TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE

AFRICA'S FIRST AUTOMOTIVE CITY

ANNUAL REPORT 2023 | 2024

AFRICA'S FIRST AUTOMOTIVE CITY

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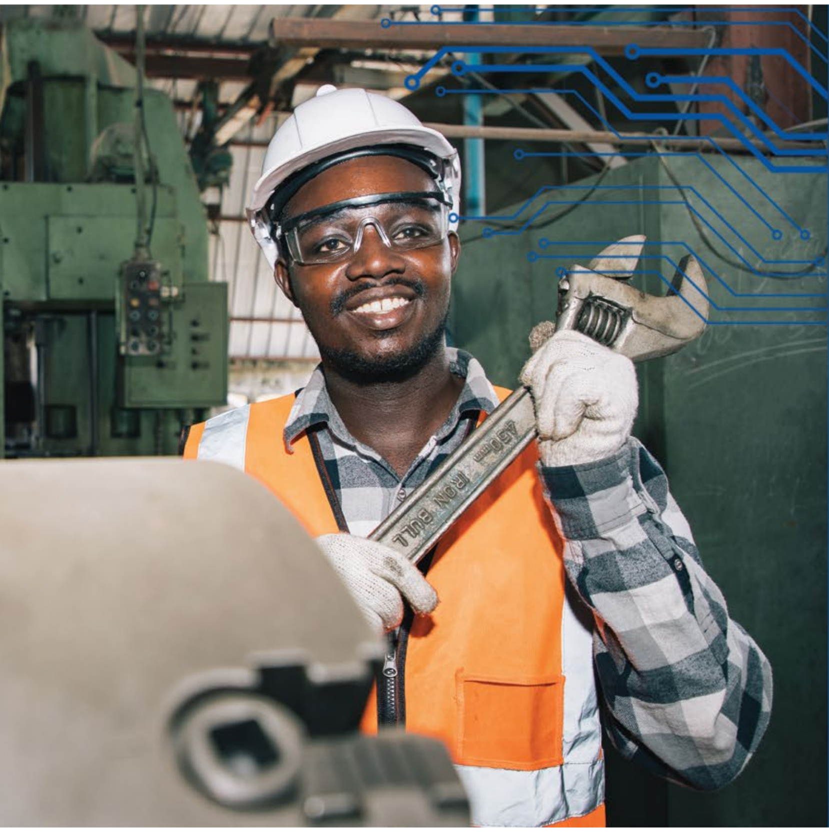


WELCOME TO AFRICA'S FIRST AUTOMOTIVE CITY.

TSHWANE AUTOMOTIVE
SPECIAL ECONOMIC ZONE
AFRICA'S FIRST AUTOMOTIVE CITY

PART A GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered name of the public entity	Tshwane Automotive Hub Special Economic Zone (Pty) Ltd
Registration Numbers	2020/214518/07
Registered Office Address	30 Helium Road The Automotive Supplier Park Central Hub TASEZ Offices Rosslyn Ext 2 0200
Postal Address	30 Helium Road The Automotive Supplier Park Central Hub TASEZ Offices Rosslyn Ext 2 0200
Contact Telephone Numbers	012 564 5825
Email Address	companysecretary@tasez.co.za
Website Address	www.tasez.co.za
External Auditors' Information	Auditor-General of South Africa PO Box 446 Pretoria 0001
Bankers' Information	Standard Bank of South Africa Head Office 184 Hyde Lane Hyde Park Sandton 2196
Company Secretary	Tshepiso Daphney Modikoe companysecretary@tasez.co.za

2. LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor-General of South Africa
AIDC	Automotive Industry Development Centre
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BOD	Board Of Directors
TASEZ	Tshwane Automotive Hub Special Economic Zone (Pty) Ltd
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLO	Community Liason Officer
COE	Condition of Establishment
COT	The City of Tshwane Metropolitan Municipality
CPC	Community Project Committee
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
DBSA	Development Bank of Southern Africa
DDI	Domestic Direct Investor
DOI	Declaration of Interest
EAC	East African Community
FDI	Foreign Direct Investor
FMCSA	Ford Motor Company of Southern Africa
GBV	Gender-Based Violence
GDARD	Gauteng Department of Agriculture and Rural Development
GDED	Gauteng Department of Economic Development
GDP	Gross Domestic Product
GEP	Gauteng Enterprise Propeller
GGDA	Gauteng Growth & Development Agency
GIFA	Gauteng Infrastructure Financing Agency
GIDZ	Gauteng Industrial Development Zone
GPG	Gauteng Provincial Government
GGT 2023	Growing Gautent Together 2023
HRM	Human Resource Management
ICT	Information Communication Technology
IDC	Industrial Development Centre
IGA	Intergovernmental Agreement
IOT	Internet of Things
IPAP	Industrial Policy Action Plan
JBCC	Joint Building Contracts Committee
MEC	Member of the Executive Council
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MFMA	Municipal Finance Management Act
MOI	Memorandum of Incorporation
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
NAACAM	National Association of Automotive Component & Allied Manufacturers
NAAMSA	National Association of Automobile Manufacturers of South Africa
NCPC	National Cleaner Production Centre
NEF	National Empowerment Fund
NIPF	National Industrial Policy Framework
NDP	National Development Plan
NGP	National Growth Path
NPO	Non-profit Organisation
OEM	Original Equipment Manufacturer
PESTEL	Political, Economic, Social Technology, Environment and Legal
PFMA	Public Finance Management Act
PMP	Performance Management Policy
PPPFMA	Preferential Procurement Policy Framework Act
PSDC	Project Socio-Economic Development Centre
PSC	Project Steering Committee
R&D	Research and Development
ROI	Return on Investment
SADC	Southern African Development Community
SASSA	South African Social Security Agency
SCA	Social Compact Agreement
SCM	Supply Chain Management
SEDA	Small Enterprise Development Agency
SEZ	Special Economic Zone
SMME	Small Medium And Micro Enterprises
SSA	Sub-Saharan Africa
SWOT	Strengths, Weaknesses, Opportunities and Threats
TAC	Tshwane Automotive City
TASEZ	Tshwane Automotive Hub and Special Economic Zone
TEDA	Tshwane Economic Development Agency
TER	Township Economy Revitalisation
DTIC	Department of Trade, Industry and Competition
TIA	Technology Innovation Agency
TIH	The Innovation Hub
TMR	Transformation, Modernisation and Re-Industrialisation
TUT	Tshwane University of Technology
TR	Treasury Regulations
TVET	Technical and Vocational Education and Training
UP	University of Pretoria

3.FOREWORD BY Chairperson

The Tshwane Automotive Special Economic Zone (TASEZ) company was established through a first of its kind Inter-Governmental Agreement (IGA) between the Department of Trade, Industry and Competition (**the dtic**), the Gauteng Provincial Government's Department of Economic Development (GDED) and the City of Tshwane (CoT) Metropolitan Municipality. TASEZ is anchored by the automotive manufacturing sector and is positioned as a key development catalyst in the province. TASEZ mobilises both the public and private sector to invest in the northern development corridor of our capital, the CoT.

TASEZ remains focused on the priorities of job creation through aggressive infrastructure development, growing small and medium enterprises, inclusion and accelerating economic reforms to unlock investment and growth. The automotive sector represents an increasingly important strategic and catalytic role in the overall South African economy by directly impacting on many important aspects, such as contribution to GDP, employment, skills development, economic linkages, technology and innovation. New vehicle sales increased by only 0,5% year-on-year in 2023 to 532 098 units compared to the 529 556 units in 2022 and will likely now take four years to recover to the pre-pandemic level of 536 612 units in 2019.

Exports remain a crucial element of the domestic OEMs' financial viability and sustainability remained robust and continued their upward momentum in 2023, despite slowing global growth owing to geo-political tensions, supply chain disruptions, inflationary pressures and multi-year high interest rates in major export markets. Although increased loadshedding and the logistical challenges at ports and the railway network harmed the industry's performance in 2023, vehicle exports at 396 290 units in 2023 reflected a sound increase of 44,505 vehicles a gain of 12,7% compared to the 351,785 vehicles exported in 2022, which exceeded the previous record of 387,092 units in 2019.

The inflation rate was recorded at 5.9% during 2023 and it can be noted that it started to ease compared to 2022 when it was recorded at 6.8%. It is expected to return to levels that fall within the South African Reserve Bank's target range of 3% to 6% in 2024. The economy is projected to grow marginally, by 1% in 2024, supported by growth in trade, tourism, mining, and manufacturing. The South African automotive sector is one of the most visible sectors in receiving foreign investments, with the seven Original and contributes significantly to the growth of the overall South African economy.

TASEZ is located in Silverton in the east of Tshwane and is ideally located adjacent to an existing OEM that has increased its production volumes in the past 12 months and intends to create opportunities for new suppliers, Small Medium and Micro Enterprises (SMMEs), component manufacturers and Black Industrialists throughout the value chain. This will result in enhancing the development of Tier 1, Tier 2 and Tier 3 suppliers, which will have a positive impact on the procurement of local material, increase in housing development in the area and skills linked to new technology that will be required by the investors.

At the end of 2023/24, investments committed by private partners since inception sat at R5,6 billion against a forecast of R3,4 billion for Phase 1 and 1A. During 2023/24, employment by investors reached 216 against a target of 100, bringing the total number of people currently employed within the zone to 3 244. More than 65% of these jobs are sourced from the surrounding townships. TASEZ recorded 409 construction jobs against a target of 380 translating into 5 071 construction jobs created since inception in May 2020.

To all our stakeholders, I would like to offer special appreciation for your continued support. Through working together, we can ensure that South Africa, and the African continent thrive. I would like to express my warmest gratitude to the Board, its committees, and the Executive Management Team for their organisational achievements as we proceed with the implementation of our five-year strategic cycle to 2025. These achievements would not have been possible without the commitment and dedication of the employees at TASEZ and the Coega Development Corporation (CDC) who continue to give their best towards our goal of establishing a world class organisation.

Lastly a special gratitude to the Department of Trade, Industry, and Competition (**the dtic**), the Gauteng Department of Economic Development (GDED) and the City of Tshwane (CoT) for their unwavering support.

Lionel October
Chairperson of the Board
Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

Date: 30/07/2024

TASEZ remains focused on the priorities of job creation through aggressive infrastructure development, growing small and medium enterprises, inclusion and accelerating economic reforms to unlock investment and growth.

4. Chief Executive OFFICER'S OVERVIEW

The South African economy took almost two years to recover from the worst global pandemic (Covid-19). South Africa's economy grew by a marginal 0,1% in the fourth quarter between October and December 2023, taking the annual growth rate for 2023 to 0,6%. Real gross domestic product (GDP) in the fourth quarter was R1 158 billion. This is above the pre-COVID-19 reading of R1 150 billion, but still below the peak of R1 161 billion recorded in the third quarter of 2022. The contributions to the performance of the economy were evenly spread between the industries on the production side of the economy. 2024 looks to see some improvement from the most likely 0.5% year-over-year economic growth outcome of last year.

The automotive sector's contribution to the GDP was at 5.3% in 2023, reaffirming its position as a significant contributor to the country's economic prosperity. Manufacturing is still viewed as the cornerstone of the automotive value chain, accounting for more than 60% in the automotive sector. South Africa's automotive industry has emerged as a beacon of resilience and growth, with the latest data revealing a significant uptick in the trade balance for 2023. According to industry experts, this positive trajectory is largely attributed to the surge in vehicle exports, marking a pivotal moment for an industry that has long been considered a cornerstone of the nation's manufacturing prowess. Moreover, South Africa's automotive industry has demonstrated remarkable resilience and growth, as evidenced by the substantial improvement in its trade balance for the fiscal year 2023.

Economic growth in Africa has decreased to 3.2% in 2023 in comparison to 4.1% in 2022 due to reduced investment and falling exports. The shocks are buffeting African economies since 2020 undermining full recovery from the pandemic. The Covid-19 aftermath has damaged growth of economies within the African continent and resulted in long-term negative implications. The automotive industry remains vulnerable to global headwinds in 2023 exacerbated by the energy crisis and continued supply shortages, layoffs in the automotive sector, and rising material costs. The scenario has challenged the industry, negatively impacting consumers' purchasing power and manufacturers' production costs and profits. However, amid challenges facing the industry, global vehicle sales for 2023 grew to around 92.4 million units from 67.2 million in 2022.

The European Union automotive supplier's margins improved in 2023. OEMs business sales benefitted higher vehicle production. Despite foreign exchange impacts weighing on sales, China was the largest automobile market base on sales in 2023 with around 25.8 million units sold.

South Africa's automotive sector experienced an increase by 0.5% from 2022 as 532 098 vehicle units were sold during 2023. When looking at the various segments, new-passenger-vehicle sales decreased by 4,4% in 2023 to 347 695 units. The sale of bakkies, vans and minibuses decreased by 0.6% compared to an increase of 11,6% in the light commercial vehicles segment, with the heavy truck and bus sector experiencing 12.8% growth. During 2023, as expected, the market was still 1,3% below pre-pandemic level of 2019. The vehicle exports in 2023 at 399 594 units reflected a sound increase from 396 290 units in 2022. The outlook for the industry during 2024 is intricately linked to broader economic conditions as there are persistent high interest rates. The economy is projected to grow marginally by 1% in 2024 caused by growth in trade, tourism, mining, and manufacturing industries.

Amidst the above-mentioned economic performance, the TASEZ 23/24 Annual Performance highlights remarkable achievements made against the Annual Performance Plan. We are proud to announce that for the period under review that TASEZ achieved all of its Annual Performance Targets. These results are aligned to TASEZ's 4-programme structure, summarised below:

Programme 1: Administration

Programme 2: Business Development

Programme 3: Infrastructure Development

Programme 4: Zone Operations

The TASEZ project currently consists of three land parcels and each land parcel is at a different stage of development. On Land Parcel One, construction commenced in August 2020 with occupancy achieved by all investors during the 2021/22 financial year. In 2022/23, the investors were gearing themselves to commence with production to ensure that they were ready for the official start of production for the new Generation Ford Ranger that took place in November 2022. As at the end of the 2023/24 financial year all the investors were in full swing of production with the addition of one investor that moved that moved into the Zone in the last quarter. Two of the existing investors also took on additional expansions to their operations that lead to higher number of jobs being created than was initially anticipated during the period under review.

In relation to Infrastructure spending, TASEZ has spent R223 million in 2023/24. During the period under review, invoices received from the implementing agent were paid within an average turnaround time of 7,9 days against a target of 14 days.

To support the Township Economic Revitalisation (TER) Strategy and Township Development Act, TASEZ committed to award 30% of construction work packages to Township Enterprises and during the current financial year 42% has been achieved.

From an operational expenditure perspective, the TASEZ spend amounted to R354 million as at the end of the 2023/24 financial year against an annual budget of R369 million. The 4% unspent budget was mainly due to vacancies, delays experienced in the recruitment of personnel and SCM processes which had not been finalised.

I would like to acknowledge the efforts and dedication of the Audit and Risk Committee in achieving a positive audit outcome. The team is committed to a clean administration and will continuously strive to achieve positive audit results. Any weaknesses identified in processes will be swiftly addressed, and as we capacitate the company the control environment will grow from strength to strength.

I would like to acknowledge the efforts and dedication of the TASEZ team for achieving this positive audit outcome for a fourth consecutive year, but even more so for all their efforts in ensuring a 100% performance achieved during the 23/24 financial year. I also wishto express my sincere appreciation to the TASEZ Board for their unwavering guidance and commitment, demonstrated through ensuring that TASEZ grows from strength to strength whilst supporting our mandate and demanding high performance, governance and accountability.

To the TASEZ Investors, the Coega Development Corporation (CDC) team, Community Project Committee and our stakeholders, I extend a special word of thanks and appreciation for your dedication and commitment, as we know our journey and achievements will not be possible without you.

Dr Bheka Zulu
Chief Executive Officer
Tshwane Automotive Hub Special Economic Zone (Pty) Ltd

Date: 30/07/2024

3. TASEZ BOARD MEMBERS

Lionel October
Board Chairperson

Maoto Molefane
Board member and Interim Chairperson of the Infrastructure Committee

Susan Mangole
Board member and Chairperson of HR & Remco

Blake Mosley-Lefatola
Board Member

Lardo Stander
Board Member

Ockert Berry
Board Member

Dhiren Vanmali
Board Member

Musa Khumalo
Board Member

Dr. Thulani Mdadane
Board Member

Njabulo Sithebe
Board Member and Chairperson of the Social and Ethics Committee

4. TASEZ EXECUTIVE MEMBERS

Dr Bheka Zulu
Chief Executive Officer

Rebecca Hlabatau
Chief Financial Officer

Andile Sangweni
Executive: Infrastructure

Vangile Nene
Executive: Corporate Services

Msokoli Ntombana
Executive: Business Development

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

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

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General of South Africa.

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the organisation.

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

The Board of Directors 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 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, performance information, human resources information and the financial affairs of the public entity for the financial year ended 31 March 2024.

Yours faithfully,

Dr Bheka Zulu
Chief Executive Officer

Date: 30/07/2024

Lionel October
Chairperson of the Board

Date: 30/07/2024

6. STRATEGIC OVERVIEW

Vision

To be the benchmark for SEZs in South Africa while contributing to the growth of the automotive sector, with the objective of being a major creator of new businesses and contributor to employment, transformation, and socio-economic development.

Mission

To be a catalyst for employment, transformation, socio-economic development and industry growth by attracting automotive suppliers and automotive manufacturers, assemblers and supporting services.

Values

TASEZ Ethics and Code of Conduct Policy places emphasis on the conduct of all stakeholders, which includes Directors, Company Secretary, Executive Managers, Senior Managers, Permanent Employees, Part-Time Employees and Contractors. These stakeholders are expected to conduct themselves in an appropriate manner in line with good governance and focusing on the following values:

Currently, the TASEZ values are driven by its strategic goals and objectives:

- Ethics
- Responsibility
- Competence
- Fairness
- Accountability
- Transparency

creator of new businesses and contributor to employment, transformation, and socio-economic development.

7. LEGISLATIVE AND OTHER MANDATES

TASEZ's mandate is aligned and effectively born out of the national strategies of the South African government, particularly the Reimagined Industrial Strategy, presented by Mr E Patel, Minister of **the dtic**, and approved by Cabinet in June 2019. The Reimagined Industrial Strategy is the centrepiece of government's economic vision; it is co-ordinated by the Presidency and puts emphasis on concrete actions. It presents a multipronged approach to industrial development with emphasis on building partnerships with the private sector to unleash job-creating investment.

Operationalisation of the Reimagined Industrial Strategy occurs through the application of a master planning process that seeks to create a shared vision together with industry, government and labour. The strategy sets out to create industry master plans, designed to harness all role players, stakeholders and beneficiaries towards implementation. As part of this vision, TASEZ was designated as a key action out of this Strategy.

The mandate and purpose of TASEZ is to:

- Facilitate the creation of an industrial complex, with strategic regional, national, provincial, and local economic development benefits.
- Build a competitive advantage for targeted investments in the automotive manufacturing sector, from Original Equipment Manufacturer (OEM) level to Tier 3 suppliers.
- Provide a location for investmentin the infrastructure needed to develop targeted industrial activities.
- Attract and increase foreign and domestic direct investment with emphasis on investment in the automotive manufacturing industry.
- Take advantage of existing industrial and technological capacity to foster integration with local industry and increase value-added production.
- Create decent (sustainable) work as well as other economic and social benefits in the communities in which TASEZ is located, including greater economic participation by SMMEsand co-operatives.
- Promote technology skills transfer.

TASEZ is registered as a private company in terms of the Companies Act No 71 of 2008. TASEZ has three funders namely the Department of Trade, Industry and Competition (**the dtic**), the Gauteng Department of Economic Development (GDED) and the City of Tshwane Metropolitan Municipality (CoT).

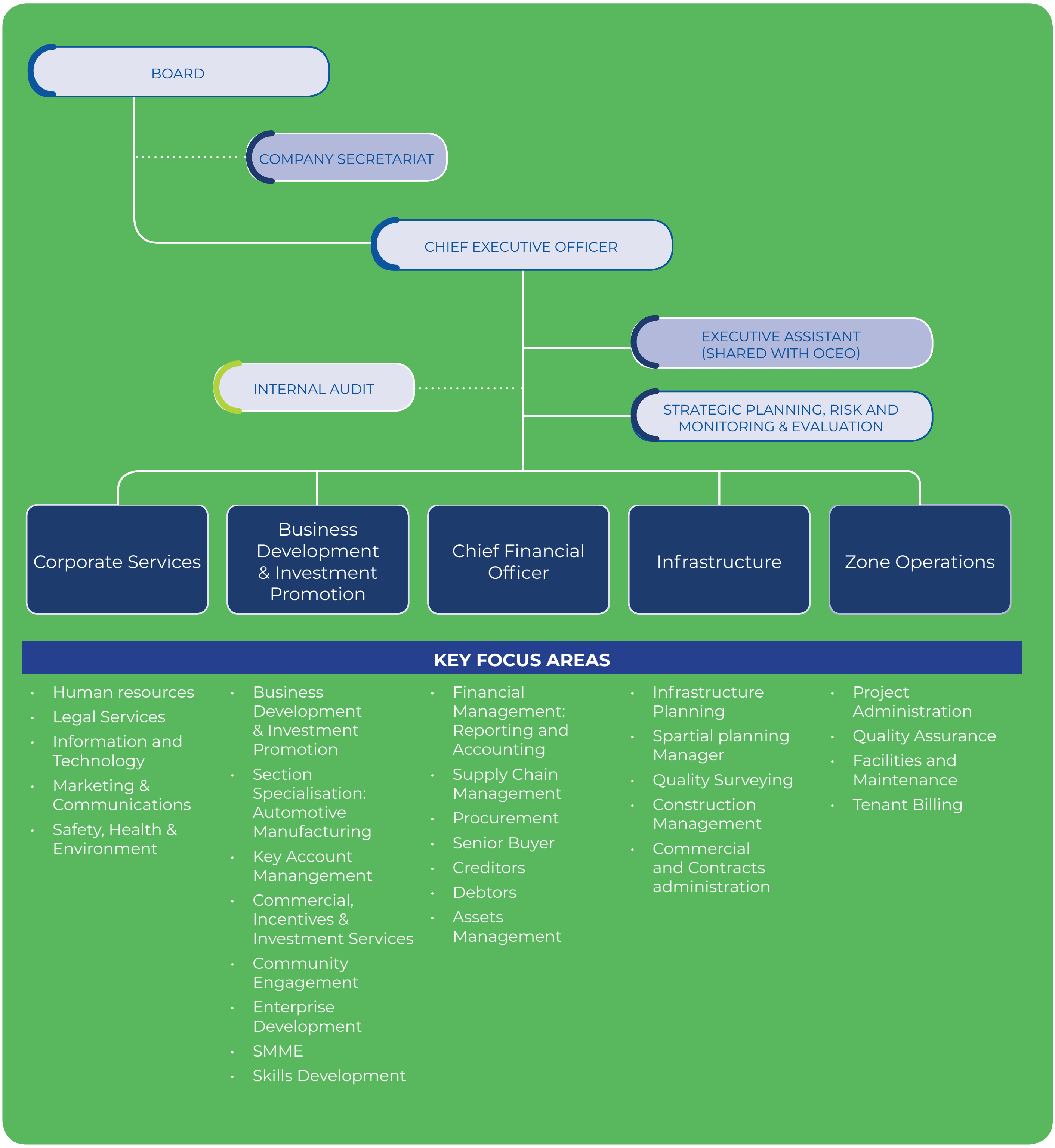
TASEZ is governed by a Board of Directors comprising of nominees from the three aforementioned funders, **the dtic**, GDED, CoT and additional members from the Ford Motor Company of Southern Africa (FMCSA), which serve as an initial catalyst for infrastructure and business development, appointment of the Board of Directors is in line with Section 25(5) of the SEZ Act, Section 66 of the Companies Act and NT Regulations.

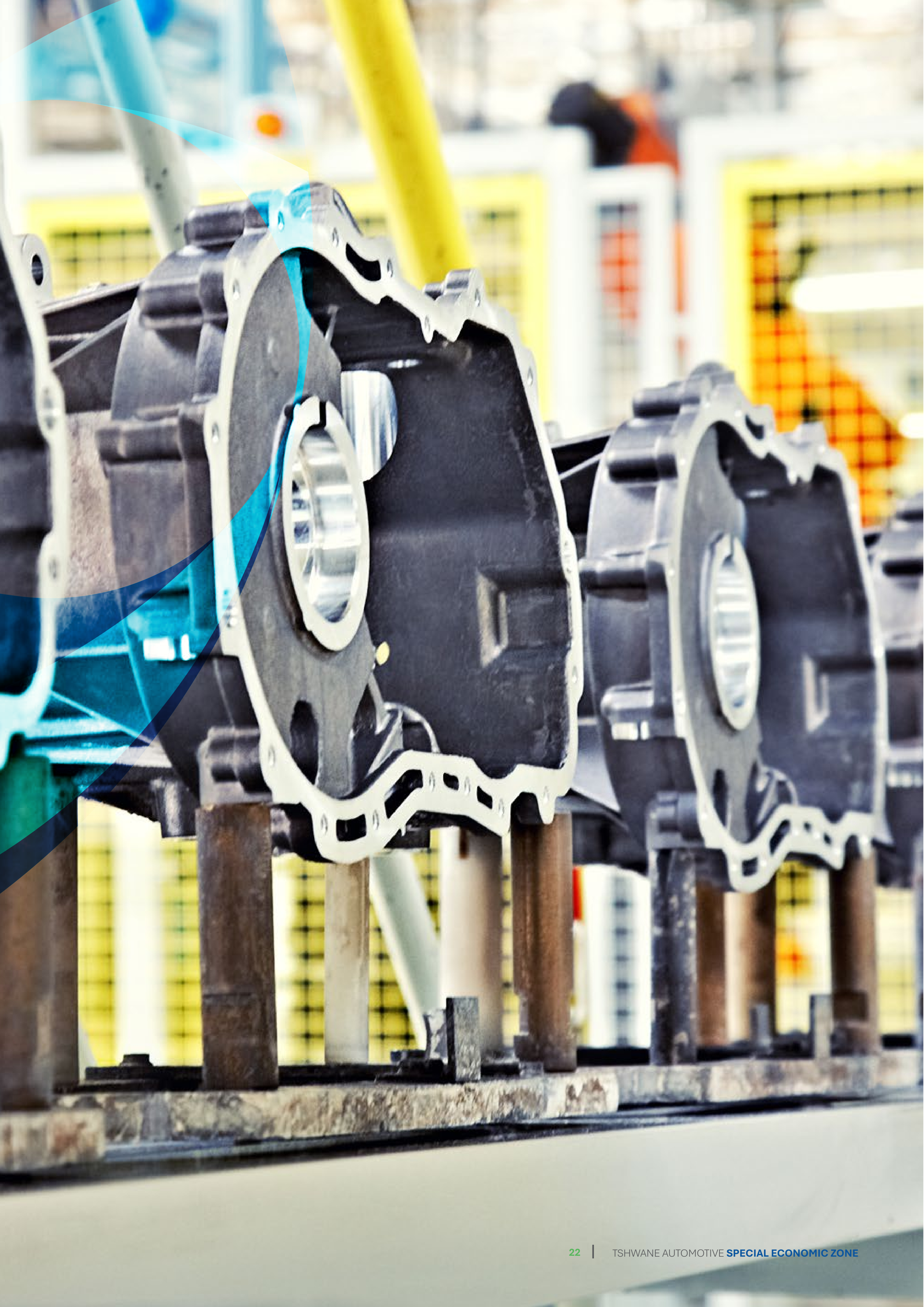
TASEZ is the Operator of the Tshwane Automotive Special Economic Zone in terms of the Special Economic Zone Act 16 of 2014, (SEZ Act). TASEZ is a key driver of economic growth in the CoT as well as the Gauteng province, with a mandate to create employment and promote economic participation for SMMEs in the region. TASEZ is also positioned to take the lead in growing Africa's new industrial revolution.

8. ORGANISATIONAL STRUCTURE

The following diagram shows the Organisational Structure of TASEZ during the year under review.

Figure 1: Organisational Structure





PART B PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor General of South Africa (AGSA) evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the company's planning and delivery on its mandate and objectives. Refer to page 83 of the Auditors' Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

TASEZ is guided by a Five-Year Strategic Plan (2021-26), which forms the basis of the Annual Performance Plan for 2023/24. The Strategic Plan sets out the following goals, which remain unchanged for the year under review:

- To create economic growth and transformation within the South African automotive industry.
- To create awareness and support for the development and growth of the automotive SEZ.
- To support the process of attracting automotive and related industries and tenants into SEZ, while achieving socio-economic empowerment for the surrounding communities.
- To ensure greater inclusion (deepen value addition) of SMMEs within the automotive value chain.

TASEZ was established in May 2020, during an extremely difficult social and economic climate in the country and globally. The COVID-19 pandemic, which resulted in severe restrictions on social and economic activity, influenced the SEZ's business operations in ways that could not have been conceived during planning. The pandemic resulted in a 30% overall market reduction in the Global Automotive Sector, placing pressure on a lot of automotive companies, which had closed down operations in the effort of consolidate their operational expenditure. Nevertheless, in 2023/24, despite the difficult economic environment, no investors retracted their commitment from TASEZ, as TASEZ saw an increase above the expected targeted investment.

TASEZ's strategic goals are aligned with the national strategies of the South African government, which make provision for SEZs as instruments to support long-term industrial and economic development. The overarching aim is for SEZs to directly impact employment and economic growth, as well as attract foreign direct investment.

TASEZ is well aligned to Government's Reimagined Industrial Strategy, which states that "South Africa will act as a spur to regional growth, rather than merely relying on it. This will involve greater commitment to regional industrialisation and supply chain linkages". To advance this goal, TASEZ focuses aggressively on expanding trade and investment by promoting exports and building competitiveness. It also provides a platform for South African companies to participate in regional infrastructure projects and further integrate regional supply chains to promote industrialisation.

2.2 Organisational Environment

Delays during the establishment of TASEZ placed greater emphasis on the need for quality of human resources, which remains a strategic imperative, especially given the limited time to construct, implement and operate the SEZ, effect policies and best practice, and accurately plan and execute strategies.

The first formal appointment made by the TASEZ was executed in November 2020. Since this time, and during the year under review, TASEZ remained focused to ensure that it recruits suitably and competent candidates, responsive to the TASEZ organisational targets and mandate.

In July 2021, the TASEZ Board formally approved its first Organisational Structure. The purpose of the entity's organisational structure was to assist in the achievement of TASEZ aims and objectives through the management and coordination of employee's designated roles, responsibilities, and delegated authorities. At this time, the total approved structure consisted of 88 positions, 33 of which were filled and 16 approved for recruitment. The remainder of the positions were placed on hold due to a moratorium on employee appointments during the fourth quarter of the 2021/22 financial year.

During the 2022/23 financial year, a need was identified to execute an organisational design and job grading exercise. TASEZ Human Resources concluded this task through an appointed service provider. The report was tabled for recommendation to the TASEZ Board, which entailed a summary of the amended, maintained, and revised positions. The Board deliberated on the resolution ofthe 29th of July 2022 and approved the newly designed Organisational Structure with 62 positions.

TASEZ Management welcomed the approved Organisational Structure and sought to implement accordingly. Additional resources will be appointed in 2023/24 with specific focus on supporting the organisations operations/zone management capacity and supplier and enterprise development activities.

At a functional level, the Organisation comprises the following divisions:

- Office of the CEO
- Finance and Supply Chain Management
- Corporate Services which includes Marketing, Human Capital, Legal Services, ICT and Health and Safety
- InfrastructureDevelopment
- Business Development, which includes Investors Facilitation and Enterprise and Skills Development
- Zone Operations which includes Maintenance and Security

2.3 Key Policy Developments and Legislative Changes

TASEZ's management has developed policies and frameworks to align the organisation with its legislative mandate. TASEZ policies are reviewed on an annual basis or as and when the relevant legislative amendments arise.

Changes to the Supply Chain Management (SCM) policy and Delegation of Authority Matrix were effected during the 2023/24 financial year to closer align the policy to the Treasury Regulations and the Preferential Procurement Policy Framework Act (PPPFMA).

A total of ten (10) new policies were developed during this financial year, that includes:

- Sexual Harassment Policy
- Internship Policy
- ICT Business Continuity and Disaster Recovery Management Policy
- ICT Disaster Recovery Plan
- ICT Governance Framework
- Firewall Procedure
- Patch Management Procedure
- Creditors Management Policy
- Budget Preparation and Reporting Policy
- Financial Management Policy and Procedure

2.4 Progress Towards Achievement of Institutional Impacts and Outcomes

TASEZ works with purpose to ensure that governance, operational and functional processes are established while delivering on its overarching mandate. TASEZ pursues a mandate expressed in its enabling legislation, the Special Economic Zones Act (Act 16 of 2014). Together with its complementary SEZ Policy Statement, the SEZ Act sets out a public development programme that seeks to facilitate and promote industrial development outcomes at the immediate zone-level and within the wider region. The SEZ Act clearly defines the purpose of an SEZ, in Chapter 2, Section 4. To date, TASEZ has achieved the following against the objectives set out in the Act:

Purpose 1:

Promote regional economic development and create decent (sustainable) work and economic and social benefits in the region in which it is located, through the development of mix-used facilities within SEZ.

During 2023/24, focus was placed on creating construction and operational jobs with emphasis on ensuring that 70% of employees reside in surrounding communities. Progress towards this target is elaborated on in section 2 below.

Purpose 2:

Facilitate the creation of an industrial complex, having strategic national and regional economic advantage for targeted investments in the automotive manufacturing sector, ranging from Original Equipment Manufacturer-level (OEM) to Tier 3 suppliers.

During the past four financial years, focus was placed on the establishment of the first phase of TASEZ. This phase created an industrial complex around First Tier-Level Automotive Suppliers. During 2023/24, TASEZ has also commenced with the second phase of the development that will focus on the inclusion of an incubation facility to support with lower tier level development.

Purpose 3:

Develop the infrastructure required to support the development of targeted industrial activities.

As reported in the previous financial year, TASEZ found itself in a peculiar position where External Bulk Infrastructure (roads, road upgrades stormwater, water and sanitation) and top infrastructure (building and internal bulk infrastructure) needed to be developed concurrently to ensure investor timelines are met. Over and above the initial plan to commence with Phase 1, an additional 10h hectares of privately owned land were secured. This parcel of land was initially earmarked within Phase 3 (now known as Phase 1A) of the TASEZ Masterplan and required that the development of both bulk and top structure be extended, to include this land parcel into the first phase of the development.

Purpose 4:

Attracting foreign and domestic direct investment.

TASEZ spent limited time and resources in proactively attracting foreign and domestic investment during the past twofinancial years due toover-subscription of Phase 1, resulting in the existing pipeline of investors already earmarked for Phase 2.

TASEZ is working to address the bulk infrastructure challenge and resources have been allocated to commence with Phase 2 bulk infrastructure construction during the 2023/24 financial year.

Total foreign and domestic investment attracted during the 2023/24 financial year is further elaborated in section 2, as it is a strategic target of the TASEZ.

Purpose 5:

Provide the location for the establishment of targeted investments.

A TASEZ-specific Spatial Development Plan was developed in Silverton, which is geographically east of Pretoria within the CoT. TASEZ will provide a diversity of appropriate land uses and other economic activities. This development spans over 204 hectares and consists of:

Phase 1: 81,6 hectares, of which 45,9 hectares can be developed for industrial use

Phase 2: 81,0 hectares

Phase 3: 42,2 hectares

Out of the above 3 phases, Phase 1 and Phase 2 land has been secured, with 10 hectares out of the 42.2 hectares for Phase 3 secured in the 2020/21 financial year.

Purpose 6:

Increase investment and growth in the manufacturing industry, primarily in the automotive manufacturing industry.

This is a TASEZ's strategic target and is captured in the section below.

Purpose 7:

Take advantage of existing industrial and technological capacity, promote integration with local industry and increase value-added production.

TASEZ has identified AIDC as a key partner in local supplier development and training initiatives for both technical and non-technical interventions. TASEZ has also in the process of signing memorandums of understanding (MoUs) with the following institutions, among others:

- Tshwane University of Technology (TUT);
- Council for Scientific and Industrial Research (CSIR);
- The Innovation Hub (TIH); and
- Sector Education and Training Authorities (SETAs)

The aim of these MoUs is to promote collaboration and skills development of designated groups within the designated areas. TASEZ believes that these partnerships will further assist in the efficient use of state-owned resources by reducing the duplication of state programs.

TASEZ has approached the National Association of Automotive Component and Allied Manufactures (NAACAM) and the National Association of Automobile Manufacturers of South Africa (NAAMSA), and both these associations provided input into the development of the TASEZ Outer-Year Business and Corporate Plans. To assist in mobilising industrial and technology capacity, TASEZ seeks to strengthen existing partnerships and identify new partners.

In the 2023/24 financial year, TASEZ has:

- Assisted tenants in identifying services that are available within the local communities.
- Identified service providers from surrounding township communities known as Target Area 1.
- Engaged with community representatives, in the use of verified database for local SMME and labour opportunities.
- Assisted local SMMEs in Supplier and Enterprise Development through mentorships and couching.
- Provided Training and Workshops for beneficiaries in various fields within the Automotive Value Chain including Occupational Health and Safety, Auto-Mechanics in fault diagnostics as well as critical work experience and induction.
- Collaborated with Construction Service Providers in providing Construction Learnerships and Internship Programmes.

Purpose 8:

Generate new and innovative economic activities.

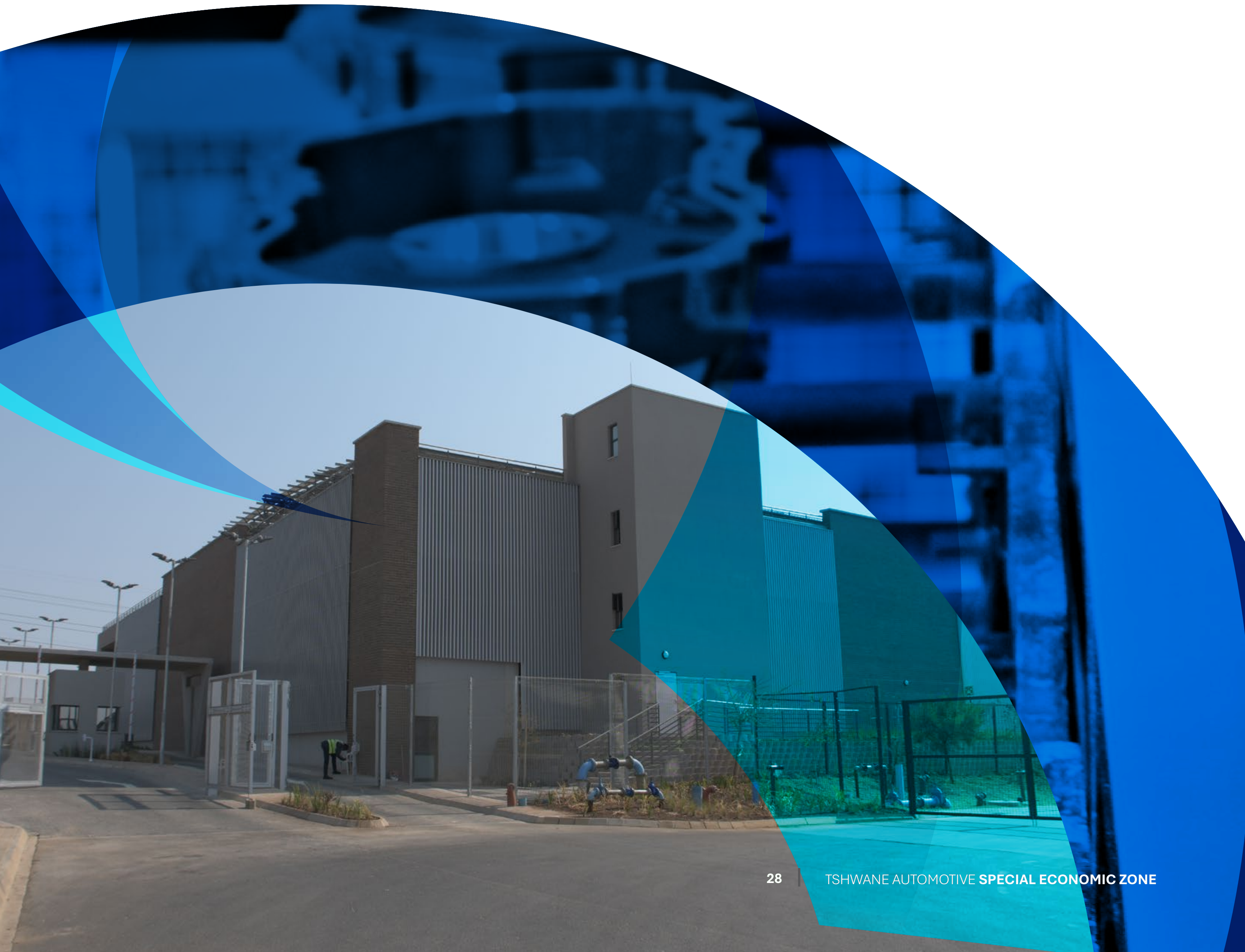
During 2023/24, the Board took a decision for TASEZ to bring forward the implementation of the Training Academy as one of the Six Nodes identified in the establishment of a TASEZ Centre of Excellence in Phase 2. This initiative will assist TASEZ to create a platform to enable new innovative activities.

Purpose 9:

Take advantage of existing SEZs and promote collaboration with these SEZs.

TASEZ has engaged several well-established and newly established SEZs for management, institutional arrangements and collaborative implementation. It is critical that TASEZ obtains institutional knowledge from other SEZs in terms of lessons learned, while also establishing other collaborative initiatives.

In the Gauteng province, an SEZ Committee led by the GDED has been established to ensure that key programme barriers and acceleration programmes are discussed and addressed, ensuring collaboration between the various entities within the province. TASEZ believes there could be greater collaboration between the various SEZs, which will ultimately enhance the service delivery and value propositions of SEZs within South Africa. As the "new kid on the block", TASEZ has reached out to several well-established SEZs to facilitate collaboration. To this end, during May 2020 a decision was made by all funders that the CDC will be appointed as an initial Implementation Agency for the establishment of Phase 1. A formal tri-party agreement was signed between **the dtic**, CDC and TASEZ to affect such an arrangement.



3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The TASEZ Annual Performance Plan strived to position TASEZ as a key driver in support of the decisive steps taken by the GPG and CoT to advance Gauteng as an integrated city region characterised by social cohesion and economic inclusion.

In terms of the Growing Gauteng Together 2030 (GGT 2030) Action Plan, TASEZ through the development of a TASEZ-specific Master Plan, is aligned to the following priorities as set out in GGT 2030.

Table 1: SEZ Alignment to GGT 2023

Pillar	TMR Pillars	TASEZ Alignment
1.	Economy, Job creation and Infrastructure provision.	TASEZ has involved local communities in the economic opportunities made available through the SEZ. To this effect, TASEZ established a Project Socio-Economic Development Centre (PSDC) and a Community Project Committee (CPC). The progress towards job creation and skills development is also clearly captured in section 3 below.
2.	Education, Skills Revolution and Health	
3.	Integrated Human Settlements, Basic Services and Land Release	SEZ is bordered by the Silverton industrial node to the west, and the Mamelodi and Nellmapius townships to the north and south, and is therefore strategically positioned to achieve spatial transformation. The TASEZ Spatial Development Plan was developed in light of this strategic opportunity and is aligned with the CoT Spatial Development Framework. As per the TASEZ Spatial Development Plan, TASEZ will include an integrated mixed-use area linked to urban and environmental aspects.
4.	Safety, Social Cohesion and Food Security	
5.	Sustainable Development for Future Generations	This finds expression in the approach taken to develop the different Phases of the development. Phase 1 which spans over 81 ha and approximately 50% of this land developable due to a wetland consideration, comprises of industrial development and Phase 1A with similar considerations spanning over 10,5 ha. The Phase 2 Development which is currently under Infrastructure Planning and imminent implementation, spans over 81 ha and will be developed as a mixed-use development in line with market demands. It will include an Industrial Node, a TASEZ Centre of Excellence Campus which is at business case stage, a Retail & Office Node which is at project preparation/business case stage and a truck staging. Phase 3 is currently at Land acquisition stage (31,5 ha) and engagements are underway with the CoT on the availability of this Land parcel. Within the development of the different phases, TASEZ has made alternative-energy considerations which include Solar PV with Battery Storage and Gas to Power solution to transition our energy mix to cleaner solutions and more sustainable options through a variety of options.

Pillar	TMR Pillars	TASEZ Alignment
6.	Building a Capable, Ethical and Developmental State	In 2018, the SEZ policies were adjusted to place greater emphasis on the eradication of potential inefficiencies in operation. Thus, governance of the SEZ has been designed to comply with these revised guidelines. The TASEZ is ultimately responsible for the monitoring and evaluation of compliance in line with SEZ Governance Policies and the Provincial Framework.
7.	A Better Africa and a Better World	South Africa remains the continent's leader in the automotive sector. However, a number of countries including Nigeria, Morocco, Ethiopia, Kenya and now also joined by Rwanda have made significant gains in automotive manufacturing. The establishment of the SEZ supports the provincial and national drive to remain a leader of Africa's industrial revolution. New competencies through opportunities in localisation will be created and may lead to both the integration and support of potential African markets.

In order to efficiently carry out its mandate, TASEZ operates a 4-programme structure, which is summarised below:

Programme 1: Administration.

Programme 2: Business Development.

Programme 3: Infrastructure Development.

Programme 4: Zone Operations.

To be noted, TASEZ did not adjust its Annual Performance Targets in the 2023/24 financial year.

3.1. Programme 1: Administration

Purpose: The Administration programme provides effective leadership, strategic management and administrative support services to the TASEZ in line with applicable legislation and best practice.

For the 2023/24 financial year, two (2) annual performance targets were captured under programmes, namely:

On time payment of Implementation Agency.

Clean Audit Outcome Obtained by TASEZ.

Table 2: Annual Performance Plan: _Programme 1 – Administration

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Actual Achievement 2023/2024	Target 2023/2024	Deviation from Planned Target to Actual Achievement	Reason for Deviation
SMME Development	Less reliance on bridging finance by SMMEs and Contractors	Average number of days taken to pay the implementing agent.	Not Measured	6 Days	7.94 Days	14 Days	+6 Days	TASEZ is proactively requesting the implementing agent to submit invoices 3 days before a scheduled draw-down session to ensure timeous payment.
Good Financial Governance	Clean audit outcome for TASEZ	Clean audit outcome obtained from the Auditor-General	Not Measured	Not Measured	Clean audit outcome obtained from the Auditor-General	Clean audit outcome obtained from the Auditor-General	Not Applicable	Not Applicable

3.2. Programme 2: Business Development

Purpose: The Programme is responsible for the TASEZ's overall Business Development and Enterprise Development.

Sub-Programmes:

- Enterprise and supplier development: The objective is to provide strategic leadership in developing sound enterprise and supplier development initiatives to assist with the deepening and transformation of the automotive value chain.

TASEZ Certification handout event.

- Job creation: to provide strategic leadership in developing sound skills programmes to improve the quality and supply of labour into the SEZ during construction.

Learnership programme launch and Signing of MoU with Motheo Academy for an Accredited General Education and Training Certificate in Construction.

Occupational Health and Safety Training for youth within the designated target area.

3.2.1 Social Compacting

TASEZ identified a need to develop a Social Compact Agreement (SCA) with the surrounding communities represented by the CPC. The core prerogative of the SCA is to emphasize an implicit arrangement between the community and TASEZ to create a healthier working relationship and a healthier society together. Following the successful agreement reached during phase 1 of construction, the SCA will now focus on the operational phase of TASEZ as well as subsequent construction phases.

The SCA has in turn also become the basis for a new standard operating procedure for the Gauteng Provincial Government projects within the construction space.

Table 3: The Social Compact has seven pillars addressing the following elements:

Pillar	TMR Pillars	TASEZ Alignment
1.	Stakeholder Engagement	This was to ensure agreed protocols were observed and rules of engagement established. During this period CPC meetings took place and various elements were addressed and agreed upon in so far as implementing the Social Compact.
2.	Employment Creation and facilitation thereof	TASEZ facilitated for the employment of construction jobs with more than 65% of the jobs created coming from the surrounding township communities (Target Area 1) 19,18 % of women wereemployed against the target of 10% and 59,43%youth employed against the target of 50%. 0.31% people living with disabilitieswere employed against a target of not less than 2%.
3.	Skills Development and Facilitation thereof	More than 597 individuals were trained in: • Motor Fault Diagnostics for Auto Mechanics • Organisational Health and Safety. • Learner Career Awareness and site visit at AIDC/Ford Simulation • Learnership in Civil Construction Management; Zone Safety Induction. • SMMEs on Customer Service; Time Management, costing and tendering. • Introduction to 4 IR (Basic intro into the tech world) and many more fields.

BRICS Business Council tours TASEZ facilities

Pillar	TMR Pillars	TASEZ Alignment
4.	SMME Support Programmes and Participation	SMMEs were mentored in initiatives within the Automotive Value Chain.These included programmes in the following: • Project Management; • Business Compliance; and • Tendering and Overhead Costing 35 SMMEs were mentored in extensive initiatives within the Construction Value Chain, including: • Contract management; • Project management; and • Project Costing and Pricing. SMMEs were also given opportunities in Zone Operation in providing services, these include: • Waste and Scrap Disposal; • Electrical Maintenance Services; • Supply of Safety and Personal Protective Equipment; and • Cleaning and Hygiene Services, such asSecurity service, Catering and Consumable supplies.
5.	Enterprise Development and facilitation thereof	• 43% of construction work awarded to Township Enterprises amounting to R1,7 billion since inception of the project in the last 3 years. • 6,2% of the SMMEs procurement was spent on woman-owned enterprises in construction for the designated group. • 18% of SMMEs procurement was spent on youth-owned enterprises in construction. • 2% of SMME procurement was spent on enterprises owned by people living with disabilities in construction against thetarget of 2%.
6.	Community Development	For the period under review TASEZ participated in four CSI programmes focusing on: • Healthy youth soccer and netball games for the primary school learners from Mamelodi. • Drug abuse campaigns throughsoccer games targeting primary and high school learners from Eersterust, Mamelodi and Nellmapius. • In partnership with the South African National Military Veterans Association campaign against Gender Based Violence (GBV). • Sponsoring of an Award ceremony for the stakeholders and key persons who have contributed to the Community Policing Forum and/or played a role in community safety in Mamelodi.

Pillar	TMR Pillars	TASEZ Alignment
6.	Community Development	In addition to the above initiatives in quarter four (4) of 2023/24, TASEZ has issued a Request for Proposals to the local non-profit organizations (NPOs). The proposal is looking at creating a database of CSI projects within the designated target areas. This will assist both TASEZ as a company and TASEZ tenants with CSI projects within the designated areas as we move into 2024/25. In terms of support from the current Investors: • Thai-Summit assisted Thandanani Drop-in centre (Local NPO). The NPO deals with fighting substance abuse, feeding school children during school holidays, assisting with school homework and providing guidance and support to the youth with job placement. • InSync has assisted Autism eKasi in December 2023 with a donation.
7.	Communication and Reporting	During the period under review: • Regular meetings were held with the Community Project Committee, which is made up of TASEZ, CDC, 9 ward councillors from the designated wards, representatives of youth, women, people with disabilities, military veterans and SMMEs. • To improve communication with the surrounding communities TASEZ has signed MoUs with community radio stations, Poort FM and MAMs Radio.

TASEZ Sponsoring youth and games

TASEZ Sponsoring youth and games

3.2.2 Partnership Agreements

TASEZ has identified stakeholders who are critical in ensuring that its mandate and goals are achieved. These have synergies with TASEZ in terms of their mandate for economic development and have identified the need for formal, co-operative relationships.

These entities have mandates ranging from:

- Financing and promoting Broad-Based Black Economic Empowerment.
- Conceptualisation and implementation of innovative initiatives in Smart Industries and Green Economy.
- Fostering entrepreneurship and incubating new innovative companies.
- Facilitation of an establishment of set aside funds to township-based enterprises in the promotion of vibrant local economic benefits.

Where applicable to jointly participate in various platforms and forums for stakeholder mobilisation and advocate for integrated enterprise development programmes for individuals' groups participation within the automotive sector supply chain.

These entities include the following:

- Department of Public Works and Infrastructure (DPWI)
- Services SETA
- National Empowerment Fund (NEF)
- The Manufacturing, Engineering and Related Services Sector Education and Training Authority (merSeta)
- The Innovation Hub (TIH)
- The Innovation Agency (TIA)
- Small Enterprise Development Agency (SEDA

Launch of the Women of SEZs initiative

3.2.3 TASEZ Centre of Excellence Campus

TASEZ identified a need for the development of a Centre of Excellence Campus that will, among others, focus on:

- Current and future skills programmes;
- Entrepreneurial incubation programmes; and
- High-Tech educational programmes.

The Centre of Excellence will be driven by the requirements of industry and the surrounding communities. The following Nodes have been identified subject to Business Case Outcomes:

- Automotive and Entrepreneurial Incubation Centres
- Hi-Tech Training Academy
- STEM Programme/Hi-Tech School for Grades 10 to 12 Learners
- Research and Electronic Library Centre
- Science and Technology Museum
- Campus Business Centre

Whilst the objective will be to establish physical infrastructure – TASEZ acknowledges that there are existing programmes that TASEZ could make use of, to ensure SMME and Skills development does take place. The Board took a decision to bring forward the implementation of the Training Academy using infrastructure within Tshwane in the interim.

TASEZ has since implemented the Training Academy partnering with AIDC for the use of the Gauteng Automotive Learning Centre for high-tech practical training.

The Target for the year ahead is illustrated below:

OUR TRAINING TARGETS
2024

1000 Individuals

60% WOMEN

70% YOUTH

80% LOCAL COMMUNITIES

2% DISABILITIES

Training linked to SETA programmes
2 200

SMMEs in the automotive value chain
40

SMMEs in the construction sector
40

3.2.4. Business Development Programme Performance

Mentorship programmes were rolled out to assist SMMEs to enable the provision of appropriate and deepened value-adding services. The overall target during the 2023/2024 financial year was to assist 30 SMMEs, and 31 SMMEs were mentored, showing that the target was slightly exceeded.

In growing a transformed South African automotive sector and building inclusive economy, TASEZ has facilitated different training initiatives in automotive value chain. During the 2023/2024 financial year, 597 individuals were trained against the target of 500.

Table 4: Annual Performance Plan: Programme 2 – Enterprise and Supplier Development

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Actual Achievement 2023/2024	Target 2023/2024	Deviation from Planned Target to Actual Achievement	Reason for Deviation
Growing a Transformed SA Automotive Sector and building inclusive economy	Provision of appropriate and deepened value-add services	Number of SMME mentoring initiatives within Automotive Value Chain	Not Measured	Not Measured	31	30	+1	Overachievement was due to increased participation by SMMEs.
		Number of individuals trained within the Automotive Value Chain	Not Measured	Not Measured	597	500	+97	More than anticipated training beneficiaries, attended.

Workshop for Auto Mechanic held in Johannesburg Nasrec

3.3 Programme 3: Infrastructure

3.1.1 TASEZ Infrastructure Development

The infrastructure development services are responsible for both the planning and design; as well as the development of all infrastructure relating to TASEZ. In the 2022/2023 financial year, focus was placed on the rapid implementation and completion of the Phase 1 & 1A top structure facilities, Internal Bulk Works and External Bulk Works. As of the end March 2023 overall programme progress was 98,5%, excluding Central Hub and Auxiliary Packages). With the occupation of the facilities by tenants and operations to produce parts underway, the scope of work also included the interface with Tenants, around defects liability items arising during operations.

In the 2023/2024 financial year, focus was placed on the conclusion of remaining works (1,5%) of the Phase 1 & 1A top structure facilities and execution of Central Hub building and Auxiliary packages. Focus was also placed on the conclusion of Internal Bulk Works and External bulk Works for Phase 1 & 1A, with Infrastructure planning for Phase 2 and follow on phases underway.

The infrastructure programme in addition to Development of Phase 1 & 2, also worked on the formulation and implementation of Alternative Energy Solutions, with major strides being made to towards onboarding IPP solutions that would contribute to a diverse Power Energy Mix for sustainable development of the said Phases and provision of cleaner solutions.

In the Phase 1 & 1A programme, progress proceeds as follows:

Phase 1 & 1 A

- Top Structures Construction is at 100% completionwith the 5-year Latent Defects Period being observed as per JBCC Contract suite.
- Bulk Roads & Stormwater Construction is 100% complete, with the liability defects period currently being observed.
- Bulk Water Construction is at 100% completion, with the liability defects period currently being observed.
- Upgrades to various road intersections were deferred to Phases 2 scope of work due to timing alignment.
- Hydraulic Analysis and CCTV Camera inspections are underway for the Stormwater.
- Final Accounts and Closing Reports are underway for the completed projects.

Phase 1 Central Hub Building

- The Main contractor was appointed in February 2023 and the site handover took place on the 14th of March 2023. Construction commenced and it reached completion by the end of the 2023/2024 financial year. This scope of work is currently observing contractual obligations associated with completion, which include Practical Completion, snagging and defects periods as per JBCC contract suite.

Phase 1 & 1A Auxiliary Packages (Perimeter Fence, Landscaping, Fibre, Parking & Guard House)

- Phase 1 & 1A Perimeter Fence is 100% complete.
- Phase 1 Landscaping Internal Common Areas is at 100% completion, with final accounts currently underway.
- Phase 1 Remainder of Landscaping scope is currently underway as of the end of the 2023/2024 financial year. The site was handed over to the contractor on 21 November 2023 following some delays from the contractor in providing performance guarantee. The contractor commenced with works subsequently with actual progress at 57% vs. 68% planned at the end of the financial year. The variance in progress was partly attributed to the contractor having limited access to working areas due to other contractors still being busy with other scope in areas where landscaping is to be done. However, recovery plans have been implemented to recover the variance as access becomes available.
- Phase 1 A Internal & External Landscaping is at 100% Complete.
- Parking & Guard Houses (Phase 1 on Road 1 & 2) are currently reaching conclusion. The Contractor's appointment was concluded on 10th March 2023 with overall actual progress at 87% versus 100% planned as at the end of the 2023/2024 financial year. This package was plagued by delays due to non-performance by the Contractor, which saw the Contractor being put on notice on two separate occasions. Contractual Consequence management has been implemented to ensure that project completion is achieved.

Phases 1 & 1A: Spatial Planning

- Progress has been realised over the 2023/2024 financial year with Spatial Planning advancing towards conclusion for Phase 1 & 1A. In essence the following have been realised by the end of the 2023/2024 financial year.
- Phase 1 is now at Proclamation stage, where Section 16(7) has been achieved for Electricity and Roads & Stormwater. The Amendment of Conditions of Establishment (CoE) & Surveyor General has been submitted and in progress.
- Phase 1 A Conditions of Establishment (CoE) have been accepted by the Municipality with Registration of Transnet Servitude. Progress is now at the approval stage with the Surveyor-General.

In the Phase 2: Town planning

- Preparation for Phase 2 implementation is well underway, as TASEZ has been undertaking infrastructure planning since the 2020/2021 financial year by commencing with the town planning approvals required for construction to commence at Phase 2.

As of the end of the 2023/2024 financial year, all town planning stages have been achieved until the stage where the Phase 2 application is at Conditions of Establishment (CoE), and the flood line position is aligned with Extension 13 Applicant (Phase 3). The Electricity condition for Township Establishment is supported by the CoT through the Waltloo Substation. The CoT is currently underway working through the critical dependencies with the required Reservoir to satisfy Phase 2 water requirements for Township establishment and associated support required for Conditional Approval whilst the reservoir is being constructed. PSP service providers have been appointed to undertake designs for Bulk infrastructure across the different Engineering disciplines, with preliminary stages underway for Phase 2. The Procurement of PSP's for Top Structure is underway for the Ford Facility as at the end of 2023/2024 financial year. The figure below illustrates pictorial progress to the Phase development as the end of the 2023/2024 financial year.

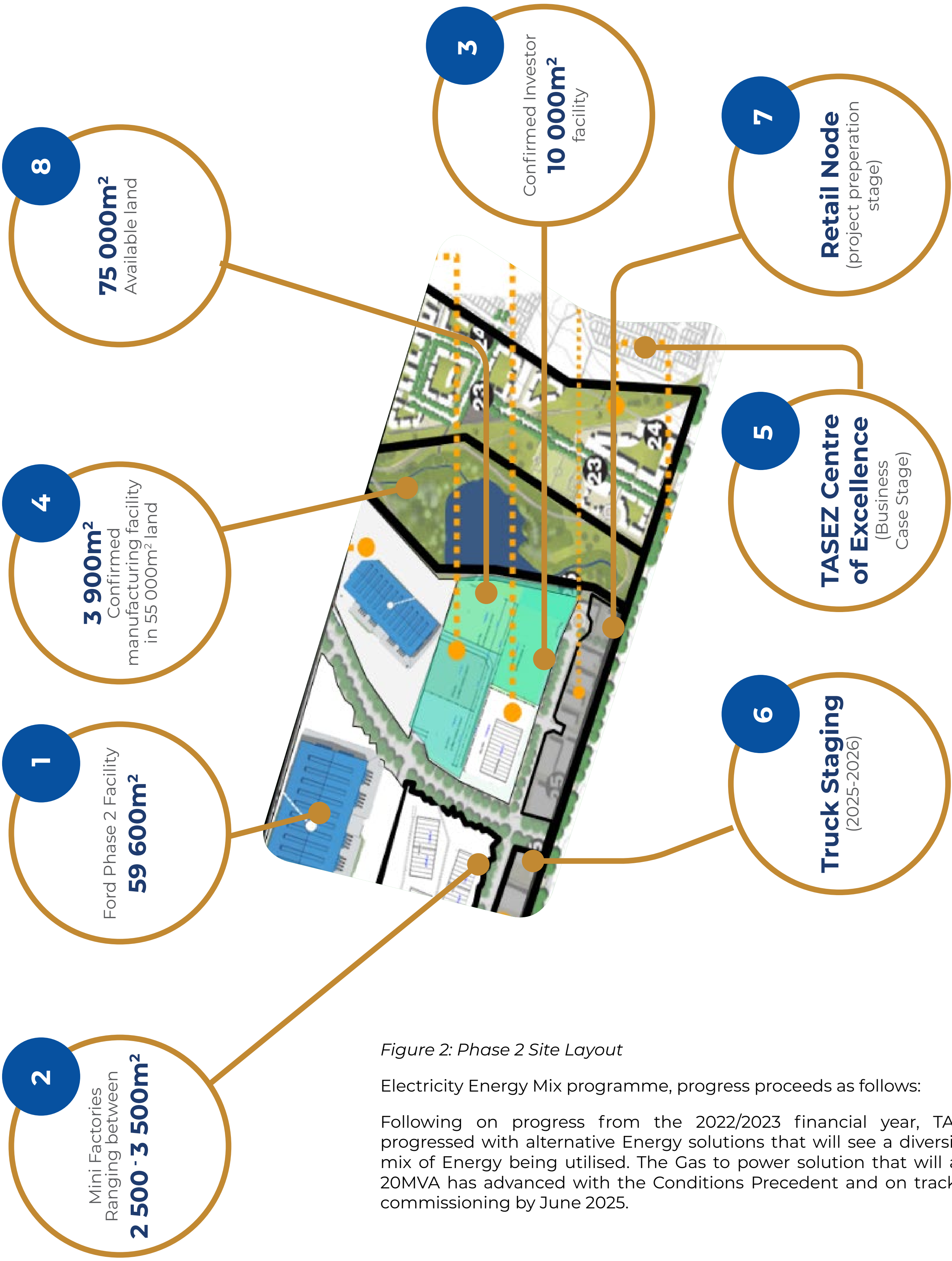


Figure 2: Phase 2 Site Layout

Electricity Energy Mix programme, progress proceeds as follows:

Following on progress from the 2022/2023 financial year, TASEZ progressed with alternative Energy solutions that will see a diversified mix of Energy being utilised. The Gas to power solution that will avail 20MVA has advanced with the Conditions Precedent and on track for commissioning by June 2025.

The Solar PV with battery storage solution, has an IPP that was appointed for a planned 10MVA provision. The Conditions Precedent associated with the Power Purchase Agreement and Conditions precedent will be finalised in the 2024/2025 financial year. The figure below provides an overall view of the TASEZ Energy mix.

Figure 3: This figure illustrates the TASEZ Energy Mix

The infrastructure development services are responsible for both the planning and design; as well as the development of all infrastructure relating to TASEZ.

The photographs below illustrate the progress made within the 2023/2024 financial year in terms of the infrastructure development within the Zone.

Phase 1 Facilities including Central Hub 07 September 2023

Phase 1 Facilities (Balance of facilities in Phase 1)

Phase 1 Central Hub - 07 September 2023

Phase 1 Central Hub 2023/2024

Phase 1 A – 2023/2024 Financial Year

Phase 1 Facilities including Central Hub 07 September 2023

3.3.2. Infrastructure Programme Performance

As part of SEZ Act and other national strategies of the South African government it is mandatory to partake in employment creation. A total number of 409 jobs were created during construction in the financial year under review against a target of 380.

Mentorship programmes were rolled out to assist SMMEs to enable provision of appropriate and deepened value-adding services. The overall target during the 2023/2024 financial year was to assist 30 SMMEs through mentorship in construction-related activities and 35 SMMEs were mentored.

To support TER Strategy and Township Economy Development Act, the inclusion of SMMEs in economic growth was fostered by awarding construction work to Township Enterprises. The overall target during the financial year under review was 30% and 42% was achieved.

Table 5: Annual Performance Plan: _Programme 3_– Infrastructure

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Actual Achievement 2023/2024	Target 2023/2024	Deviation from Planned Target to Actual Achievement	Reason for Deviation
Employment Creation	Jobs created within the construction space	Number of temporary jobs created (Construction)	3 348	332	409	380	+29	Additional work packages were awarded, which resulted to additional appointments made.
Driving inclusive economic growth and meaningful economic opportunities	TER Strategy and Township Economy Development Act	% Construction work awarded to Township Enterprises	Not Measured	Not Measured	42%	30%	+12%	Overachievement was due to increased participation by SMMEs
Growing a Transformed SA Automotive Sector and building inclusive economy	Provision of appropriate and deepened value-add services	Number of SMME mentoring initiatives within Construction Value Chain	Not Measured	Not Measured	35	30	+5	Overachievement was due to increased participation by SMMEs.

3.4 Programme 4: Zone Operations

The key outcome that must be achieved by this programme is to attract additional private sector investment into the zone by adequately providing all services relating to the efficient running of the TASEZ post the construction phase. These services include Infrastructure Maintenance, ICT, Security, Tenant Relations, and Conference Centre Management services.

The sub-programmes within the Zone are as follows:

- Investment attraction: to provide strategic leadership in investment attraction to advance the acquisition and retention of new investors into TASEZ whilst also providing red tape reduction and strategic linkage services to investors.

  - Thai Summit has made a commitment to expand their existing facility in the SEZ by an additional 3 600 m² to create additional capacity for the Ford Ranger PH-EV assembly

  - Tri-motive an Australian Automotive Supplier has joined the TASEZ family in occupying the tworemaining facilities in Phase 1A for manufacturing of Sports Bars and Exterior Tie Downs

In the 23/24 FY, the human capital in the Zone Operations Services was increased, with critical positions required for the aftercare aspect of Zone Operations. Facilities Management Services are being rendered to all investors and Latent defects liability periods being observed as per the JBCC contract suite. Over the span of the 2023/2024 financial year, TASEZ has hosted various Stakeholders including the following:

- MEC, Gauteng Economic Development – early February 2023
- **the dtic** (Drawdown Team) – 19 June 2023
- **the dtic** – **the dtic** (Drawdown Team) – 19 June 2023
- **the dtic** (Drawdown Team) – 21 June 2023
- CoT, M&E (Executive Mayor's Office) – 03 July 2023
- BRICS, High – level BRICS delegation – 14 August 2023
- BRICS, Inward buying & Investment mission – 23 August 2023
- Egypt,Prime Minister – 25 August 2023
- NAACAM, Pre-conference (NAACAM Conference August 2023) site visit - 29 August 2023
- Cuban Delegation, Cuban Chamber of Commerce, and private companies – 29 September 2023
- City of Bulawayo, SEZ Benchmarking site visit – 11 October 2023
- AITF & TAESZ CEO site visit – 16 October 2022

BRICS delegation visits TASEZ

3.4.1 Zone Operation Programme Performance

A total of 216 jobs were created by the tenants in the zone against the target of 100 jobs.

The total anticipated investment within Phase 1 and Phase 1A of development was R3,4 billion, of which R 5,6 billion has been invested to date. In the financial year under review R 918, 207 million was invested against a planned target of R 500 million.

Table 6: Programme 4 – Zone Operations

Outcome	Output	Output Indicator	Audited Performance 2021/2022	Audited Performance 2022/2023	Actual Achievement 2023/2024	Target 2023/2024	Deviation from Planned Target to Actual	Reason for Deviation
Employment Creation	Jobs created across the SA automotive sector value chain (manufacturing, assembly, repairs, maintenance and retail)	Number of Jobs created within the zone (excluding Construction Jobs)	603	2 425	216	100	+116	Additional jobs were created that were not anticipated.
Economic Growth of the Automotive Sector	Increased sector-specific investments	Rand Value committed Private Sector Investment within the zone	R 3,34 billion	R 1,21 billion	R 918 ,207 million	R 500 million	R 418 207	Ford Motor Company SA's urgent change of strate gy in introducing new technology with higher investment value for the manufacturing and design of new chassis for the hybrid Ford Ranger have led to TASAEZ securing additional investment as tenants needed to expand their operations.

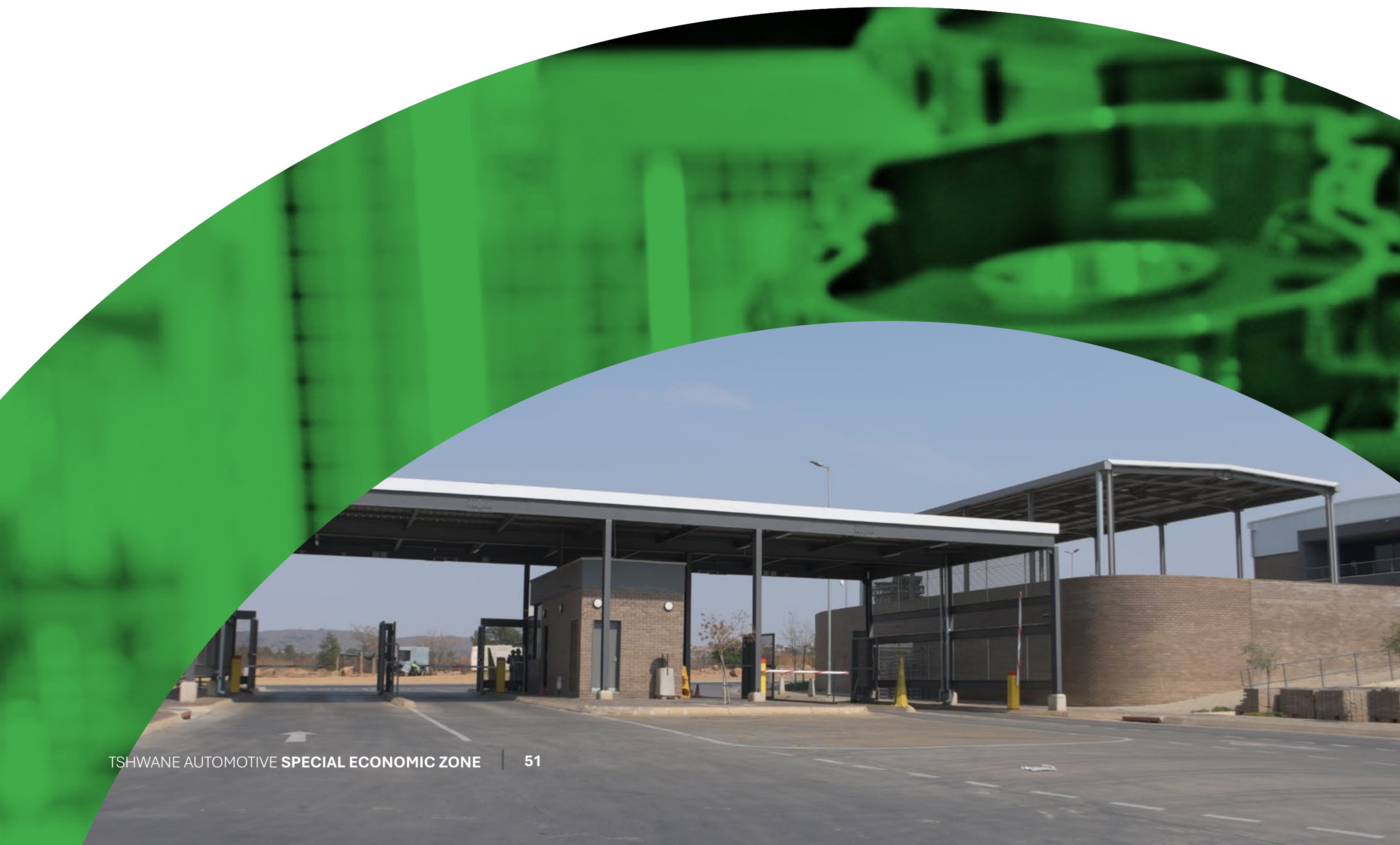
4. REVENUE COLLECTION

TASEZ is currently generating revenue from both its own revenue and government grant funding from **the dtic**, GDED and CoT. TASEZ collects rentals from tenants and aims to reduce its over-reliance on grant funding until it is self-sufficient. In the 2023/24 financial year, all of the main lease agreements with tenants were concluded.

TASEZ generated revenue from rentals as per the table below. A portion of the operational expenditure was funded by GDED. In terms of the infrastructure funding, TASEZ was funded by three spheres of government as reflected below:

Table 7: Revenue Collection

Outcome	2023/24			2022/23		
Sources of Revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government grant – operational expenditure – GDED	53 500	53 500	-	135 324	135 324	-
Infrastructure funding – **the dtic**	104 722	471 541	366 819	116 288	116 288	-
Infrastructure funding – GDED	194 370	194 059	-311	177 869	89 358	88 511
Infrastructure funding – CoT	45 362	55 412	10 050	197 657	44 218	153 439
TASEZ Rental Revenue	148 001	154 641	6 640	46 080	44 703	1 377
Total	**545 955**	**929 153**	**383 198**	**673 218**	**429 891**	**243 327**



5. CAPITAL INVESTMENT

TASEZ was incorporated to deliver on a fast-tracked mega infrastructure project. This entailed the delivery of Phases 1 and 1A to house 12 tenants which are comprised of Ford South Africa and its suppliers to produce the new Ford Ranger. For Phases 1 and 1A of the development, **the dtic** approved top structure funding to the value of R3 303 billion. The CoT committed R288 million and the GDED availed R314.4 million for bulk infrastructure. Moreover, GDED has committed an additional funding of R 240,8 million for the construction of the Central hub which will be used for parking and maintenance offices.

In respect to the above commitments, the table below sets out the budgeted commitments and expenditure for the 2023/2024 financial year. The under expenditure is mostly due to final accounts that has not been closed on Top Structures and External Bulk Infrastructure items relating to Phase 1 and Phase 1A.

Table 8: Capital Investment

Outcome	**2023/24**			**2022/23**		
Sources of Revenue	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
TASEZ - Phase 1 and Phase 1A	344 454	195 215	149 239	876 796	666 738	210 058
Total	**344 454**	**195 215**	**149 239**	**876 796**	**666 738**	**210 058**

During the 23/24, additional commitments from funders for the 2024-25 financial year were obtained consisting of:

the dtic- R 691 873 000 over three years for phase 2 top structures and

GDED – R 285 503 000 over the next three years for phase 2 bulk infrastructure

PART C GOVERNANCE

1. INTRODUCTION

Good corporate governance is the keystone for the success and sustainability of every business, irrespective of its legal persona. It is a set of rules, controls, policies, and procedures in which an organisation is controlled, cultivating a culture of accountability, trust, responsibility, fairness, and transparency. All these principles are necessary for fostering long-term investment, financial stability, and business integrity, thereby supporting stronger growth and more inclusive societies. TASEZ strives not only to comply, but to apply the fundamental principles of good corporate governance in all its business operations.

Good Corporate governance does not exist separately from the law; therefore, the organisation reinforced its governance processes to ensure that it aligns and complies with the regulatory requirements such as governance requirements enshrined in the SEZ Act 16 of 2014, the Companies Act 71 of 2008, Public Finance Management Act 1 of 1999, National Treasury Regulations and internal policies of the organisation. The Board and Board Committees have, during the year under review, exercised ethical and effective leadership towards achieving the governance outcomes of ethical culture, effective control, good performance and legitimacy as set out in the King IV Report on Corporate Governance. The Board and Board Committees of TASEZ discharged their fiduciary responsibilities towards strategic delivery to strategic delivery, improved operational decision making, governance performance and value creation for the organisation and its many stakeholders for the 2023/2024 financial year.

2. PORTFOLIO COMMITTEES

In terms of the Constitution of the Republic of South Africa, Section 114 (2)(b)(i)(ii), a Provincial Legislature must provide for mechanisms to maintain oversight of the exercise of Provincial Executive Authority in the Province, including the implementation of legislation and any provincial organ of state. Therefore, this oversight responsibility for the TASEZ is undertaken by the Economic Development Portfolio Committee of the Gauteng Provincial Legislature, through the office of the MEC for the Department of Economic Development.

TASEZ have submitted quarterly/mid-year/annual performance information reports to the Office of the Member of the Executive Council responsible for the Gauteng Department of Economic Development. These performance information reports were then submitted and presented to the Economic Development Portfolio Committee in the Gauteng Provincial Legislature for monitoring and exercising oversight responsibilities as required by the consitution of the RSA.

3. EXECUTIVE AUTHORITY

TASEZ was established through an Inter-Governmental Agreement (IGA) between the Department of Trade, Industry and Competition (DTIC), the Gauteng Provincial Government's Department of Economic Development (GDED) and the City of Tshwane(CoT) Metropolitan Municipality. Therefore, the Executive Authority to whom TASEZ is accountable in terms of performance reporting and accountability is the Member of the Executive Council (MEC) for the Gauteng Department of Economic Development. The TASEZ Board of Directors ensures that quarterly, mid-year and annual performance information reports are submitted to the Executive Authority in terms of Section 26.1.2 of the National Treasury Regulations.

4. THE ACCOUNTING AUTHORITY/THE TASEZ BOARD

Section 25(5) of the SEZ Act, read together with Section 49(1) of the PFMA and 66(1) of the Companies Act, requires:

"that every public entity or a company must be managed by and be under the direction of its Board of Directors, which has the authority to exercise all the powers and perform any of the functions of the company/entity as outlined in its memorandum of incorporation and to be responsible for the efficient governance, management and control of the business affairs of the Special Economic Zone entity".

Therefore, TASEZ is under the leadership and control of the Board of Directors, who is the Accounting Authority as contemplated by Section 25(5) of the SEZ Act, read together with Section 49(1) of the PFMA and 66(1) of the Companies Act.

a.The Role, Duties and Responsibilities of the Board

The TASEZ Board upholds and embraces its fiduciary duties as outlined in Section 50 of the PFMA and section 76 of the Companies Act. The role, duties and responsibilities of the Board include, amongst others:

- Establishing vision, mission, values, risks & opportunities of the organization.
- Setting strategic direction and structure to ensure the organization creates value.
- Setting business model, performance management and sustainability efforts and development mechanisms.
- Ensuring accountability for organisational performance by means of reporting and disclosure.
- Exercising accountability to shareholders and being responsible to relevant stakeholders.
- Delegating authority and power to management, creating a balance of power to effectively discharge its duties.
- Governing and leading ethically and effectively (ethical leadership & legitimacy).
- Effective control in the organisation to promote good corporate citizenship.
- oversee performance of the organization (good performance).
- Assume custodianship of good corporate governance.
- Govern technology and information, compliance to law and regulation, internal control, approving policies, and binding rules, promotes transparency, integrity, and fairness and fair remuneration standards.
- Oversee the assurance services and functions.
- Ensures that responsible investment is practiced.

b. Strategy, Performance and Reporting Responsibilities

The Board has assumed responsibility for organisational performance by steering and setting the direction for the realisation of the organisation' score purpose and values through its strategy. The Board held its Strategic Planning Session, collectively with Management and agreed on the core values and targets for the short, medium, and long-term 5 year strategy of the organisation. The Board further delegated to Management, the formulation and development of the organisation's Strategy and Annual Performance Plan targets, which were approved by the Board.

In exercising oversight and monitoring responsibilities, the Board received quarterly performance information reports (financial and non-financial) from Management throughout the financial year for consideration, noting and approval, where necessary. The Board thus confirms that it has satisfied itself with the implementation of the strategy and annual performance plans by management and is pleased with the performance output by the organisation against agreed measures and targets for the 2023/2024 financial year.

c. Strategy, Performance and Reporting Responsibilities

The Board has assumed responsibility for organisational performance by steering and setting the direction for the realisation of the organisation' score purpose and values through its strategy. The Board held its Strategic Planning Session, collectively with Management and agreed on the core values and targets for the short, medium, and long-term 5 year strategy of the organisation. The Board further delegated to Management, the formulation and development of the organisation's Strategy and Annual Performance Plan targets, which were approved by the Board.

In exercising oversight and monitoring responsibilities, the Board received quarterly performance information reports (financial and non-financial) from Management throughout the financial year for consideration and approval. The Board is satisfied with the implementation of the strategy and annual performance plans by management and is pleased with the performance output by the organisation against agreed measures and targets for the 2023/2024 financial year.

TASEZ Board Members demonstrated professional conduct and upheld business/ professional ethics in discharging their fiduciary responsibilities and they applied reasonable care, skill, and diligence in exercising their duties. They therefore acted in good faith, in the best interest of the organisation and exercised independent judgement in all decision-making. Members of the Board have, through the general disclosure process, completed and submitted their “declaration of interests forms” and declared any conflict of interest they may have during meetings on any matter in the agenda. Furthermore, the Board acted within the powers granted to it by the Memorandum of Incorporation - acted with fidelity, honesty, and integrity in managing the affairs of TASEZ.

In terms of the Code of Ethics and Conduct, all persons serving on behalf of TASEZ are required to uphold the highest standard of business ethics and integrity. In addition to this, all staff members, contractors, consultants and others acting on behalf of the organisation are required to represent the organisation with honesty and refrain from engaging in any activity or scheme intended to defraud anyone of money, property or services. The reputation and integrity of the TASEZ are central to its ability to operate as an effective state-owned organisation.

The organisation is a juristic person that operates within the ambit of the broad society and has considered reasonable needs and interests of its stakeholders when executing its duties and responsibilities. The Board recognised that the organisation ceases to exist without its different stakeholders, i.e., the broader society, investors, tenants, other state institutions, automotive sector companies amongst others. The Board has spearheaded good corporate citizenship stature for TASEZ by ensuring that it applies stakeholder-centric approach in all its business and investment efforts through various engagements with different stakeholders.

d. Board Appointments

During the 2023/2024 financial year, the Board made one appointment to its composition, i.e. Dr. Thulani Mdadane who assumed his role from the 1st May 2023. The Board also appointed Mr. Njabulo Sithebe as the Chairperson of the Social and Ethics Committee as well as Mr. Thokozani Zikhali as a Member of the Social and Ethics Committee. There were no resignations on the Board and Board Committees during the 2023/2024 financial year.

e. Composition of the Board

The Board of TASEZ is made up of then (10) Members, eight (8) are nominated by all the shareholders as per the Inter-Governmental Relations Agreement, two (2) nominees were from the FMCSA. The Chairperson of the Audit and Risk Committee is not a Member of the Board as per internal agreement but a permanent invitee to Board Meetings. The Chairperson of the Board is appointed by the licensee “GDED” as contemplated by the SEZ Governance Management (2018) and all Members of the Board are also appointed by the MEC: GDED after receipt of a member nomination from shareholders. Members of the Board of TASEZ and Board Committees are ex-officio Directors as defined by the Companies Act. Ex-officio Directors have the authority to exercise powers, functions, and duties of any Director of the company and are all subject to all the liabilities of a Director as contemplated by the Companies Act.

Table 9: Composition of the Board

Name and Age	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications (highest)	Area of Expertise	Other Committees or Task Teams (eg Audit Committee / Ministerial Task Team)
Lionel October (61)	Chairperson	6 May 2020	N/A	• MSc in Economics • Post Graduate Diploma in Economics • BA Hons, Development Studies • B IURIS (Law degree)	Strategy & policy development and implementation.	N/A
Susan Mangole (47)	Member	6 May 2020	N/A	• Masters in Business Management • Post Graduate Diploma in Management • Public Financial Management • Leaders in Development • Advanced Management Development • Post Graduate Diploma in Business Management • Programme in Business Management • and Office Administration	Fund management strategy & policy development; and implementation. Financial management & budgeting	HR & REMCO Chairperson
Maoto Molefane (42)	Member	3 July 2020	N/A	• Master of Science in Public Finance Management • Master of Science in Development Planning • Bachelor of Arts (Majors: Industrial and Economic Sociology and Industrial Psychology	• Infrastructure planning and implementation. • Financial planning and management • Project management, • public policy analysis and development	• HR & REMCO Member • Infrastructure Committee Member (Prior Interim Chairperson)

Name and Age	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications (highest)	Area of Expertise	Other Committees or Task Teams (eg Audit Committee / Ministerial Task Team)
Njabulo Sithebe (47)	Member	30 July 2021	N/A	• Masters in Development Finance; • Computer Model for Feasibility Analysis and Reporting • Building National Competitiveness • Imagination Programme • Post Graduate Certificate in Applied Econometrics • BA Hons (International Finance & Trade) • Baccalaureus Artium (Economics)	• Economic policy analysis & development. • industrial policy analysis • Stakeholder management. • Infrastructure spend analysis. • Macro-economic analysis. • Quantitative demand forecasting. • Fiscal expenditure analysis	Chairperson: Social & Ethics Committee
Blake Mosley-Lefatola (61)	Member	30 July 2021	N/A	• Bachelor of Arts in African Political Studies and Sociology • Honours Degree in Industrial Sociology	• Strategic leadership. Transformation and management. • Financial management and • human resources	N/A
Musa Khumalo (39)	Member	15 July 2021	N/A	• MSc – Risk Management & Business Continuity. • Bachelor of Social Science Economics Hons • Bachelor of Social Science • Masters in Management	• Risk management. • Information and communications technology. • Corporate administration. • Knowledge management	N/A
Lardo Stander (47)	Member	15 July 2021	N/A	• PhD in Economics • M. Com Economics • Honours degree Economics • B. Com Insurance Science	• Agriculture and Climate Change	N/A
Dhiren Vanmali (48)	Member	6 November 2020	N/A	• Master of Business Leadership in Change Management, MBA • Bachelor of Technology in Industrial Engineering	• Automotive sector specialist. • Strategy & policy development	N/A

Name and Age	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications (highest)	Area of Expertise	Other Committees or Task Teams (eg Audit Committee / Ministerial Task Team)
Ockert Berry (56)	Member	6 November 2020	N/A	• MDP Management Development Programme, Business Studies • National Higher Diploma in Personnel Management • National Diploma in Personnel Managemen	• Automotive sector – plant and production management. Value stream- mapping. • Failure mode and effects analysis. • Leadership • culture develop-ment and manufacturing operations	N/A
Thulani Mdadane (57)	Member	01 May 2023	N/A	• PhD Engineering in Construction Management. • MSC in Construction Management. • Masters in urban Infrastructure Design and Development • Master's in business administration (MBA). • Management Development Programme. • Executive Management Development • Programme. • Post Graduate Diploma: Management • Studies. • Diploma in Labour Law. • Bachelor of Information Studies (Hons). • Postgraduate Diploma: Personnel Management. • Certificate in Small-Medium Enterprise • (SMME) Development Policies (3 months). • Bachelor of Information Science. • National Diploma in Information Technology	• Infrastructure planning, development, and property Management at an Executive level. • Public Sector Infrastructure project management. • Supply Chain Management and Financial Management systems.	N/A

f. Board Diversity

Principle 7 of the King IV state that:

"The governing body should promote diversity in its membership across a variety of attributes relevant for promoting better decision making and effective governance, including field of knowledge, skills and experience as well as age, culture, race and gender."

The Board of TASEZ comprises of an appropriate balance of knowledge, skills, experience, race, culture, and gender. Although the Board composition is well mixed in terms of race and others, the Board acknowledges that more work still needs to be done to promote sufficient gender representation in its composition, particularly the appointment of women. Currently, women member representatives make up 10% of the Board composition.

g. Delegations

The Board, in discharging its fiduciary duties and responsibilities, adopted a Charter which outlines the duties, roles, responsibilities, composition, commitment and processes of both individual members and the Board as a collective. The Board, in ensuring that its arrangements for delegation promote independent judgement, assist with balance of power and the effective discharge of its duties as prescribed by Principle 8, Practice 41 of the King IV, read together with Section 72(1)(a) & (b) of the Companies Act, have delegated some of its oversight responsibilities to the Audit and Risk Committee, Social and Ethics Committee and the Human Resources and Remuneration Committee. The Board of TASEZ is classified as independent because all the directors are non-executive directors and are not full-time employees of the TASEZ.

In addition, the Board adopted a comprehensive Delegation of Authority Framework in accordance with section 56 of the PFMA. The roles of the Chairperson of the Board and the Chief Executive Officer (CEO) are fulfilled by separate persons and are clearly defined – the Board Chairperson is classified as an independent Non-Executive Director. The day-to-day management and operations of the organisation are delegated to Management through the CEO. This division of responsibilities ensures a balance of authority, power, and responsibility within TASEZ.

h. Remuneration of the Board and Commitment to Fair Remuneration

The Board and Board Committee Members of TASEZ are not remunerated for their contribution as TASEZ Board members because of their ex-officio Directorship stature. Apart from FMCSA nominees, all other Members are employees of the state / public entity and, according to National Treasury Practice Note (2023), Members who serve in boards of public entities or are office bearers in state organisation's are not entitled to additional remuneration. However, TASEZ made efforts to include in its policies, to reimburse Members for all reasonable expenses incurred while performing their duties, subject to submission of proof of expenditure, which shall include but not limited to transport costs, car rental costs, tollgate and parking fees and any kilometers travelled using their own mode of transport. For the year 2023/2024, there was no remuneration or claims paid to the Board and Committee members.

The Board ensured that the organisation provides fair remuneration to its Executive Managers and employees as guided by its remuneration policy, the details are provided for in the Human Resources Report of this 2023/2024 Annual Report.

i. Board and Board Committee Evaluation

King IV report recommends that an evaluation of the governing body, its committees and its individual members be conducted. Therefore, the formal evaluation process of the Board and Board Committees for the 2023/2024 is currently underway. An independent assessor is in the process of being appointed to conduct the assessment for the 2023/2024 financial year.

j. Board Meetings Attendance

In terms of the Board Charter, the Board is expected to meet at least four (4) times in the financial year to conduct its business. However, during the 2023/2024, the Board managed to meet 7 times to consider the performance information reports, financial performance, policies, risk, compliance and auditing as well as human resources and remuneration reports.

The following table depicts the number of Board meetings held during the 2023/24 financial year and attendance thereof.

Table 10: Board Meeting Attendance

Name	Position	Number of Meetings Held	Number of Meetings Attended
Lionel October	Chairperson of the Board	7	6/7
Maoto Nape Molefane	Board Member	7	6/7
Susan Mangole	Board Member	7	6/7
Njabulo Sithebe	Board Member	7	6/7
Blake Mosley-Lefatola	Board Member	7	4/7
Musa Khumalo	Board Member	7	5/7
Lardo Stander	Board Member	7	6/7
Ockert Berry	Board Member	7	2/7
Dhiren Vanmali	Board Member	7	2/7
Thulani Mdadane	Board Member	7	4/7

k. Committees of the Board

The Board in ensuring that its arrangements for delegation promote independent judgement and assist with balance of power and the effective discharge of its duties as prescribed by Principle 8, Practice 41 of the King IV read together with Section 72(1)(a) & (b) of the Companies Act, have delegated some of its oversight responsibilities to the Audit and Risk Committee, Social and Ethics Committee and the Human Resources and Remuneration Committee.

l. Infrastructure Committee

The role of the Infrastructure Committee's role is to oversee the organisational strategic, planning, and technical infrastructure development processes and construction management implemented in the SEZ, to ensure that it achieves significant economic and social targets set by the organisation. This includes the review of the infrastructure development key deliverables to ensure that TASEZ meets the required standards in relation to land acquisitions, township establishment, environmental health, and safety measures. Details of the duties and responsibilities of the Infrastructure Committee are stipulated on its approved Terms of Reference. The composition and meeting attendance of the Infrastructure Committee as from April 2023 to March 2024 is reflected in the table below.

Table 11: Infrastructure Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings held	Number of meetings attended
Maoto Nape Molefane (Interim Chairperson)	5	5/5
Tiyani Sambo (Member)	5	5/5
Pieter Swanepoel (Member)	5	3/5
Thami Klassen (Member)	5	2/5
Thokozani Zikhali (Member)	5	5/5

ii. Social and Ethics Committee

In respect of the Company's Act (No 71 of 2008) as amended, read in conjunction with Regulation 43, the TASEZ Board in order to fulfil its statutory duties has resolved to establish the Social and Ethics Committee. The Committee's responsibilities include, amongst others, the oversight responsibility relating to employment and labour, social and economic development standing, good corporate citizenship, promotion of equality, prevention of unfair discrimination, and reduction of corruption as well as consumer relationships and the company's engagement and interaction with its stakeholders. Details of the roles and responsibilities of the Social and Ethics Committee are outlined in its Terms of Reference. The Social and Ethics Committee experienced operational challenges during the financial year due to resignation in the Committee during December 2022. The Committee was unable to fully meet at least 4 times per annual financial year due to lack of a quorum caused by delays in filling vacant positions.

Table 12: Social and Ethics Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of meetings attended
Njabulo Sithebe (Chairperson) (Appointed SEC Chairperson with effect from 02 October 2023).	2	2/2
Mzwakhe Mbatha (Member)	2	2/2
Benjamin Manasoe (Member)	2	2/2
Thokozani Zikhali (Member) (Appointed SEC Member with effect from 02 October 2023).	2	2/2

iii. Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee is a Committee of the Board responsible for overseeing the organisational performance with respect to the human capital management strategy whether the organisation provides fair and competitive remuneration, and that the company has implemented adequate systems to address employee wellness, training and development, performance management and rewards, labour relations matters, productivity, human resources policies and codes amongst others. The Committee was able to fully discharge its fiduciary responsibilities as outlined in its Terms of Reference. The Committee was unable to fully meet at least 4 times per annual financial year due to lack of a quorum caused by delays in filling vacant positions.

Table 13: Human Resources and Remuneration Committee Members and Meeting Attendance

Members of the Committee	Number of Meetings Held	Number of meetings attended
Susan Mangole (Chairperson)	3	2/3
Maoto Nape Molefane (Member)	3	1/3
Benjamin Manasoe (Member)	3	3/3
Nalini Naicker	3	3/3
Thami Klassen	3	2/3

iv. Audit and Risk Committee

The Audit and Risk Committee, established in terms of section 77 of the PFMA (Act No 1 of 1999, as amended) and National Treasury's Regulation 27 discharges its responsibilities in terms of the Audit and Risk Committee Charter, which sets out its committee composition, roles and responsibilities. The Audit and Risk Committee continually monitors the quality and reliability of financial information of the TASEZ and various functions in the organisation. The Audit & Risk Committee ensures that emerging risks are timeously identified, and that appropriate and effective control measures are put in place to mitigate these risks.

The Committee further monitors the liquidity and financial condition of the TASEZ, recommends approval of bad debts write-offs, addresses material variances in the approved annual and/or revised budgets in accordance with the

Materiality and Significance Framework Plan, reviews the proposed capital as well as operating budget for capital expenditures, reviews financial statements for the annual report, reviews all policies that have financial implications, and considers and reconciles corporate performance information management against the approved budget.

Composition and meeting attendance of the Audit and Risk Committee for the period April 2023 to March 2024 is reflected in the table below.

Table 14: Audit and Risk Committee Members and meeting attendance

Members of the Committee	Number of Meetings Held	Number of meetings attended
Irene Ramafola (Chairperson)	9	9/9
Madiagane Marota (Member)	9	6/9
Zane Mheyamwa (Member)	9	9/9

5. RISK MANAGEMENT

Effective risk management entails continuous and proactive identification and assessment of risk factors affecting the Company's mandate. As of 31 March 2023, TASEZ had 14 strategic risks on the Risk Register and as of end of March 2024, no additional strategic risks were registered. TASEZ management is responsible for implementing risk action plans and for ensuring that controls are effective and continuously enhanced. The "risk owners" report on the status of their respective risks and outline the mitigating actions taken. Progress against risk action plans were monitored and reported in quarterly reports.

6. INTERNAL CONTROL UNIT

Management has the responsibility to design, implement and continually review internal controls to provide assurance on the effectiveness, efficiency of operations and reliability of financial reporting, safeguarding and maintaining accountability for the assets of the organisation. These controls are monitored throughout TASEZ by management and employees, with the necessary delegation of duties. The internal audit performs independent reviews on the effectiveness of these controls as part of its annual internal audit plan and the audit reports are presented to the Audit and Risk Committee.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of a company. It assists the organisation in accomplishing its objectives through a systematic, disciplined approach in evaluating and improving the effectiveness of governance, risk management and control processes.

The following key elements are performed in this regard:

- Assess and make appropriate recommendations for improving governance processes in achieving TASEZ's objectives.
- Evaluate the adequacy and effectiveness of the risk-management process and contribute to the improvement thereof.
- Assist the BoD in maintaining efficient and effective controls by evaluating these controls and making recommendations for improvement.

TASEZ has outsourced the internal audit function for the next three years to Nexia SAB & T. This was concluded in consultation with the Audit and Risk Committee in January 2022. The internal audit function is overseen administratively by the CEO and has produced an Annual Internal Audit Plan, as well as a three-year risk-based Internal Audit Plan appropriately approved by the Audit and Risk Committee.

- A summary of internal audit work done for the 2023/24 financial year is set out below and includes:
- Performance Information Audits
- Governance and Compliance Review
- Procurement and Contract Management
- Financial Discipline Review
- Annual Financial Statements Review
- Human Resource Management and Payroll Processing
- Information Technology General Control
- The Audit and Risk Committee provides independent oversight over governance, risk management and control processes at TASEZ, which include oversight and responsibilities relating to:
- Internal audit

- External audit
- Accounting and financial reporting
- Accounting policies
- Review of management and audit reports
- Review of in-year monitoring reports
- Risk management
- Internal controls
- Pre-determined objectives
- Ethics and forensic investigations
- Combined assurance
- ICT governance

8. COMPLIANCE WITH LAWS AND REGULATIONS

TASEZ complies with the SEZ Act, the Companies Act, and PFMA, as well as National Treasury Regulations through TASEZ's compliance calendar. The TASEZ compliance calendar is continually monitored and updated.

TASEZ will, henceforth, review the regulatory environment on a regular basis and will incorporate all applicable laws, regulations and policies into its automated compliance-monitoring system. Compliance checklists will be completed by the relevant policy owners which allow for the generation of quarterly compliance reports for Audit and Risk Committee meetings as well as the management meetings. During the period under review, TASEZ complied with all laws and regulations impacting on its business.

9. FRAUD AND CORRUPTION

TASEZ has a legal responsibility in terms of the PFMA (Act No 1 of 1999, as amended) to take appropriate steps to prevent unauthorised, irregular, fruitless and wasteful expenditure and losses resulting from criminal conduct. An Anti-Fraud Prevention Policy and Whistle-Blowers Policy are in place to give effect to this responsibility. As at the end of the financial year, the company was still in the process of on-boarding an independent whistleblower company to manage the whistleblower hotline information and reporting thereof.

10. MINIMISING CONFLICT OF INTEREST

The TASEZ Board has approved a policy regulating issues of conflict of interest. As such the Board, Board Committee Members and all TASEZ employees are required on an annual basis to complete and submit their Declaration of Interest (DoI). Furthermore, any person who is conflicted on a matter before consideration by the Board/Committee is required to always declare their interest and be recused from participating in such deliberations.

All suppliers of goods and services to TASEZ are required to complete standardised National Treasury documentation (SBD4 DOI). In view of possible allegations of favouritism, should the resulting bid or part thereof be awarded to persons employed by TASEZ or to persons connected with or related to them. It is required that the bidder or his/her authorised representative declare his/her position to the evaluation/adjudication authority. In addition, staff members of TASEZ involved in the Bid Evaluation and Adjudication Committee are required to complete a declaration and nondisclosure form at each meeting.

11. CODE OF CONDUCT

All staff members of TASEZ abide by the Code of Ethics and Conduct of TASEZ. TASEZ is committed to ethical, transparent and fair business dealings, and promotes a socially and environmentally responsible corporate culture. It does so by subscribing to the following values and principles:

- Fairness and integrity in all business dealings, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- Respect for the human rights and dignity of all employees.
- Acceptance of diverse cultural, religious, race, gender and sexual orientation.
- Honesty, transparency and accountability.
- Adherence to sound standards of corporate governance and applicable laws.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

No reportable environmental, safety and health incident were recorded during the year under review. TASEZ is committed to providing a workplace that is safe and without risk to the health of its employees and the protection of the environment including the prevention of pollution. To demonstrate these commitments, the organisation has established and implemented a SHE Policy which is communicated to all its affected stakeholders through employee induction and awareness programmes.

During the year under review, TASEZ commenced with the development and implementation of its SHE Management System based on ISO 14001 Environmental Management Standard and 45001 Occupational Health and Safety Management Standard. Baseline Risk Assessments were conducted to identify all the risks/impacts and compliance obligations applicable to all the activities undertaken by the organisation. Mitigation measures to reduce the SHE risks/impacts of these activities were identified. As a result, Permit to Work Procedures were developed and implemented to manage high risk activities undertaken during construction and maintenance activities involving electricity, machinery, working at heights, hot-work, confined spaced, excavation an other non-routine activities.

The transition from construction to operation was the key focus during the year under review. During this transition, compliance obligations that were applicable during the construction phase were transferred to operations. TASEZ entered into mandatory agreements with the tenants and its service providers to ensure that tenants install, commission and use their machinery/equipment whilst complying with all the applicable legal requirements and that services providers maintain the facilities in accordance with applicable statutory requirements. These mandatory agreements ensure tenants and service providers comply with the Occupational Health and Safety Act, 1993. Compliance audits were undertaken to verify compliance by the tenants and service providers with the mandatory agreements.

Whilst implementing the SHE Management Systems, the organisation had to manage historic environmental issues that occurred during construction. One of the key issues was a compliance notice that was issued by the Gauteng Department of Agriculture and Rural Development (GDARD) in May 2021. The compliance notice instructed the tenant to cease all activities on site and break down a section of a retaining wall, which was encroaching of the wetland buffer zone. TASEZ has since been engaging the GDARD to resolve the issue, however, TASEZ was informed of an alleged criminal investigation due to failure to implement the compliance notice. TASEZ has co-operated with the process and provided the department all relevant documents and information pertaining to the development of the SEZ whilst continuous engagements are still undergoing with the department to resolve the matter.

13. COMPANY/BOARD SECRETARY

In terms of section 86 of the Companies Act, TASEZ is required to appoint a Company Secretary. TASEZ appointed a Company Secretary, Ms. Tshepiso Daphney Modikoe with effect from 01 September 2023. The Company Secretary is supported by an Assistant Board Secretary. The Company Secretary is responsible for:

- Providing the Board with guidance as to its members' duties, responsibilities, and powers.
- Making the Board aware of any law relevant to or affecting TASEZ.
- Reporting to the Board any failures on the part of TASEZ.
- Ensuring all the minutes of the Board meetings and meetings of the Committees of the Board are properly recorded.
- Certifying in TASEZ's annual financial statements whether the Company has filed the required returns and notices in terms of the Companies Act, and whether such returns and notices appear to be true, correct, and up to date.
- Ensuring the annual financial statements are sent in accordance with the Companies Act to every person who is entitled to receive same.
- Certifying in the annual financial statements whether the Company has filed the required returns and notices in terms of the act, and whether such returns and notices appear to be true, correct, and up to date.
- Ensuring the annual financial statements are sent in accordance with this act to every person who is entitled to receive them.

14. SOCIAL RESPONSIBILITY

The scale of the TASEZ project demands a well-coordinated, systematic and objective approach in responding to the Socio-economic performance targets, job creation and SMME opportunities.

TASEZ developed an approach that considers the need for regular reporting, engagement and consultation with the communities, through an appropriate structure. During the 2023/2024 financial year, the Community Project Committee (CPC) supported by Community Liaison Officers (CLOs) supported with the facilitation of community participation. The CPC remains an integral part of the TASEZ social responsibility and holds bi-weekly engagements to oversee and manage the social responsibility aspect of the TASEZ construction project and operational phase of the SEZ.

The Labour and Socio-economic Framework deployed in the Tshwane Automotive SEZ project rests on three essential elements:

- Project Socio-economic Development Centre (PSDC)
- Community Liaison Officers (CLOs)
- Community Project Committee (CPC)

The CPC is represented by stakeholder groups in the target area with nine representatives identified wards and the 6 designated groups as outlined in the PPPFA.

- The PSDC centre is utilised for:
- Community briefings sessions
- Training of individuals and SMME's, and
- Offices where the communities can come and register their companies and/or CV

The specific projects that TASEZ got involved with during this financial year have been elaborated on in Part B of this report.

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51(1) (a) (ii) of the PFMA and Treasury's Regulation 27 (1). The Audit and Risk Committee 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 Committee has discharged all its responsibilities as contained therein.

During the 2023/24 financial year, the Audit and Risk Committee:

- Approved the Internal Audit three (03) year rolling plan.
- Considered the risk areas of the operations covered in the scope of internal and external audits;
- Considered accounting and auditing concerns identified as a result of internal and external audits;
- Assessed the adequacy, reliability and accuracy of financial information provided by management;
- Assessed compliance with applicable legal and regulatory requirements;
- Reviewed the effectiveness of the Internal Audit Function (IAF), compliance and risk departments, through assessments of the quality of the reports submitted to the Audit and Risk Committee;
- Reviewed the Financial Statements and reporting for proper and complete disclosure of timely, reliable and consistent information and confirmed that accounting policies used are appropriate;
- Reviewed the cash flow forecast on a quarterly basis and assessed the liquidity;
- Reviewed the quarterly progress and update on litigation;
- Provided a channel of communication between the Board and management, the risk division, internal auditors, external auditors;
- Liaised with the Board Committees and met as required with internal and external auditors;

The Audit and Risk Committee ensured that the Company's Internal Audit function was independent and had the necessary resources and standing authority in order to enable the Internal Audit department to discharge its duties.

The Audit and Risk Committee is satisfied that management was reviewing the performance information reports on a quarterly basis against both the approved Annual Performance Plan (APP).

The Effectiveness of Internal Control

Our review of the findings of the Internal Audits' work, which were based on the risk assessments conducted in the company revealed certain weaknesses, which were raised with TASEZ management. The following internal audit work was carried out during the year under review:

Performance Information Audits

Governance and Compliance Review

Procurement and Contract Management

Financial Discipline Review

Annual Financial Statements Review

Human Resource Management and Payroll Processing Review

Information Technology General Control

The following were areas of concern:

The Internal Audit identified internal control weaknesses in conducting some of the the above-mentioned audits. In the opinion of the ARC, these findings are attributable mostly to the fact that the company is still not sufficiently capacitated. The ARC will continue to monitor progress in this regard.

In-Year Management and Monthly/Quarterly Report

The company has submitted monthly and quarterly reports.

Evaluation of Financial Statements

We have reviewed the annual financial statements prepared by the Company.

The Audit Committee is assured of the company's ongoing progress in addressing the areas highlighted in the report. Management is dedicated to upholding strong governance and maintaining clean administration. The Committee also recognizes the clean audit report issues by the AGSA.

Auditor's Report

Having considered, analysed and reviewed the information provided by management, Internal Audit, External Audit, the Audit and Risk Committee confirms that:

- The internal controls of the Company were effective in most material aspects throughout the year under review;
- Appropriate policies, supported by reasonable and prudent judgments and estimates were applied;
- Proper accounting records were maintained;
- The adequacy and effectiveness of controls that are in place, safeguard the assets;
- The Financial Statements comply, in all material respects, with the relevant provisions of the Generally Recognised Accounting Standards ; and
- The skills, independence, audit plan reporting and overall performance of the external auditors were acceptable.

The Audit 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 annual financial statements and performance information be accepted and read together with the auditors' report.

Ms Irene Ramafola
Chairperson of the Audit Committee
Tshwane Automotive SEZ

Date: 30 July 2024

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Table 15: B-BBEE Performance Information

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 to 8) with regard to the following:		
Criteria	**Response** **Yes/No**	**Discussion** **(Include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law.	Not applicable	TASEZ does not issue any licences, concessions or provide any other authorisations in respect of economic activity in terms of the law.
Developing and implementing a preferential procurement policy.	Yes	TASEZ has developed a Supply Chain Management Policy to guide internal procurement within the company. Such policy includes the evaluation of bids in terms of the PPPFMA.
Determining qualifications criteria for the sale of state-owned enterprises.	Not applicable	TASEZ does not sell state-owned enterprises.
Developing criteria for entering into partnerships with the private sector.	Not applicable	TASEZ has not entered into partnerships with the private sector during the period under review.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment.	Not applicable	TASEZ has not awarded incentives, grants and investment schemes.

PART D HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

TASEZ's stated commitment is to uphold governance, ethical conduct, discipline, transparency, employment equity and development. HRM is a department that resides within the TASEZ Corporate Services Division with its main role being:

- Development and maintenance of TASEZ HR policies
- Design, review, and management of the TASEZ Organization Structure
- Recruitment and selection, including talent retention
- Training and development of employees
- Employee relations
- Employee awareness and wellness
- Performance management
- Administration of employee remuneration and benefits

2. RECRUITMENT AND SELECTION (RESOURCING)

For TASEZ to run smoothly, it is crucial to ensure that the entity recruits suitable candidates responsive to organisational targets and mandate. The recruitment process should always be aligned, evaluated, and repositioned for optimum utilisation in line with the TASEZ operational plans. For the 2023/24 financial year, the recruitment process also took into consideration the mandate of the entity, as well as its operational and strategic risks.

The purpose of the HRM function is to recruit suitable candidates responsive to organizational targets and mandate. The recruitment process was aligned, evaluated, and repositioned for optimum utilisation in line with the TASEZ operational plans. TASEZ has an organisational structure with 62 approved positions. Of the 62, 10 positions were on put hold, as at the end of 2023/24 financial year. Currently, 43 positions are filled, with 09 vacant positions. It is important to point out that eight of the nine vacant positions have been advertised and are in the recruitment phase.

3. ORGANISATIONAL DESIGN

The purpose of the entity's organizational structure is to assist in the achievement of TASEZ aims and objectives through the management and coordination of employee's designated roles, responsibilities, and delegated authorities. TASEZ as an organization, had in the previous financial year, successfully conducted an organizational design and job grading process, and the process was set up and developed through Benchmarking against other SEZs. The approved structure had 62 positions.

Table 16: List of Positions Put On hold

Position	Division	Grading Level	Position Status
Key Accounts Manager	Business Development & Investment Promotion	C4	On Hold
Receptionist	Corporate Services	B5	On Hold
Marketing and Communications Officer	Corporate Services	C2	On Hold
Senior Buyer	Financial Services	C5	On Hold
Manager: Internal audit	Office of the CEO	D4	On Hold
Tenant billing officer	Zone Operations	C3	On Hold
CCA Officer	Zone Operations	C3	On Hold
Driver	Zone Operations	B5	On Hold
Call Centre Agent	Zone Operations	B5	On Hold
Call Centre Agent	Zone Operations	B5	On Hold

4. TRAINING AND DEVELOPMENT STRATEGY IMPLEMENTATION

The purpose of this role is to identify and implement training and development interventions and/or programmes in response to organisational and employee training needs. The training plan will be in line with strategic and operational requirements of the entity. HR has consolidated employees' PDPs and training plans for review and approval.

TASEZ still ascribes to the philosophy that says to have productive employees there must first be competent employees. Following the approval of the Organisational structure, job grading and salary benchmarking, TASEZ will therefore implement a training plan for all its employees. The training plan will be in line with strategic and operational requirements of the entity.

TASEZ aims to identify and implement training and development interventions and/or programmes that are aligned to the organisation's strategic imperatives and employee training needs. Even though there were no formal training plans submitted during the 2023/2024 financial year, departments did identify their own training needs and various training sessions have been attended. To this end, a number of both internal and external training interventions were implemented, mostly targeting specific needs and interventions within TASEZ. Moving forward, it is TASEZ's aim to ensure that the submission of formal training plans and that, the HR department track the progress of these plans.

5. GRADUATE PROGRAMME

In accordance with the TASEZ graduate program, a total of 07 graduates who have completed their technical qualifications were appointed on a 24 months fixed term contract. All the graduates were locally sourced from the TASEZ Target Area 1 (Mamelodi, Nellmapuis and Eesterus) community, and this was in support of the Social Impact priorities.

As part of the entity`s mandate, the graduates are appointed to enable them obtain the required workplace practical exposure in the SEZ operations.

6. INDUSTRIAL PEACE

It is important to point out that currently, TASEZ has no recognised trade union. Neither is there an established collective bargaining forum. However, through employee engagements, consultations, employee relations interventions and human resources processes, TASEZ ensures that there is always harmonious environment in the organisation. Lack of industrial peace could destabilise projects and other stakeholder relationships. TASEZ aims to engage in effective management of internal disciplinary processes and effective handling of employee's grievances in order to maintain a harmonious working environment, putting in mind and focusing on achieving organisational goals.

At TASEZ, the management of employee relations is conducted through the implementation of good practices that enables the achievement of organizational objectives compliant with the legislative framework. This is done to promote a climate of trust, cooperation and stability.

For this current financial year, a total of four (04) employee relations matters were managed and resolved through the application of approved policies, procedure and legislative framework.

7. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

A Performance Management Policy (PMP) has been approved and implemented. Performance contracting and reviews are conducted twice a year. TASEZ aims to ensure compliance with policies and practices, with specific contribution towards the implementation of TASEZ performance management policy and procedures, managing employee performance in consistent with the TASEZ strategic direction.

The process has been initiated to track and monitor performance management compliance in accordance with the required timelines. Performance contracts for the financial year 2023/24 have been finalised. The performance review process occurred throughout the financial year in line with the PMP.

8. HR POLICY DEVELOPMENT

The purpose of the entity's policies is to provide guidelines to all employees in ensuring that integrity and fairness within TASEZ is adhered to and that TASEZ is compliant with all the requisite legislative requirements and develops best practices in relation to the Labour Relations Act no 66 of 1995 as amended. The Human Resources division has a total of 28 proposed policies of which 23 have been approved. All HR policies were reviewed and submitted to the Executive Committee for approval. Subsequent to the EXCO approval, the policies were submitted to the HR &REMCO for their support.

9. CHALLENGES FACED BY THE TASEZ

The South African economy is currently faced with an array of challenges, including rising inflation, a deteriorating manufacturing sector and a decline in business confidence. As such these challenges have had both direct and indirect impact on TASEZ's business operations. TASEZ is currently underspending on compensation of employees. This is due to delays in the approval of a new organisational structure, which also includes the benchmarking of salaries. The implementation of a moratorium, which prohibited the extension of any short-term contracts and appointment of new staff at all levels, contributed to the delays as well. However, as the organisations is gearing itself up for the implementation of Phase 2, concerted efforts will be put in place to ensure that all approved vacant positions are filled.

10. FUTURE HR PLANS

TASEZ's HR Department intends to implement and continue facilitating workshops on developed HR policies and procedures. Additionally, the HR Department aims to conclude the appointment of a service provider to manage the provident fund and risk cover, as well as to conclude the recruitment processes for all vacant positions which the moratorium has been removed.

11. HUMAN RESOURCE OVERSIGHT STATISTICS

11.1. Personnel-related expenditure

Table 17: Personnel-related expenditure for the period 1 April 2023 and 31 March 2024

Department	Adjusted Annual budget	Actual as 31 March 2024	Actual on Accrual basis as 31 March 2024	% Variance
Business Development & Investment Promotion	15 634 970	15 390 557	17 649 462	98,44%
Office of the CEO	8 586 000	7 646 652	8 850 753	89,06%
Corporate Services	11 418 000	9 542 329	11 053 832	83,57%
Financial Services	10 490 516	9 856 164	11 642 299	93,95%
Infrastructure Development	11 071 000	9 980 751	12 212 055	90,15%
Zone Operations	8 555 000	5 154 603	5 068 009	60,25%
Total	**65 755 486**	**57 571 055**	**66 476 409**	**87,55%**

It must be noted that the actual expenditure of salaries was R57 571 055 against a budget of R65 755 486. The variance is due to appointments that were still outstanding at year end. An additional R 8,9 million has also been reported based on provident funds accruals for all employees for both the 22/23 and 23/24 financial year.

TASEZ has further appointed administrators and underwriters for the TASEZ Employees Risk Benefit Scheme. This has been implemented as an interim measure pending finalisation of provident fund for TASEZ.

Table 18: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period

	Salaries		Medical Aid	
Department	**Adjusted Annual budget**	**Actual as 31 March 2024**	**Actual on Accrual basis as 31 March 2024**	**% Variance**
Skilled (level 1-2) Interns	R875 000,00	1,5%	R0.00	0%
Skilled (level 3-5)	12 530 381,37	21,7%	R159 370	0,3%
Highly skilled production (levels 6-8)	R24 666 575.14	42,8%	R517 887	0,9%
Highly skilled supervision (levels 9-12)	4 634 736,78	8%	R152 640.00	0,3%
Senior management (level 13-16)	R14 864 362.20	25,8%	R228 960.00	0,4%
Total	**57 571 055,49**	**100%**	**R1 058 857**	**1,8%**

Please note that no overtime nor Homeowners Allowances were paid during the year under review.

TASEZ has approved Discovery Medical Aid scheme for all employees and contributes a fixed amount towards employees' medical aid contributions per month across all levels. The benefit is equal to R3180.00 per month and shall be reviewed every year.

TASEZ has further appointed administrators and underwriters for the TASEZ Employees Risk Benefit Scheme. This has been implemented as an interim measure pending finalisation of provident fund for TASEZ.

Currently, there is no housing subsidy scheme within TASEZ, and as such, no expense has been recorded in that regard.

11.2. Performance Agreements

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

Table 19: Signing of Performance Agreements by SMS members

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Chief Executive Officer	01	01	01	100%
Chief Financial Officer	01	01	01	100%
Executive Managers	04	03	03	100%
Senior manager	06	06	04	67%
Managers	17	15	15	100%
Specialists	02	01	01	100%
Administrators	11	07	07	100%
Officers	10	09	08	89%
Total	**52**	**43**	**40**	**93%**

Notes:

For 2022/23 financial year, the moderation process for the assessment payout for senior and executive managers is currently underway. HR is awaiting the final results from the appointed audit firm for submission to the HR&REMCO.

Table 20: Reasons for not having concluded Performance agreements for all SMS members

Reasons
1. Senior Managers were appointed in quarter four, hence these contracts were not in place at the end of the financial ear. 2. One officer was on suspension and subsequently resigned, hence the contract was not concluded

Reasons
No disciplinary action had to be taken.

Performance Rewards

To encourage good performance TASEZ has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

Table 21: Performance Rewards by race, gender, and disability

	Beneficiary Profile			Cost	
Race and Gender	Number of Employees	Number of beneficiaries	% of total within group	Cost (R'000)	Average cost per employee
African	**39**	**21**	**84%**	**R1 899 115,23**	**R90 434,06**
Male	18	9	36%	R915 358,34	R101 706,48
Female	21	12	48%	R983 756,89	R81 979,74
Asian	**0**	**0**	**0**	**R0.00**	**R0.00**
Male	0	0	0	R0.00	R0.00
Female	0	0	0	R0.00	R0.00
Coloured	**01**	**01**	**4%**	**R107 997.93**	**R107 997.93**
Male	0	0	0	R0.00	R0.00
Female	01	01	4%	R107 997.93	R107 997.93
White	**03**	**03**	**12%**	**R234 942,22**	**R78 314,07**
Male	0	0	0	R0.00	R0.00
Female	03	03	12%	R234 942,22	R78 314,07
Total	**43**	**25**	**100%**	**R2 242 056**	**R 89 682,24**

Notes:

It should be noted that TASEZ finalised the assessment and payment of performance rewards for 2022/23 financial year for all employees below Senior Management Level. The above table however, includes performance bonusses for Senior Management for the 21/22 financial years as these evaluations and bonus payouts were only approved in the 23/24 financial year. The process of finalising the assessment and payment of performance rewards for both senior and executive managers for the 2022/23 financial year is still in the progress and not included in the table above.

Table 22: Performance Rewards by salary band for personnel below Senior Management Level

Salary band	Beneficiary Profile			Cost		Total cost as a
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	% of the total personnel expenditure
Employees below managers	13	17	52%	R715 935,93	R55 071,99	1,24%
Managers	8	15	48%	R1 198 164,99	R149 770,62	2,88%
Total	**21**	**32**	**100%**	**R 1 914 100,92**	**R 91 147,66**	**3,32%**

Table 23: Performance related rewards (cash bonus), by salary band for Senior Management Service

Salary band	Beneficiary Profile			Cost		Total cost as a
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	% of the total personnel expenditure
Band A (SMS)	01	06	16,6%	R 65 812,22	R 65 812,22	0,1%
Band B (Executives)	02	03	66,7%	R160 070	R80 035	0,27%
CFO	0	1	0%	R0.00	R0.00	0%
CEO	1	1	100%	R102 070	R102 070	0.17%
Total	**04**	**11**	**36.36%**	**R327 954,46**	**R 81 988,61**	**0.56%**

11.3 Training Costs

During 2023/24 financial year, a number of targeted internal and external trainings were undertaken by the TASEZ employees. TASEZ aims to build a competent team which possesses relevant and high qualifications. TASEZ also aims to capacitate all departments with highly qualified personnel. HR will therefore strive to continue developing and implementing training plans for all employees. The training plan will be in line with strategic and operational requirements of the entity. The process focuses on training plans which are in line with the employee's personal development plans as submitted.

Table 24: Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Executives, senior officials and managers	09	-	-	-	06	01	-	02	18
Professionals	02	-	-	-	02	-	-	02	06
Clerks	-	-	-	-	06	-	-	01	01
Total	**11**	**00**	**00**	**00**	**14**	**01**	**00**	**05**	**21**
Employees with disabilities	00	00	00	00	00	00	00	00	00

11.4 Employment and Vacancies

By the end of the 2023/24 financial year, a total of 9 vacant positions were recorded. It is important to note that most of these positions had already been advertised and were at various stages of the recruitment process. It is anticipated that all vacant positions will be filled during the first quarter of the 2024/25 financial year. TASEZ is therefore committed to ensuring that all vacant positions are placed, through approved procedures and in line with the approved TASEZ Recruitment policy.

Table 25: Vacancies

Category	2022/2023 Vacancies	2023/2024 Vacancies
Top Management	2	2
Senior Management	2	0
Professionals qualified	5	3
Skilled	6	4
Semi-skilled	0	0
Unskilled	0	0
TOTAL	**15**	**9**

A total of 48 employees were appointed during this financial year with five (05) terminations, of which four (04) were attributed to resignations. One (01) termination was as a result of a mutual separation agreement. As at the end of the 2023/24 financial year, TASEZ's total headcount closed at 43.

Table 26: Employment Changes

Salary band	Employment at beginning of the period	Appointments / Promotions	Terminations	Employment at end of the period
Top Management	5	0	1	4
Senior Management	4	3	1	6
Professionals qualified	11	4	0	15
Skilled	17	4	3	18
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**37**	**11**	**5**	**43**

11.5 Equity Target and Employment Equity Status

The Employment Equity Act 55 of 1998 exists to guide organisations to achieve equity by promoting equal opportunities and fair treatment in the workplace through the elimination of unfair discrimination and implementation of affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure equitable representation in all occupational categories and levels in the workforce.

The Employment Equity (EE) report for 2023/24 reporting cycle was submitted to the Department of Labour in January 2024.

Table 27: Employment Equity Plan

	Male				Female				Foreign Nationals		Total
Occupational Level	**A**	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top Management	3	-	-	-	1	-	-	-	-	-	4
Senior Management	3	-	-	-	2	-	-	1	-	-	6
Professionally Qualified and Experienced Specialists and Mid-Management	8	-	-	-	6	1	-	-	-	-	15
Skilled Technical and Academically Qualified Workers, Junior Management, Supervisors, Foremen and Superintendents	3	-	-	-	13	-	-	2	-	-	18
Semi-skilled and Discretionary Decision Making	-	-	-	-	-	-	-	-	-	-	-
Total Permanent	17	-	-	-	22	1	-	3	-	-	43
Temporary Employees / Unskilled Graduates and Interns	7	-	-	-	11	-	-	-	-	-	18
Grand Total	**24**	**-**	**-**	**-**	**33**	**1**	**0**	**3**	**-**	**-**	**61**

PART E FINANCIAL INFORMATION

REPORT OF THE AUDITOR-GENERAL TO THE MINISTER OF THE DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Tshwane Automotive Special Economic Zone (Pty) Ltd set out on pages 94 to 134 which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget 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 Tshwane Automotive Special Economic Zone (Pty) Ltd as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) financial reporting framework and the requirements of the Special Economic Zone Act 16 of 2014 and the Companies Act 71 of 2008.

Basis of opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the financial statements section of my report.

4. I am independent of the company in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable standards of GRAP and the requirements of the Special Economic Zone Act 16 of 2014 and the Companies Act 71 of 2008; 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 company'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 company 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. This description, which is located at page 6 of the annexure to the auditor's report, forms part of our auditor's report.

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

11. I selected the following material performance indicators related to Programme 3: Infrastructure Development presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the company's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Indicator 1: Number of temporary jobs created (Construction)
    - Indicator 2: Percentage of construction work awarded to township enterprises
    - Indicator 3: Number of SMME mentoring initiatives within the construction value chain

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the company'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 company's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the company's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

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

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.

Material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 3: Infrastructure Development. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

19. 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 company's compliance with legislation.

20. 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.

21. 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 company, 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.

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

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the seeped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

24. 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.

25. 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 material indicators in the seeped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. 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

27. 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.

28. I did not identify any significant deficiencies in internal control.

Material irregularities

29. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit. I did not identify material irregularities in the current year.

Auditor - General

Pretoria

31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the company'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 company'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 company to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a company to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Companies Act No.71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c') Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Special Economic Zones Act 16 of 2014	Section 28(1)(b)

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Legal form of entity	Proprietary Limited
Nature of business and principal activities	The Development and Management of the Special Economic Zone in Tshwane
Members	Lionel Victor October Phetogo Susan Mangole Maoto Nape Molefane Dhiren Krishnalal Vanmali Okert Andries Berry Musawakhe Khumalo Lardo Stander Blake Mosley-Lefatola Njabulo Sithebe Thulani Mdadane Bheka Zulu - Chief Executive Officer Rebecca Hlabatau - Chief Financial Officer
Registered office	30 Helium Road, Automotive Supplier Park Rosslyn Gauteng 0200
Business address	30 Helium Road, Automotive Supplier Park Rosslyn Gauteng 0200
Bankers	Standard Bank of South Africa
Auditors	Auditor General of South Africa Registered Auditors
Secretary	Tshepiso Modikoe

INDEX

The reports and statements set out below comprise the annual financial statements presented to the parliament from pages 92 to 138:

Abbreviations used:

GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act

BOARD OF DIRECTORS RESPONSIBILITIES AND APPROVAL

The Board of Directors is required by the Public Finance Management Act (Act 1 of 1999), 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 the responsibility of the Board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year 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 and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board acknowledges that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit 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. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

Going concern

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are satisfied that the entity has or have access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the entity for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the Board is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

Subsequent Events

There was an appeal for SARS to consider a decision made in prior years for TASEZ to pay interest due to late submission of VAT returns. On the 10th of May 2024, SARS considered this request based on the information which was presented to them and approved to remit an amount of R12 519 408.

BOARD OF DIRECTORS RESPONSIBILITIES AND APPROVAL

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report has been presented in the annual report.

The annual financial statements set out on page 94 to 138, which have been prepared on the going concern basis, were approved by the board on 30 July 2024 and were signed on its behalf by:

Lionel Victor October
Chairperson of the Board

30 July 2024

Dr Bheka Zulu
Chief Executive Officer

30 July 2024

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

Assets	Note(s)	2024	2023 Restated*
Non-Current Assests			
Investment property	3	3 212 094 234	3 109 794 106
Property, plant and equipment	4	4 344 069	4 331 908
Intangible assets	5	-	31 385
Operating lease asset	6	64 285 657	24 976 443
		3 280 723 960	**3 139 133 842**
Current Assets			
Receivables from non-exchange transactions	7	16 652 193	-
Cash and cash equivalents	8	740 797 216	177 180 636
Receivables from exchanges transactions	9	149 910 206	176 626 331
Prepayments	10	1 741 064	3 523 723
Inventories	11	382 479	36 049
Current tax receivable	12	24 490 859	-
VAT receivable	13	-	17 035 172
		933 974 017	**374 401 911**
Total Assets		**4 214 697 977**	**3 513 535 753**
Liabilities			
Non-Current Liabilities			
Operating lease liability	6	67 341 665	-
Deferred tax	14	696 099 619	664 310 759
		763 441 284	**664 310 759**
Current Liabilities			
Current tax payable	12	-	62 100 552
Provision for utilities	15	-	95 138 137
Operating lease liability	6	-	83 595
Payables from exchange transactions	16	240 069 308	31 329 303
VAT payable	17	44 883 060	-
Unspent conditional grants and receipts	18	502 976 604	115 523 507
Employee benefit provisions	19	14 074 331	8 131 248
		802 003 303	**312 306 342**
Total Liabilities		**1 565 444 587**	**976 617 101**
Net Assets		**2 649 253 390**	**2 536 918 652**
Accumulated surplus		**2 649 253 390**	**2 536 918 652**
Total Net Assets		**2 649 253 390**	**2 536 918 652**

* see Note 44

STATEMENT OF FINANCIAL PERFORMANCE

Revenue	Note(s)	2024	2023 Restated*
Revenue from exchange transactions			
Rental of facilities and equipment	20	164 194 196	82 636 611
Recoveries	21	133 523 030	81 094 257
Insurance proceeds		22 795	23 493
Interest received - investment	22	13 985 010	3 107 992
Total revenue from exchange transactions		**311 725 031**	**166 862 353**
Revenue from non-exchange transactions			
Taxation revenue			
Penalties recovered	23	16 652 193	-
Transfer revenue			
Government grants & subsidies	24	246 407 277	621 313 662
Total revenue from non-exchange transactions		**263 059 470**	**621 313 662**
Total revenue	20	**574 784 501**	**788 176 015**
Expenditure			
Employee related costs	25	(66 606 507)	(45 135 090)
Depreciation and amortisation	26	(69 014 383)	(23 188 117)
Finance costs	27	(138 087)	(1 676 067)
Lease rentals on operating lease	28	(73 713 215)	(6 294 093)
Zone utilities	29	(116 644 012)	(75 247 254)
Contracted services	30	(12 118 428)	(9 994 025)
Loss on disposal of assets		-	(3 137)
General Expenses	31	(45 130 302)	(21 472 481)
Small, Medium and Micro Enterprises development	32	(23 777 926)	(28 661 882)
Total expenditure		**(407 142 860)**	**(211 672 146)**
Surplus before taxation		**167 641 641**	**576 503 869**
Taxation	34	55 306 903	111 622 391
Surplus for the year		**112 334 738**	**464 881 478**

* see Note 44

STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	2 064 757 668	2 064 757 668
Adjustments		
Correction of errors Note 44	7 279 506	7 279 506
Balance at 01 April 2022 as restated*	**2 072 037 174**	**2 072 037 174**
Changes in net assets		
Surplus for the year	464 881 478	464 881 478
Total changes	464 881 478	464 881 478
Balance at 01 April 2023 (Restated)	**2 536 918 652**	**2 536 918 652**
Changes in net assets		
Surplus for the year	112 334 738	112 334 738
Total changes	112 334 738	112 334 738
Balance at 31 March 2024	**2 649 253 390**	**2 649 253 390**

* see Note 44

CASH FLOW STATEMENT

	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		633 860 374	402 629 685
Interest income		12 901 211	12 239 099
Customers receipts from tenants and recoveries		286 207 936	44 702 642
		932 969 521	459 571 426
Payments			
Employee costs		(60 666 424)	(41 101 782)
Payment to suppliers for goods and services		(89 087 716)	(203 438 228)
Finance costs		(138 087)	-
Tax paid		(110 109 455)	(2 362 642)
VAT payable movement		61 917 832	(54 947 885)
		(198 083 850)	(301 850 537)
Net cash flows from operating activities	33	**734 885 671**	**157 720 889**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(666 002)	(3 710 002)
Proceeds from sale of property, plant and equipment	4	22 795	3 674
Purchase of investment property	3	(170 625 884)	(458 936 023)
Net cash flows from investing activities		**(171 269 091)**	**(462 642 351)**
Net increase/(decrease) in cash and cash equivalents		**563 616 580**	**(304 921 462)**
Cash and cash equivalents at the beginning of the year		177 180 636	482 102 098
Cash and cash equivalents at the end of the year	8	**740 797 216**	**177 180 636**

* see Note 44

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	118 222 000	29 779 212	**148 001 212**	154 641 400	**6 640 188**	36.1
Municipal charges - Recovery	120 000 000	6 500 000	**126 500 000**	134 140 613	**7 640 613**	36.2
Recoveries	28 480 000	(13 017 962)	**15 462 038**	19 410 871	**3 948 833**	36.2
Insurance proceeds	-	-	-	22 795	**22 795**	
Interest received - investment	-	-	-	12 734 870	**12 734 870**	36.3
Total revenue from exchange transactions	**266 702 000**	**23 261 250**	**289 963 250**	**320 950 549**	**30 987 299**	
Revenue from non-exchange transactions						
Taxation revenue						
Penalties recovered	-	-	-	16 652 193	**16 652 193**	
Transfer revenue						
Government grants & subsidies	287 870 000	(40 000 000)	**247 870 000**	719 099 582	**471 229 582**	36.4
Total revenue from non-exchange transactions	287 870 000	(40 000 000)	**247 870 000**	**735 751 775**	**487 881 775**	
Total revenue	**554 572 000**	**(16 738 750)**	**537 833 250**	**1 056 702 324**	**518 869 074**	
Expenditure						
Personnel	(80 311 000)	14 555 514	**(65 755 486)**	(60 686 228)	**5 069 258**	36.5
Depreciation and amortisation	-	-	**-**	(69 014 383)	**(69 014 383)**	
Finance costs	-	-	**-**	(138 087)	**(138 087)**	
General and other expenses	(104 040 000)	(20 225 036)	**(124 265 036)**	(119 320 190)	**4 944 846**	36.6
Capital Assets	(13 104 000)	(887 848)	**(13 991 848)**	(765 902)	**13 225 946**	36.7
Zone utilities	(120 000 000)	(6 500 000)	**(126 500 000)**	(134 140 614)	**(7 640 614)**	
Infrastructure cost	(344 453 819)	-	**(344 453 819)**	(196 219 766)	**148 234 053**	36.8
Total expenditure	**(661 908 819)**	**(13 057 370)**	**(674 966 189)**	**(580 285 170)**	**94 681 019**	
Surplus before taxation	**(107 336 819)**	**(29 796 120)**	**(137 132 939)**	**476 417 154**	**613 550 093**	
Taxation	-	-	-	55 306 903	55 306 903	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(107 336 819)**	**(29 796 120)**	**(137 132 939)**	**421 110 251**	**558 243 190**	

For variance above 10%, please refer to note 36

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNT POLICIES

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

Assets, liabilities, revenues, and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial 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 trade 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.

1.5 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

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. In addition, goodwill is tested on an annual basis for impairment. 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 use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note- Provisions are recognised when.

- The economic entity has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be
- required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of the 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. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised.

Contingencies

Provisions are not recognised for future operating surplus (deficit). If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. Contingent assets and liabilities are not recognised, however, it is disclosed in the notes to the financial statements. Contingencies recognised in the current year required estimates and judgements.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer to note 14 – Deferred Tax.

ACCOUNTING POLICIES

1.5 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that the deductible temporary differences will probably reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of property plant and equipment

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

Accounting by principals and agent

The entity makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow:

Bulk water and electricity infrastructure developed by TASEZ as an agent of the City of Tshwane should be recognised in the books of the City of Tshwane and not by TASEZ. The trade receivables and other trade payables related to the development of the bulk infrastructure are recognised in the books of TASEZ as it is the one with the contractual obligation with the service providers. Coega as a principal agent implements bulk infrastructure projects and provides goods or services and charges management fees. Additional information is disclosed in Note 46.

Statutory receivables

Identification statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. The carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

The nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied, or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The economic entity recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on revenue from exchange transactions;
- If the transaction is a non-exchange transaction, using the policy on revenue from non-exchange transactions (taxes and transfers); or if the transaction is not within the scope of the policies listed in the above, or;

ACCOUNTING POLICIES

1.5 Significant judgements and sources of estimation uncertainty (continued)

- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The economic entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The economic entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable);
- Impairment losses; and
- Amounts derecognised.

The economic entity initially measures statutory receivables at their transaction amount.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal instalments over the useful life of the property, which is as follows:

ACCOUNTING POLICIES

1.6 Investment property (continued)

Item	Useful life
Property - land	indefinite
Property - buildings	60 years
Lifts and Electrification	5 to 20
Roads and paving and other components	10 to 30 years
Fence	3 to 10 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

1.7 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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 on straight line basis over useful life.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

ACCOUNTING POLICIES

1.7 Property, plant and equipment (continued)

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Furniture and fixtures	Straight-line	5 - 10 years
Office equipment	Straight-line	3 - 5 years
IT equipment	Straight-line	3 - 4 years
Marketing equipment	Straight-line	5 - 10 year

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

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

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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.8 Intangible assets

An asset is identifiable if it either:

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

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.

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

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

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

ACCOUNTING POLICIES

1.8 Intangible assets (continued)

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 to 5 years

Intangible assets are derecognised:

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

1.9 Financial instruments

The TASEZ has cash and cash equivalents, receivables from exchange transactions and payables from exchange transactions which are financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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

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

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

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

A financial asset is:

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

A portion of the cash and cash equivalents is ring-fenced for capital projects as these funds were specifically made available for this purpose.

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

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

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

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

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.

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

ACCOUNTING POLICIES

1.9 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
Receivable from exchange transactions; and	Financial asset measured at amortised cost
Lease assets	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transaction	Financial liability measured at amortised cost
Lease liabililities	Financial liability measured at amortised cost

1.10 Prepayments

Prepayments

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. These are made in accordance with contracts between the entity and third parties. The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received. The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received.

As the entity receives the related goods or services, it shall reduce the carrying number of prepayments made by the fair value of those goods or services received. Any related asset or expenses will be recognised in accordance with the applicable GRAP standard.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that a taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.11 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 buildings elements, the entity assesses the classification of each element separately.

ACCOUNTING POLICIES

1.11 Leases (continued)

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.12 Inventories

Inventories consist only of stationery at yearend, and these are measured at cost. These are held for consumption by staff and not for the production of finished goods or for sale.

The cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

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

Cash equivalents are held to meet short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.14 Impairment of cash-generating assets

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

ACCOUNTING POLICIES

1.15 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Commitments are disclosed in terms of the accounting standards for investment property (GRAP 16) and property, plant, and equipment (GRAP 17). GRAP 16 and GRAP 17 require an entity to disclose the number of contractual commitments for the acquisition of investment property and property, plant and equipment respectively. The entity only discloses capital contractual commitments that is, commitments for the acquisition of non-current assets.

1.16 Revenue from exchange transactions

Measurement

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

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

Rental income and recoveries

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. The stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

1.16 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

1.17 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. The entity received grants or tax refunds from the Department of Trade, Industry and Competition (dtic) and the Gauteng Department of Economic Development (GDED) for infrastructure development. If the projects are cancelled the funds would have to be returned to these funders. The grants received for capital projects cannot be utilised for other activities as the agreements with the funders specify the purpose for which these funds should be utilised.

Control of an asset arises arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Recognition

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

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

Measurement

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

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

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

ACCOUNTING POLICIES

1.17 Revenue from non-exchange transactions (continued)

Statutory receivables

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Taxation revenue are not grossed up for the amount of tax expenditures.

1.18 Accounting by principals and agents

Identifying whether an entity is a principal or an agent

When the entity is 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.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

1.18 Accounting by principals and agents (continued)

Recognition

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

1.19 Segment information

A segment is an activity of an entity:

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

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

1.20 Budget information

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

General purpose financial reporting by 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 2023/04/01 to 2024/03/31.

The entity classifies all variances above 10% of the budgeted amount to be significant and as such the financial statements will include the disclosure for explanations for such variances. Comparative information is not required.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

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

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 venturers).

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

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

ACCOUNTING POLICIES

1.21 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

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

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

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations including the revised GRAP3 disclosure:

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretation, which have been published and mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103 (as revised): Heritage Assets	Unknown	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Instruments	Unknown	Impact is currently being assessed
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. INVESTMENT PROPERTY

Figures in Rand

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	3 303 139 560	(91 045 326)	3 212 094 234	3 132 513 676	(22 719 570)	3 109 794 106

Reconciliation of investment property - 2024

	Opening balance	Additions	Depreciation	Total
Investment property	3 109 794 106	170 625 884	(68 325 756)	3 212 094 234

Included under general expenditure are costs incurred for the current year amounting to R1 226 942 for repairs and maintenance. Rent received is disclosed under Note number 20.

Reconciliation of investment property - 2023

	Opening balance	Additions	Depreciation	Total
Investment property	2 663 193 217	469 320 459	(22 719 570)	3 109 794 106

Pledged as security

Carrying value of assets are not pledged as security:

The investment property is situated in Silverton Pretoria and consists of twelve factories including Thai Summit, a tenant that constructed its building and leasing the land from TASEZ. These properties are leased to companies and the zone is managed by the TASEZ. Phase 2, construction of other factories and planning processes are underway.

4. PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	478 097	(47 810)	430 287	478 097	-	478 097
Furniture and fixtures	566 634	(205 600)	361 034	566 634	(159 217)	407 417
Office equipment	171 986	(53 604)	118 382	67 651	(34 177)	33 474
IT equipment	1 794 788	(959 888)	834 900	1 233 120	(711 195)	521 925
Marketing equipment	2 915 285	(315 819)	2 599 466	2 915 285	(24 290)	2 890 995
Total	**5 926 790**	**(1 582 721)**	**4 344 069**	**5 260 787**	**(928 879)**	**4 331 908**

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Buildings	478 097	-	(47 810)	430 287
Furniture and fixtures	407 417	-	(46 383)	361 034
Office equipment	33 474	104 334	(19 426)	118 382
IT equipment	521 925	561 668	(248 693)	834 900
Marketing equipment	2 890 995	-	(291 529)	2 599 466
Total	**4 331 908**	**666 002**	**(653 841)**	**4 344 069**

Included under general expenditure are costs incurred for the current year amounting to R199 for repairs and maintenance of computer equipment.

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	-	478 097	-	-	478 097
Furniture and fixtures	226 311	249 241	-	(68 135)	407 417
Office equipment	34 583	18 012	-	(19 121)	33 474
IT equipment	669 383	178 817	(3 674)	(322 601)	521 925
Marketing equipment	-	2 915 285	-	(24 290)	2 890 995
Total	**930 277**	**3 839 452**	**(3 674)**	**(434 147)**	**4 331 908**

5. INTANGIBLE ASSETS

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software, other	127 250	(127 250)	-	127 250	(95 865)	31 385

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	31 385	(31 385)	-

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software	65 785	(34 400)	31 385

Pledged as security

None of these intangible assets have been pledged as security:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

6. OPERATING LEASE ASSET (LIABILITY)

	2024	2023
Non-current assets	64 285 657	24 976 443
Non-current liabilities	(67 341 665)	-
Current liabilities	-	(83 595)
Total	**(3 056 008)**	**24 892 848**

TASEZ's primary business function is renting out properties to tenants in the automotive sector. TASEZ is renting out properties to 10 tenants, with Ford South Africa (Ford) serving as the primary tenant. Other tenants include suppliers of Ford for the manufacturing of the new Ford Ranger. The lease terms vary from 7 years to 20 years and the related lease payments escalate at CPI but limited to 5.4%. The minimum lease payments that are receivable from the tenants are outlined below:

	2024	2023
Operating lease asset		
Within 1 year	163 715 929	155 538 881
2-5 years	545 963 548	942 788 542
After 5 years	1 291 633 915	1 217 908 735
Total	**2 001 313 392**	**2 316 236 158**

Tshwane Automotive Special Economic Zone (TASEZ) leased the land where these buildings are situated from the City of Tshwane for a period of 60 years linked to the lease escalation rate above on the lease asset.

Operating lease payments represent rentals payable by the entity for AIDC offices and rental of printers from Konica Minolta. The lease term for all these contracts is three years. The lease contract with AIDC was effective from 1 October 2020 and will terminate on 31 March 2024 and escalates by 5% annually. The lease contract with Konica Minolta was effective 1 April 2021 and will terminate on 31 March 2024 and no escalation rate is applicable on this contract. No contingent rent is payable.

The minimum lease payments that are payable are detailed on the table below.

	2024	2023
Operating lease liability		
Within 1 year	12 993 133	83 595
2-5 years	43 342 771	-
After 5 years	5 082 952 022	-
Total	**5 139 287 926**	**83 595**

7. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2024	2023
Statutory receivables	16 652 193	-

TASEZ submitted an appeal of taxes paid to SARS in the past years and this was approved and it had not yet been paid by year-end to the entiity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2024	2023
Petty cashbook account	19 875	3 256
Bank balances	740 777 341	177 177 380
Total	**740 797 216**	**177 180 636**

Of the cashbook amount reflected above, there was R3 250 cash on hand at year end.

Restricted cash balances

	2024	2023
Cash and cash equivalents held by the entity that are ringfenced for capital purposes	547 616 797	96 376 851

9. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2024	2023
Trade debtors	91 947 662	101 138 249
Employee costs	71 000	18 702
Other debtors	56 083 144	4 638 068
Accrued Interest	1 808 400	724 601
Accrued Income	-	70 106 711
Total	**149 910 206**	**176 626 331**

None of trade and other receivables have been pledged as security. Accrued income relates to funds spent on behalf of the City of Tshwane (CoT) on infrastructure but not yet invoiced due to outstanding approvals. Other debtors refer to expenditure incurred and invoiced on behalf of CoT. Statutory receivables are disclosed under notes 12 and 13 .

Trade and other receivables past due but not impaired

Trade and other receivables which were less than 3 months past due have not been considered to be impaired as there were arrangement to pay with customers. At year end debtors that were past due but not impaired are shown in the table below.

The ageing of amounts past due but not impaired is as follows:

	2024	2023
1 month past due	10 329 155	20 495 533
2 months past due	10 200 760	27 580 015
3 months past due	109 277 444	21 793 812
Total	**129 807 359**	**69 869 360**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

10. PREPAYMENTS

	2024	2023
Advance payments	1 329 597	2 923 518
Prepayments-insurance	411 467	600 205
Total	**1 741 064**	**3 523 723**

The prepayments relate to prepaid insurance, rent and software licences. The terms of each contract require a prepayment of the contract amount or premium. The service to which the prepayment relates will be rendered in future periods.

11. INVENTORIES

	2024	2023
Consumable stores	20 079	36 049
Zone stock	362 400	-
Total	**382 479**	**36 049**
Inventories recognised as an expense during the year	346 430	15 706

12. TAX LIABILITY OR RECEIVABLE

	2024	2023
Balance at beginning of the year	62 100 552	19 866 874
Current tax for the year recognised in surplus or deficit	15 475 608	43 378 154
Prior year under or over provision	8 042 435	(429 230)
Interest charged on under or over provision	138 087	1 647 396
Tax paid	(110 247 541)	(2 362 642)
Balance at the end of the year	**(24 490 859)**	**62 100 552**

13. VAT RECEIVABLE

	2024	2023
VAT	-	17 035 172

The amount above constitutes statutory receivables in line with the Value-Added Tax Act No. 89 of 1991.

14. DEFERRED TAX

	2024	2023
Deferred tax liability		
Temporary differences	(696 099 619)	(664 310 759)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	(664 310 759)	(595 637 291)
Investment property	(22 096 827)	(76 308 657)
Rate change	-	(39 204)
Prior year under provision	-	(413 824)
Temporary differences	(9 692 033)	7 494 677
Possible over provision	-	593 540
Total	**(696 099 619)**	**(664 310 759)**

15. PROVISION FOR UTILITIES

Reconciliation for utility provisions - 2024

	Opening balance	Additions	Transfer to payables	Total
Provision for utilities	95 138 137	134 140 613	(229 278 750)	-

Reconciliation for utility provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provision for utilities	95 138 137	-	-	95 138 137

The entity was supplied with water, electricity and sewer by CoT from 2022 to 2023 financial years and it was probable that these would be paid as detailed in the above table. An indication of the timing and amount was not certain and expected costs were being recovered from tenants. Included in the additions above is the amount of R75 247 254 (excluding VAT) for the 2023/24 financial year.

	2024	2023

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024	2023
Trade payables	5 690 796	16 954 408
Retention payable	5 099 762	14 374 895
Zone utilities payable to CoT	229 278 750	-
Total	**240 069 308**	**31 329 303**

17. VAT PAYABLE

	2024	2023
Tax payables	44 883 060	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Unspent grants DTIC	444 947 851	69 454 584
Unspent grants GDED	58 028 753	46 068 923
Total	**502 976 604**	**115 523 507**
Movement during the year		
Balance at the beginning of the year	115 523 507	411 572 137
Additions and interest during the year	580 360 373	202 375 466
Income recognition during the year	(192 907 276)	(498 424 096)
Total	**502 976 604**	**115 523 507**

19. EMPLOYEE BENEFIT PROVISIONS

Reconciliation of employee benefit provisions - 2024

	Opening Balance	Additions	Utilised during the year	Total
Leave	3 045 908	387 924	(191 359)	3 242 473
Bonus	3 122 551	4 172 053	(2 242 056)	5 052 548
Provident fund	1 962 789	3 816 521	-	5 779 310
Total	**8 131 248**	**8 376 498**	**(2 433 415)**	**14 074 331**

Reconciliation of employee benefit provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Leave	2 036 060	1 416 805	(406 957)	3 045 908
Bonus	3 050 288	428 276	(356 013)	3 122 551
Provident fund	-	1 962 789	-	1 962 789
Total	**5 086 348**	**3 807 870**	**(762 970)**	**8 131 248**

19. EMPLOYEE BENEFIT PROVISIONS (CONTINUED)

Leave provision

The provision for leave represents the unutilised leave earned by employees as at 31 March 2024.The timing of when an employee will utilise leave is unknown.

Bonus provision

The provision for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2024. The outflow is considered to be probable.The settlement of the provision is dependent on key factors such as the performance of employees as well as the timing of the approval by the board members. The entity's remuneration policy bases the performance bonus on the organisational, business unit and an individual's performance for the financial year in question. The performance bonus for an individual is capped at a maximum of 20% of total cost to company.

Provident fund provision

The provision for this provident fund relates to the payment of provident fund on behalf of the entity's employees based on the approval by the Board in August 2022. The outflow is considered to be probable and will be paid on finalisation of the SCM processes. The settlement of the provision is dependent on the appointment of service provider via SCM process finalisation. The fund for an individual is capped at a maximum of 7.5% of basic salaries and this will result in outflows of economic benefits.

20. REVENUE

	2024	2023
Rental of facilities and equipment	164 194 196	82 636 611
Recoveries	133 523 030	81 094 257
Insurance proceeds	22 795	23 493
Interest received - investment	13 985 010	3 107 992
Penalties recovered	16 652 193	-
Government grants & subsidies	246 407 277	621 313 662
Total	**574 784 501**	**788 176 015**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental of facilities and equipment	164 194 196	82 636 611
Recoveries	133 523 030	81 094 257
Insurance proceeds	22 795	23 493
Interest received - investment	13 985 010	3 107 992
Total	**311 725 031**	**166 862 353**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Penalties recovered	16 652 193	-
Transfer revenue		
Government grants & subsidies	246 407 277	621 313 662
Total	**263 059 470**	**621 313 662**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

21. RECOVERIES

	2024	2023
Electricity recovery	107 595 896	69 952 251
Security zone	6 185 410	5 267 674
Water recovery	5 938 770	3 262 952
Sewerage & sanitation	3 109 345	2 032 051
Infrastructure maintenance	4 250 866	450 844
Diesel generators	5 622 978	-
Equipment costs	-	128 485
Gardening Services	819 763	-
Total	**133 523 028**	**81 094 257**

22. INTEREST RECEIVED

	2024	2023
Bank	12 467 443	3 107 992
Interest charged on overdue fees	1 517 567	-
Total	**13 985 010**	**3 107 992**

23. PENALTIES RECOVERED

	2024	2023
Penalties recovered from SARS	16 652 193	-

24. GOVERNMENT GRANTS & SUBSIDIES

	2024	2023
Operating grants		
Government grant (operating)	53 500 000	122 889 565
Capital grants		
Government grant (capital)	192 907 276	498 424 097
Total	**246 407 276**	**621 313 662**
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	581 034 677	498 424 097
Unconditional grants received	53 500 000	122 889 565
Total	**634 534 677**	**621 313 662**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

24. GOVERNMENT GRANTS & SUBSIDIES (CONTINUED)

Department of Trade and Industry and Competition Grant - CAPEX

	2024	2023
Balance unspent at beginning of year	69 454 584	314 684 289
Current-year receipts	410 035 722	116 287 904
Interest received	1 578 126	7 553 465
Conditions met - transferred to revenue	(36 120 581)	(369 071 074)
Total	**444 947 851**	**69 454 584**

Conditions still to be met - remain liabilities (see note 18).

The construction of phase 1 and 2 projects at the Zone are still underway.

Gauteng Department: Economic Development Grant - CAPEX

	2024	2023
Balance unspent at beginning of year	46 068 923	96 887 848
Current-year receipts	168 746 524	77 702 615
Interest received	-	831 483
Conditions met - transferred to revenue	(156 786 694)	(129 353 023)
Total	**58 028 753**	**46 068 923**

Conditions still to be met - remain liabilities (see note 18).

The construction of phase 1 and 2 projects at the Zone are still underway.

25. EMPLOYEE RELATED COSTS

	2024	2023
Basic	54 316 978	38 222 687
Bonus	4 149 250	707 451
Medical aid - company contributions	1 058 857	578 529
UIF	111 907	76 654
SDL	550 709	585 592
Leave pay provision	387 923	1 363 068
Group life insurance	1 295 384	620 095
Provident fund provision	3 816 521	1 962 789
Acting allowances	166 278	391 269
Car allowance	290 700	240 756
Cellphone allowance	462 000	386 200
Total	**66 994 430**	**45 135 090**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
26. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	653 841	434 147
Investment property	68 325 756	22 719 570
Intangible assets	34 786	34 400
Total	**69 014 383**	**23 188 117**
27. FINANCE COSTS		
Interest on VAT liability	138 087	28 671
interest on understatement of provisional tax	-	1 647 396
Total	**138 087**	**1 676 067**
28. OPERATING LEASE		
Office rent paid	5 693 020	6 233 842
Rental - photocopy	42 426	60 251
Land rental paid	67 977 769	-
Total	**73 713 215**	**6 294 093**
29. ZONE UTILITIES		
Electricity recovery	107 595 896	69 952 251
Sewerage & sanitation	3 109 345	2 032 051
Water Recovery	5 938 770	3 262 952
Total	**116 644 011**	**75 247 254**
30. CONTRACTED SERVICES		
Catering - External	15 311	58 310
Cleaning	185 912	150 000
Employee Wellness	80 748	33 092
Internal Audit Services	859 721	466 230
Garden Services	994 374	-
Security	9 982 362	9 286 394
Total	**12 118 428**	**9 994 026**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
31. GENERAL EXPENSES		
Advertising	8 515 998	2 500 388
Auditors remuneration	2 740 760	1 632 110
Bank charges	72 198	61 293
Computer expenses	6 585 460	272 799
Consulting and professional fees	6 336 567	6 409 059
Consumables	237 939	284 978
Penalties	-	746 916
Diesel Generators hire	5 622 978	-
Insurance	3 896 128	2 764 899
Community engagements	238 900	-
Conferences and seminars	262 404	-
Diesel	1 413 897	1 566 106
IT expenses	3 750 749	1 804 127
Wayleaves	-	1 150 000
Levies	113 815	171 267
Printing and stationery	73 083	103 754
Protective clothing	71 582	14 606
Repairs and maintenance	520 598	(15 299)
Secretarial fees	87 718	315 372
Subscriptions and membership fees	697 814	300 270
Telephone and fax	141 060	103 359
Training	923 380	47 159
Travel - local	1 298 421	557 472
Assets expensed	-	57 224
General expenses	-	1 234
Infrastructure maintenance	1 226 942	-
Venue expenses	301 911	472 866
Other expenses	-	150 522
Total	**45 130 302**	**21 457 182**
32. SMME DEVELOPMENT		
SMME Development	23 777 926	28 661 882

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023
33. CASH GENERATED FROM OPERATIONS		
Surplus	112 334 738	464 881 478
Adjustments for:		
Depreciation and amortisation	69 014 383	23 188 117
Loss on sale of assets	-	3 137
Movements in operating lease assets and accruals	27 948 856	(21 805 438)
Movements in employee obligations	5 943 083	3 044 900
Movement in tax receivable and payable	(86 732 849)	39 009 987
Insurance proceeds	(22 795)	(23 493)
Provision for utilities	(95 138 137)	75 247 254
Changes in working capital:		
Inventories	(346 430)	(20 343
Receivables from exchange transactions	26 716 125	(141 965 344)
Other receivables from non-exchange transactions	(16 652 193)	-
Prepayments	1 782 659	(2 575 932)
Finance costs	138 038	1 676 067
Payables from exchange transactions	208 740 004	30 896 066
VAT	61 918 232	(86 460 405)
Unspent conditional grants and receipts	387 453 097	(296 048 630)
Deferred tax liability	31 788 860	68 673 468
Total	**734 885 671**	**157 720 889**

34. TAXATION

	2024	2023
Major components of the tax expense		
Current		
Local income tax - current period	14 990 381	43 378 153
Local income tax - recognised in current tax for prior periods	8 042 435	(429 230)
Total	**23 032 816**	**42 948 923**
Deferred		
Deferred tax temporary differences	31 788 860	68 673 468
Total	**54 821 676**	**111 622 391**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

34. TAXATION (CONTINUED)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2024	2023
Applicable tax rate	27.00 %	27.00 %
Permanent differences	(18.10)%	(22.00)%
Total	**8.90 %**	**5.00 %**

35. CHANGE IN ESTIMATE

Property, plant and equipment

1. In terms of the requirements of GRAP 17, the useful lives of all asset items were reviewed by management on an annual basis. The remaining useful life expectation of some property, plant and equipment differed from previous estimates. This resulted in a revision of some of the previous estimates which is accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charge by R107 140. The total impact will decrease future depreciation by R191 933.

   The impact on the tax amounts to R28 790 and the cash flow statement non cash item has decreased by R191 993.

2. The leases of buildings were calculated based on the 7% inflation at that point in time in the prior year. Due to the significant changes to inflation from December 2023, the rate was changed to 5.4%. The impact is detailed on tables below:

2024 Classes	Changes in years and rate	Effect	Tax	Total
Furniture and fittings	5 - 10	31 134	4 670	35 809
Office equipment	3 - 5	10 277	1 542	11 822
IT Equipment	3 - 4	150 522	22 578	173 103
Lease asset rates	7%- 5.4%	5 054 609	1 364 744	6 419 360
Total		**5 246 542**	**1 393 534**	**6 640 094**

	2024	2023

36. BUDGET DIFFERENCES

Material differences between budget and actual amounts

Material differences above 10% between budget and actual amounts are explained below

36.1 Rental income

The variance between the actual and budgeted amount for the rental of facilities is due to land rental billed and the straight- lining of leases in line with GRAP standards.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

36.2 Recoveries and utilities

The variance between the actual and budgeted amount for recoveries and utilities is due to invoices that are based on actual consumption by the tenants which was different from the budget figures.

36.3 Interest received

Interest received was more than anticipated due to the availability of significant funding received at year end, which earned interest.

36.4 Grant received

The variance between the actual and budgeted amount for grants is due to receiving additional monies from dtic that were not included in the budget. The amounts were allocated for phase 2 project.

36.5 Employee costs

The difference between the budgeted and actual cost is due to the non cash items that were raised for leave, bonus and pension fund in line with the GRAD reporting standards.

36.6 General Expenditure

The operational expenditure lease rental, contracted services, general expenses was underspent mainly due to supply chain management (SCM) processes that had not been finalised at year and rolled over to the 2024-25 Financial year.

36.7 Capital Expenditure

The underspending between the budgeted and actual amount for capex is mainly due to unfilled vacancies for SCM and supply chain management (SCM) processes that had not been finalised as at 31 March 2024. The excess of actual expenditure was committed and included under note 38.

36.8 Infrastructure Expenditure

The entity had not finalised or closed final account processes for the CoT and there were saving from the dtic funding that was rolled over from the prior years to the 2024-25 Finanial year.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole of government are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements are for the fiscal period from 2023/04/01 to 2024/03/31. The annual financial statements differ from the budget, which is approved on the a cash basis.

The amounts in the annual financial statements were recasted from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

37. RECONCILIATION BETWEEN BUDGET AND CASH FLOW STATEMENT

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

	2024	2023
Operating activities		
Actual amount as presented in the budget statement	421 110 251	(698 437 735)
Basis and timing differences	313 775 419	856 158 624
Net cash flows from operating activities	**734 885 670**	**157 720 889**
Investing activities		
Basis and timing differences	(171 269 091)	(462 642 351)
Net cash generated from operating, investing and financing activities	**563 616 579**	**(304 921 462)**

38. COMMITMENTS

Authorised capital expenditure

	2024	2023
Already contracted for but not provided for		
• Property, plant and equipment	7 916 467	278 736
• Investment property	1 361 647 294	655 049 284
Total	**1 369 563 761**	**655 328 020**
Total capital commitments		
Already contracted for but not provided for	1 369 563 761	655 328 020

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

	2024	2023
Minimum lease payments due		
- within one year	12 993 133	456 739
- in second to fifth year inclusive	43 342 771	-
- later than five years	5 082 952 022	-
Total	**5 139 287 926**	**456 739**

Operating lease payments represent rentals payable by the entity for certain of its office properties. Refer to note number 6 for more details.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

39. RELATED PARTIES

Relationships	
Shareholder with significant influence	Department of Trade, Industry and Competition
Shareholder with significant influence	Gauteng Department of Economic Development
Shareholder with significant influence	City of Tshwane

	2024	2023
Related party balances		
Shareholders with significant influence		
1. Unspent grants		
dtic	444 573 376	69 454 584
GDED	58 403 227	46 068 923
2. Trade receivable (Trade Payable) regarding related parties		
City of Tshwane(CoT) receivables	56 083 144	74 744 779
City of Tshwane(CoT) provisions	-	(95 138 137)
City of Tshwane(CoT) payables	(229 278 750)	-
3. Related party transactions paid to / (received from) related parties		
3.1 Expenses		
Executive directors fees	(5 566 336)	(4 496 381)
Zone utilities	(116 644 012)	(75 247 254)
3.2 Grant income		
dtic actual receipts	410 035 772	116 287 904
GDED actual receipts	222 246 524	200 592 180
dtic (grants utilised)	(36 120 581)	(369 071 074)
GDED (grants utilised)	(210 286 694)	(252 242 588)
Total	**263 664 673**	**(384 177 213)**
Key management Information		
Non -Executive Directors	10	9
Executive Board members	2	3
Executive Directors	3	3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2024	2023

39. RELATED PARTIES (CONTINUED)

Related party transactions

Remuneration of management

Management class: Board members

No board emoluments were paid to the board of directors as they are appointed by the shareholders in service of the State. As at the end of 31 March 2024, there were 11 members.

Management class: Executive management

2024

Name	Basic salary	Bonuses and performance related payments	Other short-term employee benefits	Acting Allowance	Total
Bheka Zulu (Chief Executive Officer)	3 134 801	-	67 080	-	3 201 881
Simphiwe Hamilton (Former Chief Executive Officer)		102 070			102 070
Rebecca Hlabatau (Chief Financial Officer)	2 300 975		63 480		2 364 455
Andile Sangweni (Infrastructure Executive)	2 053 189	80 035	64 080		2 197 304
Msokoli Ntombana (Business Development Executive)	2 053 189	80 035	64 405		2 197 629
Vangile Nene (Corporate Services Executive)	1 267 351	43 254			1 310 605
Dinky Mathabela (Acting Corporate Services Executive)	1 766 386	18 400		36 979	1 821 765
Total	**12 575 891**	**323 794**	**259 045**	**36 979**	**13 195 709**

2023

Name	Basic salary	Other short-term employee benefits	Travel	Total
Simphiwe Hamilton (Former Chief Executive Officer)	178 624	288 475	-	467 099
Bheka Zulu Chief Executive Officer	1 901 400	41 000	-	1 942 400
Ahmed Moola (Former Chief Financial Officer)	723 595	17 601	-	741 196
Rebecca Hlabatau (Chief Financial Officer)	1 297 286	48 400	-	1 345 686
Andile Sangweni (Infrastructure Executive)	1 875 935	98 323	-	1 974 258
Tebogo Baloyi Acting (Corporate Services Executive)	1 387 731	398 392	90 000	1 876 123
Vangile Nene (Corporate Services Executive)	243 364	4 400	-	247 764
Msokoli Ntombana (Business Development Executive)	1 857 234	169 620	-	2 026 854
Total	**9 465 169**	**1 066 211**	**90 000**	**10 621 380**

40. RISK MANAGEMENT

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board has overall responsibility for the establishment and oversight of the entity risk management framework. The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The Entity's Audit and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed grants and own generated revenue. The entity manages liquidity risk by continuously monitoring forecasts and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall duethe consequences of which may be the failure to meet the obligations to creditors. The entity identifies this risk through periodic liquidity gap analysis and the maturity profile of the assets and liabilities. Action is taken in advance to close or minimise the gaps. The entity's exposure to liquidity risk is reduced as it is funded by DTIC and the GDED. The annual budgets are approved at the beginning of each fiscal year and funding agreements are concluded between the parties. Cash flows are monitored monthly against budgets and adjustments are made where necessary. Risk management assessments are conducted to assist with identifying any possible cash flow, liquidity or other risks. In addition, the entity is exploring opportunities for raising more of its own revenue to ensure the sustainability of the organisation in case the grant is reduced or cut back.

Liquidity gap analysis - 2024

	On demand and less than one month	1 to 12 months	months 1 to 5 years	Total
Assets	-	-	-	-
Cash and cash equivalents	740 797 216	-	-	740 797 216
Liabilities	-	-	-	-
Payables from exchange transactions	-	(240 069 308)	-	(240 069 308)
Total	**740 797 216**	**(240 069 308)**	**-**	**500 727 908**

Liquidity gap analysis - 2023

	On demand and less than one month	1 to 12 months	months 1 to 5 years	Total
Assets	-	-	-	-
Cash and cash equivalents	177 180 636	-	-	177 180 636
Liabilities	-	-	-	-
Payables from exchange transactions	-	(31 329 303)	-	(31 329 303)
Total	**177 180 636**	**(31 329 303)**	**-**	**145 851 333**

40. RISK MANAGEMENT (CONTINUED)

Credit risk

The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty. Management evaluated credit risk relating to tenants before they were incorporated into the zone. Management evaluates credit risk relating to customers on an ongoing basis. The carrying amounts of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets.

There has been no significant change since the beginning of the financial year to the entity's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing the risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk. Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. Credit exposures are closely monitored for indications of impairment.

Financial assets exposed to credit risk at year end and categories of financial instruments are detailed below:

2024 Financial Assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	149 910 206	149 910 206
Cash and cash equivalents	740 797 216	740 797 216
Lease assets	64 285 657	64 285 657
Total	**954 993 079**	**954 993 079**

2024 Financial Liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	(240 069 308)	(240 069 308)
Lease liabilities	(67 341 665)	(67 341 665)
Total	**(307 410 973)**	**(307 410 973)**

	2024	2023
2024 Financial Instruments		
Bank balances	740 797 216	177 180 636
Trade debtors	149 910 206	176 626 331
Lease assets	64 285 657	-
Total	**954 993 079**	**353 806 967**
Analysis by credit quality of financial assets is as follows:		
Neither past due and nor impaired		
Cash and cash equivalents	740 797 216	177 180 636
Trade and other receivables from exchange transactions	149 910 206	176 626 331
	-	-
Past due and not impaired		
Receivables from exchange transaction	109 277 444	21 793 812
Total	999 984 866	375 600 779

40. RISK MANAGEMENT (CONTINUED)

Market risk

Interest rate risk

The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interest- bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to the short-term nature of interest-bearing assets. Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit. Interest charged on trade debtors in arrears is linked to the South African prime interest rate..

The sensitivity analysis below has been determined based on financial instruments' exposure to interest rates at the reporting date. The basis points increase or decrease, as detailed in the table below, were determined by management and represent management's assessment of the potential change in interest rates. A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus. The sensitivity analysis shows reasonably expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on the surplus.

	2024	2023
Sensitivity of interest changes assessment		
Bank balances	740 777 341	177 177 380
Impact of the 100 basis points	7 407 773	1 771 797
Impact on the surplus of the year	112 819 965	464 881 478
Interest rate of increase 100 basis points (%)	7	4
Interest rate decrease of 100 basis points (%)	(7)	(4)

41. GOING CONCERN

We draw attention to the fact that at on 31 March 2024, the entity had an accumulated surplus of 2 649 253 390 and that the entity's total liabilities exceeded its assets by 2 649 253 390.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations of the entity and that the subordination agreement referred to in note 21 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the entity.

42. EVENTS AFTER THE REPORTING DATE

There was an appeal for SARS to consider a decision made in priors years for TASEZ to pay interest due to the late submission of VAT returns. On the 10th of May 2024, SARS considered this request based on the information that was presented to them and approved to remit an amount of R12 519 408.

43. CONTINGENCIES

Contingent liabilities

1. As of 31 March 2024, TASEZ has identified non-compliance with the National Environmental Management Act and there is a possible obligation or penalty of up to R10 million should the wetlands be utilised during the construction of new buildings for phase.

   The National Director of Public Prosecutions has not decided whether to prosecute TASEZ or not.

2. There were IT services invoiced but partly paid by management due to a disagreement between TASEZ and the service provider. Some of these services invoiced had not been rendered amounting to R1 747 003. The matter is being resolved between TASEZ and the service provider.

44. PRIOR PERIOD ERRORS

1. The Board has approved a provident fund scheme in August 2022. However, due to multiple unsuccessful bids to appoint the provident fund provider, the contributions on the behalf of employees have not been made. When the appointment of the service provider is finalised, the company will contribute retrospectively from the date of approval or appointment date where the employee was appointed after the approval. In the prior year, the obligation for the TASEZ's contributions was erroneously omitted from the financial statements.

2. The asset components under investment properties were depreciated over 60 years in the prior. The management has not decomponised these assets and allocated accurate useful lives and depreciated them at less than 30 years. Prior year comparatives have now been adjusted to reflect these errors.

	2024	2023
The correction of the error(s) results in adjustments as follows:		
Statement of financial position		
Increase in employee benefit obligations	-	1 962 789
Increase in accumulated depreciation for investment property	-	5 316 717
Statement of financial performance		
Increase in provident fund	-	1 962 789
Increase in depreciation-investment property	-	5 316 717
Cash flow statement		
Cash flow from operating activities		
Movement in employee obligations	-	1 962 789
Increase in depreciation(non-cash items)	-	5 316 717
Total	**-**	**7 279 506**

44. PRIOR PERIOD ERRORS (CONTINUED)

3. In the prior year, the VAT receivable amount presented on the face of the statement of financial position did not agree to the amount disclosed in the corresponding note 10. On the face of the statement of financial position the correct amount of R17 035 172 was presented while the incorrect amount of R17 953 771 was disclosed in note 10. The error resulted from clerical error when amounts were being transferred from the annual financial statements to the annual report for printing and publication. The correction was affected in the current annual financial statements by disclosing the correct amount of R17 035 172 in note 13 as the comparative figure.

4. In the prior year, rental income was incorrectly presented as R82 836 611 instead of the correct amount of the R82 636 611 on face of the statement of financial performance. The error resulted from clerical error when amounts were being transferred from the annual financial statements to the annual report for printing and publication. The amount of R82 636 611, presented as the comparative amount on the face of financial performance is accurate.

45. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

SMME development expenditure has been separately disclosed on the Statement of Financial Perfomance because it is significant. This expenditure was previously disclosed under general expenses.

The effects of the reclassification is as follows:

Statement of Financial Performance

	Note	As previously reported	Reclassificati on	Restated
General Expenditure	32	(50 134 363)	28 661 882	(21 472 481)
SMME development	33		(28 661 882)	(28 661 882)
Total		(50 134 363)	-	(50 134 363

46. ACCOUNTING BY PRINCIPALS AND AGENTS

The entity is a party to a principal-agent arrangement(s).

1. Arrangement with the City of Tshwane:

TASEZ entered into an agreement with the City of Tshwane as an implementing agent for the provision of bulk infrastructure services(water, sewer, electricity, roads and stormwater) for the TASEZ phase 1 and 1A.

TASEZ did not hold any resources on behalf of the City of Tshwane at year end.

At the end of the reporting period, no liabilities were incurred on the behalf of the principal that have been recognised by the entity as all liabilities have been settled

46. ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

2. Arrangement with Coega Development Corporation

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

TASEZ entered into a principal agent agreement with Coega Development Corporation (CDC) which is a Special Economic Zone situated in the Eastern Cape. The entity was identified and appointed as an implementing agency during the prior financial years to assist TASEZ with completing construction for Phase 1 and Phase 1A. This was due to the expertise and experience they have acquired over the years in facilitating investment, infrastructure development, facilities management, SMME development, mentorship, and the facilitation of skills development and capacity building.

As part of assisting TASEZ with the construction of buildings, it was agreed that an implementation agency fee would be paid. The buildings which were constructed are under the custodianship of TASEZ and the agent has not recognised these in their books.

46.1 Principal agent - Coega

The aggregate amount of expenditure that the entity recognised as compensation for the transactions carried out on behalf of the principal is below

	2024	2023
Management fees paid to Coega		
Fees	9 067 890	31 953 834

46.2 Agent disclosure - CoT

Receivables and/or payables recognised, based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

	2024	2023
Recoveries		
Opening balance	95 138 137	8 605 782
Revenue for the principal agent	134 140 613	86 532 355
Total	**229 278 750**	**95 138 137**

There were no write-offs, settlements or waivers of amounts that reduce the amount that the principal is entitled to. The amount disclosed above is also included and disclosed under accruals as it will be paid to CoT once TASEZ has finalised the settlement agreement.

46. ACCOUNTING BY PRINCIPALS AND AGENTS (CONTINUED)

	2024	2023
Accrued Income and other debtors		
Opening balance	74 744 295	13 899 965
Revenue on behalf principal	-	105 492 355
Cash received and movements on behalf of the principal	(18 661 635)	(44 648 025)
Total	**56 082 660**	**74 744 295**

47. SEGMENT INFORMATION

Identification of segments

This entity manages its operations as a single segment with the Board of Directors and Chief Executive Officer (CEO) making key financial decisions based on combined operations for its programmes focusing on infrastructure (linked to the automotive manufacturing industry). This means that the entity provides financial and infrastructure related deals and make it easier for businesses to operate while developing the South African economy. The transformation is a crucial factor for previously disadvantaged individual and will be included in the performance report.

Resource allocation, assets and liabilities are also managed in the Gauteng area. Geographical information is not provided as there are no distinct economic benefits derived from different geographical segments. The entity delivers services in the Gauteng Province but does not measure and managed resources on basis Information reported in segment. Segment reporting is used by management as a basis for evaluating the performances and for making decisions about the allocated resources. The disclosure of information about this segment is also considered appropriate for external reporting purposes.

Notes

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