Annual Report 2021/22

GPF
GAUTENG PARTNERSHIP FUND
Catalyst for delivering sustainable human settlements

20th Anniversary
2002 - 2022
20 years in Building Sustainable Human Settlements Delivery Partnership

CONTENTS

PART A:
GENERAL INFORMATION

Dan Tloome

1. Contact Information

Registered name:	Gauteng Partnership Trust T/A Gauteng Partnership Fund
Registration number:	IT2422/02
Physical address:	82 Grayston Drive Sandton, Johannesburg 2196
Postal address:	PO Box 652247 Benmore 2010
Telephone number:	+27 11 685 6600
Email address:	info@gpf.org.za
Website address:	www.gpf.org.za
External auditors:	Auditor-General South Africa Registered Auditors Waverley Office Park, 39 Scott Street, Waverley, Johannesburg
Bankers:	Absa Bank First National Bank South African Reserve Bank
Company secretary:	Thandi Zide

Affri-Village

2. List of Abbreviations

EEPF	Entrepreneur Empowerment Property Fund
GDHS	Gauteng Department of Human Settlements
GPF	Gauteng Partnership Fund
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
HDA	Housing Development Agency
HDI	Historically Disadvantaged Individual
HR	Human Resources
IRFA	Intergovernmental Relations Framework Act
MEC	Member of the Executive Council
NEHAWU	National Education, Health and Allied Workers' Union
NHBRC	National Home Builders Registration Council
PFMA	Public Finance Management Act
PIC	Public Investment Corporation
SMME	Small, Medium and Micro Enterprise
SOC	State-Owned Company
StatsSA	Statistics South Africa

Dan Tloome

3. FOREWORD BY MEC

Mr Lebogang Maile

A 2015 report on state-owned enterprises (SOEs) for the Standing Committee on Finance in parliament highlights the important role that entities such as the Gauteng Partnership Fund (GPF) play in helping us achieve our developmental aspirations and our socio-economic transformation objectives as a people's government, *"Developmental states play an active role in the pursuit of a particular vision for economic development. This is in contrast to 'regulatory states' where governments prefer to regulate economic activity rather than engaging in it themselves, or driving it in a particular direction. Successful developmental states have been characterised as those that plan, coordinate and implement steps to achieve a vision for economic development. Doing this requires technical capacity and competence, an ability to establish social compacts, and avoiding capture by partisan interests. SOEs present developmental states with an important mechanism to direct and influence the process of economic development."*

As the preferred partner for the implementation of integrated and sustainable human settlements in Gauteng, the GPF is at the forefront of helping the provincial government achieve its spatial transformation agenda as well as catalysing economic development in our province, given the economic activity that is generated through the successful delivery of mega human settlements projects.

During the year under review, the entity managed to successfully develop and start implementing a turnaround strategy, which should help the GPF become more effective and efficient in fulfilling its mandate. As part of repositioning the GPF and enhancing its capacity, the capital raising strategy was reviewed and approved, which should enable the GPF to become more self-sustaining.

The GPF exceeded its annual target for serviced stands, a positive development given the crucial role we envisage for the entity in implementing our rapid land release programme. The entity also exceeded its target for housing units delivered during the period under review, which is an encouraging sign, but with a rapidly growing housing backlog in the province, we need to ensure that we increase the GPFs capacity, so that it can deliver so much more, as it is an implementing entity meant to accelerate human settlements delivery on behalf of the provincial government. The entity also managed to fix its supply chain issues, which have often created delays in the delivery of human settlements projects and other critical programmes that are implemented by the GPF, such as the Upgrading of Informal Settlements Programme (UISP).

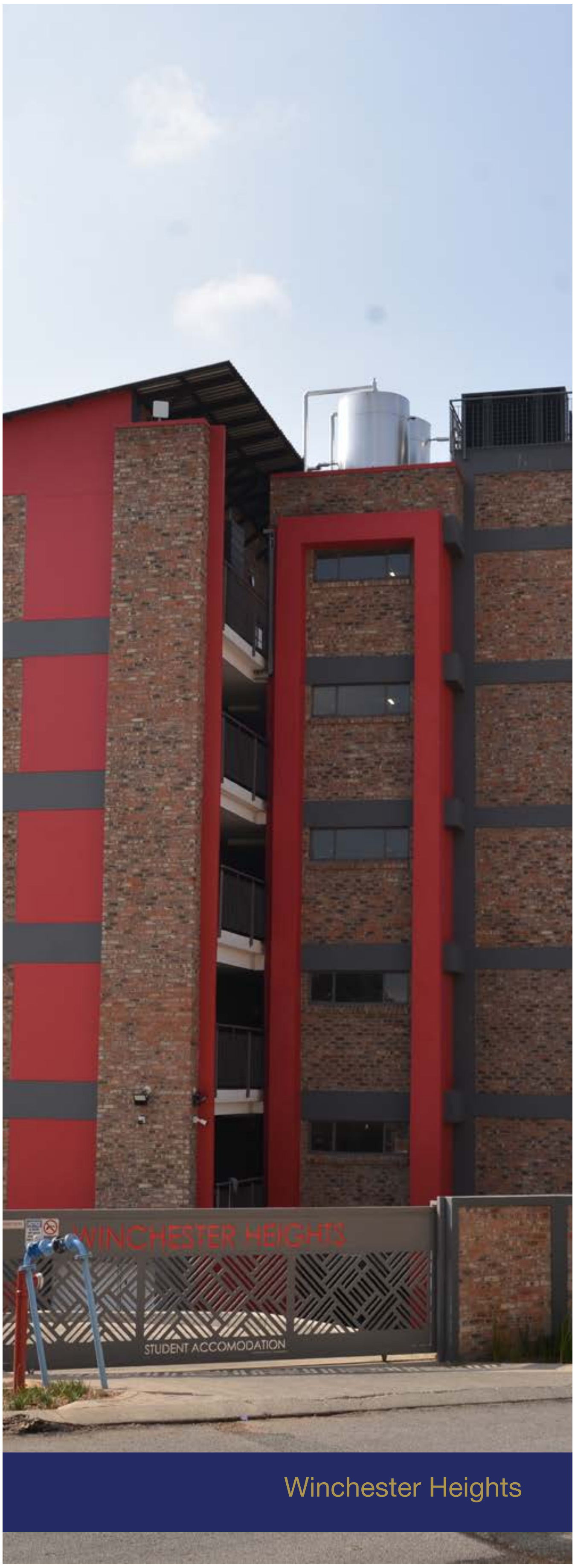
Despite this positive trajectory, there remain areas of improvement for the GPF to become a centre of excellence in housing delivery. Going forward, we want to see the entity bringing in more private sector funding, as part of transformative partnerships that will help us fast-track housing delivery and address the growing housing demand in the province.

There is also much room for improvement in terms of the entity's collection rate as well as fixing our loan book, which improved only slightly during the year under review. Measures have been put in place to bring about this much-needed improvement, which should bear fruit in the years ahead.

The Covid-19 pandemic created a very difficult environment within which the GPF operated, as it strove to fulfil its mandate on behalf of the provincial government, but with some of the strategic changes that we have made in order to best position the entity to succeed, we are of the firm conviction that the entity will only be going from strength to strength from hereon and we should be able to report and present a better performance and results in the upcoming years.

Lebogang Maile, MPL

Member of the Executive Council (MEC) Gauteng: Human Settlements, Urban Planning, Cooperative Governance and Traditional Affairs



Winchester Heights

4. FOREWORD BY CHAIRPERSON

Ms. Hlengiwe Bhengu-Motsiri

On behalf of the Board of Trustees, it is an honour for me to reflect on the work of the Gauteng Partnership Fund (GPF) and the role of the Board in providing strategic direction to the entity during the 2021/22 reporting period. The Board was responsible for overseeing the governance of the organisation and ensuring that the GPF maintained good governance and adhered to the relevant legislative and regulatory frameworks. This has enabled the improvement in the achievement of targets that were set in the Annual Performance Plan for 2021/22 financial year, compared to the previous year.

High-level overview of the GPF's strategy and performance in the year under review

As an entity that is an implementing agent for the Gauteng Department of Human Settlements (GDHS), the GPF is one of the key role players in ensuring that the housing delivery programme in Gauteng is accelerated. The GPF also plays an essential role in the achievement of the Gauteng Provincial Government's ***"Growing Gauteng Together 2030"*** Plan of Action.

The GPF through its 2021-26 strategic plan, sought to fulfil its mandate of:

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

In the year under review, the entity has strived for the impactful delivery of its mandate and ensuring that the dignity of multitudes of South African people who reside in the Gauteng City Region is restored and maintained. This was achieved through:

- The approval of a capital raising strategy and implementation plan, which enabled engagements to mobilize funding with potential partners from the private and public sectors. This is envisaged to bear fruit in the next financial year;

- The over-achievement of 3047 completed serviced sites against a target of 1936 and 2419 top structures against a target of 2295 for mega projects. These are projects implemented on behalf of the GDHS to achieve the provision of decent and affordable human settlements where residents have easy access to economic opportunities, health, and education facilities as well as recreational activity spaces;
- The provision of funding for and launching student accommodation projects.

It gives me great pleasure to announce that the entity has once again received an unqualified opinion from the Auditor-General of South Africa, following the audit of its annual performance and financial statements. Although there has been significant improvement in the findings that require attention, the entity strives for a clean audit in the short to medium term.

Considering the impact that the Covid-19 pandemic has had on the overall economy of the country and in particular the construction sector, it is commendable that the GPF has achieved 62.5% of the targets set in the 2021/22 annual performance plan (APP), compared to 43.7% that was achieved in the previous year. While there is much room for improvement, the Board takes into cognisance the external factors that hindered the optimal performance of the entity such as a declining economy which has a direct impact on the financial sustainability of the organization. The Board is satisfied with the efforts that Management and staff have expended to execute the 2021/22 annual performance plan under business unusual circumstances.

Management has put in place corrective actions to ensure improved performance in the areas that were lagging in the current financial year. The Board will continue to monitor the implementation of these corrective actions.

Strategic Relationships

The GDHS remained our key strategic partner and the GPF played a significant role in delivering the Department's strategic projects. In as far as collaborative funding partnerships are concerned, the GPF maintained its relationship with Senior Loan Facilities providers, namely Futuregrowth Asset Management and Aspari, a Special Purpose Vehicle established by the Public Investment Corporation. This enabled the leveraging of funding for projects that fit with the GPF's mandate.

The GPF continued to make use of the platform provided by the Inter-Governmental Relations Framework, to facilitate cooperation and accelerated delivery between the different spheres of government. Of particular importance, much progress was made with regard to accelerating municipal connections for the GPF funded developments and some projects were completed through these collaborative efforts with the relevant municipalities.

The Board anticipates that with the strong foundations that were built during the period under review, the achievement of the GPF's objectives will be delivered with excellence.

The recent approval for an increase in the threshold of investment funds that can be invested in commercial projects, will enable the GPF to generate additional revenue and diversify its investment portfolio.

Challenges faced by the Board

The Board started the 2021/22 financial year with the mammoth task of filling the Chief Executive Officer (CEO) vacancy, following the resignation of the incumbent in March 2021 as well as other vacant posts that are key to building a good governance foundation. The Board worked earnestly to ensure that the CEO vacancy is filled in order to stabilize operations and intensify its focus on its role to strategically lead the entity. The new CEO assumed office in the last quarter of the current financial year.

The Board continued to grapple with the declining collection rate on loans and supported Management in coming up with solutions to deal with the challenge. An analysis of the loan book was conducted to investigate the root cause for non-payment and interventions were implemented in response to these root causes. The Board approved the implementation of an automated Loan Management System, which will assist in the real-time management of the loan book. The system will 'go live' in the 2022/23 financial year and we are confident that this intervention will bear fruit.

One of the impediments that have contributed to the non-achievement of certain APP targets related to the completion of top structures, number of beds, and serviced sites, and the absence of funding for bulk infrastructure, including water and sanitation solutions. The Board provided oversight and enabled the development of solutions to deal with this through mobilisation of funding from various organisations, on the basis of strategic partnerships that have been formed. It is envisaged that these solutions will bear fruit in the 2022/23 financial year and beyond.

The GPF has also experienced numerous setbacks in terms of achieving its set target on procurement spend on designated groups. A lot of is being done to attract the participation of historically disadvantaged individuals in GPF funded developments as well as procurement activities.

The strategic focus over the medium to long term period

The year ahead promises to be one full of excitement, as we reap the benefits of the extensive work that has been put in through, among other things, the approval of new and review of existing policies, to align them with current legislative and regulatory frameworks, as well as to enable a compliant environment for the execution of numerous activities that seek to deliver on the entity's mandate. We look forward to a full financial year of stable leadership in the organization both from a Board and Executive Management perspective. Of particular focus, will be the organization's realization of the strategic partnerships that seek to foster collaboration with like-minded entities, to achieve the GPF's mandate.

Appreciation

I would like to take this opportunity acknowledge the role of Member of the Executive Council (MEC) Gauteng: Human Settlements, Urban Planning, Cooperative Governance and Traditional Affairs, Mr Lebogang Maile and his entire team during the period under review and look forward to their continued guidance and support.

It would be amiss of me if I were not to express appreciation to the former Acting CEO of the GPF, Ms Leah Manenzhe for holding the fort when the entity needed it the most. Finally, on behalf of the Board I would like to express gratitude to the new CEO, Ms Lindiwe Kwele for displaying an immense understanding of the Board's vision in relation to the GPF within the short space of time that she has been in the organization and steering the ship in a direction that will bring much value to the Gauteng Province and its people. It goes without saying that all this hard work towards the attainment of spatial transformation in the province would not have been possible without the continued support and hard work of all GPF employees.

I take pleasure in joining the MEC in presenting the GPF's Annual Report for the 2021/22.

Ms. Hlengiwe Bhengu-Motsiri
Chairperson of the Board
11 August 2022

Genesis Pretoria

5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Ms. Lindiwe Kwele

The 2021/22 financial year was a recovery year for the Gauteng Partnership Fund (GPF), as it was for countless other organisations both nationally and globally, owing to the impact of the Covid-19 pandemic on operations. As we present the 2021/22 performance, it is important to acknowledge that the 2022/23 financial year marks a significant milestone in the life of the organisation - the 20th anniversary of its establishment as a Trust. It is therefore an opportune time to reflect on the journey of the entity since its establishment two decades ago.

Over the past years, the GPF has evolved its focus from the implementation of Social Housing to Affordable Rental Housing including Student Accommodation. As of its 20th Anniversary, the organisation has expanded its core mandate to include the implementation of Mega Human Settlements, the Rapid Land Release Programme (RLRP), and the Upgrading of Informal Settlements Programme (UISP). This journey is illustrated below in Fig 1.

Figure. 1 – GPF Mandate evolution

The GPF's primary mandate is to serve as the funding and implementing agent for integrated, sustainable human settlement developments in the Gauteng City Region. The organisation also plays a critical role as a custodian of strategic provincial land, which is transferred to the GPF for effective fixed asset management and the coordinated and efficient implementation of mega human settlement projects. We view this growth in our mandate as a testimony to the confidence in the GPF as a vehicle to execute such a huge remit on behalf of the Gauteng Department of Human Settlements (GDHS). The GPF has matured as an organisation through a firm foundation and deliberate investment in people and systems. All of this is underpinned by shared values and a high-performance culture.

During the 2021/22 fiscal year, the GPF made solid improvements as compared to the preceding period. The GPF is maturing in its appreciation of the challenges and opportunities provided by its mandate as the preferred partner for the implementation of integrated and sustainable human settlements in Gauteng. At the heart of this mandate is the government's constitutional imperative of ensuring spatial transformation supportive of a society based on equality and fair access to urban resources.

In the year under review, the total operating budget was R89,4 million. This was revised to R82.4 million at midyear in line with operating conditions. The GPF spent 98% of the adjusted budget which equates to R80.7 million.

The Supply Chain Management (SCM) unit has put in place interventions to enhance compliance and process systems in a quest to attain clean corporate governance. In dealing with the challenges that affect SCM, the organisation has approved a turnaround plan that is currently being implemented and monitored. We continue to ensure that our payment cycles remain robust and do not negatively affect the cash flows of our service providers. The payment of service providers paid within 15 days to 30 days is recorded at 100%. Over the period under review, the GPF has ensured competitive bidding in our projects and, as such, no unsolicited bids were entertained or concluded.

As of 31 March 2022, the GPF had committed R79 million of its available cash to projects. In terms of liquidity, the GPF commitments were covered by 3.2 times of funds available to invest. The cost-to-income ratio increased from 77% to 80%. This increase is attributed to spending on the compensation of employees as the organisation continues to fill critical vacant positions.

In the period under review, the GPF Loan Book decreased by 1% from R1,059 billion (2020/21) to R1,052 billion in 2021/22. The organisation collected 63% of its targeted revenue from loans amounting to R23.7 million. The operating environment has been difficult. The effects of the pandemic continue to negatively impact the property sector. The organisation has thus been forced to provide restructures to certain borrowers to ensure that we preserve our investment.

During the year under review, the organisation undertook an analysis of its loan book to identify the root causes that would have contributed to the poor performance of some of our borrowers. As a result of the analysis of the loan book, an implementation plan was developed to ensure that measures are put in place to improve the loan book performance.

Of utmost importance to us as an organisation has been to develop and implement corrective measures that reduce noncompliance and cut out internal control flaws. We are pleased to have obtained positive affirmation via this audit opinion from the Auditor-General of South Africa and are excited to improve even further henceforth. This is a result of the hard work put in by the management and staff of the GPF.

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

The capital raising strategy was reviewed and approved by the Board during the period. The revised strategy seeks to identify innovative capital and income generation avenues for the GPF as well as ensure that the organisation is structured to raise and manage funds. The strategy recognises the need for strategic partnerships to deliver on our mandate of capital raising. In this regard, the GPF, therefore, continues to seek collaborative partnerships with private, public, and non-governmental organisations to find holistic solutions to the development challenges within the Gauteng province.

The challenges in housing delivery are too complex to be addressed by any one entity and, as such, require collaboration between the public and private sectors.

The leveraging of private sector capital is the underlining principle of the GPF business model. In 2021/22, we attracted a total of R21,462 million of public and private sector funding, in comparison to R140 million in the previous reporting period. The GPF has not met its 2021/22 housing targets for rental units (target of 1255 housing units completed vs 1010 housing units completed) as most of the construction projects came to a halt and/or stop and go due to the COVID-19 lockdown. The GPF has concluded an Implementation Protocol with the Gauteng Department of Human Settlements (GDHS) to implement identified Mega Projects. The organisation has exceeded the target for serviced stands (target of 1936 serviced stands vs 4815 serviced stands completed) and for completed housing units (target of 2295 housing units vs 3266 housing units completed). The total amount of unspent grants towards Mega projects from the GDHS amounts to R122 million. This will be deferred to the new financial year for the completion of the outstanding units.

The implementation of Mega Projects has made a significant socio-economic impact within the communities they were established in. These Mega Projects are implemented in a manner designed to broaden the black and female-owned enterprises involvement, as well as small, micro, and medium enterprises (SMMEs) in the infrastructure development sector. It is against this background that the GPF endeavours to ensure that at least 30% of its capital budget is spent on SMMEs with an increase in the development of women-owned enterprises over time. A total number of 4960 jobs were created during the GPF's operations.

As illustrated below in Fig 2, the GPF has performed well since its inception in 2003. Most of the past years recorded exceeding set targets despite the financial and operating environment challenges at the time.

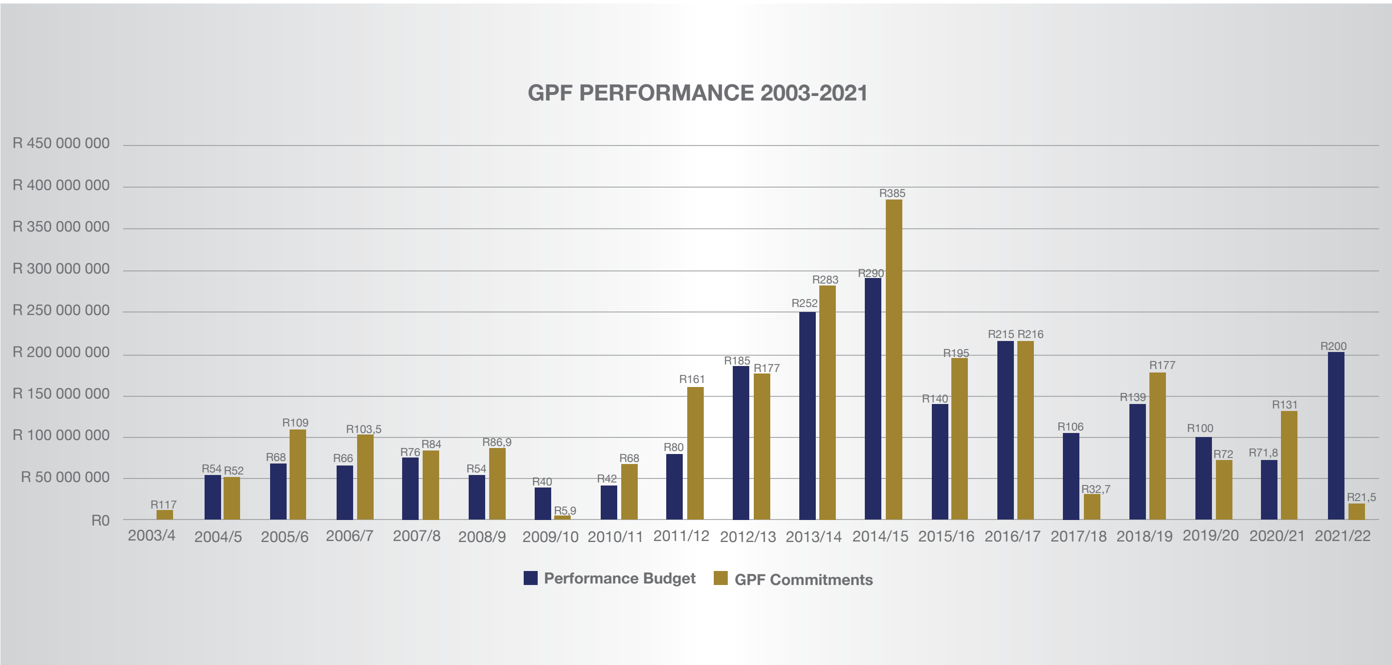


Figure. 2 GPF Budget vs Commitments

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

We recognise that delivering Mega Human Settlements, the Rapid Land Release Programme, as well as the Upgrading of Informal Settlements Programme, are more complex than social and affordable rental housing projects. However, having understood the government vision as a collective and through planning and the alignment of resources of the public and private sectors, we can turn the vision into reality. The GPF's role is to facilitate, provide effective oversight and implement projects while creating an environment for the private sector to participate.

Rapid Land Release Programme (RLRP):

The revision of scope from procurement of serviced land to partially serviced stands led to a need remove this target from the Annual Performance Plan. Notwithstanding the SCM challenges that were experienced, the GPF has concluded the procurement process for the acquisition of serviced stands for the 2021/22 financial year. Furthermore, the lessons learned during the implementation of the RLRP will assist the GPF to identify gaps in the current processes and highlight how to better deal with them in future.

Upgrade of Informal Settlements Programme (UISP)

There was no set APP target for the UISP for the financial year 2021/22 as this was a new indicator. The GPF however continued with information gathering, packaging, and the setting up of the Teamwork collaboration platform. This was launched for managing information, communication, and the overall activities on the UISP. The GPF further continued with the monitoring and evaluation of the provision of emergency services to the 70 informal settlements in the Sedibeng District (Midvaal and Emfuleni Local Municipalities), and West Rand District (Mogale City, Merafong City and Rand West City) 9966 chemical toilets were delivered to the various settlements and honey sucker services were provided to 18577 households. The total number of households that benefited from emergency services was 59 000.

In November 2021, the Gauteng Department of Human Settlements (GDHS) appointed ten (10) Professional Resource Teams (PRTs) for the second phase of planning activities for the 73 informal settlements on the 2022/23 approved business plan. The planning activities were guided by the categorisation of each of the informal settlements. Most of the PRTs commenced with their work and have since submitted task order inception reports and settlement-specific dashboard reports.

PRT dashboard reports submitted indicate that draft social compacts have been concluded for some of the settlements. Some PRTs had collected samples for Geotech and were awaiting results from labs, however, some PRTs had submitted final Geotech reports at year-end.

Community engagements continued with the establishment of Project Steering Committees (PSCs). Introductions with municipalities commenced with officials assisting professional teams with information requests to assist with planning activities. Draft layouts in some informal settlements were submitted.

The GPF was mandated to explore other long-term sustainable alternative sanitation solutions. An Expression of Interest (EOI) was issued to the open market in September 2021 with a tender closing date of 08 October 2021. Sixty-one (61) proposals were received. As the EOI process was an information-gathering exercise no tenders were awarded. The PRTs that have been appointed by GDHS were appraised of the intention to implement alternative sanitation solutions and were requested to incorporate this into the upgrading plans. The position of the GPF has always been that any alternative sanitation solutions selected can only be implemented in a prepared environment – decongested and re-blocked informal settlements.

In conclusion, I would like to take this opportunity to extend my sincere gratitude to the Honourable MEC, Mr. Lebogang Maile for his continued leadership and support.

Finally, I would like to sincerely thank the Head of Department (HOD) Ms. Phindile Mbanjwa, the Board Chairperson Ms. Hlengiwe Bhengu-Motsiri, and all the Board members for their steadfast leadership, guidance, and stewardship throughout the year. I would also like to specifically thank the executive management team and staff of the GPF for their continued support and unwavering dedication to the achievement of the extended mandate of the GPF.

Ms. Lindiwe Kwele

Chief Executive Officer

6. Statement of responsibility and confirmation of accuracy for the annual report

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

All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor General.

The Annual Report is complete, accurate, and free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the South African Generally Recognised Accounting Practise (GRAP) standards applicable to the public entity.

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

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

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

In our opinion, the annual report fairly reflects the operations, performance information, human resources information, and financial affairs of the public entity for the financial year ended 31 March 2022.Yours faithfully

Chief Executive Officer
Lindiwe Kwele

Chairperson of the Board
Hlengiwe Bhengu-Motsiri

7. Strategic Overview

1.1 Vision

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

1.2 Mission

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

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

1.3 Values

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

Our core values are:

Teamwork

- We have a culture of excellence in the execution of our common goal.
- We work in unison and view our work as a collective effort.

Innovation

- We strive towards the continuous development of our product and services offering.

Integrity

- We execute our work in a transparent, accountable and ethical manner.

Proactive

- We take a proactive approach to identify and address needs and gaps across the entire human settlement delivery value chain.

People/Ubuntu

- We recognise the humanity of others and endeavour to establish respectful human relations with the people of Gauteng as part of our commitment to fulfilling our mandate.
- We embrace and value our staff's devotion as core to our business.

Environmental sustainability

- We aim to minimise adverse environmental impacts across all our projects.

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

8. Legislative and Other Mandates

8.1 Constitutional mandate

The mandate of the GPF takes its cue from Chapter 2, Section 26 of the Constitution of the Republic of South Africa (No. 108 of 1996), which states:

1. "Everyone has the right to have access to adequate housing;
2. The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right; and
3. No one can be evicted from their home, or have their home demolished, without an order of court made after considering all relevant circumstances. No legislation may permit arbitrary evictions."

In addition, the GDHS, and thus the GPF, operates under a myriad of other national and provincial legislation, policies and strategies pertaining to the housing sector. The most notable of these national and provincial legislation, policies and strategies are highlighted as follows.

8.2 Legislative and policy mandates

8.2.1 Executive mandate

The mandate of GPF is "to serve as the funding and implementing agent for integrated, sustainable human settlement developments in the Gauteng City Region and custodian of strategic provincial land and/or property transferred to the GPF for effective immovable asset management and coordinated, efficient implementation of mega human settlement developments".

8.2.2 Legislative mandate

The following summation lists a number of legislative Acts with bearing on the work of the GPF.

Table 1: Legislation relevant to the GPF's work

Legislative Framework	Relevance/Implications for the GPF
South African Constitution	The rule of law governing every person, every organisation or institution as well as all law within theRepublic of South Africa.
Public Finance Management Act (No. 1 of 1999), as amended	The Act requires the GPF to promote the objective of good financial management and accountability tomaximise service delivery through effective and efficient use of resources. As a PFMA Schedule 3C entity of the GDHS, the GPF already complies with the PFMA. Its proposedlisting as a Schedule 3D entity of this same Act will ensure such compliance and sound financial management while implementing its revised mandate that requires it to, inter alia: • Be a juristic person but one that remains under ownership control of the GDHS; • Provide services on ordinary business principles; • Borrow financially; and • Be fully or substantially funded from sources other than the Provincial Revenue Fund, i.e. the GPF needsto become financially self-sustainable.
Trust Property Control Act (No. 53 of 1988)	To regulate further the control of trust property; and to provide for matters connected therewith. As a trust, this Act is the founding legislation of the GPF.

Legislative Framework	Relevance/Implications for the GPF
Financial Intelligence CentreAct (No. 38 of 2001)	To establish a Financial Intelligence Centre and a Money Laundering Advisory Council to combat money laundering activities and the financing of terrorist and related activities; to impose certain duties on institutions and other persons who might be used for money laundering purposes and the financing of terrorist and related activities; to amend the Prevention of Organised Crime Act, 1998; and the Promotionof Access to Information Act, 2000; and to provide for matters connected therewith. The GPF is an accountable institution in terms of this Act. In its lending operations the GPF must comply with this Act.
Companies Act (No. 71 of2008), as amended	• The Act regulates the incorporation, registration, organisation and management of companies, • including state-owned companies (SOCs); • The Act encourages transparency, while balancing the rights and obligations of directors and the shareholder in that it specifies the fiduciary and due care duties and responsibilities of directors of acompany; and • The registration of the GPF as a SOC in terms of the Companies Act is important because this ensuresthat the GPF is subject to the same company operating and governance rules with which its potential funding partners comply.
Rental Housing Act (No. 50 of 1999), as amended	• To define the responsibility of government in respect of rental housing property; to create mechanisms to promote the provision of rental housing property; to promote access to adequate housing through creating mechanisms to ensure the proper functioning of the rental housing market; and • To make provision for the establishment of Rental Housing Tribunals; to define the functions, powers and duties of such tribunals; to lay down general principles governing conflict resolution in the rental housing sector; to provide for the facilitation of sound relations between tenants and landlords and for this purpose to lay down general requirements relating to leases; to repeal the Rent Control Act, 1976.
Social Housing Act (No. 16 of 2008)	Promotes the establishment of a sustainable social housing environment through administration of socialhousing projects and by reiterating some of the provisions of the Rental Housing Act, as listed above. The Social Housing Act is further empowered to accredit Social Housing Institutions through the SocialHousing Regulatory Authority.
Housing Act (No. 107 of 1997)	Compels all three spheres of government to give priority to the needs of the poor in respect of housingdevelopment. Section 4 of the Act outlines the **National Housing Code.** The code sets the underlying policy principles, guidelines and norms and standards which apply to government's various housing assistance programmes. It was introduced in 1994 and is regularly amended.
Spatial Planning and Land Use ManagementAct (No. 16 of 2013)	Provides a framework for spatial planning, land use management and inclusive, developmental, equitableand efficient spatial planning at the different spheres of government. It also sets out the requirements for the development of national, provincial and local spatial developmentframeworks to ensure integration of services, infrastructure and economic development.
Infrastructure **Development Act (No. 23 of 2014)**	Provides for the facilitation and coordination of public infrastructure development, which is of significant economic or social importance, across the three spheres of government.

Legislative Framework	Relevance/Implications for the GPF
Intergovernmental Relations Framework Act (IRFA) (No. 13 of 2005)	Specific to the relationship between the GDHS and the GPF, Section 35(2)(a) of the IRFA provides that an Implementation Protocol must be considered where the implementation of a policy, the exercise of astatutory power, the performance of a statutory function or the provision of a service has been identifiedas a national priority. Section 35(2)(b) of the IRFA provides that an Implementation Protocol must be considered when it will materially assist the national government or a provincial government in complyingwith its constitutional obligations to support the local sphere of government or to build capacity in that sphere. The **Implementation Protocol** between the GDHS and the GPF ensures a collaborative, effective,efficient and continued rendering of housing services to the community of Gauteng.
Housing DevelopmentAgency Act (No. 23 of2008)	This Act establishes the Housing Development Agency (HDA) with the role of identifying, acquiring and developing suitable land for the creation of sustainable human settlements. The HDA plays a keyrole in implementing the national catalytic projects, many of which overlap with the Gauteng Mega Projects. Realising the need for mutual cooperation and a shared vision. The GPF liaises with the HDA, asnecessary, to ensure efficient and effective implementation of Mega Projects.
Prevention and Combating of Corrupt Activities Act (No. 12 of 2004)	• To provide for the strengthening of measures to prevent and combat corruption and corrupt activities; and • To provide for investigative measures in respect of corruption.
Criminal Procedure Act (No. 51 of 1977), as amended	To make provision for procedures and related matters in criminal proceedings.
Prevention of Organised Crime Act (No. 121 of 1998)	• To introduce measures to combat organised crime, money laundering and criminal gang activities; • To prohibit activities relating to racketeering; • To obligate the provision of information related to money laundering; • To criminalise activities associated with gangs; and • To provide for the recovery of the proceeds of unlawful activities and to provide for matters connected therewith.
Protection of Constitutional Democracy against Terrorism and Related Activities Act (No. 33 of 2004)	• To provide for measures to prevent and combat terrorist and related activities; • To provide for convention offences, to give effect to informational instruments dealing with terrorist and related activities; and • To provide for measures to prevent and combat the financing of terrorist and related activities.
Protection of Personal Information Act (No. 4 of 2013)	• To promote the protection of personal information processed by public and private bodies; • To introduce information protection principles so as to establish minimum requirements for the processing of personal information; • To provide for the establishment of an Information Protection Regulator; • To provide for the issuing of codes of conduct; to provide for the rights of persons regarding unsolicited electronic communications and automated decision making; • To regulate the flow of personal information across the borders of the Republic; and • To provide for matters connected therewith.

Legislative Framework	Relevance/Implications for the GPF
Other sector-specificlegislation of direct relevance to the GPF	• **Home Loan and Mortgage Disclosure Act (No. 63 of 2000):** Regulates and monitors bank lendingpractices; • **National Building Regulations and Building Standards Act (No. 103 of 1977):** Provides for the promotion of uniformity in the law relating to the erection of buildings in the areas of jurisdiction oflocal authorities and for the prescribing of building standards; • **Housing Consumers Protection Measures Act (No. 95 of 1998):** Provided for the establishment of the National Home Builders Registration Council (NHBRC) and stipulates that home builders will agree to be bound by the rules and regulations laid down by the NHBRC and to build to the minimum quality standards set out in the NHBRC standards and guidelines; • **Gauteng Land Administration Act (No. 11 of 1996):** Provides for the acquisition and disposal of landowned by the Gauteng Provincial Government; • **Financial Intelligence Centre Act (No. 38 of 2001):** Aims to combat money laundering activitiesin South Africa. It imposes duties upon the GPF to identify and verify clients and report suspicioustransactions to the authority; and • **Financial Advisory and Intermediary Services Act (No. 37 of 2002):** Regulates the activities of all financial service providers who give advice or provide intermediary services to clients as regards certain financial products. The Act requires that such providers be licensed and that professional conduct be controlled through a code of conduct and specific enforcement measures.

Planned new legislation

The following are new legislation being developed which will affect the GPF's business:

- **Human Settlements Act:** The consultative process for the Draft White Paper on Human Settlements is currently in progress, as a consolidation of human settlement developments since 1994, as well as a conscious response to the strategic shift espoused in the National Development Plan, to culminate in the Human Settlements Act. The promulgation of the Human Settlements Act will repeal the Housing Act (No. 107 of 1997), as well as the White Paper on Housing: A New Housing Policy and Strategy for South Africa, 1994.
- **Inclusionary Housing Bill:** This Bill will allow for affordable housing to become an integral part of commercially-driven private developments aimed at higher income groups and designed to ensure racial and class integration in Gauteng City Region settlements.

Amendment to the Gauteng Housing Act (No. 6 of 1998): The amendment will incorporate the many new legislative and policy changes that have taken place at national and provincial levels since the commencement of the Act in 1998. The Act will redefine the Housing Advisory Committee to take into account the new Programme Management Office Steering Committee.

Policy mandate

The most notable policies influencing the work of the GPF include:

- Conflict of Interest: The Conflict of Interest Management Policy primarily provides mechanisms to identify and manage any conflicts of interests that might arise.
  - **King IV Code on Corporate Governance:** This is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes:
  - Ethical culture;
  - Good performance;
  - Effective control; and
  - Legitimacy.

Not listed, but equally important and contained in the Compliance Universe Framework document of the GPF, are the various governance related legislation and regulations informing the compliance regime of the organisation. Treasury conducts quarterly compliance reviews on the GPF to provide quality assurance on compliance.

9. ORGANISATIONAL STRUCTURE

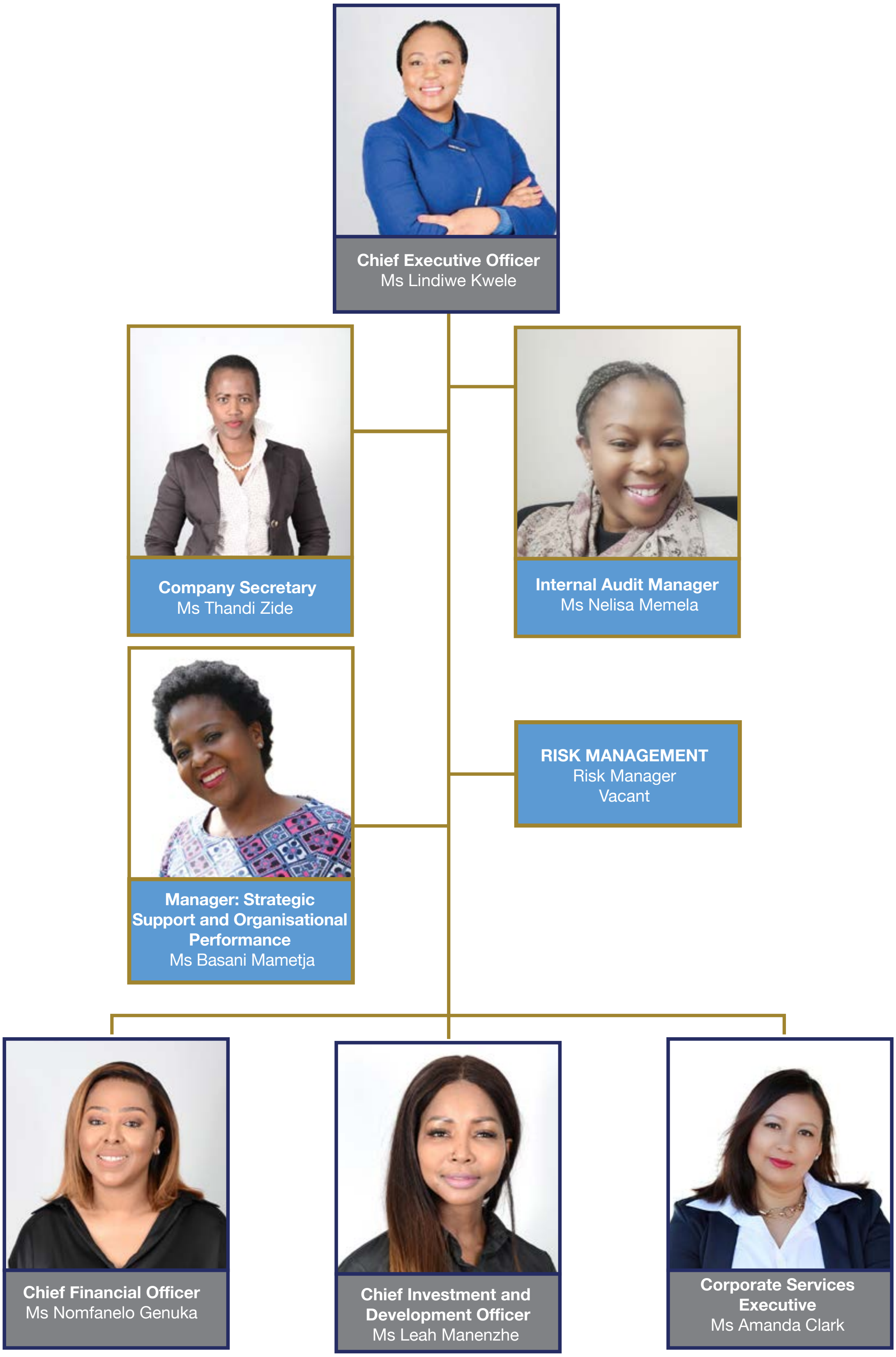


Figure. 3 Organisational Structure

Genesis Pretoria

PART B:
PERFORMANCE INFORMATION

10. Auditor-General's Report: Predetermined Objectives

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

Refer to pages 78 to 82 of the auditor's report, published as Part E: Financial Information.

11. Situational Analysis

Service Delivery Environment

According to the Organisation for Economic Cooperation and Development (OECD), the South African economy is projected to rebound by 3.8 percent in 2021 and 2.5 percent in 2022. The rebound experienced at the end of 2020 slowed in the first half of 2021 due to a protracted second wave of the virus. Growth is projected to pick up in the second half of 2021, driven by domestic demand and commodity exports, this after a contraction of 7.2 percent in 2020[1].

Whilst inflation is increasing, it has remained below the Reserve Bank's target, and this has allowed monetary policy authorities to maintain current policy interest rates until the end of 2021. Fiscal policy will continue to be constrained to limit debt growth. However, fast implementation of government's infrastructure investment plan is essential to lift growth. Unlocking electricity production too, will be key to lifting production bottlenecks and restoring confidence

Unemployment continues to impact progress in South Africa with the unemployment rate increased by 1.8 percent to 34.4 percent in Q2:2021, its highest level in 10 years[2] and showing the impact of the pandemic on South Africa's employment landscape. The formal sector which accounts for 68.3 percent of employment in the country, shed 375 000 jobs between Q1 and Q2 of 2021. Youth aged 15-24 years and 25-34 recorded the highest unemployment rates of 64.4 percent and 42.9 percent respectively.

Over the past few years, South Africa's construction sector has been plagued by a variety of challenges, including, declining government infrastructure spend – capital expenditure on infrastructure by the government has been on the decline since 2016, rising material input costs, increasing electricity costs, electricity supply disruptions, increasing transportation costs, reduced profit margins, and decreased profit margins arising from the above. The sector was hard-hit by lockdown regulations in 2020, with real value-added falling by approximately 20 percent in the first 3 quarters of 2020. Consequent disruptions to global construction supply chains have increasingly affected construction activities, with shortages of raw materials and other inputs, as well as delays and increasing costs for imported raw materials being reported across the sector.

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

Although it is the smallest province geographically, Gauteng is the richest province as measured by its contribution to the national GDP. In 2011, Gauteng contributed 34.8 percent to the GDP of South Africa (R988 billion), and by 2015 this was 34.8 percent of the South African GDP (R1.07 trillion) – equating to a contribution of approximately 11 percent to the African GDP[3]. By 2017, the Gauteng contribution to national GDP had declined slightly to 34.64 percent (R1,080 billion)[4].

1 Minister Tito Mboweni: 2021 Budget Speech

2

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

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

Consistently, the GDP growth rate in Gauteng tracks and just exceeds the national growth rate and has gradually decelerated since 2013 growing roughly at 2.5 percent. Over the period 2000 to 2014, the average Gauteng economic growth rate was 3.6 percent (above that of South Africa at 3.1 percent), although it slowed to 1.2 percent in 2015, and further to 0.9 percent by 2018. The IHS Market expects the Gauteng economy to recover to over 2 percent by 2021[5].

Although it is the smallest province geographically, Gauteng is home to an estimated 15 055 000 people (approximately 26.3 percent of the South Africa population) in 2021, up from 13 399 725 people in 2016. For the period 2016–2020, Gauteng is estimated to have experienced the largest inflow of migrants of all provinces, at approximately 1 553 162[6].

At 2021 estimates, Gauteng records an annual average population growth rate of 2.5 percent, higher than the national average of 1.4 percent[7]. The housing backlog is estimated at 1 000 000 (1 million) in the province. This backlog persists despite the significant progress made by the provincial government in delivering subsided housing to Gauteng residents[8].

It is for this reason the government in South Africa has established unique housing delivery programmes that make capital grants available for the delivery of housing to people who are poor. Typically, these programmes target households with income of R3500 for RDP; R3501 to R22000 for FLISP, Social Housing, etc. as traditional Banks have stringent lending criteria that caters for households with incomes as low as 15 000 per month. The implementation of Mega projects as well as the provision of affordable rental stock go a long way in contributing towards closing the infrastructure gap that currently exists in the province.

Organisational environment

The confluence of both internal and external factors had a significant impact on the organisational environment in the Gauteng Partnership Fund over the past year.

The COVID-19 pandemic and the resultant global economic contraction negatively affected the global construction sector and South Africa and the Gauteng Province was not spared in the process.

The Board appointed the company secretariat in December 2021 and the Chief Executive Officer effective from the 5th of the January 2022.

The COVID-19 pandemic caused a measurable slowdown in the construction and engineering sectors. This resulted in delays on projects that are being implemented in partnership with the GPF and negatively affected the collection of project funds.

Within the organisation, COVID-19 had influenced all business activities and changed the way in which employees perform their tasks and interact with clients and stakeholders. Management responded to the new working environment and took pro-active steps to ensure both the safety of employees and the effective functioning of the organisation.

Key policy developments and legislative changes

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

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

6 StatsSA, Mid-Year Population Estimates 2020, 9 July 2020

7 StatsSA Mid-Year Population Estimates 2021

8 Gauteng Department of Human Settlements, MEC Budget Vote 2019. Accessed from https://www.gauteng.gov.za/News/NewsDetails/ce869e00-87ee-452f-b7ea-b0e681d745c4

12.1 Introduction

The GPF contributes towards Priority 5 of the Medium-Term Strategic Framework (2019–2024): spatial integration, human settlements, and local government. During this planning period, the GPF aims to contribute towards the improvement of quality of life for the residents of Gauteng through the development of sustainable, integrated and spatially transformed human settlements in the province. The key outcomes envisaged over the planning period are:

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

12.2 Performance of the sector during the period under review

The Covid-19 pandemic caused a measurable slowdown in the construction and engineering sectors. This resulted in delays on projects that are funded and implemented in partnership with the GPF. The property market continued to recover during the third quarter of 2021 according to the latest issue of Rode's Report on the South African Property Market. This was indicated by the further increase in listed property prices, boosted by higher global economic growth and better-than-expected company results.

Listed property prices at the end of September 2021 were 20% higher than at the end of 2020. However, looking at the bigger picture, prices were still 10% below those at the end of February 2020, just before Covid-19 emerged in South Africa, implying that the sector is still recovering, but it has a long way to go before it reaches pre-pandemic levels.

The **1.8%** increase in residential rents between the first quarter of 2021 and the first quarter of 2022 brought the average national rent to R7 958 in the first quarter of 2022 - up from R7 819 in 2021. Gauteng was the only province to record negative growth during the first quarter of 2022. Landlords continued to be under pressure as a result of an increased vacancy rate of 11.71% in the last quarter of 2021, according to the TPN Vacancy Survey for the fourth quarter of 2021.

Vacancy rates at the height of the pandemic were over 13% during December 2020 and in the first half of 2021. However, they dropped to 10.66% in the third quarter of 2021, said TPN Credit Bureau.

Amidst the challenges experienced in the property sector during the 2021/22 financial period, the GPF was able to deliver their key outcomes as envisaged over the planning period. In their effort to increase opportunities for economic inclusion, the GPF exceeded their planned job creation target form loan activities and projects developed. Furthermore, the target for expenditure on GEYODI as well as loans approved for women HDI were exceeded.

The GPF successfully delivered and exceed targets related to Integrated cities for Gauteng communities to live, work and play. This was done by exceeding targets related to mega projects serviced sites as well as top structure targets.

Target exceeded

Measure	Annual Target 2021/22	Actual Performance 2021/22	Comment
Number of jobs created through loans disbursed	800	904	Target exceeded. Two student accommodation projects completed two months ahead of time which implies more resources were used on site, exceeding number of jobs anticipated.
Number of jobs created through projects developed	1500	4960	Target exceeded. The developers were awarded additional budgets and targets in the mid-year adjustment and therefore created additional job opportunities
Percentage of project expenditure on SMME (HDI women-owned entities)	30%	35,21%	Target exceeded. The developers have to achieve a minimum of 30% on local expenditure but have been encouraged to spend more at a local level, hence the over achievement
Percentage of rand value of loans approved towards GEYODI-owned (HDI) developers	5%	66%	Target exceeded. Only two projects were approved in the FY 2021/22, which are: 66% (Mahube-100% youth. Greyline -50% woman owned)
Number of serviced sites completed	1936	4813	Target exceeded. The developers were awarded additional budgets and targets in the mid-year adjustment and the GPF in March 2022 used funds from non-performing projects to pay for targets achieved beyond the developers' targets.
Number of top structures completed (Mega)	2295	3266	Target exceeded. Developers delivered outstanding 2020 / 2021 targets in the 2021 / 2022 financial year.

Targets not achieved

Measure	Annual Target 2021/22	Actual Performance 2021/22	Comment
Number of Units Completed	1255	1010	Annual Target not met. A student accommodation project failed to complete 276 units before March 2022, client has since been put in terms and is due to complete the project by 30 July 2022.
Number of Beds Completed	1276	780	Annual Target not met. The Watershed student accommodation project failed to complete 543 beds before March 2022, the Client has since been put in terms and is due to complete the project by 30 July 2022.

Measure	Annual Target 2021/22	Actual Performance 2021/22	Comment
Rand value of funds leveraged	R200m	R21,4m	Annual Target not met. The proposed transactions with FNB (R500m) and Future Growth Asset Management (R250m) did not materialize before the year-end due to delays in the due diligence and credit approval processes. There is an approved Capital Raising strategy and implementation plan that will address

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

The following measures have been put in place to improve non-performance:

- Fast track the implementation of Capital Raising Strategy per approved Implementation Plan
- Appointment of panel of transaction advisors
- Explore multiple funding options and target a broader base institution for funding – this is already underway;
- Identify new programme/project management clients to reduce concentration risk and reduce reliance on GDHS.
- Develop an action plan with monthly targets and regular performance monitoring and reporting

2. Report against the originally tabled Annual Performance Plan until July 2021

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
Pillar 1: Capital Raising	A financially sustainable organisation	Capital catalysed & facilitated	Capital catalysed for projects	R0	R0	R200m	n/a	n/a	This indicator has been revised and combined with output indicator Capital Catalysed for projects it is now referred to as Rand Value of Funds Leverage Rand value of leveraged funds. It will be reported as per Revised APP
			Rand value of fee income received	New Indicator	New Indicator	R2,2m	R54,4m	n/a	Target revised up to R30m because the output indicator was broadened to include project management fees. As reported in the revised APP

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
Pillar 2: Capital Investment	Affordable rental housing facilitated	Capital Investment Facilitated	Rand Value of loan Disbursed –rental accommodation	New Indicator	New Indicator	R75m	R54,484m	n/a	Target revised down to R44,8m due to the number of projects under construction for disbursement. As reported in the revised APP.
			Rand value of loan disbursed - Student Accommodation	New Indicator	New Indicator	R75m	R20,1m	n/a	Target revised down to R22,3m due to the number of projects under construction for disbursement. As reported in the revised APP
			Percentage of rand value of loans approved towards GEYODI owned (HDI) developers	New Indicator	New Indicator	5%	66%	n/a	Reported as per the revised APP
		Number of funding Partners at the time of submission	Rand value of leveraged funds	R97m	R140m	220	n/a	n/a	This indicator has been revised and combined with output indicator Capital catalysed for projects, it is now referred to as Rand Value of Funds Leverage Rand value of leveraged funds. As reported in the revised APP

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
		Affordable housing units completed	No of units completed	636	262	600	1010	n/a	Target revised up to 1255. Number of units includes student accommodation units. As reported in the revised APP.
			No of beds completed	New Indicator	New Indicator	280	780	n/a	Target revised up to 1276. There were 1276 beds anticipated to be completed by March 2022. As reported in the revised APP
Pillar 3: Spatial Transformation and integration	Integrated, inclusive and sustainable human settlements	Mega projects implemented	Number of mega projects implemented	7	8	8	8	n/a	The decision was taken internally to remove the output indicator because the indicator is solely at the discretion of GDHS and no control by GPF as the projects are allocated to GPF by GDHS
		Serviced Sites completed - mega projects	Number of serviced sites completed	3217	1778	1500	4815	n/a	The target was revised to 1936 to align to IP 11 targets. As reported in the revised APP.

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
		Top structures completed (houses) - mega projects	Number of top structures (houses) completed	3038	2616	1500	3266	n/a	The target was revised to 2295 to align to IP 11 targets. As reported in the revised APP.
			Number of service sites for mixed income sold	New Indicator	New Indicator	500	78	n/a	Target Revised down to 100 to due to of the lack of demand due to the slow market conditions. As reported in the revised APP.
			Number of mixed income housing completed	New Indicator	New Indicator	350	0	n/a	The decision was taken internally to remove the output indicator due to the lack of demand due to the slow market conditions.
			Number of planned social amenities facilitated	New Indicator	New Indicator	3	0	n/a	The decision was taken internally to remove the output indicator because the developers were not ready to deliver the social amenities.
			No. of planned retail and commercial amenities delivered	New Indicator	New Indicator	3	0	n/a	The decision was taken internally to remove the output indicator because the appointment of the panel of transactional advisor and PRTs was not formalised due to the probity audit delays.

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
		Turnkey projects completed	Number of turnkey projects Implemented	New indicator	New Indicator	2	0	n/a	The decision was taken internally to remove the output indicator because the appointment of panel of transaction advisor and PRTs was not finalised due to the probity audit delays.
		Job opportunities Created	No of job opportunities created	3903	4593	1500	n/a	n/a	This indicator has been revised and spilt into two output indicators which are number of job opportunities created through loans disbursed and number of job opportunities created through projects implemented. It will be reported as per the Revised APP.
			Percentage of Project expenditure spent on GEYODI owned SMME (HDI)	New Indicator	47,95%	30%	35,31%	n/a	Reported as per the revised APP
Pillar4: Sites and Services	Liveable settlements and secure tenure	Rapid land release implemented	Number of residential sites acquired and allocated to deserving beneficiaries	New Indicator	New Indicator	1000	0	n/a	The decision was taken internally to remove the output indicator because there were no fully service stands in the market

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
Pillar 5: Financial Sustainability	Maintaining going concern	Loans collected	Percentage of loans collected	56%	55%	65%	63%	n/a	Reported as per the revised APP.
Pillar 6: Administrative Support	Improved organisational effectiveness and efficiency	Legal and compliance management enhanced	Level of compliance to recommendations from investigations	New Indicator	New Indicator	100%	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational
			Percentage of policies compliant to applicable legislation	New Indicator	New Indicator	100%	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational
			Compliance levels agreed in terms of legal service levels	New Indicator	New Indicator	100%	100%	n/a	The decision was taken internally to remove the output indicator because it is operational
		Human Capital Development and Management	Compliance with agreed levels in terms of Human Capital Service Levels	New Indicator	New Indicator	100%	0	n/a	The decision was taken internally to remove the output indicator because it is operational
			Number of GPF skills and competency framework developed	New Indicator	New Indicator	1	0	n/a	The decision was taken internally to remove the output indicator because it is operational
			No of Business unit-based career development plans	New Indicator	New Indicator	4	1	n/a	The decision was taken internally to remove the output indicator because it is operational

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
			Percentage implementation of Labour Relations strategy	New Indicator	New Indicator	80%	0	n/a	The decision was taken internally to remove the output indicator because it is operational
			Percentage implementation of Employee Wellness Programmes	New Indicator	New Indicator	100%	0	n/a	The decision was taken internally to remove the output indicator because it is operational
			Percentage achievement of targets as per EE plan - 50/-50% representation of women at all levels - 2% representation of PWD organisationally	35%	-	100%	83,3%	n/a	The decision was taken internally to remove the output indicator because it is operational
			Percentage improvement of total Employees with improved performance ratings	New indicator	-	80%	0	n/a	The decision was taken internally to remove the output indicator because it is operational
			Percentage filling of budgeted vacancies	100%	-	100%	70%	n/a	Reported as per the revised APP.

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
			Percentage Implementation of Change Management Plan based on Organisational Climate Survey recommendations	New indicator	-	50%	50%	n/a	Reported as per the revised APP.
			Percentage implementation of eliminating irregular, fruitless and wasteful expenditure	New Indicator	New Indicator	100%	100%	n/a	The decision was taken internally to remove the output indicator because it is operational
		Unqualified audit report	Number of unqualified audit report per financial year	1	1	1	1	n/a	The decision was taken internally to remove the output indicator because it is operational
			Percentage of paid invoices within 15 days	97,26%	-	100%	100%	n/a	Reported as per the revised APP.
Pillar 7: Strategic Partnerships and collaboration	A visible, reputable and preferred partner in the integrated Human Settlements market	Partnerships secured and maintained	Number of strategic partnerships secured	3	-	2	1	n/a	The decision was taken internally to move the output indicator to Capital Raising Unit
		Enhanced visibility of the GPF brand	Percentage of the Annual Marketing, Communication and Stakeholder Management Plan implemented	New indicator	-	100%	92%	n/a	The target was revised down to 90% because of the Covid 19 restrictions on gatherings. Project launches were cancelled. As reported in the revised APP

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
Pillar 8: Corporate Governance	A well governed, managed, credible and sustainable organisation	Improved Organisational performance	Organisational Performance rating	New indicator	-	3.4	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational
			Number of shareholder compact agreement signed	New indicator	-	1	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational.
			Percentage of compliance with the shareholder compact agreement	New indicator	-	100%	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational.
		Corporate governance practices strengthened	Number of critical organisational units established	New indicator	-	3	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational.
			Number of Organisational Risk assessments conducted	New indicator	New indicator	1	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational.

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
			Percentage of implementation of risk maturity assessment recommendations	New indicator	New indicator	100%	25%	n/a	Target was reduced to 25% because the risk maturity assessment was planned to be done in the third quarter and the recommendations to be implemented will commence in the last quarter of the financial year after the report would be available. The completion of the report and update of the risk policy would constitute a 25%. All other recommendations would be implemented as per the report. As reported in the revised APP
			Number of Planning, Monitoring and Evaluation Framework developed	New indicator	New indicator	1	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational
			No of Board and Committee Charters reviewed	New indicator	New indicator	4	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational.

Pillar	Outcome	Output	Output Indicator	Audited Actual Performance 2019/20	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement April 2021 – July 2021	Deviation from planned target to Actual Achievement 2021/2022	Reasons for revisions to the Outputs/ Output Indicators/ Annual Targets
			Percentage of Board Resolutions implemented	100%	-	100%	76%	n/a	The decision was taken internally to remove the output indicator because it is operational
		Reviewed corporate form	Annual report to shareholder and Legislature	1	-	1	1	n/a	The decision was taken internally to remove the output indicator because it is operational
			Efficiency rate of the corporate form	New indicator	-	100%	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational
Pillar 9: Digital Transformation and innovation	Operational excellence and business continuity	System availability	Percentage of ICT Systems Uptime availability	98,98%	-	98%	99,52%	n/a	The decision was taken internally to remove the output indicator because it is operational
		Enhanced Information security	Percentage implementation of identified information and cyber security initiatives	New Indicator	New indicator	90%	90%	n/a	The decision was taken internally to remove the output indicator because it is operational
		Business processes digitised	Percentage of approved business processes digitised	New indicator	New Indicator	100%	n/a	n/a	The decision was taken internally to remove the output indicator because it is operational

3. Report against the re-tabled Annual Performance Plan

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
Programme 1: Administration	Efficient, effective, and sustainable organization	Loans collected	Percentage of loans collected	56%	55%	65%	63%	Annual Target not met. The process of cession of rental income is underway, this will improve our collection ratio in future as GPF will be sweeping surplus income. The proposed restructures will also improve the collection ratio.
		Human capital managed	Percentage filling of funded vacancies	100%	-	100%	70%	Annual Target not met. GPF had to reprioritize the filling of vacancies in alignment to the budget available and priority positions. Most of the positions on the organizational structure are new based on the new mandates and will be filled as and when savings are identified.
			Percentage implementation of employee engagement survey findings	New indicator	-	50%	50%	Annual Target Met

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
		AGSA post-audit action plan implemented	Percentage implementation of the AGSA post-audit action plan (Per management agreed target date)	New indicator	New indicator	100%	100%	Annual Target Met
			Percentage of invoices paid within 30 days	97,26%	-	100%	100%	Annual Target Met
		SCM turnaround improvement plan	SCM turnaround improvement plan approved	New indicator	New indicator	1	1	Annual Target Met
		Enhanced visibility of the GPF brand and services	Percentage implementation of the annual marketing, communications, and stakeholder management plan	New indicator	New indicator	90%	9	Annual Target exceeded
		Risk maturity managed	Percentage implementation of risk maturity assessment recommendations	New indicator	New indicator	25%	25%	Annual Target Met
		Best practice ICT governance implemented	Percentage implementation of the annual ICT governance plan	New indicator	New indicator	90%	95%	Annual Target Exceeded

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
		Preferential procurement	Percentage procurements spend on designated groups (GEYODI)	New indicator	New indicator	Women: 40% Youth: 30% PWDs: 7%	Women 29% Youth 16% PWDs 1%	Annual Target not met. One of the reasons was the National Treasury Advisory Note regarding procurement during February and March, wherein procurement was halted. Amongst other mitigating factors, the organization will target GEYODI groups when procuring through RFQs). The organization has reviewed the targets for 2022/23 and have been updated accordingly based on the business.

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
PROGRAMME 2: CAPITAL RAISING	Enhanced capital base to deliver core GPF mandate	Capital leveraged	Rand value of funds leveraged	R0	R0	R200m	R21,4m	Annual Target not met. The proposed transactions with FNB (R500m) and Future Growth Asset Management (R250m) did not materialize before the year-end due to delays in the due diligence and credit approval processes. There is an approved Capital Raising strategy and implementation plan that will address the diversification of capital raising.
		Fee income received	Rand value of non-interest income received	New indicator	New indicator	R30m	R54,4m	Annual Target Exceeded
		Partnerships concluded	Number of Partnerships concluded	New indicator	New indicator	1	2	Annual Target Exceeded

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
PROGRAMME 3: PROJECT LENDING	Increased access to affordable rental and social housing in strategically located areas	Loans disbursed	Rand value of loan disbursed – rental accommodation	New indicator	New indicator	R44,8m	R54,48m	Annual Target Exceeded
			Rand value of loan disbursed – student accommodation	New indicator	New Indicator	R22,3m	R20,1m	Annual Target not met. The target was not met due to the establishing of site. This is envisaged to be finalized by the April 2022.
		Affordable housing units completed	Number of units completed	636	262	1255	1010	Annual Target not met. The Watershed student accommodation project failed to complete 276 units before March 2022, client has since been put in terms and is due to complete the project by 30 July 2022.

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
			Number of beds completed	New indicator	New indicator	1276	780	Annual Target not met. The Watershed student accommodation project failed to complete 543 beds before March 2022, the Client has since been put in terms and is due to complete the project by 30 July 2022.
	Enhanced contribution of GPF's human settlements' developments to inclusive economic growth Maintaining going concern	Targeted (GEYODI) loan approvals	Percentage of rand value of loans approved towards GEYODI-owned (HDI) developers	New indicator	New Indicator	5%	66%	Annual Target Exceeded
		Job opportunities created through loans disbursed	Number of job opportunities created through loans disbursed	New indicator	New Indicator	800	904	Annual Target Exceeded
PROGRAMME4: PROJECT IMPLEMENTATION, DEVELOPMENT AND MANAGEMENT	Increased access to integrated, inclusive, and sustainable human settlements	Serviced sites completed – mega projects	Number of serviced sites completed	3217	1778	1936	4813	Annual Target Exceeded
		Top structures completed (houses) – mega projects	Number of top structures (houses) completed	3038	2616	2295	3266	Annual Target Exceeded

Programmes	Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement July 2021 – March 2022	Reasons for deviations
			Number of service sites for mixed income sold	New indicator	New indicator	100	78	Annual Target not met. Target not met. The 128 serviced sites that were envisaged to be sold for FLISP were small (same size as RDP), buyers were not interested. The developer has since opted to consolidate the stands to get bigger stands.
	Enhanced contribution of GPF's human settlements' developments to inclusive economic growth	Targeted (GEYODI) project expenditure	Percentage of project expenditure spent on GEYODI-owned SMME (HDI) through projects implemented	New Indicator	47,95%	30%	35,21%	Annual Target Exceeded
		Job opportunities created through projects implemented	Number of job opportunities created through projects implemented	3903	4593	1500	4960	Annual Target Exceeded

Opal

PART C:
GOVERNANCE

14. Introduction

Corporate governance embodies processes and systems by which entities are directed, controlled and held to account. In addition to legislative requirements based on an entity's founding documents, corporate governance with regard to public entities is derived from the Public Finance Management Act (PFMA), regulations issued in terms thereof as well as principles contained in the King IV Report on Corporate Governance, to the extent that the Accounting Authority adopts them for application.

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

The Gauteng Provincial Government, the Executive and Accounting Authorities as well as the Accounting Officer of the public entity are responsible for corporate governance.

14.1 Gauteng Provincial Government

The GPF has submitted quarterly performance reports to the Executive Authority and the Gauteng Provincial Legislature. The entity also participated in monthly Senior Management and Executive Management meetings chaired by the Head of Department and the Member of Executive Council respectively. The meetings focus on both financial and non-financial performance.

The entity has responded to questions from SCOPA following the submission of the 2020/21 Annual Report which mainly focused on irregular expenditure. Furthermore, the entity attended the SCOPA public hearing on the 19th of November 2021.

15. Executive Authority

The Gauteng MEC for Human Settlements, Urban Planning and Cooperative Governance and Traditional Affairs is the Founder and Executive Authority of the GPF, who exercises both strategic and political oversight on the affairs of the entity. In this regard, the Executive Authority is guided by the principles contained in the PFMA and the Deed of Trust.

For the facilitation of efficient oversight on the entity's performance and monitoring in relation to its mandate, a Shareholder Compact Agreement was concluded and signed by the Founder and the Trustees, although GPF is not required to conclude one in terms of the PFMA. The Shareholder's Agreement also ensures that oversight, and strategic and governance arrangements between the Shareholder and the entity are clearly defined.

In line with the responsibilities encapsulated in the PFMA, the GPF agrees with the Executive Authority on a Strategic Plan for a period of 5 years and reviews it on an annual basis in order to align it with the mandates issued by the Founder. To ensure that the objectives of the Strategic Plan are executed, an Annual Performance Plan is agreed to with the Executive Authority and performance reports in this regard are submitted to the Gauteng Department of Human Settlements (GDHS) for performance monitoring.

16. Accounting Authority/ Board of Trustees

In terms of the Trust Deed, the Trust shall be administered and managed by the Trustees for a period of three years, whom shall be nominated by the Founder. The nominations can be renewed at the discretion of the Founder. In terms of the Trust Deed, the maximum number of trustees is 12 while the minimum number is 7.

When making trustee appointments, the Executive Authority ensures an appropriate mix of the necessary capacity and skills, and that the majority of the trustees are independent and non-executive. The Executive Authority also appoints a shareholder representative to the GPF Board to represent it and its interests in the Board.

For the period under review, the Board consisted of 11 Trustees with the majority being non-executive and independent, With the shareholder representative being the non-independent trustee. Letters of Authority for 9 Trustees were issued by the Master of the High Court in October 2020 and they were granted the relevant authority to act. Two trustees who were appointed in 2021 have not been issued with Letters of Authority, hence they attend Board meetings as observers and do not form part of the quorum at the meetings. The Board appointed a Chief Executive Officer in January 2022 and the appointment of the CEO is under consideration by the Founder.

The Board's responsibility is to determine the GPF's strategic approach and formulate policy direction to enable the CEO to implement the entity's strategy supported by Executive Management. The Board remained constantly apprised of the implementation progress through reporting at Board Committee and Board meetings as well as regular communications with executive management, through the CEO. All the requisite Quarterly Performance Reports were submitted to the Executive Authority and the GDHS for the period under review.

The trustees maintain independence on all matters under consideration, and in the event of a trustee having a conflict of interests in any matter before the Board, this is duly disclosed and recorded in line with the GPF Declaration of Interests Policy.

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

An annual Board and Committee evaluation through an independent assessment of its performance against their charters, assists the Board in identifying any areas of development and successes.

16.1 The Board Charter

The Board Charter is approved by the Board and reviewed annually in compliance with good corporate governance practice. It sets out clear direction with regard to the Board's role and responsibilities, its composition as well as its general conduct, including conduct at Board meetings. These responsibilities include:

- Acting as the focal point for and custodian of corporate governance by managing its relationship with Management, the Executive Authority, the GDHS and other GPF stakeholders based on sound corporate governance principles;
- Assuming ultimate accountability and responsibility for the performance and affairs of the entity and effectively representing and promoting its legitimate interests;
- Retaining at all times full and effective control over the entity, directing and monitoring its business and affairs;
- Ensuring compliance with applicable laws;
- Carrying full fiduciary responsibility and a duty of care and skill to GPF in terms of the Trust Deed, the PFMA, the Trust Property Control Act, common law and the code of ethics;
- Overseeing the development of, approval, monitoring and review of the corporate strategy, company policies, appropriate systems, annual reports, annual budgets and business plans;
- Development of clear definitions of the levels of appropriate materiality or sensitivity in order to determine the scope and delegation of its authority and to ensure that it reserves specific powers and authority for itself;
- Overseeing GPF's values and ethics and ensuring that an appropriate corporate code of ethics is in place;
- Implementation and maintenance of an effective risk management framework and ensuring that key risk areas and key performance indicators of the entity are identified and monitored;
- Ensuring that the GPF has a sound communication policy and that it communicates regularly, openly and promptly with the Executive Authority, the GDHS and all relevant stakeholders.

Through the Charter, the Board as a collective is encouraged to allow every member to play a full and constructive role in the affairs of the GPF within the limitations imposed by the Trust Deed of the GPF, all applicable legislation and any Board resolutions specifically regulating the powers and responsibilities of the trustees.

Every trustee is encouraged to, where necessary, express disagreement with fellow trustees on the Board, including the Chairperson and the CEO.

16.2 Composition of the Board

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


Hlengiwe Bhengu-Motsiri
(Board Chairperson)


Sello Morero
(Deputy Board Chairperson)


Craig J. Cornish
(Board Member)


Douglas Kutumela
(Board Member)


Karabo Mbele
(Board Member)


Keith Khoza
(Board Member)


Leon G. Marincowitz
(Board Member)


Lindiwe Mthimunye
(Board Member)


Maseapo Kganedi
(Board Member)


Nangamso Maponya
(Board Member)


Abdullah Ismail
(Board Member)

The members of the Board of Trustees are:

Table 4: Board composition

Name	Designation *(in terms of the Public Entity Board structure)*	Initial Date of Appointment	Date of Re-appointment	Date of Resignation	Qualifications	Area of Expertise	Board Directorships	No. of Meetings attended
Hlengiwe Bhengu-Motsiri	Chairperson	15 May 2020	N/A	N/A	Higher Diploma in Economics BAdmin	Leadership Strategy Public Administration Governance Communications	OR Tambo School of Leadership (NED)	14/14
Sello Morero	Deputy Chairperson	15 May 2020	N/A	N/A	Masters: Public Administration Post-Graduate Diploma in Public Administration Certificate in Policing	Leadership Local Government Administration Strategy Governance Customer Relations Marketing Communications	Thabaneng Risk Consultants	14/14
Douglas Kutumela	Trustee	15 May 2021	N/A	N/A	BCom	Leadership Local Government Administration Labour Relations Human Resources Logistics	N/A	14/14

Name	Designation *(in terms of the Public Entity Board structure)*	Initial Date of Appointment	Date of Re-appointment	Date of Resignation	Qualifications	Area of Expertise	Board Directorships	No. of Meetings attended
Leon Gert Marincowitz	Trustee	15 May 2021	N/A	N/A	MPhil BA Honours BA	Leadership Governance Property and Real Estate Public Policy and Governance	Gauteng Gambling Board (NED) Gauteng Enterprise Propeller (NED)	14/14
Keith Khoza	Trustee	1 November 2020	N/A	N/A	Masters: Public Administration Post-Graduate Diploma in Management Diploma in Journalism	Leadership Strategy Public Administration Governance Communications	Gauteng Film Foundation and Manzi Mashatile Foundation.	14/14
Lindiwe Mthimunye	Trustee	17 October 2016	15 May 2020	N/A	CA (SA) MCom Post-Graduate Diploma in Tax Law Post-Graduate Diploma in Accounting BCom	Leadership Finance Accounting Strategy Business Management Governance Housing Finance	Metrofile Holdings Cell C Old Mutual Investment Group SABVEST Capital	11/14
Maseapo Kganedi	Trustee	1 February 2018	15 May 2020	N/A	LLM LLB Diploma in Legislative Drafting Certificate in Pension Law Certificate in Corporate Governance BProc	Legal Leadership Strategy Governance Compliance Public Administration	Development Bank of Southern Africa (DBSA)	9/14

Name	Designation *(in terms of the Public Entity Board structure)*	Initial Date of Appointment	Date of Re-appointment	Date of Resignation	Qualifications	Area of Expertise	Board Directorships	No. of Meetings attended
Nangamso Maponya	Trustee	1 April 2017	15 May 2020	N/A	GMP Chartered Banker MSc Finance MA Finance and Investments BCom (Honours) BCom	Leadership Finance Investments Accounting Strategy Governance Compliance	Sizwe Medical Fund	14/14
Abdullah Ismail	GDHS/Trustee	17 August 2020	N/A	N/A	MAP BCom	Leadership Finance Public Administration Governance	N/A	12/14
Karabo Mbele	Trustee (Non-voting)	26 May 2021	N/A	N/A	LLB Certificate in Advanced Company Law I Certificate in Advanced Company Law II MBA	Economics Finance Marketing Operations and Strategy Human Resource Management Accounting	N/A	12/14

Name	Designation *(in terms of the Public Entity Board structure)*	Initial Date of Appointment	Date of Re-appointment	Date of Resignation	Qualifications	Area of Expertise	Board Directorships	No. of Meetings attended
Craig Cornish	Trustee (Non-Voting)	25 May 2021	N/A	N/A	National Diploma in Accounting Post Graduate Certificate – Business Planning, Financial Management and Strategy Post Graduate Certificate – Fraud Prevention, Fraud Detection, Fraud Investigation and Investigative Auditing Reporting	Leadership Finance Accounting Auditing Taxation Governance	N/A	12/14

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

16.3 Board Committees

Table 5: Committees

Committee	No. of meetings held	No. of members	Names of members
Audit and Risk Committee	8	5	Ms Nangamso Maponya (Chairperson) Mr Leon Gert Marincowitz Ms Lindiwe Mthimunye Mr Keith Khoza Mr Craig Cornish (Non-Voting)
Human Resources and Social & Ethics Committee	6	4	Ms Sello Morero (Chairperson) Ms Maseapo Kganedi Mr Douglas Kutumela Ms Lindiwe Mthimunye
Fundraising and Investment Committee	9	5	Mr Leon Gert Marincowitz (Chairperson) Ms Hlengiwe Bhengu-Motsiri Ms Nangamso Maponya Mr Keith Khoza Ms Karabo Mbele (Non-Voting)

16.4 Remuneration of Board Members

In terms of the Trust Deed, the GPF should pay non-executive Trustees for their time spent on GPF business, according to a remuneration framework that is agreed between the Founder and the Trustee. The remuneration must be in line with National Treasury guidelines, market related and reasonable. In the year under review, the Trustees were remunerated in accordance with rates determined by the South African Institute of Chartered Accountants (SAICA), in accordance with a framework that was agreed upon in 2003. Work is underway with the GDHS and Gauteng Provincial Treasury to align the GPF Board remuneration framework with National Treasury guidelines.

The Schedule indicating remuneration paid to each Board Member can be found on page 135 of the Annual Financial Statements

Table 6: Board member remuneration

Name	Remuneration	Other allowance – Travel and Accommodation	Other re-imbursement – Training and Memberships	Total
Hlengiwe Bhengu	916 895	-	-	916 895
Sello Morero	419 589	-	-	419 589
Douglas Kutumela	354 438	-	2 400	356 838
Leon Gert Marincowitz	581 906	-	9 000	590 096
Keith Khoza	577 291	-	6 750	584 041
Lindiwe Mthimunye	464 265	-	3 200	467 465
Maseapo Kganedi	311 586	-	2 400	333 986

Name	Remuneration	Other allowance – Travel and Accommodation	Other re-imbursement – Training and Memberships	Total
Nangamso Maponya	584 684	-	6 750	591 434
Abdullah Ismail	-	-	-	-
Craig Cornish	332 178	-	-	332 178
Karabo Mbele	362 426	-	-	362 426

17. Risk Management

The GPF is committed to an enterprise-wide risk management process that is in accordance with the PFMA, Act 1 of 1999 as amended, and other statutes of good governance, such as the King IV, Reports on Corporate Governance for South Africa.

The Board is responsible for ensuring that there is a comprehensive and effective risk management system in place, including accountability for risk governance. As per King IV GPF governs risk in a way that supports the GPF is setting and achieving its strategic goals. The continuous enhancements of the enterprise risk management system which is a key responsibility of the Board. Enterprise risk management in the GPF is an ongoing process that focuses on identifying, assessing, managing, and monitoring all known forms of risks across all operations. A structured process of enterprise risk management ensures that the goals and objectives of the GPF are attained. This takes cognisance of the fact that the risks identified are often inter-linked and cannot be managed in isolation. The management of risk is assigned at appropriate levels throughout responsibility areas of activity across the entire organisation to ensure adequate responses.

The GPF recognises risk management as an integral part of responsible management and the process is fully outlined in the Risk Management Framework and Policy. During the year, the GPF continued to build on the existing foundation, which, among others, included the following activities:

- Reviewing the Enterprise-Wide Risk Management Policy, framework and procedures;
- Updating risk registers for all departments within the GPF, with measurable management action plans and completion dates;
- Monitoring of the defined risk management plans;
- Continuing with fraud, risk and ethics awareness workshops and business continuity training sessions; and
- Quarterly reporting to the Audit and Risk Committee who independently monitors the Risk Register.

GPF has a Board-approved Risk Management Policy and a supporting framework. The policy and framework are operationalised through the implementation of the supporting structures, standards, processes, technologies, and system/tool.

The GPF has an annual risk management plan that is approved by the Board. An annual Enterprise Risk Management Plan is also approved and monitored by the Executive Committee to ensure the adequacy and effectiveness of the risk management system.

Quarterly strategic and operational risk assessments are conducted to ensure an effective management of the existing business risks, as well as the identification and mitigation of emerging risks. The risk assessments are conducted by line management in the clusters, portfolios, strategic projects and key collaboration partnerships/ initiatives. The outcome of the various risk assessment is collated to formulate a GPF risk register (commonly referred to as the GPF top risks).

The risk assessment process is structured to analyse and evaluate three key categories, namely:

Strategic risks

These are risks that originate from the Strategic Plan that is concluded with the Board of Trustees that sets the strategy of the GPF. These are risks that have a direct impact on the ability of the GPF to deliver on its mandate. The ARC reviews the risks on a quarterly basis and advises the GPF on the effectiveness of the risk management system.

Operational risks

These risks include financial, legal and compliance risks, and are those risks that affect the systems, people, and processes through which the GPF operates. As part of the risk management process operational risks are reported to the Executive committee and ensure operational risks are being monitored. The ARC reviews the risk management process on a quarterly basis and advises the GPF of its effectiveness and when deemed necessary requests improvements to be made. Based on the internal audit reports, the organisational results achieved, the audit report on the annual financial statements and the management report of the Auditor-General, the Board is satisfied that the risk management system has been effective during the year under review.

Emerging risks

These can be regarded as new risks that may be an imminent threat. These could include possible changes to the regulatory environment, socio-political environment, the internal landscape, or social trends.

Application of the Risk Management Framework is designed to strengthen the achievement of the business strategy, management practices, decision-making, priority setting, and to better respond to stakeholder and customer needs. Moreover, practising integrated risk management is expected to support the desired cultural shift to a risk-smart workforce and environment.

During the year, the GPF has seen a gradual improvement of the strategic risks identified. However, it is notable that the COVID-19 pandemic made it challenging to maintain such improvements. Repayments of loans remain a high risk for the GPF the address in the year.

18. Internal Control Unit

Internal control systems are critical in managing the risks of an organisation and ensuring reliable financial reporting; compliance with laws, regulations and policies; as well as economical, effective and efficient operations. The GPF has an internal audit unit which is co-sourced that provides reasonable proactive and reactive assurance to the Audit and Risk Committee on the adequacy and effectiveness of internal controls, in line with the PFMA and King IV principles.

There are continued efforts to improve internal controls through adequate risk management processes, regular updating of policies, standard operating procedures and monitoring of compliance with the applicable policies, laws and regulations. Action plans were developed and implemented to address prior year audit findings raised by the AGSA to reduce or eliminate re-occurrence. We continue to strive towards a clean audit and will subsequently develop and implement action plans to address audit findings raised in the current financial year.

19. Internal Audit and Audit Committees

The internal audit function, which is independent of all line and functional management, is established in terms of section 51 of the PFMA. Internal Audit provides reasonable proactive and reactive assurance to the Audit and Risk Committee on the adequacy and effectiveness of internal controls. The mission of the Internal Audit function, according to the Institute of Internal Auditors (IIA) is to provide an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations.

The Internal Audit function assists the GPF to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The GPF's Internal Audit function was outsourced to an independent internal audit service provider CMG Advisory Services, then to Audit and Risk Management Solutions (ARMS), following the appointment of an internal audit manager towards the end of the financial year, the function was subsequently co-sourced with ARMS.

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

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

- Audit of performance information for quarter one, two and three;
- Audit of supply chain management; and
- IT general controls review

Key activities and objectives of the audit committee

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

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

Information on audit committee members

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

Table 7: Audit Committee

Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended
Ms Nangamso Maponya (Chairperson)	GMP Chartered Banker MSc Finance MA Finance and Investments BCom (Honours) BCom	External	15 May 2020 (Trustee) 5 June 2020 (ARC)	N/A	8/8
Mr Leon Gert Marincowitz	MPhil BA Honours BA	External	15 May 2020 5 June 2020 (ARC)	N/A	8/8
Ms Lindiwe Mthimunye	CA (SA) MCom Post-Graduate Diploma in Tax Law Post-Graduate Diploma in Accounting BCom	External	15 May 2020 5 June 2020 (ARC)	N/A	8/8

Name	Qualifications	Internal or external	Date appointed	Date resigned	No. of meetings attended
Mr Keith Khoza	Master's: Public Administration Post-Graduate Diploma in Management Diploma in Journalism	External	1 November 2020	N/A	8/8
Craig Cornish	National Diploma in Accounting Post Graduate Certificate – Business Planning, Financial Management and Strategy Post Graduate Certificate – Fraud Prevention, Fraud Detection, Fraud Investigation and Investigative Auditing Reporting	External	25 May 2021	N/A	7/8

20. Compliance with Laws and Regulations

Regulatory compliance requires the GPF to continuously analyse its unique requirements and any mandates specific to the organisation and then develop processes to meet these requirements.

The GPF proactively manages compliance with laws and regulations and is constantly on the look-out for any changes affecting its business.

Key management functions are integral in achieving effective compliance. The integrated governance roles which are enabled to give effect thereto, are mainly Legal and Compliance, Risk and Internal Audit. These functions allow for three lines of defence, namely:

- Management assurance as the first line of defence;
- Risk management and Legal and Compliance as the second line of defence; and
- Internal audit and other independent assurance providers as third and final line of defence.

Business and its operational management are important lines of defence in ensuring a compliant organisation. The Compliance Universe Framework for the organisation has identified existing and emerging legislation relevant to its business to ensure that risks that may arise from the compliance requirements are well understood by the Board and management.

The risks that non-compliance with laws and regulations pose are well identified and managed by the organisation so as to avoid possible breaches and contraventions. The latter may lead to penalties and fines, imprisonment, litigation and reputational risk, which may individually and/or collectively have a fundamental impact on the organisation's sustainability as a going concern, not to mention the impact that a lack of good corporate governance at Board and business levels can have on the organisation.

The organisation has reviewed it policies and procedures and where necessary, developed new ones to ensure compliance with the Protection of Personal Information Act. Policies that affect external stakeholders have been made public and placed on the website.

The GPF proactively manages compliance with laws and regulations and is constantly on the look-out for any changes therein affecting its business.

21. Fraud and Corruption

Fraud represents a significant potential risk to the GPF's assets, service delivery efficiency and reputation. The GPF has zero-tolerance for fraud, corrupt and unethical activities or transactions, whether internal or external to the GPF, and will vigorously pursue and prosecute any parties who engage in such practices or attempt to do so by all legal and administrative means available. Various training sessions were conducted to educate the staff on numerous fraud awareness General fraud aware remains a vital role in educating staff to prevent and identify fraud plus how to report it.

The GPF is committed to the highest possible standards of openness, transparency, integrity, accountability, anti-bribery and professional ethics. Furthermore, the GPF is committed to support the fight against corruption and fraud in promoting good, effective, accountable and transparent governance.

Corruption and Fraud are often first detected by employees who cannot express their knowledge of allegations due to fear of being regarded as disloyal or possibly being intimidated, harassed or victimised by colleagues

GPF strives to provide protection for disclosures made by employees and stakeholders in good faith

In this regard the GPF has a Whistleblowing Policy which addresses the responsibility of every employee or other parties to disclose criminal or any other irregularities. It also stipulates the employer's responsibility to ensure that those employees are protected from any retaliation resulting from disclosure- where disclosures are made in good faith.

Therefore, the objective of the policy is to encourage anyone to lodge complaints, feel confident in lodging complaints; report complaints through the appropriate channels; be provided while being protected.

The GPF does not tolerate any harassment or Victimisation and will take appropriate action to protect its any reporter when a concern is raised in good faith. Reporters are encouraged to report any incidences of harassment or victimisation to the Legal Compliance and Risk Unit and/or the Human Resources Unit and Internal Audit.

Reporters are warned against making false allegations or allegations with malicious intent as this can serious reporcusions for the reporter

The process for reporting is clearly spelt out in the Policy which always for escalation measures.

Depending on the official or person under suspicion, cases can be reported to the Risk Manager; the Legal and Compliance Manager; the relevant Executive Manager; Internal Audit; the CEO; Chairperson of the Audit & Risk Committee; the Chairperson of the Board; and/or the Anti-Corruption Hotline which is administered through the Gauteng Provincial Government.

The action taken on any matter identified will depend on the nature of the allegations. Possible actions include but are not limited to: Internal investigations; reporting to the South African Police Services or other law enforcement authorities; and/or referring to the Audit and Risk Committee.

To create awareness and for the policy to be effective the policy is workshopped with employees External stakeholders are made aware of the hotline and tipoffs by details thereof being clearly visible on the GPF website where the Policy is also placed. Record of concerns/ allegations, status and outcomes is kept in a format that does not endanger the confidentiality thereof.

22. Minimising Conflict of Interest

In order to proactively manage conflicts of interest, the GPF has developed a Conflict of Interest Policy.

The main purpose of this provide guidance on what constitutes a conflict of interest, the processes and procedures that are in place to facilitate compliance, and the consequences of non-compliance.

The policy is designed to allow all affected parties to -to:

- Identify, avoid, and where avoidance is not possible, mitigate and manage the conflicts interests that may arise;
- Make the right decisions when confronted with conflict of interest issues; and
- Strengthen measures and standards to manage conflict of interest

The Conflict of Interest Policy is applicable to trustees, employees, clients and service providers.

In accordance with its Conflicts of Interest Policy, the GPF enjoins its trustees to complete and sign an annual Declaration of Interest.

The GPF ensures that a declaration register is circulated at every Board and Board Committee meeting for the trustees to declare any interests in relation to every matter that is to be discussed at a particular meeting.

During the year under review, there were no declarations of interest or areas of potential conflict of interests made by members of the Board on any matters that were considered by the Board or Board Committees Further, no areas of conflict or potential conflicts of interest by the trustees were identified.

In terms of the Conflict of Interest Policy and Terms and Conditions of Employment, all GPF employees are required to fill in declarations of interest covering shareholding in private companies, membership of close corporations, directorships held, partnerships and joint ventures. Approval is required for any external remunerative work.

All GPF employees made their declarations for the period under review in line with the Conflict of Interest Policy. In the main, the employee declarations indicate that GPF employees do not have outside interests that might pose conflicts of interest with the GPF's business.

Further, the declarations indicate that GPF employees do not use their personal positions or knowledge gained through their employment with the GPF for private or personal advantage, or in such a manner that a conflict or an appearance of a conflict could arise between their private interests and those of the GPF.

Noting the potential conflicts of interest posed by the receipt of gifts and hospitality,

The GPF notes that the management of gifts and hospitality offered in the course and scope of employment and in the Public Service in general, is increasingly becoming complicated and difficult to control. The biggest challenge is that gifts can have unintended consequences depending on the context in which it was offered and the intentions of the giver. This in the end has the potential for deception as a result of receiving bribes. The GPF has therefore developed a standalone policy dealing therewith. This is the new Gifts and Hospitality Declaration Policy provides clear policy directive on the acceptance of gifts, Hospitality and other sponsorship and retainership for the GPF; assist the GPF in managing possible conflicts of interest which may arise due to Employees accepting gifts and Hospitality while undertaking their official duties; and stipulate the procedure to be followed in seeking permission to accept gifts to an accumulative value of R 300.00 (three hundred rand) per year.

The GPF has also introduced Anti-Money Laundering Policies which will enhance the screening process of all parties doing business with the GPF. This includes a policy on Politically Exposed Persons.

Any gifts over and above this threshold are politely declined.

In the year under review clients and service providers were screened for possible conflicts of interest. None were identified.To create awareness about the Conflicts of Interest Policy, the Gifts and Hospitality Declaration Policy and the Anti Money Laundering Policies policy awareness workshops are conducted for staff. The policies are also placed on the GPF website for easy access and reference by external parties.

23. Code of Conduct

The GPF reviewed the Employee Code of Conduct during the year under review to ensure that employees are aware of desirable behaviours aligned to the values of the entity. Employees are required to act with utmost integrity and in compliance with the law when serving the public. All employees have access to the Code of Conduct and are expected to declare their interests when they join the employ of the GPF. Follow-up declarations of interest are made on a monthly basis to ensure that no member of staff conducts business with the public where they have direct or indirect personal interest. Failure to adhere to the Code of Conduct will result in disciplinary action against affected employees.

24. Health, Safety and Environmental Issues

The GPF has an approved Health and Safety Policy and complies with the Occupational Health and Safety Act, No. 35 of 1993, and the Compensation for Occupational

Injuries and Diseases Act, No. 120 of 1993, ensuring that it is up to date with the Compensation Fund obligations. The GPF normally participates in corporate building emergency drills that are arranged by the landlord. In the year under review, however, 1 drill was arranged and all was in order and all staff was accounted for. The GPF has health and safety officials who are trained in emergency evacuation drills and first aid. During the year we had a few staff members who tested positive for COVID-19 and where positive results were returned; the necessary self-isolation protocols were observed. These positive results were not in the office and they did not come into contact with any of the staff in the office. Health and safety officials continue to assist with ensuring compliance to COVID-19 regulations where necessary.

25. Company Secretary

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

The role of the Company Secretary is to:

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

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

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

26. Audit and Risk Committee Report

We are pleased to present our report for the financial year ended, 31 March 2022.

Audit Committee Responsibilities

The Audit and Risk Committee reports that it has complied with its statutory responsibilities arising from section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury 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 and has also reviewed the appropriateness of accounting policies and practices.

Effectiveness of Internal Controls

Based on the assessments of internal controls undertaken by the internal auditors during the period under review, and having considered the information, statements, and explanations given by management of the GPF, as well as the discussions with the external auditors, the Audit and Risk Committee is of the opinion that the GPF's systems of internal controls are effective and form a sound basis for the preparation of reliable Annual Financial Statements for the 2021/22 financial year.

Internal Audit Function

The Audit and Risk Committee is responsible for ensuring that the GPF's outsourced internal audit function is independent and has the necessary resources, standing, and authority within the GPF to enable it to discharge its duties. A GPF Internal Audit Manager was appointed on 1March 2022 and will assist in transitioning the GPF to a co-sourced internal audit model. The Audit and Risk Committee has considered and approved an Internal Audit Charter which regulates the relationship between the Internal Audit Function and the GPF, as well sets out the roles and responsibilities of all the parties involved in the internal audit processes. The annual internal audit plan and the three-year risk-based audit plan were reviewed and approved by the Committee for implementation.

External Auditors

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

Furthermore, the committee has reviewed and discussed the audited Annual Financial Statements with the Auditor-General and the trustees. The committee has reviewed the Auditor-General's management report and management's response thereto. We have also reviewed the accounting policies and practices and considered the appropriateness of the accounting policies as well as any changes made.

In-Year Management and Monthly/Quarterly Reporting

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

Evaluation of Financial Statements

The Committee has reviewed the annual financial statements prepared for the year ended 31 March 2022, and the Committee is satisfied that these statements were prepared in accordance with the South African Standards of GRAP issued by the South African Accounting Standards Board, and have complied in all material respects with the requirements of the PFMA.

Auditor's Report

We have reviewed the GPF's implementation plan for audit issues raised in the year prior and we are satisfied that the matters have been adequately resolved.

We have instructed the GPF's management to develop an implementation plan for all the audit issues raised by the Auditor-General in the current year. We will monitor its implementation throughout the year 2022/23.

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

Nangamso Maponya
Chairperson of the Audit and Risk Committee
(Date)

Wisani Heights

27. B-BBEE Compliance Performance Information

Table 8: Entity information

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

Table 9: B-BBEE compliance performance information

Criteria	Circle relevant answer	Attachment
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	**No**	Not in the current financial year
Developing and implementing a preferential procurement policy	**No**	The GPF has adopted and is implementing the preferential procurement policy as issued by National Treasury through its Supply Chain Management Policy.
Determining qualification criteria for the sale of state-owned enterprises	**No**	Not in the current financial year
Developing criteria for entering into partnerships with the private sector	**No**	Not in the current financial year.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	**No**	Not in the current financial year

APPROVED BY:

ACCOUNTING AUTHORITY: Gauteng Partnership Fund

Date: 27 July 2022

Savannah City

PART D:
HUMAN RESOURCE MANAGEMENT


Affri Village

28. INTRODUCTION

28.1 Overview of HR matters at the public entity

The Human Capital Management Unit (HCM), as a strategic business partner, continued to support the operations of the GPF in line with its value proposition and key services offerings. These included recruitment and selection, training and development, change management, employee relations, organisational design and development performance management, occupational health and safety, employee benefit review as well as wellness.

29. Set HR priorities for the year under review and the impact of these priorities

- During the period under review the Human Capital Management Unit prioritised the recruitment and selection of staff to improve the human resource capacity of the organisation. Middle management level including the Finance and Supply Chain Manager positions were filled. Other critical positions that were filled included the Internal Audit and ICT Managers.
- Human Capital Management implemented the Culture Change initiative in response to the organisational climate survey conducted in the previous financial year. This included addressing staff emotional intelligence ratings and co-creating a GPF value proposition and a new culture of performance that would enhance organisational performance demands.
- The establishment of an organisational maturity model was also introduced by human capital management as a business partner, to improve and support GPF strategic objectives.
- A Competency framework was developed to establish a common understanding of attributes, skills, qualifications, values and behaviours that are acceptable with respect to various occupational roles in the organisation.

30. Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

GPF continued to review the strategy of the organisation and the resulting concomitant structure to ensure that the organisation is fit for purpose. Staff were accordingly placed to maximise the use of the current human resources at no additional cost. Human Capital Management focused on filling approved funded positions which raised the recruitment rate to 70%.

In line with the mandate of the GPF and its strategic focus for the year under review, the workforce that was planned for was the filling of the approved posts of Chief Executive Officer, ICT Manager, Manager: Internal Audit, the Interim Facilities Manager, the HR Specialist, the Marketing and Communication Officer, the Legal Counsel, the Portfolio Management Officers, Company Secretary, the Stakeholder Relations Officer, and the Financial Officer.

Strategies for the recruitment of these positions included the development of appropriate job profiles, evaluation and grading of these profiles, and placing advertisements in selected media, including online recruitment platforms. The HR unit will continue to engage with GPF operational units to assess and meet their staffing needs and requirements.

31. Employee performance management framework

In the period under review, the HCM facilitated the training and entrenching of the approved performance management system across the organisation and ensured that staff sign their performance agreements for the year 2022/2023. The framework ensured the alignment of key performance areas and indicators with the objectives of the entity and in alignment to the National Treasury Performance Framework.

32. Employee wellness programmes

With the continuing scourge of the COVID-19 pandemic, GPF monitored compliance with the Disaster Management Act and related regulations as directed by the National Department of Health. The hybrid model of Work from Home (WFH) and Office continued to be implemented. GPF recorded a few COVID-19 infections with recoveries.

33. Policy development

In the current year, the policy on Recruitment and Selection Policy and the Acting Policy were reviewed with the view of improving the organisational operating requirements. Human Capital Management monitored the implementation of the approved policies.

34. Highlight achievements

The highlight achievements in the year under review were the implementation of the Culture Change initiative, the high success rate in the recruitment and selection of staff and the implementation of the revised GPF performance management system as well as the finalisation of the GPF Competency Framework.

35. Challenges faced by the public entity

The major challenges that were faced by the Entity for the year under review were the introduction and adaptation by staff to the revised performance management system, the budgetary constraints to fill the established posts and the settlement with the Union on wage increases.

36. Future HR plans /goals

In the 2022-2023 financial year, HCM will focus on filling critical and funded vacant positions; the implementation of the Competency and Performance Management Framework; implementation of the culture change management programme including driving the new value proposition co-created by all staff; the continued review of functions to ensure a fit for purpose organisational structure; leadership development; as well as continue with equity programmes and improving relations with labour. The HCM policy manual is due for review in the 2022/2023 financial year and all stakeholders involved in the process will be consulted.

37. HUMAN RESOURCE OVERSIGHT STATISTICS

The tables below are providing the key information on human resources. All the financial amounts coincide with the amounts disclosed in the annual financial statements.

37.1 Personnel related expenditure

Table 10: Personnel Cost by programme/ activity/ objective

Amounts on table 1 and table 2 take into account all employees paid in the financial year including employees on the short-term contract, and on secondment to the GPF.

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	6 747 354,46	6 747 354,46	12,5%	7	963 907,78
Company Secretariat	1 952 835,74	1 952 835,74	3,6%	3	650 945,25
Corporate Services	17 565 584,69	17 565 584,69	32,6%	21	836 456,41
Finance	11 858 560,42	11 858 560,42	22,0%	14	847 040,03
Investment and Development	15 807 388,20	15 807 388,20	29,3%	14	1 129 099,16
TOTAL	**53 931 723,51**	**53 931 723,51**	**100.0%**	**59**	**4 427 448,63**

Table 11: Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	9 870 324,68	18%	6	1 645 054,11
Senior Management	6 385 378,51	12%	4	1 596 344,63
Professional qualified	20 017 733,31	37%	18	1 112 096,30
Skilled	16 635 283,95	31%	28	594 117,28
Semi-skilled	1 023 003,06	2%	3	341 001,02
Unskilled	0,00	0%	0	0,00
TOTAL	**53 931 723,51**	**100%**	**59**	**5 288 613,34**

Table 12: Performance Rewards

The amount reflected below is for the performance rewards paid for the 2019/20 performance cycle.

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	0,00	9 870 324,68	0,00%
Senior Management	519 410,90	6 385 378,51	0,96%
Professional qualified	961 793,04	20 017 733,31	1,78%
Skilled	681 231,82	16 635 283,95	1,26%
Semi-skilled	64 632,09	1 023 003,06	0,12%
Unskilled	0,00	0,00	0,00%
TOTAL	2 227 067,85	53 931 723,51	4,12%

Table 13: Training Costs

Programme/activity/objective	Training Expenditure (R'000)
Amount Spent on AET	0,00
Amount Spent on Bursaries	193 646,20
Amount Spent on USBSP	0,00
Amount Spent on ordinary Short Courses (Non NQF Aligned)	35 946,50
Amount Spent on Internships	0,00
Amount Spent on Learnerships	0,00
Amount Spent on Artisan Development Programmes	0,00
Amount Spent on WIL	**0,00**
TOTAL	**229 592,70**

The total amount reflected on the above table is for bursaries and the short-term learning programmes awarded in the financial year under review.

Table 14: Employment and vacancies

Programme/ activity/objective	2020/2021 No. of Employees	2020/2021 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	2021/2022 Approved Posts	% of vacancies
Top Management	3	4	4	0	4	0.0%
Senior Management	5	5	3	0	3	0.0%
Professional qualified	11	12	14	7	21	13.7%
Skilled	21	26	27	14	41	27.5%
Semi-skilled	3	3	3	1	4	2.0%
Unskilled	0	0	0	0	0	0.0%
TOTAL	**43**	**50**	**51**	**22**	**73**	**43.1%**

The approved organisational structure has 73 positions with 12 of them unfunded. These will be funded in outer years. As outlined on the table above, as at the 31 March 2022 a total of 51 positions were filled with 22 vacancies.

Table 15: Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	1	0	4
Senior Management	5	0	2	3
Professional qualified	11	5	2	14
Skilled	21	7	1	27
Semi-skilled	3	0	0	3
Unskilled	0	0	0	0
Total	**43**	**13**	**5**	**51**

Under terminations, there was one position which was downgraded as a result of the change of the review in the organisational structure. The position shifted from Senior Management to Professional Qualified.

Table 16: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0.0%
Resignation	3	75.0%
Dismissal	0	0.0%
Retirement	0	0.0%
Ill health	0	0.0%
Expiry of contract	1	25.0%
Other	0	0.0%
Total	**4**	**100.0%**

The table considers the number of employees who left the employment due to various reasons.

Table 17: Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	1	0	0	0
Professional qualified	5	0	2	0	0	0	0	0
Skilled	10	0	0	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**16**	**0**	**2**	**0**	**1**	**0**	**0**	**0**

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	0	1	0	0	0	0	0
Senior Management	0	0	0	0	0	0	1	0
Professional qualified	7	0	0	0	0	0	0	0
Skilled	13	0	2	0	0	0	2	0
Semi-skilled	3	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	**26**	**0**	**3**	**0**	**0**	**0**	**3**	**0**

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	1	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	**1**	**0**	**0**	**0**

Winchester Heights

PART E:
FINANCIAL INFORMATION

Dan Tloome

General Information

Country of incorporation and domicile	South Africa
Contact details	011 685 6600
Nature of business and principal activities	Gauteng Provincial Government's co-funder and enabler of Mega Projects in Gauteng
Registered office	82 Grayston Drive Sandton Johannesburg 2196
Postal address	PO Box 652247 Benmore 2010
Executive authority	Gauteng Department of Human Settlements
Website address	www.gpf.org.za
Bankers	First Rand Group Limited 15 Troye Street Johannesburg 2001
Internal Auditors	Audit and Risk Management Solutions 3rd Floor 104 Oxford Road Rosebank Johannesburg Tel: 011 484 1235
External Auditors	Auditor-General South Africa Registered Auditors 39 Scott Street, Waverley Office Park, Johannesburg
Company registration number	IT2422/02
Attorneys	Poswa Inc. Cliffe Dekker Hofmeyr Lawtons Africa Geldenhuys Malatji

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

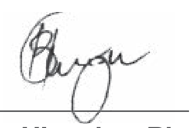
Financial Statements for the year ended 31 March 2022

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

The Financial Statements set out on pages 91 to 164, which have been prepared on the going concern basis, were approved by the Board on 28 July 2022 and were signed on its behalf by:

Ms. Lindiwe Kwele
Chief Executive Officer



Ms. Hlengiwe Bhengu-Motsiri
Chairperson of the Board

Report of the Auditor-General

Report of the auditor- general to the Gauteng Provincial Legislature on the Gauteng Partnership Trust, trading as the Gauteng Partnership Fund

Report on the audit of the financial statements

Opinion

1. I "have audited the annual financial statements of the Gauteng Partnership Fund set out on pages 91 to 164, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies".

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Partnership Fund as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 9 of 2021 (Dora).

Basis for opinion

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

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as the 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 accounting authority for the financial statements

6. The board of trustees, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA and Dora, 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 annual financial statements, the accounting authority is responsible for assessing the Gauteng Partnership Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following programme presented in the annual performance report of the public entity for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 - capital raising	45

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- programme 2 - capital raising.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 29 to 46 for information on the achievement of planned targets for the year and explanations provided for the under-/overachievement of a number of targets.

Report on the audit of compliance with legislation Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

18. The material finding on compliance with specific matters in key legislation is as follows:

Procurement and contract management

19. Some of the goods and services were procured without obtaining at least three written price quotations in accordance with treasury regulation 16A6.1, paragraph 3.3.1 of National Treasury Practice Note 8 of 2007-08 and paragraph 3.2.1 of Supply Chain Management Instruction Note 2 of 2021-22.

Other information

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

21. My opinion on the financial statements and findings on the reported performance information,and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

22. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic goal presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

23. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

24. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Report of the Auditor-General

25. Senior management did not always ensure that sufficient monitoring controls on compliance with laws and regulations were adhered to. This resulted in material non-compliance with laws and regulations relating to procurement and contract management.

Other reports

26. I draw attention to the following engagement conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

27. The Gauteng Office of the Premier (OOP) mandated the Special Investigating Unit (SIU) to investigate alleged fraud and maladministration in a project between the Gauteng Partnership Fund and a service provider. The SIU issued an investigation report in April 2021. The Gauteng Partnership Fund has submitted responses to the SIU report through the OOP and is currently awaiting the feedback.

Auditor-General

Johannesburg
31 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure - Auditor-general's responsibility for the audit

1. 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 the selected programmes and on the public entity's compliance with respect to the selected subject matter.

Financial statements

1. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
   - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
   - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
   - conclude on the appropriateness of the accounting authority's 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 related to events or conditions that may cast significant doubt on the ability of the Gauteng Partnership Fund 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing 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

2. 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.

3. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and communicate 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.

Report of the Trustees

The Trustees submit their report for the year ended 31 March 2022.

1. Review of activities

Main business and operations

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

The vision of the organisation, namely "To be a Partner of Choice in Catalysing the Funding and Development of Integrated and sustainable human settlements in Gauteng", encapsulates the mandate.

The mandate encapsulates the following four (4) core functions:
1. Raising and managing the capital required for the successful implementation of identified Mega projects and affordable rental and student accommodation properties in Gauteng
2. Providing loans to private sector developers for the development of affordable rental and student accommodation project
3. Providing project management and development services and serving as a developer of successful turnkey projects on strategic government owned land; and
4. Portfolio management which includes the collection of funds

In the period under review the GPF received management fees from the following:
- Future Growth Asset Management (Pty) Ltd for project management fees to a value of R1,946,847 (March 2021: R1,083,750)
- Aspari (RF) (Pty) Ltd management fees accrued are R335,338 (March 2021: R858,588) and;
- GDHS Rapid Land Release Programme management fee of R21,535,619.
- GDHS management fee for mega projects to a value of R38,398,947 (March 2021: R36,855,646) from the GDHS. (Refer to note 13).
- HDA Management fees for UISP amounting to R8,881,312

In the period under review the GDHS transferred the following to GPF which excludes management fees:
- Rapid Land Realease Programme funding to the value of R725,160,230 ;
- Mega Project Programme Funding to the value of R767,978,938 (March 2021: R563, 582,942); and
- Upgrade of the Informal Settlements Programme to the value of RNil (March 2021: R347,000,000) (Refer to note 8 & 22).

2. Statements of responsibility

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

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

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

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

3. Subsequent events

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

4. Going concern

The annual financial statements have been prepared on the going concern basis, since the Trustees have every reason to believe that the GPF has sufficient resources for the foreseeable future to continue operating. At reporting date, GPF's assets were sufficient to meet the Trustee's right of indemnity out of the GPF's assets for liabilities incurred on behalf of the GPF.

The Trustees will continue to assess the impact of Covid-19 on the going concern due to the uncertainty of the outbreak. Mitigation factors that the entity will be taking to address any going concern uncertainties include:

- monitor the financial health and quality of assets
- reducing contractual obligations by accessing the organisations needs
- revision of budget estimates
- reducing the reliance on Government assistance and alternative sources of funding

Report of the Trustees

5. Property, plant, equipment and intangibles

During the period under review, the GPF purchased office and computer equipment to the value of R1, 001,264 (March 2021: R1,372,974) and office and computer equipment to the value of R42,807.l (March 2021: R38,792) were disposed of.

The carrying value of Intangible assets for the period amount to R1,588,552

6. Secretary

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

7. Constitution of the Board of Trustees

The GPF Board consisted of the following:

Name	Date of appointment /resignation	Audit and Risk Committee	Funding and Investment Committee	Human Resources and Social &Ethics Committee
M Bhengu (Chairperson)	15 May 2020		√	
S Morero (Appointed as Deputy Chairperson)	Appointed 1 November 2020			√
C Cornish	Appointed 25 May 2021			
A Ismail (Ex-officio)	17 August 2020			
K Khoza	Appointed 1 November 2020	√		
D Kutumela	15 May 2020			√
M Kganedi	15 May 2020			√
N Maponya	Re-appointed15 May2020	√	√	
L Marincowitz	15 May 2020	√	√	
K Mbele	Appointed 26 May 2021			
L Mthimunye	Re-appointed15 May2020	√		√

Report of the Trustees

8. Auditors

Auditor-General South Africa will continue to be the external auditors.

9. Provision for doubtful debts

In the period under review the provision for doubtful debts increased to R29,588,504 (March 2021: R18,864,639) (Refer notes 3).

10. Contingencies

Arkein Capital (Pty) Ltd has lodged a claim against the GPF to the value of R 8,500,000 which has resulted as a contingent liability as the matter is currently being defended in court. The outcome of this matter uncertain

The Gauteng Partenership fund will apply to retain R689,618,462 of surplus funds from the Gauteng Provincial Treasury.

11. Irregular, fruitless & wasteful expenditure

In the period under review management discovered irregular expenditure of R17,046,703 of this amount R10,953,249 relates to the prior years. The irregular expenditure arose as a result of not following normal SCM bid processes.(refer to Note 32)

The fruitless and wasteful expenditure in the period under review relates to a settlement payment made to a service provider for a contractual dispute and penalty and interest charge on late payment. Both matters are under assessment and determination as per the Fruitless and Wasteful Expenditure Framework. (Refer to note 31).

In the period under review, the organisation has recorded a deficit of R217,840,366 as a result of a surrender to the Provincial Revenue Fund. The Gauteng Provincial Treasury has indicated that the GPF must surrender R263,590,917 of the R635, 227,751 that it requested to retain in the previous financial year.

The annual financial statements set out on page 6 to 64, which have been prepared on the going concern basis, were approved by the board of members on 30 May 2022 and were signed on its behalf by:

Ms. Lindiwe Kwele
Chief Executive Officer

Ms. Hlengiwe Bhengu-Motsiri
Chairperson of the Board

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	12 months ended 31March 2022	12 months ended 31 March 2021*
Assets			
Current Assets			
Cash and cash equivalents	2	1,586,750,166	1,207,279,092
Current-portion loans and receivables from exchange transactions	3	69,149,485	91,823,540
Receivables from exchange transactions	4	23,773,801	8,749,915
Loans and receivables held-for-trade	5	61,607,459	61,952,263
		1,741,280,911	**1,369,804,810**
Non-Current Assets			
Loans and receivables from exchange transactions	3	982,664,777	966,834,004
Property, plant and equipment	6	2,870,515	3,435,587
Intangible assets	7	1,588,552	-
		987,123,844	**970,269,591**
Total Assets		**2,728,404,755**	**2,340,074,401**
Liabilities			
Current Liabilities			
Unspent conditional grants and receipts	8	914,238,841	262,294,633
Finance lease obligation	9	83,606	77,970
Payables from exchange transactions	10	6,666,664	313,404,152
Provisions	11	265,677,856	5,024,500
		1,186,666,967	**580,801,255**
Non-Current Liabilities			
Finance lease obligation	9	29,191	112,797
Operating lease liability	12	388,614	-
		417,805	**112,797**
Total Liabilities		**1,187,084,772**	**580,914,052**
Accumulated surplus		1,541,319,983	1,759,160,349

*Restated, refer to note 34

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note(s)	12 months ended 31March 2022	12 months ended 31 March 2021*
Revenue from exchange transactions			
Interest received from loans and receivables	13	116,345,270	102,689,167
Management fees received	13	71,118,063	38,797,984
Interest received from banks	13	21,666,495	24,401,425
Other income	14	2,606,206	3,156,702
Total revenue		**211,736,034**	**169,045,278**
Expenditure			
Employee related expenses	19	(54,919,945)	(50,145,105)
Depreciation and amortisation	6&7	(1,542,677)	(1,867,110)
Finance costs	17	(10,883)	(11,093)
Lease rentals on operating lease		(6,795,391)	(5,679,829)
Increase in provision for doubtful debts	28	(43,121,948)	(1,140,306)
Repairs and maintenance		(2,917,997)	(1,386,132)
General Expenses	18	(13,486,765)	(17,265,530)
Total expenditure		**(122,795,606)**	**(77,495,105)**
Operating surplus	**15**	**88,940,428**	**91,550,173**
Gain on disposal of assets	29	24,565	15,217
Fair value adjustments	16	(11,127,716)	(7,380,499)
Impairment loss of loan and receivables from exchange transactions	3	(32,086,726)	(16,917,102)
Surrender to the Provincial Revenue Fund	11	(263,590,917)	-
		(306,780,794)	**(24,282,384)**
(Defiicit)/Surplus for the year		**(217,840,366)**	**67,267,789**

*Restated, Refer to note 34

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	1,663,182,018	1,663,182,018
Prior year adjustments (Refer to note 34)	28,710,542	28,710,542
Balance at 01 April 2020 as restated	**1,691,892,560**	**1,691,892,560**
Changes in net assetsSurplus for the year	67,267,789	67,267,789
Total changes	67,267,789	67,267,789
Balance at 01 April 2021 as restated	**1,759,160,349**	**1,759,160,349**
Changes in net assetsDeficit for the year	(217,840,366)	(217,840,366)
Total changes	(217,840,366)	(217,840,366)
Balance at 31 March 2022	**1,541,319,983**	**1,541,319,983**

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in Rand	Note(s)	12 months ended 31March 2022	12 months ended 31 March 2021
Cash flows from operating activities			
Receipts			
Cash receipts - from borrowers and senior funders		236,850,816	125,462,122
Cash receipts - interest from banks		21,792,180	24,694,029
Old lease deposit reimbursement		1,105,858	-
Management fees received		47,102,110	30,976,362
Sedibeng shared services		303,060	-
Government grants received from Gauteng Department of Human Settlements andinterest earned		1,504,217,962	923,346,647
		1,811,371,986	1,104,479,160
Payments			
Employee costs		(58,400,713)	(50,719,417)
Suppliers		(22,836,296)	(18,338,788)
Finance costs		(10,883)	(11,093)
Payments made to Mega Project contractors and Upgrade of Informal SettlementProgramme service providers		(1,150,440,206)	(650,793,341)
Cash paid to borrowers		(197,659,053)	(108,318,282)
		(1,429,347,151)	(828,180,921)
Net cash flows from operating activities	25	**382,024,835**	**276,298,239**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,226,219)	(663,229)
Actual proceeds received from insurance company/buyer		52,227	54,008
Purchase of other intangible assets	7	(1,301,800)	-
Net cash flows from investing activities		**(2,475,792)**	**(609,221)**
Cash flows from financing activities			
Finance lease payments		(77,969)	(59,236)
Net increase/(decrease) in cash and cash equivalents		**379,471,074**	**275,629,782**
Cash and cash equivalents at the beginning of the year		1,207,279,092	931,649,310
Cash and cash equivalents at the end of the year	2	**1,586,750,166**	**1,207,279,092**

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Expenditure						
Personnel	(55,105,384)	1,000,000	**(54,105,384)**	(53,495,572)	**609,812**	Refer to note 27
Repairs and maintenance	(1,262,190)	-	**(1,262,190)**	(1,170,364)	**91,826**	Refer to note27
General Expenses	(29,676,011)	5,250,000	**(24,426,011)**	(23,781,725)	**644,286**	Refer to note27
Total expenses	**(86,043,585)**	**6,250,000**	**(79,793,585)**	**(78,447,661)**	**1,345,924**	
Statement of Financial PositionAssets						
Non-Current Assets						
Property, plant andequipment	1,763,513	(750,000)	**1,013,513**	1,001,264	**(12,249)**	Refer to note27
Intangible assets	1,607,832	-	**1,607,832**	1,301,800	**(306,032)**	
	3,371,345	(750,000)	**2,621,345**	2,303,064	**(318,281)**	
Total Assets	**3,371,345**	**(750,000)**	**2,621,345**	**2,303,064**	**(318,281)**	
Net Assets	**3,371,345**	**(750,000)**	**2,621,345**	**2,303,064**	**(318,281)**	
Cash Flow Statement						
Cash flows from operating activities						
Payments						
Employee costs	55,105,384	(1,000,000)	**54,105,384**	53,495,572	**(609,812)**	Refer to statement of cashflows
Suppliers	30,938,201	(5,250,000)	**25,688,201**	24,952,089	**(736,112)**	Refer to statement of cashflows
	86,043,585	**(6,250,000)**	**79,793,585**	**78,447,661**	**(1,345,924)**	
Cash flows from investing	activities					
Purchase of property,plant and equipment	1,763,513	(750,000)	**1,013,513**	1,001,264	**(12,249)**	Refer to statement of cashflows
Purchase of other intangible assets	1,607,832	-	**1,607,832**	1,301,800	**(306,032)**	
Net cash flows from investing activities	**3,371,345**	**(750,000)**	**2,621,345**	**2,303,064**	**(318,281)**	
Net decrease in cashand cash equivalents	89,414,930	(7,000,000)	**82,414,930**	80,750,725	**(1,664,205)**	Refer to note27

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Presentation of Financial Statements

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

These 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. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

The following GRAP Standards have been applied where applicable in the annual financial statements:

1) Reference	Topic
GRAP 1	Presentation of Financial Statements (as revised in April 2020) GRAP 2 Cash Flow Statements (as revised in April 2020)
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors (as revised in April 2020) GRAP 4 The Effects of Changes in Foreign Exchange Rates (as revised in 2020) (Not applicable to GPF) GRAP 5 Borrowing Costs (as revised in September 2013) (Not applicable to GPF)
GRAP 6	Consolidated and Separate Financial Statements (as revised in April 2020) GRAP 7 Investments in Associates (as revised in March 2012) (Not applicable to GPF) GRAP 8 Interests in Joint Ventures (Not applicable to GPF)
GRAP 9	Revenue from Exchange Transactions (as revised in April 2020)
GRAP 10	Financial Reporting in Hyperinflationary Economies (as revised in 2020) (Not applicable to GPF) GRAP 11 Construction Contracts (as revised in 2020) (Not applicable to GPF)
GRAP 12	Inventories (as revised in 2020) (Not applicable to GPF) GRAP 13 Leases (as revised in April 2020)
GRAP 14	Events after the Reporting Date (as revised in April 2020)
GRAP 16	Investment Property (as revised in 2020) (Not applicable to GPF) GRAP 17 Property, Plant and Equipment (as revised in 2020)
GRAP 18	Segment reporting (Not applicable to GPF)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets (as revised in 2020) GRAP 20 Related Party Disclosures (Effective April 2020)
GRAP 21	Impairment of Non-cash-generating Assets (as revised April 2020)
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers) (as revised in April 2020) GRAP 24 Presentation of Budget Information in Financial Statements (as revised in 2020)
GRAP 25	Employee Benefits (as revised April 2020)
GRAP 26	Impairment of Cash-generating Assets (as revised in April 2020) (Not applicable to GPF) GRAP 27 Agriculture (Not applicable to GPF)
GRAP 31	Intangible Assets (as revised in April 2020)
GRAP 32	Service Concession Arrangements: Grantor (Not applicable to GPF)

Accounting Policies

GRAP 100	Non-current Assets Held for Sale and Discontinued Operations (as revised in 2020) (Not applicable to GPF)
GRAP 103	Heritage Assets (Not applicable to GPF) GRAP 104 Financial Instruments (as revised in April 2020)
GRAP 105	Transfers of functions between entities under common control (as revised in April 2020) GRAP 106 Transfers of functions between entities not under common control (as revised in April 2020) GRAP 107 Mergers (Not applicable to GPF) (as revised April 2020)
GRAP 108	Statutory Receivables (Not applicable to GPF)
GRAP 109	Accounting by Principals and Agents (Effective April 2020) GRAP 34 Separate Financial Statements (Not applicable to GPF) GRAP 35 Consolidated Financial Statements (Not applicable to GPF)
GRAP 36	Investments is Associates and Joint Ventures (Not applicable to GPF) GRAP 37 Joint Arrangements (Not applicable to GPF)
GRAP 38	Disclosure of Interests in Other Entities (Not applicable to GPF) GRAP 110 Living and Non-living Resources (Not applicable to GPF)

2) Directives issued and applied:

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and Consequential Amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Amended Transitional Provisions for High Capacity Municipalities
Directive 4	Amended Transitional Provisions for Medium and Low Capacity Municipalities Directive 5 Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS) (Not applicable to GPF)
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP (Not applicable to GPF)
Directive 8	Transitional Provisions for parliament and Provincial Legislatures (Not applicable to GPF)
Directive 9	The application of the standards of GRAP by trading entities"(Not applicable to GPF)
Directive 10	Application of the standard of GRAP by the Public Further and Education Training Colleges (Not applicable to GPF)
Directive 11	Changes in the Measurement Bases following the Initial Adoption of the Standards of GRAP (Not applicable to GPF)
Directive 12	Selection of an appropriate reporting framework by Public Entities (Not applicable to GPF)
Directive 13	Transitional Provisions for CET Colleges (Not applicable to GPF)
Directive 14	Accounting for adjustments in revenue

Gauteng Partnership Trust
(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Accounting Policies

3) Interpretations of the Standards of GRAP approved that are applied:

Reference	Topic
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities (Not applicable to GPF)
IGRAP 3	Determining whether an Arrangement Contains a Lease
IGRAP 4	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (Not applicable to GPF)
IGRAP 5	Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (Not applicable to GPF)
IGRAP 6	Loyalty Programmes (Not applicable to GPF)
IGRAP 7	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their 11 Interaction (Not applicable to GPF)
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions (Not applicable to GPF)
IGRAP 9	Distributions of Non-cash Assets to Owners (Not applicable to GPF)
IGRAP 10	Assets Received from Customers (Not applicable to GPF) IGRAP 11 Consolidation - Special Purpose Entities
IGRAP 12	Jointly Controlled Entities - Non-Monetary Contributions IGRAP 13 Operating Leases – Incentives (Not applicable to GPF)
IGRAP 14	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15	Revenue – Barter Transactions Involving Advertising Services (Not applicable to GPF) IGRAP 16 Intangible Assets - Website Costs
IGRAP 17	Service Concession Arrangements where a Grantor Controls a significant Residual Interest in an Asset (Not applicable to the GPF)
IGRAP 18	Recognition and Derecognition of Land (Not applicable to GPF) IGRAP 19 Liabilities and Pay Levies (Not applicable to GPF)
IGRAP 20	Accounting for adjustments to revenue

4) Approved guideline of Standards of GRAP that are applied:

Reference	Topic
Guideline 1	Accounting for Arrangements Undertaken in terms of the National Housing Programme (Not applicable to GPF)

5) Effective IFRS and IFRICs that entities may apply, to the extent that they are applicable:

Reference	Topic
IFRS 4	Insurance Contracts (Not applicable to GPF)
IFRS 6	Exploration for and Evaluation of Mineral Resources (Not applicable to GPF) IAS 12 Income Taxes
SIC – 25	Income Taxes-changes in the Tax Status of an Entity or its Shareholders (Not applicable to GPF)
SIC – 29	Service Concession Arrangements – Disclosures (Not applicable to GPF)
IFRIC 12	Service Concession Arrangements (Not applicable to GPF)

IFRIC 20	Stripping costs in the Production Phase of a Surface Mine (Not applicable to GPF)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (Not applicable to GPF)
IFRIC 23	Uncertainty Over Income Tax Treatments (Not applicable to GPF)

6) Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy (paragraph .12 of this Directive).

1.1 Significant judgement and sources of estimation uncertainty

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

Receivables from exchange transactions

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

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

Financial instruments at fair value

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

Fair value estimation

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

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

Accounting Policies

1.1 Significant judgement and sources of estimation uncertainty (continued)

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

Impairment testing

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

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

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

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 3 & 11 - Provisions.

Taxation

The GPF was granted tax exemption status by the South African Revenue Services in terms of Section 30 of the Income Tax Act, and receipts and accruals are exempt from income tax in terms of Section 10(1) (CN) of the Income Tax Act. The status quo is applicable for the period ended 30 June 2021. The GPF in not registered for Value Added Tax (VAT) but is in discussions with SARS about being a VAT Vendor.

Effective interest rate

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

Useful life of property, plant and equipment

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

Useful life of intangible assets

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

Accounting Policies

1.2 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	4 to 15 years
Motor vehicles	Straight line	13 years
Office equipment	Straight line	2 to 12 years
Computer equipment	Straight line	2 to 11 years
Leasehold improvements	Straight line	10 years

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

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the annual financial statements (Refer to note 6).

1.3 Intangible assets

An asset is identifiable if it either:

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

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

Accounting Policies

1.3 Intangible assets (continued)

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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	2 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.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Accounting Policies

1.4 Financial instruments

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

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

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

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

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

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

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The GPF is mainly exposed to interest rate risk. Currency risk transactions are minimal.

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

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

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

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

Accounting Policies

1.4 Financial instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

Accounting Policies

1.4 Financial instruments (continued)

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

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

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

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

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

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

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

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

Classification

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

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

Accounting Policies

1.4 Financial instruments (continued)

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

Initial recognition

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

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

Subsequent measurement of financial assets and financial liabilities

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

Receivables from exchange transaction

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

Loans and receivables from exchange transactions

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

Loans and receivables held-for-trade

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

Accounting Policies

1.4 Financial instruments (continued)

Impairment and uncollectibility of financial assets

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

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

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

Impairment losses are recognised in surplus or deficit.

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

Accounting Policies

1.4 Financial instruments (continued)

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

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

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

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

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

When a receivable from exchange transaction is in litigation the interest on the loan is suspended. Assets past due and that have been renegotiated are impaired.

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

Impairment of financial assets

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

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

1.4 Financial instruments (continued)

Payables from exchange transactions

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

Cash and cash equivalents

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

Loans and receivables held-for-trade

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

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

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

Derecognition Of Financial assets

The entity derecognised a financial asset only when:

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

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

1.4 Financial instruments (continued)

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

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

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

Financial liabilities

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

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

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

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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

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

Finance leases - lessee

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

1.5 Leases (continued)

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

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

Operating leases - lessor

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

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

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

1.6 Impairment of cash-generating assets

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

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

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

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

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

Accounting Policies

1.6 Impairment of cash-generating assets (continued)

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. Useful life is either:

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

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

[Specify judgements made]

1.7 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.8 Share capital / contributed capital

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

Unspent conditional grant represents the amounts of government grants not yet disbursed. (Refer to note 1.13). Grants received as a result of principle agent are not recognised as income.

1.9 Employee benefits

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

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

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

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

1.9 Employee benefits (continued)

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

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

Post-employment benefits: Defined contribution plans

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

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

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Accounting Policies

1.10 Provisions and contingencies (continued)

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

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

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

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

A constructive obligation to restructure arises only when an GPF:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of an activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26.

1.11 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

Accounting Policies

1.12 Revenue from exchange transactions

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

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

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

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

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

1.13 Revenue from non-exchange transactions

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

GPF revenue from exchange comprises of Government grants.

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

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

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by an GPF in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Principals/agents arrangement Identification

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

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

Accounting Policies

1.15 Principals/agents arrangement Identification (continued)

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.

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

Recognition

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

1.16 Fruitless and wasteful expenditure

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

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

1.17 Irregular expenditure

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

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the prior financial period and for which condonement is being awaited at period end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial period and is only condoned in the following financial period, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the prior financial period and which was not condoned by the Provincial Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.18 Budget information

The Entity is 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 01/04/2021 to 31/03/2022.

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

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

Accounting Policies

1.19 Related parties

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

Control is the power to govern the financial and operating policies of an entity 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 ventures).

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

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

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

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management 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 financial statements.

1.20 Subsequent events

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

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

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

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

Accounting Policies

1.21 Going concern assumptions

The Trustees have every reason to believe that the GPF has adequate resources in place to continue in operation for the foreseeable future. The GPF's total assets are valued at R2,2,728404,755 (March 2021: R2,290,742,556). GPF has a liquidity ratio of 3.4 (12 months March 2021: 2,1) and solvency ratio of 29% (12 months March 2021: 41%) based on current funds available and current commitments.

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Petty cash	6,952	14,209
Capital accounts	647,675,981	618,889,394
Gauteng Department of Human Settlements	914,239,031	545,792,822
Current account	24,828,202	42,582,667
	1,586,750,166	**1,207,279,092**

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

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

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

Credit rating		
First Rand Group Limited (Ba2)	1,287,933,993	919,517,492
South African Reserve Bank	298,816,173	287,761,600
	1,586,750,166	**1,207,279,092**

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2022	31 March 2021	31 March 2020	31 March 2022	31 March 2021	31 March 2020
Absa capital accounts	-	-	17,091,597		-	17,091,597
Corporate of Public Deposits capital account	298,816,172	287,761,600	276,975,280	298,816,172	287,761,600	276,975,280
First Rand Group capital accounts	348,859,809	331,127,794	260,603,777	348,859,809	331,127,794	260,603,777
First Rand Group Mega projects, Upgrade of Informal Settlement Programme and Rapid land Realease Programme	914,239,031	545,792,822	296,582,784	914,239,031	545,792,822	296,582,784
First Rand Group operational account	24,828,202	42,582,667	80,392,779	24,828,202	42,582,667	80,392,779
Cash on hand	6,952	14,209	3,093	6,952	14,209	3,093
Total	**1,586,750,166**	**1,207,279,092**	**931,649,310**	**1,586,750,166**	**1,207,279,092**	**931,649,310**

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

2. Cash and cash equivalents (continued)

The Corporation for Public deposits and First Rand capital accounts are the GPF's main accounts with the Corporation of public deposits holding funds for the long term investing of the GPF's main product offerings R298,816,172 (2021:R287,761,600). The First Rand capital account holds short term funds for the GPF's main product offerings and operational reserve funds R348,859,809(2021: R331,127,794). Included in the capital accounts is R79,010,063 (2021:R131,695,853) for loans that have been approved and committed (Refer to note 21). R238,423,944(2021:R313,574,774) of the funds for the the GPF's operations budget over the medium term expenditure framework as the GPF does not receive an a appropriation for its operations.

The First Rand Group Mega Projects, Upgrade of the Informal Settlement Programme and Rapid Land Release Programme account holds project funding of R914,239,031 (2021: R545,792,822), which is inclusive of interest. These funds are held in terms of the principle agent relationship. (Refer to note 22).

The current account has a balance of R24,828,202(2021: R42,582,667).

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

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

3. Loans and receivables from exchange transactions

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

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

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

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

3. Loans and receivables from exchange transactions (continued)

12 months ended March 2021	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
Opening balance	398,743,081	235,443,335	180,911,313	85,199,775	900,297,504
Prior years current-portion of loans and receivables reversed	27,270,484	43,617,388	7,819,454	1,525,144	80,232,470
Prior years loans and receivables held for trade reversed	23,207,137	22,128,625	-	28,496,610	73,832,372
Prior years provision for bad debts reversed	8,003,954	10,025,950	-	453,649	18,483,553
Advance	19,398,649	42,892,407	2,416,833	46,436,520	111,144,409
Interest earned	36,509,457	24,785,650	10,239,110	9,042,925	80,577,142
Short-term payment received	(16,444,342)	(51,496,056)	(16,362,334)	(38,744,692)	(123,047,424)
Social benefit adjustment	(3,017,402)	(3,242,155)	(396,668)	(618,278)	(7,274,503)
Interest amortised using the effective interest rate methods	8,337,750	8,141,324	4,391,651	1,275,300	22,146,025
Impairments	(7,638,528)	(7,381,505)	(1,596,231)	(300,838)	(16,917,102)
Current-portion of loans and receivables transferred to current assets	(34,728,928)	(45,777,304)	(9,907,720)	(1,409,588)	(91,823,540)
Loans and receivables held for trade	(31,004,870)	(10,022,711)	-	(20,924,682)	(61,952,263)
Provision for bad debts	(8,365,936)	(10,045,054)	-	(453,649)	(18,864,639)
Closing balance	**420,270,506**	**259,069,894**	**177,515,408**	**109,978,196**	**966,834,004**

Reconciliation of expected credit losses/ Provisions for bad debts		
Opening balance	18,864,639	18,483,553
Increase in provision for bad debts	10,148,758	381,086
Balance as at year end	**29,013,397**	**18,864,639**

Total loans and receivables from exchange including current term portion		
Non-current assets	982,664,777	966,834,004
Current assets	69,149,485	91,823,540
	1,051,814,262	**1,058,657,544**

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
4. Receivables from exchange transactions		
UISP Fee Receivable	8,881,313	-
Sundry debtors - Aspari (RF) (Pty) Ltd	1,211,152	855,815
Sundry debtors - Clients	1,216,688	1,219,096
Sundry debtor - Future Growth Asset Management (Pty) Ltd	1,112,701	493,670
Bank interest outstanding	-	125,685
Gauteng Department of Human Settlements management fees accrued	6,854,002	-
Lease deposit - current term	-	1,105,858
Employee debtors	33,104	36,196
Other receivables	3,591,000	3,591,000
Prepayments and sundry debtors	873,841	1,019,555
Sundry debtor - Sedibeng Water (salaries)	-	303,040
	23,773,801	**8,749,915**

Current

Sundry debtors as above are as a result of:

UISP fee receivable is an amount due to the GPF by the HDA as per the contractual agreement

- Aspari (RF) Ltd - which is management fees owed for the bridging of loans as per contractual agreement.
- Clients - these are fees owed by clients related to management fees, cancellation fees and legal fees payable to the GPF by borrowers.
- Future Growth Fund Management- these are fees owed to GPF as per contractual agreement.
- The GDHS Management fees relates to amounts owed by the GDHS at the end of the reporting period for mega projects. These amounts are non-interest-bearing and are expected to be received in the subsequent period.

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

Employee debtors relate to leave days owed to the GPF by its employees at the end of the reportong period. Other receivables - relates to amount owed by Arkein Capital (Pty) Ltd. The amount is reconciled as follows :

Reconciliation of other receivables		
Opening balance	3,591,000	4,350,222
Provision for bad debts	-	(759,222)
	3,591,000	**3,591,000**

Credit quality of trade and other receivables

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

Fair value of trade and other receivables

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

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
5. Loans and receivables held-for-trade		
Bixowize (Pty) Ltd - Erf 278, Primrose Hill	9,265,931	8,332,991
Bara Dunnes	1,253,953	-
Bravo Enterprise and Projects (Pty) Ltd - Erf 231, Kempton Park located on 26 Kempton	8,507,484	8,289,989
Cicima Property Management Solutions (Pty) Ltd - Erf 1686, Benoni	10,386,182	10,018,241
Epitome	1,535,439	-
Hectofield (Pty) Ltd - Erf 644, Pretoria North	1,363,417	1,363,417
Izakhiwo Properties (PTY) ltd	7,355,140	-
Lekotu Enterprise (PTY) Ltd	14,525,999	-
Korema Property Group (Pty) Ltd - Erf 436 & 437, Bellevue East, JHB	103,100	103,100
Nelisa Properties (Pty) Ltd - Erf 388, Windsor, Randburg	3,659,543	1,397,345
Property Kalcha (Pty) Ltd - Portion 1&2 of Erf 1871 Albertville, Randburg	366,814	366,814
Simelani Business Solutions (Pty) Ltd - Erf 2682, Kempton Park	403,766	403,766
Stormstrong (Pty) Ltd - Erf 299 Windsor, Randburg	885,792	729,208
Watershed Properties (Pty) Ltd - Portion 202 of farm 265, Ruimsig, Ext 102	1,994,899	20,924,681
Yin's Construction and Property Development (Pty) Ltd - Erf 1583 Cloverdene	-	10,022,711
	61,607,459	**61,952,263**

Loans and receivables held-for-trade comprise of senior bridging loans that will be repaid by a senior funders which are held at cost. Of the R61,607,459, R59,612,560 (March 2021:R31,004,871) (Refer to note 22) is attributable to Aspari (RF) (Pty) Ltd and R1,994,899(March 2021: R30,947,392) is attributable to Future Growth Asset Management (Pty)

6. Property, plant and equipment

		12 months ended 31 March 2022			12 months ended 31 March 2022	
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1,660,413	(1,249,206)	411,207	1,660,413	(1,113,215)	547,198
Motor vehicles	161,076	(160,767)	309	161,076	(160,664)	412
Office equipment	2,445,233	(1,846,282)	598,951	2,303,565	(1,698,438)	605,127
Computer equipment	6,629,993	(4,948,912)	1,681,081	6,072,158	(4,027,098)	2,045,060
Leasehold improvements	5,261,300	(5,082,333)	178,967	5,261,300	(5,023,510)	237,790
Total	**16,158,015**	**(13,287,500)**	**2,870,515**	**15,458,512**	**(12,022,925)**	**3,435,587**

6. Property, plant and equipment (continued)

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

Reconciliation of property, plant and equipment - 12 months ended 31 March 2022

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

Reconciliation of property, plant and equipment - 12 months ended March 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	721,240	-	-	(174,042)	547,198
Motor vehicles	824	-	-	(412)	412
Office equipment	513,749	546,475	(7,498)	(447,599)	605,127
Computer equipment	2,159,520	826,499	(31,294)	(909,665)	2,045,060
Leasehold improvements	520,937	-	-	(283,147)	237,790
	3,916,270	**1,372,974**	**(38,792)**	**(1,814,865)**	**3,435,587**

Pledged as security

No assets were pledged as security.

(loss)/Gain form disposal of property, plant and equipment – included in operating surplus.

Computer equipment	24,565	15,217

Assets subject to finance lease (Net carrying amount)

Office equipment	106,579	186,514

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

6. Property, plant and equipment (continued)

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

Computer equipment	10	16

Repairs incurred with respect to property, plant and equipment carried at cost

Repairs and maintenance office equipment	41,146	-
Repairs and maintenance computer equipment	-	65,849
Repairs and maintenance motor vehicle	900	-
Repairs and maintenance to furniture and fittings	1,978	-
	44,024	65,849

7. Intangible assets

	12 months ended 31 March 2022			12 months ended March 2021		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,607,700	(19,148)	1,588,552	232,477	(232,477)	-

Reconciliation of intangible assets - 31 March 2022

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

Reconciliation of intangible assets - 12 months ended March 2021

	Opening balance	Amortisation	Total
Computer software	52,245	(52,245)	-

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
8. Unspent conditional grants and receipts		
Movement during the year		
Balance at the beginning of the year	262,294,633	296,582,784
Transfers from the Gauteng Department of Housing	1,493,139,169	901,907,924
Funds used	(852,271,434)	(650,790,026)
Interest earned	11,078,793	12,763,723
Bank charges	(2,320)	(3,320)
Payables still to be transferred for the Upgrade of Informal Settlement Programme budget to Housing Development Agency (Refer to note 10)	-	(298,166,452)
	914,238,841	**262,294,633**

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

9. Finance lease obligation

Minimum lease payments due		
- within one year	88,854	88,854
- in second to fifth year inclusive	29,617	118,471
	118,471	207,325
less: future finance charges	(5,674)	(16,558)
Present value of minimum lease payments	**112,797**	**190,767**
Present value of minimum lease payments due		
- within one year	83,606	77,970
- in second to fifth year inclusive	29,191	112,797
	112,797	**190,767**
Non-current liabilities	29,191	112,797
Current liabilities	83,606	77,970
	112,797	**190,767**

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

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

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

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
10. Payables from exchange transactions		
Accruals salary related	73,623	404,753
Gauteng Department of Human Settlements overpayment	-	7,306,270
Housing Development Agency	-	298,166,452
Payables Aspari (RF) (Pty) Ltd	2,706,969	2,706,969
Trade and other payables	3,886,072	4,819,708
	6,666,664	**313,404,152**

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

In the prior year, the Housing Development Agency payable related to the transfer of the Upgrade of Informal Settlement Programme budget to the agency in terms of a memorandum of agreement signed. These are non-interest bearing and are normally settled on 30-day terms.

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

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

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

11. Provisions

Reconciliation of provisions for the 12 months ended 31 March 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave pay	1,451,813	2,086,939	(1,451,813)	-	2,086,939
Provision for bonuses	3,572,687	-	(2,041,085)	(1,531,602)	-
Provision for Surrender to the PRF	-	263,590,917	-	-	263,590,917
	5,024,500	**265,677,856**	**(3,492,898)**	**(1,531,602)**	**265,677,856**

Reconciliation of provisions for 12 months ended

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	2,257,476	1,451,813	(2,257,476)	1,451,813
Provisions for bonuses	3,466,691	105,996	-	3,572,687
	5,724,167	**1,557,809**	**(2,257,476)**	**5,024,500**

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

Provision for performance bonus is based on management's best estimate of expenditure required to settle the present obligation.

12. Operating lease liability

Non-current liabilities	388,614	-
Current liabilities	-	-
	388,614	**-**

Operating lease rentals represents rentals payable by the GPF to Acucap Management Services (Pty) Ltd for office premises. The lease will expire in March 2024 and has an escalation of 8% annually.

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
13. Revenue		
Revenue from exchange transactions - Interest received from banks	21,666,495	24,401,425
Revenue from exchange transactions - Interest received from loans and receivables	116,345,270	102,689,167
Revenue from exchange transactions - Other management fees	71,118,063	38,797,984
	209,129,828	**165,888,576**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Mega projects management fees	38,398,947	28,180,646
Future Growth Asset Management (Pty) Ltd fees	1,946,847	1,083,750
Aspari (RF) (Pty) Ltd management fees	355,338	858,588
Upgrade of Informal Settlement Programme management fee	8,881,312	8,675,000
Rapid land Realease Programme Fees	21,535,619	-
	71,118,063	**38,797,984**
14. Other income		
Contract recovery costs	1,340,000	1,990,000
Discount received for assets purchased	127,966	116,702
Moratorium extension fee	1,138,24	1,050,000
	2,606,206	**3,156,702**

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

15. Operating surplus

Operating surplus of R88,940,428 (2021: R91,550,173) for the year is stated after accounting for the following:

External audit management fee	1,750,538	1,491,593
Internal audit management fee	953,863	1,074,643
	2,704,401	**2,566,236**
Operating lease charges		
Premises		
• Contractual amounts	4,348,384	4,409,559
• Utilities	2,450,554	1,232,512
Office equipment		
• Contractual amounts	34,074	37,758
	6,833,012	**5,679,829**
(loss)/Gain on sale of assets	24,565	15,217
Surrender to the PRF	263,590,917	-
Amortisation on intangible assets	19,148	52,245
Depreciation property, plant and equipment	1,523,529	1,814,865
Employee costs	54,919,945	50,145,105

16. Fair value adjustments

Provisions for bonuses	-	(105,996)
Social benefit on loans and receivables	(11,127,716)	(7,274,503)
	(11,127,716)	**(7,380,499)**

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

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
17. Finance costs		
Finance lease	10,883	11,093

Finance cost comprises of interest amortised for the finance lease.

18. General expenses		
Auditors remuneration	2,704,401	2,566,236
Bank charges	15,138	33,955
Consulting and professional fees	5,518,798	6,995,194
Entertainment	9,230	15,026
Insurance	391,567	175,195
Marketing	1,794,767	268,186
Magazines, books and subscriptions	85,399	91,197
Fuel and oil	3,700	-
Postage and courier	-	223
Printing and stationery	51,225	52,456
Security	773,439	1,692,797
Telephone and fax	1,645,332	1,228,593
Training	171,883	594,346
Travel	214,914	106,835
Offsite storage	106,972	32,391
Penalty fees reversed	-	3,412,900
	13,486,765	**17,265,530**

19. Employee related expenses		
Basic	49,822,234	44,636,174
Medical aid - company contributions	2,233,773	2,270,334
Life cover	538,638	431,428
Retirement annuity	2,325,300	2,807,169
	54,919,945	**50,145,105**

20. Taxation

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

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
21. Commitments		
Authorised capital expenditure		
Already contracted for		
• Intangible assets	4,166,220	-
Total capital commitments		
Already contracted for	4,166,220	-

The Capital commitment relates to the oustanding contract balance on the development of a loan Management System.

Operating lease		
Minimum lease payments due		
- within one year	5,110,023	-
- in second to fifth year inclusive	5,518,826	-
	10,628,849	**-**

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

Loan commitments 12 months ended 31 March 2022	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
Opening balance	27,397,599	32,048,826	9,325,294	62,924,134	131,695,853
Additions	1,782,600	-	-	29,489,764	31,272,364
Drawdowns	(22,080,826)	(32,048,826)	-	(20,503,208)	(74,632,860)
Cancellations	-	-	(9,325,294)	-	(9,325,294)
Closing balance 12 months ended 31 March 2022	**7,099,373**	**-**	**-**	**71,910,690**	**79,010,063**

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

21. Commitments (continued)

Loan commitments 12 months ended 31 March 2021	Emerging Entrepreneur Property Fund	Rental Housing Fund	Social Housing Fund	Student Accommodation	Total
Opening balance	39,948,764	51,722,025	11,392,127	95,831,326	198,894,242
Additions	1,573,300	15,226,607	-	50,468,832	67,268,739
Drawdowns	(11,279,542)	(19,257,222)	(2,416,833)	(18,358,226)	(51,311,823)
Cancellations	(2,234,196)	(15,192,584)	-	(65,017,798)	(82,444,578)
Other	(610,727)	(450,000)	350,000	-	(710,727)
Closing balance 12 months ended 31 March 2021	**27,397,599**	**32,048,826**	**9,325,294**	**62,924,134**	**131,695,853**

Loan commitments are recognised at the date the GPF Board approves the funding. The origination date is the date the first draw-down is made. The commitments reduce as draw-downs become effective. Commitments are cancelled when the terms of the contract have been breached.

22. Related parties

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

Relationships	
Ultimate controlling entity	
Controlling entity	Gauteng Department of Human Settlements
Senior finance partners	Aspari (RF) (Pty) Ltd
Entities under common control of the Gauteng Department of Human Settlements	Gauteng Housing Fund

Related party balances

Loan accounts - Fees received by related parties

Mega Project management fee	38,398,947	28,180,646
Upgrade of the Informal Settlement programme management fee	8,881,313	8,675,000
Rapid Land Release Programme Fees	21,535,619	-

The GPF has received a management fees for being the implementation agent for the department. (Refer to note 13).

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
22. Related parties (continued)		
Amounts included in Trade Payable regarding related parties		
Subsidies programme	9,950,928	9,438,647
Mega Projects programme	166,000,271	240,317,148
Upgrade of the Informal Settlements programme	13,220,907	12,538,838
Rapid Land Release Programnme	725,066,740	7,306,270

Principle agent transactions	Mega Projects Programme	Rapid Land Realease programme	Total
Payments	852,160,359	111,075	852,271,434

Public sector - management fees		
Aspari (RF) (Pty) Ltd	335,338	858,588

In the prior period the GPF received Management fees for the management of senior funding for Aspari (RF) (Pty) Ltd. (Refer to note 13).

Amounts included in loans and receivables held-for-trade		
Aspari (RF) (Pty) Ltd	59,612,560	31,004,871

The GPF has concluded agreements with Aspari (RF) (Pty) Ltd wherein the aforementioned provides senior funding for the Emerging Entrepreneur Fund.

Private sector funding partners	Future Growth Asset Management (Pty)Ltd	Partner of Rental Housing Fund

Fees from related parties		
Future Growth Asset Management (Pty)Ltd	1,946,847	1,083,750

The GPF has concluded agreements with Future Growth Asset Management wherein the aforementioned provides senior funding for the Rental Housing Projects. (Refer to note 5 & 13).

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
22. Related parties (continued)		
Related party transactions		
Non-Executive Trustees board fees		
M Bhengu (Chairperson)	916,895	643,679
C Motsepe (Resigned 3 October 2020)	-	140,629
D Kutumela	354,438	376,382
C Cornish	332,178	-
Z Hill (Resigned 10 December 2020)	-	265,972
M Kganedi	311,586	247,911
N Maponya	584,684	591,797
K Khoza	577,291	150,702
L Mthimunye	464,265	575,842
T Sukazi (Resigned 3 December 2020)	-	217,023
K Mbele	362,426	-
L Marincowitz	581,906	543,899
S Morero (appointed 15 May 2020 and as Deputy Chairperson from 1 November 2020)	419,589	514,833
	4,905,258	**4,268,669**

Other allowances	Training and memberships 12 months ended 31 March 2022	Travel and accommodation 12 months ended March 2021	Training and memberships 12 months ended March 2021
M Bhengu	-	-	3,290
D Kutumela	2,400	-	2,240
K Khoza	6,750	-	2,240
Z Hill	-	4,142	1,050
A Ismail	-	-	2,240
M Kganedi	2,400	-	1,050
N Maponya	6,750	-	7,340
L Mthimunye	3,200	-	1,050
B Nzo	-	16,553	-
T Sukazi	-	-	1,050
L Marincowitz	9,000	-	3,290
C Motsepe	-	-	1,050
S Morero	-	-	3,290
	30,500	**20,695**	**29,180**

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

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

22. Related parties (continued)

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

Basic	-	2,656,936
Settlement	2,880,215	-
Retirement annuity contribution, medical aid and life cover	-	246,823
	2,880,215	**2,903,759**

Executive Management - Acting Chief Executive Officer- D Molokomme (Appointed September 2020 to June 2021		
Basic	181,836	441,067

Executive Management - Chief Executive Officer - L Kwele (Appointed January 2022)		
Basic	756,014	-
Retirement annuity contribution, medical aid and life cover	70,454	-
	826,468	**-**

Executive Management - Chief Financial Officer - N Genuka		
Basic	1,778,957	591,999
Retirement annuity contribution, medical aid and life cover	180,758	55,019
	1,959,715	**647,018**

Executive Management - Chief Investment Officer - V Mashiane - (Resigned August 2020)		
Basic	-	937,141
Retirement annuity contribution, medical aid and life cover	-	265,856
	-	**1,202,997**

Executive Management - Chief Investment and Development Officer - L Manenzhe (Appointed ACEO in August 2021 to 4 January 2022)		
Basic	1,778,957	591,999
Retirement annuity contribution, medical aid and life cover	180,558	47,241
Acting Allowance	244,048	-
	2,203,563	**639,240**

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
22. Related parties (continued)		
Executive Management - Corporate Services Executive - A Clark		
Basic	1,536,599	511,347
Retirement annuity contribution, medical aid and life cover	153,881	45,250
	1,690,480	**556,597**
Executive Management - Acting Chief Financial Officer- T Rasalanavho (Appointed January 2020 to November 2020		
Basic	-	770,544
Company Secretary - Thandi Zide(Appointed 1 December 2021)		
Basic	501,093	-
Retirement annuity contribution, medical aid and life cover	52,366	-
	553,459	**-**
Finance Manager - Bongani Juta (Appointed Acting Chief Financial Officer 7 March 2022)		
Basic	88,877	-
Retirement annuity contribution, medical aid and life cover	9,829	-
Acting Allowance	60,945	-
	159,651	**-**
Legal, Compliance and Risk Manager - T Kuzwayo (Appointed Acting Company secretary until November 2022)		
Basic	1,049,435	-
Performance bonus	132,438	-
Retirement annuity contribution, medical aid and life cover	105,205	-
	1,287,078	**-**

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

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives

Objective

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

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

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

Liquidity Risk

Liquidity risk is the risk arising from default of the counter-party. The GPF manages liquidity risk by granting of loans to borrowers for affordable housing through proper management of working capital, capital expenditure and actual vs forecasted cash flows and its cash management policy. The objective of managing liquidity risk is to safeguard the GPF assets whilst still enabling fulfillment of the GPF mandate. The GPF manages liquidity risk through regular monitoring of financial assets. The forecasted cash flows considers the maturity of its financial assets and project cash flows from operations. Adequate reserves and liquid resources are also maintained. The following table sets forth details of the remaining contractual maturities of financial assets and liabilities as at the period ended 31 March 2022. Liquidity risk is currently 10% (2021:17%). Liquidity risk is calculated by dividing the financial and non-financial liabilities by the financial assets as per the table shown below:

Financial Assets for the year ended 31 March 2022	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Loans and receivables from exchange transactions	11,703,799	24,002,251	99,485,599	549,926,740	1,250,517,382	1,935,635,771
Cash and cash equivalents	1,586,750,166	-	-	-	-	1,586,750,166
Receivables from exchange transactions	23,773,801	-	-	-	-	23,773,801
	1,622,227,766	**24,002,251**	**99,485,599**	**549,926,740**	**1,250,517,382**	**3,546,159,738**

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

Financial and Non-financial liabilities for the year ended 31 March 2022	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions	(6,666,664)	-	-	-	-	(6,666,664)
Non-financial liabilities						
Finance lease	(7,404)	(14,809)	(66,640)	(29,618)		(118,471)
Provisions	(265,677,856)	-	-	-	-	(265,677,856)
Commitments	(79,010,063)	-	-	-	-	(79,010,063)
	(351,361,987)	(14,809)	(66,640)	(29,618)	-	(351,473,054)
	1,270,865,779	23,987,442	99,418,959	549,897,122	1,250,517,382	3,194,686,684

Financial Assets for the year ended March 2021	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Loans and receivables from exchange transactions	6,349,593	13,231,030	72,896,467	506,272,637	889,030,357	1,487,780,084
Cash and cash equivalents	1,207,279,092	-	-	-	-	1,207,279,092
Receivables from exchange transactions	8,749,915	-	-	-	-	8,749,915
	1,222,378,600	**13,231,030**	**72,896,467**	**506,272,637**	**889,030,357**	**2,703,809,091**

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

Financial and Non-financial liabilities for the year ended March 2021	Due or due no later than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due later than five years	Total
Payables from exchange transactions	(306,097,882)	-	-	-	-	(306,097,882)
Non-financial liabilities						
Finance lease	(7,404)	(14,809)	(66,640)	(118,471)	-	(207,324)
Gauteng Department of Human Settlements	(7,306,270)	-	-	-	-	(7,306,270)
Provisions	(5,024,500)	-	-	-		(5,024,500)
Commitments	(131,695,853)	-	-	-	-	(131,695,853)
Subtotal	(450,131,909)	(14,809)	(66,640)	(118,471)	-	(450,331,852)
	772,246,691	**13,216,221**	**72,829,827**	**506,154,166**	**889,030,357**	**2,253,477,262**

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

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant of the GPF's surplus (through the impact of floating rate loans). The effect on surplus has been determined by calculating an increase or decrease of 75 basis points on the current interest rates of the receivables from exchange transaction and interest received from banks. Management considers a range of75 basis points increase or decrease to be reasonable for the analysis. There is no impact on the GPF's net assets.

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

Year	Effect on surplus (R'000)	Increase/ decrease in basis points
for the year ended 31 March 2022		
Effect of increase in basis points on surplus	1,035	75
Effect of a decrease in basis points on surplus	(1,035)	(75)
for the year ended March 2021		
Effect of increase in basis points on surplus	2,224	175
Effect of a decrease in basis points on surplus	(2,224)	(175)
	-	-

Credit risk

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

Management of credit risk The GPF as a finance institution, faces a unique challenge in maintaining a sustainable balance between maximising development returns and minimising financial loss in its lending operations. As a result, the performance of the GPF is to a large extent dependent on its ability to take credit risks responsibly in exchange for appropriate rewards and to manage the resultant exposure to credit risk effectively in the pursuance of its corporate mandate. The GPF meets its credit risk management objectives through an enterprise-wide framework of credit risk oversight, governance and assurance,
ii) an integrated system of internal credit risk ratings, pricing and mitigation guided by its risk appetite, and
iii) a rigorous standard for the measurement, monitoring and control of credit risk exposures in the credit portfolios.

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

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

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

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

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

Credit risk models. The credit risk models (PD, LGD, and EAD) for all major portfolios of the GPF's loan book namely:
- Emerging Entrepreneur Fund
- Rental housing fund
- Social housing fund
- Student accommodation

were developed in 2020 to align to GRAP 104 requirements. This is required to be carried out on a 3-period cycle for governance purposes and approved by the Risk Committee as well as the Investment Committee.

The requirement to comply with GRAP 104 in 2018/19 called for further enhancements of the outputs of the credit risk models. The new versions of the models are more adaptable and predictive. The models were recalibrated to current performance of the GPF's loan book. 12-month PDs and LGDs, as well as lifetime measures enable the calculation of lifetime ECL applicable to stage 2 classification loans contributing to the portfolio impairment. The results using the GRAP 104 compliant models for the calculation of ECL are included in the impairment of the loan book for the period end 31 December 2021 Financial Statements. Further enhancements to the outputs of credit risk models for the purposes of GRAP 104 compliance will be subject to the review process that governs the credit risk models.

Credit risk mitigation

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

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

Maximum exposure

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

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

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

The reviews include assessment of the impairment triggers and reversals within the asset portfolio, review of performance of the equity portfolio on a regular basis with the asset managers. The following table sets out the maximum exposure on financial instruments within the scope of IFRS 9's impairment model to credit risk as well as the impact of collateral and other credit enhancements on credit risk.Credit risk is the risk that a counter-party will not meet its obligations under a financial instrument. The objective of credit risk is to ensure that the counter-party will meet its obligation under a financial instrument. The GPF is exposed to credit risk in respect of its financial instruments at fair value debt instruments, receivables from exchange transaction, cash and cash equivalents and loans and receivables from exchange transactions. Credit risk is managed internally by ensuring that investments are made only after assessing and evaluating the social housing institutions management capacity and project feasibility. The method for measuring credit risk is the ongoing monitoring of financial assets. The Gauteng Partnership Fund's credit risk exposure arises from default of the counter-party is R29,588,504 (2021: R18,864,639) (Refer to note 3), with a maximum exposure of R2,723,945,688 (2021: R2,287,348,941) equal to the carrying amount of loans and receivables from exchange transactions, cash and cash equivalents and receivables from exchange transaction.

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

Credit risk 12 months ended 31 March 2022

Class of financial instrument	Credit risk exposure	Collateral	Expected credit losses
Loans and receivables from exchange transactions	1,051,814,262	Mortgage bond held by the Gauteng Partnership Fund	43,121,948
Receivables from exchange transactions	23,773,801	-	
Cash and cash equivalents	1,586,750,166		
Loans and receivables held-for-trade	61,607,459		
	2,723,945,688		

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

Credit quality analysis

Credit bracket	Default rate	Probability of Default
Current loans not greater than 2 months in arrears	Low risk	5%
Loans in default greater than 2 months but not more than 4 months	Medium risk	15%
Loans in default over 4 months in arrears	High risk	85%

20% of the loans are in default and are to be litigated.

Collateral held and other credit enhancements

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

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

guarantees,

cession of debtors/rent/other income, and

mortgages,

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

Credit bracket	Type of collateral;	Value of collateral
Current loans not greater than 2 months installments in arrears	Low risk	87,851,122
Loans in default greater than 2 months but not more than 4 months installments	Medium risk	19,642,627
Loans in default over 4 months installments in arrears	High risk	591,505,387
		698,999,136

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

Expected credit losses

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

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

Assessments of clients

The GPF assesses credit risk on loans on an individual basis using all relevant information about the loan and the borrower. The GPF individually assesses significantly large exposures. 63% of the loan book is made up of loans that have been classified as non-performing. Further, any recoveries post write-off are accounted for in the income statement as bad debts recovered.

12-Month ECLs

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

Lifetime ECLs

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

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

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

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

Significant increase in credit risk

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

- The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

comparing: the remaining lifetime PD as at the reporting date; with

- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Credit impaired

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

Definition of default and credit impaired assets

In order to determine whether financial assets are credit impaired, the GPF considers:

- Loans in the GPF's litigation process;
- Distressed restructuring of credit obligations;
- Obligor's bankruptcy or similar protection such as business rescue; and
- The borrower is insolvent.

The missed payment concerns any amount due under the contract (interest, principal, fee or other amount) that has not been paid in full at the date when it was due. An exposure should be considered past due from the first day of missed payment, even when the amount of the exposure or the past due amount, as applicable, is not considered material. The default definition has been applied consistently to model of a PD, EAD and LGD throughout the GPF's ECL calculations.

In estimating the ECLs, the GPF has considered the base-case scenario, which simulates the most expected economic conditions for the GPF's loan portfolio given current economic state, i.e. conditions similar to what is known at period ended. The best-case scenario represents the most favourable economic conditions for the performance of GPF's loan book. The worst case scenario represents unfavourable economic conditions for the performance of the GPF's loan book.

Measurement of ECLs

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD);
- Loss-given default (LGD);
- Exposure at default (EAD).

These parameters are generally derived from internally developed models and other historical data. They are adjusted to reflect forward-looking information as described above. PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These models are based on internally compiled data comprising both quantitative and qualitative factors. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates. LGD is the magnitude of the likely loss if there is a default. The GPF estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

23. Financial risk management and objectives (continued)

models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LGD estimates are recalibrated for different economic scenarios. They are calculated on a discounted cash flow basis. EAD represents the expected exposure in the event of a default. The GPF derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques. As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the GPF measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the GPF considers a longer period. The maximum contractual period extends to the date at which the GPF has the right to require repayment of an advance or terminate a loan commitment or guarantee.

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

Credit bracket	Default rate description	PD	for the year ended 31 March 2022	for the year ended 31 March 2021
Current loans not greater than 2 installments in arrears	Low risk	5%	7%	2%
Loans in default greater than 2 months but not more than 4 months installments	Medium risk	15%	2%	3%
Loans in default over 4 installments in arrears	High risk	85%	46%	51%

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

24. Financial and non-financial instruments

for the year ended 31 March 2022	Loans and Receivables	Other assets	Other Liabilities	Non-financial instruments at amortised cost	Total
Financial Assets					
Loans and Receivables from exchange transactions	1,051,814,262	-	-	-	1,051,814,262
Loans and receivables held-for-trade	61,607,459	-	-	-	61,607,459
Receivables from exchange transactions	-	23,773,801	-	-	23,773,801
Cash and cash equivalents	-	1,586,750,166	-		1,586,750,166
Non-Financial Assets					
Intangible assets	-	-	-	1,588,552	1,588,552
Property, plant and equipment	-	-	-	2,870,515	2,870,515
Financial Liabilities					
Payables from exchange transactions	-	-	(6,666,664)	-	(6,666,664)
Non-Financial Liabilities					
Finance lease	-	-	-	(112,797)	(112,797)
Unspent conditional grants and receipts	-	-	-	(914,238,841)	(914,238,841)
Operating lease	-	-	-	(388,614)	(388,614)
Provisions	-	-	-	(265,677,856)	(265,677,856)
	1,113,421,721	**1,610,523,967**	**(6,666,664)**	**(1,175,959,041)**	**1,541,319,983**

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

24. Financial and non-financial instruments (continued)

for the year ended March 202	Loans and Receivables	Other assets	Other Liabilities	Non-financial instruments at amortised cost	Total
Financial Assets					
Loans and Receivables from exchange transactions	1,058,657,544	-	-	-	1,058,657,544
Loans and receivables held-for-trade	61,952,263	-	-	-	61,952,263
Receivables from exchange transactions	-	8,749,915	-	-	8,749,915
Cash and cash equivalents	-	1,207,279,092	-	-	1,207,279,092
Non-financial Assets					
Property, plant and equipment	-	-	-	3,435,587	3,435,587
Financial Liabilities					
Payables from exchange transactions	-	-	(313,404,152)	-	(313,404,152)
Non-Financial Liabilities					
Finance lease	-	-	-	(190,767)	(190,767)
Unspent conditional grants and receipts	-	-	-	(262,294,633)	(262,294,633)
Provisions	-	-	-	(5,024,500)	(5,024,500)
	1,120,609,807	1,216,029,007	(313,404,152)	(264,074,313)	1,759,160,349

The above table illustrates the categorisation of financial instruments.

The GPF uses level 2 valuations techniques to initially recognise:

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

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

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

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

24. Financial and non-financial instruments (continued)

Financial assets	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Loans and receivables from exchange transactions	1,051,814,262	1,058,657,544	1,051,814,262	1,058,657,544
Receivables from exchange transactions	23,773,801	8,749,915	23,773,801	8,749,915
Cash and cash equivalents	1,586,750,166	1,207,279,092	1,586,750,166	1,207,279,092
Loans and receivables held-for-trade	61,607,459	61,952,263	61,607,459	61,952,263
	2,723,945,688	**2,336,638,814**	**2,723,945,688**	**2,336,638,814**

Financial Liabilities	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Non-financial liabilities - Finance lease obligation	112,797	190,767	112,797	190,767
Finance liabilities - Payables from exchange transactions	6,666,664	313,404,152	6,666,664	313,404,152
	6,779,461	**313,594,919**	**6,779,461**	**313,594,919**

Fair Value of Financial Instruments	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	31 March 2022	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	31 March 2021
Loans and receivables held-for-trade	-	61,607,459	61,607,459	-	61,952,263	61,952,263
Loans and receivables from exchange transactions	-	1,051,814,262	1,051,814,262	-	1,058,657,544	1,058,657,544
	-	**1,113,421,721**	**1,113,421,721**	**-**	**1,120,609,807**	**1,120,609,807**

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

24. Financial and non-financial instruments (continued)

Non-Financial Liabilities	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	31 March 2022	Valuation technique-market observable inputs	Valuation technique combination for market and non-market observable inputs	31 March 2021
Finance lease	-	112,797	112,797	-	190,767	190,767
Operating lease	-	388,614	388,614	-	-	-
	-	**501,411**	**501,411**	**-**	**190,767**	**190,767**

Fair Value Hierarchy

The GRAP fair value hierarchy has the following levels:

a) Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1);

b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

As at period end, the GPF used level 2 to measures its loans and receivables from exchange transaction at fair value:

Level 2 techniques include:

- all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly such as interest rates. Fair values are determined by discounting the future contractual cashflows of loans and receivables using the market rate (prime interest) rates. The effective interest rate method is used to write back the discounted cashflows. The changes to JIBAR rates effective the effective interest rate. The fair value of loans and receivables from exchange transaction has been determined by discounting future cash flows over the period of the loan at the prime rate at date of inception thereof.

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

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
25. Net cash outflow from operating activities		
(Deficit) surplus	(217,840,366)	67,267,789
Adjustments for:		
Depreciation and amortisation	1,542,677	1,867,110
Gain on sale of property, plant and equipment	(24,565)	(15,217)
Impairment loss	32,086,726	16,917,102
Fair value adjustments	11,127,716	7,380,499
Finance costs - Finance leases	10,883	11,093
Increase/(Decrease) in operating movements in operating lease assets and accruals	388,614	-
Increase/(Decrease) in provisions	260,653,356	(699,667)
Non-cash fees earned	(2,606,206)	(3,156,702)
Increase in provision for doubtful debts	43,121,948	1,140,306
Changes in working capital:		
Increase in receivables from exchange transactions	(15,023,886)	(3,236,512)
(Decrease)/Increase in payables from exchange transactions	(306,737,487)	304,565,934
Increase/(Decrease) in unspent grants	651,944,208	(34,288,151)
Decrease/(Increase) in loans and receivables from exchange transactions	6,843,282	(78,127,567)
Decrease in loans and receivables held-for-trade	334,804	11,880,110
Difference in interest calculated and interest capitalised	(83,796,869)	(15,207,888)
	382,024,835	**276,298,239**

26. Contingencies

Contingent liabilities and assets

Contingent liabilities

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

Arkein Capital (Pty) Ltd has lodged a claim against the GPF to the value of R 8,500,000 which has resulted as a contingent liability as the matter is currently being defended in court. The outcome of this matter uncertain

The Gauteng Partnership Fund will apply to retain R689,618,462 of surplus funds from the Gauteng Provincial Treasury.

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

27. Budget Comparison

Comparison between budget and actual amounts for the year ended 31 March 2022.

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

The GPF operated within its approved budget for the period. The organisation spent 98% of its budget of R82,414,930 which equates to R80,750,725 and this is on a cash basis.

28. Increase in provision for doubtful debts

BM Molefe	23,961,176	-
Clarewater (Pty) Ltd - Erf 1509, Discovery, Roodepoort	2,376,086	168,534
Comocap (Pty) Ltd - 88 Relly Street	564,884	19,101
DNM Estate (Pty) Ltd - Erf 517 & 518	8,777,550	12,401
Erf 85	4,934,770	-
Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth	1,223,607	91,032
Shukumani Trading Enterprise (Pty) Ltd - Erf 550 Bertrams	860,040	90,016
Makholi Trading CC	-	759,222
Xylo	423,835	-
	-	-
	43,121,948	**1,140,306**

The loan to BM Molefi Properties 241 (Pty) Ltd - Kgorong Estate was written off during the year amounting to R32,398,082.51.

The organisation approved the write off of R759 222 Makholi during the period under review. Management had already provided for the loss in the previous financial year as there was objective evidence that the amount was not going to be recovered

The loan to Clarewater (Pty) Ltd - Erf 1509, Discovery, Roodepoort was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R6,243,432 due to the increase in provision of R2,376,086. The GPF has instituted legal proceedings against the borrower.

The loan to Comocap (Pty) Ltd - 88 Relly Street was provided for as a doubtful debt due to breach of contract and the company being in business rescue. Management has provided for a total loss of R2,173,030 due to the increase in provision of R564,884. The GPF has instituted legal proceedings against the borrower.

The loan to DNM Estate (Pty) Ltd - Erf 517 & 518, City and Suburban was provided for as a doubtful debt due to breach of contract in the prior period. Management has provided for a total loss of R10,717,799 due to an increase provision of R8,777,549 The GPF has instituted legal proceedings against the borrower.

The loan to Landopoint (Pty) Ltd - Erf 905, 906 and 907, Kenilworth was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R1,526,404 due to an increase in provision of R1,223,607.

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

28. Increase in provision for doubtful debts (continued)

The GPF has instituted legal proceedings against the borrower.

The loan to Shukumani Trading Enterprise (Pty) Ltd - Erf 550 Bertrams was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R3,115,584 due to a movement in provision of R860,040. The GPF has instituted legal proceedings against the borrower.

The loan to Xylo Trading 253 (Pty) Ltd - Portion 3 of Erf 2834, Ga-Rankuwa Unit 2 was provided for as a doubtful debt due to breach of contract. Management has provided for a loss of R877,484 due to a movement in provision of 423,835 The GPF has instituted legal proceedings against the borrower.

The loan to Erf 85 was provided for as a doubtful debt due to breach of contract. Management has provided for a total loss of R4,934,770. The GPF has instituted legal proceedings against the borrower.

29. (loss)/Gain on disposal of assets

(loss)/Gain on disposal of assets	24,565	15,217

The gain on disposal of assets relates to computer equipment disposed of during the period under review. (Refer to note 6).

30. Subsequent events

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

31. Fruitless and wasteful expenditure

Opening Balance	6,277	27,321
add : Current year	209,997	-
Less: Amounts recovered	-	(21,044)
	216,274	6,277

The fruitless and wasteful expenditure in the period under review relates to a sttlement agreement that was paid to a service provider due to a contractual dispute and penalty and interest charge on late payment. Both matters are under assessment and determination as per the Fruitless and Wasteful Expenditure Framework.

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
32. Irregular expenditure		
Opening balance	46,592,477	11,704,448
Prior period error	-	4,507,523
As restated	46,592,477	16,211,971
Add: Irregular Expenditure relating to prior year	-	1,505,923
Add: Irregular Expenditure - current year	7,561,624	28,874,583
	-	-
	54,154,101	**46,592,477**

Details of current and prior year irregular expenditure

Incident	Disciplinary steps taken/criminal proceeding	Amount
SCM process flagged as irregular in previous year's assessment for recurring service	Awaiting finalisation	53,387
Already flagged as IE on payment voucher. Contract had an automatic renewal and would only be cancelled if there are no outstanding invoices.	Awaiting finalisation	151,674
SCM processes not followed. No quotations or tender	Awaiting finalisation	19,661
No Bid Documents. Only invoices on file	Awaiting finalisation	31,829
Various POs exceeded R500 000 threshold	Awaiting finalisation	1,479,814
SCM processes not followed in obtaining quotations,HR sourced the quotations. No three quotes obtained	Awaiting finalisation	21,298
Extension of contract above 15%	Awaiting finalisation	31,567
SCM processes not followed in obtaining quotes as well as the tax affairs of the supplier that are not in order. No SBD documents. No CSD	Awaiting finalisation	4,695
Numerous POs in excess of R500,000.00 were issued over the course of the contract. Tender processes should have been followed otherwise it is a case of splitting of quotes	Awaiting finalisation	510,265
Poswa	Awaiting finalisation	137,570
Assessed as IE in prior year(3 quotations not obtained). Recurring service. Only invoices attached	Awaiting finalisation	1,466
No supporting documents	Awaiting finalisation	40,733
No bid documents	Awaiting finalisation	1,584,182
Three quotations were not obtained. No reason supplied for deviation. No SBD documents. No appointment letter.	Awaiting finalisation	65,435
Ernest & Young	Awaiting finalisation	98,900
Extension of insurance while waiting for next tender. Single memo approved by Rayman- not CEO	Awaiting finalisation	4,841

Gauteng Partnership Trust
(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

32. Irregular expenditure (continued)

The expenditure was identified as irregular based on the claim that the lowest quote from AIA for R188 000.00 was neither considered nor included on the score card wherein 4 Chakras quoted for R383,400.00. The vouchers supplied for verification cannot be tested for this claim as the AIA quote was again not included. We revert to the previous assessment result	Awaiting finalisation	206,300
A motivation was made to continue to appoint Crown Records due to their outstanding performance thereby disregarding SCM processes where RFQs should have been made. There is no basis in law to indefinitely appoint the same service provider and thereby closing out potential suppliers. The expenditure is remains as irregular.	Awaiting finalisation	50,123
Two quotes were received but the unsuccessful one was not filed. No proof of RFQ sent out. No deviation approval filed.	Awaiting finalisation	264,587
National Treasury Practice Note No 8 of 2007/2008 stipulates that if it is not possible to obtain at least three (3) written price quotations, the reasons should be recorded and approved by the accounting officer/authority or his/her delegate. In the case of this RFQ only two quotations were obtained and this fact was stated on the score card by the SCM officer but was not signed/approved by the Supply Chain Manager or another delegated official. The expenditure is irregular	Awaiting finalisation	30,357
National Treasury Practice Note No 8 of 2007/2008 stipulates that if it is not possible to obtain at least three (3) written price quotations, the reasons should be recorded and approved by the accounting officer/authority or his/her delegate. Here, the reasons are not explicitly stated although the score card is sufficiently completed by the Supply Chain Officer and approved by the Supply Chain Manager. A case can possibly be made with sufficient support that having an immediate permanent placement would have made better financial sense. Three quotations should have been obtained.	Awaiting finalisation	144,934
No proof is supplied for 3 quotes. No approved reasons supplied for obtaining one quote as it appears to be the case. The SCM Checklist confirms all requirements but marks the Deviation Memo/Scoring" as Not Applicable yet based on the amounts paid out tender processes should have been followed as the awards was over R500,000,00	Awaiting finalisation	297,022
We could not determine if the quotations were submitted two days after closing date because the emails requesting suppliers to submit quotations were not attached but we can confirm that the score cards were dated the 04th April 2018 as well as the CSD confirmations, which is 8 working after closing date . Therefore the expenditure will remain as irregular as a results of counter supporting documentation not supplied.	Awaiting finalisation	291,338
A memo dated 06/09/2018 complied by Xolani Mkwanazi (Supply Chain Officer) and approved by Faizel Rayman (Supply Chain Manager) requesting approval for a purchase over R2,000,00 with only one quotation. Sekgwari who had previously been appointed on a quotation basis was said to be ideally place to facilitate the GPF staff overall strategic planning session as appointing another provider would require them to first familiarize themselves with Sekgwari's reports and methodology. In our view, adequate planning would have expanded to initial quotation as this is a likely case of piloting of quotes. The GPF staff would essentially meet to discuss the results of the initial appointment, yet this was not The reasons for deviating from inviting competitive bids should be recorded and approved by the accounting officer / authority or his /her delegate. In this instance approval was granted by the Supply Chain Manager.	Awaiting finalisation	597,368

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
32. Irregular expenditure (continued)		
Only one quote assessed with the other two stated as not responded. No reasons supplied. No approval to use one quote	Awaiting finalisation	280,000
One quotation assessed. The other two on score card are either non-responsive or not accepted on functionality. No approved deviation signed. No sufficient information supplied to verify the claims that email exchanges occurred to negotiate the price in line with internal budget	Awaiting finalisation	149,822
Indaba Global Travel	Awaiting finalisation	16,392
Liquid Telecom	Awaiting finalisation	149,095
Mfanayana Trading Enterprises	Awaiting finalisation	1,324,109
SCM processes were not followed in the appointment. No advert was issued nor were three quotations obtained. Sufficient reasons and approval as to why SCM processes were not followed should be attached	Awaiting finalisation	413,470
Sido Consulting Engineers	Awaiting finalisation	319,240
Three quotations were not obtained. Two were assessed and approval to continue with the procurement was granted by the SCM manager.	Awaiting finalisation	295,429
The documents supplied do not allow us to verify the claims against the expenditure. The quotes from each supplier are not attached as well as the respective dates of submission	Awaiting finalisation	33,617
Threshold Project Managers	Awaiting finalisation	259,600
Request for quotations sent out 15/04/2019 closing on 16/04/2019 to Zwide ka Langa and Inspect Assets. No evidence on file to show when the RFQ was sent out to Threshold, the winning quote.	Awaiting finalisation	243,996
Three quotations were not obtained and assessed. The lowest was passed over due to complaints of poor work by end-user. The complaint is taken at face value and passed over without sufficient confirmation from contract management. Sufficient authorization not obtained to appoint the second lowest.	Awaiting finalisation	57,000
No score card or quotes filed from other bidders. Unless proof of three quotations is supplied the expenditure is irregular	Awaiting finalisation	2,479
Three response were received, the winning bidder on the 11th December 2018 which was the closing date but the other two submitted their quotations on the 13th Dec 2018 which is after the closing date, no memo indicating if the deadline was extended. Furthermore the winning bidder did not attach the BBBEE certificate	Awaiting finalisation	42,251
The score card lists the three suppliers from which quotes where sourced but Avanti Gifts is assessed as non-responsive . The same scorecard stipulates that if a quote is non-responsive/non-compliant reasons must be provided on a separate page. No such reasons were supplied, however it would appear that efforts to obtain 3 quotes were made and the evaluation of the two was sufficiently approved by the SCM manager (a delegated official). No proof of the other assessed the quotation or proof of RFQ is on file. The expenditure is irregular	Awaiting finalisation	22,819
Only two quotes were obtained and reasons were not supplied. The cheapest quote was not selected and reasons are not on file.	Awaiting finalisation	49,249

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
32. Irregular expenditure (continued)		
Two quotes were obtained although 5 RFQs were issued as per the score card. The quotes are however not included on the voucher. The score card is properly compiled and signed although no reasons are supplied for the non-responsive quotes on a separate page as required. Unless the written quotes are furnished the expenditure is irregular	Awaiting finalisation	8,625
Three quotations not obtained. Only two assessed. No sufficient approval for a deviation	Awaiting finalisation	50,086
Practice Note No 8 of 2007/2008 Para 3.3.3 states that if it is not possible to obtain at least three (3) written prices quotations, the reasons should be recorded and approved by the accounting officer/authority or his/her delegate. Three quotations according to the score card were apparently requested but only two received. No reasons were supplied as to why three quotations could not be obtained. The expenditure is irregular	Awaiting finalisation	23,000
Practice Note No 8 of 2007/2008 Para 3.3.3 states that if it is not possible at least three (3) written prices quotations, the reasons should be recorded and approved by the accounting officer/authority or his/her delegate. Three quotations according to the score card were apparently requested but only two received. No reasons were supplied as to why three quotations could not be obtained. The expenditure is irregular	Awaiting finalisation	53,750
No three quotes were obtained . The CEO (Simphiwe Dzengwa) and CFO (Komathie Govender) approved a Memo recommending Africa Pride Mount Grace Country House as a venue for the event despite the score card assessing it as not functionally accepted. Irene Country Lodge got the award instead. No information regarding the alleged fraudulent refund has been supplied for our review.	Awaiting finalisation	85,793
Inasmuch as the lowest quote (Party Hire Services - R82,812.00) was passed over owing to them not being registered on CSD and CIPC one quickly notes how the recommended quote is almost double the former (M & M Hiring - R155,511.05) Section 21 of the SCM Policy stipulates that if the price offered by a tenderer scoring the highest points is not market related, GPF may not award the contract or rather negotiate a market-related price or cancel. We take this to also apply to quotations as in this case the price should have been negotiated downwards as the next comparable quote is 50% less than the recommended quote	Awaiting finalisation	155,511
Based on the date of the email from one Abich Consulting on 20/05/19 at 11:05am and email exchanges with VMQ Property Services it is evident that the RFQ was sent out at least 4 days prior. Two quotes were obtained. The scorecard stipulates that if a quote is non-responsive/non-compliant reasons must be provided on a separate page. No such reasons were supplied, however it would appear that efforts to obtain 3 quotes were made and the evaluation of the two was sufficiently approved by the SCM manager (a delegated official). A deviation approval should have been sought	Awaiting finalisation	364,000
Supporting documents not submitted	Awaiting finalisation	127,500
The score card lists the three suppliers from which quotes where sourced but Bhujani Trade Mark (Pty) Ltd is assessed as non-responsive . The same scorecard stipulates that if a quote is non-responsive/non-compliant reasons must be provided on a separate page. No such reasons were supplied, however it would appear that efforts to obtain 3 quotes were made and the evaluation of the two was sufficiently approved by the SCM manager. It is recommended that proof of quote sourcing be retained to validate the non-responsive claim. A deviation approval should have been obtained	Awaiting finalisation	45,000

Gauteng Partnership Trust

(Registration number IT2422/02)

Trading as Gauteng Partnership Fund

Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022
32. Irregular expenditure (continued)		
Supporting documents not submitted	Awaiting finalisation	304,046
According to the score card, four service providers responded to the RFQ but the only filed quotation is of the wining supplier: OnPoint PR (PTY)LTD	Awaiting finalisation	461,224
Supporting documents not submitted	Awaiting finalisation	450,000
Evaluation report or BEC and BAC reports not attached	Awaiting finalisation	1,986,532
GPF was granted permission by the Housing Development Agency (HDA) to participate in their recruitment consulting panel when GPF was seeking to recruit a Human Resources ManagerEmail correspondence dated 06/06/2018 on file suggests that other suppliers were notified that due to non-submission of their quote another recruitment agency had been appointed. This is despite another email dated 12/06/18 being sent out to a different supplier requesting for a proposal. The expenditure is irregular	Awaiting finalisation	150,927
In the period under review management discovered irregular expenditure of R17,046,703, of this amount R10,953,249 relates to the prior years. The irregular expenditure arose as a result of not following normal SCM bid processes.(refer to Note 32		17,046,703
		31,090,611

Gauteng Partnership Trust

(Registration number IT2422/02)
Trading as Gauteng Partnership Fund
Financial Statements for the year ended 31 March 2022

Notes to the Annual financial Statements

Figures in Rand	12 months ended 31 March 2022	12 months ended 31 March 2022

33. Change in estimate

Property, plant and equipment

The useful life of property plant and equipment have been re-estimated as the current condition is good. The effect of this change is an increase in surplus as follows:

Property, plant and equipment	Net Book Value derived using original estimate	Net Book Value derived using amended estimate	Increase in surplus from change in estimate
Furniture and fixtures	400,708	411,207	10,499
Office equipment	595,734	598,951	3,217
Computer equipment	1,679,564	1,681,081	1,517
Leasehold improvements	4,265	178,967	174,702
Motor vehicles	-	309	309
	2,680,271	**2,870,515**	**190,244**

(Refer to note 6).

34. Prior period erros

During the period under review, Management discussed Irregular expenditure relating to the office lease rental, This resulted in the increase of Irregular expenditure in the prior year from R35 639 228 to R46 592 477 thus amounting to an adjustment of R10 953 249

Management also corrected the interest charged to borrowers in the prior years that was erronously suspended, The effect is as follows

Statement of financial performance
2021

	As previously reported	Correction of error	Restated
Interest received from loans and receivables	84,028,782	18,660,385	102,689,167
Expenditure	(26,216,549)	1,918,948	(24,297,601)

Statement of changes in net Assets
2021

	As previously reported	Correction of error	Restated
Accumulated Surplus	1,709,870,475	49,289,874	1,759,160,349

Tel: +27 11 685 6600
Fax: +27 11 685 6696
Email: info@gpf.org.za

Address:
82 Grayston Drive
Sandton
2196

PR187/2022
ISBN: 978-0-621-50458-3

GPF
GAUTENG PARTNERSHIP FUND
Catalyst for delivering sustainable human settlements

20th Anniversary
2002 - 2022
20 years in Building Sustainable Human Settlements Delivery Partnership