 862
Net interest income		542 052	611 027
Interest income and imputed interest on tariff receivable		(780 128)	(1 685 349)
Loss on disposal of property, plant and equipment		137	-
Construction revenue	16	(254 640)	(137 961)
Revenue from services rendered		(383 136)	(267 000)
Other operating income		(235 188)	(317 456)
Credit loss		(15 704)	9 000
Changes in working capital:			
Trade and other receivables		37 232	(35 825)
Prepayments		1 749	(3 183)
Payables and provisions (excluding interest payable)		368 716	452 291
Capitalised to the tariff receivable		7 514 665	9 091 434
Cost related payments		(6 844 112)	(6 192 000)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Details	Note(s)	2024 R'000	2023 R'000
Non-cash flow item in accounts receivable		276 474	177 148
VAT on tariff receivable debtor		(120 216)	113 724
Increase/(Decrease) in contract liabilities		42 936	184 156
(Decrease)/Increase in refund liability		(298 393)	145 515
Non cash flow in refund liability		-	(154 273)
Cash generated from operating activities		88 504	3 070 943

25.2 Interest Received

Details		2024 R'000	2023 R'000
Amount due at the beginning of the year		532	-
Income during the year adjusted for non-cash items		689 449	582 224
Interest on financial instruments accrued (after inter-project elimination)		882 759	716 001
AMD interest		(193 310)	(133 777)
Non-cash flow/interest refunded to DWS		-	-
Amount due at the end of the year		(14 457)	-
Interest received		675 524	582 224

25.3 Interest Paid

	Note(s)	2024 R'000	2023 R'000
Amount not paid at the beginning of the year		(102 220)	(92 579)
Expensed during the year adjusted for non-cash items		(1 311 895)	(1 208 508)
Amount expensed (excluding imputed interest)		(1 318 722)	(1 213 295)
Less: intercompany interest		-	-
Interest capitalised to the principal amount		4 459	3 695
Interest on lease liability		2 368	1 092
Amount not paid at the end of the year		103 162	102 220
Interest paid		(1 310 953)	(1 198 867)

NOTES TO THE FINANCIAL STATEMENTS (continued)

25.4 Reconciliation of Financial Market Liabilities to Financing Activities as at 31 March

	Note(s)	2024 R'000	2023 R'000
Liabilities at the beginning of the year		13 405 818	15 199 460
Long-term borrowings	11.7	12 049 387	12 664 266
Short-term borrowings	11.7	1 334 955	2 535 194
Long-term lease liability		18 315	-
Short-term lease liability		3 161	-
Cash flow from financing activities		(1 560 957)	(1 853 061)
Non-cash flow items		31 073	59 419
Capitalised interest		28 738	36 850
Capitalisation of office building lease		-	21 477
Interest on lease liability		2 335	1 092
Liabilities at the end of the period		11 875 934	13 405 818
Long-term borrowings	11.7	10 581 151	12 049 387
Short-term borrowings	11.7	1 276 468	1 334 955
Long-term lease liability		14 403	18 315
Short-term lease liability		3 912	3 161

25.5 Net Debt Reconciliation

	Note(s)	2024 R'000	2023 R'000
Cash and cash equivalents at 1 April		9 359 231	8 849 379
Liabilities at 1 April		(13 405 818)	(15 199 460)
Long-term borrowings	11.7	(12 049 387)	(12 664 266)
Short-term borrowings	11.7	(1 334 955)	(2 535 194)
Long-term lease liability		(18 315)	-
Short-term lease liability		(3 161)	-
Net debt at 1 April		(4 046 587)	(6 350 081)
Increase/(Decrease) in cash and cash equivalents		(2 984 455)	509 852
Net cash outflow from financing activities		1 560 957	1 853 061
Non cash flow items		(31 073)	(59 419)
Cash and cash equivalents at 31 March		6 374 776	9 359 231
Liabilities at the end of the period		(11 875 934)	(13 405 818)
Long-term borrowings	11.7	(10 581 151)	(12 049 387)
Short-term borrowings	11.7	(1 276 468)	(1 334 955)
Long-term lease liability		(14 403)	(18 315)
Short-term lease liability		(3 912)	(3 161)
Net debt at 31 March		(5 501 158)	(4 046 587)

NOTES TO THE FINANCIAL STATEMENTS (continued)

25.6 Reconciliation of Financial Market Investments to Investing Activities

	Note(s)	2024 R'000	2023 R'000
Financial market investments at 1 April		23 032	46 432
Amounts due at the beginning of the year		(532)	-
Amounts paid to acquire financial assets adjusted for amounts due		821 021	-
Amounts paid to acquire financial assets		807 000	-
Amounts due at the end of the year		14 021	-
Proceeds from financial assets		(14 542)	(14 400)
Non-cash flow items		16 140	(9 000)
Net impairment losses on financial assets		15 704	(9 000)
Accrued interest		436	-
Financial market investments at 31 March	11.4	845 651	23 032

26 Restatement of Comparatives

26.1 Prior Period Errors

The 2022 and 2023 statements of financial position as well as the 2023 Statements of comprehensive income have been retrospectively restated as a result of the following prior period errors:

Statement of Financial Position as at 31 March 2023	Note(s)	Previously reported R'000	Effect of restatement R'000	As restated R'000
ASSETS				
Current Assets				
Trade and other receivables	a	76 013	(3 852)	72 161
TOTAL ASSETS		76 013	(3 852)	72 161
EQUITY AND LIABILITIES				
Reserves				
Retained income	b	4 961 160	(154 761)	4 806 399
TOTAL EQUITY		4 961 160	(154 761)	4 806 399
LIABILITIES				
Current Liabilities				
Refund Liability	c	173 754	150 909	324 663
TOTAL LIABILITIES		173 754	150 909	324 663
TOTAL EQUITY AND LIABILITIES		5 134 914	(3 852)	5 131 062

NOTES TO THE FINANCIAL STATEMENTS (continued)

Statement of Financial Position as at 31 March 2022	Note(s)	Previously reported R'000	Effect of restatement R'000	As restated R'000
ASSETS				
Current Assets				
Trade and other receivables	a	35 651	(4 485)	31 166
TOTAL ASSETS		35 651	(4 485)	31 166
EQUITY AND LIABILITIES				
Reserves				
Retained income	b	3 890 840	(154 544)	3 735 840
TOTAL EQUITY		3 890 840	(154 544)	3 735 840
LIABILITIES				
Current Liabilities				
Refund Liability	c	179 147	150 692	329 839
Trade and other payables	d	678 908	(633)	678 275
TOTAL LIABILITIES		858 055	150 059	1 008 114
TOTAL EQUITY AND LIABILITIES		4 748 895	(4 485)	4 743 954

Statement of Comprehensive Income for the period ended 31 March 2023	Note(s)	Previously reported R'000	Effect of restatement R'000	As restated R'000
Net finance income		1 070 470	3 363	1 073 833
Finance income	e	2 396 813	3 363	2 400 176
Finance costs		(1 326 343)	-	(1 326 343)
SURPLUS/(DEFICIT) FOR THE YEAR		1 070 470	3 363	1 073 833

NOTES TO THE FINANCIAL STATEMENTS (continued)

The details of the restatements are discussed below:

a. Trade and other receivables

Adjustments were made to trade and other receivables due to the winding down of Umgeni.

b. Retained Earnings

Adjustments were made to retained earnings due to the impact of the finance income that was accumulating in retained earnings that became refundable to DWS which was erroneously not classified to refund liability in MMTS-2.

c. Refund Liability

Adjustments were made to refund liability due to the impact of the finance income that became refundable to DWS which was erroneously transferred to retained earnings in MMTS-2.

d. Trade and other payables

Adjustments were made to trade and other payables due to the reversal of the unwinding down of Umgeni that was incorrectly captured.

e. Finance Income

Adjustments were made to finance income due to the impact of the refund made to DWS. The interest earned on the excess cash received became refundable to DWS in line with the implementation agreement and had to be classified as refund liability in the balance sheet however this was erroneously transferred to retained earnings in MMTS-2.

Other prior period adjustments

Adjustments were made to audited disclosures due to errors and omissions identified when converting from millions to thousands. Refer to [Note 7.2.1](#) and [Note 11.2](#).

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

	Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
CASH FLOW FROM OPERATING ACTIVITIES																
Cash received from customers		-	7 497 448	87 633	683 622	115 130	-	36 350	281 248	88 784	-	-	30 000	164 836	-	8 985 051
Cash transfer to/(from) projects		183 000	4 072	(9 784)	(19 477)	(16 601)	(4 412)	(35 208)	(12 847)	(59 544)	-	-	(21 699)	(7 500)	-	-
Cash paid to suppliers and employees		(183 774)	(8 204 407)	(15 493)	(89 918)	(15 163)	(278 476)	(270)	(37 434)	(81 219)	-	3 377	2 075	4 155	-	(8 896 547)
Cash generated from project activities	25.1	(774)	(702 887)	62 356	574 227	83 366	(282 888)	872	230 967	(51 979)	-	3 377	10 376	161 491	-	88 504
Other Finance Costs		-	(76 874)	(768)	(26 642)	(802)	-	-	(1 003)	-	-	-	-	-	-	(106 089)
Non cash flow in other finance costs		-	469 961	-	24 279	-	-	-	-	-	-	-	-	-	-	24 279
Interest received	25.2	988	(888 872)	7 126	40 134	57 186	17 704	130	28 527	51 032	-	449	831	-	-	675 524
Interest paid	25.3	-	(1 198 672)	(11 071)	(230 240)	(84 625)	-	-	(96 366)	-	-	-	-	1 677	-	(1 310 953)
Net cash (outflow)/inflow from operating activities		214	(1 199 309)	57 643	381 758	55 125	(265 184)	1 002	162 125	(947)	-	3 826	11 207	163 168	-	(628 735)
CASH FLOW FROM INVESTING ACTIVITIES																
Payments to acquire financial assets		-	(807 000)	-	-	-	-	-	-	-	-	-	-	-	-	(807 000)
Proceeds from financial assets		-	14 542	-	-	-	-	-	-	-	-	-	-	-	-	14 542
Purchase of property, plant and equipment		-	(2 336)	-	-	-	-	-	-	-	-	-	-	-	-	(2 336)
Proceeds on the sale of Property, plant and equipment		-	31	-	-	-	-	-	-	-	-	-	-	-	-	31
Additions to intangible assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash inflow from investing activities		-	(794 763)	-	-	-	-	-	-	-	-	-	-	-	-	(794 763)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
CASH FLOW FROM FINANCING ACTIVITIES															
Proceeds from long-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments on long-term borrowings	-	(856 513)	(95 996)	(512 692)	(43 110)	-	-	(49 516)	-	-	-	-	-	-	(1 557 827)
Payment of principal portion of lease liabilities	-	(3 130)	-	-	-	-	-	-	-	-	-	-	-	-	(3 130)
Proceeds from short-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments on short-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash outflow from financing activities	-	(859 643)	(95 996)	(512 692)	(43 110)	-	-	(49 516)	-	-	-	-	-	-	(1 560 957)
Net (Decrease) in cash and cash equivalents	214	(2 853 078)	(38 353)	(130 934)	12 015	(265 184)	1 002	112 609	(947)	-	3 826	11 207	163 168	-	(2 984 455)
Cash and cash equivalents at beginning of period	6 882	6 854 324	80 852	439 677	698 331	344 924	203	288 943	634 327	-	5 598	4 526	644	-	9 359 231
Cash and cash equivalents at end of period	7 096	4 001 246	42 499	308 743	710 346	79 740	1 205	401 552	633 380	-	9 424	15 733	163 812	-	6 374 776

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**25.1 Cash Generated from Project Activities**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Net surplus/(deficit) for the year	988	(20 431)	8 145	126 744	26 879	-	130	23 927	51 032	-	449	831	1 677	-	220 371
Adjustments for non cash flow items and amounts separately disclosed:															
Depreciation on non-current assets	-	15 689	-	-	-	-	-	-	-	-	-	-	-	-	15 689
Net interest income/(expense)	(988)	292 374	9 298	214 683	29 130	(17 704)	(130)	69 378	(51 032)	-	(449)	(831)	(1 677)	-	542 052
Interest income and imputed interest on tariff receivable	-	(271 944)	(17 443)	(341 427)	(56 009)	-	-	(93 305)	-	-	-	-	-	-	(780 128)
Loss on disposal of property, plant and equipment	-	137	-	-	-	-	-	-	-	-	-	-	-	-	137
Construction revenue	-	-	(203)	-	-	(37 800)	-	-	(134 208)	-	-	(25 564)	(56 865)	-	(254 640)
Revenue from services rendered	-	(376 241)	(1 575)	(1 762)	(1 117)	(2)	(1)	(1 443)	-	-	(995)	-	-	-	(383 136)
Other income	-	(175 658)	(7 318)	(11 537)	(15 044)	(1)	(1)	(7 017)	-	-	(17 910)	-	-	(702)	(235 188)
Credit loss	-	(15 704)	-	-	-	-	-	-	-	-	-	-	-	-	(15 704)
Changes in working capital:															
(Increase)/Decrease in loans and other receivables	-	(19 166)	(9)	(4 287)	(2 064)	(180)	38 652	(3 061)	(181)	-	(17 273)	7 383	10 597	2 076	12 487
(Increase)/Decrease in other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in prepayments	-	771	-	-	-	-	1 016	-	(38)	-	-	-	-	-	1 749
(Decrease)/Increase in payables and provisions (excluding interest payable)	(774)	331 932	(3 717)	(3 662)	1 478	33 388	(39 028)	(4 152)	4 908	-	20 649	1 810	52 027	(1 398)	393 461
Contract liabilities	-	-	-	-	-	-	232	-	(56 668)	-	-	1 183	98 867	(678)	42 936
Refund liabilities	-	-	-	-	-	(298 393)	-	-	-	-	-	-	-	-	(298 393)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Cost related payments	-	(6 844 112)	-	-	-	-	-	-	-	-	-	-	-	-	(6 844 112)
Capitalised to/(Removed from) tariff receivable	-	6 499 331	76 203	594 454	100 113	-	-	244 564	-	-	-	-	-	-	7 514 665
VAT on tariff receivable debtor	-	(120 212)	(1 025)	1 021	-	-	-	-	-	-	-	-	-	-	(120 216)
Non cash flow item in accounts receivable	-	347	-	-	-	37 804	2	2 076	134 208	-	18 906	25 564	56 865	702	276 474
Increase/(Decrease) in refund liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash inflow from investing activities	(774)	(702 887)	62 356	574 227	83 366	(282 888)	872	230 967	(51 979)	-	3 377	10 376	161 491	-	88 504

25.2 Interest Received

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Amount due at beginning of the year	-	532	-	-	-	-	-	-	-	-	-	-	-	-	532
Income during the year adjusted for non-cash items	988	483 886	7 126	40 134	57 092	17 704	130	28 400	51 032	-	449	831	1 677	-	689 449
Interest accrued ⁽¹⁾	988	677 196	7 258	40 741	57 186	17 704	130	28 527	51 833	-	2 556	2 072	4 619	-	890 810
AMD interest	-	(193 310)	-	-	-	-	-	-	-	-	-	-	-	-	(193 310)
Non cash flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest refunded to DWS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany interest	-	-	(132)	(607)	(94)	-	-	(127)	(801)	-	(2 107)	(1 241)	(2 942)	-	(8 051)
Amount due at the end of the year	-	(14 457)	-	-	-	-	-	-	-	-	-	-	-	-	(14 457)
Interest received	988	469 961	7 126	40 134	57 092	17 704	130	28 400	51 032	-	449	831	1 677	-	675 524

⁽¹⁾ Interest accrued excludes imputed interest on the tariff receivable.

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**25.3 Interest Paid**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Amount due at beginning of the year	-	(64 227)	(306)	(27 328)	(9 390)	-	-	(969)	-	-	-	-	-	-	(102 220)
Expensed during the year adjusted for non-cash items	-	(890 328)	(15 656)	(223 716)	(85 420)	-	-	(96 775)	-	-	-	-	-	-	(1 311 895)
Amount expensed (excluding imputed interest)	-	(892 696)	(15 788)	(228 782)	(85 514)	-	-	(96 902)	(801)	-	(2 107)	(1 241)	(2 942)	-	(1 326 773)
Less: intercompany interest	-	-	132	607	94	-	-	127	801	-	2 107	1 241	2 942	-	8 051
Interest on lease liability	-	2 368	-	-	-	-	-	-	-	-	-	-	-	-	2 368
Interest capitalised to the principal amount ⁽²⁾	-	-	-	4 459	-	-	-	-	-	-	-	-	-	-	4 459
AMD interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount not paid at the end of the year	-	65 683	4 891	20 804	10 279	-	-	1 505	-	-	-	-	-	-	103 162
Interest paid	-	(888 872)	(11 071)	(230 240)	(84 531)	-	-	(96 239)	-	-	-	-	-	-	(1 310 953)

25.4 Reconciliation of Financial Market Liabilities to Financing Activities

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Long-term borrowings at 1 April 2023	-	7 828 538	128 665	2 378 347	816 576	-	-	897 261	-	-	-	-	-	-	12 049 387
Short-term borrowings at 1 April 2023	-	854 145	77 331	318 665	43 110	-	-	41 704	-	-	-	-	-	-	1 3 34 955
Long-term lease liability at 1 April 2023	-	18 315	-	-	-	-	-	-	-	-	-	-	-	-	18 315
Short-term lease liability at 1 April 2023	-	3 161	-	-	-	-	-	-	-	-	-	-	-	-	3 161
Net debt at 1 April 2023	-	8 704 159	205 996	2 697 012	859 686	-	-	938 965	-	-	-	-	-	-	13 405 818

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Net cash outflow from financing activities	-	(859 643)	(95 996)	(512 692)	(43 110)	-	-	(49 516)	-	-	-	-	-	-	(1 560 957)
Non-cash flow items	-	2 335	-	28 738	-	-	-	-	-	-	-	-	-	-	31 073
Capitalised interest	-	-	-	4 459	-	-	-	-	-	-	-	-	-	-	4 459
Capital adjustment to inflation-linked liability	-	-	-	24 279	-	-	-	-	-	-	-	-	-	-	24 279
Capitalisation of office building lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on swich auction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on lease liability	-	2 335	-	-	-	-	-	-	-	-	-	-	-	-	2 335
Bond discount/premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash flow items	-	6 974 393	80 000	1 923 697	768 229	-	-	834 832	-	-	-	-	-	-	10 581 151
Long-term borrowings at 31 March 2024	-	854 145	30 000	289 360	48 347	-	-	54 616	-	-	-	-	-	-	1 276 468
Short-term borrowings at 31 March 2024	-	14 403	-	-	-	-	-	-	-	-	-	-	-	-	14 403
Long-term lease liability at 31 March 2024	-	3 912	-	-	-	-	-	-	-	-	-	-	-	-	3 912
Short-term lease liability at 31 March 2024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total borrowings at 31 March 2024	-	7 846 853	110 000	2 213 057	816 576	-	-	889 448	-	-	-	-	-	-	11 875 934

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**25.5 Net Debt Reconciliation**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Cash and cash equivalents at 1 April 2023	6 882	6 854 324	80 852	439 677	698 331	344 924	203	288 943	634 327	-	5 598	4 526	644	-	9 359 231
Long-term borrowings at 1 April 2023	-	(7 828 538)	(128 665)	(2 378 347)	(816 576)	-	-	(897 261)	-	-	-	-	-	-	(12 049 387)
Short-term borrowings at 1 April 2023	-	(854 145)	(77 331)	(318 665)	(43 110)	-	-	(41 704)	-	-	-	-	-	-	(1 334 955)
Long-term lease liability at 1 April 2023	-	(18 315)	-	-	-	-	-	-	-	-	-	-	-	-	(18 315)
Short-term lease liability at 1 April 2023	-	(3 161)	-	-	-	-	-	-	-	-	-	-	-	-	(3 161)
Net debt at 1 April 2023	6 882	(1 849 835)	(125 144)	(2 257 335)	(161 355)	344 924	203	(650 022)	634 327	-	5 598	4 526	644	-	(4 046 587)
Increase/(Decrease) in cash and cash equivalents	214	(2 853 078)	(38 353)	(130 934)	12 015	(265 184)	1 002	112 609	(947)	-	3 826	11 207	163 168	-	(2 984 455)
Net cash outflow from financing activities	-	859 643	95 996	512 692	43 110	-	-	49 516	-	-	-	-	-	-	1 560 957
Non cash flow items	-	(2 335)	-	(28 738)	-	-	-	-	-	-	-	-	-	-	(31 073)
Cash and cash equivalents at 31 March 2024	7 096	4 001 246	42 499	308 743	710 346	79 740	1 205	401 552	633 380	-	9 424	15 733	163 812	-	6 374 776
Long-term borrowings at 31 March 2024	-	(6 974 393)	(80 000)	(1 923 697)	(768 229)	-	-	(834 832)	-	-	-	-	-	-	(10 581 151)
Short-term borrowings at 31 March 2024	-	(854 145)	(30 000)	(289 360)	(48 347)	-	-	(54 616)	-	-	-	-	-	-	(1 276 468)
Long-term lease liability at 31 March 2024	-	(14 403)	-	-	-	-	-	-	-	-	-	-	-	-	(14 403)
Short-term lease liability at 31 March 2024	-	(3 912)	-	-	-	-	-	-	-	-	-	-	-	-	(3 912)
Net debt at 31 March 2024	7 096	(3 845 607)	(67 501)	(1 904 314)	(106 230)	79 740	1 205	(487 896)	633 380	-	9 424	15 733	163 812	-	(5 501 158)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**25.6 Reconciliation of Financial Market Investment to Investing Activities**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Financial market investment at 1 April 2023	-	23 032	-	-	-	-	-	-	-	-	-	-	-	-	23 032
Amounts due at the beginning of the year	-	(532)	-	-	-	-	-	-	-	-	-	-	-	-	(532)
Amounts paid to acquire financial assets adjusted for amounts due	-	821 021	-	-	-	-	-	-	-	-	-	-	-	-	821 021
Amounts paid to acquire financial assets	-	807 000	-	-	-	-	-	-	-	-	-	-	-	-	807 000
Amounts due at the end of the year	-	14 021	-	-	-	-	-	-	-	-	-	-	-	-	14 021
Proceeds from financial assets	-	(15 542)	-	-	-	-	-	-	-	-	-	-	-	-	(14 542)
Non cash flow items	-	16 140	-	-	-	-	-	-	-	-	-	-	-	-	16 140
Net impairment losses on financial assets	-	15 704	-	-	-	-	-	-	-	-	-	-	-	-	15 704
Accrued interest	-	436	-	-	-	-	-	-	-	-	-	-	-	-	436
Financial market investment at 31 March 2024	-	845 119	-	-	-	-	-	-	-	-	-	-	-	-	845 119

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

	Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Cash flow from operating activities																
Cash receipts		-	9 250 584	120 499	703 062	115 130	12 000	17 750	299 329	298 004	-	-	1 000	-	-	10 817 358
Cash received from customers		-	9 235 584	120 499	703 062	115 130	-	16 750	299 329	293 004	-	-	-	-	-	10 783 358
VAT refund		-	15 000	-	-	-	12 000	1 000	-	5 000	-	-	1 000	-	-	34 000
Cash transfer to/(from) projects		196 830	468 333	(6 683)	(10 168)	(320 217)	(13 590)	(35 000)	(6 718)	(254 046)	-	5 421	(13 327)	(10 835)	-	-
Cash paid to suppliers and employees		(195 673)	(7 272 653)	(15 708)	(100 673)	(19 044)	(23 904)	(30 495)	(39 858)	(44 118)	-	(311)	(3 606)	(372)	-	(7 746 415)
Cash generated from project activities	25.1	1 157	2 446 264	98 108	592 221	(224 131)	(25 494)	(47 745)	252 753	(160)	-	5 110	(15 933)	(11 207)	-	3 070 943
Other finance costs		-	(68 492)	(750)	(34 093)	(800)	(8 598)	-	(1 000)	-	-	-	-	-	-	(113 733)
Non cash flow in other finance costs		-	-	-	33 155	-	-	-	-	-	-	-	-	-	-	33 155
Interest received	25.2	905	424 291	5 875	22 512	45 587	36 945	964	19 843	24 164	-	200	670	268	-	582 224
Interest paid	25.3	-	(733 447)	(22 343)	(232 923)	(82 619)	(35 248)	-	(92 057)	-	-	-	(230)	-	-	(1 198 867)
Net cash (outflow)/inflow from operating activities		2 062	2 068 616	80 890	380 872	(261 963)	(32 395)	(46 781)	179 539	24 004	-	5 310	(15 493)	(10 939)	-	2 373 722
Cash flow from investing activities																
Payments to acquire financial assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from financial assets		-	14 400	-	-	-	-	-	-	-	-	-	-	-	-	14 400
Disposals of property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment		-	(25 326)	-	-	-	-	-	-	-	-	-	-	-	-	(25 326)
Proceeds on the sale of property, plant and equipment		-	117	-	-	-	-	-	-	-	-	-	-	-	-	117
Net cash outflow from financing activities		-	(10 809)	-	-	-	-	-	-	-	-	-	-	-	-	(10 809)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Cash flow from financing activities															
Proceeds from long-term borrowings	-	-	-	200 000	-	-	-	-	-	-	-	-	-	-	200 000
Repayments on long-term borrowings	-	(854 145)	(77 331)	(299 025)	(38 556)	(582 315)	-	(150 768)	-	-	-	-	-	-	(2 002 140)
Payment of principal portion of lease liabilities	-	(921)	-	-	-	-	-	-	-	-	-	-	-	-	(921)
Proceeds from short-term borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayments on short-term borrowings	-	-	-	(50 000)	-	-	-	-	-	-	-	-	-	-	(50 000)
Net cash outflow from financing activities	-	(855 066)	(77 331)	(149 025)	(38 556)	(582 315)	-	(150 768)	-	-	-	-	-	-	(1 853 061)
Net (Decrease) in cash and cash equivalents	2 062	1 202 741	3 559	231 847	(300 519)	(614 710)	(46 781)	28 771	24 004	-	5 310	(15 493)	(10 939)	-	509 852
Cash and cash equivalents at beginning of period	4 820	5 651 583	77 293	207 830	998 850	959 634	46 984	260 172	610 323	-	288	20 019	11 583	-	8 849 379
Cash and cash equivalents at end of period	6 882	6 854 324	80 852	439 677	698 331	344 924	203	288 943	634 327	-	5 598	4 526	644	-	9 359 231

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**26.1 Cash generated from project activities**

	Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Cash flow from operating activities		905	960 678	(4 682)	38 197	27 035	-	964	25 664	24 164	-	200	440	268	-	1 073 833
Adjustments for non cash flow items and amounts separately		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation on non-current assets		-	5 862	-	-	-	(489)	-	-	-	-	-	-	-	-	5 862
Net interest income/(expense)		(905)	261 114	17 013	249 609	37 607	-	(964)	73 114	(24 164)	-	(200)	(440)	(268)	-	611 027
Interest income and imputed interest on tariff receivable		-	(1 221 792)	(12 331)	(287 806)	(64 642)	-	-	(98 778)	-	-	-	-	-	-	(1 685 349)
Loss on disposal of property, plant and equipment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction revenue		-	(1 348)	(115)	-	-	(2 549)	(20 779)	-	(80 209)	-	-	(16 496)	(19 014)	-	(137 961)
Revenue from services rendered		-	(258 987)	(1 152)	(1 321)	(775)	(14 248)	(724)	(1 130)	-	-	(362)	-	-	-	(267 000)
Other income		(8)	(242 865)	(7 274)	(11 254)	(11 670)	-	(15 615)	(7 100)	-	-	(7 422)	-	-	-	(317 456)
Credit loss		-	9 000	-	-	-	-	-	-	-	-	-	-	-	-	9 000
Changes in working capital:		-	-	-	-	-	16 726	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in loans and other receivables		-	508 018	-	(50)	12 413	-	(30 918)	-	324 046	4 485	(8 586)	(7 189)	(10 547)	-	808 398
(Increase)/Decrease in other assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in prepayments		-	(3 183)	-	-	-	(36 555)	-	-	-	-	-	-	-	-	(3 183)
(Decrease)/Increase in payables and provisions (excluding interest)		1 165	495 365	1 867	(6 512)	(324 212)	-	(16 827)	(1 520)	(526 326)	(633)	13 696	357	8 203	-	(391 932)
Contract liabilities		-	-	-	-	-	145 515	-	-	202 120	-	-	(9 101)	(8 863)	-	184 156
Refund liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	145 515
Cost related payments		-	(6 192 000)	-	-	-	-	-	-	-	-	-	-	-	-	(6 192 000)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Capitalised to/(Removed from) tariff receivable	-	8 012 678	104 782	611 358	100 113	-	-	262 503	-	-	-	-	-	-	9 091 434
VAT on tariff receivable debtor	-	113 724	-	-	-	-	-	-	-	-	-	-	-	-	113 724
Non-cash flow item in accounts receivable	-	-	-	-	-	20 379	37 118	-	80 209	(3 852)	7 784	16 496	19 014	-	177 148
Increase/(Decrease) in refund liability	-	-	-	-	-	(154 273)	-	-	-	-	-	-	-	-	(154 273)
Cash generated from project activities	1 157	2 446 264	98 108	592 221	(224 131)	(25 494)	(47 745)	252 753	(160)	-	5 110	(15 933)	(11 207)	-	3 070 943

26.2 Interest received

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Amount due at beginning of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income during the year adjusted for non-cash items	905	424 291	5 875	22 512	45 587	36 945	964	19 843	24 164	-	200	670	268	-	582 224
Interest accrued ⁽¹⁾	905	558 068	5 875	22 512	45 587	36 945	4 685	19 843	34 806	-	998	670	662	-	727 704
AMD interest	-	(133 777)	-	-	-	-	-	-	-	-	-	-	-	-	(133 777)
Non-cash flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany interest	-	-	-	-	-	-	(3 721)	-	(10 642)	-	(798)	-	(394)	-	(15 555)
Amount due at the end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	905	424 291	5 875	22 512	45 587	36 945	964	19 843	24 164	-	200	670	268	-	582 224

⁽¹⁾ Interest accrued excludes imputed interest on the tariff receivable

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**26.3 Interest paid**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Amount not paid at beginning of the year	-	(48 076)	(511)	(25 918)	(9 615)	(7 390)	-	(1 069)	-	-	-	-	-	-	(92 579)
Expensed during the year adjusted for non-cash items	-	(749 598)	(22 138)	(234 333)	(82 394)	(27 858)	-	(91 957)	-	-	-	(230)	-	-	(1 208 508)
Amount expensed (excluding imputed interest)	-	(750 690)	(22 138)	(238 028)	(82 394)	(27 858)	(3 721)	(91 957)	(10 642)	-	(798)	(230)	(394)	-	(1 228 850)
Less: intercompany interest	-	-	-	-	-	-	3 721	-	10 642	-	798	-	394	-	15 555
Loss on switch auction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital adjustment to inflation-linked liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on lease liability	-	1 092	-	-	-	-	-	-	-	-	-	-	-	-	1 092
Interest on compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Imputed interest on compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notional interest on tariff	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest capitalised to the principal amount ⁽²⁾	-	-	-	3 695	-	-	-	-	-	-	-	-	-	-	3 695
Amount not paid at the end of the year	-	64 227	306	27 328	9 390	-	-	969	-	-	-	-	-	-	102 220
Interest paid	-	(733 447)	(22 343)	(232 923)	(82 619)	(35 248)	-	(92 057)	-	-	-	(230)	-	-	(1 198 867)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**26.4 Reconciliation of financial market liabilities to financing activities**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Long-term borrowings at 1 April 2022	-	8 682 591	205 996	2 509 107	243 993	-	-	1 022 659	-	-	-	-	-	-	12 664 346
Short-term borrowings at 1 April 2022	-	854 145	77 331	300 080	654 249	582 315	-	67 074	-	-	-	-	-	-	2 535 194
Long-term lease liability at 1 April 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term lease liability at 1 April 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total borrowings 1 April 2022	-	9 536 736	283 327	2 809 187	898 242	582 315	-	1 089 733	-	-	-	-	-	-	15 199 540
Net cash outflow from financing activities	-	(855 066)	(77 331)	(149 025)	(38 556)	(582 315)	-	(150 768)	-	-	-	-	-	-	(1 853 061)
Non-cash flow items:	-	22 569	-	36 850	-	-	-	-	-	-	-	-	-	-	59 419
Capitalised interest	-	-	-	3 695	-	-	-	-	-	-	-	-	-	-	3 695
Capital adjustment to inflation-linked liability	-	-	-	33 155	-	-	-	-	-	-	-	-	-	-	33 155
Capitalisation of office building lease	-	21 477	-	-	-	-	-	-	-	-	-	-	-	-	21 477
Loss on swich auction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on lease liability	-	1 092	-	-	-	-	-	-	-	-	-	-	-	-	1 092
Bond discount/premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash flow items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term borrowings at 31 March 2023	-	7 828 538	128 665	2 378 347	816 576	-	-	897 261	-	-	-	-	-	-	12 049 387
Short-term borrowings at 31 March 2023	-	854 145	77 331	318 665	43 110	-	-	41 704	-	-	-	-	-	-	1 334 955
Long-term lease liability at 31 March 2023	-	18 315	-	-	-	-	-	-	-	-	-	-	-	-	18 315
Short-term lease liability at 31 March 2023	-	3 161	-	-	-	-	-	-	-	-	-	-	-	-	3 161
Total borrowings at 31 March 2023	-	8 704 159	205 996	2 697 012	859 686	-	-	938 965	-	-	-	-	-	-	13 405 818

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**26.5 Net debt reconciliation**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Cash and cash equivalents at 1 April 2022	4 820	5 651 583	77 293	207 830	998 850	959 634	46 984	260 172	610 323	-	288	20 019	11 583	-	8 849 379
Long-term borrowings at 1 April 2022	-	(8 682 591)	(205 996)	(2 509 107)	(243 993)	-	-	(1 022 659)	-	-	-	-	-	-	(12 664 346)
Short-term borrowings at 1 April 2022	-	(854 145)	(77 331)	(300 080)	(654 249)	(582 315)	-	(67 074)	-	-	-	-	-	-	(2 535 194)
Long-term lease liability at 1 April 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term lease liability at 1 April 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net debt at 1 April 2022	4 820	(3 885 153)	(206 034)	(2 601 357)	100 608	377 319	46 984	(829 561)	610 323	-	288	20 019	11 583	-	(6 350 161)
Increase/(Decrease) in cash and cash equivalents	2 062	1 202 741	3 559	231 847	(300 519)	(614 710)	(46 781)	28 771	24 004	-	5 310	(15 493)	(10 939)	-	509 852
Net cash outflow from financing activities	-	855 066	77 331	149 025	38 556	582 315	-	150 768	-	-	-	-	-	-	1 853 061
Non cash flow items	-	(22 569)	-	(36 850)	-	-	-	-	-	-	-	-	-	-	(59 419)
Cash and cash equivalents at 31 March 2023	6 882	6 854 324	80 852	439 677	698 331	344 924	203	288 943	634 327	-	5 598	4 526	644	-	9 359 231
Long-term borrowings at 31 March 2023	-	(7 828 538)	(128 665)	(2 378 347)	(816 576)	-	-	(897 261)	-	-	-	-	-	-	(12 049 387)
Short-term borrowings at 31 March 2023	-	(854 145)	(77 331)	(318 665)	(43 110)	-	-	(41 704)	-	-	-	-	-	-	(1 334 955)
Long-term lease liability at 31 March 2023	-	(18 315)	-	-	-	-	-	-	-	-	-	-	-	-	(18 315)
Short-term lease liability at 31 March 2023	-	(3 161)	-	-	-	-	-	-	-	-	-	-	-	-	(3 161)
Net debt at 31 March 2023	6 882	(1 849 835)	(125 144)	(2 257 335)	(161 355)	344 924	203	(650 022)	634 327	-	5 598	4 526	644	-	(4 046 587)

ANNEXURE A - Segmental Statement of Cash Flows for the period ended 31 March 2024 (continued)**26.6 Reconciliation of financial market investment to investing activities**

Note(s)	TCTA-C Mar 2024 R'000	VRS ⁽¹⁾ Mar 2024 R'000	BWP ⁽²⁾ Mar 2024 R'000	VRESAP ⁽³⁾ Mar 2024 R'000	MCWAP ⁽⁴⁾ Mar 2024 R'000	MMTS-2 ⁽⁵⁾ Mar 2024 R'000	ORWRDP ⁽⁶⁾ Mar 2024 R'000	KWSAP ⁽⁷⁾ Mar 2024 R'000	MCWAP 2 Mar 2024 R'000	UMGENI ⁽¹⁰⁾ Mar 2024 R'000	MRWP Mar 2024 R'000	BRVS Mar 2024 R'000	uMWP Mar 2024 R'000	KRIEL ⁽¹¹⁾ Mar 2024 R'000	TOTAL Mar 2024 R'000
Financial market investment at 1 April 2022	-	46 432	-	-	-	-	-	-	-	-	-	-	-	-	46 432
Amounts paid to acquire financial assets adjusted for amounts due	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts paid to acquire financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due at the end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from financial assets	-	(14 400)	-	-	-	-	-	-	-	-	-	-	-	-	(14 400)
Non cash flow items	-	(9 000)	-	-	-	-	-	-	-	-	-	-	-	-	(9 000)
Net impairment losses on financial assets	-	(9 000)	-	-	-	-	-	-	-	-	-	-	-	-	(9 000)
Accrued interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial market investment at 31 March 2023	-	23 032	-	-	-	-	-	-	-	-	-	-	-	-	23 032



GLOBAL REPORTING INITIATIVE CONTEXT INDEX



Ref No.	Description	Compliant	Comment
1.	Strategy and analysis		
1.1	Statement from the most senior decision-makers of the organisation	Fully	Refer to pages 4 and 16.
1.2	Description of key impacts, risks and opportunities	Fully	Refer to pages 94 to 99.
2.	Organisational profile		
2.1	Name of the organisation	Fully	Trans-Caledon Tunnel Authority.
2.2	Primary brands, products and/or services	Fully	Refer to page 22.
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures	Fully	Refer to page 29.
2.4	Location of organisation's headquarters	Fully	TCTA operates from its offices in Centurion, Gauteng, South Africa.
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	TCTA is only active in South Africa. On Phase 2 of the Lesotho Highlands Water Project, it raises the money in South Africa for the water transfer component and pays it over to the Lesotho Highlands Development Authority for the implementation.
2.6	Nature of ownership and legal form	Fully	Refer to page 18.
2.7	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Fully	Not applicable.
2.8	Scale of the reporting organisation	Fully	Refer to Part A: General Information .
2.9	Significant changes during the reporting period regarding size, structure or ownership	Fully	No changes.
2.10	Awards received for outstanding work in the reporting period	Fully	None received.

Ref No.	Description	Compliant	Comment
3.	Report parameters		
3.1	Reporting period (e.g. fiscal or calendar year) for information provided	Fully	This report relates to the financial year from 1 April 2023 to 31 March 2024.
3.2	Date of most recent previous report (if any)	Fully	September 2023.
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual.
3.4	Contact point for questions regarding the report or its contents	Fully	Feedback on the report is welcome. The Chief Executive Officer may be contacted in this regard.
3.5	Process for defining report content	Fully	Refer to page 7: About the Integrated Annual Report.
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	Fully	There were no specific limitations on the scope or boundary of the report.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	Fully	TCTA has no subsidiaries or joint ventures.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the Global Reporting Initiative Indicator Protocols	Fully	Refer to the Annual Performance Report pages 10 to 15 .
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g. mergers and acquisitions, change of base years or periods, nature of business, measurement methods)	Fully	No restatements in this regard.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	No significant changes were identified from the previous reporting period.
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	Refer to pages 297 to 308 'Global Reporting Initiative content index'.
3.13	Policy and current practice with regard to seeking external assurance for the report	Fully	The predetermined objectives and the Annual Financial Statements are assured in line with the requirements of the Auditor-General of South Africa.

Ref No.	Description	Compliant	Comment
4.	Governance, commitments and engagement		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Fully	Refer to Part E: Governance .
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	The Chairperson of the TCTA Board is an independent non-executive director.
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Fully	Refer to pages 84 to 86 .
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	None	In line with Shareholders' Treasury Regulations shareholder input is received through the Shareholders' Compact.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	Fully	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	Refer to Part E: Governance .
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Fully	Process of determining composition is the prerogative of the Minister and occurs when the Board is appointed.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Fully	Refer to Part C: Sustainability .
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social and labour performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles	Fully	Refer to Part C: Sustainability .

Ref No.	Description	Compliant	Comment
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance	Fully	Refer to page 80.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	None	
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses	Fully	In the implementation of its projects TCTA subscribes to the principles contained in the Construction Sector Charter.
4.13	Memberships in associations	Fully	Institute of Internal Auditors, South African National Committee on Large Dams, World Economic Forum, Water Institute of Southern Africa, Association of Corporate Treasurers of Southern Africa and Corporate Executive Board.
4.14	List of stakeholder groups engaged by the organisation	Fully	Refer to page 25.
4.15	Basis for identification and selection of stakeholders with whom to engage	Fully	TCTA implements projects on behalf of the Department of Water and Sanitation. Engagement with off-takers is through the Department's structures.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	Refer to pages 25 to 28.
4.17	Key topics and concerns that have been raised through stakeholder engagement	Fully	Nothing has been raised.
DMA EC	Disclosure on management approach: Economic		
Aspects	Economic performance	None	
	Market presence	Fully	Refer to pages 20 and 21.
	Indirect economic impacts	Fully	Refer to page 23. TCTA delivers in support of the Government Outcomes.

Ref No.	Description	Compliant	Comment
DMA LA	Disclosure on management approach: Labour		
Aspects	Employment	Fully	Refer to pages 70 to 74.
	Labour/management relations	Fully	Refer to page 74.
	Occupational health and safety	Fully	Refer to page 56.
	Training and education	Fully	Refer to page 68.
	Diversity and equal opportunity	Fully	Refer to page 73.
	Equal remuneration for women and men	Not disclosed	
DMA HR	Disclosure on management approach: Human Resources		
Aspects	Investment and procurement practices	Fully	Refer to Part G: PFMA Compliance .
	Non-discrimination	Fully	Refer to Employment Equity as reflected on page 73.
	Freedom of association and collective bargaining	Fully	Refer to page 74.
	Child labour	Fully	All project sites comply with South African legislation
	Prevention of forced and compulsory labour	Fully	All project sites comply with South African legislation.
	Security practices	Fully	All project sites comply with South African legislation.
	Indigenous rights	Fully	TCTA complies with South African legislation in terms of employment equity.
	Assessment	Fully	Not required.
	Remediation	Fully	Not required.

Ref No.	Description	Compliant	Comment
DMA SO	Disclosure on management approach: Social		
Aspects	Local communities	Fully	No projects are under construction.
	Corruption	Partially	Refer to Part G: PFMA Compliance.
	Public policy	None	TCTA as a State Owned Entity is bound by Government Regulation.
	Anti-competitive behaviour	Fully	Not applicable.
	Compliance	Fully	TCTA seeks to create sustainable value for the Shareholder and establish itself as a leader in water infrastructure development. TCTA is committed to responsible business conduct and best practice. An ethical governance framework and a commitment to legal compliance guide all its organisational activities. TCTA upholds the principles expressed in the King IV™ Code that good governance combines both regulatory requirements and voluntary standards of excellence.
DMA PR	Disclosure on management approach: Product Responsibility		
Aspects	Customer health and safety	Fully	Not applicable.
	Product and service labelling	Fully	Not applicable.
	Marketing communications	Fully	Not applicable.
	Customer privacy	Fully	Not applicable.
	Compliance	Fully	Not applicable.
Performance Indicators			
Economics			
EC1	Direct economic value generated and distributed	Fully	Not applicable. TCTA is a non-profit organisation and does not create a surplus or loss.
EC3	Coverage of the organisation's defined benefit plan obligations	Fully	Not applicable.

Ref No.	Description	Compliant	Comment
Market Presence			
EC6	Policy, practices and proportion of spending on locally based suppliers at significant locations of operation	Partially	TCTA subscribes to the Construction Sector Charter, which stipulates employment, preferential procurement and enterprise development targets for local development on each project site.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Fully	TCTA is based in South Africa only and all staff are hired locally.
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Fully	Refer to page 23.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Fully	Refer to page 23.
Environmental			
Materials			
EN1	Materials used by weight or volume	None	None. In line with other major organisations, TCTA does not report on the materials consumed in capital projects.
EN3	Percentage of materials used that are recycled input materials	None	None. In line with other major organisations, TCTA does not report on recycled materials consumed in capital projects.
Energy			
EN3	Direct energy consumption by primary energy source	None	None. In line with other major organisations, TCTA does not report on direct energy consumption by primary energy source in capital projects.
EN4	Indirect energy consumption by primary source	None	None. In line with other major organisations, TCTA does not report on indirect energy consumption by primary energy source in capital projects.
EN5	Energy saved due to conservation and efficiency improvements	None	

Ref No.	Description	Compliant	Comment
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives	None	On once-off capital projects, each of which is unique in nature and of limited lifespan, it is difficult to institute programmes which record reduction in consumption of energy.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (internal)	Fully	Head Office is reported under Section C: Sustainability .
Water			
EN8	Total water withdrawal by source	None	Each project withdraws from the adjacent source and the head office draws water from the Vaal River System through Rand Water and Tshwane Metropolitan Municipality.
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	Refer to Environmental Sustainability Aspects. Page 48.
EN13	Habitats protected or restored	Fully	Refer to Environmental Sustainability Aspects. Page 48.
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	Fully	Refer to Environmental Sustainability Aspects. Page 48.
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight	None	Not applicable.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	None	Not applicable.
EN22	Total weight of waste by type and disposal method	Partially	Refer to page 51.
EN23	Total number and volume of significant spills	Partially	None.

Ref No.	Description	Compliant	Comment
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Fully	Not applicable.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Fully	Not applicable.
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully	No significant non-compliance with environmental laws and regulations was identified.
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Fully	None. In line with other major organisations, TCTA does not report on significant environmental impacts of transporting products and other goods and materials used for the organisation's capital projects.
Social: Labour practices and decent work			
Employment			
LA1	Total workforce by employment type, employment contract and region, broken down by gender	Fully	Refer to page 73.
LA2	Total number and rate of new employee hires and employee turnover by age group, gender and region	Partially	Refer to page 73.
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements	Partially	Refer to page 74.

Ref No.	Description	Compliant	Comment
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Not disclosed	
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region and by gender	Not disclosed	
Training and education			
LA10	Average hours of training per year per employee by gender and by employee category	Partially	Refer to page 68.
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not disclosed	
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Fully	All TCTA employees receive regular performance reviews and are required to submit a Personal Development Plan each year.
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Fully	Refer to pages 70 to 74.
Equal remuneration for women and men			
LA14	Ratio of basic salary and remuneration of women to men (internal)	Not disclosed	

Ref No.	Description	Compliant	Comment
Social: Human rights			
Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken	Fully	No incidents of discrimination were reported during the period under review.
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Fully	No violations were identified.
Child labour			
HR6	Measures taken to contribute to the effective abolition of child labour	Fully	No violations were identified.
Forced and compulsory labour			
HR7	Measures to contribute to the elimination of all forms of forced or compulsory labour	Fully	No violations were identified.
Indigenous rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Fully	No violations were identified.
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/ or impact assessments	Fully	None.
Remediation			
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms	Fully	None.

Ref No.	Description	Compliant	Comment
Social: Product responsibility			
Customer health and safety			
PR1	Life-cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Fully	Not applicable.
Product and service labelling			
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Fully	Not applicable.
Marketing communications			
PR6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship	Fully	Not applicable.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship by type of outcomes	Fully	Not applicable.
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	Not applicable.
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Fully	Not applicable.

LIST OF ABBREVIATIONS/ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
AMD	Acid Mine Drainage
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
BA	Basic Assessment
BCM	Business Continuity Management
BPS	Basis Points
BRVAS	Berg River – Voelvllei Augmentation Scheme
BSC	Bid Specification Committee
BWP	Berg Water Project
CAF	Combined Assurance Forum
CBD	Central Business District
CEO	Chief Executive Officer
CHS	Construction Health and Safety
CODIA	Compensation for Occupational Injuries and Diseases Act
CODM	Chief Operating Decision Maker
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID	Coronavirus disease
CPD	Corporation for Public Deposits

CPI	Consumer Price Index
CSA	Control self-assessment
CSI	Corporate Social Investment
CUC	Capital Unit Charge
DBSA	Development Bank of Southern Africa
DFFE	Department of Water and Sanitation
DTN	Delivery Tunnel North
DWS	Department of Forestry, Fisheries and Environment
EA	Environmental Authorisation
EA	Executive Authority
EAP	Economic Active Population
ECL	Expected Credit Loss
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EKZNW	Ezemvelo KwaZulu-Natal Wildlife
EMPr	Environmental Management Programmes
ER	Employee Relations
ERM	Enterprise Risk Management
ERP	Enterprise resource planning
ESMS	Environmental and Social Management System

ExCo	Executive Committee
FGD	Flue Gas Desulphurisation
GFA	Guarantee Framework Agreement
GOL	Government of Lesotho
GRAP	Generally Recognised Accounting Practices
HC	Human Capital
HCSEC	Human Capital, Social and Ethics Committee
HR	Human Resource
HRIS	Human Resource Information Systems
IAR	Integrated Annual Report
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICT	Information and Communication Technology
ICTGC	Information, Communication and Technology Governance Committee
IDC	Industrial Development Corporation
IFRS	International Reporting Standards
IIA	Institute of Internal Auditors
ISA	International Standards on Auditing
ISO	International Organization for Standardisation
IT	Information Technology
JSE	Johannesburg Stock Exchange

KOL	Kingdom of Lesotho
KWSAP	Komati Water Scheme Augmentation Project
KZN	KwaZulu-Natal
LGD	Loss given Default
LHDA	Lesotho Highlands Development Authority
LHWC	Lesotho Highlands Water Commission
LHWP	Lesotho Highlands Water Project
LHWP-2	Phase 2 of the Lesotho Highlands Water Project
MCWAP	Mokolo – Crocodile (West) Augmentation Project
MCWAP-1	Phase 1 of the Mokolo – Crocodile (West) Augmentation Project
MCWAP-2A	Phase 2A of the Mokolo – Crocodile (West) Augmentation Project
MMF	Money Market Fund
MMFA	Municipal Finance Management Act
MMTS-2	Phase 2 of the Mooi – Mgeni Transfer Scheme
MOU	Memorandum of Understanding
MRWP	uMzimvubu River Water Project
NDB	New Development Bank
NED	Non-executive director
NEMA	National Environmental Management Act
NGC	Nominations and Governance Committee
NGO	Non-government Organisation

NOE	Notice of Establishment
NPO	Non-profit Organisation
NT	National Treasury
NWRIA	National Water Resource Infrastructure Agency
OHS	Occupation Health and Safety
ORWRDP	Olifants River Water Resource Development Project
ORWRDP-2C	Phase 2C of the Olifants River Water Resource Development Project
PAA	Public Audit Act
PD	Probability of default
PFMA	Public Finance Management Act
PSP	Professional Service Provider
PWV	Pretoria-Witwatersrand-Vaal
RAP	Relocation Action Plan
RDP	Reconstruction and Development Programme
RMB	Rand Merchant Bank
RMS	River Management System
RSA	Republic of South Africa
SA	South Africa
SARS	South African Revenue Service
SDL	Skills Development Levy
SC	Shareholder's Compact

SCM	Supply Chain Management
SIP	Strategic Infrastructure Project
SOE	State Owned Enterprise
SPV	Special Purpose Vehicle
SWSA	Strategic Water Source Area
TCTA	Trans-Caledon Tunnel Authority
TCTA-C	Trans-Caledon Tunnel Authority - Corporate
TGP	Total Guaranteed Package
TM	Talent Management
uMWP	uMkhomazi Water Project
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
VRESAP	Vaal River System Augmentation Project
VRS	Vaal River System
WSP	Water Services Provider
WULA	Water Use License Application
ZAR	South African Rand

