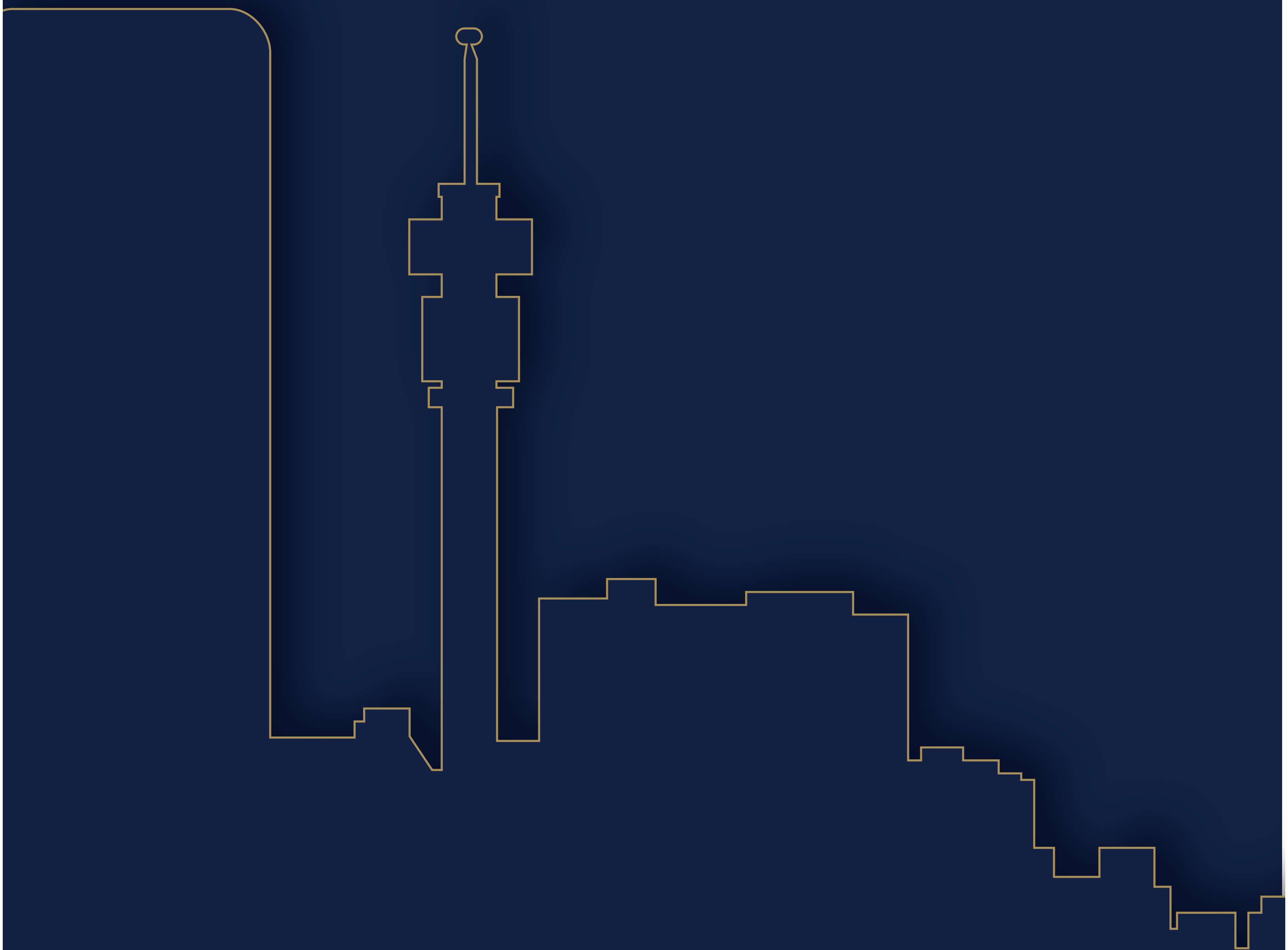

GAUTENG
Infrastructure Financing Agency

ANNUAL REPORT 2022/23

OUR VISION

To be the
Centre of Excellence in
providing catalytic and
innovative financing
mechanisms for strategic
infrastructure projects
in Gauteng

OUR VALUE PROPOSITION

The GIFA is a centre of excellence that provides innovative financial solutions for key infrastructure projects in the province. GIFA provides a one stop service to provincial departments, municipalities and agencies. Through high quality skills and expertise, the GIFA converts project concepts or ideas into bankable proposals that would attract funding from investors community locally and internationally

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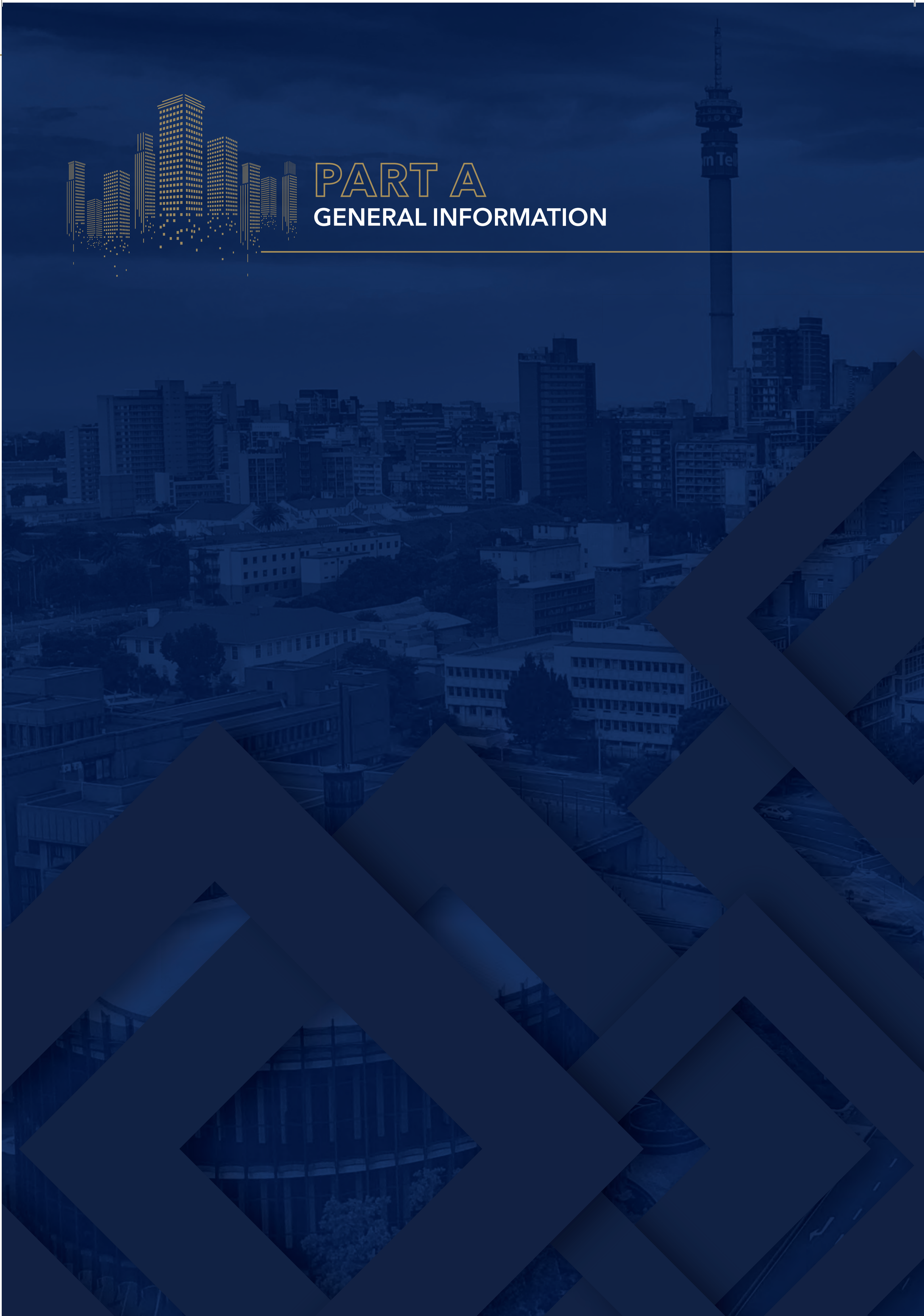
GENERAL INFORMATION



1. DEPARTMENT GENERAL INFORMATION

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WEBSITE ADDRESS:	www.gifa.gov.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AIDC	Automotive Industry Development Centre
AGSA	Auditor General of South Africa
AfDB	African Development Bank
AIF	Africa Investment Forum
AO	Accounting Officer
AOP	Annual Operational Plan
APP	Annual Performance Plan
ASISA	Association of Investments and Savings South Africa
AWTT	Alternative Waste Treatment Technology
BASA	Banking Association of South Africa
BBBEE	Broad Based Black Economic Empowerment
BFI	Budget Facility for Infrastructure
CBD	Central Business District
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMC	Change Management Committee
COGTA	Department of Cooperative Governance and Traditional Affairs
COJ	City of Johannesburg
COT	City of Tshwane
DBSA	Development Bank of South Africa
DPSA	Department of Public Service and Administration
DED	Department of Economic Development
DID	Department of Infrastructure Development
DKD	Disassembly Knock-down
DOH	Department of Health
DPSA	Department of Public Service
EB	Enterprise Building
EIB	European Investment Bank
EMM	Ekurhuleni Metropolitan Municipality
EOI	Expression of Interest

FWRDWA	Far West Rand Dolomitic Water Association
GFA	Gauteng Funding Agency
GIFA	Gauteng Infrastructure Financing Agency
GBN	Gauteng Broadband Network
GPG	Gauteng Provincial Government
GPL	Gauteng Provincial Legislature
GPT	Gauteng Provincial Treasury
GRAP	Generally Recognised Accounting Practices
GICC	Gauteng Infrastructure Coordinating Council
GTAC	Government Technical Advisory Centre
HOD	Head of Department
IDZ	Industrial Development Zone
IFC	International Finance Corporation
ISA	Infrastructure South Africa
JMP	Jewellery Manufacturing Precinct
KGR	Krugersdorp Game Reserve
KPA	Key Performance Areas
LH	Logistics Hub
MEC	Member of Executive Council
MTEF	Medium Term Expenditure Framework
OHSA	Occupational Health & Safety Act
OOP	Office of the Premier
ORTIA	OR Tambo International Airport
PBC	Premier's Budgeting Council
PC	Pharmaceutical Company
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
PICC	Presidential Infrastructure Co-ordination Council
PMO	Project Management Office
PPF	Project Preparation Facility
PPP	Public Private Partnership
RFQ	Request for Qualification

SANSA	South Africa National Space Agency
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SHERQ	Safety Health, Environment and Risk and Quality
SEIA	Socio-economic Impact Assessment
SMME	Small Medium and Micro Enterprises
SOB	State-owned Bank
SOPA	State of the Province Address
SOP	Standard Operating Procedure
TA	Treasury Approval
TIH	The Innovation Hub
TOR	Terms of Reference
TR	Treasury Regulations
WR	West Rand

Jacob Mamabolo
MEC: Finance

3. **FOREWORD** BY THE MEC

The 2022/23 financial year represents the second-to-last year of the 5-year term for the 6th Administration of the Gauteng Provincial Government (GPG).

With the goal of providing optimal service to the residents of Gauteng Province, we made a deliberate and informed decision to prioritize service delivery in townships, informal settlements, and hostels (TISH).

Furthermore, the Gauteng Provincial Government through the leadership of the Premier Panyaza Lesufi, decided to elevate five priorities in the Growing Gauteng Together (GGT2030) action plan.

These elevated priorities are:

- Economic recovery and reconstruction;
- Strengthening the battle against crime, corruption, vandalism, and overcoming lawlessness;
- Changing the living conditions, in townships, informal settlements, and hostels;
- Prioritization of the health and wellness of people; and,
- Strengthening the capacity of the state.

These priorities will continue to guide the government program in Gauteng until the conclusion of the sixth administration, fostering enhanced service delivery and promoting greater engagement with citizens and diverse sectors of our population.

Each department will bear the responsibility of achieving the set delivery improvements and transformation targets, aligned with the heightened priorities.

The Gauteng Infrastructure Financing Agency, a strategically positioned agency under the Gauteng Provincial Treasury (GPT), will play a crucial role in certain projects of these departments, particularly by introducing innovative financing solutions.

In the 2022/23 financial year, GIFA has already achieved remarkable success in this endeavor by securing R1.5 billion for the construction of new schools in Gauteng.

GIFA has also been assigned the responsibility of raising alternative funding for the hospital revitalization program, with six hospitals already identified.

Additionally, GIFA has been entrusted with the task of devising innovative funding solutions for projects addressing the energy crisis, including the Rooiwal and Kelvin Power Stations.

Already GIFA is involved in renewable energy projects such as the Merafong Solar Farm Cluster and GPG has released parcels of land to at least six independent power producers to develop and operate solar farm cluster.

The solar farm is expected to generate about 800MW for Gauteng and forms part of the province's interventions to mitigate the effects of load-shedding.

GIFA is collaborating with the Gauteng Provincial Treasury on three vital projects, namely the revenue generation project, the establishment of a State-owned bank, and the pharmaceutical company. GIFA has made significant progress on the Rooftop Solar PV, Phase 1 project and the Innovation Hub, Enterprise Building 3 projects.

The projects are at the financial close stage and GPG will conclude PPP Agreements with the private parties in the first quarter of the 2023/24 financial year.

Two projects that GIFA has supported over the years are already in implementation stage, these are; the Jewellery Manufacturing Precinct (JMP), and the West Rand Mega Park (also known as Protea City).

The buildings of the JMP hub have been constructed and tenants in the jewellery beneficiation sector will occupy from 2023/24 financial year.

The bulk infrastructure requirements have been put in place for the developers of West Rand Mega Park to launch the development phase 1 in 2023/24 financial year.
The partnership established with the African Development Bank (AfDB) will provide support in funding the development of the Merafong Bio-energy Park and West Rand Agri-Park in the West Rand.

This collaboration has the potential to extend to additional projects outlined in the Bokamoso BaRona Initiative.

Additionally, the Sedibeng Agro-processing and Tshwane Freight and Rail projects are slated for accelerated progress, aiming to achieve financial close by the conclusion of the 2023/24 financial year.

In conclusion, I extend my gratitude to Mr. Oupa Seabi, the CEO of GIFA, and his team for their diligent efforts in positioning GIFA as a center of excellence in delivering innovative financing solutions for infrastructure projects within the Gauteng Provincial Government.

Mr. J. Mamabolo, MEC
MEC for Finance
Date: 31 July 2023

Mr. P.H.O Seabi
CEO: GIFA

4. REPORT OF THE ACCOUNTING OFFICER

Introduction

The purpose of this report is to highlight the performance of the Gauteng Infrastructure Financing Agency (GIFA) for the reporting period of 1 April 2022 to 31 March 2023, in compliance with Section 40 of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) and specific financial matters for the period under review.

Overview of the Operations of the GIFA

Overview of the Performance Results and Challenges

This section provides an overview of GIFA's performance in 2022/23 financial year and the focus is on performance of the following programmes, which are:

Programme 1: Administration,

Programme 2: Project Development & Compliance and

Programme 3: Structured Finance.

PERFORMANCE ON PLANNED TARGETS

PROGRAMME 1
ADMINISTRATION

All 17 targets within Programme 1 were achieved and these are mainly compliance targets guided by relevant legislation and regulations in the following key performance areas:

- Risk and Ethics Management
- Strategy, Monitoring And Evaluation
- Financial Management
- Human Resources Management
- Communication and Stakeholder Relations Management
- Information Technology
- Auxiliary Services

PROGRAMME 2
PROJECT DEVELOPMENT & COMPLIANCE

GIFA sourced five (5) projects in 2022/23 financial year and these were mainly referred to GIFA as part of the Premier's Elevated Priorities. The projects are:
- State-owned Bank
- State-owned Pharmaceutical Company
- Hospital Revitalization
- Land Optimisation project
- Energy Solutions project

One (1) feasibility study was completed in 2022/23 financial year:
- Gauteng Provincial Legislature

Two (2) legal due diligence studies were completed and approved for the following projects:
- State-owned Bank
- State-owned Pharmaceutical Company

PROGRAMME 3
STRUCTURED FINANCE

Analysed one (1) project for bankability in 2022/23 financial year:
- Gauteng Provincial Legislature (GPL)

Two (2) projects facilitated for conclusion of financial close:
- Innovation Hub: EB 3
- Rooftop Solar PV: Phase 1

One (1) project concluded financial close
- R1,5 billion was raised for Gauteng Schools Programme from National Treasury's Budget Facility for Infrastructure (BFI).

Project Performance and Progress for 2022/23 Financial Year

In 2022/23 financial year, the GIFA projects portfolio was made up of 19 flagship projects including two projects that were announced by the Provincial Executive Council as part of the GPG Elevated Priorities, the projects are State-owned Bank and State-owned Pharmaceutical Company. Flagship projects are those that have a high possibility of concluding financial close within the current term and concerted effort is made to manage any challenges of these projects through multi-stakeholder interventions. GIFA has also established a War Room to facilitate these multi-stakeholder interventions. These projects are at different stages of the development life-cycle. Below is the progress of each project during the 2022/23 financial year:

- ## Jewellery Manufacturing Precinct

  Phase 2: Jewellery Manufacturing Precinct - The construction of the Jewellery Manufacturing Hub is in progress and the completion date of all the 10 buildings of the hub is estimated to be end April 2023. 95% of Gross Leasable Area (GLA) of the hub has received lease offers from the potential tenants and these will be converted into Lease Agreements in 2023/24 financial year.
  Phase 3: Super Block – The construction of the office park building was completed in Quarter 1 and it houses the Gauteng IDZ, regulators of the jewellery manufacturers and South African Receive Service.

- ## The Innovation Hub: EB2 and EB 3

  Public Private Partnership Agreement (PPPA) negotiations between government and the private party are ongoing. The private party signed a tenancy lease with the South African National Space Agency (SANSA) in the previous financial year. The private party and the lender (ABSA Bank) signed the term sheet that will be converted into a loan agreement for the construction of the Enterprise Building 3 (EB3) at the Innovation Hub. The next critical step is the signing of the PPPA by the Department of Economic Development, Innovation Hub and the private party in the 2023/24 financial year.

  The private party will promote Enterprise Building 2 in earnest during the 2023/24 financial year.

- ## West Rand Mega Park (includes West Rand Logistics Hub)

  The start of Phase 1 was delayed by the developer's lack of access to the electricity grid which can be accessed via the envisaged PWV16 road. To provide the servitude, the Gauteng Department of Roads and Transport (GDR&T) as the road owner, prepared the Service Level Agreement (SLA), that will be signed by all relevant stakeholders, that is; ESKOM, SANRAL, the Department and the developers. The developer has secured 4MW of electricity to launch the development of Phase 1 of the project. Long-term electricity solutions will be worked out with ESKOM.

- ## Kopanong Precinct Project

  The bid adjudication process was delayed due to the critical matters raised by the Bid Adjudication Committee (BAC) and this required National Treasury's assistance to advise and guidance. Following National Treasury's response, the adjudication process was completed in Quarter 4 and TAII(b) report was completed and submitted to the accounting officer of Gauteng Infrastructure Development (GDID) for approval and submission to National Treasury. The outcome of the TAII(b) application will determine a wayforward for the project in the 2023/24 financial year.

- ## Rooftop Solar PV Phase 1

  The conclusion of the PPPA negotiations with the private party were delayed by the private party's request to conduct a legal due diligence on the GIFA procurement process of the project. Once completed the PPPA will be signed and the TAIII application will be submitted to National Treasury for approval to conclude financial close by end of Quarter 1, 2023/24 financial year.

- **Krugersdorp Game Reserve (KGR)**
  The feasibility study was completed and approved by the Mogale City Council. The 60-day Public Notice has been issued and this will be followed by TVRII(a) application to National Treasury. The project will be released market in Quarter 1 of 2023/24 financial year.

- **Merafong Solar Farm-Cluster**
  The project was released to market and six (6) independent power producers were selected. The land allocation process to the developers was completed including the lease negotiations. The signing of the lease agreements between the six developers and project owner, Bokamoso Ba Rona (NPC) will be completed in Quarter 1 of 2023/24 financial year.

- **Merafong Bio-energy Park and the West Rand Agri-Park**
  Two critical studies were completed, the land assessment study on the sites of the projects and the Environmental/ Social Assessment study. The due diligence study was also completed. The market engagement process will be undertaken, whereby the projects will be promoted to relevant stakeholders such as developers, funders/ investors, and beneficiaries in 2023/24 financial year.

- **City of Johannesburg AWTT**
  National Treasury issued TVRI with condition that the project should be affordable. The TVRI and TVRII(a) were submitted to National Treasury for approval. The project is expected to be released to the market in 2023/24 financial year once the TVRII(a) is issued.

- **Sedibeng Agro-processing Hub**
  The TVRI and TVRII(a) were received from National Treasury and the Request for Qualification (RFQ) was issued to market in Quarter 4.

- **Gauteng Schools Programme**
  The Budget for Infrastructure (BFI) grant application was approved for R1.5 billion. The funds will be used for the design and construction of 18 schools. The tender for Project Management Unit (PMU) that will manage the construction process was released in Quarter 4 and the RFP for design and construction will be released to market in Quarter 1 of 2023/24 financial year.

- **Gauteng Provincial Legislature (GPL)**
  The feasibility study was completed in Quarter 3 and submitted to the project owner (GPL) for approval. The TAI application will be prepared and submitted to National Treasury in Quarter 1 of 2023/24 financial year.

- **State-owned Bank (SOB) and Pharmaceutical Company (PC)**
  The two projects were announced as part of the GPG Elevated Priority projects. The legal diligence of the two projects were conducted and the final reports were completed in Quarter 4. The business cases of the bank and the pharmaceutical company will be developed in 2023/24 financial year.

- **AIDC Rail & Freight/ Pyramid**
  Feasibility study in ongoing and will be completed in 2023/24 financial year.

- **PWV15 Road and Gauteng Broadband Network**
  The two projects are at initiation stage. Process is underway to procure the services of the Transaction Advisors to conduct feasibility studies in 2023/24 financial year.

Overview of the key challenges

The challenges that impacted on GIFA projects in 2022/23 financial year:

1. Processes and decisions that are not within GIFA's control, these are:
   - Rooftop Solar PV: Phase 1 – The private party took a decision to conduct a due diligence on GIFA's procurement process on the project. This has delayed the conclusion of the PPPA process and financial close.
   - Innovation Hub: EB 3 – The process of finalizing funding arrangements by the private party and the lenders was protracted and this delayed conclusion of the PPPA process and financial close.
   - Sedibeng Agro-processing Hub – Approval of TVRI and TVRII(a) by National Treasury was protracted.
   - Krugersdorp Game Reserve – Approval of the feasibility study by the Municipal Council was protracted.
   - Kopanong Precinct Project – Protracted BAC process and delays in submitting the TAII(b) report.

Remedial Action

The key challenges will be addressed through the following interventions:

- GIFA will strengthen its stakeholder relations and communications function and work closely with municipalities particularly in tracking decisions and developing feedback mechanisms.
- There will be an improvement of political sponsorship and end-user/ project owner accountability.
- GIFA will work closely with National Treasury's GTAC Unit to ensure that there is fast-track of the approval processes.

Summary of Project Status

The table illustrates the GIFA pipeline of flagship projects.

Table 1: Projects per Stage

Initiation Stage	Feasibility Stage	Market Release	Procurement Stage	Financial Close	Implementation Stage
• PWV 15 Freeway • Gauteng Broadband Network	• Gauteng Provincial Legislature • Tshwane & Freight/ Pyramid • State-owned Bank • State-owned Pharmaceutical Company	• COJ: AWTT • West Rand Agri-Park • Merafong Bio-energy Park • Krugersdorp Game Reserve • Sedibeng Agro-processing Hub	• Kopanong Precinct Project	• Rooftop Solar Panels: Phase 1 • The Innovation Hub: EB 2 • The Innovation Hub: EB3 • Merafong Solar Farm Cluster • Gauteng Schools Programme	• Jewellery Manufacturing Precinct • West Rand Mega Park
2	4	5	1	5	2

Overview of the financial results of the department

DEPARTMENTAL RECEIPTS

GIFA receives an annual transfer from Gauteng Provincial Treasury (GPT). This transfer payment is used to cover the operational costs of GIFA for the financial year. An amount of R63,71 million was allocated for the 2022/23 financial year.

Interest received on GIFA's positive bank balance will be disclosed in the financial statements.

PROGRAMME EXPENDITURE

The budget of the GIFA is not appropriated and tabled independently thus no comparatives between budget and actual activities are given in the financial statements. The budgets are prepared on cash basis and presented to the GPT as part of their budget by economic classification linked to performance outcome objectives. It covers the fiscal period from 01 April 2022 to 31 March 2023 for the GIFA.

In 2022/23, GIFA spent 97% of its R 63,71 million budget.

No unauthorised, irregular expenditure or fruitless and wasteful expenditure occurred in the year under review.

Programme Name	2021/2022			2022/2023		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Administration (Includes Strategy, Monitoring and Evaluation, Finance and Corporate Services)	39 827	6 202	3 625	41 514	40 276	1 238
Project Development & Compliance	16 310	15 869	441	15 547	15 430	117
Structured Finance	7 907	5 474	2433	6 645	6 299	346
Total	**64 044**	**57 545**	**6 499**	**63 706**	**62 005**	**1 701**

Economic Classification	2021/2022			2022/2023		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Current Payments	63 044	56 778	6 266	62 756	61 244	1 512
Compensation of Employees	43 324	40 332	2 992	43 626	42 761	865
Goods and Services	19 720	16 446	3 274	19 130	18 483	647
Capital Assets	1 000	767	233	950	761	189
Total	**64 044**	**57 545**	**6 499**	**63 706**	**62 005**	**1 701**

For the 2022/23 financial year, GIFA's budget allocation was reduced in line with the provincial baseline cuts.

Programme 1: Administration
The programme spent 97% of its budget for the 2022/23 financial year.

Programme 2: Project Development and Compliance
This programme spent 99% of its budget for the 2022/23 financial year.

Programme 3: Structured Finance
The programme has spent 95% of the 2022/23 financial year budget.

Virements

Virements were undertaken from Programmes 1 to Programme 2 within the Economic Classification, from Compensation of Employees to Goods and Services.

Due to PPF funding challenge, GIFA reprioritised an amount of R2,750 m from its operational budget for project development costs in the 2022/23 financial year.

Funder Engagement Events of 2022/23

a) **CAIRO:** The purpose of the trip was to embark on a benchmarking exercise by GIFA's Structured Finance and Project Development Units at the Public-Private Partnership Central Unit under the Ministry of Finance in Cairo, Egypt. The mission was a blend of meetings and two site visits to existing PPP projects that are in operation, namely the New Cairo Wastewater Treatment Plant and the 6th of October Dry Port PPP Project. The trip offered an opportunity to engage in discussions with the Central PPP Unit on protocol, structure, operations and approvals process to implementation. Site visits were also conducted.

b) **MAURITIUS:** The purpose of the trip was to firstly, attend the Pension Funds & Alternative Investments Conference which as one of its major topics was the "financing of infrastructure with pension funds". Secondly, the trip was designed to engage with funders and investors in the agricultural sector. Of particular interest was the consolidation of the sugar cane industry structure (largest agricultural product in Mauritius), the opportunities and challenges arising out of that, and the implications from a financing perspective. This was to help prepare for some of GIFA's agricultural projects in the West Rand. The trip included two site visits to leading players in the agricultural sector, and they shared on their approach to sustaining the industry through various mechanisms.

c) **CAPE TOWN:** The GIFA attended the 2022/23 Bonds, Loans and Sukuk Africa Conference in Cape Town, where GIFA engaged funders on various funding strategies for projects as part of its Funder Engagement Strategy and Plan.

Future plans of the Entity

In the 2023/24 financial year, the GIFA will maintain the following key plans which are also outlined in the Annual Performance Plan:

a. **SUSTAINABLE FLOW OF INFRASTRUCTURE PROJECTS PIPELINE**

The GIFA will continue to ensure that there is a sustainable inflow of strategic infrastructure projects that are sourced from GPG departments, municipalities and agencies. The GIFA will also take in projects that are referred by the Executive Council as part of the Elevated Priorities of GPG. The screening toolkit and filtration criteria will be implemented to ensure that project value are sourced into the pipeline. The Business Process Re-engineering process has provided a robust and stringent prioritisation tool to rate projects in terms of impact and probability of success and alignment to the government priorities.

b. **COMPLETE FEASIBILITY STUDIES AND BUSINESS CASES**

The GIFA will conduct and complete at least three feasibility studies in 2023/24 financial year. This will include the business cases for the State-owned Bank and the Pharmaceutical Company. and release at least three projects to the market during 2023/24.

c. RELEASE PROJECTS TO THE MARKET

The GIFA will release three projects to the market. This will include Gauteng Schools Programme, Sedibeng Agro-processing Hub, Krugersdorp game Reserve and the COJ Alternative Waste Water Treatment Plant.

d. ACHIEVE FINANCIAL CLOSE FOR PROJECTS

The GIFA will continue to facilitate projects to reach financial close stage. At least five projects will be prioritised for 2023/24 financial year and the projects earmarked are: Merafong Solar Farm Cluster, Merafong Bio-energy Park, West Rand Agri-park, Gauteng Schools Programme, Krugersdorp Game Reserve, Sedibeng Agro-processing Hub.

e. ENERGY CRISIS SOLUTIONS

The GIFA will support GPG programmes on the energy crisis solutions by providing innovative funding solutions to the programme.

f. LAND OPTIMISATION STRATEGY

In an effort to provide solutions to raising revenue for the province to finance the e-Toll repayment agreement, GIFA will explore the optimisation of GPG owned land to generate revenue for the province.

g. GAUTENG HOSPITAL REVITILISATION

The GIFA will work with the Gauteng Department of Health (GDOH) to develop the businesses cases of at least six identified hospitals and apply for grant funding to finance the revitilisation of these hospitals.

h. PROFILE THE ROLE OF GIFA AND MOBILISE POTENTIAL INVESTORS

The GIFA plans to continue building its profile within the Province by engaging with the municipalities and source infrastructure projects. The GIFA will continue to mobilise potential investors through various activities such as investor roadshows and conferences such as the African Investment Forum.

Consolidation of its partnerships with organisations such as the Development Bank of Southern Africa (DBSA), African Development Bank (AfDB), the Banking Association of South Africa (BASA), Association of Investments and Savings South Africa (ASISA), the Public Investment Corporation (PIC) will continue in earnest. Such partnerships have provided the GIFA with important linkages to funders. The GIFA will undertake an engagement exercise that is twofold, firstly aiming to provide the funders with an update of GIFA's project pipeline and secondly to solicit funders' interest on the projects.

Public Private Partnerships

The GIFA is working on a number of projects in the flagship list, that are either registered as PPPs or have been recommended for PPP procurement model in the feasibility studies. It should be noted that GIFA is not the project owner of these PPP projects, therefore, the PPP Agreements are signed between the project owner and the implementer. The list below illustrates provincial and municipal based projects:

Public Private Partnerships			
Provincial	**Owner**	**Municipal**	**Owner**
Kopanong Precinct	GDID	Sedibeng-Agro-processing Hub	Sedibeng District Municipality
Rooftop Solar PV: Phase 1	GDID/ GDOH	Krugersdorp Game Reserve	Mogale City Local Municipality
Innovation Hub: EB2	GDED	COJ: AWTT	City of Johannesburg Metropolitan Council
Innovation Hub: EB3	GDED		
Gauteng Provincial Legislature	GPL		

Discontinued activities

There are no major discontinued and or proposed major activities to be reported for the 2022/23 financial year.

Supply chain management

There were no unsolicited bid proposals concluded for the year under review. There was no irregular expenditure in 2022/23 financial year. The GIFA complied with the Supply Chain Management (SCM) policies and there were no major challenges experienced in SCM.

Gifts and Donations received in kind from non-related parties

No gifts and donations were received in kind from related or non-related parties.

Exemptions and deviations received from the National Treasury

The GIFA as a government component uses Generally Recognised Accounting Practice (GRAP) as its reporting framework and a deviation was received from National Treasury.

Events after the reporting date

None.

Other

There were no other material facts or circumstances, which influence the understanding of the financial state of affairs, not addressed elsewhere in this report.

Conclusion

It is worth noting that the process of finalising the new organisational structure of GIFA was suspended following the outcome of the assessment process by the Office of the Premier in consultation with the Department of Public Service and Administration (DPSA). To ensure that service delivery is not negatively impacted by this, GIFA will enhance its capacity with experience and expertise through the establishment of the Project Management Office (PMO). This will include having the capacity to implement the GPG Elevated Priority projects that have been assigned to GIFA. Finally, it will be prudent to look into re-positioning of GIFA within the province in an effort to make it more effective. This will require reviewing the mandate, the capacity and the positioning of GIFA within the GPG.

Acknowledgements

I wish to express special appreciation to the MEC, for her guidance and support. I would also like to thank the GIFA staff for their tireless contributions in ensuring that the GIFA achieves its set targets and in striving to become a centre of excellence in project development and finance.

Approval and sign off

The Annual Financial Statements set out on page 107 have been approved by the Accounting Officer.

Mr. P.H.O Seabi
Accounting Officer
Gauteng Infrastructure Financing Agency
Date: 31 July 2023

5. **STATEMENT** OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2022.

Yours faithfully

Mr. P.H.O Seabi
Accounting Officer
Date: 31 July 2023

6. STRATEGIC OVERVIEW

6.1 VISION

To ensure alternative funding for Gauteng's strategic infrastructure projects.

6.2 MISSION

- To set up a central point of coordination for all strategic infrastructure projects in the province;
- To identify bankable infrastructure projects through project filtration criteria and feasibility studies;
- To explore various funding mix through research on local and international best practices in project finance;
- To mobilise potential investors to support identified and approved infrastructure projects that are not funded through own Revenue Fund; and
- To monitor the implementation of infrastructure projects through successful contractual relationships between GPG departments and investors.

6.3 VALUES

The values and principles that underpin the GIFA are predicated on the principles of Batho Pele and are:

Value	What it means
Value Employees	We attract, motivate, and retain talented people through career path, developing skills and empowering our employees. We also help them perform at consistently high levels by encouraging their professional and personal development. We reward their performance, treat them fairly, equally and we aim to be an employer of choice
Honesty and Integrity	We will represent information transparently and truthfully, will honour our commitments; firmly adhere to a code of moral and ethical principles and will display professionalism in the workplace by being non-biased and objective
Service Excellence	We place high value on our stakeholders and strive to meet their expectations and requirements by offering consistently good customer service, in both roles of support and / or oversight
Teamwork	We align, collaborate, and communicate within and across the business units to meet the needs of our customers/stakeholders. We are committed to information and knowledge sharing
Respect and Dignity	We will treat others with sensitivity, respect and have consideration for their uniqueness and personality differences and act within the law.
Accountability	We take full responsibility and ownership of our actions, by not passing the buck. We will have a positive, professional, and productive approach to our work

7. **LEGISLATIVE** AND OTHER MANDATES

- The GIFA is established as a government component in terms of section 7(5)(d) of the Public Service Act, 1994 following the President's Proclamation No. 69 of 2014 (Government Gazette No. 38088), within the portfolio of the MEC responsible for Finance in the Province with effect from 17 October 2014;

- The Premier of Gauteng Province proclaimed the Administration and Operations of the GIFA in the General Notice that was published on 13 July 2015 in the Provincial Gazette. Part 2 of the General Notice outlines the objectives, functions and powers of GIFA.

- In 2009 Exco approved the creation of the Gauteng Funding Agency (GFA) later known as GIFA with the following objectives:

  - o To support provincial departments and municipalities with planning, management, and other technical expertise to roll out infrastructure more efficiently and effectively;
  - o To address challenges around infrastructure delivery capacity and skills where it lacks in government;
  - o To facilitate and coordinate alternative funding means for key strategic economic infrastructure projects;
  - o To develop strategic social infrastructure projects for funding through the fiscus.

8. **ORGANISATIONAL** STRUCTURE

9. ENTITIES REPORTING TO THE MEC

The table below indicates the entities that report to the MEC of Finance.

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
Gauteng Infrastructure Financing Agency	NOTICE 2269 OF 2015 PUBLIC SERVICE ACT, 1994 (Promulgated under Proclamation No. 103 of 1994). ADMINISTRATION AND OPERATIONS: GAUTENG INFRASTRUCTURE FINANCING AGENCY ("GIFA")	Transfer payment from Gauteng Provincial Treasury's Vote 14 Budget to GIFA for operations.	Approve funding applications from provincial departments and municipalities. Take project ideas or concepts through a projectdevelopment-cycle for full feasibility study, due diligence, risk analysis, financial modelling, optimal funding solutions, market sounding, identifying the funder and implementer and concluding financial close

PART B
PERFORMANCE INFORMATION

1. **AUDITOR-GENERAL'S** REPORT: PREDETERMINED OBJECTIVES

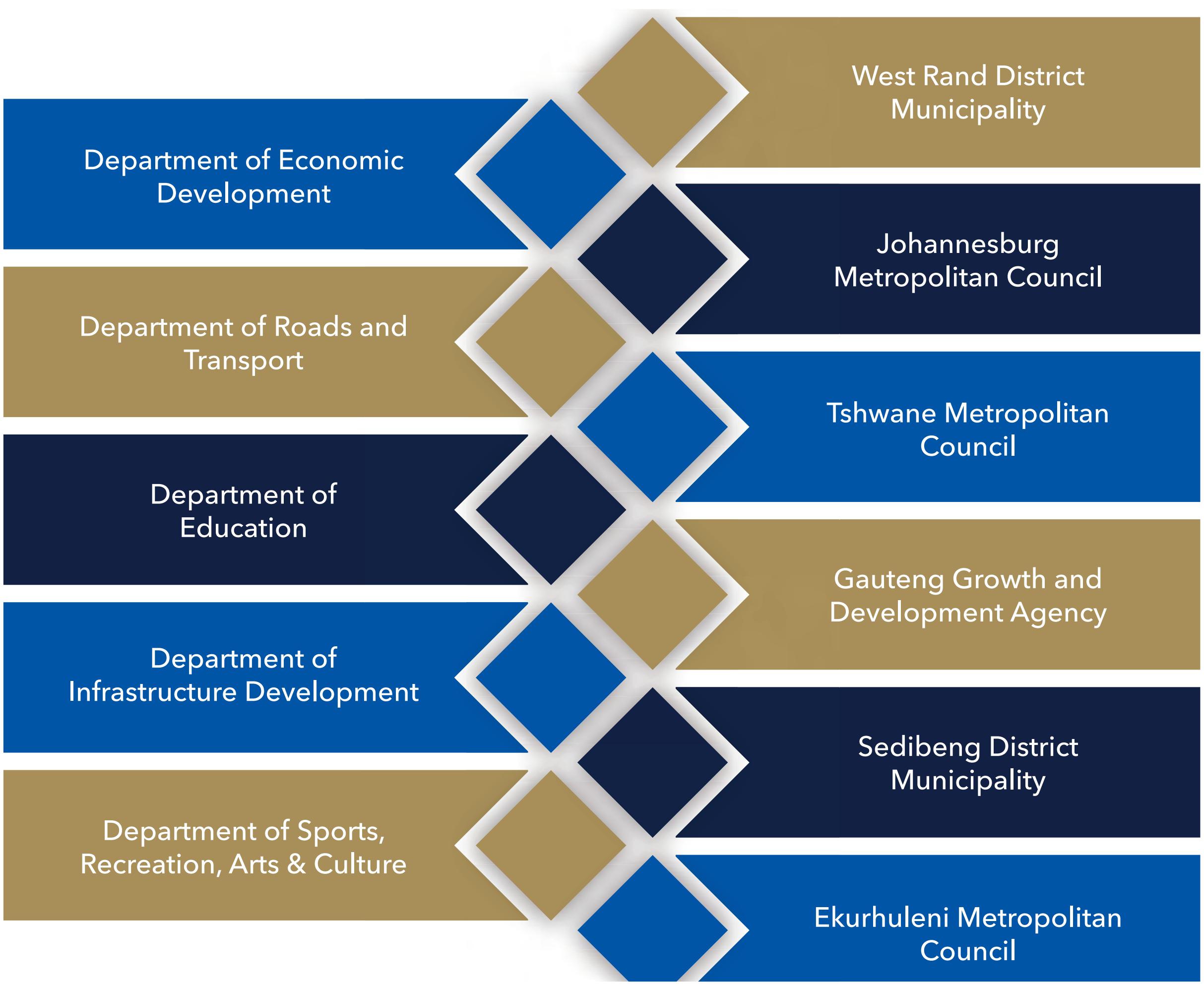
The AGSA currently performs certain audit procedures on the performance information to report whether material findings were identified. The results of the findings engagement on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 105 of the Report of the Auditor General, published as Part F: Financial Information.

2. **OVERVIEW** OF DEPARTMENTAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

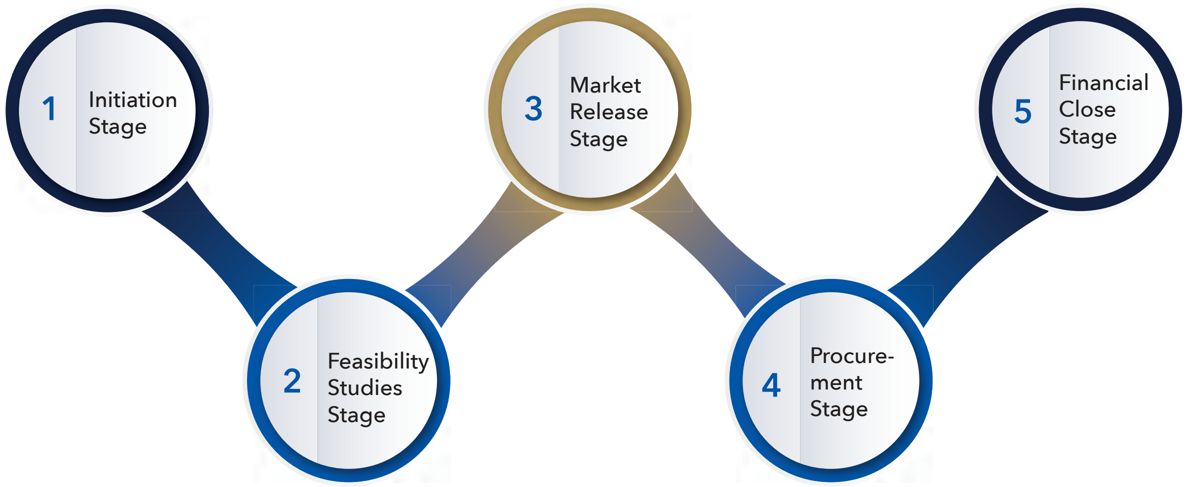
The type of service offered by the GIFA to its clients is project development support, financial structuring and facilitation of funding opportunities to finance infrastructure projects off budget or off-balance sheet of the project owners. The primary clients or beneficiaries of GIFA's services are GPG departments, municipalities and their agencies. The GIFA does not deliver services directly to the public. Over the past years the clients have been:



The GIFA supports these client institutions in preparing projects to a point where they can be funded and implemented. In 2022/23 the GIFA continued to engage departments and municipalities on the current projects in the pipeline and also sourced new projects. This has impacted positively on the demand for GIFA services in the province.

For GIFA to deliver an efficient and effective service to its clients it has developed a service delivery process flow for project preparation. The process flow explains the steps undertaken during project preparation.

2.2 SERVICE DELIVERY PROCESS-FLOW FOR PROJECT PREPARATION



2.3 ORGANISATIONAL ENVIRONMENT

The annual report should provide users with an understanding of the organisational challenges and successes experienced by the department for the reporting period. The aim is to provide a description of any significant developments internal to the department that may have impacted on the department's ability to deliver on its Strategic Plan and Annual Performance Plan, for example, the resignation and/or appointment of key personnel such as the AO or the CFO, a strike by significant portions of departmental officials, restructuring efforts, significant system failures or cases of corruption.

Given that these are factors internal to the department and therefore ostensibly within the department's control, it would be expected that the department gives some indication of any measures that were adopted to mitigate the impact of these events on service delivery.

The GIFA has now established a sustainable pipeline of projects that have been sourced from provincial departments and municipalities. The GIFA completed the Business Process Re-engineering (BPR) Project in 2020/21 and it was implemented from April 2022. The BPR aims to improve GIFA's processes for the delivery of the projects from Initiation Stage to Financial Close Stage. The BPR focuses on the following Key Performance Areas (KPAs). These KPAs are:

- Project Sourcing, Early Project Screening and Multi-Criteria Analysis Tools,
- GIFA Total Quality Management System,
- Market Sounding,
- Communications and Stakeholder Management,
- Project Governance, and
- Project Risk Management Framework and Tool

The BPR Framework was developed, and it provides the tools, Standard Operating Procedures (SOPs), guidelines and frameworks for each of the KPAs. These are implemented to standardise the delivery of the KPAs during the project development cycle.

A Change Management Committee (CMC) has been established to address several issues that impact on the internal organisational environment. These issues include the leadership, employee commitment, communications, decision-making, employee wellness, value system, labour relations, code of conduct, organisational structure, and implementation of BPR. These issues also have an impact on the implementation of the Annual Performance Plan (APP) and Annual Operational Plans (AOP).

The Organisational Structure is in the process of being revised. Posts have been evaluated for recommendation by the Office of the Premier and this will be submitted to the Department of Public South Africa (DPSA) for approval. Several posts have been advertised to improve capacity in critical areas, such as Supply Chain Management and Risk Management.

The GIFA's relationship with African Development Bank (AfDB) has made strides in the projects associated with Bokamoso Ba Rona Initiative and this has led to appointment of Transaction Advisors who will work on West Rand Agri-Park project and Merafong Bio-Energy Park project.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no changes to relevant policies or legislation that may have affected the operations of the GIFA during the period under review.

3. ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

The following are the GIFA's strategic Outcomes and significant achievements with regard to outcome(s):

Strategic Outcome	Achievements Highlights
Bankable infrastructure projects prepared for alternative financing mechanisms	• Sourced three projects in 2022/23 financial year to be developed into bankable infrastructure projects. • In 2022/23 financial year one feasibility study for Gauteng Provincial Legislature was completed and tested for bankability.
Bankable infrastructure projects financed through capital investment raised from alternative sources of funding	• The Gauteng Schools Programme was financed for R1,5 billion through the BFI grant. • The private party and lender signed a term sheet for loan agreement of Innovation Hub: EB3 • Rooftop Solar PV Phase 1 is at financial close stage, the PPPA negotiations are ongoing.

4. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 PROGRAMME 1: ADMINISTRATION

Purpose:
The purpose of this Programme is to provide administration support the GIFA to become a centre of excellence. Key to supporting GIFA is providing strategic leadership, managing risks, monitor and evaluate performance, resources planning and allocation, human resources management, communications, stakeholder relations management and auxiliary services.

Sub- programmes:

- o Risk Management
- o Strategy, Monitoring & Evaluation
- o Office of the CFO
- o Human Resource Management
- o Communication and Stakeholder Relations

Outcomes for the financial year under review:

- o To ensure organisational risks are managed effectively
- o To ensure the 5-year Strategic Plan is implemented effectively
- o To ensure organisational performance is monitored and evaluated effectively
- o To ensure good governance and prudent financial management are practiced
- o To ensure efficient human resources management and effective and human resource development
- o To ensure communication and stakeholder relations management are implemented effectively
- o To ensure effective ICT Strategy that is supporting the efficiency of GIFA's business applications

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
Organisational risks managed effectively	Implementation of the Risk Management Strategy	Approved Risk Management Strategy	Risk Management Policy was reviewed and implemented	Risk Management Policy was reviewed and implemented	Risk Management Strategy reviewed and approved	Risk Management Strategy was reviewed and approved	None	None
5-year Strategic Plan implemented effectively	Approved 5-year Strategic Plan implemented through Annual Performance Plans	Approved Annual Performance Plans	2021/22 Annual Performance Plan was approved and implemented	2022/23 Annual Performance Plan was approved and implemented	2023/24 Annual Performance Plan developed and approved	2023/24 Annual Performance Plan was developed and approved	None	None
Organisational performance effectively monitored and evaluated	Reliable Organisation-wide Monitoring and Evaluation Framework	Reviewed Organisation-wide Monitoring and Evaluation Framework	Organisation-wide M&E Framework was approved and implemented	Organisation-wide M&E Framework was reviewed and implemented	Organisation-wide M&E Framework reviewed and implemented	Organisation-wide M&E Framework was reviewed and implemented	None	None
		Number of approved Quarterly Performance Reports submitted (Standardized Oversight, Accountability and Reporting for Gauteng Province -SOAR-GP)	N/A	N/A	4 Quarterly Performance Reports (SOAR-GP) submitted to Legislature	4 Quarterly Performance Reports (SOAR-GP) were submitted to Legislature	None	None
		Number of approved Quarterly Project Progress Reports submitted	N/A	N/A	4 Quarterly Project Progress Reports submitted to Legislature	4 Quarterly Project Progress Reports were submitted to Legislature	None	None

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
Organisational performance effectively monitored and evaluated	Reliable Organisation-wide Monitoring and Evaluation Framework	Approved Annual Report	N/A	N/A	Annual Report (2021/22) submitted to Legislature	Annual Report (2021/22) was submitted to Legislature	None	None
Organisational business processes effectively monitored and evaluated	Credible Business Process Re-engineering (BPR) Monitoring Reports	Number of approved BPR Monitoring Reports produced	N/A	N/A	4 BPR Monitoring Reports submitted to CEO	4 BPR Monitoring Reports were submitted to CEO	None	None
Good governance and prudent financial management practices	Achieve unqualified audit outcome with no material findings on financial and non-financial performance information, free from material misstatements and non-compliance with legislation	Auditor General's audit outcome	Unqualified audit outcome for 2019/20 financial year was achieved	Unqualified audit outcome for 2020/21 financial year was achieved	Unqualified audit outcome	Unqualified audit outcome for 2021/22 financial year was achieved	None	None
		Number of credible and accurate quarterly and annual financial statements submitted within the prescribed times	N/A	N/A	3 Quarterly and 1 Annual Financial Statements compiled and submitted to Gauteng Provincial Treasury	3 Quarterly and 1 Annual Financial Statements were compiled and submitted to Gauteng Provincial Treasury	None	None
		Implemented Internal Audit Plan	N/A	Internal Audit Plan was implemented	Implementation of Internal Audit Plan	Internal Audit Plan was implemented	None	None
	Effective and efficient contract management	% of contracts concluded with GIFA are managed in terms of deliverables vs payment	N/A	All contracts concluded with GIFA are managed in terms of deliverables vs payments	Ensure all contracts concluded with GIFA are managed in terms of deliverable vs payment	100% of contracts were managed in terms of deliverables vs payment	None	None
		% of suppliers paid within 30 days	All suppliers paid within 30 days	All suppliers paid within 30 days	100% suppliers paid within 30 days	100% of suppliers were paid within 30 days	None	None
Efficient human resources management and effective and human resource development	Implementation of the Human Resource Management and Development Strategy	Approved HRMD Strategy	HRMD Strategy was reviewed and implemented	HRMD Strategy was reviewed and implemented	HRMD Strategy reviewed and implemented	HRMD Strategy was reviewed and implemented	None	None
Communication and stakeholder relations management implemented effectively	Implementation of the Organisation-wide Communication and Stakeholder Relations Strategy	Approved Communications Strategy	Organisation-wide Communication was approved and implemented	Organisation-wide Communication was approved and implemented	Communications Strategy reviewed and implemented	Communications Strategy was reviewed and implemented	None	None

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
Communication and stakeholder relations management implemented effectively	Implementation of the Organisation-wide Communication and Stakeholder Relations Strategy	Approved Stakeholder Relations Strategy	Stakeholder Relations Strategy was approved and implemented	Stakeholder Relations Strategy was approved and implemented	Stakeholder Relations Strategy reviewed and implemented	Stakeholder Relations Strategy was reviewed and implemented	None	None
Effective ICT Strategy that is supporting the efficiency of GIFA's business application	Implementation of the ICT Strategy	Approved ICT Strategy	N/A	ICT Strategy was reviewed and implemented	ICT Strategy reviewed and implemented	ICT Strategy was reviewed and implemented	None	None
Effective Facilities Management Plan that is supporting the efficiency of GIFA's business application	Implementation of the Facilities Management Plan	Approved Facilities Management Plan	N/A	N/A	Facilities Management Plan developed and implemented	Facilities Management Plan was developed and implemented	None	None

PROGRAMME 1 EXPENDITURE

Programme Name	2021/2022			2022/2023		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration (Includes Strategy, Monitoring and Evaluation, Finance and Corporate Services)	39 827	36 202	3 625	41 514	40 276	1 238

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

There are no areas of underperformance in Programme 1.

4.2 PROGRAMME 2: PROJECT DEVELOPMENT & COMPLIANCE

Purpose:

The purpose of this Programme is to source infrastructure projects from sector departments, municipalities, and agencies. The Programme is responsible for developing the projects into comprehensive bankable business plans that are ready for funding and implementation. The key activities of the Programme involve identifying strategic and catalytic projects, conducting pre-feasibility and feasibility studies and releasing projects to the market.

Outcomes for the financial year under review:

To ensure bankable infrastructure projects are prepared for alternative financing mechanisms.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

Programme 2: Project Development & Compliance									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Bankable infrastructure projects prepared for alternative financing mechanisms	Sustainable pipeline of bankable strategic infrastructure projects	Number of sourced projects approved for inclusion into the infrastructure pipeline	3 projects were sourced: a) Innovation Hub: EB 4 b) Innovation Hub: EB 5 c) City of Tshwane Agri-Parks	2 infrastructure projects were sourced: a) ORTIA SEZ Precinct 2 and ORTIA Springs Precinct b) CoT AIDC Inland Port	2 sourced projects approved for inclusion into infrastructure pipeline	1 project sourced approved for inclusion into infrastructure pipeline			

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

Programme 2: Project Development & Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
Bankable infrastructure projects prepared for alternative financing mechanisms	Sustainable pipeline of bankable strategic infrastructure projects	Approved Sourcing Strategy and Plan	N/A	N/A	Sourcing Strategy and Plan reviewed and implemented	Sourcing Strategy and Plan was reviewed, approved and implemented	None	None
		Number of sourced projects approved for inclusion into the infrastructure pipeline	3 projects were sourced: a) Innovation Hub: EB 4 b) Innovation Hub: EB 5 c) City of Tshwane Agri-Parks	2 infrastructure projects were sourced: a) ORTIA SEZ-Precinct 2 and ORTIA Springs Precinct b) CoT AIDC Inland Port	3 sourced projects approved for inclusion into infrastructure pipeline	5 projects were sourced. The projects support the Elevated Priorities of GPG: a) SOB b) PC c) Hospital Revitalisation d) Land Optimisation e) Energy Solutions	2 additional projects were sourced	These 5 projects were referred to GIFA for support following the announcement of the GPG Elevated Priorities
	Completed feasibility studies	Number of feasibility studies approved	1 feasibility study was completed: a) Sedibeng Precinct	2 feasibility studies were completed: a) Krugersdorp Game Reserve b) CoJ AWTT (revised)	3 feasibility studies completed and approved	1 feasibility study was completed: a) GPL	2 feasibility studies were not completed.	The timeframes of the 2 projects namely; PWV15 road and AIDC Inland Port were negatively impacted by the NT's moratorium on procurement of goods and services. As a result, the appointment of the TAs to conduct feasibility studies were delayed.

Programme 2: Project Development & Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement for 2022/23	Reasons for deviations
State-owned bank to integrate SMMEs unserved individuals and township enterprises into the formal financial sector	Developed business case for state-owned bank	Approved business case for State-owned Bank	N/A	N/A	Legal due diligence report on establishment of state-owned bank developed	Legal due diligence report on establishment of state-owned bank was developed	None	None
Pharmaceutical company that will ensure sustainable medical supply in Gauteng health care facilities	Developed business case for State-owned Pharmaceutical Company	Approved business case for State-owned Pharmaceutical Company	N/A	N/A	Legal due diligence report on the establishment of state-owned pharmaceutical company developed	Legal due diligence report on the establishment of state-owned pharmaceutical company was developed	None	None
Bankable infrastructure projects prepared for alternative financing mechanisms	Release bankable projects to the market	Number of bankable projects released to the market	1 project was released to the market: a) Merafong Solar Farm Cluster	0 projects released to the market	3 bankable projects released to the market	1 project was released to the market: a) Sedibeng Agro-processing Hub	2 bankable projects were not released to the market	KGR: Protracted Municipal Council approvals delayed the applications to NT for TVRI and TVRII(a). These would provide approval to release the project to market. Gauteng Schools: The BFI application and approval process was protracted. This delayed the release of the project to market. CoJ AWTT: Awaiting confirmation of project affordability by the municipality to apply for TVRII(a) from NT.

PROGRAMME 2 EXPENDITURE

Programme Name	2021/2022			2022/2023		
	Final Appro-priation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appro-priation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Project Development and Compliance	16 310	15 869	441	15 547	15 430	117

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

- **AIDC Inland Port:**
  The moratorium on procurement of goods and services was lifted and this enabled the procurement process to resume. The timeframes of the project have been revised and the feasibility study will be completed in the next financial year.

- **PWV15 Road:**
  The procurement process started in Quarter 2 following the lifting of the moratorium of procurement of good and services. The timeframes of the project have been revised and the feasibility study is scheduled to start in 2023/24 financial year pending the challenges of affordability of the feasibility study being addressed.

- **Gauteng Schools Programme:**
  GIFA was in constant engagement with the National Treasury to ensure that the requirements and conditions of BFI application are met. The approval of BFI application was obtained in Quarter 3 with conditions. All conditions were met in Quarter 4 and this has enabled GIFA and the Department of Education to fast-track the finalisation of the procurement documents for the Project Management Unit (PMU) and the design and build tenders. PMU tender was issued in Quarter 4 and design and build tender will be issued in Quarter 1 of 2023/24 financial year.

- **KGR:**
  GIFA is working closely with the municipality's Project Officer particularly supporting on technical issues. This has led to council approval of the feasibility study. GIFA will also support the municipality to prepare the applications for TVRI and TVRII(a) for National Treasury's submission in Quarter 1 of 2022/23 financial year.

4.3 PROGRAMME 3: STRUCTURED FINANCE

Purpose:
The purpose of this Programme is to structure finance for strategic infrastructure projects, engage potential private and public funders with the aim of raising finance for the projects and to constantly research best practices and models for financing infrastructure projects. The key activities in this business unit involve ensuring that the projects accomplish financial close.

Outcomes for the financial year under review:
To provide bankable infrastructure projects financed through capital investment raised from alternative.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

Programme 3: Structured Finance								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Audited Actual Performance 2021/2022	*Actual Achievement 2022/2023 <u>until date of re-tabling</u>	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Bankable infrastructure projects financed through capital investment raised from alternative sources of funding	Effective Funder Engagement Strategy and Plan	Approved Funder Engagement Strategy and Plan	Funder Engagement Strategy and Plan was approved	Funder Engagement Strategy and Plan reviewed and implemented	Funder Engagement Strategy reviewed and implemented	Funder Engagement Plan was reviewed, approved and implemented	None	None
	Bankable infrastructure projects	Number of feasibility studies analysed and tested for bankability	3 bankability assessments completed: a) Sedibeng Precinct b) Tshwane Bio-energy project c) Gauteng Hospitals Programmed	2 bankability assessments were completed: a) KGR COJ AWTT	3 projects analyse and tested for bankability	1 project was analysed and tested for bankability namely: a) Gauteng Provincial Legislature	2 projects were not analysed and tested for bankability	Feasibility studies for 2 identified projects, namely; **PWV15 Road and AIDC** Inland Port were not completed to analyse and test the projects for bankability.

OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENTS

Programme 3: Structured Finance								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Audited Actual Performance 2021/2022	*Actual Achievement 2022/2023 until date of re-tabling	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Bankable infrastructure projects financed through capital investment raised from alternative sources of funding	Concluded financial close of identified projects	Number of projects concluded financial close	The target was not achieved.	0 projects were concluded financial close	3 projects concluded financial close	1 project concluded financial close: a) R1,5 billion was raised for Gauteng Schools Programme from NT's BFI	2 projects did not conclude financial close	**Innovation Hub: EB3** – The process of concluding funding arrangements between by the Private Party and the Financial Institution was protracted. As a result it delayed the conclusion of the Commercial Close and Financial Close processes **Rooftop Solar: Phase 2** - The Private Party's legal due diligence on GIFA's procurement process was protracted. As a result, it delayed the conclusion of the Commercial Close and Financial Close processes.

PROGRAMME 3 EXPENDITURE

Programme Name	2021/2022			2022/2023		
	Final Appro-priation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appro-priation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Structured Finance	7 907	5 474	2 433	6 645	6 299	346

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

- **PWV15 Road and AIDC Inland Port:**
  The projects' timeframes have been revised, the analysis and testing for bankability will be conducted once the feasibility studies have been completed in line with revised timeframes.

- **Innovation Hub: EB3:**
  The private party and the funder have reached an agreement on the loan terms and this is a critical step towards concluding the Commercial Close and concluding Financial Close. This is planned for Quarter 1 of 2023/24 financial year.

- **Rooftop Solar PV Phase 1:**
  GIFA is constantly engaging the private party in an effort to fast-track the legal diligence. The positive outcome of the due diligence report is critical for conclusion of the Commercial Close and Financial Close of the project. This is planned for Quarter 1 of 2023/24 financial year.

5. TRANSFER PAYMENTS

GIFA did not make any transfer payments.

6. CONDITIONAL GRANTS

GIFA did not pay or receive any conditional grants.

7. DONOR FUNDS

GIFA did not receive any donor funds.

8. CAPITAL INVESTMENT

GIFA procured the following assets during the 2022/23 financial year (R'000):

	Intangible Assets	Property, plant and equipment	Total
GIFA	0	760	760

PART C
GOVERNANCE

1. INTRODUCTION

The GIFA is committed to adhering to the highest standards of governance in the management of public finance and resources. As a result, the organisation has put systems in place to ensure effective risk management, anti-corruption and fraud prevention, minimal conflict of interest, adherence to the Public Service Code of Conduct and proper internal auditing. This section discusses the frameworks and policies that are the fundamental pillars of the GIFA's corporate governance arrangements and are developed and implemented in accordance with the relevant legislative frameworks.

2. RISK MANAGEMENT

The GIFA has an approved Risk Management Policy in place which directs the organisation in relation to the structures, processes and standards that must be implemented to manage risks in the organisation. The organisation also has a Risk Management Strategy that is supported by a Risk Implementation Plan which outlines the nature and frequency of the risk assessments that are conducted. For the year under review, risk assessments were conducted for strategic risks, operational risks, fraud risks, project risks and ICT and business continuity risks. The GIFA has a Risk and Ethics Management Committee that comprises of EXCO as well as an independent external chairperson and other members from external stakeholders to oversee and advise management on the overall system of risk management, mitigation of risks, and the evaluation of the effectiveness of the risk management implementation plan.

Furthermore, the GIFA risk management process takes into account the Strategic Plan and Annual Performance Plans (APP) to ensure that it provides a vehicle for improvement in organisational performance.

The risks within GIFA are well management, and this has transmitted into improvements in the agency's performance.

3. FRAUD AND CORRUPTION

The GIFA has an approved Fraud Prevention Plan. This plan aims at ensuring that employees and management act legally, ethically and in the public interest. During the year under review, as directed by the Fraud Prevention Plan and the Fraud Prevention Policy, the following governance documents were reviewed and recommended for approval with the view of enhancing the approved plan:

- Fraud Risk Assessment
- Fraud Response Plan,
- Whistle Blowing Policy,
- Gift Policy, and
- Remunerative Work Outside the Public Services (RWOPS) Policy,

The approved Fraud Prevention Plan includes various action plans which were implemented during the period under review. This includes, amongst others, anti-fraud and corruption awareness, fraud risk reviews on prone areas and the conducting of data analysis through the use of a detection tool for fraud detection and prevention by the shared Provincial Forensic Services.

No incidences of fraud and corruption were reported for the 2022/2023 financial year.

4. **MINIMISING** CONFLICT OF INTEREST

In compliance with the Public Service Regulations, 2016 (PSR, 2016) all designated employees disclose their financial interests according to the Public Service Regulations, 2016 (PSR, 2016) (Chapter 2, Part 2). In addition all the conflict of interest declarations are made in the different relevant committee meetings.

No conflict of interest was reported for the 2022/2023 financial year.

5. **CODE** OF CONDUCT

GIFA is a Government Component guided by the Public Service Act and Regulations. The Code of Conduct prescribed in the Public Service Act is applicable to GIFA. The Code of Conduct is presented to all employees annually and to the new employees during induction. In a situation where an employee does not adhere to the Code of Conduct, disciplinary action is taken against such an employee in line with the disciplinary code in the Public Service.

6. **HEALTH** SAFETY AND ENVIRONMENTAL ISSUES

The GIFA continues to monitor occupational hygiene matters with emphasis on water quality, lighting, cleanliness, safety and ventilation. There has been concerns of water quality in the building. These have been addressed and is monitored. Purified bottled water for drinking purposes is available to GIFA employees and visitors.

The OHS committee a sub-committee of the BCM/OHS Committee was established to monitor the implementation of OHS policy and compliance to the Occupational Health and Safety Act. OHS meetings are held quarterly. The OHS Statutory appointments were made wherein SHE rep, first aiders, fire fighters and OHS committee were appointed wherein meeting were held on a quarterly basis The Hazard Identification and Risk Assessment was conducted of which an action plan was developed and implemented.

7. PORTFOLIO COMMITTEES

Dates of Meetings	Matters Raised	Response by GIFA
23 August 2022	Allocations per programme (Final Appropriation) do not add up to R63 706 000 as reflected in the first quarter report, the total adds up to R63 526 000. Allocations for programme one and three do not correspond to those in the APP. The GIFA is requested to provide clarity in this regard.	The budget amount on Programme 1 was incorrectly captured on the presentation as R 41 794 000. The correct budget as captured in the SOAR report is R41 974 000.
	The Agency should provide an explanation for the slow spending under Economic Classification as well as performance under Capital Assets.	There was a delay to procure computer equipment in Q1 due to the suspension of PPR 2017.
	Projects under the Procurement, Financial Close and Implementation stages have been stagnant for some time. What measures are in place to accelerate performance so as to contribute to economic development in the province?	To address delays, various measures have been put in place to accelerate projects that have been stagnant in Procurement, Financial Close and Implementation stages, such as; engaging National Treasury to resolve procurement matters raised during the bid adjudication process of Kopanong Precinct Project. Secondly, facilitated the engagements between the developer and Gauteng Department of Roads and Transport (GDRT) to resolve the electricity servitude matters of the West Rand. Finally, the negotiations on the PPP Agreements for the Rooftop Solar PV and Innovation Hub: EB3 are ongoing with Private Parties.

8. SCOPA RESOLUTIONS

No SCOPA resolutions in the year under review.

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

A detailed plan was developed and implemented to resolve all matters reported by the AGSA in the previous financial year. These matters are Human Resource compliance issues on organisational structure and leave management. The organisational structure findings were not resolved in 2022/23 financial year.

10. INTERNAL CONTROL UNIT

The internal control unit is responsible for the facilitation of the internal and external audits and financial control and compliance enforcement.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit Objectives are to review the adequacy and effectiveness of the management systems of internal controls, risk management and governance processes to ensure that:

- Laws, regulations, and contracts are complied with;
- Operations are effective and efficient;
- Financial and operational information is reliable; and
- Assets are properly safeguarded.

SUMMARY ON THE AUDIT WORK DONE:

- Business Continuity Management
- Corporate Governance and Risk Management
- Supply Chain Management
- Follow-Up Review on Human Resources Management
- Follow Up on AG significant findings
- Project Preparation and Facility & Structured Finance
- Review of Annual Performance Report
- Performance of the entity against predetermined objectives
- Review of Annual Performance Plan
- SAP ESS & PERSAL leave reconciliation
- Patch management review
- Data Analysis – ETHICS / FIN / HR (1 Jan 2022 – 30 June 2022)
- Data Analysis – ETHICS / FIN / HR (1 July 2022 – 31 December 2022)

No significant matters were raised.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned
Mandla Ncube	• Certified Internal Auditor (CIA • Diploma in Accounting (AAT) • Certified Corporate Fraud Manager (CCFM • Certified Quality Assessment Reviewer (QAR) • Certificate of Training in USAID funded Projects • ACCA (Association of Certified Chartered Accountants) • Certified Fraud Examiner (CFE)	External	Chairperson	01 August 2022	Current
Luyanda Mangquku	• Chartered Accountant (South Africa) • Master of Business Leadership • Advanced Company Law I&II • Honours Bachelor of Accounting Sciences • Bachelor in Commerce Honours (Accounting)	External	Member	11 August 2020	Current
Sizo Mzizi	• ACGISA • Post Graduate Diploma in Corporate Law • Post Graduate Certificate in Corporate Governance • Professional Qualification: CIMA (ACMA CGMA) • BCom Hons (Financial Management) • BTech: Cost and Management Accounting • Higher Diploma in Education (Economic Sciences)		Member	01 August 2022	Current

GAUTENG PROVINCIAL GOVERNMENT (GPG)

Report of the Audit Committee – Cluster 02

GAUTENG INFRASTRUCTURE FINANCING AGENCY

We are pleased to present our report for the financial year ended 31 March 2023.

AUDIT COMMITTEE AND ATTENDANCE

The Audit Committee consists of the external Members listed hereunder and is required to meet a minimum of at least two times per annum as per the provisions of the Public Finance Management Act, 1999 (Act Number 1 of 1999) (PFMA). In terms of the approved Terms of Reference (GPG Audit Committee Charter), five meetings were held during the current year i.e. three meetings to consider the Quarterly Performance Reporting (financial and non-financial) and two meetings to review and discuss the Annual Financial Statements and the Auditor-General of South Africa (AGSA) Audit and Management Reports.

NON-EXECUTIVE MEMBERS

Name of member attended	Number of meetings
Mr. Mandla Ncube	05
Mr. Luyanda Mangquku	05
Ms. Sizo Mzizi	04
Ms. Thebi Moja (Stand-in) *	01

**Stand in member from another cluster*

EXECUTIVE MEMBERS

In terms of the GPG Audit Committee Charter, officials listed hereunder are regarded as standing invitees and are obliged to attend meetings of the Audit Committee:

Compulsory Attendees	Number of meetings
Mr. Oupa Seabi (Chief Executive Officer)	05
Mr. Victor Molate (Chief Financial Officer)	05
Mr. Bongani Mnguni (Chief Risk Officer)	05
Mr. Kweyama Velile (Chief Audit Executive)	05

The Audit Committee is satisfied that the Chief Executive Officer attended all scheduled Audit Committee meetings. Therefore, the Audit Committee is satisfied that the Department adhered to the provisions of the GPG Audit Committee Charter.

The Members of the Audit Committee met with the Senior Management of the Entity and Internal Audit, collectively to address risks and challenges facing the Entity. In-committee meetings were only held where necessary, to address control weaknesses and deviations within the Entity.

Audit Committee Responsibility

The Audit Committee reports that it complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has discharged its responsibilities in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control and Information and Communication Technology (ICT) Governance

Based on the results of the audits performed, the overall opinion on the internal control design was Adequate and Effective to ensure that the Entity's objectives will be achieved.

The Audit Committee also reviewed the progress throughout the four reporting quarters the ICT Governance in line with the ICT Framework issued by the Department of Public Services and Administration. The Audit Committee is satisfied that the Entity general complies with the ICT Governance.

Based on the results of the audits performed, the CEO and his executive management are encouraged to maintain the effective internal control environment within the entity.

Internal Audit

Internal Audit was effective during the financial year. The Audit Committee is satisfied that the Internal Audit Plan represents a clear alignment with the key risks, has adequate information systems coverage, and a good balance across the different categories of audits, i.e. risk based, standard/transversal, performance and computer audits.

From a resource point of view, Internal Audit needs to be equipped to provide assurance on a greater number of risks taking into consideration the specialized areas with the Entity.

The Audit Committee has taken note of the considerable improvement in communication between the Executive Management, the AGSA and the Internal Audit, which has strengthened the Corporate Governance initiatives within the Entity. Combined Assurance has earnestly commenced; however, management need to ensure that it is implemented, monitored, and reported regularly.

The coordination of efforts between internal audit and AGSA have been enhanced further during the year under review in the provision of assurance services. The Audit Committee is comfortable with these important steps towards achieving a fully effective combined assurance objective.
Internal Audit was assessed to be Generally Conformant with the International Standards for Professional Practice of Internal Auditing. The Audit Committee continutes to monitor the implementation of the Quality Assurance Improvement Program in line with its responsibilities.

The following internal audit work was completed during the year under review:

- Business Continuity Management
- Corporate Governance and Risk Management
- Supply Chain Management
- Follow-Up Review on Human Resources Management
- Review of Annual Performance Report
- Performance of the entity against predetermined objectives
- Review of Annual Performance Plan
- SAP ESS & PERSAL leave reconciliation
- Patch management review
- Data Analysis – Ethics / Finance / Human Resources (1 Jan 2022 – 30 June 2022)
- 2023-24 IT risk assessment
- Data Analysis – Ethics / Finance / Human Resources (1 July 2022 – 31 December 2022)

Management should ensure that the findings from internal audit are addressed timely.

The Audit Committee will continue to monitor the resources and capabilities of the Internal Audit function as this has an impact on the performance, functioning and effectiveness of Gauteng Audit Services (GAS) as an assurance provider.

Risk Management

Progress on the Entity's risk management was reported to the Audit Committee on a quarterly basis. The Audit Committee was satisfied that the actual management of risk is receiving full attention of the risk owners. The functioning of the Risk Management Committee should be further enhanced through commitment by senior management. The audit committee has sought commitment from management to take full responsibility for the entire Enterprise Risk Management process and continue to support the Chief Risk Officer to enhance the performance of the Entity even further.

Forensic Investigations

No forensic investigations were reported for the Entity during the financial year under review.

The quality of quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of financial and non-financial quarterly reports prepared and submitted by the Accounting Officer of the Entity during the year under review and confirms that the reports were in compliance with the statutory reporting framework.

Evaluation of Financial Statements

The Audit Committee undertook the following activities related to Annual Financial Statements:

- Reviewed and discussed the audited annual financial statements to be included in the Annual Report with the AGSA and the Accounting Officer
- Reviewed the Audit Report of the AGSA
- Reviewed the AGSA's Management Report and Management's response thereto
- Reviewed the Entity's compliance with legal and regulatory provisions
- Reviewed significant adjustment resulting from the audit.

The Audit Committee concurs with AGSA's and accepts the conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements audited performance information be accepted and read together with the Report of the AGSA.

The audit committee monitored the key commitment of assurance providers throughout the four reporting quarters with the annual statement as at reporting period be reported in the table below.

One-on-One Meeting with the Accounting Officer

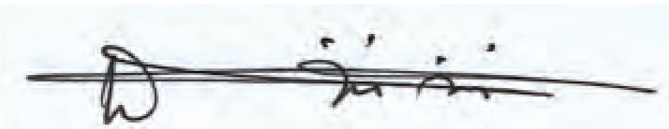
The Audit Committee has periodically met with the Chief Executive Officer for the Entity to address unresolved issues.

One-on-One Meetings with the Executive Authority

The Audit Committee has met with the Executive Authority for the Entity to apprise the MEC on the performance of the Entity.

Auditor-General of South Africa (AGSA)

The Audit Committee has periodically met with the AGSA to ensure that there are no unresolved issues.



Mr. Mandla Ncube
Chairperson of the Audit Committee
Date: 01 August 2023

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion** *(include a discussion on your response and indicate what measures have been taken to comply)*
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	
Developing and implementing a preferential procurement policy?	No	
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering into partnerships with the private sector?	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	

PART D
HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. **OVERVIEW** OF HUMAN RESOURCES

GIFA continue to strive to operate as a centre of excellence with a lean structure that consist of 53 posts on its staff establishment of which 48 posts are filled and 5 were vacant. The Human Resource Management has put more focus in providing capable and highly skilled professionals to deliver on GIFA's mandates. During the reporting period GIFA prioritised developing a work environment that fosters better employee wellbeing and value of people as a major contributor to success of the Government Component. The employee health and wellness operational plans were developed and implemented. Psychosocial support was provided to employees requiring such services. Overall, eight employees were referred for psychosocial support. GIFA developed and implemented a change management programme to assist employees to navigate through changes brought about by internal and external factors. In line with strategic priority no 5 on the HRMD Strategy GIFA has set a goal of effective performance this was achieved by providing nine short courses to GIFA employees of which some employees attended more than once. GIFA achieved 100% compliance on Performance Management submissions for both level 1 to 12 and SMS members. Both level 1 to 12 and SMS, 13 – 14, migrated to E-PMDS through SAP system. Employees on salary level 1-12 who were eligible for pay progression were paid accordingly.

The HRM plan was reviewed to ensure that the Government Component has the required number of people with the requisite skills, knowledge, and attitudes to perform the work. Through this process the GIFA annually assesses its workforce profile (HR Plan) against current and future organisational needs as well as to ensure that a capable workforce is attracted and retained in the organisation. GIFA's has experienced low turnover rate for the past five years of which two employees terminated services during the reporting period, that is, one employee resigned, and one employee terminated services on account of expiry contract of employment; however the contract was extended, and the employee returned to service. The turnover rate for the reporting period was at 4,1%.

The organisational structure is currently under review; however, the review has been halted due to review of entities in the province. The report of the entity review has been presented by GTAC of which it gives an indication that GIFA should review its mandate and should be formed differently to succeed to be effective and efficient in delivering the services.

PROVIDE COMMENTARY ON THE FOLLOWING:

- The status of human resources in the department.
- Human resource priorities for the year under review and the impact of these.
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Employee performance management.
- Employee wellness programmes.
- Highlight achievements and challenges faced by the department, as well as future human resource plans /goals.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

An organisational structure was approved as part of the business plan of GIFA when it was promulgated as a government component in 2014. As at 31 March 2022, GIFA had 51 posts on the staff establishment of which 44 were filled and 7 posts were vacant. This figure excludes 3 posts of interns.

3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	40 276	26 347	225 240	34	65	798
Project Development & Compliance	15 430	11 023	34 250	3 967	71	1 002
Structured Finance	6 299	5 391	32 240	281	85	1 348
Total	62 005	42 761	291 730	4 282	68	891

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
RMC Chair	18	0,00	1.00	18
Interns	289	0,70	8	36
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	990	2,30	4.00	248
Highly skilled production (levels 6-8)	6 524	15,20	14.00	466
Highly skilled supervision (levels 9-12)	10 427	24,30	15.00	695
Senior and Top management (levels 13-16)	24 590	57,40	15	1 639
Total	**42 838**	**100**	**57**	**752**

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	22 990	87	0	10	789	3	693	3
Project Development & Compliance	10 237	89	0	0	179	2	71	0,6
Structured Finance	4 625	93	0	0	0	0	64	1
Total	**37 852**	**88**	**0**	**10**	**968**	**9**	**828**	**8**

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel cost
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	740	75	4	0,40	75	8	89	9
Highly skilled production (levels 6-8)	5 844	90	6	0,10	123	2	197	3
Highly skilled supervision (levels 9-12)	8 976	86	0	0	263	3	245	2
Senior management (level 13-16)	22 002	89	0	0	508	2	296	1
Interns	289	100	0	0	0	0	0	0
RMC	0	0	0	0	0	0	0	0
Total	**37 851**	**88**	**10**	**0.00**	**969**	**20.6**	**827**	**2**

3.2 EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	38	33	13	13
Project Development & Compliance	11	11	0	5
Structured Finance	4	4	0	1
Total	53	48	9.4	19

(Excluding 9 Interns)

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0	0
Skilled (3-5)	5	4	20	1
Highly skilled production (6-8)	16	14	12	7
Highly skilled supervision (9-12)	17	15	11	7
Senior management (13-16)	15	15	0	4
Total	53	48	9.4	19

(Excluding 9 Interns)

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Highly skilled supervision (level 9-12)	17	15	11	7
Senior Management (level 13-16)	15	15	0	4
Total	32	30	6.2	11

NB: Considering the nature and size of the organisation all employees on level 9-12 and SMS are categorised as critical occupations based on the qualifications required and experience and require advance knowledge and sometimes difficult to recruit and retain the services.

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –

(a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available, or they are available but do not meet the applicable employment criteria;
(b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;

(c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and

(d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

3.3 FILLING OF SMS POSTS

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	4	4	100	0	0
Salary Level 14	6	6	100	0	0
Salary Level 13	3	3	100	0	0
Total	**15**	**15**	**100**	**0**	**0**

Table 3.3.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	4	4	100	0	0
Salary Level 14	6	6	100	0	0
Salary Level 13	3	3	100	0	0
Total	15	15	100	0	0

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	0	0	0
Total	0	0	0

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within twelve months
N/A

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within six months
N/A

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

3.4 JOB EVALUATION

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023 report

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	5	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	16	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	17	0	0	0	0	0	0
Senior Management Service Band A	3	0	0	0	0	0	0
Senior Management Service Band B	6	0	0	0	0	0	0
Senior Management Service Band C	4	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	53	**0**	**0**	**0**	**0**	**0**	**0**

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Employees with a disability N/A	0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Lower skilled (level 1-2)	0	0	0	N/A
Skilled (level 3-5)	0	0	0	N/A
Highly Skilled production (level 6-8)	0	0	0	N/A
Highly skilled supervision (9-12)	0	0	0	N/A
Senior management Service A	0	0	0	N/A
Senior Management Service B	0	0	0	N/A
Senior management Service band D+	0	0	0	N/A
Senior Management Service band D	0	0	0	N/A
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	TOTAL
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

Employees with a disability N/A	**0**

3.5 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of employees at beginning of period-1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	4	0	0	0
Highly skilled production (Levels 6-8)	16	0	1	6
Highly skilled supervision (Levels 9-12)	12	4	1	8
Senior Management Service Bands A	3	0	0	0
Senior Management Service Bands B	6	0	0	0
Senior Management Service Bands C	4	0	0	0
Senior Management Service Bands D	2	0	0	0
Total	**47**	**4**	**2**	**4,2**

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Salary band	Number of employees at beginning of period-1 April 2022	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Managers	15	0	0	0
Middle managers and professionals	15	5	1	6
Total	**30**	**5**	**1**	**6**

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

- Critical occupations are defined as occupations or sub-categories within an occupation –
  - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available, or they are available but do not meet the applicable employment criteria;
  - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	1	50
Expiry of contract	1	50
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	0	0
Transfer to other Public Service Departments	0	0
Other	0	0
Total	2	100
Total number of employees who left as a % of total employment	**4,1**	**100**

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees 1 April 2022	Promotions to another salary level	Salary level pro-motions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Senior Managers	15	0	0	0	0
Professional and Managers	15	1	6.6	0	0
Total	**30**	**1**	**3.3**	**0**	**0**

Table 3.5.5 Promotions by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Employees 1 April 2022	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels3-5)	4	0	0	0	0
Highly skilled production (Levels 6-8)	14	2	0	0	0
Highly skilled supervision (Levels 9-12)	15	1	0	0	0
Senior Management (Level 13-16)	15	0	0	0	0
Total	**48**	**3**	**0**	**0**	**0**

3.6 EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Legislators, Senior Officials and Managers	6	2	2	0	3	1	0	1	15
Professionals	7	0	0	0	6	1	1	0	15
Technicians and associate professionals	5	0	0	0	8	1	0	0	14
Clerks	0	0	0	0	4	0	0	0	4
Service and sales	0	0	0	0	0	0	0	0	0
Skilled Agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0
Total	**18**	**2**	**2**	**0**	**21**	**3**	**1**	**1**	**48**
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	2	1	2	0	0	1	0	0	6
Senior Management	4	1	0	0	3	0	0	1	9
Professionally qualified and experienced specialists and mid-management	7	0	0	0	6	1	1	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	0	0	0	8	1	0	0	14
Semi-skilled and discretionary decision making	0	0	0	0	4	0	0	0	4
Total	**18**	**2**	**2**	**0**	**21**	**3**	**1**	**1**	**48**

Table 3.6.3 Recruitment for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	3	0	0	0	3	0	0	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	4
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**3**	**0**	**0**	**0**	**4**	**0**	**0**	**0**	**10**
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and +experienced specialists and mid-management	2	0	0	0	0	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	2	0	0	0	2
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**2**	**0**	**0**	**0**	**3**	**0**	**0**	**0**	**5**
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	1	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**2**
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2022 and 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Irregular expenditure	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2022 and 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Asian	White	African	Coloured	Asian	White	
Legislators, senior officials and managers	6	2	1	1	3	1	0	1	15
Professionals	7	0	0	0	6	1	1	0	15
Technicians and associate professionals	5	0	0	0	8	1	0	0	14
Clerks	0	0	0	0	2	0	0	0	2
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	2	0	0	0	0
Total	**18**	**2**	**1**	**1**	**21**	**3**	**1**	**1**	**48**
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 16	1	1	1	100
Salary Level 15	4	4	4	100
Salary Level 14	6	6	6	100
Salary Level 13	3	3	3	100
Total	**15**	**15**	**15**	**100**

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example, if elections took place in April, the reporting date in the heading of the table above should change to 31 July 2022.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2022

Reasons
N/A

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2022

Reasons
N/A

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

3.8 PERFORMANCE REWARDS

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2022 and 31 March 2023

Race and Gender	Beneficiary Profile			cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African Male	0	0	0	0	0
African Female	0	0	0	0	0
Asian Male	0	0	0	0	0
Asian Female	0	0	0	0	0
Coloured Male	0	0	0	0	0
Coloured Female	0	0	0	0	0
White Male	0	0	0	0	0
White Female	0	0	0	0	0
Total	0	0	0	0	0

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2022 and 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	0	0	0	0	0
Highly skilled production (level 6-8)	0	0	0	0	0	0
Highly skilled supervision (level 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)
Highly skilled supervision (level 9-12)	0	16	0	0	0
Senior Managers	0	15	0	0	0
Total	0	31	0	0	0

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
  - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
  - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Rotal Cost (R'000)	Average cost per employee (R'000)	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

3.9 FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 foreign workers by salary band for the period 1 April 2022 and 31 March 2023

Salary band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	1	100	1	100	0	0
Total	**1**	**100**	**1**	**100**	**0**	**0**

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 and 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% change
Professional and managers	0	0	0	0	0	0
SMS members	**1**	**100**	**1**	**100**	**0**	**0**

3.10 LEAVE UTILISATION

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 April 2022 to 31 March 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	52	76.90	4	8	13	41
Highly skilled production (levels 6-8)	12	82.70	11	22	08	200
Highly skilled supervision (levels 9 -12)	75	82.70	11	22	07	156
Top and Senior management (levels 13-16)	90	74.40	14	28	6	507
Total	340	77.90	45	90	80	904

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 April 2022 to 31 March 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	7	100	1	100	7	10
Highly skilled supervision (levels 9 -12)	0	0	0	0	0	0
Top and Senior management (levels 13-16)	0	0	0	0	0	0
Total	7	100	1	100	7	10

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 April 2022 to 31 March 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	129	32	4
Highly skilled production (Levels 6-8)	432	17	25
Highly skilled supervision (Levels 9-12)	309	16	19
Senior management (Levels 13-16)	432	15	29
Total	1 302	52	25

NB: The Figure include the employee who terminated services.

Table 3.10.4 Capped leave for the period 1 April 2022 to 31 March 2023

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2022
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	11
Senior management (Levels 13-16)	0	0	0	27
Total	0	0	0	22

The following table summarise payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave pay-outs for the period 1 April 2022 and 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2022/23 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2022/23	0	0	0
Current leave pay-out on termination of service for 2022/23	34	1	34
Total	**34**	**1**	**34**

3.11 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
N/A	N/A

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001 If so, provide her/his name and position.	X		The Director HRM: Ms Tsakani Maluleke
2. Does the department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		The programme is being managed by Deputy Director Human Resource Management. Ms Albertina Tshisikule and one HRM practitioner appointed on a contract basis. During the period under review R 70 000 was allocated for EHWP programmes and R 70 000 was spent on various programmes of promoting Employee Health and Wellness.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of this Programme.		X	GIFA procured services for psychosocial support for employees who needed counselling services.

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		GIFA established OHS/BCM committees The BCM/OHS committee has been established and the following are the members: Ms D Londt Mr K Ojageer Mr N Munetsi Ms L Lombaard Mr V Mthembu Mr L Tladinyane OHS committee has been established. Mr Vuyisile Mthembu Ms Tsakani Maluleke Mr KB Meje Ms A Moseamedi Mr N Nzima Ms A Links Ms A Tshisikule Ms N Motsieloa Mr A Hambisa Mr Philemon Ntimba Ms Mokgadi Mabidilala Ms Phozisa Gwata Mr. Motlatsi Modumo
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Leave policy is being implemented. Infectious Disease Policy and Covid 19 Policy was approved
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Approved HIV/AIDS policy is being implemented to ensure that employees are not discriminated in the workplace.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		Voluntary counselling was not conducted during 2022/23 FY however employees were encouraged to test.
8. Has the department developed measures/ indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Operational plans in line with the 4 Pillars of EHWP were developed and approved and are being monitored on a quarterly basis. Through the services that are being rendered by the health risk manager, health risks are managed by assessing all incapacity leave and ill health retirement applications. The health risk manager also provides expert advice on the status of employee who are on incapacity leave. EAP Programmes are also implemented. Employees were referred for counselling during the pandemic. Hazard Identification and Risk Assessment has been reviewed.

3.12 LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject matter	Date
None	None

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Collective agreements	None

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	0	0

Notes

- If there were no agreements, keep the heading and replace the table with the following:

Total number of Disciplinary hearings finalised	None

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of total
None	0	0
Total	0	0

Table 3.12.4 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of total
Number of grievances resolved	2	20
Number of grievances not resolved	8	80
Total number of grievances lodged	10	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	0	0

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	0

3.13 SKILLS DEVELOPMENT

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	5	0	5	0	5
	Male	10	0	9	0	9
Professionals	Female	8	0	8	0	8
	Male	7	0	7	0	7
Technicians and associate professionals	Female	9	0	9	0	9
	Male	5	0	5	0	5
Clerks	Female	2	0	2	0	2
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	2	0	2	0	2
	Male	0	0	0	0	0
Sub Total	Female	27	0	0	0	0
	Male	19	0	0	0	0
Total		**48**	**0**	**47**	**0**	**47**

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	5	0	6	0	6
	Male	10	0	13	1	14
Professionals	Female	8	0	5	0	5
	Male	7	0	6	0	6
Technicians and associate professionals	Female	9	0	11	6	17
	Male	5	0	5	3	8
Clerks	Female	2	0	2	1	3
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	2	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	26	0	0	0	0
	Male	22	0	0	0	0
Total		**48**	**0**	**48**	**11**	**59**

3.14 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	**1**	100

3.15 UTILISATION OF CONSULTANTS

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant' means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

(a) The rendering of expert advice;

(b) The drafting of proposals for the execution of specific tasks; and

(c) The execution of a specific task which is of a technical or intellectual nature but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Consulting and advisory - conducting a cost effectiveness analysis for the Gauteng Schools project	3	3 weeks	R529, 920.00
Consulting and advisory - Legal services to conduct Deeds Verification on Land parcels for Conhill Precinct	3	3 weeks	R35, 250.00
Consulting and advisory - Professional services to prepare a land lease agreement for Merafong project	3	3 weeks	R283,650 .00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
3	9	9 weeks	R848. 820.00

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Consulting and advisory - Conducting a cost effectiveness analysis for the Gauteng Schools Project	100.00 % Women	N/A	N/A
Consulting and advisory - Legal services to conduct Deeds verification on land Parcels for Conhill Precinct	0.00% Women	N/A	N/A
Consulting and advisory - Professional services to prepare land lease agreement for Mirafong solar Farm Project	0.0 % Women	N/A	N/A

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
N/A	N/A	N/A	N/A

Total number of projects	Total individual consul-tants	Total duration Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	N/A	N/A	N/A

3.16 SEVERANCE PACKAGES

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2022 and 31 March 2023

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	N/A	N/A	N/A	N/A
Skilled Levels 3-5)	N/A	N/A	N/A	N/A
Highly skilled production (Levels 6-8)	N/A	N/A	N/A	N/A
Highly skilled supervision (Levels 9-12)	N/A	N/A	N/A	N/A
Senior management (Levels 13-16)	N/A	N/A	N/A	N/A
Total	**N/A**	**N/A**	**N/A**	**N/A**

PART E

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

a) Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	-	-
Add: Irregular expenditure confirmed		
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed		
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off		
Closing balance	-	-

Include discussion here where deemed relevant.

Reconciling notes

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

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

Description[1]	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	-	-
Irregular expenditure under investigation	-	-
Total [2]	-	-

Include discussion here where deemed relevant.

c) Details of current and previous year irregular expenditure condoned

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure condoned	-	-
Total	-	-

Include discussion here where deemed relevant.

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

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure NOT condoned and removed	-	-
Total	-	-

Include discussion here where deemed relevant.

e) Details of current and previous year irregular expenditure recovered

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure recovered	-	-
Total	-	-

Include discussion here where deemed relevant.

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure written off	-	-
Total	-	-

Include discussion here where deemed relevant.

Additional disclosure relating to Inter-Institutional Arrangements

g) 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)

Description
Total

Include discussion here where deemed relevant.

h) 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	2022/2023	2021/2022
	R'000	R'000
	-	-
Total	-	-

Include discussion here where deemed relevant.

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

Disciplinary steps taken

Include discussion here where deemed relevant.

1.2 FRUITLESS AND WASTEFUL EXPENDITURE

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	-	-
Add: Irregular expenditure confirmed		
Less: Fruitless and wasteful expenditure written off		
Less: Fruitless and wasteful expenditure recoverable		
Closing balance	-	-

Include discussion here where deemed relevant.

Reconciling notes

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

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

Description[3]	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	-	-
Fruitless and wasteful expenditure under investigation	-	-
Total [4]	-	-

Include discussion here where deemed relevant.

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

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
Total	-	-

Include discussion here where deemed relevant.

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

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	-	-
Total	-	-

Include discussion here where deemed relevant.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
Total

Include discussion here where deemed relevant.

1.3 UNAUTHORISED EXPENDITURE

a) Reconciliation of unauthorised expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening balance	-	-
Add: unauthorised expenditure confirmed	-	-
Less: unauthorised expenditure approved with funding	-	-
Less: unauthorised expenditure approved without funding	-	-
Less: unauthorised expenditure recoverable	-	-
Less: unauthorised not recovered and written off [5]	-	-
Closing balance	-	-

Include discussion here where deemed relevant.

Reconciling notes

Description	2022/2023	2021/2022
	R'000	R'000
Unauthorised expenditure that was under assessment in 2021/22	-	-
Unauthorised expenditure that relates to 2021/22 - identified in 2022/23	-	-
Unauthorised expenditure for the current year	-	-
Total	-	-

b) Details of current and previous year unauthorised expenditure (under assessment, determination, and investigation)

Description[6]	2022/2023	2021/2022
	R'000	R'000
Unauthorised expenditure under assessment	-	-
Unauthorised expenditure under determination	-	-
Unauthorised expenditure under investigation	-	-
Total [7]	-	-

Include discussion here where deemed relevant.

1.4 ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 40 (3) (B) (I) & (III))

a) Details of current and previous year material losses through criminal conduct

Material losses through criminal conduct	2022/2023	2021/2022
	R'000	R'000
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	-	-

Include discussion here where deemed relevant.

b) Details of other material losses

Nature of other material losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	-	-

Include discussion here where deemed relevant.

c) Other material losses recovered

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	-	-

Include discussion here where deemed relevant.

d) Other material losses written off

Nature of losses	2022/2023	2021/2022
	R'000	R'000
(Group major categories, but list material items)	-	-
Total	-	-

Include discussion here where deemed relevant.

2. **LATE** AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	347	24 397
Invoices paid within 30 days or agreed period	346	24 386
Invoices paid after 30 days or agreed period	1	11
Invoices older than 30 days or agreed period (unpaid without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

System delays during the festive period.

3. SUPPLY CHAIN MANAGEMENT

3.1 PROCUREMENT BY OTHER MEANS

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Renewal of lease agreement for office space	Accucap Investments (Pty) Ltd	Single source	466*15385	23 477
Total				23 477

3.2 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
				R'000	R'000	R'000
Appointment of Transaction Advisory Services for the completion of procurement and contractual close of Enterprise Buildings	Utho Capital (Pty) Ltd	Variation	GT/GIFA/170/2015	7 070	0	582
Total						

PART F
FINANCIAL INFORMATION

Table of Contents

1. **REPORT** OF THE AUDITOR-GENERAL TO GAUTENG PROVINCIAL LEGISLATURE ON GAUTENG INFRASTRUCTURE FINANCING AGENCY

Report on the financial statements

1. I have reviewed the financial statements of the Gauteng Infrastructure Financing Agency set out on pages 107 to 135, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

CONCLUSION

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Gauteng Infrastructure Financing Agency as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

3. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the accounting officer and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

4. In preparing the financial statements, the accounting officer is responsible for assessing the government component'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 government component or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE REVIEW OF THE FINANCIAL STATEMENTS

5. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to review historical financial statements. The standard requires me to conclude on whether anything has come to my attention that causes me to

believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with relevant ethical requirements.

6. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the auditee, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

7. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

Report on the annual performance report

8. 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 information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

9. I selected the following material performance indicators related to Programme 2: Project Development and Compliance and Programme 3: Structured Finance presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the government component's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Approved Sourcing Strategy and Plan (target: Sourcing Strategy and Plan reviewed and implemented; achievement: Sourcing Strategy and Plan was approved)
    - Approved Funder Engagement Strategy and Plan (target: Funder Engagement Strategy and Plan reviewed and implemented; achievement: Funder Engagement Strategy and Plan was approved)
    - Number of sourced projects approved for inclusion into the infrastructure pipeline
    - Number of feasibility studies approved
    - Approved business case for state owned bank
    - Approved business case for state owned pharmaceutical company

- Number of bankable projects released to the market
- Number of feasibility studies analyzed and tested for bankability
- Number of projects concluded financial close

10. I evaluated the reported performance information for the selected material performance indicators 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 government component's planning and delivery on its mandate and objectives.

11. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the government component's mandate and the achievement of its planned objectives
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
    - the targets 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 what was 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
    - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

12. I performed the procedures for the purpose of reporting material findings only.

13. I did not identify any material findings on the reported performance information for the selected material performance indicators.

OTHER MATTER

14. I draw attention to the matter below.

Achievement of planned targets

15. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

16. I identified material misstatements in the annual performance report submitted for auditing. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

17. 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 officer is responsible for the government component's compliance with legislation.

18. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

19. 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 government component, 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 reviewer's report.

20. I did not identify any material non-compliance with the selected legislative requirements.

Internal control deficiencies

21. I considered internal control relevant to my engagement on the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

22. The matter reported below is limited to the significant internal control deficiency that resulted in the findings on the selected material indicators included in the annual performance report included in this report.

23. Management did not adequately review the consistency of the indicators, targets and reported achievements to ensure a single story reporting.

Professional ethics and quality control

24. I am independent of the government component 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 engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

25. In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor-General

31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE REVIEWER'S REPORT

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	38 40 50 51 57
National Treasury Regulations (TR)	TR 4 TR 5 TR 7 TR 8 TR 9 TR 10 TR 11 TR 12 TR 15 TR 16A TR 17 TR 18 TR 19
Preferential Procurement Regulations of 2011 (PPR)	Regulation 9
Preferential Procurement Regulations of 2017 (PPR)	Regulations 1;2;4;5;6;7;8;9;10;11
Preferential Procurement Regulations of 2022 (PPR)	4
Public Service Regulations of 2016 (PSR)	PSR 25(1)(e)(i) and (iii)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
National Treasury Instruction Note 3 of 2021/22	Par. 4
National Treasury Instruction Note 4 of 2015/16	Par. 3
National Treasury Instruction Note 5 of 2021/22	Par. 4 Par. 5
Second amendment National Treasury Instruction No 5 of 2020/21	Par. 1
Erratum NT Instruction note No 5 of 2020/21	Par. 2
Treasury Instruction note 11 of 2020/21	Par. 3
Construction Industry Development Board Act 38 of 2000	18
Construction Industry Development Board Regulations	17 25

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

ASSETS	*Note*	2022/2023	2021/2022
		R'000	R'000
Current assets		**212 958**	**211 203**
Cash and cash equivalents	*4*	212 766	209 323
Receivables from exchange transactions	*5*	192	1 572
Operating lease receivable	*5*	-	308
Non-current assets		**4 167**	**2 691**
Rental deposit	*5*	1 550	-
Intangible assets	*7*	39	48
Property, plant and equipment	*8*	2 578	2 643
Total assets		**217 125**	**213 894**

LIABILITIES	*Note*	2022/2023	2021/2022
		R'000	R'000
Current liabilities		**3 102**	**6 719**
Payables from exchange transactions	*12*	3 102	5 504
Operating lease payable	*12*	-	1 002
Performance bonus provision	*13*	-	213
Non-current liabilities		**108 824**	**112 420**
Deferred Income	*10*	108 824	112 420
Total liabilities		**111 926**	**119 139**

NET ASSETS	*Note*	2022/2023	2021/2022
		R'000	R'000
Net assets and reserves		**105 199**	**94 755**
Accumulated surplus		105 199	94 755
Total net assets and liabilities		**217 125**	**213 894**

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2023

	Note	2022/2023	2021/2022
		R'000	R'000
Revenue from non-exchange transactions		**67 302**	**65 003**
Government grant	*15*	63 706	64 044
Other income	*16*	3 596	959
Revenue from exchange transactions		**8 645**	**4 181**
Interest income	*16*	5 778	1 342
Rental income	*16*	2 867	2 817
Other income	*16*	-	22
Total revenue		**75 947**	**69 184**

	Note	2022/2023	2021/2022
		R'000	R'000
Expenditure			
Compensation of employees	*17*	(42 901)	(40 423)
Depreciation and amortisation	*7&8*	(647)	(725)
Project development fees	*23*	(7 563)	(6 226)
Rental of buildings		(5 586)	(5 586)
Other Expenditure	*18*	(9 019)	(6 101)
TOTAL EXPENDITURE		**(65 716)**	**(59 061)**
SURPLUS FOR THE YEAR		**10 231**	**10 123**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2023

	Note	Accumulated Surplus	Total net assets
		R'000	R'000
Balance as at 01 April 2021		84 632	84 632
Total changes for the period		**10 123**	**10 123**
Surplus for the year		10 123	10 123
Balance as at 31 March 2022		**94 755**	**94 755**
Balance as at 01 April 2022		94 755	94 755
Total changes for the period		10 444	10 444
Surplus for the year		10 231	10 231
Unutilised provision		213	213
Balance as at 31 March 2023		**105 199**	**105 199**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

CASH FLOWS FROM OPERATING ACTIVITIES	*Note*	2022/2023	2021/2022
		R'000	R'000
Receipts		**72 489**	**68 344**
Government Grants		63 706	64 044
Other receipts		3 005	2 958
Interest income		5 778	1 342
Payments		**(68 286)**	**(58 010)**
Employee costs		(42 901)	(40 423)
Payments to suppliers		(25 385)	(17 587)
NET CASH FLOW FROM OPERATING ACTIVITIES	*20*	4 203	10 334

CASH FLOWS FROM INVESTING ACTIVITIES	*Note*	2022/2023	2021/2022
		R'000	R'000
Acquisition of property, plant and equipment		(760)	(437)
Acquisition of intangible assets		-	(30)
Proceeds on disposal of property, plant and equipment		-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(760)	(467)

CASH FLOWS FROM FINANCING ACTIVITIES	*Note*	2022/2023	2021/2022
		R'000	R'000
Finance lease		(-)	(-)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(-)	(-)
Net increase/(decrease) in cash and cash equivalents		3 443	9 867
Cash and cash equivalents at beginning of period		209 323	199 456
Cash and cash equivalents at end of period	*4*	212 766	209 323

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

1.	**GENERAL INFORMATION** The Gauteng Infrastructure Financing Agency (GIFA) is a Government Component of the Gauteng Provincial Treasury (GPT); established with the approval of the Gauteng Provincial Treasury and the Executive Committee of the Province on 1 July 2015.
2.	**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** The principal accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied for the reporting period, unless stated otherwise.
2.1	**Basis of preparation** The financial statements are prepared in compliance with the Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board (ASB), in accordance with Section 91 (1) of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued. Where appropriate and relevant, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and Treasury Regulations issued. The financial statements are prepared on an accrual basis of accounting, using the historical cost convention unless otherwise stated. Assets, liabilities, revenues, and expenses were not offset, except where offsetting is either required or permitted by a standard of GRAP. Conformity with GRAP requires the use of some critical accounting estimates and for management to exercise judgment in the process of applying the accounting policies. The areas that required judgment in the process of application are disclosed in policy note 2.22
2.2	**Going concern** The financial statements have been prepared based on the expectation that the Entity will continue to operate as a going concern for at least the next 12 months.
2.3	**Presentation currency** The Financial Statements are presented in South African Rand, which is the functional and presentation currency of the GIFA.

2.4	**Rounding** Unless otherwise stated financial figures have been rounded to the nearest one thousand Rands (R'000).
2.5	**Revenue** Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. **Measurement** Revenue is measured at the fair value of the consideration received or receivable. **Recognition Criteria** Revenue is recognised in the financial statements when the amount can be reliably measured, and it is probable that future economic benefits or service potential will flow to the entity.
2.6.1	**Revenue from exchange transactions** An exchange transaction is one in which the GIFA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. Interest income is recognised on a time-proportion basis using the effective interest method.
2.6.2	**Revenue from non-exchange transactions** Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the entity either receives value from another party without directly giving approximately equal value in exchange or gives value to another party without directly receiving approximately equal value in exchange. Revenue received from government grants and donations are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement.
	A deferred income liability is recognised to the extent that the criteria, conditions, or obligations have not been met and as the entity satisfies those conditions, criteria, and obligations the carrying amount of the liability is recognised as revenue.

2.7	**EXPENDITURE**
2.7.1	**Compensation of employees** The accounting policy in terms of the compensation of employees is in line with the Department of Public Service and Administration ("DPSA") guidelines, and is as follows: a) Short-term employee benefits The costs of short-term employee benefits are expensed in the statement of financial performance in the year in which it occurs. Short-term employee benefits that give rise to a present or constructive obligation are recognised in the statement of financial position and disclosed in the notes to the financial statements. This is limited to a leave pay accrual as set out in note 12. Salaries and wages shown in the statement of financial performance comprise payments to employees [including leave entitlements, thirteenth cheque (Service Bonus) and performance bonuses]. b) Post-retirement benefits Employer contributions are expensed in the statement of financial performance. No provision is made for retirement benefits in the financial statements of the GIFA. Any potential liabilities are disclosed in the financial statements of the National Revenue Funds and not in the financial statements of the employer department. c) Termination benefits Termination benefits such as severance packages are recognised as an expense in the statement of financial performance. d) Other long-term employee benefits Other long-term employee benefits (such as capped leave) are recognised as a current liability in the Statement of Financial Position.
2.7.2	**Project development fees** Project development fees relates to expenditure incurred in the current financial year for transaction advisors on GIFA projects.
2.7.3	**Key management personnel** Key management personnel are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity. Compensation paid to key management personnel is included in the disclosure for related parties.

2.8	**Leases** A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.
2.8.1	**Operating leases** **OPERATING LEASES - LESSEE** Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of financial performance on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. A lease deposit is held by the landlord as collateral for damages and amounts owed by the GIFA. The lease deposit can be applied to such damages and outstanding amounts at the end of the lease period. The lease commitment for future years is disclosed in the notes to the financial statements.
2.8.2	**Operating leases** **OPERATING LEASES-LESSOR** Lease revenue from operating leases are recognised as revenue on a straight-line basis over the lease term. The future minimum lease receivable is disclosed in the notes to the financial statements.
2.9	**Cash and cash equivalents** Cash and cash equivalents are held for the purpose of meeting short-term cash needs rather than for investment or other purposes; they comprise of bank balance and petty cash held.
2.10	**Receivables** Receivables from exchange and non-exchange transactions are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method, less allowance for irrecoverable amounts. When a receivable is impaired the carrying amount is reduced to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income.

2.11	**Payables** Payables from exchange and non-exchange transactions includes accruals for services that have been acquired in the ordinary course of business, accrued leave pay and Service bonus accrual (13th cheque). Payables are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.
2.12	**Financial Instruments** The GIFA classifies its financial instruments based on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. The GIFA recognises a financial instrument in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial instruments are measured initially at fair value, including transaction costs. GIFA recognises financial assets using trade date accounting. Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation. For financial instruments measured at amortised cost, a gain or loss is recognised in surplus or deficit when the financial instrument is derecognised, and through the amortisation process. **A financial asset is derecognised only when:** (a) The contractual rights to the cash flows from the financial asset expire, are settled or waived; (b) GIFA transfers to another party substantially all the risks and rewards of ownership of the financial asset; or

	(c) GIFA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, GIFA shall: (i) Derecognise the asset; and (ii) Recognise separately any rights and obligations created or retained in the transfer. GIFA shall remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires, or waived. The GIFA's financial assets at amortised cost comprise 'Receivables' and 'Cash and cash equivalents' in the statement of financial position. Details included in note 2.9 and 2.10 respectively. The statement of financial position includes financial liabilities classified as financial liabilities at amortised cost. Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. The GIFA's financial liabilities at amortised cost comprise 'Payables' in the statement of financial position. Details included in note 2.11
2.13	**Property, plant and equipment** The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the GIFA and the cost or fair value of the item can be measured reliably. Property, plant and equipment is recognised using the cost model. Items are measured initially at cost and after initial recognition, stated at historical cost less accumulated depreciation and accumulated impairment losses. When an item of property, plant and equipment is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Depreciation is charged to write off the cost of assets to residual values over its expected useful lives using the straight-line basis. Estimated useful lives are as follows:

• Computer equipment	-	3 to 12 years
• Office equipment	-	3 to 12 years
• Office furniture	-	5 to 12 years
• Audio visual equipment	-	3 to 12 years

Residual values, remaining useful lives and depreciation methods are reviewed annually and adjustments are made if appropriate.

An asset's carrying amount is written down immediately to its recoverable service amount if the asset's carrying amount is greater than its estimated recoverable service amount.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance.

2.14 **Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it either:

a. is separable, i.e. is capable of being separated or divided from the GIFA and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the GIFA intends to do so; or

b. Arises from contractual or other legal rights, excluding those granted by statue, regardless of whether those rights are transferable or separable from the GIFA or from other rights and obligations.

An intangible asset is recognised if it is probable that future economic benefits or service potential that are attributable to the asset will flow to the GIFA and the cost or fair value of the asset can be measured reliably.

Intangible assets are measured initially at cost.

When an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

	After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Costs associated with the acquisition of computer software are recognised as intangible assets. Computer software is amortised over their expected useful lives using the straight-line basis. Estimated useful lives are as follows: • Intangible assets (general software that are upgradable) – maximum 10 years • Intangible assets (software specifically developed for GIFA) – 6 years The remaining useful lives and amortisation method are reviewed annually, and adjustments are made if appropriate. An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance.
2.15	**Impairment** **Impairment of receivables from exchange and non-exchange transactions** The entity assesses its receivables at the end of each reporting period. In determining whether impairment loss should be recorded, the entity makes judgement as to whether there is observable data indicating a measurable decrease in the estimated future cash flows of a financial asset. The impairment of receivables is calculated on an individual basis. **Impairment of non-cash generating assets** After each asset count GIFA assesses property, plant and equipment for impairment. If there are any indications of impairment the GIFA estimates the recoverable service amount of the asset. If the asset's carrying value exceeds its recoverable amount, the asset is impaired. In assessing whether there is any indication that an asset may be impaired, the GIFA considers all sources of information. The impairment loss is charged as an expense in the Statement of Financial Performance.
2.16	**Provisions** **Provisions are recognised when:** • the entity has a present obligation as a result of a past event; • it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and • a reliable estimate can be made of the obligation.

	The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The Provisions are reviewed at the end of each reporting period and adjusted to reflect current best estimate.
2.17	**Contingent assets** Contingent assets will be disclosed once a project reaches the implementation stage. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.
2.18	**Commitments** Commitments represent services that have been approved and/or contracted for project development fees and feasibility studies but where no delivery has taken place at the reporting date. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included the disclosure note.
2.19	**Irregular expenditure** Irregular expenditure is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any legislation applicable to GIFA, including the Public Finance Management Act (PFMA), 1999. Irregular expenditure is recognised as expenditure in the statement of financial performance. If the relevant authority does not condone the expenditure it is treated as an asset until it is recovered or written off as irrecoverable.
2.20	**Fruitless and wasteful expenditure** Fruitless and wasteful expenditure is expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement of financial performance. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable.

2.21	**Events after the reporting date** Events after the reporting date, are those events both favourable and unfavourable that occur between the reporting date and the date when the financial statements are authorised for issue. GIFA shall only adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date for those events that provide evidence of conditions that existed at the reporting date.
2.22	**Key areas of judgement in applying accounting policies** The following key areas of judgment were required in preparation of the financial statements: a) The estimated useful lives of assets are based on its expected useful lives and are measured against the industry norms. b) The recoverability of any financial assets, having to make provisions in cases where recoverability might be questionable.
2.23	**Change in estimate** A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of and expected future benefits and obligations associated with assets and liabilities. The useful lives of assets are assessed at every reporting period.
2.24	**Related party transactions** Parties are related if one party can control the other party or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or joint control. The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the Gauteng Provincial Government. Because of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are related parties as a result GIFA is considered as a related party to all the Gauteng provincial departments and entities. Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence management or be influenced by management in their dealings with the entity. GIFA does not need to disclose the value of transactions where the transactions are concluded within normal operating procedures and on terms that are no more or no less favourable than the terms it would use to conclude transactions with another entity or person.

3. **FINANCIAL RISK MANAGEMENT**

Financial risk factors

The GIFA's activities expose it to some financial risks, most of which are managed through the procurement and payment processes. The GIFA did not have direct access to its bank account, and thus cash management was not performed at GIFA but at GPT.

Risk management is the responsibility of GIFA management and is monitored by a central team within Gauteng Provincial Treasury. The most significant financial risks are related to reporting (inaccurate financial information that might result in inaccurate reporting and not meeting reporting deadlines in terms of PFMA) and financial systems (payment systems not aligned to business processes).

The risk of reporting was mitigated by the implementation of an accounting system, enabling the GIFA to record financial information more accurately on an accrual basis.

a) **Market risk**

Fair value interest rate risk

The GIFA had an interest-bearing asset, being the rental deposit. Interest is earned and capitalised every year at a rate of prime minus 2%, compounded annually in arrears.

Exposure to market interest rates is limited to interest earned on the rental deposit and to interest payable on late settlement of accounts, which is governed by the 30-day payment period of the GPG.

b) **Credit risk**

Credit risk represents the potential loss to the GIFA as a result of unexpected defaults or unexpected deterioration in the creditworthiness of counterparties. The GIFA's credit risk is primarily attributable to its receivables. However, this risk is minimal as the GIFA's receivables (excluding amounts held with banks) are limited to advance to employees and interest receivable. There are no past due and impaired receivables.

The carrying amount included in the Statement of Financial Position represents the GIFA's maximum exposure to credit risk in relation to this asset. The GIFA does not consider there to be any significant concentration of credit risk. Regarding credit risk arising from the other financial assets, which comprise cash and cash equivalents, the GIFA's exposure arises from a potential default of the counterparty where credit rating is constantly monitored, with a maximum exposure to the carrying amount of these instruments. Cash and cash equivalents are only placed with banking institutions with an AA credit rating.

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is the carrying value of each financial asset mentioned in the notes to follow.

Receivables pledged as security
The GIFA does not hold any collateral as security.

Credit quality of financial assets neither past due nor impaired
The credit quality of both non-current and current receivables is high.

c) Liquidity risk
For the GIFA, prudent liquidity risk management implies maintaining enough cash to meet its commitments. The GIFA has the responsibility to limit spending and commitment of funds to the approved budget/government grant.

Maturity analysis

Financial liability	Due in less than a year	Due in two to five years	Total
Payables (refer to note 12)	785	-	785

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

4. CASH AND CASH EQUIVALENTS

	2022/2023	2021/2022
	R'000	R'000
Bank & Petty Cash	69 556	57 864
Project preparation facility	143 210	151 459
Total	**212 766**	**209 323**

Cash and cash equivalents represent money held in the bank account of the Gauteng Infrastructure Financing Agency (GIFA), as well as the balance of petty cash held.

The Project Preparation Facility comprises a cash facility that is ring-fenced for the use of performing feasibility studies for projects.

5. RECEIVABLES

	2022/2023	2021/2022
	R'000	R'000
Receivables from exchange transactions	-	1 550
Rental Deposit	-	1 550
Staff debt	-	22
Salary Payments Control	192	-
Total	**192**	**1 572**

Rental deposit represents the leasehold deposit held by the landlord as collateral for damages and amounts owed by the GIFA at the end of the lease period.

	2022/2023	2021/2022
	R'000	R'000
Operating lease receivable		
Sub-lease smoothing	-	308
Total	**-**	**308**

	2022/2023	2021/2022
	R'000	R'000
Non-current assets		
Rental deposit	1 550	-
Total	1 550	-

Rental deposit represents the leasehold deposit held by the landlord as collateral for damages and amounts owed by the GIFA at the end of the lease period. GIFA entered a new contract with Growth-point Properties for a period of five years. The rental deposit amount has been transferred from current assets to non-current assets

6. OPERATING SUB-LEASE ASSET

GIFA subleased office space to the Gauteng Department of e-Government on a 5-year agreement. The sub-lease agreement contains an escalation clause of 9% p.a.

	2022/2023	2021/2022
	R'000	R'000
Future minimum lease payments receivable	-	2 027
Less than one year	-	-
More than one year, less than five years	-	2 027

7. INTANGIBLE ASSETS

No intangible assets were pledged as security.

	2022/2023 R'000			2021/2022 R'000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Accounting & general software	183	(164)	19	247	(222)	25
Systems	102	(82)	20	102	(79)	23
	285	(246)	39	349	(301)	48

The carrying amounts of intangible assets can be reconciled as follows:

	2022/2023 R'000		
	Carrying value at the beginning of the year	Amortisation for the year	Carrying value at the end of the year
Accounting & general software	25	(6)	19
Systems	23	(3)	20
	48	**(9)**	**39**

The carrying amounts of intangible assets can be reconciled as follows:

	2021/2022 R'000			
	Carrying value transferred in	Additions	Amortisation for the year	Carrying value at the end of the year
Accounting & general software	3	30	(8)	25
Monitoring & evaluation system	26	-	(3)	23
	29	**30**	**(11)**	**48**

There are no contractual commitments for the acquisition of Intangible assets.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of non-current assets that are held for use in the supply of goods or services and for administrative purposes, and are expected to be used during more than one period.

Remaining useful lives of assets were estimated based on the general condition of the assets, as well as the technical specifications and usability thereof.

No property, plant or equipment is pledged as security.

	2022/2023 R'000			2021/2022 R'000		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value at the end of the year
Computer equipment	3 387	(1 590)	1 797	2 813	(1 239)	1 574
Office equipment	1 018	(940)	78	1 317	(1 192)	125
Office furniture	2 978	(2 283)	695	3 288	(2 354)	934
Audio visual equipment	125	(117)	8	125	(115)	10
	7 508	(4 930)	2 578	7 543	(4 900)	2 643

Carrying amounts can be reconciled as follows:

	2022/2023 R'000				
	Carrying value at the beginning of the year	Additions	Disposals	Depreciation for the year	Carrying value at the end of the year
Computer Equipment	1 574	739	(45)	(471)	1 797*
Office equipment	125	15	(7)	(55)	78*
Office furniture	934	6	(135)	(110)	695*
Audio visual equipment	10	-	(-)	(2)	8*
	2 643	760	*(187)	(638)	2 578

**This is a rounding difference.*

The carrying amounts of property, plant and equipment can be reconciled as follows:

	2021/2022 R'000				
	Carrying value at the beginning of the year	Additions	Disposals	Depreciation for the year	Carrying value at the end of the year
Computer equipment	1 593	411	(21)	(409)	1 574
Office equipment	243	20	(-)	(138)	125
Office furniture	1 088	6	(-)	(160)	934
Audio visual equipment	17	-	(-)	(7)	10
	2 941	437	(21)	(714)	2 643

There were no repairs and maintenance done on property, plant, and equipment.

There are no contractual commitments for the acquisition of property, plant, and equipment.

9. CONTINGENT ASSETS

Project life cycle is divided into 6 stages namely initiation stage, feasibility stage, market release stage, procurement stage, financial close stage, and implementation stage. Due to the risks and uncertainties involved, management has made a judgement not to disclose the potential contingent asset until the projects reaches the implementation stage as there is no realistic probability that the project costs will be recovered.

10. DEFERRED INCOME

Movement during the year:

	2022/2023	2021/2022
	R'000	R'000
Balance at the beginning of the year	112 420	113 379
Additions for the year	-	-
Income recognition during the year	(3 596)	(959)
	108 824	112 420

Money received or transferred to the Project Preparation Facility (PPF) is recognised as deferred income. A deferred income liability is recognised to the extent that payments from the PPF have not been made.

As the GIFA incurs expenditure for feasibility studies funded through the PPF, it reduces the carrying amount of the liability and recognises an amount of revenue equal to that reduction. During the 2022/23 an amount of R3,5 million (R959 thousand for 2021/22) was recognised as income, resulting in a movement of the balance of deferred income.

11. CATEGORIES OF FINANCIAL INSTRUMENTS

A. Financial Assets

	2022/2023	2021/2022
	R'000	R'000
Receivables from exchange transactions (refer to note 5)	1 550	1 550
Cash and cash equivalents (refer to note 4)	212 766	209 323
	214 316	210 873

B. Financial Liabilities

	2022/2023	2021/2022
	R'000	R'000
Payables from exchange transactions (refer to note 12)	785	1 667
	785	1 667

**Leave, salary payments control and service bonus accruals are employee costs which fall outside the scope of financial instruments.*

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2022/2023	2021/2022
	R'000	R'000
	785	1 667
Accruals	785	1 623
GPG, National & Entities	-	44
Salary payments control	-	1 491
Leave accrual	1 742	1 885
Service bonus accrual	575	461
	3 102	5 504

Operating lease payable

	2022/2023	2021/2022
	R'000	R'000
Lease smoothing	-	1 002
	-	1 002

12. PAYABLES FROM EXCHANGE TRANSACTIONS

	2022/2023 R'000				
	Opening Balance	Additions	Utilised	Unutilised	Closing Balance
Performance bonus provision	213	-	-	(213)	-
	213	-	-	(213)	-

	2021/2022 R'000			
	Opening Balance	Additions	Utilised	Closing Balance
Performance bonus provision	213	-	-	213
	213	-	-	213

14. LEASE COMMITMENTS

Operating lease: Building

The entity leases property under a 5-year non-cancellable contract from 1st April 2018. The lease agreement contains an escalation clause of 9%p.a. Minimum lease payments on non-cancellable operating leases are as follows:

	2022/2023	2021/2022
	R'000	R'000
Less than one year	-	6 588
More than one year, less than five years	-	-
More than five years	-	-
Total lease commitment	-	6 588

Operating lease: Printers

GIFA participates in the transversal contract RT3-2022 for the supply, delivery, installation, commissioning, and maintenance of office automation solutions to the state for the period 01 November 2022 to 31 October 2025

	2022/2023	2021/2022
	R'000	R'000
Less than one year	78	-
More than one year, less than five years	123	-
More than five years	-	-
Total lease commitment	201	-

15. GOVERNMENT GRANTS

A government grant is received annually from Gauteng Provincial Treasury (GPT), the controlling department of GIFA. This grant is used to cover the operating costs and Project Preparation Facility of the GIFA. The grant for the 2022/23 amounts to R 63,7 million (2021/22 64 million).

16. OTHER INCOME

	2022/2023	2021/2022
	R'000	R'000
Other income from non-exchange transactions		
Revenue transfer from deferred income	3 596	959
	3 596	959

	2022/2023	2021/2022
	R'000	R'000
Other income from exchange transactions		
Interest received on bank balance and deposits	5 778	1 342
Rental income	2 867	2 817
Staff debt	-	22
	8 645	4 181

17. COMPENSATION OF EMPLOYEES

	2022/2023	2021/2022
	R'000	R'000
Salaries	38 504	36 445
Employer contribution: medical	842	790
Employer contribution: pension	3 123	3 090
Leave pay	(143)	(363)
Service bonus	575	461
	42 901	40 423

18. OTHER EXPENDITURE

	2022/2023	2021/2022
	R'000	R'000
Other expenditure includes the following items:		
Advertising	104	26
Audit fees	863	541
Bank charges	-	1
Consumables	133	24
Printing & Stationery	411	168
Municipal utilities	2 173	1 847
Membership fees	62	51
Security costs	12	15
Telephone costs	824	882
Training	332	86
Bursaries	467	239
Maintenance and repairs	80	80
System support and maintenance	292	453
Venues & Facilities	576	-
Travel and accommodation	1 187	112
Website Revamp	-	240
Loss on sale of assets	187	21
Catering Services	14	1
Professional fees	-	533
Rental of office machines	70	61
Consulting costs	36	212
Licenses	514	-
Other costs	682	508
	9 019	6 101

19. TAXATION

No provision for taxation has been made in the financial statements, as the GIFA is not a tax paying entity. (The entity, as part of the Department of Treasury, is exempt, as per S10 of the Income Tax Act, 1962 (Act 58 of 1962).

20. NET CASH FLOWS FROM OPERATIONS ACTIVITIES

	2022/2023	2021/2022
	R'000	R'000
Surplus for the period	10 231	10 123
Non-cash movements	(3 456)	(529)
Depreciation and amortization	647	725
Deferred Income	(3 596)	(959)
Operating lease smoothing	(1 002)	(457)
Loss on disposal	187	21
Operating sub-lease smoothing	308	141
	6 775	9 594
Changes in working capital:	(2 572)	740
(Increase)/decrease in current and non-current receivables	(170)	(22)
Increase/(decrease) in Payables	(2 402)	762
Net cash flows from operating activities	4 203	10 334

21. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

A. GIFA is a Government Component of Gauteng Provincial Treasury; therefore, all the departments and entities under Gauteng Provincial Government are considered related parties. The following transactions took place between GPT and the GIFA:

	2022/2023	2021/2022
	R'000	R'000
Government grant (note 15)	63 706	64 044
	63 706	64 044

The following transactions took place between department e-GOV and the GIFA:

	2022/2023	2021/2022
	R'000	R'000
Rental income	2 867	2 817
	2 867	2 817

Rental income relates to the sublease between GIFA and e-Government.

B. GIFA transferred assets to the value of R5 655,00 for free in terms of treasury regulation 16A.7.2

C. The GIFA is conducting feasibility studies on behalf of Gauteng Provincial Government. These Departments are by nature of the transactions, related parties.

Identified related parties for 2022/2023 for feasibility work performed are:

Gauteng Department of Infrastructure Development GIFA is assisting the department with feasibility studies for the Kopanong Precinct, Trigen, Rooftop Solar and Gauteng Planning House Projects. There are MoUs that clarify and outline the responsibilities and roles of the parties.
Gauteng Department of Economic Development GIFA is assisting the department with feasibility studies for the EB 2, EB 3, Vaal Logistic Hub, Jewellery Manufacturing Precinct and the West Rand Logistic Hub. There are MoUs that clarify and outline the responsibilities and roles of the parties.
Gauteng Department of Education GIFA is assisting the department with the Gauteng School Project. There is a MoU that clarifies and outlines the responsibilities and roles of the parties.
Gauteng Provincial Treasury GIFA is assisting the department to develop a business case for the State bank and the pharmaceutical company.

D. Key Management Personnel

	2022/2023	2021/2022
	R'000	R'000
CEO: GIFA	**2 883**	**2 510**
Basic salary	1 515	1 357
Non-pensionable allowance	1 014	845
Employee contribution: medical aid	143	132
Employee contribution: pension	211	176
CFO: GIFA	**1 614**	**1 348**
Basic salary	1 115	930
Non-pensionable allowance	145	298
Employee contribution: pension	354	120

	2022/2023 R'000	2021/2022 R'000
Head: Corporate Services	**2 054**	**1 734**
Basic salary	1 418	1 199
Non-pensionable allowance	103	296
Employee contribution: Pension	184	156
Employee contribution: Housing	349	83
Head: Project Development	**2 468**	**2 060**
Basic salary	1 712	1 427
Non-pensionable allowance	534	448
Employee contribution: pension	222	185
Head: Structured Finance	**1 819**	**1 541**
Basic salary	1 336	1 130
Employee contribution: pension	174	147
Non-pensionable allowance	309	264
Head: Strategy & Monitoring	**1 686**	**1 409**
Basic salary	999	833
Non-pensionable allowance	335	278
Employee contribution: pension	130	108
Employee contribution: Housing	222	190
Chief Director: Contract Management	**1 843**	**1 561**
Basic salary	1 092	924
Employee contribution: pension	142	120
Employee contribution: medical aid	23	23
Non-pensionable allowance	586	494

22. CONTINGENT LIABILITIES

In terms of Section 53 (3) of the PFMA, a public entity may not accumulate surplus funds without approval from the Provincial Treasury. Approval has been requested from the Provincial Treasury to retain surplus amounting to R 10,2 million however, the entity is still awaiting approval. If the approval is not granted, the entity will be liable to repay the surplus amounting to R 10,2 million.

23. PROJECT DEVELOPMENT FEES

The following expenditure was incurred for projects:

	2022/2023	2021/2022
	R'000	R'000
Project Development Services		
Project Financial Close	-	1 083
Feasibility Study	7 563	5 143
	7 563	6 226

24. IRREGULAR, FRUITLESS, AND WASTEFUL EXPENDITURE

No irregular expenditure or fruitless and wasteful expenditure occurred in the year under review.

25. EVENTS AFTER THE REPORTING DATE

GIFA entered into a long-term lease agreement with ACUCAP Investments (Pty) Ltd effective from 01 April 2023 with minimum lease payments amounting to R23,1million.

26. SEGMENT REPORTING

GIFA does not have any reportable segments. GIFA is based at 82 Grayston drive in Sandton, where all key management decisions are made.

NOTES

NOTES

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