

ANNUAL REPORT

2022/23



Catalyst for delivering sustainable human settlement





Gauteng Partnership Fund ANNUAL REPORT

2022/2023





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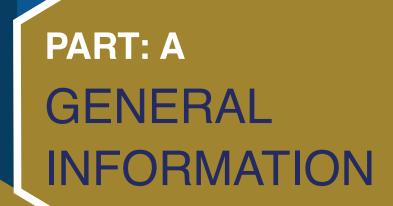






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1. Public Entity's General Information

Registered name: Gauteng Partnership Trust T/A Gauteng Partnership Fund

Registration number: IT2422/02

Physical address: 82 Grayston Drive Sandton,

Johannesburg, 2196

Postal address: P.O. Box 652247, Benmore, 2010

Telephone number: +27 11 685 6600

Email address: information@gpf.org.za

Website address: www.gpf.org.za

External auditors: Auditor-General South Africa

Registered Auditors

Waverley Office Park, 39 Scott Street,

Waverley, Johannesburg

Bankers: Absa Bank

First National Bank

South African Reserve Bank

Company secretary: Thandi Zide



2. List of Abbreviations and Acronyms

AFS Annual Financial Statements

AGSA Auditor-General of South Africa

ARC Audit and Risk Committee

B-BBEE Broad-Based Black Economic Empowerment

CEO Chief Executive Officer
CFO Chief Financial Officer

FIC Entrepreneur Empowerment Property Fund
Fundraising and Investment Committee
GDHS Gauteng Department of Human Settlements

GDP Gross Domestic Product
GVA Gross Value Added

GEYODI Gender, Youth and People Living with Disabilities

GPT Gauteng Provincial Treasury

GRAP Generally Recognised Accounting Practice

HCM Human Capital Management

HDI Historically Disadvantaged Individuals

HR Human Resources

ICT Information and Communications Technology

IGR Inter-Governmental Relations
IP Implementation Protocol
MEC Member of Executive Council

MTEF Medium-Term Expenditure Framework

NPL Non-Performing Loan

PFMA Public Finance Management Act, Act 1 of 1999

PIC Public Investment Corporation
PRT Professional Resource Team
PWD People with Disabilities
RFP Request for Proposals
RHF Rental Housing Fund

RLRP Rapid Land Release Programme
SAF Student Accommodation Fund
SCM Supply Chain Management

SCOPA Standing Committee on Public Accounts

SMME Small, Micro and Medium Enterprise

TISH Townships, Informal Settlements and Hostels

TR Treasury Regulations Trustee

UISP Upgrading of Informal Settlements Programme



3. FOREWORD BY

the MEC Gauteng: Human Settlements & Infrastructure Development

Mr Lebogang Maile

One of the fundamental objectives of the Gauteng Provincial Government's human settlements delivery programme is deconstructing the socio-spatial economic incoherence in our city region, where most of our citizens are often housed on the periphery of economic opportunities, social amenities and resources, reinforcing our apartheid spatial legacy.

As revolutionary democrats, we aim to spatially transform our City Region as part of our agenda of radical socio-economic transformation. We aim to give the citizens of Gauteng quality, liveable housing and accommodation that guarantees economic access and greater social inclusion and cohesion to bring down inequality and build a more equitable, inclusive Gauteng City Region.

As an implementing agent of the Gauteng Provincial Government, the Gauteng Department of Human Settlements, the Gauteng Partnership Fund (GPF) has a critical role to play in advancing our spatial transformation agenda, especially as it relates to specific programmes such as the Rapid Land Release Programme, Upgrading of Informal Settlements Programme, accelerated Mega Projects delivery, social housing, student accommodation and of course

the formalisation and development of the township real estate market.

The GPF plays a crucial role within this framework through raising and managing capital, offering project management and project delivery services for our mega human settlements projects, financing developers from previously disadvantaged backgrounds to deliver affordable rental and student accommodation units, executing plans to upgrade informal settlements and dealing with the unwanted rising informality within our City Region and to expedite our Rapid Land Release Programme.

During the year under review, we continued with the background work necessary to repurpose the GPF so that it can more effectively and efficiently raise funds for the Gauteng Province's human settlements delivery programmes. We improved our processes for approving and managing loans with an improvement in our instalment repayment percentage on loan collections to 83%. We have started automating our loan application processes and the GPF delivered 4 010 serviced sites and 2 098 top structures.

Access to housing is one of the main causes of service delivery protests within our communities, along with the lack of economic opportunities. The GPF plays a frontline role in helping us accelerate human settlements delivery by unlocking and catalysing investments and funding and providing project management and implementation skills and so contributes to the attainment of more just and equitable social outcomes.

Lebogang Maile, MPL
Member of the Executive Council (MEC) Gauteng:
Human Settlements & Infrastructure Development





4. REPORT BY the CHAIRPERSON

Ms Mahlengi Bhengu-Motsiri

It is with mixed feelings that I share my reflections on the work of the Gauteng Partnership Fund (GPF) for the 2022/23 financial year – mixed feelings because this year marks the end of the current GPF Board's term. After three years of leading a committed, dedicated and hard-working group of South African men and women, it is exciting for me to hand over the GPF's strategic leadership to equally capable hands. The entity has been steered in a strategic direction that will benefit the residents of Gauteng for generations to come. Now that the foundations have been built and the walls have been erected, it is time for new, fresh and innovative ideas that will take the organisation to the next level.

By design, the Board is responsible for overseeing the governance of the GPF and ensuring that it maintains good governance, while adhering to the relevant legislative and regulatory frameworks. It brings me great pleasure to say that this is a role that the Board has delivered in an excellent fashion during the reporting period, as well as throughout its tenure. I feel honoured to have been part of a collective that is intentional about delivering the mandate of spatial transformation in the Gauteng Province, while empowering entrepreneurs and restoring dignity to communities.

Overview of the GPF's strategy and performance

The entity strengthened performance against its 2021–2026 strategic plan in the fulfilment of its mandate, as outlined below:

- Raising and managing the capital required for the successful implementation of its core business.
- Serving as a developer of turnkey projects on strategic government-owned land.
- Providing loans to private-sector developers for the development of affordable rental and student accommodation, and social housing projects.
- Providing project development, implementation and management services to identified Mega Projects, the Upgrading of Informal Settlements Programme (UISP) and the Rapid Land Release Programme (RLRP).

The Board, through its established committees as detailed in Section C of this report, provided oversight of and strategic guidance on several achievements that sought to improve the GPF's performance in the delivery of its mandate.

In the year under review, the organisation improved its performance from 66.7% in 2021/22 to 74.1%. Among

the initiatives that the Board led in pursuit of efficiency and improved delivery on the organisation's mandate, the following stand out:

- The organisation's quest to change its corporate form from a Public Finance Management Act (PFMA) Schedule C entity to a Schedule 3D was resuscitated. This will enable the GPF to raise and borrow funds from capital markets to fulfil funding requirements as per the mandate.
- The organisation's processes for the assessment and management of approved and potential projects were improved. The standard operating procedures were revisited, and dual processes were introduced for greater efficiencies that seek to achieve improved turnaround times for funding approval.
- The Loan Application and Loan Management System was developed to improve operational efficiencies.
- A funding seminar was successfully hosted for the first time to create meaningful opportunities for collaboration and partnership among funding institutions while opening channels for property developers to access funding.

It gives me great pleasure to announce that the GPF has once again received an unqualified opinion from the Auditor-General of South Africa (AGSA). In its endeavour to ensure continued improvement in the governance environment, the Board provided oversight of the resolution of findings identified by the Auditor-General in the prior year. An unqualified audit opinion with no material findings is the goal of the entity. With the improvements that management has implemented from year to year, this is achievable.

Management has rigorously implemented corrective actions to ensure improved performance in the areas that were lagging in the previous financial year. The entity achieved 83% instalment repayment percentage in the collection of loans. This shows the fruition of management's efforts to inculcate a culture of payment in our borrowers. This will ensure the financial sustainability of the entity while ensuring that the GPF continues to empower the next generation of entrepreneurs in the property sector.

Strategic relationships

As our shareholder and key strategic partner, the Gauteng Department of Human Settlements (GDHS) continued to provide support to the GPF and in turn, the GPF delivered its implementing agent mandate to the Department. In the 2022/23 financial year, this partnership saw 4 010 serviced sites completed. This contributed to the province's target to deliver 34 713 serviced sites by the end of 2024/25. A total of 2 098 top structures (houses) was completed. In support of the Gauteng Provincial Government's Townships, Informal Settlements and Hostels (TISH) strategy, the GPF will be launching a funding product to cater for township real estate development, called Kasi-4-Real, in 2023/24.

Over the past 12 months, the focus has been on the identification of potential strategic partners and the conclusion of memoranda of understanding. In the financial year ended 31 March 2023, the GPF made significant strides to give effect to these relationships by converting them into definitive instruments and structures which would see actual investment in social, affordable and student housing.

Closer collaboration with municipalities in planning for bulk services and in the execution of human settlements projects continued in earnest through the newly established Inter-Governmental Relations (IGR) Unit. The GPF rapidly established its presence in the IGR space, which contributed to the resolution of the bottlenecks delaying the accelerated delivery of completed units.

Challenges faced by the Board

Having cleared the hurdle of stabilising the organisation in 2021/22 by ensuring a full complement of the executive management layer and strengthening the governance and policy framework, the Board set out to put the GPF on a focused path to resolve long-standing challenges it had been grappling with. One of its key challenges is the high percentage of non-performing loans, mainly related to historical investments. The Board, through its Fundraising and Investment Committee (FIC), initiated the development of an Asset Disposal Framework, which introduces diverse methods of managing the non-performing loan book. This is a work in progress and the Board will continue to monitor its implementation.



The organisation's financial sustainability was identified as a risk that could threaten its ability to fund future projects. The GPF does not receive a budget allocation from the Provincial Revenue Fund, which means that its income is derived mainly from interest on loans advanced to borrowers. With the extension of its mandate to include being an implementation agent of the GDHS, additional income is derived from management fees earned from the implementation of Mega Projects, the UISP, the RLRP and the Turnkey Projects Programme. A business case for the recapitalisation of the GPF was also developed and submitted to the GDHS for support and submission to the Provincial Treasury.

The GPF's corporate form continued to impede its ability to raise capital on its balance sheet. Pending the results of the Gauteng Provincial Government's review of provincial entities, which might see its corporate form being changed to the desired Schedule 3D entity, the GPF continues to source funds from third parties. These funds are ideally housed in the off-balance sheet structures in which the GPF may also invest funds or co-invest alongside these structures. In this regard, an application for approval in terms of Section 54(2) (b) of the PFMA will be submitted to the Shareholder. This entails approval from the Executive Authority to participate in any partnership, trust, unincorporated joint venture or similar arrangement or exemption from this requirement.

Strategic focus over the mediumto long-term period

We are confident that, with the outgoing Board's significant contribution to the achievement of the GPF's core mandate by ensuring that the organisation's strategies are clear, its policies and procedures well defined and the requisite implementation plans developed and followed through, the time is ripe for the incoming Board to take the organisation to its next significant impact level.

I am convinced that, with the strategic guidance of the new Board, the building blocks that have been put in place will, in the medium to longer term, assist in the realisation and implementation of the strategies and frameworks that have been put into place. These include:

- · Financial sustainability
- · Strategic funding partnerships
- · Disposal of the non-performing loan book
- Contribution to the growth of the township economy.

Acknowledgements

I would like to take this opportunity to acknowledge the role of the Honourable MEC Lebogang Maile, Member of the Gauteng Executive Council for Human Settlements and Infrastructure Development, and his entire team during the period under review.

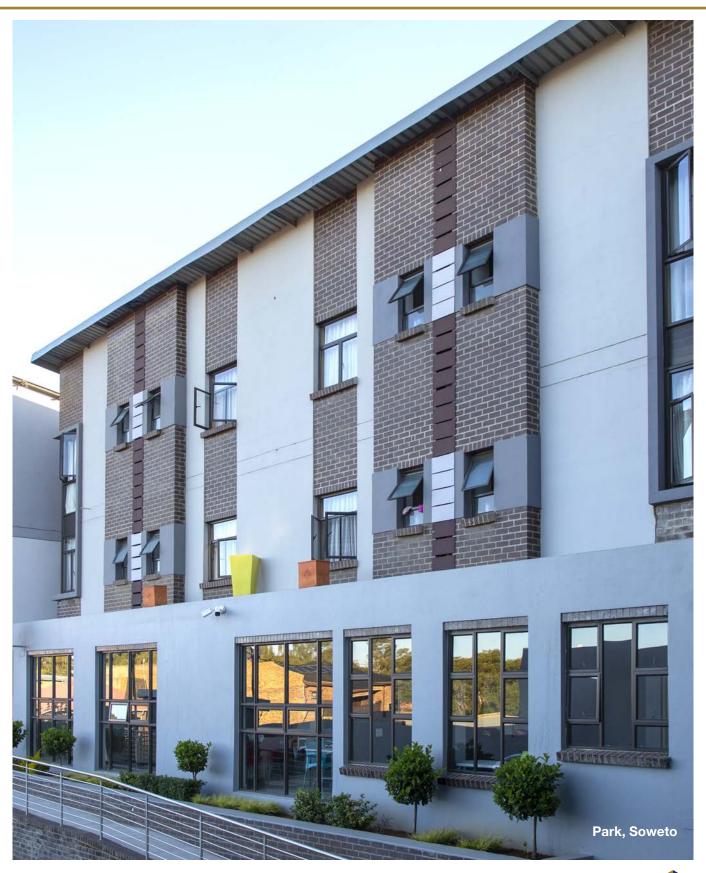
My appreciation also goes to all our stakeholders in the Provincial Government, including its various departments and entities, for supporting our efforts to deliver our mandate.

The GPF executive management and staff, led by the Chief Executive Officer, Ms Lindiwe Kwele, have been a source of great pride and inspiration as we worked together to find solutions to the challenge of providing liveable human settlements for our people. The team has been tireless in assisting the Board in realising its strategic vision for the organisation. Its hard work, sheer resilience and agility in an environment that is not always enabling have not gone unnoticed. Because of you, our work was made easier, and our mandate was achieved with distinction.

It is an honour for me to join the MEC in presenting the GPF's Annual Report for the 2022/23 financial year.

Ms Mahlengi Bhengu-Motsiri Chairperson of the Board







5. CHIEF EXECUTIVE OFFICER'S

OVERVIEW

Ms Lindiwe Kwele

The 2022/23 financial year marked a significant milestone in the life of the Gauteng Partnership Fund as it reached the 20th anniversary of its establishment as a Trust. It is therefore an opportune time to reflect on the entity's journey since its establishment in 2002 and appreciate its exceptional performance. In the year under review alone, the GPF has exceeded a significant number of set targets, despite challenges posed by the financial and operating environment.

Over the past number of years, the GPF has evolved its focus from the implementation of social housing to affordable rental housing, including student accommodation. As at its 20th anniversary, the GPF's mandate was further extended to include Mega Human

Settlements, the Upgrading of Informal Settlements Programme (UISP), and the implementation of the Rapid Land Release Programme (RLRP) and turnkey development of strategic government-owned land in Gauteng. At the heart of this mandate is the government's constitutional imperative of ensuring spatial transformation supportive of a society based on equality and fair access to urban resources. As we proudly celebrate 20 years of contributing to the creation of liveable spaces for Gauteng residents, we included in our products an often neglected but crucial segment of our society – the township economy. This journey is illustrated below in Figure 1.



Figure 1: GPF mandate evolution

We view this growth in our mandate as a testament to the Gauteng government's confidence in the GPF's capability to serve as a vehicle for the execution of this important responsibility on behalf of the Gauteng Department of Human Settlements (GDHS). Over the years the GPF has matured as an organisation, with the help of a solid foundation and deliberate investment in people and systems All of this is underpinned by shared values and a high-performance culture.

During the 2022/23 financial year, the GPF's management has implemented a number of measures to improve the quality of the loan book. These measures include creating a management credit risk committee to review loan applications, implementing automated loan application and loan management systems, and embarking on an asset disposal exercise to dispose of non-performing loans (NPLs).

As of 31 March 2023, the GPF had committed R30.7 million of its available cash to projects. The GPF loan book increased from R1 052 billion (2021/22) to R1 101 billion in 2022/23. We continue to strengthen credit controls with a view to reducing NPLs and increasing collection rates as a strategic imperative for the Fund. In the year under review, the GPF made major improvements as compared to the previous financial year. The projected instalment repayment percentage of the organisation has improved to 83% as compared to the 63% achieved in the 2021/22 financial year, thanks to stringent measures put in place for this purpose. The GPF is maturing in its appreciation of the challenges and opportunities provided by its mandate as the preferred partner for the implementation of integrated and sustainable human settlements in Gauteng.

The GPF cost-to-income ratio on an actual cash basis was 79% for the period under review. GPF management continues to drive the cost-cutting process, including amplifying revenue diversification initiatives. In the year under review, the total approved operating budget was R122 million. This was revised down to R93.8 million during the final adjustment due to fiscal prudence measures. The GPF spent 96% of the final adjusted budget, amounting to R90.2 million. The organisation continues to explore other revenue streams to enhance its financial sustainability.

To address findings that were identified in the 2021/22 external audit, the Supply Chain Management (SCM)

Unit has put in place interventions to enhance compliance and process systems in a quest to achieve a best-practice and governance-compliant environment. In dealing with the challenges that affect SCM, the organisation has successfully implemented the SCM turnaround plan. We continue to ensure that our payment cycles remain robust and do not negatively affect our service providers' cash flows. The payment of service providers within 15 to 30 days is recorded at 100%. Over the period under review the GPF ensured competitive bidding in its projects and, as such, no unsolicited bids were concluded in the year under review. Procurement through the targeted group represented by women, youth and people living with disabilities (GEYODI) continued to be challenging during the 2022/23 financial year. SCM implemented marketing initiatives that resulted in an improvement in performance for women and youth. The organisation will continue with those initiatives to ensure that we realise our objectives and contribute to the provincial and national government's objectives.

The GPF continues to apply a proactive risk mitigation approach to every loan approval/investment decision. A more hands-on approach has been adopted in the management of potential project performance risks. Furthermore, we have reviewed our processes and policies to ensure that we meet our clients' turnaround expectations and future business sustainability requirements.

The challenges in housing delivery are too complex to be addressed by any one entity and require collaboration between the public and private sectors. To this end, we seek to enter into collaborative partnerships with private, public and non-governmental organisations to find holistic solutions to the development challenges within the Gauteng Province. The GPF concluded five strategic partnerships during the year under review.

The Fund has also contributed significantly to the socio-economic impact made by the province, including in the areas of transformation, job creation and skills development. The GPF has over-achieved on its 2022/23 target for the completion/delivery of housing rental units (680 target vs 746 housing units completed/delivered). An implementation protocol for 2022/23 was concluded with the GDHS to implement identified Mega Projects. The organisation has exceeded the target for serviced stands (3 701 vs



4 010 completed/delivered). The target for completed housing units was 2 544, but 2 098 were completed/delivered. This represents an 82% achievement. This non-achievement of the target was caused by the inability to continue with construction at the Afri Village due to a court interdict that resulted from a dispute. Work on the Western Mega Project is continuing. The total amount of unspent grant towards Mega Projects from the GDHS amounts to R414 million. This will be deferred to the new financial year for the completion of the outstanding units.

The implementation of Mega Projects has had a significant socio-economic impact on the communities in which they have been established. These projects are implemented in a manner designed to broaden the involvement of enterprises owned by the targeted groups (GEYODI), as well as small, micro and medium enterprises (SMMEs) in the infrastructure development

sector. It is in this context that the GPF endeavours to ensure that at least 30% of its capital budget is spent on SMMEs, with an increase in the development of women-owned enterprises over time. A total number of 909 jobs were created during the GPF's operations (564 through loans disbursed and 345 through projects implemented).

As illustrated below in Figure 2, the GPF has performed well since its inception in 2002. During most of the years recorded set targets were exceeded, despite the challenges presented by the financial and operating environments at the time.

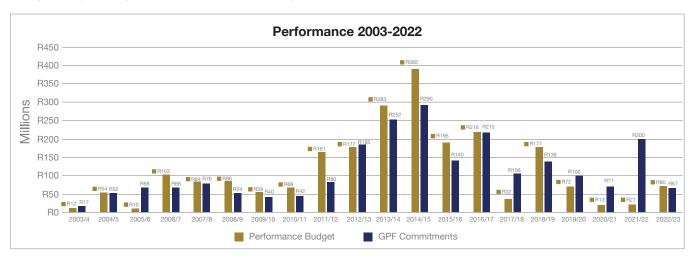


Figure 2: GPF budget vs commitments

We look forward to continuing to execute our mandate and to position the GPF to not only play a critical role in mobilising public and private sector funding for the Human Settlements Projects to realise the province's vision, but to also oversee the implementation of development in an integrated manner through capital investments as an implementing agent. Our priority is to deliver our mandate, but we do so while taking into consideration the sustainability of the GPF in the long term.

We recognise that delivering Mega Human Settlements, the RLRP and the UISP is more complex than delivering social and affordable rental housing projects. However, having understood the government's vision as a collective we can turn this vision into reality through planning and the aligning public and private sector resources. The GPF's role is to facilitate this by providing effective oversight and implementing projects, while creating an environment in which the private sector can participate.



Rapid Land Release Programme

In the 2021/22 financial year, the GPF embarked on a procurement process to procure stands through a Request for Proposals (RFP). The procurement of 3 746 partly serviced stands was concluded in the 2022/23 financial year through three different projects, the current progress of which is highlighted below:

Impumelelo Ext. 4 (450 stands): These 450 stands are serviced with roads as well as water, sewerage, and stormwater drainage systeMs The construction of electrical infrastructure is under way, and it is anticipated that this will be completed during the second quarter of the current financial year. A certificate confirming the installation of services was duly received from the Municipality and the 450 stands are now transferrable to qualifying beneficiaries.

Obed Nkosi Ext. 3 (764 stands): Site establishment was completed for 764 stands, of which 311 are serviced with water and sewerage systeMs The roads and the stormwater drainage system are 25% complete. The site is anticipated to be ready for transfer to beneficiaries at the end of September 2023.

Ridgeview Ext. 1 and 2 (2 352 stands): The Land Sale Agreement was concluded on 6 February 2023 and transfer of the property to the GPF is in progress. Once the property is transferred to the GPF, the site establishment will proceed with the installation of external bulk infrastructure and internal services.

During the 2022/23 financial year, the second-phase procurement process was started to procure stands through an RFP. Finalisation of the procurement of 2 870 stands was completed during the fourth quarter of 2022/23.

Upgrading of Informal Settlements Programme

For the year under review, the target for the number of upgraded informal settlements was not achieved due to factors outside of the GPF's control. However, extensive work has been done for the purpose of formalising more than three informal settlements, which establishes a solid foundation going into the 2023/24 financial year. In the 2023/24 financial year, the GPF will be facilitating the upgrading of 24 informal settlements.

GDHS appointed ten Professional Resource Teams (PRTs), which are being managed and monitored by the GPF with the aim of augmenting the capacity to deliver the UISP. Social compact contracts (with the community, local municipality and GDHS) and upgrading plans have been concluded with the respective communities. Some of them have conclusions pending, subject to dependencies being resolved. This will enable the informal settlements to move to the next phases of upgrading in the 2023/24 financial year.

A total of 78 404 households are benefiting from emergency sanitation, i.e., the provision of chemical toilets and so-called 'honeysucker' services.

The GPF has concluded the appointment of service providers for the design, supply, installation and maintenance of alternative sanitation technologies. The installation of such systems will further improve the standard of sanitation services provided to informal settlement communities and restore dignity to our people.

Work has commenced on the re-blocking of certain informal settlements, which were selected following the Gauteng Premier's declaration of UISP as a priority programme. The re-blocking project is expected to gain momentum during the first quarter of the 2023/24 financial year.



In conclusion, I would like to take this opportunity to extend my sincere gratitude to the Honourable MEC Mr Lebogang Maile for his continued leadership and support, and the GDHS Head of Department Ms Phindile Mbanjwa for continuing to facilitate the achievement of the GPF's mandate by making resources available to ensure this.

My sincere and warmest appreciation goes to Ms Mahlengi Bhengu-Motsiri, the outgoing Chairperson of the GPF Board, and the entire team of the Board of Trustees, who provided steadfast leadership, guidance and stewardship throughout the year. I would like to specifically thank the executive management team and staff of the GPF for their continued support and unwavering dedication to the achievement of the extended mandate of the GPF.

I am also pleased to welcome our new board members whose diverse expertise and unwavering commitment will steer our organisation towards even greater heights in the coming years.

Ms Lindiwe Kwele
Chief Executive Officer





6. Statement of Responsibility and Confirmation of the Accuracy of the Annual Report

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements (AFS) audited by the Auditor-General.
- The Annual Report is complete, accurate and 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 F) have been prepared in accordance with the South African Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.
- The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made therein.
- The Accounting Authority 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 our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.

Yours faithfully

Ms Lindiwe Kwele
Chief Executive Officer

Ms Mahlengi Bhengu-Motsiri Chairperson of the Board



7. Strategic Overview



The vision of the GPF is to be a partner of choice in catalysing the funding and development of integrated and sustainable human settlements in Gauteng.



The GPF exists to facilitate the development of integrated and sustainable human settlements for communities in Gauteng by:

- Raising and managing the capital required for the successful implementation of identified sustainable human settlements;
- Serving as a turnkey property developer on strategic public land and providing management services; and
- Enhancing the lives of people in communities while also providing investors and partners with sound financial returns.

Our core values are embedded in our culture of professionalism and excellence and are expressed in the execution of our mandate, vision, mission, goals and objectives.



Our core values are:

Teamwork

 Recognise that we can only reach the summit by collaborating and solving problems together.

Respect

Demonstrate respect for each other.

Accountability

Be accountable and own it.

Integrity

· Be the trusted partner.

Customer centricity

Keep our customers at the centre of all we do.

Innovation

Seek ways to remain relevant.

These shared values are regarded as paramount to the success of the organisation. The GPF also recognises that a values-driven leadership approach towards crafting a high-performance culture requires targeted management intervention to ensure that the values are visible and lived by all within the organisation, without exception.



8. Legislative and Other Mandates

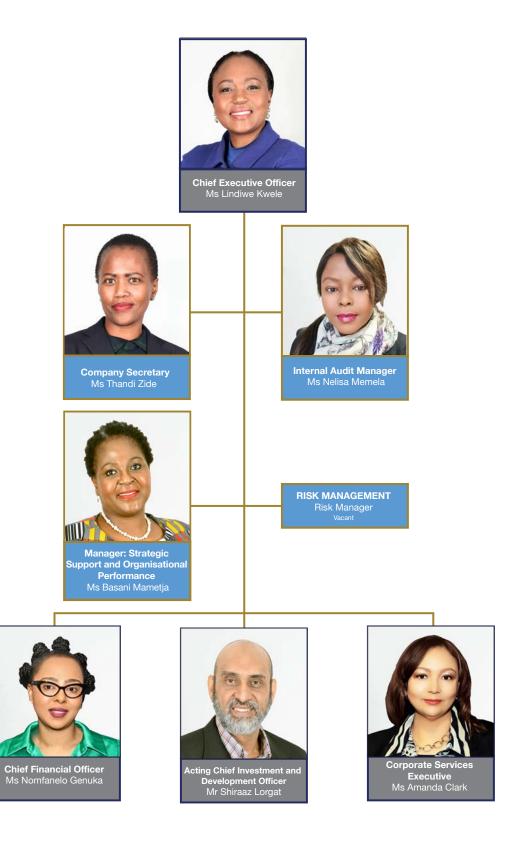
The GPF is listed as a Section 3C entity in terms of the Public Finance Management Act (PFMA). Section 3C entities have limitations and restrictions on their existence and operation. *Inter alia*, the limitations include being prohibited from borrowing money as an entity. Therefore, even though the GPF is in the business of lending, it cannot borrow.

The GPF as a government entity is guided by legislation. The following legislation is of paramount importance to the business and operations of the GPF:

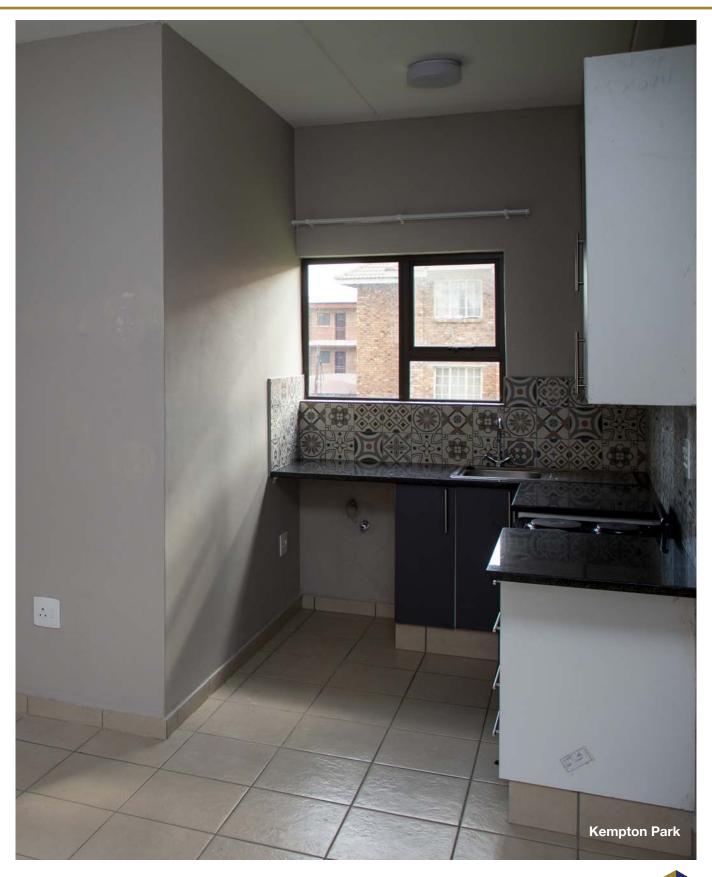
- 1. The Public Finance Management Act 1 of 1999
- 2. The Trust Property Control Act 57 of 1988
- 3. The Promotion of Access to Information Act 2 of 2000
- 4. The Protection of Personal Information Act 4 of 2013
- 5. Housing-related legislation
- 6. Labour-related legislation
- 7. Supply Chain Management related legislation
- 8. National Treasury Regulations
- 9. Anti-Money Laundering related legislation
- 10. Corporate Governance Principles King IV



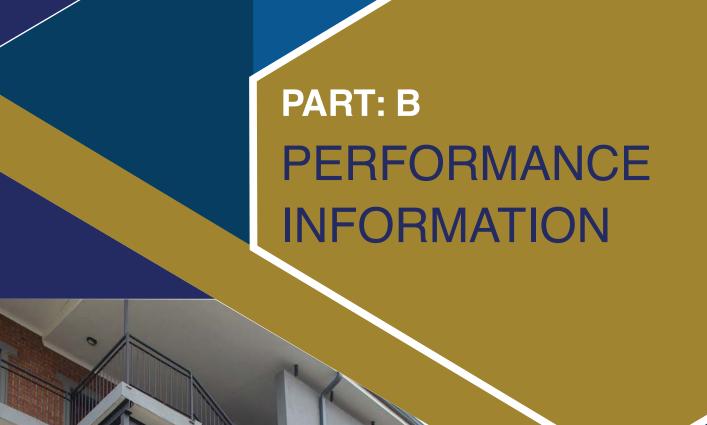
9. Organisational Structure













10. Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa currently performs the necessary 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 pages 98-102 of the Auditor's Report, published as Part F: Financial Information.

11. Overview of Performance

11.1 Service Delivery Environment

Economic activity in South Africa decreased in the fourth quarter of 2022. This reflected, among other factors, the increased prevalence of electricity loadshedding as well as logistical constraints related to industrial action at Transnet. Real gross domestic product (GDP) reverted from a revised expansion of 1.8% in the third quarter of 2022 to a contraction of 1.3% in the fourth quarter as output declined in the primary, secondary and tertiary sectors. Annual growth in real GDP slowed from 4.9% in 2021 to 2.0% in 2022, with the level of real GDP only 0.3% higher than in 2019, before the onset of the coronavirus (COVID-19) pandemic.

Furthermore, real GDP expanded at a seasonally adjusted and annualised average rate of 7.7% during the current upward phase of the business cycle (measured from the third quarter of 2020 to the fourth quarter of 2022), compared with an average rate of contraction of 17.0% during the preceding short downward phase (from the third quarter of 2019 to the second quarter of 2020). After a strong rebound in 2021, GDP is projected to grow by 1.8% and 1.3% in 2023 and 2024 respectively. According to this projection, household consumption and investment will remain the main drivers of growth. Household income will benefit from the continuation of the COVID-19 relief grant. The commodity price boom will support exports. Investment will continue to strengthen over the projection horizon. Inflation reached close to 6% in early 2022 and is projected to increase further due to higher energy prices, before falling.

The South African inflation rate of 2022 was above the central bank's target range of 3%–6% for most of the year, reaching an over-13-year-high of 7.8% in July. The main drivers of inflation were transportation, food and fuel prices. South Africa's unemployment rate decreased by 0.2 of a percentage point to 32.7% in the fourth quarter of 2022 compared to the third quarter of 2022. According to the Quarterly Labour Force Survey for the fourth quarter of 2022, there were about 28 000 more unemployed people in the third quarter of 2022.

In the fourth quarter of 2022, South Africa had 7.8 million persons who were without work, looking for work or available to work, of which 6.1 million were in long-term unemployment and 1.7 million in short-term unemployment. Findings from the fourth quarter of 2022 show that long-term unemployment has almost doubled since the fourth quarter of 2012, while short-term unemployment has increased by 0.2 million persons.



Over the past few years, South Africa's construction sector has been plagued by a variety of challenges, including declining government infrastructure spend. Capital expenditure on infrastructure by the government has been on the decline since 2016, with rising material input costs, increasing electricity costs, electricity supply disruptions, increasing transportation costs and reduced profit margins ensuing from the above. The sector was hard hit by COVID-19 lockdown regulations in 2020, with real value added falling by approximately 20% in the first three quarters of 2020. Consequent disruptions to global construction supply chains have increasingly affected construction activities, with shortages of raw materials and other inputs, as well as delays and increasing costs for imported raw materials being reported across the sector.

Government has historically been viewed as the biggest spender on infrastructure in the construction industry. With the onset of the national COVID-19 lockdown, traditional infrastructure spend was diverted to alleviate the economic and social crisis facing the country, thereby further crippling the sector.

Between April and June 2020, the industry shed 1 066 jobs, of which 32% (343) was in Gauteng. Employment levels increased for the next two quarters and then dropped again between January and March 2021, with another loss of 1 079 jobs. Gauteng appears to have borne the brunt of these job losses, with construction industry jobs increasing in only one quarter (Oct–Dec 2020) since the onset of the pandemic.

Whilst government spending is expected to grow, the outlook remains muted against a backdrop of weak infrastructure investment and continued low confidence. Although it is the smallest province geographically, Gauteng is the richest province as measured by its contribution to the national GDP. In 2013, Gauteng contributed 33.8% to the GDP of South Africa (R988 billion), and by 2015 this was 34.8% of the South African GDP (R1.07 trillion) – equating to a contribution of approximately 11% to the South African GDP.⁵ By 2017, the Gauteng contribution to the national GDP had declined slightly to 34.64% (R1 080 billion).⁶

Consistently, the GDP growth rate in Gauteng tracks and marginally exceeds the national growth rate. It has gradually decelerated since 2013, growing roughly at 2.5%. Over the period of 2000 to 2014, the average Gauteng economic growth rate was 3.6% (above that of South Africa at 3.1%), although it slowed to 1.2% in 2015, and further to 0.9% by 2018. IHS Markit data expects the Gauteng economy to recover to a growth rate of more than 2% by 2021.⁷

While the manufacturing sector was once the most prominent contributor to the Gauteng economy, it had almost halved its contribution by 2015 (only 14.9% of GVA). The construction, agriculture and mining sectors were also only relatively minor contributors. Conversely, the finance and business services sector was the largest contributor in 2015 (26.5%). The government, social and personal services sector had also increased its contribution, alongside the wholesale and retail trade sector.⁸

While Gauteng is one of the most affluent regions in South Africa, the province has one of the highest levels of inequality compared to other provinces. As of 2015, 16.5% of households in Gauteng have no annual income, while 52.7% of households in Gauteng have an annual income of less than R38 200, which makes them eligible for housing subsidies. The highest percentage of these households is found in the Sedibeng District Municipality. This is important in deciding on the most suitable form of housing to provide in the different regions of the Gauteng City Region.

⁵ Gauteng Provincial Government, Socio-economic Review and Outlook, 2016

⁶ Gauteng Provincial Government, Socio-economic Review and Outlook, 2019

⁷ Gauteng Provincial Government, Socio-economic Review and Outlook, 2019

³ Gauteng Provincial Government, Socio-economic Review and Outlook, 2016

PART B: Performance Information



It is for this reason the government in South Africa has established unique housing delivery programmes that make capital grants available for the delivery of housing to people who are poor. Typically, these programmes target households with an income of R3 500 per month for Reconstruction and Development Programme housing and R3 501 to R22 000 for first-time home loan subsidy and bond application assistance, social housing, etc., as traditional banks have stringent lending criteria that cater for households with incomes of only as low as R15 000 per month. The implementation of Mega Projects as well as the provision of affordable rental stock goes a long way in contributing towards closing the infrastructure gap in the province.

11.2 Organisational Environment

During the 2022/23 financial year the organisation surrendered the surplus retention to the value of R263 million to the Gauteng Provincial Treasury. This has impacted the sustainability of the organisation. For it to be able to sustain itself, the organisation requires recapitalisation by the Shareholder.

11.3 Key Policy Developments and Legislative Changes

The GPF is not aware of any significant policy or legislative changes that affected its operations.

11.4 Progress towards Achievement of Institutional Impacts and Outcomes

Introduction

The GPF contributes towards Priority 5 of the Medium-Term Strategic Framework (2019–2024): Spatial Integration, Human Settlements and Local Government. During this planning period, the GPF has to contribute towards the improvement of quality of life for the residents of Gauteng through the development of sustainable, integrated and spatially transformed human settlements in the province. The key outcomes envisaged over the planning period include:

- Integrated cities for Gauteng communities to live, work and play
- Increased opportunities for economic inclusion
- A well-governed, well-managed, credible and financially sustainable organisation.

Market background

Gauteng is the most densely populated province in South Africa and this has created a high demand for low-cost housing. Low-cost housing in Gauteng is primarily aimed at people who earn low incomes and cannot afford to buy or rent a house at market rates. Despite the high demand for low-cost housing in the province, there are many challenges facing the provision of adequate housing.

One of the most significant challenges is the high cost of land. As a result of the high demand for housing, land prices in Gauteng have increased significantly, making it difficult for developers to build low-cost housing units. The cost of land has also led to the development of low-cost housing units in areas that are far from basic services, such as schools, healthcare facilities and public transport. This has made it difficult for residents of these areas to access basic services and employment opportunities.



Another challenge facing the provision of low-cost housing in Gauteng is the lack of available government funding for housing development. While the government has launched several initiatives aimed at providing low-cost housing, such as the 'Breaking New Ground' programme of the GDHS, there is still a significant backlog of housing units that need to be built. The lack of funding for housing development has made it difficult for the government to provide adequate housing to those who need it most.

An initiative to address the provision of low-cost housing in Gauteng is the UISP. This programme aims to provide basic services and infrastructure, such as electricity, water and sanitation, to informal settlements in the province. By upgrading informal settlements, the government hopes to provide residents with better living conditions and reduce the demand for low-cost housing in the province.

Despite these initiatives, there is still a significant backlog in housing units that need to be built in Gauteng. The demand for low-cost housing continues to grow, and more needs to be done to provide affordable housing to those who need it most. The government needs to provide more funding for housing development and work with private developers to build low-cost housing in areas close to basic services and employment opportunities.

The South African property market experienced significant difficulties due to the COVID-19 pandemic, with all sectors essentially facing a decline in performance. Real estate fundamentals were strong before the COVID-19 pandemic, including leasing activity, amount of available capital and strong leverage ratios. Despite this, the property sector faced substantial pressures.

The challenge of availability of affordable housing was exacerbated by COVID-19 and economic lockdowns, which dampened activity in the housing, construction and real estate markets. The number of new transactions fell and only a limited delivery of entry-level properties financed by the private sector entered the market thereafter.

The supply of residential properties was highly affected by the COVID-19 lockdown. In terms of construction, a decline in the total number of residential completions was recorded in 2020, reaching the figure of 46.7%. This has shown recovery, with a year-on-year increase of almost 35% to 32 597 units.

However, the performance of the rental residential property sector has demonstrated significant improvement from COVID-19 impacts. The 2022 vacancy rate has generally decreased from that of 2019. In Gauteng, a general decrease could be identified when comparing pre-COVID-19 to post-COVID-19 patterns. The table below shows the improvement post-COVID-19.



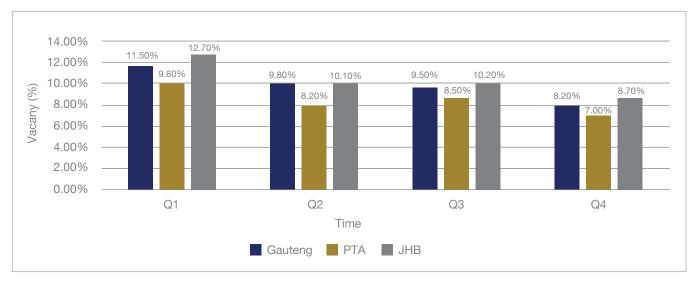
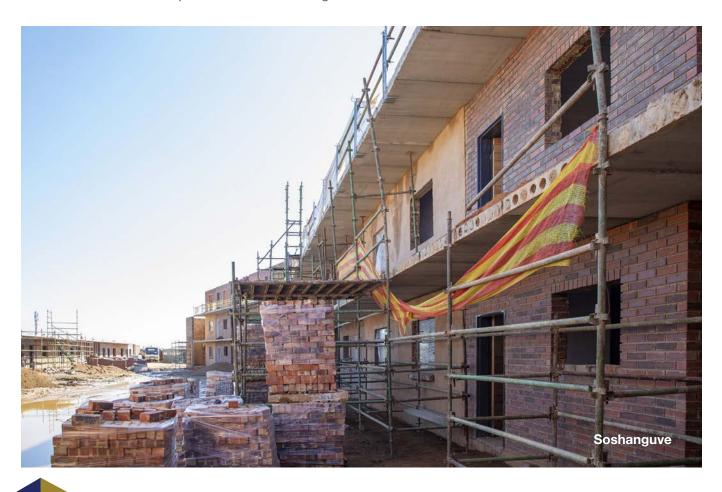


Figure 3: Gauteng vacancies 2022

In conclusion, the state of low-cost housing in Gauteng is a significant challenge with many people struggling to find suitable housing that is affordable. The high cost of land, lack of available government funding and growing demand for housing in the province all contribute to this challenge. While there have been some efforts to address the crisis, more needs to be done to provide low-cost housing to those who need it most.





12. GPF's 2022/23 Performance

At the end of 2021/22, the GPF's overall performance was at 66.7%, with 25% of targets partially achieved and 8.3% not achieved. In the current financial year, the overall annual performance is at 74.1% (20 targets achieved), with 14.8% targets partially achieved (four targets), and 11.1% or three targets not achieved. This is an overall improvement of 7.4% when compared to the previous year, with seven of the targets increased during the mid-year adjustment exercise.

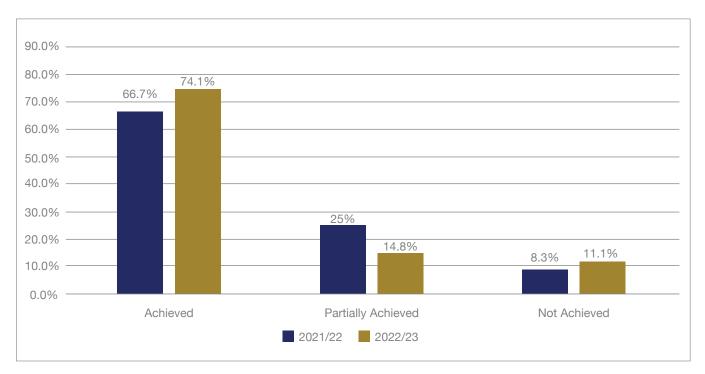


Figure 4: Overall performance for 2021/22 vs 2022/23

Table 1: Summary of the targets achieved

Measure	Annual Target 2022/23	Actual Performance 2022/23	Comments
Number of funding and collaboration partnerships concluded	Five funding and collaboration partnerships concluded	Five funding and collaboration partnerships concluded	Annual target achieved.
Percentage management fee received for project management services	5% management fee received for project management services	5% achieved for Mega Projects received in Q2	Annual target achieved.
Rand value of loan disbursed – rental accommodation	R32 000 000	R32 039 311.50	Annual target achieved.

PART B: Performance Information



Measure	Annual Target 2022/23	Actual Performance 2022/23	Comments
Number of rental units completed	680	746	Annual target exceeded. Developers accelerated their construction programme.
Number of beds completed	544	544	Annual target achieved.
Number of job opportunities created through loans disbursed	554	564	Annual target achieved.
Percentage of Rand value of loans approved towards GEYODI-owned, historically disadvantaged individuals (HDI) developers	10%	30.33%	Annual target exceeded.
Number of serviced sites completed	3 701	4 010	Annual target exceeded due to additional sites delivered by Western Mega.
Number of service sites for mixed income sold	128	128	Target achieved.
Number of serviced sites acquired	1 000 serviced sites acquired	3 746	Target exceeded because of the positive responses from the market through an RFP process to acquire sites.
Percentage of project expenditure spent on GEYODI- owned SMMEs (HDI) through projects implemented	30% of project expenditure spent on GEYODI-owned SMMEs (HDI) through projects implemented	44%	Annual target exceeded. Developers are procuring more locally and employing more local labour.



Table 2: Targets not achieved

Measure	Annual Target 2022/23	Actual Performance 2022/23	Comments
Total Rand value of funds raised from funding and collaboration partnerships	R250m raised from funding and collaboration partnerships	R0	Target was reduced to R250m in anticipation of R250m approval from the Public Investment Corporation (PIC), which issued an expression of interest for an amount of R250m. Approval is anticipated by Q2 2023/24.
Rand value of loans disbursed – Student Accommodation	R57m	R53 987 452.20	Target not achieved, one project delayed by submission of a claim of R4.2m which was paid on 6/4/23.
Number of top structures (houses) completed	2 544	2 098	Annual target not achieved due to the Afri Village court verdict that halted construction on site.
Number of formalised informal settlements	Three formalised informal settlements	0	The target was not achieved due to dependencies outside of the GPF's control. However, 9 966 chemical toilets have been provided and 18 577 households are being serviced by honeysuckers. Sixty-four informal settlements were provided with interim services for the year. Thirty-two informal settlements progressed to Phase 2 planning.
Number of job opportunities created through projects implemented	2 850	345	Targets achievement was revised in line with the proof of evidence as required by the Auditor-General. The target was therefore not achieved.

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

To improve the performance in capital raising, the following actions need to be performed:

- Obtain a category 2 licence from the Financial Sector Conduct Authority to comply with Financial Advisory and Intermediary Services Act requirements.
- · Obtain approval from executive authority for entering into partnerships.
- · Obtain approval from Gauteng Treasury to establish any partnership.

The UISP programme performance will be addressed by amending the language that measures the unit's performance. The language used in the new Annual Performance Plan has been significantly toned down from 'formalised' to 'upgraded'. Furthermore, the GPF's Annual Performance Plan targets have been aligned to those of the Department of Human Settlements for better coordination, focus and reporting.

The number of jobs created performance indicator will be realigned to the amended technical indicator description in line with the requirements from the Auditor-General.



12.1 Programmes Review

12.1.1 Entrepreneur Empowerment Property Fund Programme

The Entrepreneur Empowerment Property Fund (EEPF) Programme is designed to promote participation in the affordable rental property market by companies owned by previously disadvantaged individuals. The programme is designed for first-time property developers.

For the year under review all new loan approvals in the rental portfolio were for black-owned companies. Total funding for the programme was approximately R40.5 million.

Table 3: List of approved funding for projects

Name of Company	Project Name	No. of Units	GPF Funding Commitment Inclusive of Capitalised Interest	
Dladleni Huts (Pty) Ltd	Erf 759 & 760, Oakdene Extension 20	108	R23 557 900	
Twenty-Two Silverton (Pty) Ltd	Erf 22, Silverton, Pretoria	24	R6 020 646	
Tarioblox (Pty) Ltd	Erf 7414, Olievenhoutbosch Ext. 36	26	R6 613 543	
K2022373111 (Pty) Ltd	Erf 419, Skosana, Katlehong	21	R4 313 072	
Total		179	R40 505 161	

12.1.2 Rental Housing Fund (RHF) Programme

The Rental Housing Fund Programme enhances the debt-to-equity ratio for companies involved in projects to leverage commercial funding. It is targeted at relatively established companies. There were no projects approved under this programme for the year under review.

12.1.3 Student Accommodation Fund (SAF) Programme

The SAF Programme was developed for student accommodation service providers that require additional funding. The mezzanine or junior type loan enhances the debt-to-equity ratio for projects to enable senior lenders to finance.

Table 4: List of approved funding for projects

Name of Company	Project Name	No. of Beds	GPF Funding Commitment Inclusive of Capitalised Interest
Vicki Lelaka Properties (Pty) Ltd	Erf 152, Bedworth Park, Emfuleni	144	R12 076 363
Total		144	R12 076 363



12.1.4 Commercial Affordable Housing Fund Programme

The Commercial Affordable Housing Fund Programme is designed to promote the participation of experienced housing developers and rental property owners in the affordable housing market. This is a new product and there was one project approved for the year in review.

Table 5: List of approved funding for projects

Name of Company	Project Name	No. of Units	GPF Funding Commitment Inclusive of Capitalised Interest
Solar Spectrum Trading 332 (Pty) Ltd	Erf 594, Arcadia, Pretoria	29 units, 186 beds	R9 539 315
Total		29 units, 186 beds	R9 539 315

12.1.5 Kasi-4-Real (township development programme)

Kasi-4-Real is a new product that the GPF is mobilising on behalf of the Department of Human Settlements. It is aimed at providing funding to emerging property developers in the townships for the development of affordable real estate housing to address increasing demand. The GPF will be embarking on an aggressive joint marketing drive with the GDHS in the coming financial year.

Completed projects

The number of completed units totalled 746 against a target of 644 units.

Table 6: List of completed projects

Name of Institution	Project Name	Location	Product	No. of Units
Bixowize (Pty) Ltd	Erf 278, Primrose Hill, Germiston	City of Ekurhuleni	EEPF	30
Haolin Construction (Pty) Ltd	Erven 1545 & 1547, Cloverdene, Benoni	City of Ekurhuleni	RHF	168
Watershed Properties (Pty) Ltd	Erf 1461, Ruimsig, Roodepoort	City of Johannesburg	SAF	432 units, 544 beds
Epitome	Erf 77, Kempton Park	City of Ekurhuleni	EEPF	26
Barra Dunes Chalet 31 (Pty) Ltd	Erf 1, Groblerpark Ext 101, Roodepoort	City of Johannesburg	RHF	90
Total				746



Projects under construction

As of 31 March 2023, there were six projects under construction with an expected yield of 474 units and 1 022 beds.

Table 7: Projects under construction

Name of Institution	Project Name	Location	Product	No. of Units
Sagewood Cribs Properties (Pty) Ltd	Erf 1011, Protea Glen, Soweto	City of Johannesburg	SAF	30 units, 90 beds
Property Developers and Construction (Pty) Ltd	Erf 2000 & Portion 1 of Erf 1999, Doornfontein	City of Johannesburg	SAF	119 units, 288 beds
Barra Dunes Chalet 31 (Pty) Ltd	Erf 1 of Groblerpark Ext. 101, Roodepoort	City of Johannesburg	RHF	144
Devland Gardens (Pty) Ltd	Erf 8341, Devland	City of Johannesburg	SHF	330
Greyline Holdings (Pty) Ltd	Erf 7440, Soshanguve East, Ext. 10	City of Tshwane	SAF	42 units, 336 beds
Mapchief Trading (Pty) Ltd	Erf 872, Pretoria Gardens	City of Tshwane	SAF	77 units, 308 beds
Total				474 units, 1 022 beds

12.2 Review of Programme Implementation

12.2.1 Mega Projects

Mega Human Settlements Projects refers to the development of integrated housing, which is inclusive of Build New Ground housing, gap market housing, and social, rental and open-market bonded housing, along with social amenities and local economics. The GPF has concluded the 13th deed to the Implementation Protocol (IP) with the GDHS, wherein the GPF will implement identified Mega Projects on behalf of the GDHS.

The annual IP signed between GPF and GDHS regularises annual targets and budgets. In terms of IP13 for 2022/2023 the GPF implemented the following projects – Afri Village Magaliesberg, Dan Tloome, Elijah Barayi, Savanah, Westonaria Borwa and Western Mega.

The GPF implemented the following projects in terms of IP10 signed in 2020/2021 – Montrose, Rama City and Afri Village Greenhills Mega Projects.

The targeted number of top structures completed was not achieved because of the High Court order obtained by Valley Lodge to stop construction at the Afri Village Magaliesberg project. The site has been closed as from September 2022 and therefore the 350 units could not be completed.



Table 8: Detailed Milestone Mega Projects - performance summary

Project Name	Foundations	Wall Plates	Slabs	95% Completions	100% Completions
Montrose	*	*	*	365	
Elijah Barayi	804	804	804	804	
Dan Tloome	813	813	420	813	1 974
Savanah	*	*		62	
Western Mega				54	

^{*} Milestones completed in previous financial years

Mega Projects are implemented in a manner designed to broaden the base of black- and female-owned enterprises and SMMEs within the infrastructure development sector. Against this background, the GPF endeavours to ensure that at least 30% of the capital budget is spent on SMMEs and, over time, to increase the development of womenowned enterprises.

Table 9: Economic impact on surrounding communities for 2022/2023

Description	Actual
Job opportunities created	345
Local expenditure	44%

While some improvement has been seen in the implementation of Mega Projects, the following ongoing challenges are being addressed by the GPF in collaboration with its stakeholders:

- The developers' construction programme is monitored on a weekly basis and corrective action is required for targets not met.
- · Monthly on-line meetings are held with developers to track progress and discuss any issues.
- · Monthly technical meetings are held on site to view and discuss progress.
- The GPF has access to various IGR platforms to address concerns and/or bottlenecks experienced in projects undertaken by the GPF.

Social amenities completed for 2022/2023

- Afri Village Greenhills Taxi rank and sports field.
- Dan Tloome Community hall and sports field.
- Elijah Barayi Community hall and sports field.
- Elijah Barayi Taxi rank drop-off.
- Savanah City Two school sites have been sold to the Department of Education and the design of a sports field
 is being finalised in conjunction with the municipality.



12.2.2 Upgrading of Informal Settlements Programme

In the 2022/23 financial year the formalised informal settlements target was not achieved due to dependencies outside of the GPF's control. However, extensive work has been done on more than three informal settlements towards the formalisation process, which has created a solid foundation going into the 2023/24 financial year. Management analysed the UISP target for the 2023/2024 financial year and refined it to 'number of informal settlements upgraded'.

The GDHS appointed ten PRTs which are being managed and monitored by the GPF. Social compact contracts and upgrading plans have been concluded with the respective communities with some pending conclusion once all dependencies have been resolved. This will enable the informal settlements to move to the next phases of upgrading in the 2023/24 financial year.

An estimated 78 404 households are benefiting from emergency sanitation services, i.e., the provision of chemical toilets and honeysucker services.

The GPF has concluded a tender process to appoint service providers for the design, supply, installation and maintenance of alternative sanitation technologies. The installation of such systems will further improve the standard of sanitation services provided to informal settlement communities and restore dignity to our people. The service providers will commence with detailed designs in the first quarter of the 2023/24 financial year. Installation is expected to take place during the second quarter of 2023/24. Work has commenced on the re-blocking of certain informal settlements which were selected following the Gauteng Premier's declaration of UISP as a priority programme. The re-blocking project is expected to gain momentum during the first quarter of the 2023/24 financial year.

12.2.3 Turnkey Projects Programme

Since 2017, the GPF has continued to receive new mandates from the Shareholder in line with growing provincial priorities. In instances where the GPF has been appointed as an implementing agent, the investment and development team fulfil a project management role on behalf of the GDHS or any strategic partner as may be determined from time to time.

To date, two turnkey projects have been transferred to the GPF for implementation.

12.2.4 Canal Social Housing

The GPF signed a Trilateral and Land Availability Agreement with the Gauteng Department of Human Settlements and the Mogale City Local Municipality, which has since lapsed. The renewed agreement was in circulation for signature at year end. The Agreement makes the land (the remainder of Portion 7 of the farm Paardeplaats No. 177 IQ (Krugersdorp Extension 4) available for the development of 360 social housing units and the installation of all services and such other ancillary facilities as are required.

12.2.5 Umnotho Community Project

The Umnotho community submitted a concept project application to the GDHS to jointly develop three townships in Muldersdrift, namely Greengate Extension 60, Greengate Extension 74 and Mogale Extension 28. This project will be a pilot for a community-based human settlements project in partnership with the Department.



12.2.6 Rapid Land Release Programme

The GDHS has appointed the GPF as the implementation agent responsible for facilitating a process to acquire serviced stands on behalf of the Department. The stands are required to be serviced with all municipal engineering services (water reticulation, sewer reticulation, roads, stormwater drainage and electrical reticulation) in order for them to be easily allocated to qualifying beneficiaries who have demonstrated the ability to build for themselves in line with the Department's qualifying criteria.

In FY 2022/23 the GPF procured 2 870 potential service sites through a tender process to solicit proposals from developers and/or landowners for fully and partially serviced stands. For the year in review, 3 746 serviced sites were acquired vs a target of 1 000.

12.3 GPF Investments over the Past Four Years

The graph below depicts the investments made by the GPF over the past four years, per programme.



Figure 5: GPF investments over the past four years

The graph depicts the growing demand for student accommodation and the GPF's contribution to addressing the shortage.



13. Institutional Programme Performance Information

Table 10: Annual performance review 2022/23

Outcome	Output	Output Indicator	Audited Performance 12020/21	Audited Performance 1 2021/22	Annual Q		20	<u> </u>	49	Annual Performance	peviation from Planned Target to Actual Achievement 2022/2023	Reasons for Boviations	Reasons for Revisions to the Outputs/ Annual Targets
Efficient, effective and sustainable organisation	Loans collected	Percentage of loans collected	9 %55	81 %89	80% of loans collected 70%		73%	81%	83%	83%		Target achieved.	N/A
	Human capital managed	Percentage implementation of annually approved Human Capital Management Plan	New indicator	New indicator	90% implementation 2. of annually approved Human Capital Management Plan	24%		75%	%06	%06	N/A	larget achieved.	N/A
		Percentage implementation of employee engagement survey findings	New indicator 5	9099	75% implementation 1. of employee engagement survey findings	15%	40%	62.5%	%6'88	%6'38%	Annual target T exceeded t		N/A
	AGSA post-audit action plan implemented	of the taction gement ate)	New indicator	9000	100% implementation – of the AGSA post-audit action plan	_	WA	%09	%08	%08	achieved F F C C C C C C C C C C C C C C C C C	Target not achieved. If Four out of the 5 have been completed. Last item is partially complete and is envisaged to be fully completed by end of 01 2023/24.	WA
		Percentage of invoices paid within 30 days	New indicator	, 100%	100% of invoices paid 11 within 30 days	100%		100%	100%	%001	N/A	Target achieved.	N/A
	Cost management	Percentage expenditure New indicator of the approved budget		New indicator	≤100% expenditure 1.0 of the approved budget	18.4%	41%	59%	≤100% expenditure of the approved budget	%96	N/A	larget achieved.	N/A
Outcome 1: Efficient, effective, and sustainable organisation	SCM processes efficiency	Percentage implementation of the approved SCM turnaround plan	New indicator	New indicator	100% implementation 40% of the approved SCM turnaround plan		70%	%001	%001	%001	N/A	larget achieved.	N/A
	Enhanced visibility of the GPF brand and services	Percentage implementation of the annual marketing, communications, and stakeholder management plan	New indicator	9526	90% implementation 1. of the annual marketing communications, and stakeholder management plan	14%	40%	9608	%06	%06	N/A	Target achieved.	WA





Output	Output Indicator	Audited Performance 2020/21	Audited Performance	Annual Target	5	20		45	Annual Performance	Deviation from Planned Target to Actual Achievement	Reasons for R Deviations t	Reasons for Revisions to the Outputs/ Annual Targets
Enhanced capital Funding and base to deliver collaboration on core GPF partnerships	Number of funding and collaboration partnerships concluded	New indicator	2	5 funding and collaboration partnerships concluded		_	2		5		Annual target A achieved. a	Annual target achieved.
	Total Rand value of funds raised from funding and collaboration partnerships	ROm	ROm	R250m raised from funding and collaboration partnerships			N/A	ROm	Rôm	ROm raised	Taget not achieved. If PIC has sent the pre- revecution version of in the Term Sheet to GPF of for final review. Profinal review. R	larget was reduced to R250m in anticipation of approval from PIC who issued an expression of interest to the amount of R250m. Approval is anticipated by Q2 2023/24.
Management fee income received	Percentage management fee received for project management services	New indicator	New indicator	5% management fee received for project management services		2%	-	%5	5%	N/A	Target achieved. A a	Annual target achieved.
Loans disbursed	Rand value of loan disbursed – rental accommodation	New indicator	R54.484m	R32m of loan disbursed – rental accommodation	R9 707 840.36	R10 402 726.14	R9 151 697	R1505448	R32 039 311,50	Annual target achieved	Annual target Tr	Target was reduced to R32m from the R45m initially planned.
	Rand value of loan disbursed – student accommodation	New indicator	R20.1m	R57m loan disbursed —student accommodation	K5 026 224.23	R11 790 798.96	R24 431 327.25	R12739 102.72	R53 987 452.20	Annual target not achieved, achieved, one project delayed after submitting a daim of R4.2 million which was paid 6/4/23.		Target was increased to R57m from the original R23m.
Affordable housing units completed	Affordable housing Number of units units completed	262	1 010	680 units completed	358	116	0	272	746	Annual target Exceeded.	Developers Tacelerated the troconstruction opportunity	Target increased to 680 from the original 300.
	Number of beds completed	New indicator	780	544 beds completed	272	0		272	544	Annual target achieved.		Target increased to 544 from the original target of 380.



for to uts/ ngets			I target to 3 701 which Iy	get to 2 nriginal	get 128 ial 200.	
Reasons for Revisions to the Outputs/ Annual Targets	N/A	N/A	The annual target increased to 3 701 from 2 500 which was initially planned.	Annual target increased to 2 544 from original 2 500.	Annual target reduced to 128 from original 200	N/A
Reasons for Deviations	Annual target exceeded. Iwo of four projects with female ownership were approved in Q4.	N/A	Annual target exceeded due to additional sites delivered by Westem Mega.	I target not ed due to the age court hat halted Iction on site.	Annual target achieved.	Target exceeded due to the positive market responses to a RFP process, requesting landowners/ developers to make available serviced stands for acquisition and development consideration.
Deviation from Planned Target to Actual Achievement 2022/2023	Annual target exceeded.	Annual target achieved.	Annual target exceeded.		N/A	exceeded.
Annual Performance	30.3%	564	4 010	2 098	128	3.746
6 4	22.25%	136	1 658	1307	128	3 746
 8	%15_	156	1 258	466	0	
8	_0	122	1 000	297	N/A	N/A
D	%0	150	94	78		
Annual Target	10% of loans for GEVOD- owned (HDI) developers approved	554 job opportunities created through loans disbursed	3701 serviced sites completed	2544 top structures (houses) completed	128 service sites for mixed income sold	1000 serviced sites acquired
Audited Performance 2021/22	%99 <u></u>	904	4 813	3266	78	New indicator
Audited Performance 2020/21	New indicator	New indicator	1778	2 6 1 6	New indicator	New indicator
Output Indicator	Percentage of rand value of loans approved towards GFVODI-owned (HDI) developers	Number of job opportunities created through loans disbursed	Number of serviced sites completed	Number of top structures (houses) completed	Number of service sites for mixed income sold	Number of serviced sites acquired
Output	Targeted (GEYODI) loan approvals	Job opportunities created through loans disbursed	Serviced sites completed – Mega Projects	Top structures Number of top completed (houses) structures (houses) – Mega Projects completed		Serviced sites acquired
Outcome	Enhanced contribution of GPF's human settlements developments to inclusive economic growth		Increased access to integrated, inclusive and sustainable human	settlements		Increased access to liveable settlements and secure tenure



r o ss/ gets			et 2 850 ginal ed.
Reasons for Revisions to the Outputs/ Annual Targets	N/A	N/A	Annual target increased to 2 850 from the original 1 500 planned.
_ Z Z Z Z	2 2 2 2	SII	2 2
Reasons for Deviations	The target was not achieved due to dependencies outside the GPFs control. However, 9966 chemical toilets have been provided and 18577 households are being serviced by honeysuckers, 64 informal settlements have been provided with interim services for the year, 32 informal settlements progressed to Phase 2 planning.	Annual target exceeded. Developers are procuring more locally and employ more local labour.	Annual target not achieved based on evidence from developers' reports on employment contracts and accompanying identity documents.
ctual ut			et not Aniach ach ach ach ach ach ide
Deviation from Planned Target to Actual Achievement 2022/2023	achieved,	exceeded.	Annual target not achieved based achieved. achieved based on evidence from developers' report on employment contracts and accompanying identity document identity document
Annual Performance		44%	S
A 9.	•	<u>74</u>	345
Q4	0	57%	1107
		9,	51
		31%	1151
		22.33%	
62		22.	981
_		115.37%	1234
<u>p</u>	- lormal		
ual jet	3 formalised informal settlements	30% of project expenditure spent on GEYODI-owned SMMEs (HDI) through projects implemented	2850 job opportunities created through projects implemented
Annual Target		30% expe on G SMN proji	285 oppu thro impl
Audited Performance 2021/22	New indicator	47.95%	4 960
ance			7
Audited Performance 2020/21	New indicator	New indicator	4 593
icator	tlements	Percentage of project expenditure spent on GEVODI-owned SMMEs (HDI) through projects implemented	ob ss created jects id
Output Indicator	Number of formalised informal settlements	Percentage of project on expenditure spent on GF/ODI-owned SMMEs (HDI) through projects implemented	Number of job opportunities created through projects implemented
	<u>~ ~ ~ </u>	Targeted (GEYODI) project expenditure expenditure spent on GEYODI-owned SIMME (HDI) through projects implemented	ies L
Output	dilb.	Targeted (GEYODI) project expenditure expenditure spent on GEYODI-owned SMMI (HDI) through project implemented	Job opportunities created through projects implemented
		-	
Outcome		Enhanced contribution of GPFs human settlements developments to inclusive economic growth	



Table 11: Targets revised down during the mid-year review

Target	Initial Planned Target	Revised Target	Revised Target Actual Performance
Rand value of loan disbursed – rental accommodation	R45m	R32m	R32m, target was fully achieved
Number of serviced sites for mixed income sold 200	200	128	128, target was fully achieved
Total Rand value of funds raised from funding. and collaboration partnerships	R300m	R250m	Target was not achieved, however an expression of interest from PIC was received in Q4

Table 12: Targets revised up during the mid-year review

Target	Initial Planned Target	Revised Target	Actual Achievement
Percentage implementation of the annual ICT 90% governance plan	%06	95%	95%, target was fully achieved.
Rand value of loan disbursed – student accommodation	R23m	R57m	R53.9m, target partially achieved. 95% of the revised target achieved.
Number of units completed	300	680	746, target exceeded.
Number of beds completed	380	544	544, target fully achieved.
Number of serviced sites completed	2 500	3 701	4 010, target exceeded.
Number of top structures (houses) completed 2 500	2 500	2 544	2 098, target partially achieved. 82% of the target achieved.
Number of job opportunities created through projects implemented	1 500	2 850	345, target not achieved.

No new output indicators were introduced, and no output indicators were removed during the mid-year review



14. Revenue Collection

Table 13: Revenue collection

		2021/2022			2022/2023	
Sources of revenue	Estimate	Actual Amount (Over)/Under Collected	(Over)/Under Collection	Estimate	Actual Amount (Over)/Under Collected Collection	(Over)/Under Collection
Loan Instalment Payments R88 151 377	R88 151 377	R55 821 888	R32 329 489	R66 828 095	R55 725 817	R11 102 278
Total	R88 151 377	R55 821 888	R32 329 489	R66 828 095	R55 725 817	R11 102 278

The actual amount collected from the projected repayments was R55.8 million against the target of R88.1 million. The underachievement was because of the non-instalment, partial instalment and late instalment payments. The developers are impacted by vacancies, tenant defaults, stagnant rental increase and municipal rates and taxes that increase above the inflation rate.

The following actions were taken over the period:

- Initiation of cession of rental income.
- Issuing of breach letters.
- Aggressive engagement with the borrowers to address arrears.
- Site visits to discuss and verify performance.
- Site visits to monitor state of buildings (dilapidated buildings tend to discourage tenancy).
- Refer loan accounts to legal for further actions when all efforts to collect have failed.











15. Introduction

The Gauteng Partnership Trust, trading as the GPF, was established as a benevolent Trust in terms of the Trust Property Control Act 57 of 1988 and the Trust Deed entered into between the Executive Authority/Founder and the Trustees.

According to the King IV Report on Corporate Governance, corporate governance is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the four governance outcomes, namely ethical culture, good performance, effective control and legitimacy.

The GPF Board of Trustees acknowledges good corporate governance as fundamental to the achievement of the GPF's mandate, its financial objectives and the fulfilment of its corporate and constitutional responsibilities and those of its Founder, Shareholder and Executive Authority. The Board is accordingly unreservedly committed to applying the principles of good corporate governance in all the GPF's business dealings with its stakeholders.

The Gauteng Provincial Government, the Executive and Accounting Authorities and the Accounting Officer of the GPF are responsible for corporate governance.

16. Portfolio Committees

16.1 Standing Committee on Public Accounts (SCOPA) hearing – 19 May 2022

The GPF was invited to respond to the SCOPA resolutions in the AGSA's oversight report to the Gauteng Provincial Legislature related to the GPF's Financial Statements and performance information for the year ended 31 March 2021. The GPF implemented the resolutions and provided progress where they had not been fully implemented, as follows:

- Intensification of the organisation's performance and consequence management processes: The GPF reviewed its standard operating procedures and policies and reported on progress. Significant improvement was noted in the 2022/23 organisational performance, compared to that of the previous year.
- Submission of a plan for identified internal control deficiencies which resulted in irregular expenditure being incurred: The SCM Turnaround Plan was developed and implemented during the 2022/23 financial year and all employees received training on the application of the SCM policies and relevant legislation and regulations. A Loss Control Committee was established to deal with the management of already incurred irregular expenditure in line with the Irregular Expenditure Framework, recommendations of corrective action where applicable and assisting in the submission of condonation of irregular expenditure applications to the relevant authorities.
- Presentation of a process to establish the root causes of the irregular and fruitless and wasteful expenditure reported in the 2021/22 AFS as well as a quarterly progress report until the process has ended: The determination process for the significant part of the irregular expenditure was completed and the necessary corrective action was taken against the responsible employees. An application for condonation was submitted to the Gauteng Provincial Treasury (GPT) and is in progress. The determination of the rest of the irregular expenditure by an independent service provider is under way and a report is envisaged to be completed by the end of Quarter 2, 2023. Management will implement the recommendations contained in the report.
- The appointment of an Internal Audit Manager: To strengthen the implementation and monitoring of an
 effective internal control environment, the GPF appointed an Internal Audit Manager who assumed duty on
 1 March 2022.



- Report on the effectiveness of the automated end-to-end process within the supply chain division: The
 automated end-to-end SCM system went live on 1 February 2022 and all employees are required to use the
 system, which ensures compliance with all the relevant SCM requirements as all the required approvals are
 embedded in the system.
- Reporting on the status of implementation of a court judgement ordering a GPF service provider to repay
 the GPF the amount of R3 591 000: The service provider did not repay the money and instead initiated an
 appeal process. The GPF proceeded to execute the court order entitling it to the payment of the amount of R3.5
 million. The service provider launched an application to reinstate the appeal and the GPF is opposing the matter.
 Allocation of a court date is awaited.
- Status of the GPF's application to the GPT for the retention of R635 227 751 surplus: The GPF was granted to retain R371 636 834 of the R635 227 751. The GPF then had to surrender R263 590 917 to the GPT which related to the 2020/21 financial year surplus retention application.
- Status of the payable due by a service provider erroneously overpaid by R759 222.54 in 2019: Despite repeated efforts to recover this amount, the overpaid party failed to repay the funds to the GPF. The GPF applied for a default judgment which is still awaited. The service provider has no assets of value and there is a probable loss for the GPF. Internal controls have been improved to prevent the reoccurrence of such overpayments and disciplinary action was taken against the employee responsible for the overpayment.
- The GPF must provide SCOPA with a report on the status of the various matters regarding a former employee/SCM Officer: Regarding fraud allegedly perpetrated by a former employee/SCM Officer, legal recovery is under way and the bank accounts of the responsible party remain frozen and their retirement annuity funds are on hold in terms of an interim court order. A criminal charge was laid against the former employee and after a lengthy investigation process, the prosecutor took a decision not to prosecute the case, due to lack of evidence.
- The GPF must submit its audit action plan indicating each area of finding by the AGSA in the 2020/21 financial year and plans to address the areas of findings and timeframes for implementation: The audit action plan and progress on its implementation were included in Quarterly Interim Financial Statements for the 2021/22 and 2022/23 financial years. The AGSA action plan has been fully implemented.
- The GPF must submit its assessment of the implications of its audit action plans for the 2021/22 financial year: The assessment was conducted and the action plans were implemented as reported above.

Progress on the implementation of the above-mentioned SCOPA resolutions was reported in all presentations made to the SCOPA and in responses to requests for information from the GDHS.



16.2 Human Settlements Portfolio Committee hearing – 8 September 2022

Following the GPF's presentation of its Quarter 1 report for the 2022/23 financial year, the Committee was concerned about the non-achievement of the targeted percentage procurement spend for designated groups (GEYODI). The Quarter 1 targets and achievements are reflected as follows:

Geyodi Group	Target	Achieved
Women	25%	22%
Youth	20%	10%
People with disabilities (PWD)	1%	0%

The non-achievement of the Quarter 1 targets is attributed to the halt in the procurement process as per National Treasury instruction. There was an improvement after the lifting of the procurement halt. The GPF is targeting GEYODI through various initiatives such as requests for quotations on its website and engagements with people living with disabilities to share information about participation opportunities in GPF programmes.

16.3 Human Settlements Portfolio Committee oversight visit – 3 March 2023

The Committee conducted an oversight visit to the GPF to get an in-depth and practical understanding of the organisation's operations, the projects funded and the reasons for the non-achievement of its GEYODI targets.

An overview of the work of the GPF was presented and a detailed report of its projects was submitted to the Committee.

17. Executive Authority

The Executive Authority of the GPF is the Gauteng MEC for Human Settlements and Infrastructure Development, who exercises both strategic and political oversight on the affairs of the GPF. In this regard, the Executive Authority is guided by the principles contained in the PFMA and the Trust Deed.

The GPF must perform according to the Strategic Plan and the Annual Performance Plan agreed to with the Executive Authority and the GDHS. The GPF's management is accountable for strategic and operational matters to the Board of Trustees, which controls and maintains a fiduciary relationship with the organisation. The GPF coordinates its area-based human settlements development activities and other catalytic interventions with and on behalf of the Executive Authority and the GDHS and engages with the GDHS in the design and construction of infrastructure and human settlement assets. The GPF must ensure that spatial transformation, human settlements development and economic growth are integrated and well-coordinated.

When making trustee appointments, the Executive Authority ensures an appropriate mix of the necessary capacity and skills, and that the majority of the trustees are independent and non-executive.

The Executive Authority also appoints a shareholder representative to the GPF Board to represent it and its interests in the Board. All the requisite Quarterly Performance Reports were submitted to the Executive Authority and the GDHS for the period under review.



18. The Board

The Board meets regularly, retains full and effective control over the entity, and monitors the implementation of the entity's strategic programmes by the executive management through a structured approach to reporting and accountability. All the GPF's Board committees are chaired by independent non-executive trustees. The Board meets no less than four times a year to consider matters reserved for its attention.

The Board of Trustees, for the greatest part of the period under review, consisted of 11 non-executive trustees. All the trustees were independent, save for the shareholder representative. One trustee resigned during the last quarter of the reporting period. In terms of the Trust Property Control Act and the GPF Trust Deed, letters of authority were issued for all the trustees by the Master of the High Court in October 2022. This confirmed their authority to act as trustees. Prior to that, two trustees who were appointed after the start of the current Board's term were not issued with letters of authority and could only attend Board meetings as observers.

18.1 The Role of the Board

The Board's responsibility is to determine the GPF's strategic approach and formulate policy direction to enable the CEO to implement the entity's strategy, supported by executive management. The Board remained apprised of the implementation progress through reporting at Board committee meetings, as well as regular communications with executive management, through the CEO.

The trustees maintain independence on all matters under consideration and in the event of a trustee having a conflict of interests in any matter before the Board, this is duly disclosed and recorded, in line with the GPF Declaration of Interests Policy. During the period under review, no conflict of interest was recorded in relation to any matters before the Board.

All trustees have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters of corporate governance, compliance with rules and procedures, statutory requirements, regulations and best corporate governance practices.

18.2 The Board Charter

The Board Charter is approved by the Board and reviewed annually, in compliance with good corporate governance practices. It sets out a clear direction for the Board's role and responsibilities, its composition and its general conduct, including conduct at Board meetings.

These responsibilities include:

- Acting as the focal point for, and the custodian of, corporate governance by managing its relationship with management, the Executive Authority, the GDHS and other GPF stakeholders based on sound corporate governance principles.
- Assuming ultimate accountability and responsibility for the performance and affairs of the entity and effectively representing and promoting its legitimate interests.
- Retaining full and effective control over the entity, directing and monitoring its business and affairs.
- Ensuring compliance with applicable laws.

PART C: Governance



- Carrying full fiduciary responsibility and a duty of care and skill to GPF in terms of the Trust Deed, the PFMA, the
 Trust Property Control Act, common law and the Code of Ethics.
- Overseeing the development of and the approval, monitoring and review of corporate strategy, company policies, appropriate systems, annual reports, annual budgets and business plans.
- Developing clear definitions of the levels of appropriate materiality or sensitivity in order to determine the scope and delegation of its authority and to ensure that it reserves specific powers and authority for itself.
- Overseeing GPF's values and ethics and ensuring that an appropriate corporate code of ethics is in place.
- Implementing and maintaining an effective risk management framework and ensuring that key risk areas and key performance indicators of the entity are identified and monitored.
- Ensuring that the GPF has a sound communication policy and that it communicates regularly, openly and promptly with the Executive Authority, the GDHS and all relevant stakeholders.

Throughout the reporting period the Board, supported by its committees, engaged in activities that ensured the fulfilment of its responsibilities in terms of its charter. A detailed account of the Board's activities in 2022/23 is provided below.

18.3 Overview of Board Activities

The following are highlights of the Board's activities in the reporting period:

- As part of celebrating the GPF's 20 years of existence, the provision of direction and guidance to management, to ensure that the 20th Anniversary celebrations are impactful and contribute to building the GPF brand and entrenching it in the property development funding environment.
- Conclusion of a Shareholder Compact with the Founder to promote good governance and achieve structured relationship management between the Shareholder and the Board.
- A review of the Human Capital Management Strategy to align it with the recently approved organisational strategy.
- Development of a GPF approach to sustainable bulk infrastructure facilitation.
- Oversight and consistent monitoring of the GPF's role as the implementing agent for the RLRP and the UISP through the procurement of PRTs, to augment the GPF's capacity for delivering on these socially beneficial programmes.
- Improvement of annual performance from 31.25% in 2020/21 and 66.7% in 2021/22 to 77.8% in 2022/23, in line with the Annual Performance Plan.
- Development of an Asset Disposal Framework to eliminate non-performing assets arising from historical investments. This will go a long way in improving the organisation's balance sheet and attracting strategic funding partners.
- The improvement in the projected instalment repayment percentage from 56% in 2020/21 and 63% in 2021/22 to 83% in the 2022/23 financial year.
- Conclusion of numerous collaborative (monetary and non-monetary) partnership agreements with key entities that seek to support the delivery of the GPF's mandate.
- Development of a Competency Framework aimed at establishing a common understanding of attributes, skills, qualifications, values and behaviours that are required for the various roles in the organisation.
- Review and development of several policies to ensure that the GPF is managed in an ethical, consistent, transparent and fair manner.



- Full implementation of the SCM turnaround plan, which will see significant improvements in the internal controls that are required for a well-governed organisation.
- Development of the Projects Assessment Framework to ensure consistency, diligence and efficiency in the
 consideration of applications for approval. This has yielded improvements, such as a reduction in the time it
 takes to finalise a funding application, from receipt to approval or rejection, from 125 days to 89 days.
- Confirmation of the GPF's ISO 9001 accreditation.
- Resolution of bottlenecks in the completion of construction projects funded by the GPF, through the implementation of the IGR approach, where the organisation participates fully in IGR structures and maintains impactful presence and visibility in the space.
- Implementation of quarterly reporting on corporate governance compliance is as follows:

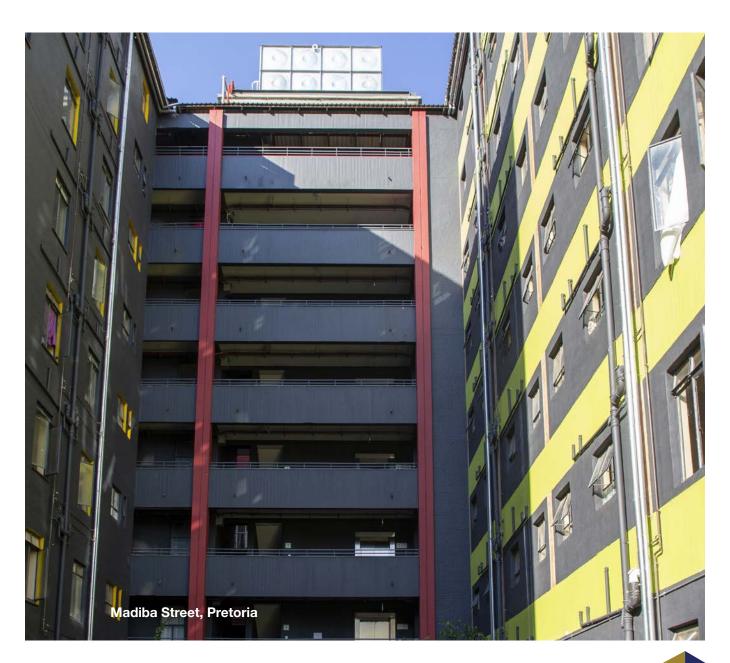




Table 14: Application of the Principles of the King IV Report on Corporate Governance

The Board aspires to continuous 1. Beylew of the fraud
improved a spiror section of the development of policies and 2. Implementation of processing the development of policies and control of the development of processing the development of
culcate
က်
the policies and programmes is hotline usage. at an early stage and monitored
on a quarterly basis.
Same as above.



Principle	Description	Recommended Practices	Application Status	Extent of Application	Action for Improvement	Responsible	Timeframe
ო	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Development and implementation of a social and ethics programme, to give effect to the mandate of the Board, as delegated to the Human Resources and Social and Ethics Committee.	Applied	The Board and management emphasise the importance of compliance with legal and statutory requirements of the organisation in doing business. The organisation is also operated in a manner that considers its sustainability and financial health. A focus	Quarterly reporting on the S&E programme Conduct a GPF environmental impact assessment to inform the development of the policy.	Cosec	Quarterly reporting to the HRSEC.
		(HRSEC). 2. Development of an environmental impact policy, to reduce the entity's environmental impact. 3. Development of a sponsorship policy to improve the impact on communities in which the GPF's business is conducted.		on social and environmental responsibilities is ongoing and considered in the decision-making process. As articulated in the social and ethics programme, various activities are being implemented to ensure that the organisation operates in an environment-friendly manner.	3. Mannenance of a financially sustainable organisation through achieving required financial ratios.	CFO	Ongoing and reported on a quarterly basis.
4	The governing body appreciates that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Setting of organisation's 5-year strategy. Conducting an annual risk assessment exercise to test the effectiveness of risk mitigation strategies and identify emerging risks.	Applied	A strategic and annual performance plan that incorporates the risks and opportunities is presented to the Board. The Board considers the plan to ensure it is aligned with the core business of the GPF and the priorities of the shareholder.	Conduct an annual internal risk assessment survey.	OCEO/CSE	Completed in Q4



Responsible Timeframe	N/A A/N	Cosec Quarterly
Action for Improvement	Z V	Provision of regular updates to the Board on developments in the corporate governance environment (included in the CEO's report).
Extent of Application	The Board ensures that the AFS comply with the International Financial Reporting Standards as well as the PFMA requirements. This ensures that the information is in a format and of the quality that enables the shareholder and stakeholders to make informed decisions. The AFS are audited by the AGSA to ensure that they correctly represent the financial position of the organisation. The AR contains a Chairperson's Foreword and a CEO's report, which details the reasons for the current performance of the organisation as well as some of the opportunities for future organisational development.	With the development and implementation of standard operating procedures (SOPs) within the organisation, good practices and compliance with corporate governance are embraced throughout the GPF. The Board leads by example and constantly reviews SOPs and implements changes within the organisation to improve corporate governance compliance. All the GPF's
Application Status	Applied	Applied
Recommended Practices	1. The entity's AFS and Annual Report (AR) are prepared according to the applicable reporting frameworks and standards and aim to meet the information needs of a diverse range of stakeholders. The Audit and Risk Committee should assist the Board to verify the integrity of the AR and other disclosures contained therein.	Development and implementation of a governance framework that guides and directs the role, responsibilities and conduct of the Board, comprising the Board Charter, Committee Charters, DoA and other relevant policies that ensure good governance.
Description	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.	The governing body should serve as the focal point and custodian of corporate governance in the organisation.
Principle	ις	φ



	73		
Timeframe	Before the end of the current Board's term. A meeting is being facilitated between the Board Chairperson and the shareholder, subject to availability.	May 2023 (CEO DoA to management). The Board DoA to the CEO was reviewed and approved by the Board in Q4.	Q1 of 2023/24
Responsible	Board Chairperson	CEO/Cosec	Cosec
Action for Improvement	Engagement with the shareholder towards the end of the term, to encourage the inclusion of a trustee with an ICT background and experience.	Annual review of the DoA, to enable the Board to review the effectiveness of the current delegation arrangements to its committees and executive management.	The HRSEC has recommended that an annual review of the Board and its committees should be conducted internally, through the assessment of implementation of the recommendations made in the last Board evaluation.
Extent of Application	The Board comprises the appropriate balance and is constituted of only non-executive trustees to ensure independence. During the recent Board and Committee evaluation conducted by IoDSA, it was recommended that there should be engagement with the shareholder towards the end of the term, to encourage the inclusion of a trustee with an ICT background and experience.	The non-executive trustees do not participate in the day-to-day operations of the GPF. They hold the executive management accountable for the delivery of performance objectives. The Board approved a DoA through which it has delegated some of its functions to its subcommittees and the CEO.	An evaluation of the Board and its committees was recently conducted by an independent service provider and the recommendations for improvement are included in an implementation plan that will be monitored on a quarterly basis.
Application Status	Applied	Applied	Applied – full compliance
Recommended Practices	The Board should comprise members that possess the necessary depth of skills and expertise to lead the organisation. The Board believes this facilitates richer debate and independent decisionmaking and promotes the entrenchment of good governance policies and practices.	Constitution of Board committees to achieve a balanced distribution of power; prevent undue reliance on any individual member and manage the risk of any individual member dominating decision-making.	Independent evaluation of the Board, its committees, and its chairperson, once in two years. Internal evaluation of the implementation of the independent Board performance evaluation recommendations.
Description	The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	The governing body should ensure that the evaluation of its own performance and that of its committees, chairperson and members, support continued improvement in its performance and effectiveness.
Principle	2	ω	o



Timeframe	Completed in Q4.	Ongoing improvement. The recommendations that were targeted for implementation in Q4 were completed.
Responsible	CSE	осео
Action for Improvement	Development of a succession planning framework for the CEO, executive management, and other key positions to provide continuity of leadership.	Implementation of the risk maturity assessment recommendations to achieve Level 2 maturity.
Extent of Application	The Board has ensured that a full complement of the executive management is appointed, and authority is delegated to the CEO and to the executive.	Although the Board through the ARC reviews the risks facing the organisation, it has identified that there needs to be a dedicated focus on this aspect of the committee's responsibility. The recent review of the current Annual Performance Plan has also taken the risks into account.
Application Status	Applied – full compliance	Applied – partial compliance
Recommended Practices	The Board Charter should clearly specify the roles of the Board, chai person and the CEO, who is accountable and reports to the Board, while also serving as the main link between management and the Board. The CEO should be responsible for the implementation and execution of the approved strategy, policy, and annual performance plan.	The Board should set the direction for how risk management is approached and addressed in the organisation. The Audit and Risk Committee (ARC) must oversee and direct management's implementation of an effective framework and plans for risk management.
Description	The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
Principle	10	-



Timeframe	∢	<
Responsible	Z, Z	N/A N/A
Action for Improvement	N/A	N/A
Extent of Application	The governing body reviews the information and technological requirements of the organisation and upgrades and updrates the systems as required to achieve its strategic objectives. A Loan Management System was implemented in the current financial year to improve the entire loan application and management process.	The Board does promote compliance with relevant laws and statutory requirements, and it ensures that the organisation develops and implements policies that enable it to comply with the same. These policies are accessible to all staff on the GPF SharePoint.
Application Status	Applied	Applied
Recommended Practices	The Board should exercise ongoing oversight of the governance of technology and information. The Board can delegate the authority for setting the approach for technology governance to the ARC. This entails the adoption of appropriate frameworks and standards and managing related information and technology risks.	The Board is accountable for the entity's compliance with applicable laws, regulations, codes and standards. It should therefore provide oversight on legislative and regulatory compliance.
Description	The governing body should govern technology and information in a way that supports the organisation's setting and achieving its strategic objectives.	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
Principle	5	6



Timeframe	Q1 of 2023/24, however dependent on GPT approval of the remuneration framework.	The revised combined assurance framework will be presented to the ARC in May 2023.
Responsible	Cosec	OCEO
Action for Improvement	Development of a Board Remuneration Policy that complies with National Treasury regulations for remuneration of public entity Board members, for shareholder approval.	Adoption of a combined assurance framework.
Extent of Application	The Board has a HRSEC which determines the remuneration policy for recommendation to the Board. This provides guidance on the remuneration of all employees. The Board's remuneration is currently based on SAICA rates, a dispensation that was approved historically and is contrary to the National Treasury guidelines on Board remuneration in the public sector. The Board has approved the review of the current remuneration framework to be compliant with the National Treasury guidelines and this is currently under way with the assistance of the GDHS.	The ARC is responsible for ensuring the appointment of the internal auditors of the organisation. The controls and integrity of information are reviewed by the auditors and reported to management and the Board for effective decisionmaking. The Board considers all management letter points received from the external auditors (AGSA) and takes necessary action to mitigate the risk and/or lack of control that has been identified. The internal auditors further identify any breakdowns in controls and risks within the organisation through the execution of a risk-based internal audit plan. These are reported to management so that corrective action can be taken.
Application Status	Applied - partial compliance	Applied - partial compliance
Recommended Practices	The Board should approve a Remuneration Policy, which supports fair, responsible and transparent remuneration.	Adoption of a combined assurance framework. ARC oversight on the application of combined assurance.
Description	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decisionmaking and of the organisation's external reports.
Principle	41	5-



Principle	Description	Recommended Practices	Application Status	Extent of Application	Action for Improvement	Responsible	Timeframe
	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Development of a stakeholder management strategy and provision of oversight on its implementation.	Applied	The Board aspires to take a stakeholder-inclusive approach to its corporate governance role. A stakeholder mapping process was conducted, a policy developed and the implementation of these will be monitored periodically. The first stakeholder forum was held in February 2022 and the Stakeholder Management, Marketing and Communications Department is actively involved in the facilitation of events to celebrate and showcase the work of the GPF in the 20 years of its existence. Employees are recognised as internal stakeholders and programmes that seek to create cohesion and inculcate a sense of belonging and teamwork are being implemented through a change management project called Project Kilimanjaro. This is reported to the Board through the HRSEC, on a quarterly basis.	N/A	۲ ۲	¥ _N
	The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests.	Not applicable to the GPF.	Z/A	N/A	N/A	N/A	N/A



18.4 Composition of the Board

The Board comprises trustees with a wide range of skills, expertise and experience. These take into account the requirements of the GPF and include the areas of auditing, accounting, banking, finance, business, marketing, law, construction, the built environment and public management. This ensures an appropriate balance that brings a sense of perspective and adds value and insight to strategic decision-making.





Board members

























Table 15: Board composition

The constitution, skills and attendance of the Board members are outlined in the following table.

Meetings Attended No. of 8/9 6/6 6// 8/9 6/6 Social and Ethics Social and Ethics Fundraising and Fundraising and Fundraising and Committees or Task Teams Resources and Resources and Audit and Risk Investment Committee Committee Investment Committee Committee Investment Sommittee Committee Human Human (ARC) Other ARC OR Tambo School of Gauteng Enterprise Sons and Partners Leadership (NED) The Antiquarian 101 Artisan LG Marincowitz Manzi Mashatile Directorships Gauteng Film Commission Naledi Trust Trust/Manzi Oikos Trust Foundation ZA Create Mashatile Propeller (Pty) Ltd Board Α **Customer Relations** Human Resources Area of Expertise Property and Real _ocal Government Local Government Public Policy and abour Relations Communications Governance Communications Communications Administration Administration Administration Administration Governance Governance Governance Governance Leadership Leadership _eadership Leadership Leadership Marketing Strategy -ogistics Strategy Strategy Public Estate Public Higher Diploma in Diploma in Public Masters: Public Masters: Public Post-Graduate Qualifications Post-Graduate Administration Administration MPhil BA (Honours) BA Administration Certificate in Management Diploma in Journalism Economics Diploma in Policing BAdmin BCom Resigned Date ΑX Α× Ν ΑX ΑN 15 May 2020 15 May 2020 15 May 2020 15 May 2020 1 November 2020 Appointed Date Deputy Chairperson **Entity Board** (in Terms of Designation Chairperson the Public Structure) Trustee Trustee Trustee Bhengu-Motsiri Sello Morero Marincowitz Keith Khoza Douglas Kutumela Mahlengi Leon Gert Name



Name	Designation (in Terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Lindiwe	Trustee	15 May 2020	N/A	CA(SA) MCom Post-Graduate Diploma in Tax Law Post-Graduate Diploma in Accounting BCom	Leadership Finance Accounting Strategy Business Management Governance Housing Finance	Massmart Holdings Limited Metrofile Holdings Limited Cell C Limited Old Mutual Investment Group (Pty) Ltd Sabvest Capital Limited Vita Gas (Pty) Ltd Phoka Trust Lakhile Industrial Supplies (Pty) Ltd Phoka Trust Capital Limited Vita Gas (Pty) Ltd Capital Limited Orivest (Pty) Ltd Capital Limited Orivest (Pty) Ltd Capital Limited Capital Limited Capital Limited Orives (Pty) Ltd GreenInfra (Pty) Ltd	ARC Human Resources and Social and Ethics Committee	6/6
Maseapo Kganedi	Trustee	15 May 2020	N/A	LLM LLB Diploma in Legislative Drafting Certificate in Pension Law Certificate in Corporate Governance BProc	Legal Leadership Strategy Governance Compliance Public Administration	Kganedi Business Services	Human Resources and Social and Ethics Committee	6/9
Nangamso Matebese	Trustee	15 May 2020	N/A	GMP Chartered Banker MSc Finance MA Finance and Investments BCom (Honours)	Leadership Finance Investments Accounting Strategy Governance Compliance	Fungua Foundation Sizwe Medical Fund Tiger Brands Enterprise and Supplier Development Fund (Diponu Fund)	Fundraising and Investment Committee ARC	6/6



Name	Designation (in Terms of the Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Abdullah Ismail	GDHS/Trustee	17 August 2020	N/A	MAP BCom	Leadership Finance Public Administration Governance	N/A	N/A	6/8
Karabo Mbele	Trustee	26 May 2021	28 January 2023	LLB Certificate in Advanced Company Law I Certificate in Advanced Company Law II	Economics Finance Marketing Operations and Strategy Human Resources Management Accounting	Elton Charles Africa (Pty) Ltd Growthfin Capital (Pty) Ltd GRD Pharmacy Zamovect Change Media Group	Fundraising and Investment Committee	2/2
Craig Cornish	Trustee	25 May 2021	N/A	National Diploma in Accounting Post-Graduate Certificate – Business Planning, Financial Management and Strategy Post-Graduate Certificate – Fraud Prevention, Fraud Detection, Fraud Investigation and Investigative Auditing Reporting	Leadership Finance Accounting Auditing Taxation Governance	MCCS Holdings (Pty) Ltd Mining Civil Construction and Services (Pty) Ltd East2West Holdings (Pty) Ltd Nigel Football Academy (Pty) Ltd Sizanonke Business Enterprises CC Weskus Auto (Pty) Ltd K2016140844 (South Africa) (Pty) Ltd	ARC	6/6



18.5 Board Committees

Table 16: Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit and Risk Committee (ARC)	7	5	Ms Nangamso Matebese (Chairperson) Mr Leon Gert Marincowitz Ms Lindiwe Mthimunye Mr Keith Khoza Mr Craig Cornish
Human Resources and Social and Ethics Committee	4	4	Ms Sello Morero (Chairperson) Ms Maseapo Kganedi Mr Douglas Kutumela Ms Lindiwe Mthimunye
Fundraising and Investment Committee	8	5	Mr Leon Gert Marincowitz (Chairperson) Ms Mahlengi Bhengu-Motsiri Ms Nangamso Matebese Mr Keith Khoza Ms Karabo Mbele

18.6 Remuneration of Board Members

In terms of the Trust Deed, the GPF should compensate non-executive trustees for their time spent on GPF business, according to the Remuneration Framework agreed on between the Founder and the trustee. The remuneration must be in line with National Treasury guidelines, market related and reasonable. In the year under review, the trustees were remunerated in accordance with rates determined by the South African Institute of Chartered Accountants, in accordance with the framework agreed on in 2003. Work is under way with the GDHS and Gauteng Provincial Treasury to align the GPF Board Remuneration Framework with National Treasury guidelines.

Appointment of a new Board

A new Board of Trustees was appointed effective from 1 June 2023 for a period of three years. The new Board consists of Mr Craig Cornish (Chairperson), Adv. Maseapo Kganedi (Deputy Chairperson), Mr Gilberto Martins, Ms Mpho Hlahla, Ms Rethabile Kikine, Rev. Solomuzi Mabuza, Dr Ezra Ndwandwe, Mr Litha Mbokotho, Ms Busi Mhaga, Ms Gugulethu Phakathi, Mr Leon Marincowitz, Ms Nangamso Matebese. Ms Puleng Ratlabala was appointed as the Gauteng Department of Human Settlement's (shareholder) representative on the Board.



The schedule indicating remuneration paid to each trustee is indicated below.

Table 17: Board member remuneration

Name	Remuneration	Other Allowance	Other Reimbursements	Total
M Bhengu-Motsiri	R469 219			R469 219
S Morero	R243 957			R243 957
C Cornish	R257 402			R257 402
M Kganedi	R155 304			R155 304
K Khoza	R391 855			R391 855
D Kutumela	R212 824			R212 824
LG Marincowitz	R464 891		R18 608	R483 499
N Matebese	R442 867		R18 608	R461 475
K Mbele	R216 413		R18 608	R235 021
L Mthimunye	R373 736			R373 736

19. Risk Management

The GPF is committed to an enterprise-wide risk management process that is in accordance with the PFMA (No. 1 of 1999), as amended, and other statutes of good governance, such as King IV. The Board is responsible for ensuring that there is a comprehensive and effective risk management system in place, including accountability for risk governance, which is fundamental to effective and good corporate governance.

The GPF has a Risk Management Framework, a methodology and a policy in place. These serve to provide guidance on the management of risk for the organisation to proactively identify and mitigate risks that may negatively affect the achievement of its strategic and operational objectives. The Risk Management Policy further articulates the risk management philosophy of the GPF. As part of driving a risk-aware corporate culture, two risk management workshops took place during the financial year. These included communication and discussion of GPF policies.

The Audit and Risk Committee provides continual oversight of risk management and it independently monitors its effectiveness, thereby enhancing the enterprise risk management system of the GPF. Enterprise risk management in the GPF is an ongoing process that focuses on identifying, assessing, managing and monitoring all known forms of risks across all operations. Quarterly risk management reports were presented to the committee to enable them to provide effective oversight of risk management.

During the financial year the GPF saw an improvement in the managing of risks identified, which contributed to the improved annual performance of the organisation as compared to the prior year. It should also be noted that the target for implementing the risk maturity assessment recommendations was overachieved, which played a critical role in driving organisational performance.



20. Internal Control Unit

Adequate and effective governance, risk management and control processes contribute directly to the organisation's ability to achieve its strategic objectives in line with its mandate. The GPF continues to have adequate risk management processes in place, including implementing internal controls and monitoring compliance with the internal control processes, policies, laws and regulations.

Furthermore, the GPF tracks the action plan for addressing previously raised internal and external audit findings to avoid reoccurrence. These deficiencies are swiftly addressed by management by means of continued amendments of the action plan, which is assessed by internal audit for adequacy, effectiveness and progress in implementation. Most of the previously raised findings have been addressed by management during the financial year. The rest are in progress and the internal audit unit continues to track these until they are resolved.

21. Internal Audit and Audit and Risk Committees

The GPF has an internal audit unit established in terms of section 51 of the PFMA, which is co-sourced with ARMS (Audit and Risk Management Solutions). The internal audit unit, which is independent of all line and functional management, provides reasonable, proactive and reactive assurance to the Audit and Risk Committee by evaluating the adequacy and effectiveness of governance, risk management and internal control processes. It should be noted that the internal audit function conducted its processes in accordance with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

The GPF also has an approved Internal Audit Charter which sets out the nature, role, responsibility, status and authority of the internal audit function and outlines the scope of same. Furthermore, the internal audit function conducted its activities in accordance with a risk-based internal audit plan as approved by the Audit and Risk Committee. To achieve full effectiveness, a risk-based strategic approach was adopted, which considered the results of the risk management processes of the organisation, subsequent discussions with management and the external auditor's reports.

The internal audit function provided independent analysis, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance. The following internal audit work was concluded during the financial year:

- Fundraising review
- Performance management (staff key performance indicators) review
- · Project performance review
- SCM review
- Stakeholder management review
- · Audit of performance information for Quarter 2 of the 2023 financial year
- Enforcement of agreements review



Key activities and objectives of the Audit and Risk Committee

The Audit and Risk Committee is a statutory committee of the Board, established in terms of section 77 of the PFMA, read with Treasury Regulation 27.1 published in terms of the PFMA. The ARC is accountable to the Board for the discharge of its responsibilities, which include the following:

- · Monitor and evaluate the audit risk and the maintenance of internal controls within GPF.
- Oversee the external and internal audit processes.
- · Apply the combined assurance model to ensure a co-ordinated approach to all assurance activities.
- · Exercise oversight of internal controls and financial reporting.
- · Review risk areas of the GPF's operation to be covered in the scope of internal and external audits.
- Encourage continual improvement of, and foster adherence to, the GPF's policies, procedures and practices at all levels.
- Provide for open communication among the independent auditor, financial and senior management, the internal audit function and the Board of Trustees.

The ARC also has specific duties in relation to the provision of oversight and providing strategic guidance on:

- · Internal audit matters
- · External audit matters
- · Financial reporting and reliability of financial information
- Risk management
- Internal control systems
- Business planning and budget implementation
- · Review of performance information
- Compliance with laws, regulations and ethics
- Implementation of a combined assurance model
- ICT risks governance.



Information on Audit and Risk Committee members

The table below discloses relevant information on the ARC members:

Table 18: Audit and Risk Committee

Name	Qualifications	Internal or External	Date Appointed	Date Resigned	No. of Meetings Attended
Ms Nangamso Matebese (Chairperson)	GMP Chartered Banker MSc Finance MA Finance and Investments BCom (Honours) BCom	External	15 May 2020 (Trustee) 5 June 2020 (ARC)	N/A	7/7
Mr Leon Gert Marincowitz	MPhil BA (Honours) BA	External	15 May 2020 5 June 2020 (ARC)	N/A	7/7
Ms Lindiwe Mthimunye	CA(SA) MCom Post-Graduate Diploma in Tax Law Post-Graduate Diploma in Accounting BCom	External	15 May 2020 5 June 2020 (ARC)	N/A	7/7
Mr Keith Khoza	Masters: Public Administration Post-Graduate Diploma in Management Diploma in Journalism	External	1 November 2020	N/A	7/7
Craig Cornish	National Diploma in Accounting Post-Graduate Certificate – Business Planning, Financial Management and Strategy Post-Graduate Certificate – Fraud Prevention, Fraud Detection, Fraud Investigation and Investigative Auditing Reporting	External	25 May 2021	N/A	7/7



22. Compliance with Laws and Regulations

Ensuring compliance with laws and regulations is essential for the GPF to always operate legally and ethically. Non-compliance can result in severe consequences, such as legal penalties, fines and reputational damage.

The GPF is obligated to ensure that its employees and external stakeholders that do business or wish to do business with the organisation understand the relevant laws and regulations applicable to the business of the GPF. It also ensures that its stays abreast and updated on any changes on new laws and regulations that may impact the business of the GPF. It educates its employees and stakeholders of any changes in law or regulations through training and knowledge sharing.

The GPF strives to foster a compliance culture within the organisation, encouraging open communication, transparency and accountability regarding compliance matters.

Various policies were developed to be in line with legislation, in particular the Compliance Management Policy, which embodies compliance provisions and inculcates a culture of compliance within the organisation.

The organisation is looking to appoint a Compliance Officer whose role will be to manage and oversee compliance within the organisation. The incumbent shall have a thorough understanding of the relevant laws and regulations applicable to the business of the GPF and be empowered to enforce compliance measures. The GPF is committed to the culture of compliance and is consequently always looking to employ new and better methods to achieve 100% compliance within the organisation.

23. Fraud and Corruption

Fraud and corruption can have severe consequences for an organisation, including financial losses, damage to reputation, legal penalties and loss of public trust. To effectively address fraud and corruption within the organisation, the GPF has, among others, developed the Fraud Prevention Policy.

The GPF Fraud Prevention Policy clearly defines fraud and corruption, unequivocally expresses the organisation's stance on such activities and outlines the consequences of violations. This policy was communicated to all employees, who also received orientation sessions on it. The policy is available on the GPF's website for external stakeholders' accessibility and ease of reference.

In conformity with our Fraud Prevention Policy, the GPF has anti-money laundering policies in place, which play a significant role in preventing fraud and corruption in the organisation, in particular the Anti-Bribery and Corruption Policy. The GPF is in the process of automating its systems to enhance the effectiveness of its anti-money laundering policies, which will assist in the screening of clients to prevent fraud and corruption.

Moreover, the GPF's Whistle-Blowing Policy forms part of its zero-tolerance stance on fraud, corruption and any unlawful conduct. The GPF is supportive of employees and external and internal Stakeholders who report incidents of fraud, corruption and unlawful conduct within the organisation.



Whistle-blowing reporting is anonymous. Cases can be reported by the following means: Calling the Anti-Corruption Hotline that is administered by the Gauteng Provincial Government on 0860 4288 364 or the Presidential Hotline on 17737, contacting any member of management or the GDHS Anti-Fraud and Corruption Unit on (011) 355-4229, or getting in touch with the GPF CEO or ARC Chairperson.

The cases reported are handled in the utmost confidence and with the greatest consideration for privacy for the duration of investigations of the allegations.

24. Minimising Conflicts of Interest

Minimising conflicts of interest within an organisation and its supply chain management is essential to ensure fair, transparent and ethical business practices. The GPF has policies and processes in place that are implemented to address and minimise conflicts of interest.

The GPF has a Conflict of Interest Policy and a Declaration of Gift and Hospitality Policy, which are key to minimising and managing conflict of interest within supply chain management and within the organisation as a whole. In terms of GPF's policies, an employee who receives a gift or hospitality is required to declare this by completing a form detailing the gift or hospitality, as well as its value. The threshold amount for declaring gifts or hospitality received is currently R300 per annum.

Cash cannot be accepted as a gift. This is important in deterring the known practice of paying kickbacks within the supply chain management unit in public entities such as GPF.

Furthermore, all employees and Trustees declare their interests, if any, at the beginning of each financial year and whenever the need to do so arises. External stakeholders should declare any interests if they wish to do business with the GPF. The GPF further has a policy in place to manage conflict in relation to Politically Exposed Persons. This policy also forms a mitigation in the organisation's Anti Money Laundering initiatives.

The GPF further has a policy in place to manage conflict in relation to Politically Exposed Persons. This policy also forms a mitigation in the organisation's Anti Money Laundering initiatives. Where a conflict of interest has been identified the relevant protocols are followed, such as declaration or recusal, if necessary. Subsequent to year end, an allegation of conflict of interest in relation to the GPF's Emerging Entrepreneurial Property Fund investment in a project onboarded in the 2011/12 financial year has played out in the media. The matter is under investigation as per the MEC for Human Settlements and Infrastructure Development's directive.

Subsequent to year end, an allegation of conflict of interest in relation to the GPF's Emerging Entrepreneurial Property Fund investment in a project onboarded in the 2011/12 financial year has played out in the media. It should be noted that the matter is under investigation as per the MEC for Human Settlements and Infrastructure Development's directive.

25. Code of Conduct

All employees are expected to comply with the GPF's Code of Conduct. It is expected that employees conduct themselves with integrity, which is one of the organisation's core values. Employees are required to declare details of their personal interests at the inception of their employment to ensure that they are not in conflict with the operations of the business. A course in Ethics in the Public Service was organised to entrench desirable behaviours in line with the Code of Conduct. Non-adherence to the Code of Conduct will result in disciplinary action against defaulting employees.



26. Health, Safety and Environmental Issues

In compliance with the Occupational Health and Safety Act No. 35 of 1993, the GPF's Health and Safety Policy guides the operations and maintenance of a safe environment for both employees and all the stakeholders visiting the organisation's premises. The terms of reference of an active Health and Safety Committee guide its operations. A checklist for periodic inspections was developed and such inspections are to be conducted to keep the premises free of risks and hazards. The GPF complied with the Compensation for Occupational Injuries and Disease Act No. 120 of 1993. Furthermore, all staff within the GPF premises were obliged to participate in emergency evacuation drills coordinated by the health and safety representatives. It is a standard requirement that developers operating within the auspices of the GPF ensure that they produce health and safety compliance certificates in all development sites.

27. Company Secretary

Although the entity is not enjoined by its founding legislation to appoint a Company Secretary, in its endeavour to ensure compliance with good corporate governance, the Board has appointed a Company Secretary to assist it with the implementation of corporate governance in the GPF.

The role of the Company Secretary is to:

- · Provide the trustees with guidance as to their duties, responsibilities and powers.
- Make the trustees aware of any law relevant to or affecting the entity.
- Report to the Board any failure on the part of the entity or a trustee in complying with the provisions of the entity's governance documents, including the Trust Deed and the Board Charter.
- Ensure that minutes of all Board and committee meetings are properly recorded.

A Company Secretary's work covers a wide variety of functions, which include providing assistance in the proper induction, orientation, ongoing training and education of trustees, including assessment of the specific training needs of trustees, for the optimal execution of their fiduciary and other governance responsibilities.

The Company Secretary must also be available to provide comprehensive practical support and guidance to trustees, with particular emphasis on supporting the Chairperson of the Board and the chairpersons of Board committees.





28. Audit and Risk Committee Report

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

Audit and Risk Committee responsibilities

The Audit and Risk Committee reports that it has complied with its statutory responsibilities arising from section 51 (1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The ARC also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter and has regulated its affairs in compliance with this charter. The ARC has discharged all its responsibilities as contained therein and has also reviewed the appropriateness of accounting policies and practices.

Effectiveness of internal controls

Based on the assessments of internal controls undertaken by the internal auditors during the period under review, and having considered the information, statements and explanations given by management of the GPF, as well as the discussions with the external auditors, the ARC is of the opinion that the GPF's systems of internal controls are effective and forms a sound basis for the preparation of reliable AFS for the 2022/23 financial year.

Internal audit function

The ARC considered and approved the Internal Audit Charter which regulates the relationship between the internal audit function and the GPF, and also sets out the roles and responsibilities of all the parties involved in the internal audit processes as well as a risk-based internal audit one-year Operational Plan and the three-year Strategic Rolling Plan for implementation.

External auditors

The ARC is satisfied that it has complied with its legal, regulatory and other responsibilities, and has reviewed and approved the engagement letter, audit plan and budget for external audit for the period under review.

Furthermore, the ARC has reviewed and discussed the audited Annual Financial Statements and Audit Report with the Auditor-General and the trustees. The committee has reviewed the Auditor-General's management report and management's response thereto and takes the findings identified therein in a serious light. The committee will monitor the implementation of adequate and effective internal controls throughout the current financial year. We also acknowledge management's efforts in continuously engaging with AGSA through the Audit Steering Committee to ensure a seamless statutory audit process.

In-year management and monthly/quarterly reporting

The GPF has submitted four quarterly reports to the Executive Authority.



Evaluation of Financial Statements

The ARC has reviewed the AFS prepared for the year ended 31 March 2023 and is satisfied that these statements were prepared in accordance with the South African Standards of GRAP issued by the South African Accounting Standards Board and have complied with the requirements of the PFMA in all material respects.

Auditor's Report

We have reviewed the GPF's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved with the exception of one finding, whose resolution is in progress, namely the determination of irregular expenditure, which will be followed by the submission of condonation applications to the relevant authorities.

We have instructed the GPF's management to develop an implementation plan for all the audit issues raised by the Auditor-General in the current year. Implementation of the plan will be monitored throughout the year 2023/24.

The Audit and Risk Committee concurs and accepts the conclusions of the external auditor on the Annual Financial Statements and Annual Performance Report and is of the opinion that the audited Financial Statements and Annual Performance Report be accepted and read together with the report of the auditor.

Nangamso Matebese

Chairperson of the Audit and Risk Committee





29. B-BBEE Compliance Performance

Table 19: Entity information

Name of Sphere of Government/Public Entity/ Organ of State:	Gauteng Partnership Fund
Registration Number:	IT2422/02(T)
Physical Address:	82 Grayston Drive, Sandton, 2196
Type of Sphere of Government/Public Entity/Organ of State:	Organ of State
Organisation Industry/Sector:	Finance

Table 20: B-BBEE compliance performance information

Criteria	Application	Attachment
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	Not in the current financial year
Developing and implementing a preferential procurement policy	No	The GPF has adopted and is implementing the preferential procurement policy as issued by National Treasury through its SCM policy.
Determining qualification criteria for the sale of state-owned enterprises	No	Not in the current financial year
Developing criteria for entering into partnerships with the private sector	No	Not in the current financial year
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE	No	Not in the current financial year







30. Overview of HR matters

Human Capital Management (HCM) is a strategic support function and business partner of the GPF business units. It provides the entire value chain with HR offerings including recruitment and selection, training and development, change management, employee relations and wellness, organisational design, performance management, occupational health and safety, and employee benefits.

The following HR priorities were set for the period under review:

- The HCM unit continued to prioritise the recruitment and selection of staff. The Risk Management, Investment
 and Development, Supply Chain Management and Finance units' capacity was enhanced respectively with the
 appointment of a Risk Manager, an IGR and Social Facilitator, a Supply Chain Administrator, and a Financial
 Officer. The filling of these positions ensured that the organisation has the required HR capacity to deliver on its
 strategy and mandate.
- The GPF prioritised the performance management regimen by enhancing its performance contracting systems, including improvement in evaluation templates to ensure that set targets were aligned to organisational objectives.
- The Organisational Design Fit for Purpose Project was initiated. The purpose of the project was to review
 the GPF functions and add value to the mandate, strategy and goals of the organisation, as well as to align
 functions within the GPF Operating Model. This would culminate in the review and evaluation of job profiles
 of key functions, and benchmark same. The project is ongoing and will be finalised in the first quarter of the
 2023/24 financial year.
- The Culture Change programme based on the theme 'Project Kilimanjaro, Living the Values the GPF Way' continued to be a priority for the amplification of the organisation's core values. The Values Campaign was embarked upon in support of this endeavour, ensuring that the conversations on the desired culture continue and are embedded in attitudes and behaviours within the organisation.

31. Workforce Planning Framework

The GPF prioritised the filling of vacancies based on the approved organisational structure and funded positions. The positions prioritised in this regard included the Risk Manager, Compliance Officer, IGR and Social Facilitator, Project Costing Analyst and Supply Chain Administrator. The GPF also created internship opportunities in various fields within the core business, including Construction Engineering, Construction Planning Coordination, Quantity Surveying, Structured Finance and Financial Analysis.

Key strategies to attract and recruit skilled and capable personnel included the development of a culture that primes the GPF as an employer of choice by including high levels of engagement with employees and developing a benchmarked employee value proposition. During the period under review the Competency Framework was reviewed and approved as an instrument against which suitably qualified personnel could be recruited. The Competency Framework was aligned to the organisational strategy and mandate of the GPF. Job profiles in critical functions were reviewed to ensure that they are accordingly aligned.



32. Employee Performance Management Framework

The GPF Performance Management Framework is aligned to the National Treasury Performance Framework. The performance targets are set based on the organisational strategy and Annual Performance Plan. The GPF has an approved Performance Management Policy and system. During the year under review all staff signed off on their performance agreements. Performance reviews were conducted on a quarterly basis to ensure alignment with the achievement of set targets.

33. Employee Wellness Programmes

The GPF continued to monitor the prevalence of COVID-19, even with reduced levels of infections and relaxation of restrictions. The Hybrid Work from Home model was one of the strategies applied to protect employees and stakeholders from possible infection. A Wellness Day was organised to assess employee health status and provide reports to individuals for further assessment with their health practitioners. A session was also organised to orientate staff on wills and testaments. All interested staff were afforded the opportunity to get their wills drawn up. The Employee Wellness portal was created on the GPF SharePoint site, which actively provides for engagement on various wellness topics such as (but not limited to) the 16 Days of Activism Against Gender-Based Violence against Women and Children, Men's Health, Breast Cancer and World Aids Day. Employee Wellness is at the core of the organisation's health and safety management, in line with the Occupational Health and Safety Act. The GPF also ensured compliance with the Compensation for Occupational Injuries and Diseases Act No. 130 (1993).

34. Policy Development

The GPF reviewed all HR policies. The development and review of policies was done in consultation with the relevant stakeholders, such as employees and the recognised labour union, followed by review and endorsement by the Executive. It was finally approved by the Board of Trustees in line with the approved delegations of authority. Policies are reviewed on a three-year basis or as and when changes in legislation occur.

35. Achievements

The following achievements in the year under review were recorded:

- The resumption of the Organisational Design Fit for Purpose project to ensure that functions and job profiles are aligned to the operating model and that they appropriately respond to the GPF strategy and mandate.
- The stabilisation of the performance management environment by the improvement of the contracting and evaluation templates, although this is still work in progress as employees adapt to the new system.
- Management and the labour union successfully concluded the cost-of-living adjustment, ensuring that the
 organisation's salary bill remained within the approved budget.
- The implementation of the e-leaning platform for relevant course training.
- The implementation of Living the Values campaign to create a culture that primes the GPF as an employer of choice.



36. Challenges

The limited budget remains as a major challenge in filling the established posts resulting in limited capacity to fulfil the demands of the mandate.

Whilst the GPF has engaged all staff in a change management effort entitled Project Kilimanjaro, the rate of change envisaged depends on the various levels at which people embrace change. Leadership continues to drive this effort.

37. Future HR Plans and Goals

In the 2023/24 financial year, HCM will focus on:

- Filling critical and funded vacant positions.
- Finalising the Organisational Design Fit for Purpose project culminating in the reviewed functional value chain and effective operating model.
- Reviewed, evaluated and benchmarked job profiles.
- Development of an Employee Value Proposition to prime the GPF as an employer of choice.
- Further assessment of HR operations and systems through recognised HR practice authorities to ensure that they are benchmarked against the best standards within the country.

38. Human Resources Oversight Statistics

Table 21: Personnel cost by programme

Programme/ Activity/ Objective	Total Expenditure	Personnel Expenditure	Personnel Exp. as a % of Total Expenditure	No. of Employees	Average Personnel Cost per Employee
Office of the CEO	R10 589 843.23	R10 589 843.23	18.7%	8	R1 323 730.40
Corporate Services Division	R17 616 512.79	R17 616 512.79	31.1%	19	R927 184.88
Finance Division	R14 059 181.95	R14 059 181.95	24.8%	16	R878 698.87
Investment and Development Division	R14 418 522.18	R14 418 522.18	25.4%	15	R961 234.81
Total	R56 684 060.15	R56 684 060.15	100%	58	R977 311.38



Table 22: Personnel cost by salary band

Salary Band/Level	Personnel Expenditure (R)	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
Top Management	R9 256 592.30	16.3%	4	R2 314 148.08
Senior Management	R5 576 178.11	9.8%	4	R1 394 044.53
Professional Qualified	R23 218 297.18	41.0%	16	R1 451 143.57
Skilled	R17 587 178.28	31.0%	30	R586 239.28
Semi-skilled	R1 045 814.28	1.8%	4	R261 453.57
Total	R56 684 060.15	100%	58	R977 311.38

Table 23: Training costs

Programme/Activity/Objective	Training Expenditure
Bursaries	R185 998.75
Unit Standard-Based Programme (USBSP)	R117 334.29
Non-NQF-aligned short courses	R288 891.70
Internships	R11 500.00
Total	R603 724.74

Table 24: Employment and vacancies

Programme/Activity/ Objective	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of Vacancies
Top Management	4	4	4	0	0.0%
Senior Management	3	3	3	0	0.0%
Professional Qualified	14	16	14	2	4.0%
Skilled	27	29	26	3	5.0%
Semi-skilled	3	4	4	0	0.0%
Unskilled	0	0	0	0	0.0%
Total	51	56	51	5	9.0%



Table 25: Employment changes

Salary Band	Employment at Beginning of Appointments Period		Terminations	Employment at End of the Period
Top Management	4	0	0	4
Senior Management	3	1	1	3
Professional Qualified	14	2	2	14
Skilled	27	3	4	26
Semi-skilled	3	1	0	4
Total	51	7	7	51

Table 26: Reasons for staff departures

Reason	Number	% of Total No. of Staff Leaving
Death	0	0.0%
Resignation	7	100.0%
Dismissal	0	0.0%
Retirement	0	0.0%
III health	0	0.0%
Expiry of contract	0	0.0%
Other	0	0.0%
Total	7	100.0%

Table 27: Labour relations – misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal Warning	4
Written Warning	0
Final Written warning	1
Dismissal	0



Table 28: Equity targets and employment equity status

Levels	MALE							
	African	African		Coloured		Indian		
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	2	0	0	0
Professional Qualified	5	0	2	0	0	0	0	0
Skilled	11	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	16	0	2	0	2	0	0	0

Levels	FEMALE							
	AFRICAN	AFRICAN		COLOURED		INDIAN		
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	1	0	0	0	0	0
Senior Management	0	0	0	0	0	0	1	0
Professional Qualified	7	0	0	0	0	0	0	0
Skilled	12	0	2	0	0	0	1	0
Semi-skilled	4	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	26	0	3	0	0	0	2	0

Levels		Disabled Staff			
		Male		Female	
	Current	Target	Current	Target	
Top Management	0	0	0	0	
Senior Management	0	0	0	0	
Professional Qualified	1	0	0	0	
Skilled	0	0	0	0	
Semi-skilled	0	0	0	0	
Unskilled	0	0	0	0	
Total	1	0	0	0	







39. Irregular, Fruitless and Wasteful Expenditure and Material Losses

39.1 Irregular expenditure

Table 29: Reconciliation of irregular expenditure

Description	2022/2023	2021/2022
Opening balance	R54 154 101	R46 592 477
Add: Irregular expenditure confirmed	R8 327 885	R7 561 624
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	R62 481 986	R54 154 101

Table 30: Reconciling notes

Description	2022/2023	2021/2022
Irregular expenditure that was under assessment	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	8 327 885	7 561 624
Total	8 327 885	7 561 624-

Table 31: Details of current and previous year irregular expenditure (under assessment, determination and investigation)

Description	2022/2023	2021/2022
Irregular expenditure under assessment	-	-
Irregular expenditure under determination	R62 481 986	R54 154 101
Irregular expenditure under investigation	-	-
Total ⁵	R62 481 986	R54 154 101

⁵ Total unconfirmed irregular expenditure (assessment), losses (determination) and criminal conduct (investigation).



39.2 Fruitless and wasteful expenditure

Table 32: Reconciliation of fruitless and wasteful expenditure

Description	2022/2023	2021/2022
Opening balance	R216 274	R6 277
Add: Fruitless and wasteful expenditure confirmed	-	R209 997
Less: Fruitless and wasteful expenditure written off		
Less: Fruitless and wasteful expenditure recoverable		
Closing balance	R216 274	R216 274

Table 33: Reconciling notes

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure that was under assessment	-	-
Fruitless and wasteful expenditure that relates to 2021/22 and was identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	-	209 997
Total	_	209 997

Table 34: Details of current and previous year fruitless and wasteful expenditure (under assessment, determination and investigation)

Description	2022/2023	2021/2022
Fruitless and wasteful expenditure under assessment	-	-
Fruitless and wasteful expenditure under determination	R216 274	R216 274
Fruitless and wasteful expenditure under investigation	-	-
Total ⁶	R216 274	R216 274

⁶ Total unconfirmed fruitless and wasteful expenditure (assessment), losses (determination) and criminal conduct (investigation)



40. Late and/or Non-Payment of Suppliers

Table 35: Late and/or non-payment of suppliers

Description	Number of Invoices	Consolidated Value
Valid invoices received	679	R981 854 000
Invoices paid within 30 days or agreed period	679	R981 854 000
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)	-	-

41. Supply Chain Management

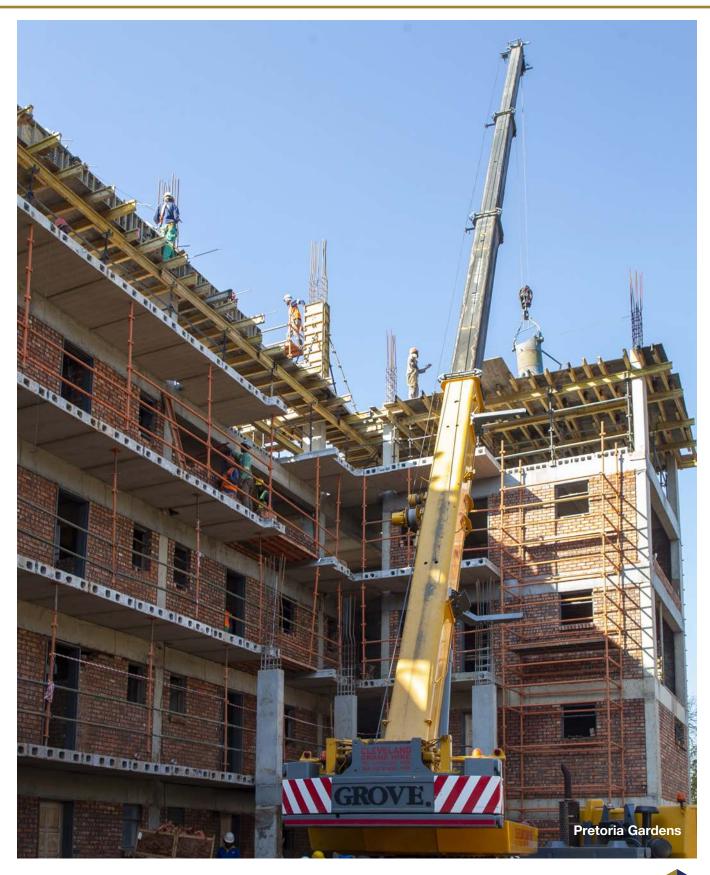
Table 36: Procurement by other means

Project Description	Name of Supplier	Type of Procurement by Other Means	Contract Number	Value of Contract
Furniture Removal	Sandton Office Removal	Limited Bidding	N/A	R5 000
Partnership Urban Festival	Urban Festival	Sole Service Provider	N/A	R383 000
Total				R388 000

Table 37: Contract variations and expansions

Project description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Contract Number	Original Contract Value	Value of Previous Contract Expansion(s) or Variation(s)	Value of Current Contract Expansion or Variation
IT Support	ITTHYNK	Variation	N/A	R1 104 000	N/A	R44 000
Irregular Expenditure Determination Test	Mrwebi	Variation	N/A	R436 000	N/A	R41 000
Total			R1 540 000		R85 000	













General Information

Country of incorporation and domicile South Africa

Contact details 011 685 6600

Nature of business and principal activities Gauteng Provincial Government's co-funder and

enabler of Mega Projects in Gauteng

Registered office 82 Grayston Drive Sandton,

Johannesburg, 2196

Postal address PO Box 652247

Benmore 2010

Executive authorityGauteng Department of Human Settlements

Website address www.gpf.org.za

Bankers First Rand Group Limited

15 Troye Street Johannesburg

2001

Auditors Auditor-General South Africa

Registered Auditors

39 Scott Street

Waverley Office Park

Johannesburg



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The reports and statements set out below comprise the Financial Statements presented to the Provincial Treasury:

Report of the Auditor-General
Report of the Trustees
Statement of Financial Position
Statement of Financial Performance
Statement of Changes in Net Assets
Statement of Cash Flows
Statement of Comparison of Budget and Actual Amounts
Accounting Policies
Notes to the Annual Financial Statements
Annual Financial Statements

The Financial Statements which have been prepared on the going concern basis were approved by the Board on 28 July 2023 and were signed on its behalf by:

Ms Lindiwe Kwele Chief Executive Officer

Ms Mahlengi Bhengu-Motsiri Chairperson of the Board



Report of the Auditor-General

Report of the Auditor-General to Gauteng Provincial Legislatureon Gauteng Partnership Fund

Report on the audit of the financial statements

Opinion

- I have audited the financial statements of the Gauteng Partnership Fund set out on pages 112 to 185, which
 comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement
 of changes in net assets, statement of cash flows and statement of comparison of budget information and
 actual amounts for the year then ended, as well as notes to the financial statements, including a summary of
 significant accounting policies.
- 2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Partnership Fund as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) the requirements of the Public Finance Management Act 1 of 1999(PFMA)..in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 3. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matters

4. I draw attention to these matters below. My opinion is not modified in respect of these matters.

National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework

5. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 23 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Gauteng Partnership Fund. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.



Report of the Auditor-General

Responsibilities of the accounting authority for the financial statements

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

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

- 8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

- 10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
- 11. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measure the entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Project implementation, development and management.	101	Project implementation, development and management programme serves as the implementing agent for projects related to core Gauteng Partnership Fund mandate as determined by the shareholder Gauteng Department of Human Settlements.



Report of the Auditor-General

- 12. I evaluated the reported performance information for the selected programme 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 entity's planning and delivery on its mandate and objectives.
- 13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the entity'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 can be linked directly to the achievement of the indicators and are specific, time bound and
 measurable to ensure that it is easy to understand what should be delivered and by when, the required level
 of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as 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.
- 14. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
- 15. The material findings on the performance information of the selected programme are as follows:

Project implementation, development and management

Number of serviced sites acquired

16. The indicator was included in the approved annual performance plan but then not clearly defined during planning processes. It was also not determined how the related target would be measured and what evidence would be needed to support the achievement. Consequently, the information does not meet all usefulness criteria for measuring performance.

Number of formalised informal settlements

17. I could not determine how the planned indicator would be measured and what evidence would be needed to support the achievement, as adequate supporting evidence was not provided for auditing. This was due to an insufficient measurement definitions and processes.



Report of the Auditor-General

Number of serviced completed

18. An achievement of 4010 was reported against a target of 3701. I could not determine if the reported achievement was correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievement might be more or less than reported and was not reliable for determining if the target had been achieved.

Other matter

19. I draw attention to the matters below.

Achievement of planned targets

- 20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.
- 21. The entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets:

Key service delivery indicators not achieved	Planned target	Reported achievement						
Programme 4 - Project implementation, development and management								
argets achieved: 57%								
Budget spent: 52,4%	ent: 52,4%							
Number of formalised informal settlements	3	0						
Number of top structures (houses) completed	2 544	2 098						

Reasons for the underachievement of targets are included in the annual performance report on pages 40 to 45.

Material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 4 – Project implementation, development and management of programme. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

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



Report of the Auditor-General

- 24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
- 25. 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 entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 26. I did not identify any material findings on compliance with the selected legislative requirements.

Other information in the annual report

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

Internal control deficiencies

- 31. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 32. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report included in this report.
- 33. Senior management did not prepare regular, accurate and complete performance reports that are supported and evidenced by reliable information.



Report of the Auditor-General

Other reports

- 34. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
- 35. A forensic investigation was commissioned by the public entity's board at the request of the Executive Authority on 7 August 2023 to investigate allegations of corruption and maladministration. The investigation was in progress at the date of this auditor's report.

Johannesburg 15 August 2023



Auditing to build public confidence



Report of the Auditor-General

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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



Report of the Auditor-General

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

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation		Sections or regulations		
•	Public	Finance	•	PFMA SCM instruction note 03 of 2021/22 par 4.1.
	Management	Act 1 of	•	PFMA instruction note no.3 of 2021/22 definition
	1999 (PFMA)		•	PFMA instruction note no.3 of 2021/22 par. 4.2 (b)
			•	PFMA Instruction Note 3 of 2021/22 par. 4.3 and 4.4
			•	PFMA SCM Instruction No. 3 of 2021/22 par. 7.2 (tenders advertised on or after 1 April 2022)
			•	PFMA 55(1)(a)
			•	PFMA 57(a)
			•	PFMA 57(b)
			•	PFMA 54(2)(c)
			•	PFMA 54(2)(d)
			•	PFMA 51(1)(b)(i)
			•	PFMA 51(1)(b)(ii)
			•	PFMA 53(4)
			•	PFMA 51(1)(e)(iii)
			•	PFMA 51(1)(e)(iii)
			•	PFMA 55(1)(b)
			•	PFMA 54(2)(c)
			•	PFMA 54(2)(c)
				PFMA 54(2)(d)



Report of the Auditor-General

Legislation	Sections or regulations
Treasury regulations	• 16A6.1;
	• 16A8.4
	• 16A9.1(d)
	• 16A3.2(a)
	• 16A6.4;
	• 16A6.5
	• 16A6.3(c)
	• 16A6.2(a) & (b)
	• 16A8.3
	• 16A9.1(e)
	• 16A9.2(a)(ii)
	• 16A6.6
	• 16A6.3(b)
	• 16A9.1(b)(ii)
	• TR 30.1.1
	• TR 30.1.3(a)
	• TR 33.1.3
	• PRECCA 34(1)
	• TR 16A.7.7
	• TR 31.2.1
	• TR 16A.7.6
	• TR 16A.7.3
	• TR 16A.7.1
	• TR 33.1.1
	• TR 16A9.1(f)
	• TR 16A9.1(b)(ii)
	• TR 31.1.2(c)
	• TR 31.3.3
National Treasury Instruction	• 4A of 2016/17
	• 07 of 2017/18 par 4.3
	• 01 of 2021-22 par. 4.1
	• 11 of 2020/21 par. 3.1
	No 5 of 2020/21 par 4.8 & par 4.9
PPPFA	Section 2(1)(a) and (b)
	Section 2(1)(f)



Report of the Auditor-General

Legislation	Sections or regulations
Preferential Procurement reg	• Section 6(8), 7(8), 10(1)&(2) & 11(1)
2017	• Section 5(1) & 5(3)
	Section 5(6)
	Section 5(7)
	• Section 4(1) & 4(2)
	Section 9(1)
Preferential Procurement reg	• Reg 4(4)
2022	• Reg 8(2)
CIDB Act	• Reg 17;
	• Reg 25(7A)
SITA Ac	Section 7(3)



Report of the Trustees

The members submit their report for the year ended 31 March 2023.

1. Review of activities

Main business and operations

The GPF's mandate is based on the strategic priorities of the Gauteng Department of Human Settlement (GDHS), to manage Mega City Projects. The mandate is to serve as the GDHS's capital raising and implementing agent for identified Mega Projects in the province. It is important to emphasise that the capital raising element involves raising the funds required for the overall mixed-use development of Mega Projects (i.e., for human settlements as well as for social and economic amenities).

The vision of the organisation, namely "To be a partner of choice in catalysing the funding and development of integrated and sustainable human settlements in Gauteng", encapsulates the mandate.

The mandate encapsulates the following four core functions:

- 1. Raising and managing the capital required to successfully implement identified Mega Projects and affordable rental and student accommodation properties in Gauteng.
- 2. Providing loans to private sector developers to develop affordable rental and student accommodation projects.
- 3. Providing project management and development services and serving as a developer of successful turnkey projects on strategic government-owned land.
- 4. Portfolio management which includes the collection of funds.

In the period under review, the GPF received management fees from the following:

- Future Growth Asset Management (Pty) Ltd for project management fees to a value of R911 965.
- Aspari (RF) (Pty) Ltd management fees accrued are R394 219.
- GDHS Rapid Land Release Programme management fee of R2 053 431.
- GDHS management fees for Mega Projects to a value of R34 133 378.
- Management fees for UISP amounting to R9 493 896.

2. Statements of responsibility

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the GPF as at the end of the financial period and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.



Report of the Trustees

The Annual Financial Statements are prepared in accordance with the basis of preparation as detailed in note 1 of the accounting policies note to the Annual Financial Statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees are of the opinion, based on information and explanations given by management that the system of internal control provides reasonable, but not absolute, assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

3. Subsequent events

The members are not aware of any matter or circumstance arising since the period ended.

4. Going concern

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the GPF and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

The Annual Financial Statements have been prepared on a going concern basis since the trustees have every reason to believe that the GPF has sufficient resources for the medium-term expenditure period and will continue in operation for the foreseeable future. At the reporting date, GPF's assets were sufficient to cover liabilities incurred by the GPF.

Mitigation factors that the entity will be taking to address any going concern uncertainties include:

- monitoring the financial health and quality of assets
- reducing contractual obligations by accessing the organisation's needs
- revising of budget estimates
- reducing the reliance on government assistance and sourcing alternative funding.



Report of the Trustees

5. Property, plant, equipment and intangibles

During the period under review, the GPF purchased property, plant and equipment to the value of R691 703 (March 2022: R1 001 264)

The carrying value of intangible assets for the period amounted to R3 717 950.

6. Secretary

Although the GPF is not required to appoint a Company Secretary in terms of the Trust Property Control Act, in its endeavour to comply with good corporate governance principles, the Board of Trustees has appointed a Company Secretary to assist them with the implementation of corporate governance in the GPF.

7. Constitution of the Board of Trustees

The GPF Board consisted of the following:

Name	Date of appointment / resignation	Audit and Risk Committee	Funding and Investment Committee	Human Resources and Social and Ethics Committee
M Bhengu-Motsiri (Chairperson)	15 May 2020		X	
S Morero (Appointed as Deputy Chairperson)	Appointed 1 November 2020			Х
C Cornish	Appointed 25 May 2021	X		
A Ismail (Ex officio)	17 August 2020			
K Khoza	Appointed 1 November 2020	X		
D Kutumela	15 May 2020			Χ
M Kganedi	15 May 2020			Χ
N Matebese	Re-appointed15 May 2020	Х	Х	
L Marincowitz	15 May 2020	Х	Х	
K Mbele	Resigned 28 January 2023		X	
L Mthimunye	Re-appointed15 May 2020	Х		Х



Report of the Trustees

8. Auditors

The Auditor General of South Africa will continue to be the external auditor.

9. Provision for doubtful debts

In the period under review, the provision for doubtful debts increased to R40 110 826 (March 2022: R29 588 549). (Refer to note 3)

10. Contingencies

Arkein Capital (Pty) Ltd has lodged a claim against the GPF to the value of R8 500 000 plus interest and any legal fees incurred. This has resulted as a contingent liability disclosure as the matter is currently being defended in court. The outcome of this matter is uncertain.

The organisation will apply to retain R412 908 793 of its surplus funds from the Provincial Treasury as it does not receive funding from the fiscus. (Refer to note 26)

11. Irregular, fruitless and wasteful expenditure

Irregular expenditure of R8 327 885 was incurred in the period under review. The irregular expenditure arose as a result of not following normal SCM bid processes. (Refer to note 32)

In the period under review, there was no fruitless and wasteful expenditure incurred.

In the period under review, the organisation has recorded a surplus of R94 086 956.

The Annual Financial Statements set out on pages 107 to 180, which have been prepared on the going concern basis, were approved by the Board and were signed by the Board Chairperson on 31 May 2023.

Ms Mahlengi Bhengu-Motsiri Chairperson of the Board



Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022*
Assets			
Current assets			
Cash and cash equivalents	2	1 957 677 519	1 586 750 166
Current-portion loans and receivables from exchange transactions	3	74 149 499	69 149 485
Other financial assets	4	198 583 998	-
Receivables from exchange transactions	5	18 410 447	23 773 801
Loans and receivables held-for-trade	6	91 408 692	61 607 459
		2 340 230 155	1 741 280 911
Non-current assets			
Loans and receivables from exchange transactions	3	1 026 373 052	982 664 777
Property, plant and equipment	7	2 237 913	2 870 515
Intangible assets	8	3 717 950	1 588 552
		1 032 328 915	987 123 844
Total assets		3 372 559 070	2 728 404 755
Liabilities			
Current liabilities			
Unspent conditional grants and receipts	9	1 686 648 983	914 238 841
Finance lease obligation	10	29 191	83 606
Payables from exchange transactions	11	68 954 103	31 277 704
Provisions	12	5 732 186	265 677 856
Operating lease liability	13	398 708	
		1 761 763 171	1 211 278 007
Non-current liabilities			
Finance lease obligation	10	-	29 191
Operating lease liability	13	-	388 614
		-	417 805
Total liabilities		1 761 763 171	1 211 695 812
Accumulated surplus		1 610 795 899	1 516 708 943
*Restated, refer to note 33			



Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022*
Revenue from exchange transactions			
Interest received from loans and receivables	13	148 026 040	116 345 270
Management fees received	13	46 986 889	46 507 023
Interest received from banks	13	38 444 903	21 666 495
Other income	15	4 895 306	2 606 206
Total revenue		238 353 138	187 124 994
Expenditure			
Employee related expenses	20	(63 363 512)	(54 919 945)
Depreciation and amortisation	6&7	(1 629 902)	(1 542 677)
Finance costs	18	(11 624)	(10 883)
Lease rentals on operating lease		(7 265 015)	(6 795 391)
Increase in provision for doubtful debts	28	(23 806 426)	(43 121 948)
Repairs and maintenance		(2 814 847)	(2 917 997)
General expenses	19	(14 883 624)	(13 486 765)
Total expenditure		(113 774 950)	(122 795 606)
	40	104 570 100	04 000 000
Operating surplus	16	124 578 188	64 329 388
Gain on disposal of assets	29	26 281	24 565
Fair value adjustments	17	(5 501 255)	(11 127 716)
Impairment loss of loans and held for trade loans	3&5	(25 016 258)	(32 086 726)
Surrender to the Provincial Revenue Fund	12	-	(263 590 917)
		(30 491 232)	(306 780 794)
Surplus/(deficit) for the year		94 086 956	(242 451 406)

^{*}Restated (Refer to note 33)



Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
Balance at 01 April 2021	1 759 160 349	1 759 160 349
Changes in net assets		
Deficit for the year as restated	(242 451 406)	(242 451 406)
Total changes	(242 451 406)	(242 451 406)
Balance at 01 April 2022 as restated*	1 516 708 943	1 516 708 943
Changes in net assets		
Surplus for the year ended 31 March 2023	94 086 956	94 086 956
Total changes	94 086 956	94 086 956
Balance at 31 March 2023	1 610 795 899	1 610 795 899

^{*}Restated (Refer to note 33)



Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022*
Cash flows from operating activities			
Receipts			
Cash receipts – from borrowers and senior funders		109 292 841	236 850 816
Cash receipts – interest from banks		38 444 903	21 792 180
Old lease deposit reimbursement		-	1 105 858
Management fees received		90 948 071	47 102 110
Sedibeng shared services		-	303 060
Government grants received from the			
GDHS and interest earned		1 545 760 999	1 504 217 962
Total receipts		1 784 446 814	1 811 371 986
Payments			
Employee costs		(59 407 057)	(58 400 713)
Suppliers		(26 234 576)	(22 836 296)
Finance costs		(11 624)	(10 883)
Payments made to Mega Project contractors, UISP and RLRP		(972 101 332)	(1 150 440 206)
Surrender to the Provincial Revenue Fund		(263 590 917)	-
Cash paid to borrowers		(88 694 648)	(197 659 053)
Total payments		(1 410 040 154)	(1 429 347 151)
Net cash flows from operating activities	25	374 406 660	382 024 835
Cash flows from investing activities	0	(222.241)	(4.000.040)
Purchase of property, plant and equipment	6	(632 941)	(1 226 219)
Actual proceeds received from insurance company/buyer	7	(0.700.700)	52 227
Purchase of other intangible assets	7	(2 762 760)	(1 301 800)
Net cash flows from investing activities		(3 395 701)	(2 475 792)
Cash flows from financing activities		(00.000)	(77,000)
Finance lease payments		(83 606)	(77 969)
Net increase/(decrease) in cash and cash equivalents		370 927 353	379 471 074
Cash and cash equivalents at the beginning of the period		1 586 750 166	1 207 279 092
Cash and cash equivalents at 31 March 2023	2	1 957 677 519	1 586 750 166



Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved Budget	Adjustments	Final Budget	Actual Amounts on Comparable Basis	Difference between Final Budget and Actual	Reference
Statement of Financial Per	rformance					
Expenditure						
Personnel	57 149 982	-	57 149 982	56 900 110	(249 872)	Refer to note 27
General expenses	33 069 296	-	33 069 296	29 863 947	(3 205 349)	Refer to note 27
Total expenses	90 219 278	-	90 219 278	86 764 057	(3 455 221)	
Statement of Financial Pos	sition					
Assets						
Non-current assets						
Property, plant and equipment	864 926	-	864 926	632 941	(23 1 985)	Refer to note 27
Intangible assets	2 762 760	-	2 762 760	2 762 760	-	Refer to note 27
Total assets	3 627 686		3 627 686	3 395 701	(231 985)	



Accounting Policies

1. Presentation of Financial Statements

The 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).

The following GRAP standards and amendments have been applied where applicable in the Annual Financial Statements:

- · Amendments to Standards of GRAP 2020 (effective 1 April 2023)
- GRAP 1 Presentation of Financial Statements (effective 1 April 2023)
- IGRAP 7 The limit on a defined benefit asset, minimum funding requirements and their interaction (effective 1 April 2023)
- •IGRAP21 The effect of past decisions on materiality (effective 1 April 2023)
- GRAP 25 Employee benefits (effective 1 April 2023)
- GRAP 103 Heritage assets (not yet effective)
- GRAP 104 Financial instruments (effective 1 April 2025)

1.1 Significant judgement and sources of estimation uncertainty

In preparing the Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Financial Statements and related disclosures. The 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 Financial Statements. Significant judgements include:

Receivables from exchange transactions

The entity assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.



Accounting Policies

Financial instruments at fair value

The entity follows the guidance of GRAP 104 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the GPF evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of the value-in-use calculations and the fair values less costs to sell. These calculations require the use of estimates and assumptions.

The GPF reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in the use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including exposure per location and supply and demand, together with economic factors such as inflation, interest rate changes and the country's growth.



Accounting Policies

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in notes 3 & 11.

Taxation

The GPF was granted tax exemption status by the South African Revenue Service in terms of Section 30 of the Income Tax Act, and receipts and accruals are exempt from income tax in terms of Section 10(1)(CN) of the Income Tax Act. The status quo is applicable for the period ending 31 March 2023.

Effective interest rate

The entity uses the prime interest rate to discount future cash flows. The GPF then uses the effective interest rate to write back the discounted cash flows so that the loan term is equal to the amount initially recognised.

Useful life of property, plant and equipment

The GPF determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on management's experience using the assets. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Useful life of intangible assets

The GPF's management determines the estimated useful lives and related amortisation charges for the intangible assets. This estimate is based on management's experience using the assets. Management will increase the amortisation charge where useful lives are less than previously estimated useful lives.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure 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.



Accounting Policies

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. After each quarterly asset count, the GPF assesses property, plant and equipment for impairment. if there are any indications of impairment, the GPF estimates the recoverable service amount of the asset. If the asset's carrying value exceeds its recoverable amount, the asset is impaired. In assessing whether there is any indication that an asset may be impaired, the GPF considers all sources of information. The impairment loss is charged as an expense in the Statement of Financial Performance.

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

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

Item	Depreciation met hod	Average useful life
Furniture and fixtures	Straight-line	4 to 15 years
Motor vehicles	Straight-line	13 years
Office equipment	Straight-line	2 to 12 years
Computer equipment	Straight-line	2 to 11 years
Leasehold improvements	Straight-line	10 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's 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.



Accounting Policies

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 discloses expenditures to repair and maintain property, plant and equipment separately in the notes to the Annual Financial Statements. (Refer to note 6)

1.3 Intangible assets

An asset is identifiable if it is either:

- separable, i.e., is capable of being separated or divided from the GPF and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the GPF 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:

- it 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.



Accounting Policies

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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	Straight-line	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 the surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).



Accounting Policies

1.4 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 using an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

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 the GPF in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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. The GPF is mainly exposed to interest rate risk. Currency risk transactions are minimal.

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.

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

A derivative is a financial instrument or other contract with all three of the following characteristics:

• Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').



Accounting Policies

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- · It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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 guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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.



Accounting Policies

A loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. The obligation will only become due once the pre-specified terms and conditions have been met.

Loans payable are financial liabilities, other than short-term payables on normal credit terMs

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 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.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives:
- · combined instruments that are designated at fair value; or
- instruments held for trading. A financial instrument is held for trading if:
- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.



Accounting Policies

Classification

The entity has arranged the following types of financial assets and financial liabilities into the following categories:

Class Loans and receivables from exchange transactions Other Financial Asset Financial instruments Category Financial asset measured at amortised cost Financial instruments Financial asset measured at fair value

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at the initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value trade through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Loans and receivables are concessionary loans and are measured initially at fair value by comparing the loan discounted rates given to the market-related rates. The discount given is accounted for as a social benefit adjustment loss through surplus or deficit.

Other Financial Assets are initially measured at fair value.

Subsequent measurement of financial assets and financial liabilities

Loans and receivables are concessionary loans and are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Receivables from exchange transactions

Receivables from exchange transactions are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Loans and receivables from exchange transactions

Loans and receivables are concessionary loans and are initially recognised at fair value by comparing the loan discounted rates given to market-related rates. The discount given is accounted for as a social benefit adjustment loss through surplus or deficit. Loans and receivables from exchange transactions are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Subsequently, these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.



Accounting Policies

Loans and receivables held-for-trade

Loans and receivables held-for-trade are instruments incurred principally for the purpose of selling it in the short-term. Loans and receivables held-for-trade are initially and subsequently recognised at a cost which approximates fair value. Loans and receivables held-for-trade are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Other Financial Assets are subsequently measured at amortised cost.

Impairment and uncollectibility of financial assets

At each end of the reporting period, the GPF assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets should be impaired.

For amounts due to the GPF, significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as financial assets at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for financial instruments at fair value, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

At each end of the reporting period, the GPF assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets should be impaired. If a loan or receivable is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and that loss or event has an impact on the estimated future cash flows of the loan. Evidence of impairment may include indications that the debtor or group of debtors is experiencing significant financial difficulty, default or delinquency interest or principal payments, the probability that they will enter bankruptcy and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrear or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original interest rate from the financial asset. For a collective evaluation of impairment, financial assets are grouped based on the collateral type and past due status. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed, shall not exceed what the amortised cost would have been had the impairment not been recognised. In determining whether an impairment allowance should be recorded in the statement of financial position, the GPF makes judgments as to whether there is objective evidence that the asset might be impaired. The impaired allowance is measured as the



Accounting Policies

difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective rate from a financial asset. The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in the statement of financial performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Criteria used to determine the objective evidence would include financial analysis and non-compliance with the loan agreement. Objective evidence would include a significant or prolonged decline in the fair value of the loan below its cost.

When a receivable from exchange transactions is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against income in the statement of financial performance. Gains or losses from the amortisation process are recognised in the surplus or deficit. Receivables from exchange transactions are classified as loans and receivables from exchange transactions. Gains and losses are recognised in the statement of financial performance when the receivables from exchange transactions are derecognised or impaired, as well as through the amortisation process.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as financial instruments at fair value.

Impairment losses are also not subsequently reversed for financial instruments at fair value which are held at cost because fair value was not determinable.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

When a receivable from an exchange transaction is in litigation, the interest on the loan is suspended.

Assets past due and that have been renegotiated are impaired.

The GPF bases this renegotiation on the results of project monitoring including financial analysis, non-compliance with the loan agreement and representations from the borrower.



Accounting Policies

Impairment of financial assets

Receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against interest in surplus or deficit.

Payables from exchange transactions

Gains and losses from the amortisation process are recognised in the statement of financial performance when the trade and other payables are derecognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These amounts are initially measured at amortised cost and subsequently recorded at fair value.

Loans and receivables held-for-trade

Loans and receivables are classified as held-for-trade if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Loans and receivables held-for-trade are measured at cost which approximates the fair value.

Derecognition

Financial instruments are derecognised when the rights to receive cash flows have been fulfilled or the risk and rewards have been transferred. Any surplus or deficit is recognised through surplus or deficit.



Accounting Policies

Financial assets

The entity derecognises a financial asset only when:

- •the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
- derecognise the asset; and
- recognise any rights and obligations separately created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, expired or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.



Accounting Policies

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven, or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.5 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.

When a lease includes both land and building elements, the GPF assesses the classification of each element separately.

The discount rate used in calculating the present value of the minimum lease payments is the prime lending rate at the inception of the lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the prime interest rate at the inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate on the remaining balance of the liability.

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.



Accounting Policies

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straightline basis.

Income for leases is disclosed under revenue in the 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.

1.6 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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).

The 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.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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.

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

Useful life is either:

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- 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.



Accounting Policies

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets are as follows:

1.7 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-orientated entity.

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).

The 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.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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.



Accounting Policies

1.8 Share capital/contributed capital

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the GPF has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions, or obligations have not been met, a liability is recognised.

The unspent conditional grant represents the amount of government grants not yet disbursed. (Refer to note 1.13)

Grants received as a result of the principal agent are not recognised as income.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Insurance policy

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employee renders the related service.

Short-term employee benefits include items such as:

- · wages, salaries and social security contributions.
- 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 12 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 12 months after the end of the reporting period in which the employees render the related service.
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.



Accounting Policies

When an employee has rendered service to the GPF during a reporting period, the GPF 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 GPF expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The GPF 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 GPF has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises the 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within 12 months after the end of the reporting period in which the employees rendered the related service, they are discounted. The rate used to discount 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 obligation.



Accounting Policies

1.10 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.
- 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.

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 each year 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).

A constructive obligation to restructure arises only when the GPF:

- has a detailed formal plan for the restructuring, identifying at least:
- the activity/operating unit or part of an activity/operating unit concerned;
- the principal locations affected
- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.
- · Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.



Accounting Policies

1.11 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; 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.

1.12 Revenue from exchange transactions

Revenue from exchange transactions is recognised as revenue to the extent that the GPF has complied with any of the criteria or conditions embodied in the agreement. To the extent that the criteria, conditions or obligations have been met, an asset is recognised.

Revenue comprises interest received from loans and receivables from exchange transactions, interest received for favourable bank accounts and project management fees for managing projects.

Interest received is an exchange transaction for loans disbursed to borrowers as per their contractual agreements. Interest derived from these loan amounts approximates equal value to the other party in exchange for the loan given out.

Interest received from exchange transactions is recognised, in surplus or deficit, and is measured using the effective interest rate method.

Contract recovery fees, penalty fees, restructure fees and moratorium extension fees are capitalised to the loan and repaid over the loan term.

1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions is recognised as revenue to the extent that the GPF has complied with any of the criteria or conditions embodied in the agreement. To the extent that the criteria, conditions or obligations have been met, an asset is recognised.

GPF revenue from exchange comprises government grants.

Non-exchange transactions are defined as transactions where the GPF receives value from another entity without directly giving approximately equal value in exchange.

Revenue is measured at the fair value of the consideration received or receivable.



Accounting Policies

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by the GPF in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Principals/agent arrangement

Identification

In reference to GRAP 109, the GPF is an agent that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

Identifying whether an entity is a principal or an agent

When the entity is a party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The GPF is the implementing agent for Mega Projects and Upgrading of Informal Settlements Programme for the Gauteng Provincial Department of Human Settlements. The GPF acts as paymaster for the Mega Projects Programme while the GPF fully implemented the Upgrading of Informal Settlements Programme. The GPF also administers institutional subsidies on behalf of the Gauteng Provincial Department of Human Settlements. As such, funds received for Mega Projects, the Upgrading of Informal Settlements Programme and institutional subsidies during the financial period are accounted for as payables from exchange transactions and the corresponding cash deposits received are accounted for as cash and cash equivalents (refer to notes 2 & 8). The GPF does bridging finance for Aspari (RF) (Pty) Ltd and Future Growth Asset Management. These funds are treated as loans and receivables held-for-trade as they are expected to be repaid during the year.



Accounting Policies

Recognition

The GDHS, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The GPF, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The GPF recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.16 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 12 months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including:

- a) this Act; or
- b) the State Tender Board Act, 1968 (Act No. 86 of 1968) or any regulations made in terms of the Act; or
- c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Instruction No. 4 of 2022/2023 on PFMA Compliance and Reporting indicates that for determining irregular expenditure, the following must be present:

- a) expenditure incurred in contravention of, or not in accordance with, legislation; and
- b) expenditure must have been recognised in the statement of financial performance or liability recognised in the statement of financial position (where expenditure is not reflected in the statement of financial performance) in a case of institutions that are required to comply with Standards of GRAP or the International Financial Reporting Standards (IFRS). The earlier of an invoice or payment will trigger irregular expenditure for these transactions.



Accounting Policies

1.18 Budget information

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which are given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2022 to 31/03/2023.

The budget for the economic entity includes all the entity's approved budgets under its control.

The Financial Statements and the budget are not on the same basis of accounting therefore a reconciliation has been included with the budgeted amounts for the reporting period that have been included in the statement of comparison of budget and actual amounts.

1.19 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 to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

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 not the control over those policies.

Management means 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, management in their dealings with the entity.



Accounting Policies

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 Financial Statements.

1.20 Subsequent events

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.

1.21 Going concern assumptions

Under the going concern basis of accounting, the Financial Statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future. General purpose Financial Statements are prepared using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Petty cash	5 427	6 952
Capital accounts	415 897 691	647 675 981
Gauteng Department of Human Settlements	1 516 128 092	914 239 031
Current account	25 646 309	24 828 202
	1 957 677 519	1 586 750 166

The fair value of cash equivalents approximates their carrying value as cash equivalents are readily convertible to cash.

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
First Rand Group Limited	1 246 977 260	1 287 933 993
Standard Bank	393 343 443	-
South African Reserve Bank	317 356 816	298 816 173
	1 957 677 519	1 586 750 166



Notes to the Annual Financial Statements

Figures in Rand 2022

2. Cash and cash equivalents (continued)

The entity had the following bank accounts

	Bank s	tatement ba	ances	Cash book balances		ces
Account number/description	31 March 2023	31 March 2022	31 March 2021	31 March 2023	31 March 2022	31 March 2021
Corporate of Public Deposits reserve account	317 358 816	298 816 172	287 761 600	317 358 816	298 816 172	287 761 600
First Rand capital account	40 063 309	348 859 809	331 127 794	40 063 309	348 859 809	331 127 794
First Rand Group Mega Projects, UISP and RLR	1 193 784 656	914 239 031	545 792 822	1 193 784 656	914 239 031	545 792 822
First Rand Group operational account	13 123 868	24 828 202	42 582 667	13 123 868	24 828 202	42 582 667
Standard Bank implementing account	322 343 436	-	-	322 343 436	-	-
Standard Bank capital account	58 477 567	-		58 477 567	-	-
Standard Bank operational account	12 522 440	-	-	12 522 440	-	-
Cash on hand	5 427	6 952	14 209	5 427	6 952	14 209
Total	1 957 679 519	1 586 750 166	1 207 279 092	1 957 679 519	1 586 750 166	1 207 279 092

The GPF has funds for lending activities amounting to R125 579 406 which include R30 722 700 for loans that have been approved and committed (refer to note 21). The operational reserve account and the current account have R290 320 285 and R25 651 735 respectively which are intended to be utilised over the MTEF for the organisations' operational budget as the GPF does not receive an allocation from the fiscus for its operations.

The First Rand Group Mega Projects, Upgrading of Informal Settlements Programme, Rapid Land Release Programme and the Standard Bank implementing account hold project funding of R1 516 128 092 which is inclusive of interest. These funds are held in terms of the principal agent relationship.

Cash at banks earns interest at floating rates based on daily bank deposits rates.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

3. Loans and Receivables from exchange transactions

Year ended 31 March 2023	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
Opening balance	434 916 149	243 538 109	179 164 314	125 046 205	982 664 777
Prior year's loans and receivables held for trade reversed	58 358 607	-	1 253 954	1 994 898	61 607 459
Prior year's current-portion of loans and receivables reversed	41 397 854	15 633 738	10 318 148	1 799 745	69 149 485
Prior year's provision for bad debts reversed	21 603 219	2 173 031	-	5 812 254	29 588 504
Advance	10 488 218	535 138	22 997 718	56 044 586	90 065 660
Interest earned	56 251 684	27 666 462	15 624 282	14 801 793	114 344 221
Short-term payment received	(20 359 495)	(63 822 122)	(18 728 046)	(2 917 632)	(105 827 295)
Social benefit adjustment	(1 163 844)	(17 545)	(265 806)	(4 054 060)	(5 501 255)
Interest amortised using the effective interest rate methods	13 743 163	15 056 183	3 709 025	1 173 433	33 681 804
Impairments	(8 411 063)	(1 745 745)	(3 373 594)	(838 483)	(14 368 885)
Current portion of loans and receivables transferred to current assets	(51 042 940)	(12 668 640)	(8 069 787)	(2 368 132)	(74 149 499)
Loans and receivables held-for-trade	(67 575 219)	(464 138)	(24 251 321)	(9 765 387)	(102 056 065)
Provision for bad debts	(34 820 146)	(5 290 680)	-	-	(40 110 826)
Bad debts written off	(6 539 040)	-	(4 979 589)	(1 196 404)	(12 715 033)
Closing balance	446 847 147	220 593 791	173 399 298	185 532 816	1 026 373 052

In the current period, loans and receivables have been categorised in accordance with various GPF product offerings. Expected credit losses are recorded as provisions for bad debt.

The GPF junior loans and receivables from exchange transaction funding are linked to a Johannesburg Interbank Average Rate (JIBAR). Repayments occur on a monthly and annual basis. The bridging senior loans are prime related. The loan terms vary from 15 to 29 years.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

3. Loans and Receivables from exchange transactions (continued)

Total loans and receivables from exchange including current term portion

Non-current assets

Current assets

1 026 373 052 74 149 499 982 664 777 69 149 485

1 100 522 551

1 051 814 262

Year ended March 2022	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
Opening balance	420 270 506	259 069 894	177 515 408	109 978 196	966 834 004
Prior year's current-portion of loans and receivables reversed Prior years loans and receivables held for	34 728 927	45 777 304	9 907 720	1 409 588	91 823 539
trade reversed	31 004 871	10 022 711	-	20 924 682	61 952 264
Prior year's provision for bad debts reversed	8 365 936	10 045 054	-	453 649	18 864 639
Advance	49 746 391	57 652 840	17 109 925	74 889 610	199 398 766
Interest earned	38 841 120	23 955 472	8 891 104	12 897 640	84 585 336
Short-term payment received	(26 152 365)	(113 788 318)	(20 958 398)	(75 696 458)	(236 595 539)
Social benefit adjustment	(4 952 173)	(2 779 096)	(2 908 438	(488 009)	(11 127 716)
Interest amortised using the effective interest rate methods	16 713 221	6 918 890	4 994 405	3 133 225	31 759 741
Impairments	(12 290 605)	(3 131 790)	(3 815 310	(12 849 021)	(32 086 726)
Current-portion of loans and receivables transferred to current assets	(41 397 854)	(15 633 738)	(10 318 148	(1 799 745)	(69 149 485)
Loans and receivables held-for-trade	(58 358 607)	-	(1 253 954	(1 994 898)	(61 607 459)
Provision for bad debts	(21 603 219)	(2 173 031)		(5 812 254)	(29 588 504)
Bad debts written off	-	(32 398 083)			(32 398 083)
Closing balance	434 916 149	243 538 109	179 164 314	125 046 205	982 664 777



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
3. Loans and Receivables from exchange transactions (continue	d)	
Reconciliation of expected credit losses/ provisions for bad debts		
Opening balance	29 013 397	18 864 639
Increase in provision	16 465 196	10 148 758
Reversal of provision due to write off	(5 367 767)	
Balance as at year end	40 110 826	29 013 397
4. Other financial assets At amortised cost Funds held by attorneys The funds transferred to attorneys relate to the deposits made in relation to the Rapid Land Release Programme for the purchase of land parcels which will be distributed to beneficiaries in line with our agreement with the GDHS as an implementing agent on their behalf. These funds accrue interest which is due to the GPF.	198 583 998	-

5. Receivables from exchange transactions

UISP Fee Receivable	8 439 714	8 881 313
Sundry debtors – Aspari (RF) (Pty) Ltd	1 605 372	1 211 152
Sundry debtors – Clients	454 088	1 216 688
Sundry debtor - Future Growth Asset Management (Pty) Ltd	2 024 667	1 112 701
Gauteng Department of Human Settlements management fees accrued	-	6 854 002
Employee debtors	-	33 104
Other receivables	3 591 000	3 591 000
Prepayments and sundry debtors	2 295 606	873 841
	18 410 447	23 773 801

Current

Sundry debtors as above are as a result of:

- UISP fee receivable is an amount due to the GPF by the HDA as per the contractual agreement.
- Aspari (RF) Ltd which is management fees owed for the bridging of loans as per contractual agreement.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

5. Receivables from exchange transactions (continued)

- Clients these are fees owed by clients related to management fees, cancellation fees and legal fees payable to the GPF by borrowers.
- Future Growth Fund Management these are fees owed to GPF as per contractual agreement.

These amounts are non-interest-bearing and are expected to be received in the subsequent period.

Prepaid expenses consist of license fees, memberships, bursaries and training that have been prepaid.

Employee debtors relate to leave days owed to the GPF by its employees at the end of the reporting period.

Other receivables - relates to amount owed by Arkein Capital (Pty) Ltd. The amount is reconciled as follows:

Reconciliation of other receivables

Balance 3 591 000 3 591 000

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Fair value of trade and other receivables

Receivables from exchange transactions are carried at invoice amount and are not discounted due to the effect of discounting not being material. Receivables from exchange transactions fair value approximate its carrying value.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
6. Loans and receivables held-for-trade		
Bixowize (Pty) Ltd - Erf 278, Primrose Hill	9 265 931	9 265 931
Barra Dunes	24 251 321	1 253 953
Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park located		
on 26 Kempton	8 574 526	8 507 484
Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni	11 770 280	10 386 182
Epitome	5 412 107	1 535 439
Hectorfield (Pty) Ltd - Erf 644, Pretoria North	1 363 416	1 363 417
Izakhiwo Properties (Pty) Ltd	9 220 043	7 355 140
Lekotu Enterprise (Pty) Ltd	16 159 466	14 525 999
Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB	103 100	103 100
Haolin Construction (Pty) Ltd - Erven 1545 & 1546, Cloverdene, Ext. 15,		
Benoni	464 138	-
Nelisa Properties (Pty) Ltd - Erf 388, Windsor, Randburg	4 049 977	3 659 543
Bono Property Investments (Pty) Ltd	2 351 300	-
Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871, Albertville, Randburg	366 814	366 814
Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park	403 766	403 766
Stormstrong (Pty) Ltd - Erf 299, Windsor, Randburg	885 793	885 792
Watershed Properties (Pty) Ltd - Portion 202 of Farm 265, Ruimsig,		
Ext. 102	7 414 087	1 994 899
Impairment loss	(10 647 373)	
	91 408 692	61 607 459

Loans and receivables held-for-trade comprise of senior bridging loans that will be repaid by senior funders which are held at cost. Of the R91 408 692 (March 2022: R61 607 459), R56 927 847 is attributable to Aspari (RF) (Pty) Ltd and R34 480 854 is attributable to Future Growth Asset Management (Pty) Ltd. Due to the passage of time and uncertainty on recovery, the organisation has impaired the loans to fairly present the expected future cash flows.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

7. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value	Cost / Valuation	Accumulated Depreciation and Accumulated Impairment	Carrying Value
Furniture and fixtures	1 660 413	(1 328 065)	332 348	1 660 413	(1 249 206)	411 207
Motor vehicles	161 076	(160 870)	206	161 076	(160 767)	309
Office equipment	2 513 420	(1 733 578)	779 842	2 445 233	(1 846 282)	598 951
Computer equipment	6 669 732	(5 664 360)	1 005 372	6 629 993	(4 948 912)	1 681 081
Leasehold improvements	5 261 300	(5 141 155)	120 145	5 261 300	(5 082 333)	178 967
Total	16 265 941	(14 028 028)	2 237 913	16 158 015	(13 287 500)	2 870 515

Reconciliation of property, plant and equipment – 2023

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	411 207	-	-	(78 859)	332 348
Motor vehicles	309	-	-	(103)	206
Office equipment	598 951	625 064	(21 866)	(422 307)	779 842
Computer equipment	1 681 081	66 639	-	(742 348)	1 005 372
Leasehold improvements	178 967	-	-	(58 822)	120 145
	2 870 515	691 703	(21 866)	(1 302 439)	2 237 913



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2022

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	547 198	-	-	(135 991)	411 207
Motor vehicles	412	-	-	(103)	309
Office equipment	605 127	368 328	(12 191)	(362 313)	598 951
Computer equipment	2 045 060	632 936	(30 616)	(966 299)	1 681 081
Leasehold improvements	237 790	-	-	(58 823)	178 967
	3 435 587	1 001 264	(42 807)	(1 523 529)	2 870 515

Pledged as security

No assets were pledged as security.

(Loss)/Gain from disposal of property,

Repairs and maintenance – office equipment

plant and equipment – included in operating surplus

Computer equipment	-	24 565
-		

Assets subject to finance lease (Net carrying amount)

Office equipment	26 645	106 579
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Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

(Gross carrying amount)

,		
Computer equipment	10	10

993

1 740

41 146

900

Repairs incurred with respect to property plant and equipment

riopano ana mamonano omo oquipmoni	
Repairs and maintenance – computer equipment	1
Repairs and maintenance – motor vehicle	

	32 770	44 024
Repairs and maintenance – furniture and fiftings	30 037	1 978



Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated Amortisation and Accumulated Impairment	Carrying Value		Accumulated Amortisation and Accumulated Impairment	
Computer software	4 064 560	(346 610)	3 717 950	1 607 700	(19 148)	1 588 552

Reconciliation of intangible assets – 2023

	Opening Balance	Additions	Amortisation	Total
Computer software	1 588 552	2 456 861	(327 463)	3 717 950

Reconciliation of intangible assets – 2022

	Opening Balance	Additions	Amortisation	Total
Computer software	-	1 607 700	(19 148)	1 588 552



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
9. Unspent conditional grants and receipts		
Movement during the year		
Balance at the beginning of the year	914 238 841	262 294 633
Transfers from the GDHS	1 483 171 527	1 493 139 169
Funds used	(777 152 918)	(852 271 434)
Interest earned	66 227 525	11 078 793
Bank charges	(2 470)	(2 320)
Transfers to be done	166 478	-
	1 686 648 983	914 238 841

Unspent government grants from Gauteng Department of Human Settlements represent grants funding and interest accrued. This is Mega Project, Upgrading of Informal Settlements Programme (UISP) and the Rapid Land Release Programme (RLRP) grant funding which was received during the current period. Monies are held in terms of a principal-agent memorandum of agreement to assist the department in expediting payments for UISP, RLRP and Mega Projects. (Refer to note 22)

10. Finance lease obligation

Minimum lease payments due

- within one year	29 618	88 854
- in second to fifth year inclusive	-	29 617
	29 618	118 471
less: future finance charges	(427)	(5 674)
Present value of minimum lease payments	29 191	112 797



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
10. Finance lease obligation (continued)		
Present value of minimum lease payments due		
- within one year	29 618	83 606
- in second to fifth year inclusive	-	29 191
	29 618	112 797
Non-current liabilities	-	29 191
Current liabilities	29 191	83 606
	29 191	112 797

The GPF entered a transversal contract for four printers with effect from August 2020. The leases are linked to prime lending rate with no escalation and comes to an end in July 2023.

The GPF's obligations under finance leases are secured by the lessor's title over the leased assets.

The photocopiers under the finance leases are currently depreciated over the lease term of three periods.

11. Payables from exchange transactions

Accruals salary-related	73 623	73 623
GDHS - management fees received in advance	62 582 808	24 611 041
Payables Aspari (RF) (Pty) Ltd	2 706 969	2 706 969
Trade and other payables	3 590 703	3 886 071
	68 954 103	31 277 704

Salary-related accruals relate to payments to employees who resigned or their contract terms ended. These are non-interest bearing and are normally settled on 30-day terms.

Payables to Aspari (RF) (Pty) Ltd are monies collected by GPF on behalf of the senior funder (Aspari (RF) (Pty) Ltd). These are non-interest bearing and will be paid in the subsequent year.

Trade and other payables mainly comprise third-party payments to suppliers. These payables are normally settled on 30-day terms.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

12. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised During the Year	Total
Provision for long service awards	-	143 171	-	143 171
Provision for leave pay	2 086 939	1 290 480	(907 601)	2 469 818
Provision for bonuses	-	3 119 197	-	3 119 197
Provision for surrender to the PRF	263 590 917	-	(263 590 917)	
	265 677 856	4 552 848	(264 498 518)	5 732 186

Reconciliation of provisions – 2022

	Opening Balance	Additions	Utilised During the Year	Reversed During the Year	
Provision for leave pay	1 451 813	2 086 939	(1 451 813)	-	2 086 939
Provisions for bonuses	3 572 687	-	(2 041 085)	(1 531 602)	-
Provision for surrender to the PRF	_	263 590 917	-	-	263 590 917
	5 024 500	265 677 856	(3 492 898)	(1 531 602)	265 677 856

Provision for leave is based on current salary rates and included in the statement of financial position. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date. The timing and payout of this provision is uncertain. The organisation further allocated a provision for performance bonuses and long-service awards.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
13. Operating lease liability		
Non-current liabilities	-	388 614
Current liabilities	398 708	
Operating lease rentals represents rentals payable by the GPF to Acucap Ma premises. The lease will expire in March 2024 and has an escalation of 8% at	-	es (Pty) Ltd for office
14. Revenue		
Revenue from exchange transactions – Interest received from banks	38 444 903	21 666 495
Revenue from exchange transactions – Interest received from loans and	1 10 000 010	440.045.070
receivables Revenue from evaluations of their management food	148 026 040 46 986 889	116 345 270 46 507 023
Revenue from exchange transactions – Other management fees	233 457 832	184 518 788
The amount included in revenue arising from exchanges of goods or services are as follows:		
Mega Projects management fees	34 133 378	35 323 526
Future Growth Asset Management (Pty) Ltd fees	911 965	1 946 847
Aspari (RF) (Pty) Ltd management fees	394 219	355 338
Upgrading of Informal Settlements Programme management fees	9 493 896 2 053 431	8 881 312
Rapid Land Release Programme fees	46 986 889	46 507 023
	40 900 009	40 307 023
15. Other income		
Contract recovery costs	1 371 000	1 340 000
Discount received for assets purchased	58 761	127 966
Bad debts recovered	3 465 545	-
Moratorium extension fee	-	1 138 240
	4 895 306	2 606 206



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
16. Operating surplus		
Operating surplus of R124 578 188 (2022: R64 329 388) for the year is stated	l after accounting	for the following:
External audit management fees	2 286 019	1 750 538
Internal audit management fees	3 939 688	953 863
	6 225 707	2 704 401
Lease charges		
Premises		
Contractual amounts	5 084 221	4 348 384
Utilities	2 037 406	2 450 554
Office equipment		
Contractual amounts	22 213	34 074
	7 143 840	6 833 012
(Loss)/Gain on sale of assets	26 281	24 565
Surrender to the PRF	-	263 590 917
Amortisation on intangible assets	327 463	19 148
Depreciation property, plant and equipment	1 302 439	1 523 529
Employee costs	63 363 512	54 919 945
17. Fair value adjustments		
Social benefit on loans and receivables	(5 501 255)	(11 127 716)

The social benefit adjustment on loans and receivables relates to concessionary loans which are initially measured at fair value by comparing the loan discounted rates given to borrowers with the market-related rates. The discount given is accounted for as a social benefit adjustment loss through surplus or deficit. (Refer to note 3)



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
18. Finance costs		
Finance lease	11 624	10 883
Finance cost comprises of interest amortised for the finance lease.		
19. General expenses		
Auditors' remuneration	6 225 707	2 704 401
Bank charges	11 408	15 138
Consulting and professional fees	3 386 464	5 518 798
Entertainment	268 559	9 230
Insurance	229 530	391 567
Marketing	959 305	1 794 767
Magazines, books and subscriptions	453 668	85 399
Fuel and oil	7 200	3 700
Postage and courier	149	-
Printing and stationery	50 982	51 225
Security	1 213 660	773 439
Telephone and fax	1 233 779	1 645 332
Training	401 666	171 883
Travel	344 870	214 914
Offsite storage	96 677	106 972
	14 883 624	13 486 765
20. Employee-related expenses		
Basic	57 610 353	49 822 234
Medical aid – company contributions	2 316 402	2 233 773
Life cover	997 269	538 638
Retirement annuity	2 439 488	2 325 300
	63 363 512	54 919 945



Notes to the Annual Financial Statements

Figures in Rand	2023	2022

21. Taxation

No provision has been made for the year as the GPF has been granted tax exemption status by the South African Revenue Service in terms of Section 30 of the Income Tax Act, and receipts and accruals are exempt from income tax in terms of Section 10(1)(CN) of the Income Tax Act. The status quo is applicable for the current financial year.

22. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Intangible assets 837 218 4 166 220

Total capital commitments

Already contracted for but not provided for 837 218 4 166 220

The capital commitment relates to the outstanding contract balance on the development of a loan management system.

Operating lease

Minimum lease payments due

- within one year	5 058 923	5 110 023
- in second to fifth year inclusive	-	5 518 826
	5 058 923	10 628 849

The operating lease commitment relates to rental of office premises which will end in March 2024.



Notes to the Annual Financial Statements

22. Commitments (continued)

Loan commitments – 2023	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
Opening balance	7 099 373	-	-	71 910 690	79 010 063
Additions	-	-	-	1 017 777	1 017 777
Drawdowns	(1 291 600)	-	-	(48 013 540)	(49 305 140)
Cancellations		_	_	_	_
Closing balance – 2023	5 807 773	-	-	24 914 927	30 722 700

Loan commitments – 2022	Emerging Entrepreneur Property Fund	Rental		Student Accommodation	Total
Opening balance	27 397 599	32 048 826	9 325 294	62 924 134	131 695 853
Additions	1 782 600	-	-	29 489 764	31 272 364
Drawdowns	(22 080 826)	(32 048 826)	-	(20 503 208)	(74 632 860)
Cancellations		-	(9 325 294)	-	(9 325 294)
Closing balance – 2022	7 099 373	-	-	71 910 690	79 010 063

Loan commitments are recognised on the date the GPF Board approves the funding. The origination date is the date the first drawdown is made. The commitments are reduced as drawdowns become effective. Commitments are cancelled when the terms of the contract have been breached.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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23. Related parties

The GPF is a related party to all departments and entities under the Gauteng Department of Human Settlements by virtue of being under the control of the same MEC.

Relationships

Ultimate controlling entity

Controlling entity Gauteng Department of Human Settlements

Entities under common control of the Gauteng Department of Gauteng Housing Fund

Human Settlements

Related party transactions

Management fees

Mega Project management fee	34 133 378	35 323 526
UISP management fee	-	8 881 313
Rapid land Release Programme fees	2 053 431	-

The GPF receives management fees for being the implementation agent for the department. (Refer to notes 13 &33)

The GPF has seconded a resource to the Gauteng Department of Human Settlements.

Related party balances

Amounts included in unspent grants regarding related parties

Subsidies Programme	10 503 868	9 950 928
Mega Projects Programme	413 638 850	166 000 271
UISP	76 133 969	13 220 907
Rapid Land Release Programme	1 182 734 244	725 066 740



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
23. Related parties (continued)		

Principal agent transactions	Mega Projects Programme	Rapid Land Release programme	UISP	Total
Payments	703 898 032	70 071 799	3 183 085	777 152 916
Related party transactions				

Related party transactions		
Non-executive trustees board fees		
H Bhengu-Motsiri (Chairperson)	469 219	916 895
D Kutumela	212 824	354 438
C Cornish	257 402	332 178
M Kganedi	155 304	311 586
N Matebese	442 867	584 684
K Khoza	391 855	577 291
L Mthimunye	373 736	464 265
K Mbele	216 413	362 426
L Marincowitz	464 891	581 906
S Morero (appointed 15 May 2020 and as Deputy Chairperson		
from 1 November 2020)	243 957	419 589
	3 228 468	4 905 258



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

23. Related parties (continued)

Other allowances	Travel and Accommodation 2023	Training and Memberships 2023	Training and Memberships 2022
D Kutumela	-	-	2 400
K Khoza	-	-	6 750
K Mbele	4 348	14 260	-
M Kganedi	-	-	2 400
N Matebese	4 348	14 260	6 750
L Mthimunye	-	-	3 200
L Marincowitz	4 348	14 260	9 000
	13 044	42 780	30 500

Purchases from (sales to) related parties

Mr A Ismail is the shareholder representative and is not remunerated.

Executive Management – Chief Executive Officer – S Dzengwa (Seconded to another agency effective August 2020 to December 2020, resigned 26 March 2021)

Settlement - 2 880 215

Executive Management – Acting Chief Executive Officer – D Molokomme (Appointed September 2020 to June 2021 Basic

181 836



Notes to the Annual Financial Statements

23. Related parties (continued) Executive Management - Chief Executive Officer - L Kwele		
Executive Management – Chief Executive Officer – L Kwele		
Basic	3 135 644	756 014
Retirement annuity contribution, medical aid and life cover	318 240	70 454
	3 453 884	826 468
Executive Management – Chief Financial Officer – N Genuka		
Basic	1 793 801	1 778 957
Retirement annuity contribution, medical aid and life cover	196 744	180 758
	1 990 545	1 959 715
Executive Management - Corporate Services Executive - A Clark		
Basic	1 549 421	1,536,599
Retirement annuity contribution, medical aid and life cover	174 617	153,881
	1 724 038	1,690,480
Executive Management – Chief Investment and Development Officer – L Manenzhe (Seconded to the GDHS in October 2022)		
Basic	1 041 178	1 778 957
Retirement annuity contribution, medical aid and life cover	102 445	180 558
Acting allowance	-	244 048
	1 143 623	2 203 563
Company Secretary – T Zide		
Basic	1 575 340	501 093
Retirement annuity contribution, medical aid and life cover	199 271	52 366
	1 774 611	553 459
Finance Manager – B Juta (Appointed Acting Chief Financial Officer 7 March 2022 – 27 July 2022)		
Basic	355 507	88 877
Retirement annuity contribution, medical aid and life cover	39 315	9 829
Acting allowance	243 813	60 945
	638 635	159 651



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
23. Related parties (continued)		
Legal, Compliance and Risk Manager – T Kuzwayo (Appointed acting Company Secretary until November 2021)		
Basic	-	1 049 435
Performance bonus	-	132 438
Retirement annuity contribution, medical aid and life cover	-	105 205
Acting allowance	-	
		1 287 078
Investment and Development Officer – S Lorgat (Appointed acting CIDO in October 2022)		
Basic	257 738	-
Retirement annuity contribution, medical aid and life cover	42 454	-
Acting allowance	55 985	
	356 177	

Management considers the trustees and executive management to be key management as they have significant influence in directing the operations of the GPF.

24. Financial risk management and objectives

Objective

The GPF's principal financial instruments comprise financial instruments at fair value, loans and receivables from exchange transactions, cash and cash equivalents, and receivables from exchange transactions. The non-financial liabilities are finance leases and provisions. The main purpose of the financial instruments at fair value, loans and receivables from exchange transactions and cash and cash equivalents is to assist social housing institutions to leverage funding from private financial institutions, in line with one of the objectives of the GPF. The receivables from exchange transactions, payables from exchange transactions, finance leases and obligations arise directly from the GPF's operations.

The risks arising from the GPF's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Trustees reviews and agrees on policies for managing these risks.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

24. Financial risk management and objectives (continued)

The objective of managing financial instrument risk is to safeguard the GPF assets whilst still enabling the fulfilment of the GPF mandate. The GPF's method of measuring the risks mentioned below involves detailed project feasibility, regular project monitoring and management.

Liquidity risk

Liquidity risk is the risk arising from default of the counterparty. The GPF manages liquidity risk by granting of loans to borrowers for affordable housing through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. The objective of managing liquidity risk is to safeguard the GPF assets whilst still enabling the fulfilment of the GPF mandate. The GPF manages liquidity risk through regular monitoring of financial assets. The forecasted cash flows consider the maturity of financial assets and project cash flows from operations. Adequate reserves and liquid resources are also maintained. The following table sets forth details of the remaining contractual maturities of financial assets and liabilities as at year end. Liquidity risk is currently 3% (2022: 10%). Liquidity risk is calculated by dividing the financial and non-financial liabilities by the financial assets as per the table shown below:

Financial assets – 2023	Due or due no later than one month	Due later than one month but not later than three months			Due later than five years	Total
Loans and receivables from exchange transactions	13 635 793	32 593 434	137 661 297	908 032 763	1 438 024 952	2 529 948 239
Cash and cash equivalents	1 100 522 551	-	-	-	-	1 100 522 551
Receivables from exchange transactions	18 410 447	-	-	-	-	18 410 447
Other financial assets	-	-	198 583 998	-	-	198 583 998
	1 132 568 791	32 593 434	336 245 295	908 032 763	1 438 024 952	3 847 465 235



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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24. Financial risk management and objectives (continued)

Financial and non- financial liabilities – 2023	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions Non-financial liabilities	(68 954 103)	-	-	-	-	(68 954 103)
Finance lease	(7 404)	(14 809)	(7 404)	-	-	(29 617)
Provisions	(5 732 186)	-	-	-	-	(5 732 186)
Commitments	(30 722 700)	-	-	-	-	(30 722 700)
Subtotal	(105 416 393)	(14 809)	(7 404)	-	-	(105 438 606)
	1 027 152 398	32 578 625	336 237 891	908 032 763	1 438 024 952	3 742 026 629

Financial Assets – 2022	Due or due no later than one month	Due later than one month but not later than three months	three months but not later	Due later than one year but not later than five years	Due later than five years	Total
Loans and receivables from exchange	44 700 700	04.000.054	00 405 500	540,000,740	1 050 517 000	1 005 005 771
transactions Cash and cash	11 703 799	24 002 251	99 485 599	549 926 740	1 250 517 382	1 935 635 771
equivalents Receivables from	1 586 750 166	-	-	-	-	1 586 750 166
exchange transactions	23 773 801	-	_	_	_	23 773 801
	1 622 227 766	24 002 251	99 485 599	549 926 740	1 250 517 382	3 546 159 738



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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24. Financial risk management and objectives (continued)

Financial and non-financial liabilities – 2022*	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions	(31 277 704)	-	-	-	-	(31 277 704)
Non-financial liabilities						
Finance lease	(7 404)	(14 809)	(66 640)	(29 618)	-	(118 471)
Gauteng Department of Human Settlements	(7 306 270)	-	-	-	-	(7 306 270)
Provisions	(265 677 856)	-	-	-	-	(265 677 856)
Commitments	(79 010 063)	_	_	_	-	(79 010 063)
Subtotal	(383 279 297)	(14 809)	(66 640)	(29 618)	-	(383 390 364)
	1 238 948 468	23 987 442	99 418 959	549 897 122	1 250 517 382	3 162 769 374

The GPF's exposure to the risk of changes in the market interest rate relates primarily to the GPF's loans and receivables from exchange transactions with floating interest rates. The objective of interest rate risk management is to consider the effect of fluctuations in interest rates that might affect the fair value or future cash flows of a financial instrument. The method for measuring interest rate risk is the sensitivity analysis for fluctuations in the interest rate. Interest rate risk is managed internally by ensuring that allowances for increased interest rates are provided for in the project assessment. The GPF's exposure to interest rate risk arises from increases in the rate that could give rise to unexpected changes in cash flows.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the GPF's surplus (through the impact of floating rate loans). The effect on surplus has been determined by calculating an increase or decrease of 350 basis points on the current interest rates of the receivables from exchange transaction and interest received from banks. Management considers a range of 350 basis points to be reasonable for the analysis. There is no impact on the GPF's net assets.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Financial risk management and objectives (continued)

Year	Effect on Surplus (R'000)	Increase/ Decrease in Basis Points
2023		
Effect of increase in basis points on surplus	6 526	350
Effect of a decrease in basis points on surplus	(6 526)	(350)
2022		
Effect of increase in basis points on surplus	1 035	75
Effect of a decrease in basis points on surplus	(1 035)	(75)

Credit risk

Credit risk is the risk of economic loss should any of the GPF's clients or market counterparties fail to fulfil their contractual obligations and is mainly prevalent in the GPF's development financing and lending operations as a result of potential counterparty defaults on loan repayments.

Management of credit risk

The GPF as a finance institution, faces a unique challenge in maintaining a sustainable balance between maximising development returns and minimising financial loss in its lending operations. As a result, the performance of the GPF is to a large extent dependent on its ability to take credit risks responsibly in exchange for appropriate rewards and to manage the resultant exposure to credit risk effectively in the pursuance of its corporate mandate. The GPF meets its credit risk management objectives through an enterprise-wide framework of credit risk oversight, governance and assurance, encompassing:

- an integrated system of internal credit risk ratings, pricing and mitigation guided by its risk appetite; and
- a rigorous standard for the measurement, monitoring and control of credit risk exposures in credit portfolios.

As a leveraged institution, prudence requires the GPF to maintain adequate levels of capital to cover expected losses. For this reason, the GPF developed a risk model as industry best practice. The key variables in the GPF's quantitative assessment of expected loss are:



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

24. Financial risk management and objectives (continued)

- Probability of default (PD), which determines the likelihood that the client will not be able to meet its debt repayments based on creditworthiness.
- Exposure at default (EAD), which calculates the size of exposure and thus potential loss at the point of default.
- Loss-given default (LGD), which estimates the portion of exposure that is expected not to be recovered in the event of default.

The GPF has developed a credit risk-rating model, in line with GRAP 104, for loans and receivables from exchange transactions to calculate credit risk ratings as a basis for assigning a PD. The credit risk rating model is subjected to validation and review before implementation. The model is subjected to performance monitoring and validation by the Board as a part of governance requirements. The principal objective for this is to ensure that assumptions used in model development are still appropriate and to ensure that any deficiencies are identified early and that the models produce the most accurate quantitative assessment of the credit risk to which the GPF is exposed, from the level of individual facilities up to the total portfolio.

As part of model reviews, these models are calibrated to performance along with functional improvements to cater appropriately for the asset classes being measured. A key element of GPF's internal risk rating and pricing model is the PD rating scale as shown below. This scale was developed to distinguish meaningful differences in the PD risk throughout the risk range. The banding estimates are derived from internal data, which is based on the performance of the GPF's loan book and are in line with GRAP 104.

Credit risk models

The credit risk models (PD, LGD, and EAD) are for all major portfolios of the GPF's loan book:

- · Emerging Entrepreneur Fund
- Rental housing fund
- ·Social housing fund
- Student accommodation



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

24. Financial risk management and objectives (continued)

Credit risk mitigation

In addition to pricing for risk, the GPF uses collateral and guarantees to enhance the quality of credit and/or reduce the expected losses in its lending portfolio. The amount and type of credit risk mitigation depends on the asset quality and nature of each transaction. The main type of collateral taken comprise mortgage bonds over the underlying properties. The GPF uses various forms of specialised legal agreements such as guarantees and similar legal contracts in support of credit extension, where necessary.

At portfolio level:

- Limits are established within the GPF's risk appetite to monitor and control the aggregate amount of risk that the GPF is taking on.
- Overall performance of portfolios is measured and reported on a quarterly basis in terms of standard KPIs.

Maximum exposure

The GPF prepares quarterly financial reports. These results are crucial for internal decision-making. Consequently, it is imperative that the asset portfolio be comprehensively reviewed and significant risk indicators impacting the valuations and impairments be reflected timeously and adequately in the financial results. As a result, quarterly reviews are conducted on the loans and equities portfolio. The finance team reviews the accounting implications of credit risk and investment-specific factors within the portfolio on a monthly basis. This ensures that the effect of the changes in the quarterly financial results and quarterly Financial Statements are reported on a proactive and timely basis. These reviews are conducted as part of and in complementing the Investment Committee process. The following factors are reviewed:

- · Local economic factors
- Observable and unobservable market factors
- Asset-specific factors affecting portfolio impairment levels
- Fair values and discount rates with the objective of ensuring that risk in the asset portfolio is adequately, fairly and timeously reflected in the GPF's results.

The GPF's credit risk exposure arises from default of the counterparty is R40 110 826 (2022: R29 588 504) (refer to note 3), with a maximum exposure of R3 380 250 580 (2022: R2 723 945 688) equal to the carrying amount of loans and receivables from exchange transactions, cash and cash equivalents and receivables from exchange transaction.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

24. Financial risk management and objectives (continued)

Financial assets exposed to credit risk at year-end were as follows:

Credit risk - 2023

Class of Financial Instrument	Credit Risk Exposure	Collateral	Expected Credit Losses
Loans and receivables from exchange			
transactions	1 100 522 551	Mortgage bond held by the GPF	40 110 826
Receivables from exchange transactions	18 410 447	-	-
Cash and cash equivalents	1 957 677 519		
Loans and receivables held-for-trade	105 056 065		
Other financial assets	198 583 998		
	3 380 250 580		

Credit quality analysis

Credit Bracket	Default Rate	PD	% of Loan Book
Current loans not greater than 2 months in arrears	Low risk	5%	7%
Loans in default greater than 2 months but not more than 4 months	Medium risk	15%	2%
Loans in default over 4 months in arrears	High risk	85%	44%

Collateral held and other credit enhancements

The GPF holds collateral, which it is entitled to sell in the case of default by the owner of the collateral. The amount and type of collateral held for the exposure depends on an assessment of the credit risk of the counterparty. Guidelines have been implemented regarding the acceptability of the types of collateral. The value of the collaterals is determined with reference to the realisable value of security under forced-sale conditions. Because of the GPF's mandate, it does not routinely update the valuation of collateral held against all loans. Valuation of collateral is updated when the credit risk of the loan is materially different from inception of the loan (i.e., when it moves from current to default over 180 days, or from default to non-performing. The loan is then monitored more closely).



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

24. Financial risk management and objectives (continued)

The following types of collateral are held in respect of the above loans:

- guarantees
- · cession of debtors/rent/other income
- · mortgages.

The following table sets out the principal types of collateral held against different types of financial assets:

Credit Bracket	Туре	Amount
Current loans not greater than 2 months instalments in arrears	Low risk	83 503 885
Loans in default greater than 2 months but not more than 4 months instalments	Medium risk	35 162 578
Loans in default over 4 months instalments in arrears	High risk	608 753 513
		727 419 976

Expected credit losses

The amount of ECL is measured as the probability weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original EIR. The cash shortfall is the difference between all contractual cash flows that are due to the GPF and all the cash flows that the GPF expects to receive.

Because ECLs consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Assessments of clients

The GPF assesses credit risk on loans on an individual basis using all relevant information about the loan and the borrower. The GPF individually assesses significantly large exposures. 44% of the loan book is made up of loans that have been classified as non-performing. Further, any recoveries post write-off are accounted for in the income statement as bad debts recovered.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

24. Financial risk management and objectives (continued)

12-Month ECLs

This represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Loans/portions of loans classified as low-risk fall in this category.

Lifetime ECLs

Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Expected life is estimated by considering cash flows considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

The maximum period to consider when measuring ECLs is the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.

There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term (maturity) of the financial instrument.

A collective assessment of impairment takes into account data from the loan portfolio such as credit quality, levels of arrears, credit utilisation, loan-to-collateral ratios, etc. Loans that are in default or in arrears over 180 days fall in this category.

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the GPF considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the GPF's historical experience and expert credit assessment and including forward-looking information.

- The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing: the remaining lifetime PD as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).



Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Financial risk management and objectives (continued)

Credit impaired

For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provisions for doubtful debt) rather than the gross carrying amount. Unrecognised interest when a credit impaired financial asset is subsequently paid in full or is no longer credit impaired is recognised as a reversal of impairment losses.

In the current period, there have been changes in the probability weighting applied to the scenarios in determining the ECLs. There have been changes in the assumptions used, however, there have been no changes in the estimation techniques used to measure the ECL.

Credit Bracket	Default Rate Description	PD	2023	2022
Current loans not greater than 2 instalments in arrears	Low risk	5%	6%	7%
Loans in default greater than 2 months but not more than 4 months instalments	Medium risk	15%	3%	2%
Loans in default over 4 instalments in arrears	High risk	85%	44%	46%



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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25. Financial and non-financial instruments

2023	Loans and Receivables	Other Assets	Other Liabilities	Non-financial Instruments at Amortised Cost	Total
Financial assets					
Loans and receivables from exchange transactions	1 100 522 551	-	-	-	1 100 522 551
Loans and receivables held-for-trade	91 408 692	-	-	-	91 408 692
Receivables from exchange transactions	-	18 410 447	-	-	18 410 447
Cash and cash equivalents	-	1 957 677 519	-	-	1 957 677 519
Non-financial assets					
Intangible assets	-	-	-	3 717 950	3 717 950
Property, plant and equipment	-	-	-	2 237 913	2 237 913
Other financial assets	-	198 583 998	-	-	198 583 998
Financial liabilities					
Payables from exchange transactions	-	-	(68 954 103)	-	(68 954 103)
Non-financial liabilities					
Finance lease	-	-	-	(29 191)	(29 191)
Unspent conditional grants and					
receipts	-	-	-	(1 686 648 983)	(1 686 648 983
Operating lease	-	-	-	(398 708)	(398 708)
Provisions	_	-	_	(5 732 186)	(5 732 186)
	1 191 931 243	2 174 671 964	(68 954 103)	1 686 853 205	1 610 795 899



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

25. Financial and non-financial instruments (continued)

2022*	Loans and Receivables	Other Assets	Other Liabilities	Non-financial Instruments at Amortised Cost	Total
Financial assets					
Loans and receivables from exchange transactions	1 051 814 262	-	-	-	1 051 814 262
Loans and receivables held-for-trade	61 607 459	-	-	-	61 607 459
Receivables from exchange transactions	-	23 773 801	-	-	23 773 801
Cash and cash equivalents	-	1 586 750 166	-	-	1 586 750 166
Non-financial assets					
Intangible assets	-	-	-	1 588 552	1 588 552
Property, plant and equipment	-	-	-	2 870 515	2 870 515
Financial liabilities					
Payables from exchange transactions	-	-	(31 277 704)	-	(31 277 704)
Non-financial liabilities					
Operating lease	-	-	-	(388 614)	(388 614)
Finance lease	-	-	-	(112 797)	(112 797)
Unspent conditional grants and receipts	-	-	-	(914 238 841)	(914 238 841)
Provisions	_	-	_	(265 677 856)	(265 677 856)
	1 113 421 721	1 610 523 967	(31 277 704)	(1 175 959 041)	1 516 708 943

The above table illustrates the categorisation of financial instruments. The GPF uses Level 2 valuation techniques to initially recognise:

• The fair value of loans and receivables from exchange transaction has been determined by discounting future cash flows over the period of the loan at the prime rate at date of inception thereof. Subsequently, the loans are recognised at amortised cost.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022

25. Financial and non-financial instruments (continued)

• The fair value of finance leases is capitalised at the lower of present value of minimum lease payments or fair value. The discounted rate used in calculating the present value of minimum lease payments is 7% for printers (which is the prime rate at date of inception).

Set out below is a comparison by class of carrying amounts and fair values of all the Gauteng Partnership Fund's financial instruments:

Financial assets	31 March 2023	31 March 2022
Loans and receivables from exchange transactions	1 100 522 551	1 051 814 262
Receivables from exchange transactions	18 410 447	23 773 801
Cash and cash equivalents	1 957 677 519	1 586 750 166
Loans and receivables held-for-trade	102 056 065	61 607 459
Other financial assets	198 583 998	
	3 377 250 580	2 723 945 688

Financial liabilities	31 March 2023	31 March 2022*
Non-financial liabilities - Finance lease obligation	29 191	112 797
Finance liabilities – Payables from exchange transactions	68 954 103	31 377 704
	68 983 294	31 490 501



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

25. Financial and non-financial instruments (continued)

Fair value of financial instruments	Valuation Technique – Market Observable Inputs	for Market and Non-market	2023	Valuation Technique – Market Observable Inputs	Valuation Technique Combination for Market and Non-market Observable Inputs	2022
Loans and receivables held-for-trade	-	91 408 692	91 408 692	-	61 607 459	61 607 459
Loans and receivables from exchange transactions	-	1 100 522 551	1 100 522 551	-	1 051 814 262	1 051 814 262
	-	1 191 931 243	1 191 931 243	-	1 113 421 721	1 113 421 721

Non-financial liabilities	Valuation Technique – Market Observable Inputs	Valuation Technique Combination for Market and Non-market Observable Inputs	2023	Valuation Technique – Market Observable Inputs	Valuation Technique Combination for Market and Non-market Observable Inputs	2022
Finance lease	-	29 191	29 191	-	112 797	112 797
Operating lease	_	398 708	398 708	-	388 614	388 614
	-	427 899	427 899	-	501 411	501 411



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

25. Financial and non-financial instruments (continued)

Fair value hierarchy

The GRAP fair value hierarchy has the following levels:

- a) Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1).
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2).
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at year-end, the GPF used Level 2 to measures its loans and receivables from exchange transaction at fair value. Level 2 techniques include:

• all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly, such as interest rates. Fair values are determined by discounting the future contractual cash flows of loans and receivables using the market rate (prime interest rate). The effective interest rate method is used to write back the discounted cash flows. The changes to JIBAR rates affect the effective interest rate.

The fair value of loans and receivables from exchange transactions has been determined by discounting future cash flows over the period of the loan at the prime rate at date of inception thereof.

Finance leases are capitalised at the lower of present value of minimum lease payments or fair value. The discounted rate used in calculating the present value of minimum lease payments is 7% for printers (which is the prime rate at date of inception).



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Net cash outflow from operating activities		
Surplus (deficit)	94 086 956	(242 451 406)
Adjustments for:		
Depreciation and amortisation	1 629 902	1 542 677
Gain on sale of property, plant and equipment	(26 281)	(24 565)
Impairment loss	25 016 258	32 086 726
Fair value adjustments	5 501 255	11 127 716
Finance costs - Finance leases	11 624	10 883
Increase/(decrease) in operating movements in operating lease assets		
and accruals	10 094	388 614
(Decrease)/increase in provisions	(259 945 670)	260 653 356
Non-cash fees earned	(1 371 000)	(2 606 206)
Increase in provision for doubtful debts	23 806 426	43 121 948
Changes in working capital:		
Decrease/(increase) in receivables from exchange transactions	5 363 354	(15 023 886)
(Increase) in other financial assets	(198 583 998)	-
Increase/(decrease) in payables from exchange transactions	37 676 399	(282 126 448)
Increase in unspent grants	772 410 142	651 944 208
(Increase)/decrease in loans and receivables from exchange transactions	(48 708 289)	6 843 282
(Increase)/decrease in loans and receivables held-for-trade	(29 801 233)	334 804
Difference in interest capitalised	(52 669 279)	(83 796 868)
	374 406 660	382 024 835



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

27. Contingencies

Contingent liabilities and assets

Contingent liabilities

The GPF operates in a legal and regulatory risk environment. As a result, the GPF is involved in disputes and legal proceedings that arise on the ordinary course of business.

Arkein Capital (Pty) Ltd has lodged a claim against the GPF to the value of R8 500 000 plus interest accruing at 15.5% from the date of claim and any legal fees incurred to date. This has resulted in a contingent liability as the matter is currently being defended in court. The outcome of this matter is uncertain. If the GPF is successful in this legal matter, it will receive R3 591 000 plus interest accruing at 15.5% from the date of claim.

The GPF will apply to retain R412 908 793 of its surplus funds from the Gauteng Provincial Treasury.

28. Budget comparison

Comparison between budget and actual amounts at year-end

The budget was approved by the trustees and submitted to the Executive Authority in terms of section 53(1) of the PFMA.

The budget for the 2022/23 financial year was revised down to R93 846 964 during the midyear adjustment. The actual spent as at the end of the year is 96% representing a spending of R90 159 758.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
29. Increase in provision for doubtful debts		
BM Molefe	-	23 961 176
Clarewater (Pty) Ltd	521 070	2 376 086
Comucap	3 117 649	564 884
DNM Estate	1 573 641	8 777 550
Erf 85	44 819	4 934 770
Landpoint	140 194	1 223 607
Shukumani	159 394	860 040
Xylo	318 893	423 835
lfizo	23 827	-
Admin fees for Begin, Student Crib and Ifizo	569 096	-
FV Trading	6 515 213	-
SOA	10 822 630	
	23 806 426	43 121 948

The loan to Xylo and FV Trading were written off during the year.

Admin fees for Ifizo, Begin and Student Crib were also written off.

The loan to Clarewater (Pty) Ltd – Erf 1509, Discovery, Roodepoort was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R6 764 501. The GPF has instituted legal proceedings against the borrower.

The loan to Comocap (Pty) Ltd – 88 Relly Street was provided for as a doubtful debt due to breach of contract and the company being in business rescue. Management has provided for a loss of R5 290 680. The GPF has instituted legal proceedings against the borrower.

The loan to DNM Estate (Pty) Ltd – Erf 517 & 518, City and Suburban was provided for as a doubtful debt due to breach of contract in the prior period. Management has provided for a total loss of R12 291 441. The GPF has instituted legal proceedings against the borrower.



Notes to the Annual Financial Statements

Figures in Rand 2023 2022

29. Increase in provision for doubtful debts (continued)

The loan to Landopoint (Pty) Ltd – Erf 905, 906 and 907, Kenilworth was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R1 666 597. The GPF has instituted legal proceedings against the borrower.

The loan to Shukumani Trading Enterprise (Pty) Ltd – Erf 550 Bertrams was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R3 274 978. The GPF has instituted legal proceedings against the borrower.

The loan to SOA Residential Village (Pty) Ltd 2 was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R10 822 630. The GPF has instituted legal proceedings against the borrower.

30. Gain on disposal of assets

Gain on disposal of assets 26 281 24 565

The gain on disposal of assets relates to office and computer equipment disposed of during the period under review.

31. Subsequent events

Management is not aware of any events after the reporting date.

32. Fruitless and wasteful expenditure

 Current year expenditure
 209 997

 Total
 209 997

No fruitless and wasteful expenditure was incurred in the period under review.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022
33. Irregular expenditure		
Current year irregular expenditure	8 327 885	7 561 624
Total	8 327 885	7 561 624

Details of current year irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings	
Extension of office lease rental without following normal SCM processes	Awaiting finalisation	7 559 966
Three quotations not obtained for matters under litigation	Awaiting finalisation	767 920 8 327 886

The irregular expenditure is under determination to identify root causes and any breakdown in the designed internal control environment. Corrective measures and the application for condonement will ensue thereafter.



Notes to the Annual Financial Statements

Figures in Rand	2023	2022

34. Prior period errors

During the period under review, management discovered that it had incorrectly recognised revenue from management fees received in advance from the GDHS as it is an implementing agent on behalf of the department.

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Payables from exchange transaction		6 666 664	24 611 040	31 277 704

Statement of financial performance

2022

	Note	As previously reported	Correction of error	Restated
Revenue from exchange transactions				
(management fees)		71 118 063	(24 611 040)	46 507 023

Statement of changes in net assets

2022

	Note	As previously reported	Correction of error	Restated
Accumulated surplus		1 541 319 983	(24 611 040)	1 516 708 943

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