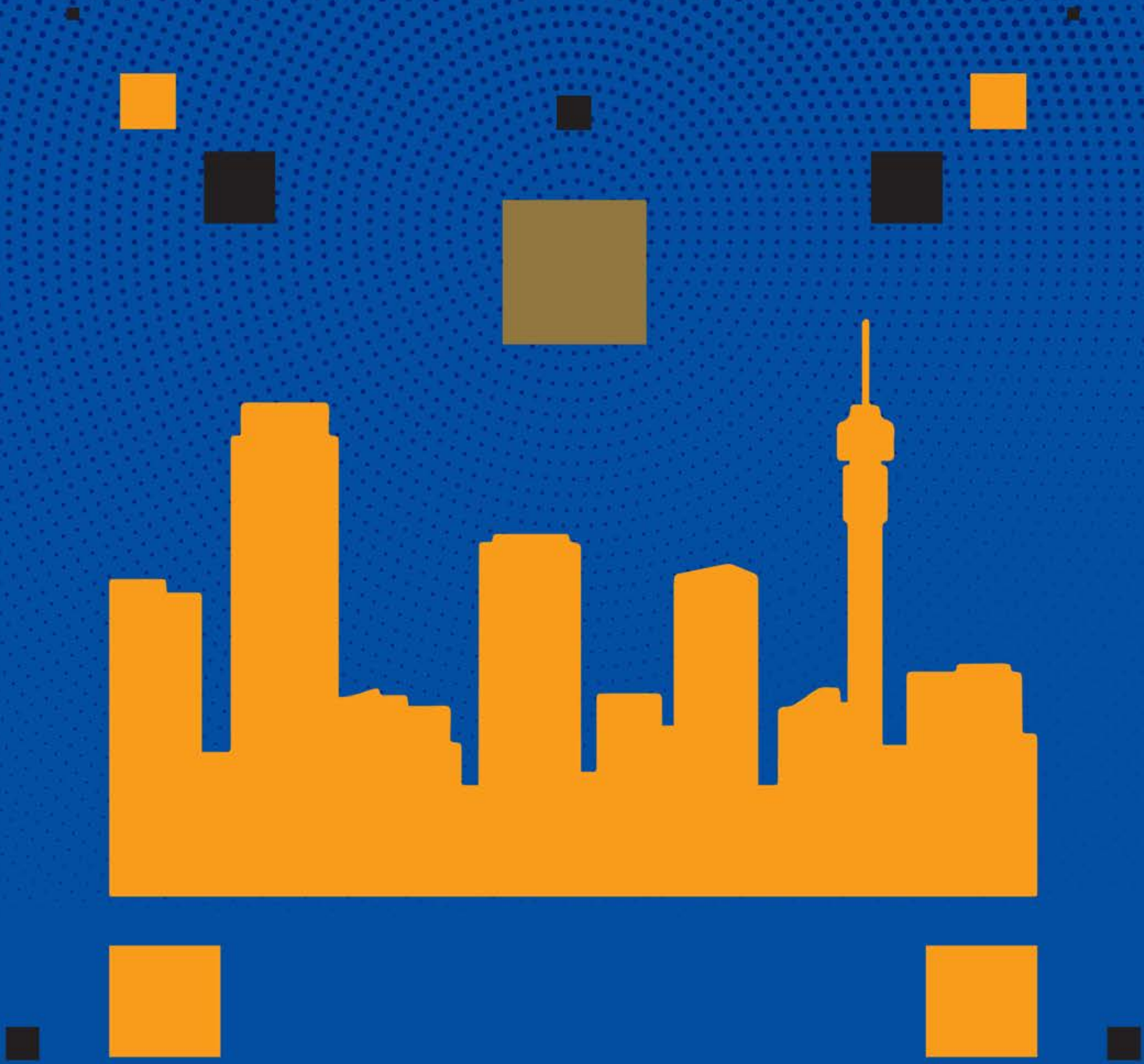
GAUTENG
Infrastructure Financing Agency



# ANNUAL REPORT
## 2023/24

TO ACCELERATE DELIVERY OF KEY INFRASTRUCTURE

# OUR VISION

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

# 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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# PART A

# GENERAL INFORMATION

# 1 ENTITY GENERAL INFORMATION

| | |
|---|---|
| **PHYSICAL ADDRESS:** | 82 Grayston Drive<br>2nd floor<br>Johannesburg, Sandton<br>2010 |
| **POSTAL ADDRESS:** | PO Box 650780<br>Benmore<br>2010 |
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# 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 |
| **DBSA** | Development Bank of Southern Africa |
| **DFI** | Development Finance Institutions |
| **EB** | Enterprise Building |
| **EOI** | Expression of Interest |
| **GGT** | Growing Gauteng Together |
| **GPG** | Gauteng Provincial Government |
| **GPL** | Gauteng Provincial Legislature |
| **GPT** | Gauteng Provincial Treasury |
| **GRAP** | Generally Recognised Accounting Practices |
| **GICC** | Gauteng Infrastructure Coordinating Council |
| **GMSD** | Gauteng Medical Supply Depot |
| **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 |
| **OCGT** | Open-cycle Gas Turbine |
| **OHSA** | Occupational Health & Safety Act |
| **OOP** | Office of the Premier |
| **ORTIA** | OR Tambo International Airport |
| **PBC** | Premier's Budgeting Council |
| **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 |
| **RFP** | Request for Proposal |
| **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 |
| **SEZ** | Special Economic Zone |
| **SMME** | Small Medium and Micro Enterprises |
| **SOPA** | State of the Province Address |
| **SOP** | Standard Operating Procedure |
| **TA** | Transaction Advisor |
| **TA** | Treasury Approval |
| **TIH** | The Innovation Hub |
| **TISH** | Townships, Informal Settlements and Hostels |
| **TMR** | Transformation, Modernisation, and Re-Industrialisation |
| **TOR** | Terms of Reference |
| **TR** | Treasury Regulations |
| **TVR** | Treasury Views and Recommendations |
| **WR** | West Rand |

# 3 FOREWORD BY THE MEC

**Lebogang Maile**
MEC: Finance

The 2023/24 financial year marks the final year of the 5-year term of the 6th Administration of the Gauteng Provincial Government (GPG). The year 2024 marks 30 years of our democracy, which is signified by a non-racial, non-sexist and just society. Throughout this period, the Gauteng Provincial Government has transformed the Gauteng Province significantly through strategic interventions, policies, projects and programmes that have resulted insignificant changes. Our province has maintain the status of being the largest economy in South Africa. . It contributes just over 35% of the country's GDP and is home to a significant majority of international emigrants and migrants in the country. . Notwithstanding the successes of the past 30 years in government, the Gauteng Province is still faced with significant socio-economic challenges that will require an annual growth rate of 4.5% to address by the year 2030. These include unemployment and a rising cost-of-living. Our current plans are geared towards achieving this target.

The vision of GPG over the past terms has been driven by the Ten-Pillar Programme of Transformation, Modernisation, and Re-Industrialisation (TMR), the Growing Gauteng Together (GGT2030) and recently, the Five Elevated Priorities anchored on Townships, Informal Settlements and Hostels (TISH). In the past 12 months, GPG has committed its resources and made a concerted effort to addressing a number of key priorities including but not limited to fighting crimelawlessness, and corruption; economic recovery; improving townships and hostels; building the capacity of the state; and improving the health and wellness of communities.

The GPG is constantly introducing innovative and creative ways of improving service delivery, fast tracking infrastructure delivery and increasing the growth of the provincial economy. The Gauteng Infrastructure Financing Agency (GIFA) is one of the innovations of GPG and it is tasked with exploring creative ways of raising alternative funding for strategic infrastructure projects. Between 2019 and 2024, the GIFA was influential in the success of a number of projects including the Jewellery Manufacturing Precinct, the In2Food premium food factory and the Super Block Office Park. These projects are now in operation at the Gauteng Industrial Development Zone (IDZ), which is situated within the OR Tambo International Airport Special Economic Zone. The GIFA also raised R1,5 billion from National Treasury's Budget Facility for Infrastructure (BFI) for the construction of 18 new schools. The socio-economic impact of this project across the Gauteng Province will be significant in terms of job creation during and after construction. Significantly, it will provide access to quality education to the growing population of the province.

The GIFA has played a critical role in linking projects to the private parties who will fund, implement and operate the projects. These include the Rooftop Solar PV, The Innovation Hub (TIH): EB3, Merafong Solar Farm Cluster and West Rand Mega Park. The GIFA has developed feasibility studies and business cases for various projects that will be released to the market to attract private funding. The focus will be on projects such as the Sedibeng Agro-processing Hub, Krugersdorp Game Reserve, Merafong Bio-energy Park and West Rand Agri-parks.

Lastly, the GIFA has played a sterling role in forging partnerships with local and international funding institutions such as the African Development Bank (AfDB), Development Bank of Southern Africa (DBSA) and International Finance Corporation (IFC) to support selected projects with project development funding.

In conclusion, I would like to thank the CEO of GIFA, Mr Oupa Seabi, and his team, for the hard work they are doing in ensuring that GIFA becomes a centre of excellence in innovative financing solutions for infrastructure projects within the GPG.

**Mr. Lebogang Maile**
MEC: Treasury and Economics Development

**Date:** 31 July 2024

# 4 REPORT OF THE CEO

**Mr. P.H Seabi**
CEO: GIFA

## Introduction

The purpose of this report is to highlight the performance of the Gauteng Infrastructure Financing Agency for the reporting period of 1 April 2023 to 31 March 2024, 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 Entity

- **Overview of the Performance Results and Challenges**

  This section provides an overview of GIFA's performance in 2023/24 financial year and the focus is on the following:
  - o Highlights of performance against planned targets.
  - o Highlights of projects performance.

- **Highlights of performance against planned targets:**

  The GIFA's performance is based on the targets in the approved 2023/24 Annual Performance Plan (APP) and this is measured against the key performance indicators. The functions and activities of GIFA to achieve the planned targets are executed through three Programmes, namely;
  - **o Programme 1: Administration.**
  - **o Programme 2: Project Development & Compliance.**
  - **o Programme 3: Structured Finance.**

The table and diagrams below illustrate the executive summary of GIFA's performance against targets:

**Table 1:** Executive Summary: GIFA 2023/24 Performance against planned targets

| Programmes | Annual Targets | Targets Achieved | Deviations | Performance Measure (%) |
|---|---|---|---|---|
| **Prog 1: Administration** | 17 | 17 | 0 | 100% |
| **Prog 2: Project Development & Compliance (PDC)** | 6 | 4 | 2 | 67% |
| **Prog 3: Structured Finance (SF)** | 3 | 2 | 1 | 67% |
| **TOTAL** | **26** | **23** | **3** | **88%** |

**Diagram 1:** Programme Performance

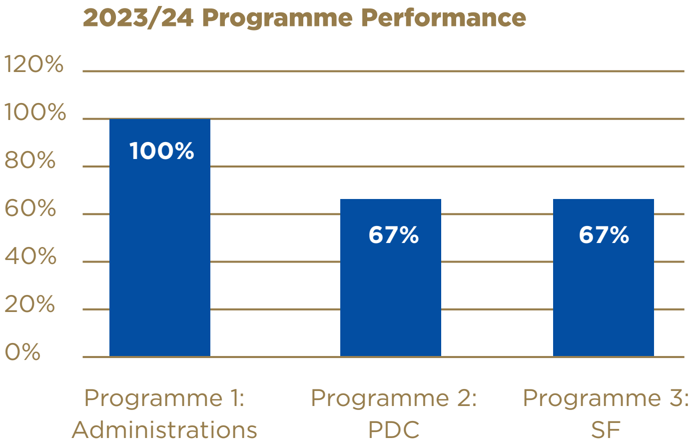
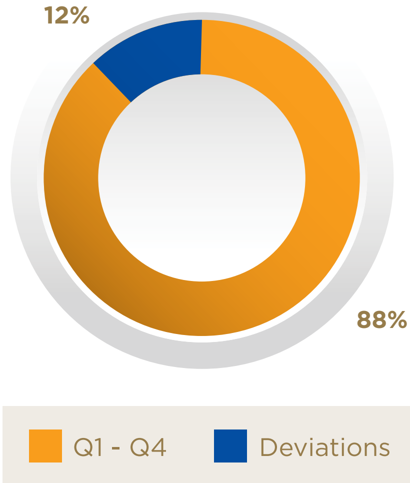



**Diagram 2:** Annual Performance Meter




## Programme 1: Administration

The Programme has a total of 17 targets in the APP and all were achieved, with no deviations. All targets in Programme 1 are compliance targets that are set in line with the relevant legislation and regulations in the following sub-programmes:

- Office of the CEO
- Strategy, Monitoring And Evaluation
- Office of the Chief Financial Officer
- Corporate Services (Communication and Stakeholder Relations Management, Information Technology, Auxiliary Services).

## Programme 2: Project Development & Compliance

Programme 2 has a total of six (6) targets and four (4) were achieved. The highlights of achievements are:

- Two (2) projects were sourced for inclusion in the GIFA project pipeline. These projects were sourced during planned engagements with municipalities. The sourced projects are:
  - (i) Open-cycle Gas Turbines (OCGT) – Projects owner is City of Johannesburg.
  - (ii) Vaal River City Mega Project – Project owner is Emfuleni Local Municipality.
- Three (3) feasibility studies were completed. The projects are:
  - (i) Hospital Revitalisation Programme
  - (ii) Open-Cycle Gas Turbines
  - (iii) Gauteng Medical Supply Depot (GMSD) .
- Three (3) projects were released to the market. The projects are:
  - (i) Gauteng Schools Programme.
  - (ii) Merafong Bio-energy Park.
  - (iii) West Rand Agri-parks.

## Programme 3: Structured Finance

Programme 3 has a total of three (3) targets and two (2) were achieved. Highlights of achievements are:

- Implemented the Funder Engagement Strategy whereby GIFA held progressive engagement with Development Finance Institutions (DFI), private funders and financial institutions on the value proposition of GIFA and projects in the investment memorandum. There was also the support of projects such as Merafong Bio-energy Park, West Rand Agri-parks and Sedibeng Agro-processing Hub with market sounding activities.

- Analysed three (3) projects and tested them for bankability. The projects are:
  - (i) Open-cycle Gas Turbines
  - (ii) Property Commercialisation.
  - (iii) OR Tambo International Airport (ORTIA) Precinct 2: JMP - SEZ

- Concluded commercial close of one project, and the project is:
  - (i) The Gauteng Schools Programme.

## Highlights of Projects Performance

In 2023/24 financial year, the GIFA reviewed its project pipeline which was made up of 36 projects. The review process led to filtering projects that have little chance of success to conclude financial close. Furthermore, these are projects that were stagnant for a considerable long periods because of various reasons such as, lack of decision making by the project owners, failure to confirm affordability by the project owners, change in the priorities of the project owners, unfavourable outcome of the feasibility studies, etc. A decision was taken to cancel or place these projects on hold. This filtration process rationalised the GIFA project pipeline to 20 projects. These are projects with favourable conditions to succeed within short and medium-term period. The CEO of GIFA established a War Room that seeks to fast-track these projects to financial close by facilitating multi-stakeholder interventions to remove any red tape and backlogs in decision making and approvals.

The 13 projects in the new pipeline achieved significant milestones in 2023/24, based on the targets in the project Annual Operational Plans (AOPs) and the 7 projects are still at initiation and feasibility stages with no significant achievements by end of the financial year. Table 2 below is the list of the 20 GIFA projects at different stages of the project development-cycle by end of 2023/24 financial year.

**Table 2:** GIFA Project Pipeline and Stages

Table 2 highlights key milestones achieved, the deviations on planned targets and plans for 2023/24 financial year:

| Initiation Stage | Feasibility Stage | Market Release Stage | Procurement Stage | Financial Close Stage | Implementation Stage |
|---|---|---|---|---|---|
| • State-owned Pharmaceutical Company.<br>• State-owned Bank.<br>• OR Tambo International Airport SEZ.<br>• AIDC Solar<br>• GPG Acquisition of Strategic Infrastructure Assets | • AIDC Inland Port<br>• Gauteng Provincial Legislature (GPL)<br>• Hospital Revitalisation: BFI Business Case. | • Merafong Bio-energy Park<br>• West Rand Agri-Parks<br>• Krugersdorp Game Reserve<br>• COJ-Alternative Waste Water Treatment Technology: BFI Business Case | • Sedibeng Agro-processing Hub | • Rooftop Solar PV<br>• The Innovation Hub: EB3<br>• Merafong Solar Farm Cluster<br>• COT-Freight & Rail/ Pyramid | • Jewellery Manufacturing Precinct<br>• West Rand Mega Park<br>• Gauteng Schools Programme |
| **5** | **3** | **4** | **1** | **4** | **3** |
| **TOTAL** | | | **20** | | |

**Table 3:** 2023/24 Project Performance and Progress

| No. | Project Name & Profile | Achieved 2023/24 Milestones | Deviations | 2024/25 Plans |
|---|---|---|---|---|
| 1 | **Jewellery Manufacturing Precinct (JMP)**<br>**Owner:** GDID & GGDA<br>**Value:** R1.1 billion<br>**Stage:** Implementation | • Phase 2: JMP construction completed.<br>• Completed tenancy onboarding. 100% tenancy occupation achieved. | None | • Close out report.<br>• Cost recovery for Project Preparation Facility (PPF) |
| 2 | **West Rand Mega Park (WRMP)**<br>**Owner:** West Rand District Municipality (WRDM)<br>**Value:** R1.2 billion<br>**Stage:** Implementation | • Developer secured an interim 4 MW power supply from the City of JHB to start Phase 1 construction.<br>• Contracts have been signed between the developers and the main retail groups for Phase 1 development.<br>• Drafted MOU between GDR&T and the developer to provide the wayleave on PWV16 road for the electricity connection to the remainder of the project site. | • Signing of the MOU by the GDR&T. | • Construction of Phase 1 ongoing.<br>• Secure servitude for electricity connection on PWV16 road for future developments on the site. |
| 3 | **Gauteng Schools Programme**<br>**Owner:** GDE<br>**Value:** R1.5 billion<br>**Stage:** Implementation | • Issued the RFP for construction of 18 new schools to the market.<br>• Completed the Bid evaluation process.<br>• Selected and appointed 4 contractors.<br>• Contracts between the Department of Education and contractors were signed.<br>• Conducted site hand-overs to prepare for construction. | • None | • Start construction.<br>• Close out report. |
| 4 | **Rooftop Solar PV: Phase 1**<br>**Owner:** GDID<br>**Value:** R100 million<br>**Stage:** Financial Close | • Completed legal due diligence on procurement process.<br>• Reviewed and updated the financial model.<br>• Completed mark-ups on the loan agreement between the lender and the private party. | • Conclusion of negotiations and signing the PPP Agreement and Power Purchase Agreement by GDID and private party.<br>• Signing the loan agreement.<br>• Submit and obtaining TAIII from National Treasury. | • Sign the PPP Agreement and Power Purchase Agreement.<br>• Sign the loan agreement.<br>• Obtain TAIII from National Treasury.<br>• Close out report.<br>• Implementation. |

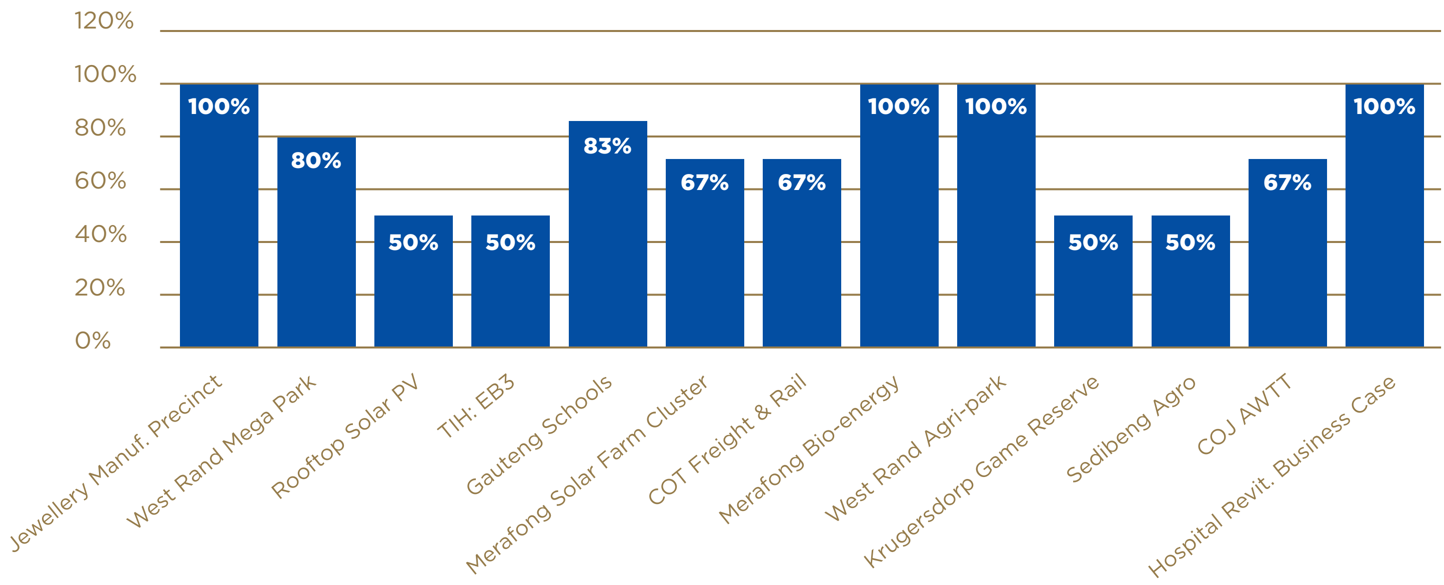
| No. | Project Name & Profile | Achieved 2023/24 Milestones | Deviations | 2024/25 Plans |
|---|---|---|---|---|
| 5 | **The Innovation Hub: EB3 (TIH:EB3)**<br>**Owner:** GDED<br>**Value:** R161 million<br>**Stage:** Financial Close | • Developed draft Head Lease Agreement.<br>• Completed mark-ups on the loan agreement between the lender and the private party.<br>• Started discussions with potential tenants, including the South African National Space Agency and the Water Research Commission. | • Signing of the Head Lease Agreement and loan agreement by the TIH, private party, tenant and lender.<br>• Signing the PPP Agreement by TIH/ GDED and the private party.<br>• Obtaining TAIII from National Treasury. | • Sign the Head Lease Agreement and loan agreement by the TIH, private party, tenant and lender.<br>• Sign the loan. agreement.<br>• Obtain TAIII from National Treasury.<br>• Close out report.<br>• Implementation. |
| 6 | **Merafong Solar Farm Cluster**<br>**Owner:** Merafong Local Municipality<br>**Value:** R8 billion<br>**Stage:** Financial Close | • Drafted lease agreements for signing by the Sibanye SA EXCO Board and the 6 IPPs.<br>• Sibanye SA EXCO Board and the 6 IPPs finalised negotiations on the Option Agreements. | • Signing of the Lease Agreements and the Options Agreements. | • Sign the Lease Agreements and the Options Agreements.<br>• Secure off-take agreements. |
| 7 | **COT Freight & Rail**<br>**Owner:** Tshwane Economic Development Agency (TEDA)<br>**Value:** R1.6 billion<br>**Stage:** Commercial Close | • Competed the technical feasibility study.<br>• Applied for township establishment.<br>• City of Tshwane approved the conditions township establishment. | • Approval of conditions of Township establishment<br>• Registering Township with Surveyor-General and Deeds Office | • Approve conditions of Township establishment<br>• Register Township with Surveyor-General and Deeds Office.<br>• Implementation.<br>• Close out report. |
| 8 | **Merafong Bio-energy Park**<br>**Owner:** Merafong Local Municipality<br>**Value:** R1 billion<br>**Stage:** Market Release | • Developed the environmental and social baseline report.<br>• Developed the due diligence report.<br>• Conducted market engagements.<br>• Developed the Project Investment Memorandum (PIM) and Expression of Interest (EOI).<br>• Released the project to the market. | None | • Pre-qualify bidders.<br>• Prepare a request for proposals documentation and issue to pre-qualified parties.<br>• Receive and evaluate bids.<br>• Select preferred bidder.<br>• Negotiate and sign contracts. |
| 9 | **West Rand Agri-Parks**<br>**Owner:** West Rand District Municipality<br>**Value:** R1 billion<br>**Stage:** Market Release | • Developed the environmental and social baseline report.<br>• Developed the due diligence report.<br>• Conducted market engagements.<br>• Developed the Project Investment Memorandum (PIM) and Expression of Interest (EOI).<br>• Released the project to the market | None | • Pre-qualify bidders.<br>• Prepare a request for proposals documentation and issue to pre-qualified parties.<br>• Receive and evaluate bids.<br>• Select preferred bidder.<br>• Negotiate and sign contracts |

| No. | Project Name & Profile | Achieved 2023/24 Milestones | Deviations | 2024/25 Plans |
|---|---|---|---|---|
| 10 | **Sedibeng Agro-processing Hub**<br>**Owner:** Sedibeng District Municipality<br>**Value:** R413 million<br>**Stage:** Market Release | • Conducted market sounding exercise.<br>• Developed RFP and PPP Agreement documentation and submitted for municipal approval. | • Submission of TVRII(a) to National Treasury.<br>• Release RFP to the market. | • Obtain municipal approval of draft RFP and PPP Agreement documentation<br>• Submit the TVRII(a) to National Treasury.<br>• Release the RFP to the market.<br>• Undertake procurement process and select preferred bidder.<br>• Sign PPP Agreement<br>• Obtain TVRIII. |
| 11 | **Krugersdorp Game Reserve**<br>**Owner:** Mogale City Local Municipality<br>**Value:** R100 million<br>**Stage:** Market Release | • Developed RFP and PPP Agreement documentation.<br>• Submitted TVRI to National Treasury and awaiting approval.<br>• Council approval was obtained to release the project to the market. | • Submitting TVRII(a) application to National Treasury<br>• Releasing RFP to the market | • Submit the TVRII(a) to National Treasury.<br>• Release RFP to the market.<br>• Undertake procurement process and select preferred bidder.<br>• Sign PPP Agreement<br>• Obtain TVRIII. |
| 12 | **COJ Alternative Waste Water Treatment Plant**<br>**Owner:** City of Joburg<br>**Value:** R3.5 billion<br>**Stage:** Market Release | • Completed Business Case to raise funding for the project..<br>• Submitted the business case to National Treasury for BFI grant funding application.<br>• Submitted the project to the 8th edition of UNECE International Public-Private Partnership Forum (Turkey) for funding application. | • TVRI & TVRII(a) approval by National Treasury. | • Presentation of the BFI outcome and recommendations to the CoJ Mayoral Committee .<br>• Request approval for the Issue of RFQ to market from CoJ Mayoral Committee.<br>• TVRI & TVRII(a) approval by National Treasury.<br>• TVRI & TVRII(a) adopted by Council before market release.<br>• Release to market in Q1 (2024/2025). |
| 13 | **Hospital Revitalisation (BFI Business Case)**<br>**Owner:** GDH<br>**Value:** R1.7 billion<br>**Stage:** Feasibility Stage | • Business Case was developed (Daveyton Hospital) for BFI application for 2025/26 budget. | None | • Submit and await outcome of the application. |

**Diagram 1:** 2023/24 Project Performance

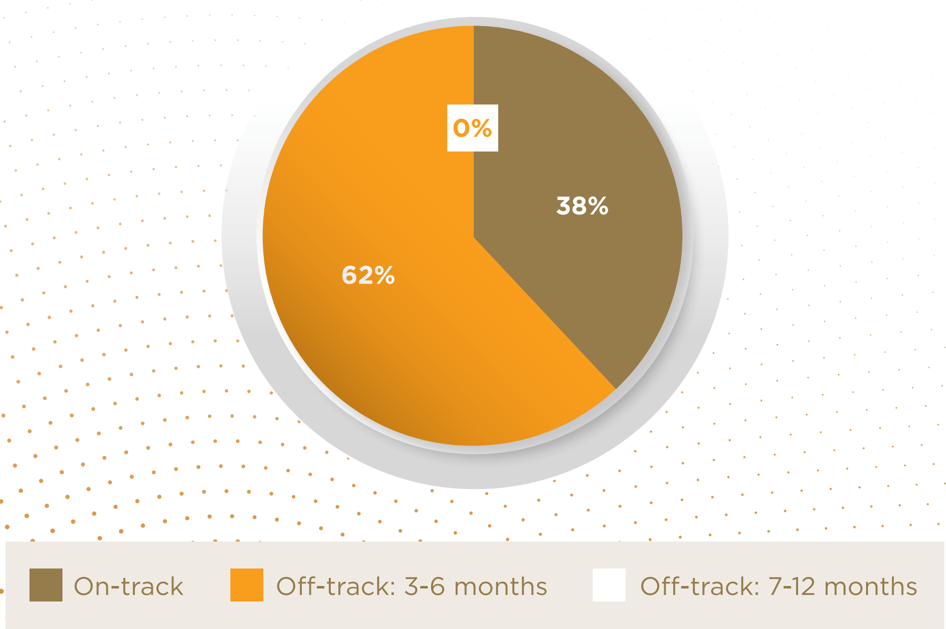
The diagram below illustrates the performance of the 13 projects against planned targets set out in the project AOPs:

**2023/24 Project Performance**




The diagram below illustrates the 13 projects' performance against the planned timelines in the project 2023/24 AOPs:

**Progress against Planned Timeline**



## Key Challenges

The table below provides the key challenges that were generally impact on projects in 2023/24 financial year:

| Key Challenges | Projects |
|---|---|
| Prolonged contract and agreements negotiations between government and the private party. However, it should be noted that it is in the nature of business to have rigorous and protracted PPPA and contractual negotiations to ensure value for money and appropriate risk transfer. | • Rooftop Solar PV: Phase 1.<br>• Gauteng Schools Programme.<br>• Merafong Solar Farm Cluster. |
| Delayed decision making by key stakeholders such as potential tenant, approving authority, contracting party, etc. | • West Rand Mega Park.<br>• The Innovation Hub: EB3. |
| Delayed approvals by approving authorities such as the municipal councils, departmental heads and National Treasury. | • Sedibeng Agro-processing Hub.<br>• Krugersdorp Game Reserve. |
| Unresponsive bids to the RFP. The bidders failed to meet the requirements of the RFPs, as a result there was no appointment of the Transaction Advisors to provide support with the development of feasibility studies and business cases. This impacted negatively on the achievement of planned targets, which is to conduct and complete the feasibility studies and business cases. | • State-owned Bank.<br>• State-owned Pharmaceutical Company.<br>• AIDC Solar.<br>• AIDC Inland Port. |

## 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. During the 2023/24 financial year an amount of R65,47 million was allocated to GIFA's operational budget and an additional R9,4 million was transferred during the adjustments estimate for the Project Preparation Facility (PPF).

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

- **Departmental receipts**

  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 2023 to 31 March 2024 for the GIFA.

  In 2023/24, GIFA spent 95% of its R 65,47 million budget.

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

| Programme Name | 2022/2023 | | | 2023/2024 | | |
|---|---|---|---|---|---|---|
| | 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) | 41 514 | 40 276 | 1 238 | 43 993 | 42 205 | 1 788 |
| **Project Development** | 15 547 | 15 430 | 117 | 14 918 | 14 886 | 32 |
| **Structured Finance** | 6 645 | 6 299 | 346 | 6 557 | 5 744 | 813 |
| **Total** | 63 706 | 62 005 | 1 701 | 65 468 | 62 835 | 2 633 |

| Economic Classification | 2022/2023 | | | 2023/2024 | | |
|---|---|---|---|---|---|---|
| | 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** | 62 756 | 61 244 | 1 512 | 64 568 | 61 993 | 2 575 |
| Compensation of Employees | 43 626 | 42 761 | 865 | 48 122 | 45 956 | 2 166 |
| Goods and Services | 19 130 | 18 483 | 647 | 16 446 | 16 037 | 409 |
| **Capital Assets** | 950 | 761 | 189 | 900 | 842 | 58 |
| **Total** | 63 706 | 62 005 | 1 701 | 65 468 | 62 835 | 2 633 |

For the 2023/24 financial year, GIFA's budget allocation was reduced in line with the provincial baseline cuts.

**Programme 1: Administration**

The programme spent 95% of its budget for the 2023/24 financial year.

**Programme 2: Project Development and Compliance**

This programme spent 98% of its budget for the 2023/24 financial year.

**Programme 3: Structured Finance**

The programme has spent 86% of the 2023/24 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 R1,172 m from its operational budget for project development costs in the 2023/24 financial year.

## Funder Engagement Events of 2023/24

During 2023/24 financial year, funder engagement was executed mainly through one-on-one meetings with financiers for either market testing or market sounding. The GIFA engaged with a number of financiers, including the International Finance Corporation (for co-funding on project preparation), the RMB, Absa, Nedbank, Proparco, Investec, Standard Bank, the Land Bank and the DBSA. These engagements are aimed at creating market awareness on the GIFA projects in order to attract funding for project preparation, as well as financing of the GIFA projects during implementation. The projects in question include the Solar Rooftop PV, Enterprise Buildings 2 and 3, , the COJ AWTT and Merafong Solar Farm Cluster project.

## Future plans of the Entity

In the 2024/25 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 valuable projects 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 two feasibility studies in 2023/24 financial year. This will include the completing the AIDC Inland Port feasibility study and developing the business cases for Pharmaceutical Company. Research work will be undertaken on the state bank and this will entail exploring how the province would transact with the envisaged national state bank.

**c. Release Projects to the Market**

The GIFA will release three projects to the market. This will include 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 three projects will be prioritised for and the earmarked projects are: Merafong Bio-energy Park, West Rand Agri-park, 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. Projects that GIFA will be involved in are: City of Johannesburg with the Open-cycle Gas Turbines, Battery Energy Storage, The Rooftop Solar PV and Merafong Solar Farm Cluster.

**f. 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.

**g. Grant Funding**

The GIFA will continue exploring the available channels for raising alternative funding for infrastructure projects, this includes grant funding. In 2024/25 GIFA will support projects such as COJ Alternative Waste Water Treatment Plant and Hospital Infrastructure to raise funding from National Treasury's BFI.

## Public Private Partnerships

The GIFA is working on a number of projects, 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 Projects** | **Owner** | **Municipal Projects** | **Owner** |
| Rooftop Solar PV: Phase 1 | GDID | Sedibeng-Agro-processing Hub | Sedibeng District Municipality |
| Innovation Hub: EB2 | GDED | Krugersdorp Game Reserve | Mogale City Local Municipality |
| Innovation Hub: EB3 | GDED | COJ: AWTT | City of Johannesburg Metropolitan Council |

## Discontinued activities

There are no major discontinued and or proposed major activities to be reported for the 2023/24 financial year.

## Supply chain management

There were no unsolicited bid proposals concluded for the year under review. There was no irregular expenditure in 2023/24 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

To ensure that service delivery is improved, GIFA has enhanced its capacity with experience and expertise through the establishment of the Project Management Unit (PMU). The process of developing the State-owned Pharmaceutical Company and State-owned Bank business case will continue in 2024/25 financial year and research will be undertaken to explore ways of working earnestly with the envisaged national state-owned bank. 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. Lastly, it is envisaged that the new organisational structure of GIFA will pass the assessment process by the Office of the Premier and the Department of Public Service and Administration (DPSA).

## Acknowledgements

I wish to express special appreciation to the MEC, for her guidance and support. I would also like to thank the GIFA senior management team and 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

**Mr. P.H Seabi**
CEO
Gauteng Infrastructure Financing Agency

**Date:** 31 May 2024

# 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 2024.

Yours faithfully

**Mr. P.H Seabi**
CEO
Gauteng Infrastructure Financing Agency

**Date:** 31 May 2024

# 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

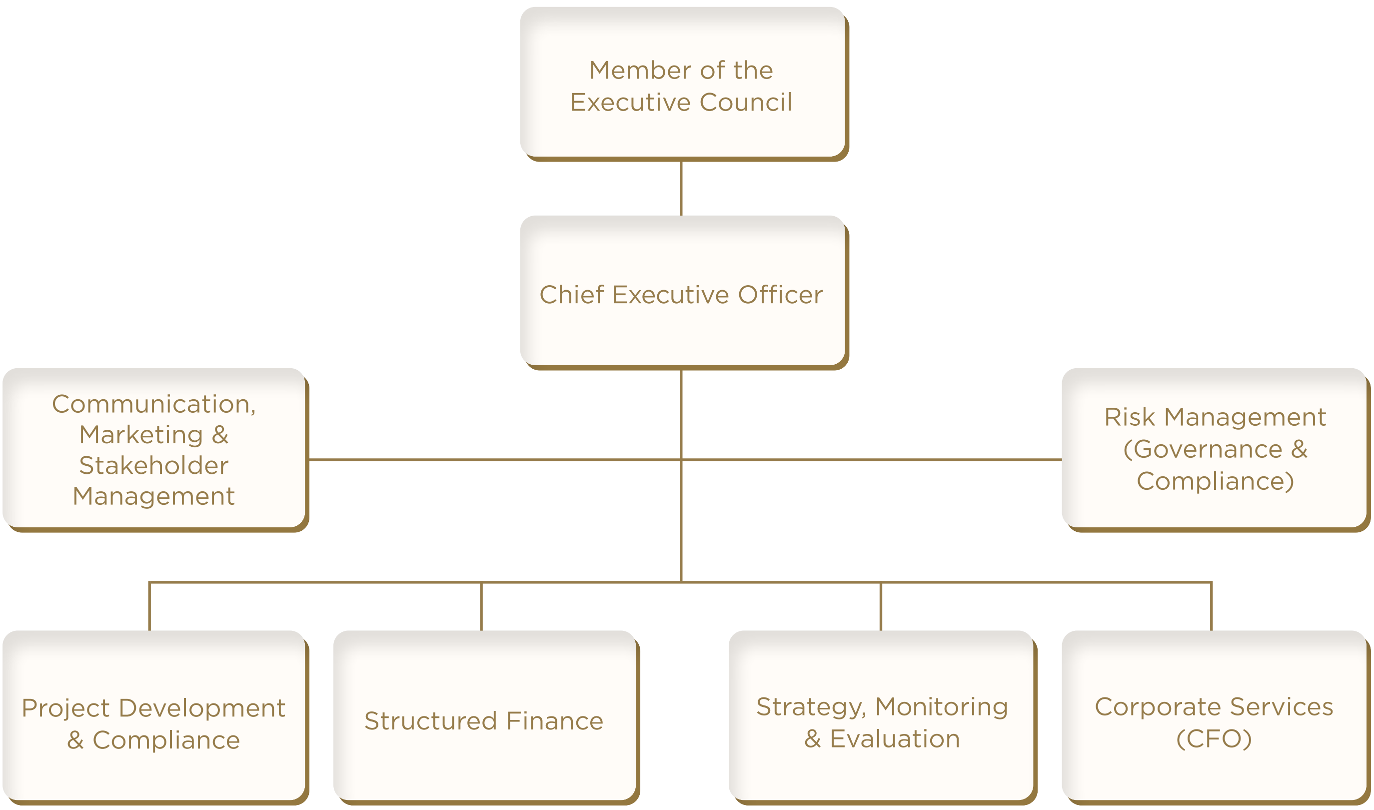
The values and principles that underpin the GIFA are predicated on the principles of Batho Pele and are:

| 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).<br>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 project development-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

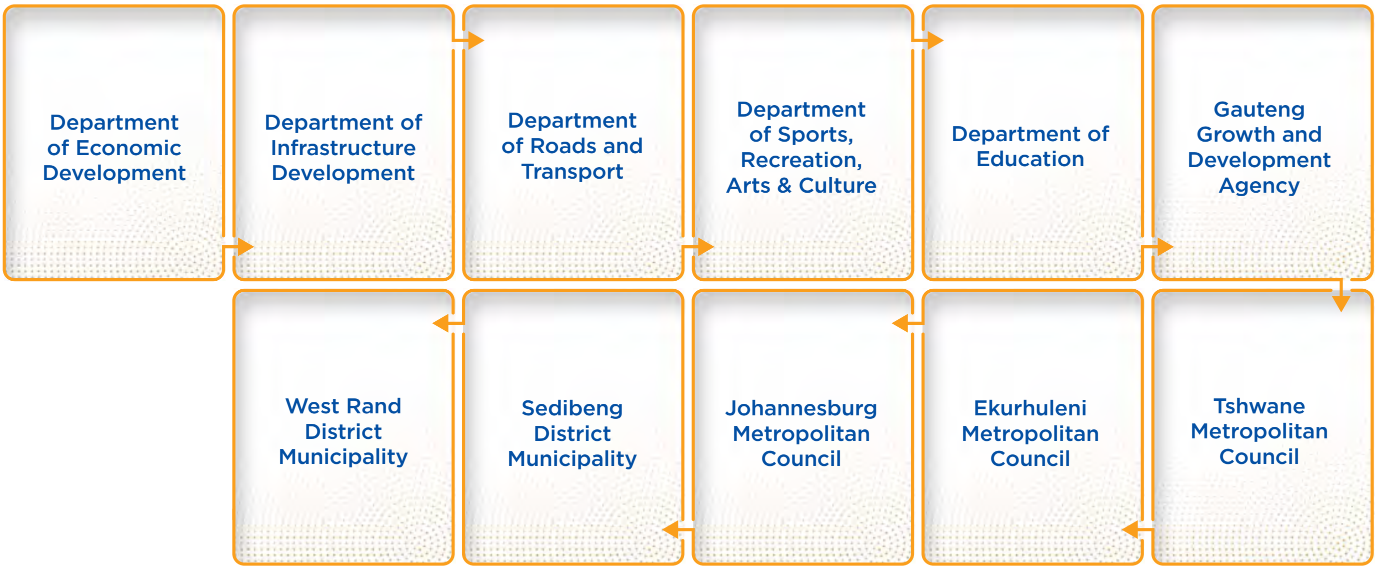
The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 94 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 2023/24 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 plan was developed and implemented with the aim of building a cohesive and committed workforce through effective leadership and management of employees. Leadership coaching was rolled by Gauteng City Region Academy and National School of Government wherein 7 Senior Managers participated on the programme. Part of the implementation of the Change Management plan, efforts were made to improve communication with staff wherein utilization of sharepoint was monitored and maximized, electronic suggestion box was utilized and monitored. Promotion of employee wellbeing and project a caring image was prioritized wherein 38 employees participated in health screening, GIFA signed a new contract concluded with Lyra to provide psychosocial support to GIFA employees. Code of conduct sessions and performance management awareness sessions were conducted. A total of 22 long serving employees were recognized as well as best performing employees were acknowledged on a quarterly basis. The above-mentioned initiatives were put in place to address internal issues that impacted on the efficiency of the organization of which such issues have protentional to hamper the performance of the organization and the implementation of the Annual Performance plan.

GIFA put the process of finalising the organizational structure on hold while waiting for the finalization of review of agencies within Gauteng. While the process of finalising the structure was put on hold, five vacant posts were advertised and filled. Since the review of entities is not finalized, GIFA is in the process of formalizing the current organizational structure and submit to the Office of the Premier for concurrence.

## 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 | • Three (3) Feasibility Studies were completed.<br>• Three (3) projects were analysed and tested for bankability.<br>• Three (3) projects were released to the market. |
| Bankable infrastructure projects financed through capital investment raised from alternative sources of funding | • Commercial close for one project (1) was concluded. |

# 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 Office of the CEO
  - o Strategy, Monitoring & Evaluation
  - o Office of the CFO
  - o Corporate Services

- **Sub-programme: Office of the CEO**
  - o Purpose: To strategically lead, direct and oversee delivery of the GIFA's mandate and ensure that organizational risks are effectively managed.

| Programme 1: Administration | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Outcome** | **Output** | **Output Indicator** | **Audited Actual Performance 2021/2022** | **Audited Actual Performance 2022/2023** | **Planned Annual Target 2023/24** | **Actual Achievement 2023/24** | **Deviation from planned target to Actual Achievement for 2023/24** | **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 approved | Risk Management Strategy was approved | None. | None. |

## Sub-Programme: Strategy, Monitoring and Evaluation

**Purpose:** To oversee and guide the development of organisational strategic plan, annual performance plans and also monitor and evaluate organisational performance and project development-cycle

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual Performance 2022/2023 | Planned Annual Target 2023/24 | Actual Achievement 2023/24 | Deviation from planned target to Actual Achievement for 2023/24 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|
| 5-year Strategic Plan implemented effectively | Approved 5-year Strategic Plan implemented through APPs | Approved Annual Performance Plans | 2022/23 Annual Performance Plan was approved and implemented | 2023/24 Annual Performance Plan was approved and implemented | 2024/25 Annual Performance Plan approved | 2024/25 Annual Performance Plan was approved. | None. | None. |
| Organisational performance effectively monitored and evaluated | Reliable Organisation-wide M&E Framework | Approved 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 approved | Organisation-wide M&E Framework was approved | 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 the 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 the Legislature. | None. | None. |
| | | Approved Annual Report | N/A | Annual Report (2021/22) submitted to Legislature | Annual Report (2022/23) submitted to Legislature | Annual Report (2022/23) was submitted to Legislature. | None. | None. |
| Organisational business processes effectively monitored and evaluated | | Number of approved BPR Monitoring Reports | N/A | 4 BPR Monitoring Reports submitted to CEO | 4 BPR Monitoring Reports produced | 4 BPR Monitoring Reports were produced | None. | None |

## Sub-Programme: Office of the Chief Financial Officer

**Purpose:** To assist the accounting officer in discharging the duties prescribed in Part 2 of Chapter 5 of the Act and the annual Division of Revenue Act". The CFO has an essential function in carrying out financial management responsibilities in areas ranging from budget preparation to financial reporting and the development and maintenance of internal control policies and procedures.

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual Performance 2022/2023 | Planned Annual Target 2023/24 | Actual Achievement 2023/24 | Deviation from planned target to Actual Achievement for 2023/24 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|
| 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 2020/21 financial year was achieved | Unqualified audit outcome for 2021/22 financial year was achieved | Unqualified audit outcome | Unqualified audit outcome for 2022/23 financial year was achieved | None. | None. |
| | | Number of credible and accurate annual financial statements submitted within the prescribed times | N/A | 3 Quarterly and 1 Annual Financial Statements compiled and submitted to Gauteng Provincial Treasury | 3 Quarterly and 1 Annual Financial Statements compiled | 3 Quarterly and 1 Annual Financial Statements were compiled | 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 payment | 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. |

## Sub-programme: Corporate Services

**Purpose:** To provide organisation-wide consolidated support services such as human resources, IT, legal, and facilities management, communications and stakeholder relations management.

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual Performance 2022/2023 | Planned Annual Target 2023/24 | Actual Achievement 2023/24 | Deviation from planned target to Actual Achievement for 2023/24 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|
| Efficient human resources management and effective and human resource development | Implementa-tion 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 approved | HRMD Strategy was approved. | None. | None. |
| Communication and stakeholder relations management implemented effectively | Implementa-tion of the Organisation-wide Communica-tion and Stakeholder Relations Strategy | Approved Communica-tions Strategy | Organisation-wide Communica-tion was approved and implemented | Organisation-wide Communica-tion was approved and implemented | Communica-tions Strategy approved | Communica-tions Strategy was approved. | None. | None. |
| | | Approved Stakeholder Relations Strategy | Stakeholder Relations Strategy was approved and implemented | Stakeholder Relations Strategy was approved and implemented | Stakeholder Relations Strategy approved | Stakeholder Relations Strategy was approved. | 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 approved | ICT Strategy was approved. | 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 approved | Facilities Management Plan was approved. | None. | None. |

### Linking performance with budgets

The budget is allocated Administration Programme for operational requirements to support the core business of GIFA in achieving its objectives. The majority of the budget is allocated to Compensation of Employees and for Goods and Services to resource the GIFA with facilities and systems.

## Programme 1 expenditure

| Programme Name | 2022/2023 | | | 2023/2024 | | |
|---|---|---|---|---|---|---|
| | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Administration** (Includes Strategy, Monitoring and Evaluation, Finance and Corporate Services) | 41 514 | 40 276 | 1 238 | 43 993 | 42 205 | 1 788 |

## 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.

- **List the 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 2021/2022** | **Audited Actual Performance 2022/2023** | **Planned Annual Target 2023/24** | **Actual Achievement 2023/24** | **Deviation from planned target to Actual Achievement for 2023/24** | **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 | Sourcing Strategy and Plan approved | Sourcing Strategy and Plan was approved. | Sourcing Strategy and Plan was approved. | None. | None. |
| | | Number of sourced projects approved for inclusion into the infrastructure pipeline | 2 infrastructure projects were sourced:<br>a) ORTIA SEZ Precinct 2 and ORTIA Springs Precinct<br>CoT AIDC Inland Port | 3 projects were sourced:<br>a) Mogale City Alternative Energy Supply<br>b) State-owned Bank<br>State-owned Pharmaceutical Company | 2 sourced projects approved for inclusion into infrastructure pipeline | 2 projects were sourced:<br>a) OCGT,<br>b) Vaal River City Mega Project | None. | None. |
| | Completed feasibility studies | Number of feasibility studies approved | 2 feasibility studies were completed:<br>a) Krugersdorp Game Reserve<br>CoJ AWTT (revised) | 1 feasibility study was completed:<br>Gauteng Provincial Legislature | 3 feasibility studies completed | 3 feasibility studies were completed:<br>a) Health Revitalisation Programme<br>b) OCGT<br>c) GMSD | None. | None. |
| 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 | Legal due diligence report on establishment of state-owned bank was developed. | Business Case for establishment of state-owned bank approved | Planned target of approving the business case for establishment of state-owned bank was not achieved | 2 tenders were advertised, to appoint the Transaction Advisors (TA) to develop a Business Case. | The tender process of appointing the TA delayed the whole process of developing the business case due to bidders failing to respond positively to the requirements of the RFP. |

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual Performance 2022/2023 | Planned Annual Target 2023/24 | Actual Achievement 2023/24 | Deviation from planned target to Actual Achievement for 2023/24 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|
| 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 | Legal due diligence report on the establishment of state-owned pharmaceutical company was developed. | Business Case for establishment of state-owned pharmaceutical company approved | Planned target of approving the business case for establishment of state-owned pharmaceutical company was not achieved | The tender for TA to develop a Business Case was advertised and the preferred bidder (TA) was selected. | The tender process of appointing the TA delayed the whole process of developing the business case due to bidders failing to respond positively to the requirements of the RFP. |
| Bankable infrastructure projects prepared for alternative financing mechanisms | Release bankable projects to the market | Number of bankable projects released to the market | 0 projects released to the market | 1 project released to the market:<br>Sedibeng Agro-processing. | 3 bankable projects released to the market | 3 projects released to the market:<br>a) Gauteng Schools Programme.<br>b) Merafong Bio-Energy Park<br>c) West Rand Agri-Parks | None. | None. |

### Linking performance with budgets

The budget is allocated Project Development and Compliance Programme to support Provincial Departments and the Provincial Municipalities with the project development skills to enhance projects implementation. The majority of the budget is allocated to Compensation of Employees and for Goods and Services to undertake feasibility studies.

## Programme 2: Expenditure

| Programme Name | 2022/2023 | | | 2023/2024 | | |
|---|---|---|---|---|---|---|
| | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Project Development and Compliance** | **15 547** | **15 430** | **117** | **14 918** | **14 886** | **32** |

## Strategy overcome areas of underperformance

- **State-owned Bank and State-owned Pharmaceutical Company:**

  The approval of the business cases is achieved in multiple stages, starting with the appointment of transaction advisors to assist with the development of the business cases. Although the businesses cases for the state-bank and pharmaceutical company were not approved yet, GIFA has reported on the achieved milestones of advertising the tenders to appoint the TAs to develop the business cases.

## 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.

- **List the 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 2021/2022** | **Audited Actual Performance 2022/2023** | **Planned Annual Target 2023/24** | **Actual Achievement 2023/24** | **Deviation from planned target to Actual Achievement for 2023/24** | **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 approved | Funder Engagement Plan was approved. | None. | None. |
| | Bankable infrastructure projects | Number of feasibility studies analysed and tested for bankability | 2 bankability assessments were completed:<br>a) Krugersdorp Game Reserve<br>b) COJ AWTT Project | 1 project was analysed and tested for bankability namely:<br>Gauteng Provincial Legislature | 3 projects analysed and tested for bankability | 3 projects were analysed and tested for bankability:<br>a) Property Commerciali-sation<br>b) OCGT<br>c) ORTIA Precinct 2: JMP - SEZ | None. | None. |
| | Concluded financial close of identified projects | Number of projects concluded financial close | 0 projects were concluded financial close. | 1 project concluded financial close:<br>GIFA obtained funding for the Schools Programme from the Budget Facility for Infrastructure. | 5 projects concluded financial close | The target of concluding financial close of 5 projects was not achieved | 5 projects did not concluded financial close and 1 project concluded commercial close, namely Gauteng Schools Programme | TIH: EB3: The signing of PPPA by GDED and the private party was delayed by negotiations of the lease agreement with SANSA.<br>Rooftop Solar PV: The signing of PPPA and Power Purchase Agreement was delayed by protracted negotiations with the private party.<br>Merafong Solar Farm Cluster: The negotiations of lease agreements between Sibanye SA EXCO Board and the 6 IPPs were protracted. |

| Outcome | Output | Output Indicator | Audited Actual Performance 2021/2022 | Audited Actual Performance 2022/2023 | Planned Annual Target 2023/24 | Actual Achievement 2023/24 | Deviation from planned target to Actual Achievement for 2023/24 | Reasons for deviations |
|---|---|---|---|---|---|---|---|---|
| Bankable infrastructure projects financed through capital investment raised from alternative sources of funding | | | | | | | | Sedibeng Agro-processing Hub: The municipal process of approving the RFP and draft contract documentation was protracted |

**Linking performance with budgets**

The budget is allocated Structured Finance Programme to support Provincial Departments and the Provincial Municipalities with the project finance and structuring skills to support bankable infrastructure projects financed through capital investment raised from alternative sources of funding. The majority of the budget is allocated to Compensation of Employees and for Goods and Services for funder engagement and market sounding.

## Programme 3 expenditure

| Programme Name | 2022/2023 | | | 2023/2024 | | |
|---|---|---|---|---|---|---|
| | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **Structured Finance** | **6 645** | **6 299** | **346** | **6 557** | **5 744** | **813** |

## Strategy to overcome areas of under performance

- **The Innovation Hub: EB3:**

  A concerted effort by The Innovation Hub, private party and GIFA to engage and discuss with SANSA on their pre-conditions of the lease contract and space planning requirements on Enterprise Building 3.

- **Rooftop Solar PV Phase 1:**

  Engage the private party on the PPPA mark-ups that have been submitted for their consideration and agreement to finalise the contracts and sign-off.

- **Merafong Solar Farm Cluster:**

  Facilitate engagements between Sibanye SA EXCO Board and the 6 IPPs to present revised propositions for the lease agreements.

- **Sedibeng Agro-processing Hub:**

  Facilitate an executive level engagement between GIFA and the municipality to fast-track municipal approval of the RFP and draft contract documentation that will be submitted to National Treasury to obtain TVRII(a) approval.

- **Gauteng Schools Programme:**

  The Gauteng Schools Programme did not follow the conventional GIFA project development cycle, which normally start with  commercial close and concludes with financial close. In this case, the Gauteng Schools Programme secured funding first in 2022/23 from the National Treasury through the Budget Facility for Infrastructure. Hence, financial close was concluded. The commercial terms of the project were only achieved through procurement process, which happened in financial year (2023/24) after financial close. That is the reason commercial close was reported in the 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 2023/24 financial year (R'000):

| | Intangible Assets | Property, plant and equipment | TOTAL |
|---|---|---|---|
| **GIFA** | 0 | 842 | 842 |

# 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 2023/24 financial year.

## 4 MINIMISING CONFLICT OF INTEREST

In complies 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 2023/24 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 implement and monitor compliance with Occupational Health and Safety Act of 83 of 1993 wherein OHS committee was established, and the committee convened 4 quarterly meetings. Hazard Identification and Risk Assessment was developed and implemented to ensure that hazards and risks are monitored, and controls are put in place to mitigate the risks. The OHS Statutory appointments were made wherein a Senior Manager was designated roles in terms of section 16. 2, Safety Health and Environment (SHE) Representative, first aiders, fire fighters and OHS committee members were appointed and trained in line with the OHS regulations. Inspections were conducted internally on a regular basis and issues of noncompliance were identified and addressed.

# 7 PORTFOLIO COMMITTEES

| Dates of the Meetings | Matters Raised | Response by GIFA |
|---|---|---|
| 27/10/2023 | There were some delays in releasing the Krugersdorp Game Reserve project to the market, however, the Agency indicated that the project will be released to the market in quarter 1 of the 2023/24 financial year.<br>According to the 2023/24 first quarter report, the Krugersdorp Game Reserve project was not released to the market. The GIFA only release the Gauteng Schools Project to the market. The Agency is required to provide clarity in this regard. | National Treasury requested that the project be re-registered as a PPP and this had to be done by the project owner. This delayed the process of applying and receiving TVRI and TVRII(a) from National Treasury. These are approvals of the feasibility study and release the project to market. |
| 27/10/2023 | The Funder Engagement Strategy and Plan was reviewed and implemented in line with the APP.<br>**To what extent has the Funder Engagement Strategy been successful in attracting relevant stakeholders?**<br>**The Agency is requested to share successes/challenges with the Portfolio Committee in this regard.** | The Funder Engagement Strategy and Plan is a tool through which the GIFA interacts with funders in order to solicit their appetite to fund the projects, as soon as the project preparation phase has been completed. It is also a way of building a pipeline of credible and bankable projects for implementation.<br>Notable success in the Funder Engagement Strategy and Plan has been the GIFA's ability to secure co-funding from likeminded DFIs in the project preparation. The GIFA secured R10 million for project preparation work from the African Development Bank for the Bokamoso Ba-Rona Initiative, R12 million for the Rooftop Solar PV project from the DBSA and R15 million for the COJ AWTT project. Further interest has been expressed from the International Finance Corporation for funding of the Ekurhuleni AWTT project.<br>Through this exercise, the GIFA has secured implementation funding for the following.<br>• Enterprise Buildings III - Absa Capital<br>• Rooftop Solar PV – Absa Capital<br>There is interest on the rest of the GIFA project, which will be realised as the proects reach financial close. Overall, the Funder Engagement Strategy and Plan has resulted in improving the quality of the GIFA pipeline.<br>There was a delay to procure computer equipment in Q1 due to the suspension of PPR 2017. |
| 27/10/2023 | The GIFA reported that there were Funder Engagement Events undertaken in Cairo, Mauritius, and Cape Town.<br>Did these engagements add value? How many potential investors were secured? What were the financial implications? How were they funded?<br>**The Portfolio Committee recommends that this indicator be included in the APP as well as its budget for ease of reference and oversight.** | Yes, the engagements added value, assisting GIFA in streamlining its project preparation process and also raise an awareness on the projects. There is appetite from the Mauritius and Cape Town engagements to support GIFA projects, as soon as they are released to market. The trips were funded from the GIFA operational budget.<br>The indicator is already included in the GIFA APP as part of the Funder Engagement Strategy and Plan. |

| Dates of the Meetings | Matters Raised | Response by GIFA |
|---|---|---|
| 27/10/2023 | The Agency reported that it is in constant engagements with the private party to fast-track the legal due diligence for the Rooftop Solar PV project. This output is planned for the first quarter of the next financial year. The Agency is requested to provide the Portfolio Committee with an update on progress, including progress on the other two projects i.e., TIH: EB3, and Kopanong Precinct. | a) The legal due diligence for Rooftop Solar PV was completed. The negotiations to finalise the signing of the PPP Agreement with the private party are ongoing.<br>b) There were engagements with SANSA in an effort to get them sign the re-instatement of the lease agreement. SANSA has expressed the preference for lease to buy arrangement, the option will be presented to the SANSA Board for approval in October 2025<br>c) Kopanong Precinct: The project owner, GDID cancelled the tender, citing non-compliance to the bid specifications by the bidders |
| 27/10/2023 | Training expenditure increases sharply from R86 000 to R291 730 in the 2022/23 financial year. **What was the training about? What did it entail?** | During 2021/22 financial year an amount of R86 000 spent on training due to Covid -19 as employees could not attend face to face training. During 2022/23 employees were trained face to face as Covid-19 came to end and more training courses were opened to employees hence the increase in expenditure from R86 000 to R291 000. The details of the training will be furnished to the Committee. |
| 05/12/2023 | That GIFA should submit a process plan indicating how intents mitigating against the continued delays in the delivery of projects and associated impact of such on service delivery. | The GIFA's 2020/21 plan to mitigate against continued delays in delivery of projects is constantly implemented and continuously improved to ensure its effectiveness. In 2023/24 the following improvements were effected:<br>• Establishment of the War Room which is led by the CEO of GIFA. The War Room facilitates interventions by relevant project stakeholders to remove red-tape and blockages that delay progress, for example, decisions and approvals.<br>• Establishment of the Project Management Unit (PMU). The PMU is capacitated with multi-skilled project managers to contribute to the lack of resources, hence assist with fast-tracking the progress of selected GIFA projects. |

# 8 SCOPA RESOLUTIONS

| Date of Sitting | Adopted House Resolution | Department Expected Date |
|---|---|---|
| 05/012/2023 | The entity must provide the Committee with the report detailing the status of the implementation of the following projects:<br>1) West Rand Mega Park<br>2) Rooftop Solar PV: Phase 1<br>3) Merafong Bio-energy Park<br>4) West Rand Agri-Park<br>5) State-owned Bank<br>6) State-owned Pharmaceutical Company. | 30/04/2024 |
| | That the entity must provide the Committee with a report detailing progress made with the implementation of its audit action plan by 30 April 2024 | 30/04/2024 |
| | The entity must develop and implement a plan to maintain clean audit outcomes in the financial performance management as well as the status of compliance, thereby ensuring good governance and administration of public funds and provide the committee with a report by 30 April 2024 | 30/04/2024 |
| | That GIFA should provide areas where and why there were material misstatements in its annual performance report and how such will be prevented from recurring. | 31/01/2024 |

# 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 performance information. 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:**

- IT continuity review.
- Follow up Review on Business Continuity Management.
- Asset Management.
- Follow Up on AG significant findings.
- Review of Draft Annual Performance Report.
- Review of Annual Performance Report.
- Performance of the entity against predetermined objectives – Q1 & Q2.
- Follow Up on Project Preparation and Facility & Structured Finance – Audit cancelled.
- SAP ESS & PERSAL leave reconciliation.
- Data Analysis – ETHICS / FIN / HR (1 Jan 2023 – 30 June 2023).
- Data Analysis – ETHICS / FIN / HR (1 July 2023 – 31 December 2023).

No significant matters were raised

# 12 INTERNAL AUDIT AND AUDIT COMMITTEES

| Name | Qualifications | Internal or external | If internal, position in the Department | Date appointed | Date resigned | No. of meetings attended |
|---|---|---|---|---|---|---|
| Vishnumurthie Kista Naicker (Mr) | • Bachelor of Commerce (Accounting and Economics)<br>• Higher Diploma in Taxation<br>• Business Management Diploma<br>• Systems Administration Diploma<br>• Harvard Certificate in Sustainable Business Strategy | External | Chairperson | 11 August 2020 | Current | |
| Luyanda Mangquku (Mr) | • Chartered Accountant (South Africa)<br>• Master of Business Leadership<br>• Advanced Company Law I&II<br>• Honours Bachelor of Accounting Sciences<br>• Bachelor of Commerce Honours (Accounting) | External | Member | 11 August 2020 | Current | |
| Sizo Mzizi (Ms) | • IODSA Cert Director<br>• CGISA ACG<br>• Post Grad Diploma in Corporate Law<br>• Post Grad Cert in Corporate Governance<br>• CIMA (ACMA CGMA)<br>• BCom Hons (Financial Management)<br>• BTech: Cost and Management Accounting<br>• Higher Diploma in Education (Economic Sciences) | External | 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 2024.

### 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 | Number of meetings attended |
|---|---|
| Mr. Vishnu Naicker | 05 |
| Mr. Luyanda Mangquku | 03 |
| Ms. Sizo Mzizi | 04 |

### 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 Attended |
|---|---|
| Mr. Oupa Seabi (Chief Executive Officer) | 05 |
| Mr. Victor Molate (Chief Financial Officer) | 05 |
| Mr. Bongani Mnguni (Chief Risk Officer) | 05 |
| Mr. Velile Kweyama (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.

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

- Follow Up Review on Business Continuity Management
- Asset Management
- Follow Up on AG findings
- Review of Annual Performance Report
- Performance of the entity against predetermined objectives Q1 and Q2
- SAP ESS & PERSAL leave reconciliation
- IT continuity review
- Data Analysis – ETHICS / FIN / HR (1 Jan 2023 – 30 June 2023) and (1 July 2023 – 31 December 2023)
- 2024-25 IT risk assessment

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 and accepts the AGSA's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the Report of the AGSA.

### One-on-One Meeting with the Accounting Officer

The Audit Committee has periodically held in-committee meetings with the Chief Executive Officer for the Entity where necessary 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. Vishnu Naicker**
Chairperson of the Audit Committee

**Date:** 13 August 2024

# 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 50 posts on its staff establishment of which 48 posts are filled and 2 were vacant. The Human Resource Management continues to capacitate the employees with more focus on developing its workforces through awarding of bursaries and short courses. During the reporting period 10 employees were awarded bursaries and 11 were trained through short courses. GIFA paid subscription to professional bodies to 10 employees, This efforts aims at encouraging continuous learning and growth. Amongst the employees awarded bursaries two employees were funded for ABET to assist them to acquire a formal qualification. During the reporting period under review, GIFA prioritised developing a work environment that fosters employee wellbeing and valuing 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 9 employees. GIFA developed and implemented a change management programme to assist employees to navigate through changes brought about by internal and external factors. The Objectives of the Change management plan was to build a cohesive and committed workforce through effective Leadership and management of employees, to improve employee engagement, communication and promote employee wellbeing to project as caring image. GIFA achieved 100% compliance on Performance Management submissions for both level 1 to 12 and SMS members. Both level 1 to 12 and SMS, Employees on salary level 1-12 who were eligible for pay progression were paid accordingly.

GIFA's has experienced increased turnover rate of which 5 employees terminated service during the reporting period, that is, 3 employees resigned, and one employee terminated services on account of expiry of contract; The turnover rate for the reporting period was at 10%. Exit interviews were conducted to establish the reasons why the 3 employees terminated services and all 3 employees terminated services for career growth.

The organisational structure is currently under review; however, the review has been halted due to review of entities in the province. The preliminary report of the entity review has been presented by GTAC however the final report has not been issued. This delay affected the finalisation of the organisational structure.

# 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 of 31 March 2024, GIFA had 50 posts on the staff establishment of which 48 were filled and 2 posts were vacant. This figure excludes 7 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 2023 and 31 March 2024

| 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 | 42 205 | 28 967 | 518 | 20 | 69 | 828 |
| Project Development & Compliance | 14 886 | 10 970 | 96 | 2 923 | 74 | 1 219 |
| Structured Finance | 5 744 | 5 729 | 41 | 0 | 100 | 1 432 |
| **Total** | **62 835** | **45 666** | **655** | **2 943** | **73** | **951** |

The total personnel expenditure excludes transfers.

**Table 3.1.2** Personnel costs by salary band for the period 1 April 2023 and 31 March 2024

The total personnel expenditure includes transfers.

| Salary band | Personnel expenditure (R'000) | % of total personnel cost | No. of employees | Average personnel cost per employee (R'000) |
|---|---|---|---|---|
| RMC Chair | 22 | 0,00 | 1 | 22 |
| Interns | 560 | 1 | 7 | 80 |
| Lower skilled (Levels 1-2) | 0 | 0 | 0 | 0 |
| Skilled (level 3-5) | 1 086 | 2 | 4 | 272 |
| Highly skilled production (levels 6-8) | 6 896 | 15 | 15 | 460 |
| Highly skilled supervision (levels 9-12) | 12 255 | 27 | 15 | 817 |
| Senior and Top management (levels 13-16) | 25 434 | 55 | 15 | 1 696 |
| **Total** | **46 252** | **100** | **57** | **811** |

*Total number of employees includes interns and the REMC

**Table 3.1.3** Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024

| 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 | 25 694 | 89 | 27 | 0,09 | 811 | 3 | 749 | 3 |
| Project Development & Compliance | 10 037 | 91 | 0 | 0 | 180 | 2 | 78 | 0,7 |
| Structured Finance | 4 929 | 86 | 0 | 0 | 0 | 0 | 64 | 1 |
| **Total** | **40 660** | **89** | **27** | **0,09** | **991** | **2** | **891** | **2** |

**Table 3.1.4** Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024

| 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 costs |
| Skilled (level 1-2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled (level 3-5) | 799 | 74 | 0 | 0,40 | 80 | 7 | 111 | 10 |
| Highly skilled production (levels 6-8) | 6 106 | 89 | 5 | 0 | 0 | 0 | 64 | 1 |
| Highly skilled supervision (levels 9-12 | 10 518 | 86 | 22 | 0 | 284 | 2 | 249 | 2 |
| Senior management (level 13-16) | 22 677 | 89 | 0 | 0 | 508 | 2 | 296 | 1 |
| Interns | 560 | 100 | 0 | 0 | 0 | 0 | 0 | 0 |
| RMC | 0 | 86 | 0 | 0 | 0 | 0 | 64 | 1 |
| **Total** | **40660** | **88** | **27** | **0.00** | **992** | **2** | **891** | **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 2024

| Programme | Number of posts on approved establishment | Number of posts filled | Vacancy Rate (%) | Number of employees additional to the establishment |
|---|---|---|---|---|
| **Administration** | 36 | 34 | 6 | 12 |
| **Project Development & Compliance** | 11 | 11 | 0 | 6 |
| **Structured Finance** | 3 | 3 | 0 | 0 |
| **Total** | **50** | **48** | **4** | **18** |

*(Excluding 7 Interns)  2 posts are frozen

**Table 3.2.2** Employment and vacancies by salary band as on 31 March 2024

| Salary band | 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 | 0 |
| Highly skilled production (6-8) | 15 | 15 | 0 | 5 |
| Highly skilled supervision (9-12) | 15 | 14 | 7 | 8 |
| Senior management (13-16) | 15 | 15 | 0 | 5 |
| **Total** | **50** | **48** | **4** | **18** |

*(Excluding 7 Interns)

**Table 3.2.3** Employment and vacancies by critical occupations as on 31 March 2024

| 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)** | 15 | 14 | 7 | 8 |
| **Senior Management (level 13-16)** | 15 | 15 | 0 | 5 |
| **Total** | **30** | **29** | **3** | **13** |

**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.

## 3.2 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 2024

| 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 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 | 5 | 83 | 1 | 17 |
| Salary Level 13 | 3 | 3 | 100 | 0 | 0 |
| **Total** | **15** | **14** | **93** | **1** | **17** |

**Table 3.3.3** Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

| 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 | 1 | 1 | 0 |
| Salary Level 13 | 0 | 0 | 0 |
| **Total** | **1** | **1** | **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 2023 and 31 March 2024

| 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 2023 and 31 March 2024

| 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.

# 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 2023 and 31 March 2024 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 (Levels 1-2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled (Levels 3-5) | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled production (Levels 6-8) | 14 | 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** | **50** | **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 2023 and 31 March 2024

| 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 2023 and 31 March 2024

| 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 2023 and 31 March 2024

| 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 | 0 | 0 | 0 | 0 | 0 |

# 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 2023 and 31 March 2024

| Salary band | Number of employees at beginning of period-1 April 2023 | 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) | 14 | 3 | 3 | 21 |
| Highly skilled supervision (Levels 9-12) | 15 | 1 | 1 | 7 |
| Senior Management Service Bands A | 3 | 0 | 0 | 0 |
| Senior Management Service Bands B | 6 | 1 | 1 | 17 |
| Senior Management Service Bands C | 4 | 0 | 0 | 0 |
| Senior Management Service Bands D | 2 | 0 | 0 | 0 |
| **Total** | **48** | **5** | **5** | **10** |

**Table 3.5.2** Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

| Critical occupation | Number of employees at beginning of period-April 2023 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|---|---|---|---|---|
| **Senior Managers** | 15 | 1 | 1 | 7 |
| **Middle managers and professionals** | 15 | 1 | 1 | 7 |
| **Total** | **30** | **2** | **2** | **7** |

**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 2023 and 31 March 2024

| Termination Type | Number | % of Total Resignations |
|---|---|---|
| Death | 0 | 0 |
| Resignation | 3 | 60 |
| Expiry of contract | 1 | 20 |
| 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 | 1 | 20 |
| Other | 0 | 0 |
| Female | 0 | 0 |
| **Total** | **5** | **100** |
| **Total number of employees who left as a % of total employment** | **10** | **10** |

**Table 3.5.4** Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

| Occupation | Employees 1 April 2023 | Promotions to another salary level | Salary level promotions 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 | 0 | 0 | 0 | 0 |
| **Total** | **30** | **0** | **0** | **0** | **0** |

**Table 3.5.5** Promotions by salary band for the period 1 April 2023 and 31 March 2024

| Salary Band | Employees 1 April 2023 | 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 (Levels 3-5) | 4 | 0 | 0 | 0 | 0 |
| Highly skilled production (Levels 6-8) | 14 | 0 | 0 | 0 | 0 |
| Highly skilled supervision (Levels 9-12) | 15 | 0 | 0 | 0 | 0 |
| Senior Management (Level 13-16) | 15 | 0 | 0 | 0 | 0 |
| **Total** | **48** | **0** | **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 2024

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Asian | White | African | Coloured | Asian | White | |
| Legislators, Senior Officials and Managers | 7 | 1 | 2 | 0 | 3 | 1 | 0 | 1 | 15 |
| Professionals | 8 | 0 | 0 | 0 | 5 | 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** | **20** | **1** | **2** | **0** | **20** | **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 2024

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Asian | White | African | Coloured | Asian | White | |
| Top Management | 3 | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 5 |
| Senior Management | 4 | 1 | 1 | 0 | 3 | 0 | 0 | 1 | 10 |
| Professionally qualified and experienced specialists and mid-management | 8 | 0 | 0 | 0 | 5 | 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** | **20** | **1** | **2** | **0** | **20** | **3** | **1** | **1** | **48** |

**Table 3.6.3** Recruitment for the period 1 April 2023 and 31 March 2024

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified and experienced specialists and mid-management | 1 | 0 | 0 | 0 | 0 | | 0 | 0 | 1 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| 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** | **4** | **0** | **0** | **0** | **1** | **0** | **0** | **0** | **5** |
| **Employees with disabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

**Table 3.6.4** Promotions for the period 1 April 2023 and 31 March 2024

| 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 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified and +experienced specialists and mid-management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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** | **1** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1** |
| **Employees with disabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

**Table 3.6.5** Terminations for the period 1 April 2023 and 31 March 2024

| 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 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified and experienced specialists and mid-management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| 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** | **1** | **0** | **0** | **1** | **0** | **0** | **0** | **4** |
| **Employees with disabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

**Table 3.6.6** Disciplinary action for the period 1 April 2023 and 31 March 2024

| Occupational band | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Indian | White | African | Coloured | Indian | White | |
| **Irregular expenditure** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table 3.6.7** Skills development for the period 1 April 2023 and 31 March 2024

| Occupational category | Male | | | | Female | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | African | Coloured | Asian | White | African | Coloured | Asian | White | |
| Legislators, senior officials and managers | 7 | 1 | 2 | 0 | 3 | 1 | 0 | 1 | 15 |
| Professionals | 8 | 0 | 0 | 0 | 5 | 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 | 0 | 0 | 0 | 0 | 2 |
| **Total** | **20** | **1** | **2** | **0** | **20** | **3** | **1** | **1** | **48** |
| **Employees with disabilities** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

These figures include 4 employees that left GIFA

### 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 2023

| 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 2023

| 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 2023

| 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 2023 and 31 March 2024

| 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) |
| **Race and Gender** | **Beneficiary Profile** | **Cost** | | | |
| | **Number of beneficiaries** | **Number of employees** | **% of total within group** | **Cost (R'000)** | **Average cost per employee** |
| 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 2023 and 31 March 2024

| 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 2023 and 31 March 2024

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

*the number includes the employee on level 9-12 who exited.

**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 2023 to 31 March 2024

| 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 | |
| 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 2023 and 31 March 2024

| Salary band | 01 April 2023 | | 31 March 2024 | | 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 | 7 | 1 | 7 | 0 | 0 |
| **Total** | **1** | **7** | **2** | **7** | **2** | **0** |

**Table 3.9.2** Foreign workers by major occupation for the period 1 April 2023 and 31 March 2024

| Major occupation | 01 April 2023 | | 31 March 2024 | | Change | |
|---|---|---|---|---|---|---|
| | Number | % of total | Number | % of total | Number | % Change |
| **Professional and managers** | 0 | 0 | 0 | 0 | 0 | 0 |
| **SMS members** | **1** | **7** | **1** | **7** | **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 2023 to 31 March 2024

| 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) | 26 | 8 | 4 | 8.70 | 7 | 25 |
| Highly skilled production (levels 6-8) | 137 | 50 | 15 | 32.60 | 09 | 259 |
| Highly skilled supervision (levels 9 -12) | 80 | 43 | 16 | 34.80 | 05 | 240 |
| Top and Senior management (levels 13-16) | 71 | 25 | 11 | 23.90 | 6 | 426 |
| **Total** | **314** | **42** | **46** | **100** | **7** | **950** |

**Table 3.10.2** Disability leave (temporary and permanent) for the period 1 April 2023 to 31 March 2024

| 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) | 5 | 100 | 1 | 100 | 5 | 11 |
| Highly skilled supervision (levels 9 -12) | 24 | 0 | 1 | 100 | 24 | 78 |
| Top and Senior management (levels 13-16) | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **29** | **100** | **2** | **100** | **15** | **89** |

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 2023 to 31 March 2024

| 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) | 103 | 4 | 26 |
| Highly skilled production (Levels 6-8) | 361.52 | 17 | 21 |
| Highly skilled supervision (Levels 9-12) | 347 | 18 | 19 |
| Senior management (Levels 13-16) | 391 | 15 | 26 |
| **Total** | **1 202.52** | **54** | **22** |

**NB:** The Figure include the employee who terminated services.

**Table 3.10.4** Capped leave for the period 1 April 2023 to 31 March 2024

| 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 2023 and 31 March 2024

| Reason | Total amount (R'000) | Number of employees | Average per employee (R'000) |
|---|---|---|---|
| Leave pay-out for 2023/24 due to non-utilisation of leave for the previous cycle | 0 | 0 | 0 |
| Capped leave pay-outs on termination of service for 2023/24 | 0 | 0 | 0 |
| Current leave pay-out on termination of service for 2023/24 | 108 | 1 | 108 |
| **Total** | **108** | **1** | **108** |

## 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.<br>During the period under review R290 000 was allocated for EHWP programmes and R1 463 was spent on various programmes of promoting Employee Health and Wellness. |

| Question | Yes | No | Details, if yes |
|---|---|---|---|
| 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 signed a contract with Lyra for psychosocial support for employees who needed counselling services. |
| 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<br>The BCM/OHS<br>committee has been established and the following are the members:<br>Ms D Londt<br>Mr K Ojageer<br>Mr N Munetsi<br>Ms L Lombaard<br>Mr V Mtembu<br>Mr L Tladinyane<br>OHS committee has been established.<br>Mr Vuyisile Mtembu<br>Ms Tsakani Maluleke<br>Mr KB Meje<br>Ms A Moseamedi<br>Mr N Nzima<br>Ms A Links<br>Ms A Tshisikule<br>Ms N Motsieloa<br>Mr A Hambisa<br>Ms Mokgadi Mabidilala<br>Ms Phozisa Gwata<br>Mr. Motlatsi Modumo<br>Mr. Anele Hambisa<br>Mr. Bongani Mnguni |
| 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.<br>Infectious Disease Policy also developed<br>The operational plan on HIV/Aids developed and approved<br>Health and productivity operational plan also 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 is being conducted since December 2023. Employees are being tested during screening. |
| 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.<br>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.<br>EAP Programmes are also implemented. Employees are being referred for counselling with the appointed service provider.<br>Hazard Identification and Risk Assessment has been reviewed. |

## 3.12. Labour Relations

**Table 3.12.1** Collective agreements for the period 1 April 2023 and 31 March 2024

| 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 2023 and 31 March 2024

| Outcomes of disciplinary hearings | Number | % of total |
|---|---|---|
| **Correctional counselling** | 0 | 0 |
| **Verbal warning** | 0 | 0 |
| **Written warning** | 0 | 0 |
| **Final written warning** | 1 | 100 |
| **Suspended without pay** | 0 | 0 |
| **Fine** | 0 | 0 |
| **Demotion** | 0 | 0 |
| **Dismissal** | 0 | 0 |
| **Not guilty** | 0 | 0 |
| **Case withdrawn** | 0 | 0 |
| **Total** | **1** | **100** |

**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 2023 and 31 March 2024

| Type of misconduct | Number | % of total |
|---|---|---|
| **None** | 0 | 0 |
| | | |
| **Total** | **0** | **0** |

**Table 3.12.4** Grievances logged for the period 1 April 2023 and 31 March 2024

| Type of misconduct | 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 2023 and 31 March 2024

| Type of misconduct | 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 2023 and 31 March 2024

| Type of misconduct | Number |
|---|---|
| **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 2023 and 31 March 2024

| Type of misconduct | Number |
|---|---|
| **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 2023 and 31 March 2024

| Occupational category | Gender | Number of employees as at 1 April 2023 | 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 | 7 | 0 | 7 | 0 | 7 |
| | Male | 8 | 0 | 8 | 0 | 8 |
| 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 | 25 | 0 | 0 | 0 | 0 |
| | Male | 23 | 0 | 0 | 0 | 0 |
| **Total** | | **48** | **0** | **48** | **0** | **48** |

**Table 3.13.2** Training provided for the period 1 April 2023 and 31 March 2024

| Occupational category | Gender | Number of employees as at 1 April 2023 | 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 | 1 | 2 | 3 |
| | Male | 10 | 0 | 5 | 3 | 8 |
| Professionals | Female | 7 | 0 | 0 | 1 | 1 |
| | Male | 8 | 0 | 3 | 1 | 4 |
| Technicians and associate professionals | Female | 9 | 0 | 2 | 0 | 2 |
| | Male | 2 | 0 | 0 | 0 | 0 |
| Clerks | Female | 2 | 0 | 0 | 0 | 0 |
| | 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 | 25 | 0 | 0 | 0 | 0 |
| | Male | 23 | 0 | 0 | 0 | 0 |
| **Total** | | **48** | **0** | **14** | **7** | **21** |

## 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 2023 and 31 March 2024

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

## 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 2023 and 31 March 2024

| Project title | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand |
|---|---|---|---|
| Consulting and advisory - project management services | 1 | 7 months | R897, 800.00 |
| Consulting and advisory - Secretariat duties for SOB & SOPC | 3 | 9 months | R500, 000.00 |

| Total number of projects | Total individual consultants | Total duration Work days | Total contract value in Rand |
|---|---|---|---|
| 2 | 4 | 480 days | R1, 397. 800.00 |

**Table 3.15.2** Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

| 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% Black race | N/A | N/A |
| Consulting and advisory - Secretariat duties for SOB & SOPC | 0.00% | N/A | N/A |

**Table 3.15.3** Report on consultant appointments using Donor funds for the period 1 April 2023 and 31 March 2024

| 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 consultants | 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 appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024

| 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 |

## 4 Severance Packages

**Table 3.16.1** Granting of employee-initiated severance packages for the period 1 April 2023 and 31 March 2024

| 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Irregular expenditure under assessment | - | - |
| Irregular expenditure under determination | - | - |
| Irregular expenditure under investigation | - | - |
| **Total** | - | - |

Include discussion here where deemed relevant.

1 Group similar items
2 Total unconfirmed irregular expenditure (assessment), losses (determination), and criminal conduct (investigation)

### c) Details of current and previous year irregular expenditure condoned

| Description | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Opening balance | - | - |
| Add: Fruitless and wasteful 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure that was under assessment in 2021/22 | - | - |
| Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23 | - | - |
| Fruitless and wasteful expenditure for the current year | - | - |
| **Total** | - | - |

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

| Description | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure under assessment | - | - |
| Fruitless and wasteful expenditure under determination | - | - |
| Fruitless and wasteful expenditure under investigation | - | - |
| **Total** | - | - |

| |
|---|
| Include discussion here where deemed relevant. |

3 Group similar items
4 Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination), and criminal conduct (investigation)

### c) Details of current and previous year fruitless and wasteful expenditure recoveredand investigation)

| Description | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | - | - |
| **Closing balance** | - | - |

Include discussion here where deemed relevant.

Reconciling notes

| Description | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Unauthorised expenditure that was under assessment in 2021/22 | - | - |
| Unauthorised expenditure that relates to 2021/22 and 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Unauthorised expenditure under assessment | - | - |
| Unauthorised expenditure under determination | - | - |
| Unauthorised expenditure under investigation | - | - |
| **Total** | - | - |

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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| Theft | - | - |
| Other material losses | - | - |
| Less: Recovered | - | - |
| Less: Not recovered and written off | - | - |
| **Total** | - | - |

5 This amount may only be written off against available savings
6 Group similar items
7 Total unconfirmed unauthorised expenditure (assessment), losses (determination), and criminal conduct (investigation)

Include discussion here where deemed relevant.

### b) Details of other material losses

| Nature of other material losses | 2023/2024 | 2022/2023 |
|---|---|---|
| | R'000 | R'000 |
| (Group major categories, but list material items) | - | - |
| **Total** | - | - |

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution.

### c) Other material losses recovered

| Nature of losses | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 2023/2024 | 2022/2023 |
|---|---|---|
| | 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 | 311 | 33 016 |
| Invoices paid **within** 30 days or agreed period | 311 | 33 016 |
| Invoices paid **after** 30 days or agreed period | - | - |
| Invoices older than 30 days or agreed period **(unpaid and 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 |
|---|---|---|---|---|
| Project consulting | Kevin Abrahams | Single source | 466*15978 | 898 |
| Conducting a Market Study focussing on the needs of SMMEs in order for the State Bank | UNISA | Single source | 466*17545 | 971 |
| **Total** | | | | **1 869** |

## 3.2. Contract variations and expansions

| Project description | Name of supplier | Contract modification type (Expansion or Variation) | Contract number | Original contract value R'000 | Value of previous contract expansion/s or variation/s (if applicable) R'000 | Value of current contract expansion or variation R'000 |
|---|---|---|---|---|---|---|
| | | | | - | - | - |
| **Total** | | | | **-** | **-** | **-** |

# PART F

# FINANCIAL INFORMATION

# TABLE OF CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Gauteng Provincial Treasury and Auditor General:

# 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 99 to 127, which comprise the statement of financial position as at 31 March 2024, 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 2024 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 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 2024. 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 matters

14. I draw attention to the matters 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 practitioner'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. I did not identify any significant deficiencies in internal control.

## Professional ethics and quality control

23. 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.

24. 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

Johannesburg
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

*Auditing to build public confidence*

# Annexure to the practitioner’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) | Section 38<br>Section 40<br>Section 50<br>Section 51<br>Section 57 |
| National Treasury Regulations (TR) | TR 4<br>TR 5<br>TR 7<br>TR 8<br>TR 9<br>TR 10<br>TR 11<br>TR 12<br>TR 15.<br>TR 16A<br>TR 17<br>TR 18<br>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) | Regulation 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<br>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 |

# 2 ANNUAL FINANCIAL STATEMENTS

## Statement of Financial Position as at 31 March 2024

| Assets | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Current Assets** | | | |
| Receivables from exchange transactions | 7 | 880 | 192 |
| Cash and cash equivalents | 8 | 215 377 | 212 766 |
| | | **216 257** | **212 958** |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 2 | 2 672 | 2 578 |
| Intangible assets | 3 | 29 | 38 |
| Receivables from exchange transactions | 7 | 1 550 | 1 550 |
| | | **4 251** | **4 166** |
| **Total Assets** | | **220 508** | **217 124** |

| Liabilities | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Current Liabilities** | | | |
| Payables from exchange transactions | 6 | 3 624 | 3 220 |
| | | | |
| **Non-Current Liabilities** | | | |
| Operating lease liability | 5 | 606 | - |
| Deferred income | 9 | 101 881 | 108 824 |
| | | **102 487** | **108 824** |
| **Total Liabilities** | | **106 111** | **112 044** |

| Net Assets | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Net assets** | | 114 397 | 105 080 |
| Accumulated surplus | | 114 397 | 105 080 |
| **Total Net Assets** | | **114 397** | **105 080** |

# Statement of Financial Performance

| Revenue | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Revenue from exchange transactions** | | | |
| Rental income | | | 2 867 |
| Interest income | 12 | 6 662 | 5 779 |
| **Total revenue from exchange transactions** | | **6 662** | **8 646** |
| | | | |
| **Revenue from non-exchange transactions** | | | |
| **Transfer revenue** | | | |
| Government grants & subsidies | 13 | 65 468 | 63 706 |
| Deferred income | | 16 343 | 3 596 |
| **Total revenue from non-exchange transactions** | | **81 811** | **67 302** |
| **Total revenue** | 10 | **88 473** | **75 948** |
| | | | |
| **Expenditure** | | | |
| Compensation of employees | 14 | (45 956) | (42 902) |
| Depreciation and amortisation | 15 | (688) | (648) |
| Rental of building | 11 | (4 836) | (5 586) |
| Project development fees | 17 | (19 266) | (7 563) |
| General Expenses | 18 | (8 410) | (9 135) |
| **Total expenditure** | | **(79 156)** | **(65 835)** |
| **Surplus for the year** | | **9 317** | **10 113** |

# Statement of Changes in Net Assets

| | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Balance at 01 April 2022** | | **94 754** | **94 754** |
| Changes in net assets Surplus for the year | | 10 231 | 10 231 |
| Unutilised provision | | 213 | 213 |
| Total changes | | 10 444 | 10 444 |
| **Balance at 01 April 2023 as previously reported** | | **105 198** | **105 198** |
| Correction of error | | (118) | (118) |
| **Restated* Balance at 01 April 2023** | | **105 080** | **105 080** |
| Changes in net assets Surplus for the year | | 9 317 | 9 317 |
| Total changes | | 9 317 | 9 317 |
| **Balance at 31 March 2024** | | **114 397** | **114 397** |

# Cash Flow Statement

| Revenue | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Cash flows from operating activities** | | | |
| **Receipts** | | | |
| Grants | | 65 468 | 63 706 |
| Interest income | | 6 662 | 5 779 |
| Other receipts | | 9 341 | 3 005 |
| | | 81 471 | 72 490 |
| **Payments** | | | |
| Employee costs | | (45 956) | (42 901) |
| Suppliers | | (32 062) | (25 385) |
| | | (78 018) | (68 286) |
| **Net cash flows from operating activities** | **19** | **3 453** | **4 204** |

| Cash flows from investing activities | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| Purchase of property, plant and equipment | 2 | (842) | (761) |

| Cash flows from financing activities | Note(s) | 2024 | 2023 Restated* |
|---|---|---|---|
| | | R'000 | R'000 |
| **Net increase/(decrease) in cash and cash equivalents** | | **2 611** | **3 443** |
| Cash and cash equivalents at the beginning of the year | | 212 766 | 209 323 |
| Effect of exchange rate movement on cash balances | | - | (1) |
| **Cash and cash equivalents at the end of the year** | **8** | **215 377** | **212 765** |

The accounting policies on pages 103 - 114 and the notes on pages 115 - 127 form an integral part of the annual financial statements.

# Accounting Policies

## 1 Strategy to overcome areas of under performance

The principal accounting policies applied in the preparation of these annual financial statements are set out below and have been consistently applied for the reporting period, unless stated otherwise.

### 1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board 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 relevent, additional information has been disclosed to enhance the usefullness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999) and Treasury Regulations issued.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues, and expenses were not offest, except where offsseting 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 judgement in the process of applying the accounting policies.

### 1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

### 1.3 Going concern assumption

These annual 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.

### 1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

### 1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Rounding - Unlless otherwise stated financial figures have been rounded to the nearest one thousand rands(R'000).

### 1.6 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

| Item | Depreciation method | Average useful life |
|---|---|---|
| Furniture and fixtures | Straight-line | 5 to 12 years |
| Office equipment | Straight-line | 3 to 12 years |
| IT equipment | Straight-line | 3 to 12 years |
| Audio Visual Equipment | Straight-line | 3 to 12 years |

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

### 1.7 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows

| Item | Depreciation method | Average useful life |
|---|---|---|
| Computer software, other | Straight-line | 6 to 10 years |

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

## 1.9 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.

### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a other systematic basis - describe.

Income for leases is disclosed under revenue in statement of financial performance.

### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

## 1.10 Leases

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

### 1.11 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

### 1.12 Employee benefits

The GIFA accounting policy in terms of the compensation of employees is in line with the Department of Public Service and Administrtation (DPSA) guidelines.Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages and salaries
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

**Termination benefits**

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

### 1.13 Provisions and contingencies

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 discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed.

### 1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.15 Revenue from exchange transactions

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.

An exchange transaction is one in which the entity 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.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non- contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Interest, royalties and dividends

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

### 1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

**Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

**Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

**Services in-kind**

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

## 1.17 Translation of foreign currencies

**Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in net assets, any exchange component of that gain or loss is recognised directly in net assets. When a gain or loss on a non-monetary item is recognised in surplus or deficit, any exchange component of that gain or loss is recognised in surplus or deficit.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

### 1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

### 1.20 Fruitless and wasteful expenditure

Irregular expenditure is any expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with the requirements of any legislation applicable to GIFA , including the Public FInance Management Act (PFMA) 1999. Irregular expenditures are recognised as an expenditure in the Statement of Financial Perfomance. If relevant authority does mot condone the expenditure, it is treated as an asset until it has recovered or written off as irrecoverable.

### 1.21 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

### 1.22 Related parties

A related party is a person or an entity with the ability to control or jointly 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.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Due to 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 entites.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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 those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 1.23 Events after reporting date

Events after 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. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.24 Financial Risk Management

#### Finacial 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 signifi cant fi nancial risks are related to reporting (inaccurate fi nancial information that might result in inaccurate reporting and not meeting reporting deadlines in terms of PFMA) and fi nancial 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 fi nancial information more accurately on an accrual basis.

#### 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.

**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 fi nancial 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.

# Notes to the Annual Financial Statements

## 2 Property, plant and equipment

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures | 2 978 | (2 376) | 602 | 2 978 | (2 283) | 695 |
| Office equipment | 1 022 | (972) | 50 | 1 018 | (940) | 78 |
| Computer equipment | 3 661 | (2 065) | 1 596 | 3 387 | (1 590) | 1 797 |
| Audio Visual Equipment | 558 | (134) | 424 | 125 | (117) | 8 |
| **Total** | **8 219** | **(5 547)** | **2 672** | **7 508** | **(4 930)** | **2 578** |

| Reconciliation of property, plant and equipment - 2024 | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 695 | - | - | (93) | 602 |
| Office equipment | 78 | 4 | - | (32) | 50 |
| Computer equipment | 1 797 | 407 | (70) | (538) | 1 596 |
| Audio Visual Equipment | 8 | 432 | - | (16) | 424 |
| | **2 578** | **843** | **(70)** | **(679)** | **2 672** |

| Reconciliation of property, plant and equipment - 2023 | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Furniture and fixtures | 934 | 6 | (135) | (110) | 695 |
| Office equipment | 125 | 15 | (7) | (55) | 78 |
| Computer equipment | 1 574 | 740 | (45) | (472) | 1 797 |
| Audio Visual Equipment | 10 | - | - | (2) | 8 |
| | **2 643** | **761** | **(187)** | **(639)** | **2 578** |

### Pledged as security

There are no assets pledged as security. 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.

## 3 Intangible assets

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Computer software, other | 285 | (256) | 29 | 285 | (247) | 38 |

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software, other | 38 | (9) | 29 |

| | Opening balance | Amortisation | Total |
|---|---|---|---|
| Computer software, other | 48 | (10) | 38 |

**Pledged as security**

No intangible assets were pledged as security.

**Other information**

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

## 4 Contingent Assets

**Project life cycle**

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 contigent asset until the projects reaches the implementation stage as there is no realistic probability that the project costs will be recovered.

## 5 Operating lease liability

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Operating lease smoothing | 606 | - |

## 6 Payables from exchange transactions

| | 2024<br>R'000 | 2023<br>R'000 |
|---|---|---|
| Accruals | 1 250 | 903 |
| Salary claim | 317 | - |
| Accrued leave | 1 487 | 1 742 |
| Service Bonus Accrual | 570 | 575 |
| | **3 624** | **3 220** |

## 7 Receivables from exchange transactions

| | 2024<br>R'000 | 2023<br>R'000 |
|---|---|---|
| Salary Payments Control | 330 | 192 |
| Rental Deposits | 1 550 | 1 550 |
| Prepaid Expenses | 550 | - |
| | **2 430** | **1 742** |

| | 2024<br>R'000 | 2023<br>R'000 |
|---|---|---|
| Non-current assets | 1 550 | 1 550 |
| Current assets | 880 | 192 |
| | **2 430** | **1 742** |

Rental deposit represents the leasehold deposit held by the landlord as collateral for damages and amounts owed by GIFA at the end of the lease period.This deposit is held in a non-interest bearing facility.

## 8 Cash and cash equivalents

| | 2024<br>R'000 | 2023<br>R'000 |
|---|---|---|
| **Cash and cash equivalents consist of** | | |
| Bank and petty cash | 69 213 | 69 556 |
| Project preparation facility | 146 164 | 143 210 |
| | **215 377** | **212 766** |

# 9 Deferred income

Money received or transferred to the Project Preparations 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 GIFA incurs expenditures for feasibility studies through the PPF, it reduces the carrying amount of the liability and recognises an amount of the revenue equal to the reduction. During the 2023/24 financial year, an amount of R 16,3 million (R 3.5 million for 2022/23) was recognised as an income, resulting in a movement of the balance of the deferred income.

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| **Movement during the year** | | |
| Balance at the begining of the year | 108 824 | 112 420 |
| Additions for the year | 9 400 | - |
| Income recognition during the year (see note 10) | (16 343) | (3 596) |
| | **101 881** | **108 824** |

# 10 Revenue

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Rental income | - | 2 867 |
| Interest received on bank balance and deposits | 6 662 | 5 779 |
| Government grants & subsidies | 65 468 | 63 706 |
| Deferred income | 16 343 | 3 596 |
| | **88 473** | **75 948** |

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| **The amount included in revenue arising from exchanges of goods or services are as follows:** | | |
| Rental income | - | 2 867 |
| Interest received on bank balance and deposits | 6 662 | 5 779 |
| | **6 662** | **8 646** |

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **The amount included in revenue arising from non-exchange transactions is as follows:** | | |
| **Taxation revenue** | | |
| **Transfer revenue** | | |
| Government grants & subsidies | 65 468 | 63 706 |
| Revenue transfer from deferred income | 16 343 | 3 596 |
| | **81 811** | **67 302** |

## 11 Lease rentals on operating lease

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **Premises** | | |
| Contractual amounts | 4 836 | 5 586 |

## 12 Investment revenue

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **Interest revenue** | | |
| Interest received on bank balance and deposits | 6 662 | 5 779 |

## 13 Government grants & subsidies

| | 2024 R'000 | 2023 R'000 |
|---|---|---|
| **Operating grants** | | |
| Government grant | 65 468 | 63 706 |

**Conditional and Unconditional**

A government grant is received anually 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 2023/24 amounts to R 74.8 million (2022/23 was R 63,7 million).

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Conditional grants received (See note 9) | 9 400 | - |
| Unconditional grants received (See note 10) | 65 468 | 63 706 |
| | **74 868** | **63 706** |

## 14 Employee related costs

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| **Total employee related costs** | **45 956** | **42 902** |
| | | |
| **Employee costs breakdown** | | |
| Salaries | 41 280 | 38 504 |
| Employer contribution: medical | 919 | 842 |
| Employer contribution: pension | 3 441 | 3 123 |
| Leave pay | (254) | (143) |
| Service bonus | 570 | 575 |
| | **45 956** | **42 901** |

## 15 Depreciation and amortisation

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Property, plant and equipment | 679 | 639 |
| Intangible assets | 9 | 9 |
| | **688** | **648** |

## 16 Auditors' remuneration

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Fees | 869 | 863 |

# 17 Project development fees

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Feasibility study | 1 062 | 7 563 |
| Commercial close | 10 404 | - |
| Technical feasibility | 5 423 | - |
| Market release | 625 | - |
| Operational development cost | 1 752 | - |
| | **19 266** | **7 563** |

## 18 General expenses

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Advertising | 144 | 104 |
| Audit fees | 869 | 863 |
| Cleaning consumables | 22 | 28 |
| Computer consumables | 77 | 104 |
| Water Refreshment | 20 | 36 |
| Probity auditors | 495 | - |
| Loss on sale of assets | 70 | 189 |
| Catering services | 59 | 14 |
| Venues and facilities | 235 | 578 |
| IT consumables | 92 | 81 |
| Structured finance consulting | - | 281 |
| DSTV and TV license | 33 | 4 |
| Fumigation Services | - | 34 |
| Printing and stationery | 261 | 411 |
| Repairs and maintenance | 26 | 79 |
| IT Licenses | 433 | 514 |
| Security costs | 7 | 12 |
| Employee wellness | 17 | 57 |
| Telephone and cellphone costs | 826 | 907 |
| Training and Development | 220 | 367 |
| Travel and accomodation | 563 | 1 187 |
| Membership fees | 62 | 62 |
| Municipal utilities | 2 319 | 2 173 |
| Refreshments and groceries | 68 | 89 |
| Operating lease printers | 78 | 70 |
| Recruitment costs | 14 | 19 |
| Crockery and cutlery | - | 4 |
| Bursaries | 373 | 467 |
| Fire equipment servicing | 73 | 82 |
| Courier & postal services) | - | 1 |
| Committee costs | 18 | 9 |
| SITA | - | 17 |
| System support and maintenance | 799 | 292 |
| Ethics risk assessment | 137 | - |
| | **8 410** | **9 135** |

## 19 Cash generated from operations

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| Surplus | 9 317 | 10 113 |
| **Adjustments for:**<br>Depreciation and amortisation | 688 | 648 |
| Loss on sale of assets and liabilities | 70 | 186 |
| Loss on foreign exchange | - | 1 |
| Movements in operating lease assets and accruals | - | 308 |
| Deferred income | (6 943) | (3 596) |
| Operating lease smoothing | 606 | (1 002) |
| **Changes in working capital:**<br>Receivables from exchange transactions | (689) | (170) |
| Payables from exchange transactions | 404 | (2 284) |
| | **3 453** | **4 204** |

## 20 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 no.58 of 1962.

## 21 Financial instruments disclosure

Categories of financial instruments

**2024**

| Financial assets | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| | At cost | Total |
| Trade and other receivables from exchange transactions | 1 550 | 1 550 |
| Cash and cash equivalents | 215 379 | 215 379 |
| | **216 929** | **216 929** |

| Financial liabilities | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| | At cost | Total |
| Trade and other payables from exchange transactions | 1 250 | 1 250 |

**2023**

| Financial assets | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| | At cost | Total |
| Receivable from exchange transactions | 1 550 | 1 550 |
| Cash and cash equivalents | 212 766 | 212 766 |
| | **214 316** | **214 316** |

| Financial liabilities | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| | At cost | Total |
| Trade and other payables from exchange transactions | 903 | 903 |

## 22 Commitments

**Operating leases - as lessee: Building**

| | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| | At cost | Total |
| **Minimum lease payments due** | | |
| - within one year | 4 316 | - |
| - in second to fifth year inclusive | 14 848 | - |
| | **19 164** | - |
| **Rental expenses relating to operating leases: Printers** | | |
| - within one year | 78 | 78 |
| - in second to fifth year inclusive | 46 | 123 |
| | **124** | **201** |

The entity leases property under a 5 year non cancellable contract from 1st escalation clause of 7%p.a. April 2023. The lease agreement contains an escalation clause of 7%p.a.

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.

## 23 Related parties

GIFA is a government component of Gauteng Provincial Treasury (GPT), therefore, all the departments and entities under Gauteng Provincial Government are considered as related parties.

| Related party balances | 2024 | 2023 |
|---|---|---|
| | R'000 | R'000 |
| | At cost | Total |
| **Inter-Departmental Transactions** | | |
| Government grants & subsidies | 65 468 | 63 706 |
| Rental income | - | 2 867 |
| Deferred income | **9 400** | **-** |
| Salary claim | 317 | - |
| | **75 185** | **66 573** |

GIFA is conducting feasibility studies and project structuring on behalf of Gauteng Provincial Government, these departments are by nature of the transactions, related parties.

The identified related parties for the 2023/24 for feasibility work performed are:

- Gauteng Department of Infrastructure Development (GDID): GIFA is assisting GDID with the financial close for the Rooftop Solar .
- Gauteng Department of Economic Development (GDED): GIFA is assisting GDED with the financial close for the EB 2, EB and Jewellery Manufacturing Precinct. and the feasibility study for AIDC INLAND PORT.
- Gauteng Department of Education : GIFA is assisting with the commercial close of 18 schools to be constructed
- Gauteng Provincial Treasury (GPT): GIFA is facilitating the development of a business case for the State Bank and the Pharmaceutical company.

GIFA owes Gauteng Department of Cooperative Governance and Traditional Affairs (COGTA) for salary claim of an employee that was transferred to GIFA.

### Remuneration of management

Management class: Executive management

| 2024 | Basic salary | Bonuses and performance related payments | Employer contributions: Medical | Post employment benefits | Other benefits received | Total |
|---|---|---|---|---|---|---|
| **Name** | | | | | | |
| Chief Executive Officer | 1 468 | - | 132 | 189 | 893 | 2 682 |
| Chief Financial Officer | 1 048 | - | - | 136 | 313 | 1 497 |
| Head of Corporate Services | 1 347 | - | - | 175 | 401 | 1 923 |
| Head of Project Development | 1 533 | - | - | 199 | 457 | 2 189 |
| Head of Structured finance | 1 237 | 104 | - | 160 | 266 | 1 767 |
| Head of Strategy and Monitoring | 912 | - | - | 118 | 489 | 1 519 |
| Chief Director: Contract Management | 982 | - | 20 | 128 | 507 | 1 637 |
| **Total** | **8 527** | **104** | **152** | **1 105** | **3 326** | **13 214** |

| 2023 | Basic salary | Bonuses and performance related payments | Employer contributions: Medical | Post employment benefits | Other benefits received | Total |
|---|---|---|---|---|---|---|
| **Name** | | | | | | |
| Chief Executive Officer | 1 398 | - | 132 | 182 | 873 | 2 585 |
| Chief Financial Officer | 957 | - | - | 124 | 306 | 1 387 |
| Head of Corporate Services | 1 218 | - | - | 158 | 384 | 1 760 |
| Head of Project Development | 1 470 | - | - | 191 | 461 | 2 122 |
| Head of Structured finance | 1 147 | 96 | - | 149 | 267 | 1 659 |
| Head of Strategy and Monitoring | 858 | - | - | 112 | 480 | 1 450 |
| Chief Director: Contract Management | 938 | - | 20 | 122 | 504 | 1 584 |
| **Total** | **7 986** | **96** | **152** | **1 038** | **3 275** | **12 547** |

## 24 Prior period errors

A prior period error was detected in the current financial year relating to invoices amounting to R 117 881,96 that were erroneously ommitted in the 2022/23 financial year. The financial statements were restated retrospectively.

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

**Statement of financial position**

| 2023 | Note(s) | As previously reported | Correction of error | Restated |
|---|---|---|---|---|
| Accruals | | 784 | 118 | 902 |

**Statement of financial performance**

| 2023 | Note(s) | As previously reported | Correction of error | Restated |
|---|---|---|---|---|
| General expenditure | | 9 019 | 118 | 9 137 |

### Prior period errors

A prior period error was detected in the current year relating to note 23 (Related parties). Executive management salaries for 2022/23 were incorrectly disclosed. There is no effect on the Statement of Financial Position and Statement of Financial Perfomance.

| 2024 | As previously reported | Restated |
|---|---|---|
| | R'000 | R'000 |
| Chief Executive Officer | 2 883 | 2 585 |
| Chief Financial Officer | 1 614 | 1 387 |
| Head of Corporate Services | 2 054 | 1 760 |
| Head of Project Development | 2 468 | 2 122 |
| Head of Structured finance | 1 819 | 1 659 |
| Head of Strategy and Monitoring | 1 686 | 1 450 |
| Chief Director: Contract Management | 1 843 | 1 584 |
| **Total** | **14 367** | **12 547** |

## 25 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 26 Irregular, fruitless and wasteful expenditure

No Irregular, Fruitless and wasteful expenditure occured in the year under review

## 27 Services in kind

GIFA shares the internal audit function and audit committee services with the Gauteng Provincial Government

GIFA allocated office space to the Gauteng Provincial Treasury for no consideration.

## 28 Segment information

### General information

### Identification of segments

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

# NOTES

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